

John Sharbaugh

Testimony of John Sharbaugh

Managing Director of Governmental Affairs for the Texas Society of CPAs

Mr. Chairman and members of the Sunset Commission. Thank you for the opportunity to be here today and provide a few comments regarding the Sunset Review process for the Texas State Board of Public Accountancy.

My name is John Sharbaugh and I am the Managing Director of Governmental Affairs for the Texas Society of CPAs. Like Stephen, I will be brief and refer you to TSCPA's written comments for additional details on the items I will discuss.

There are two additional areas that were not addressed in the staff report that we would ask you to consider as possible legislative changes to the Texas Public Accountancy Act, as they both relate to reducing current regulatory burdens that do not serve the public interest.

The first item relates to the mobility of CPAs and the ability to practice across state lines. Several items in the current Texas Public Accountancy Act already support this concept. We would recommend adding "attest services" to the existing mobility provisions in the Act. Currently all other services that CPAs provide are covered and we see no valid reason to exempt attest services from these provisions. This would also align Texas with most other states that permit these services to be offered in their states by Texas CPAs and are consistent with provisions promoted in the AICPA/NASBA Uniform Accountancy Act.

In addition, we encourage the Commission to modify the current law to allow CPA firms with non-CPA owners to place such individuals in management positions within the firm and enable them to be managers of offices of the firm. The current Act prohibits this, yet the non-CPA owners in the firm must be registered with the TSBPA and meet several other requirements, such as being actively involved in the firm offering services to clients or to the firm itself.

Also, there are requirements that all attest services in the firm must be under the supervision of a CPA and a CPA must be responsible for the firm's registration with the State Board. We think these various provisions are enough to protect the public and the firm should be able to make the decision about which members of the firm are best suited to manage office operations. Making this change would also bring Texas into alignment with how most other states handle this issue and it is also consistent with other changes the Sunset Staff is recommending that remove arbitrary and unnecessary barriers for non-CPA owners.

Again, thank you for the opportunity to offer our comments and input to this process. I am happy to answer any questions or provide additional information that may be of assistance.