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Ken Levine, Director
Sunset Advisory Commission
P. O. Box 13066
Austin, Texas 78711

Via email: sunset@sunset.texas.gov

Dear Director Levine:

I am writing today in response to the Sunset Advisory Commission's Staff Report concerning its review of the Texas State Board of Public Accountancy (TSBPA) and The Accountancy Act's continuation for purposes of the 86th Texas Legislative Session. I have been a Texas Certified Public Accountant (CPA) for over 40 years and have had the honor to serve as a Board Member and Presiding Officer of the Texas State Board of Public Accountancy from 1999 – 2005. This included the last Sunset Commission review for the 2003 Legislative Session. I subsequently served as a board member and Chairman of the National Association of State Boards of Accountancy (NASBA) through 2011. In this latter capacity, I had the privilege of working with the Boards of Accountancy in the 54 States and/or territories of the United States. In Texas, as well as my connection with the various State Boards, my responsibility as a board member and Presiding Officer was to assure the Accountancy Act was properly discharged in all respects.

As you have noted, the expectations and confidence of the Texas public was extremely strained during the last Sunset process of the TSBPA due to the so-called post Enron era, to which sunset immediately followed. During that Session, the Sunset Commission and the Legislature crafted many improvements to the Accountancy Act with an emphasis on the expected performance levels of each CPA and licensed practice unit in Texas coupled with improvements and added tools to enable the TSBPA properly manage its enforcement program. The Board's rule making, enforcement, peer review management and use of outside resource processes were carefully scrutinized by the staff, commission members, Legislature and the public during that watershed time period in the history of the CPA profession in Texas.

It is with this backdrop of experience that I, as have you, reflect on where we are today in maintaining the public's confidence in the Accountancy Act and the TSBPA, as well as enable a vibrant CPA profession which continues to attract bright, responsible and ethical individuals to it.

In this regard, I have several general comments in response to your report which I trust will be considered as you proceed:

- The TSBPA continues to need board members who are independent, objective and technically qualified. The current balance of 5 public and 10 CPA board members provides a healthy mix of non-industry based public scrutiny combined with CPA professional depth of knowledge necessary to ask the right questions. As is the case with the many other licensing boards, deep knowledge of the many ever-changing aspects of the CPA profession is needed to properly vet

issues of enforcement, peer review, licensure and continued professional education among others. My experience has been that the public members bring broad questions and perspectives that our public so well expects; however, a proposed majority of 8 public board members is simply overkill of this need compared to the necessity of CPA technical and practice experience. I, like you, have complete confidence in the Governor's appointments process in balancing the qualities of board members. **Please leave the current 10 CPAs and 5 public members board composition as is.**

- Since the last Sunset Review, the TSBPA enforcement proceedings have, to my observation, responded to the Legislative intent at that time and the numbers of the more serious cases have dropped or at least done so compared to the rampant economic expansion we have seen in Texas since 2003. This is due, in large part, to the additional tools provided to the TSBPA by the legislature, such as subpoena powers, the expanded use of outside consultants to assist the enforcement committees with their depth of case review, including CPA respondent working papers review, etc. Additionally, the Self-Directed Semi-Independent (SDSI) status has enabled the board to contingently muster resources, if needed, to deal effectively with major cases. This enforcement process has worked well and with contained costs which has allowed the board to objectively weigh the results of such reviews in its many findings which have largely been sustained. Few States have an enforcement program as strong, well resourced and purposeful as that of Texas. **I recommend the existing enforcement process and outside consultant use not be altered or weakened. It is possible that a pre-approved pool of such qualified outside consultants could be managed biennially with some flexibility as other state agencies do. However, I would warn, that legal matters require decisions and needed flexibilities based on the inherent circumstances and should not be constricted. Further, the TSBPA's outside board attorney fees should be included in allowable administration fees of enforcement cases.**
- Around the USA, the Peer Review program of the TSBPA has been the consistent model of success and efficiency. It effectively leverages the knowledge of CPA professionals in reviewing their peers to assure compliance with ever complex accounting and auditing standards. The Peer Review Board, employed by the TSBPA, has consistently been effective in managing this program and in bringing serious performance issues of CPA firms or individuals to the board's enforcement process when warranted. **To bring the Peer Review program "in house" simply would not work. Further, Peer Review should continue to include all attest services of a CPA such as audits, reviews, compilations and any other representations of confidence drawn by the public or others. The quality of such work must continue to be covered.**
- The concept of SDSI, to my knowledge, was not simply to remove the TSBPA from the Legislature's Appropriations Process but rather to enable the TSBPA to manage the Accountancy Act more as an enterprise from the standpoint of deploying new methodologies, using technology effectively, leveraging the experience and intellect of the CPA community and changing its programs and processes as needed to remain effective consistent with the public's expectations. The board needs these flexibilities to be able to do its job most effectively in a changing environment. I believe the TSBPA has been doing this effectively. **I suggest the Accountancy Act allow the TSBPA the flexibility to continue to manage its various programs as appears to be intended by SDSI.**
- NASBA's assistance and resource to the many State Boards of Accountancy around the country has been most helpful to us here in Texas. The reason is we now are moving much closer to consistent Accountancy Acts and regulation of CPAs among the states such that accountability of the CPA becomes seamless. To that end, I encourage the Sunset Advisory Commission to not recommend dissimilarities in Texas Accountancy Act provisions which create effective roadblocks to interstate commerce and regulation. **Accordingly, items such as CPA Mobilization among**

the states should be addressed. The NASBA/AICPA produced Uniform Accountancy Act is an excellent model for mobility considerations as well as others. It is a “driver’s license” type approach that works.

Thank-you for your consideration of my comments as you continue your process. Please do not hesitate to reach out to me should you have any questions about these important items.

Sincerely,

A handwritten signature in black ink, reading "Billy M. Atkinson Jr." in a cursive script.

Billy M Atkinson Jr. CPA