



August 16, 2018

Sunset Advisory Commission
P.O. Box 13066
Austin, Texas 78711-1300

Dear Sunset Commission Members:

Thank you for the opportunity to respond and provide input regarding the Sunset Staff Report regarding the Texas State Board of Public Accountancy (TSBPA). The Texas Society of CPAs (TSCPA) is a private, voluntary, non-profit professional association comprised of approximately 28,000 members from across the state of Texas. TSCPA was founded in 1915 and for more than 100 years, it has strived to elevate the accounting profession in Texas by promoting high standards of ethical behavior and competency for all CPAs as they provide financial and accounting services to the public.

As the Sunset Staff Report notes, CPAs “play a vital role in the financial health of Texas residents, companies and public institutions. Without competent accountants, pensions, local governments like school districts, and businesses on main street would find it harder to prevent theft, make sound investments or assure customers and creditors of their financial footing.”

We concur with the Sunset Staff recommendation that the state of Texas has a continuing need to regulate accountancy and that the TSBPA should be continued for another 12 years. We strongly support this recommendation and encourage the Commission to adopt it in its final report to the legislature.

We also agree with the general assessment that the TSBPA does a good job in fulfilling its mission to regulate CPAs and protect the public. Our experience demonstrates that the CPAs and members of the public who serve on the TSBPA, and the staff that supports them, strive to carry out their responsibilities in a fair and reasonable manner. As CPAs, we understand that improvements can certainly be made to any organization or process, and we acknowledge that the Sunset Staff, through its review, has identified several items to help the TSBPA operate more effectively and efficiently.

We concur with and support many of those recommendations; however, there are a few that we differ with and wish to present additional information for the Commission to consider as part of its deliberations. We also wish to offer a few items for consideration that were not addressed in the Sunset Staff Report, that they might be incorporated into the final version of your Report to the legislature. We detail these issues below.

Sunset Staff Recommendation 3.2 – Composition of the TSBPA – We Oppose Moving to a Majority of Public Members

The Sunset Staff Report is recommending that the composition of the TSBPA be changed to require a majority of public members. Specifically, the recommendation is to decrease the number of CPAs serving on the board from 10 to seven and increasing the number of public members from five to eight. Our understanding is this recommendation is being made primarily in response to concerns raised by the 2015 U.S. Supreme Court decision in the case involving the N.C. State Board of Dental Examiners and possible antitrust concerns emanating from that decision for licensing boards in general.

While we understand the underlying issues of that court decision, and the guidance that has been issued by the Federal Trade Commission, we respectfully disagree that this recommendation by the Sunset Staff is the best solution for the TSBPA or other state boards in Texas. We encourage the Sunset Commission and the legislature to give this issue further study to develop the best answer for all licensing boards in Texas. Texas should not rush to implement new strategies in response to an isolated case without giving serious consideration to the long-term effects on the licensing and regulatory operations in Texas.

The FTC Guidance issued on this Supreme Court decision notes that going to a majority public member board is not a panacea to potential antitrust concerns for state licensing boards. The FTC states that even if a board is comprised of a majority of public members (non-licensees), it could still be considered under the control of the licensees depending on how it operates. So, any antitrust claim would be weighed on a case-by-case analysis of how the board operates and how the licensed members on the board affect decision making.

The FTC and the Supreme Court state that if a board can demonstrate that there is “active state supervision” of the board’s processes and actions, it is then eligible to invoke the state-action antitrust immunity. Having a process of “active state supervision” assures that the board’s actions follow a clearly articulated and affirmatively expressed state policy. Thus, a better solution than simply moving to a majority of public members on boards may be to implement some kind of “active state supervision” of those boards. This appears to be the approach that other states are taking in response to this Supreme Court decision.

We think establishing a system of active state supervision is a more effective approach to the concerns of potential antitrust violations raised by the N.C. Board of Dental Examiners decision. It is important for the TSBPA and many other boards in Texas to have an adequate supply of licensed individuals on the board with the technical expertise and experience to properly adjudicate on matters. While public members are important and play a vital role to an effective licensing board, CPAs’ experience and expertise are needed on the TSBPA to make decisions on complex accounting issues. If the TSBPA loses this expertise, it will impact the Board’s effectiveness in rulemaking, enforcement actions and continuing professional education decisions. Thus, TSCPA supports maintaining the composition of the board as it is currently constituted and encourages Texas to establish a process for active state supervision for all licensing boards in Texas. This will ensure that potential anticompetitive actions are not taken unless they are clearly supported by the state for reasons of public protection.

Sunset Staff Recommendation 2.10 – Peer Review Rules – We Oppose Amending the Peer Review Rules for CPAs to Allow for Less Frequent Reviews and to Prohibit TSCPA from Charging a Non-member Fee

The Sunset Staff Report is recommending that the TSBPA amend its peer review rules to “allow CPA firms to be reviewed on a frequency based on risk factors, such as if the CPA firm performs lower-risk work or low volume of work.” The Report also recommends that the TSBPA amend its peer review rules to “ensure that nonmembers of TSCPA pay the same fee for peer review administration as members.”

We respectfully disagree with these proposals by the Sunset Staff. The current peer review rules/system already accounts for the risk factors of the types of service a CPA or CPA firm is providing. In the Texas Public Accountancy Act (TPAA) (Sec. 901.002), attest services are defined to include audits, reviews and compilations, in addition to other attestation and assurance services that CPAs provide. While CPAs perform a wide variety of services for their clients, attest services are the only ones that are restricted to licensed CPAs by law. Non-CPAs are prohibited from providing these services to the public.

We believe the legislature has restricted these services to licensed CPAs because of the important nature of these services and the risk to the public if the services are performed improperly. This is because the public places a high degree of reliance on attest services and the potential damage that could occur if they are not performed competently.

The Texas Public Accountancy Act (Sec. 901.159) also stipulates that the TSBPA will provide for a peer review program to verify that “each individual in a certified public accountancy firm who is responsible for supervising attest services and who signs or authorizes another person to sign an accountant’s report on financial statements on behalf of the firm meets the competency requirements of the professional standards that apply to those services.” Thus, the peer review program is intended to only review the work of CPAs who perform attest services. It does not review the many other services (tax, consulting, etc.) that most CPAs perform for their clients. And this relates to the “risk” level of these services.

Allowing CPAs who only perform Compilations to undergo peer review on a less frequent basis than the current three-year interval or allowing CPAs who only perform one Compilation a year to undergo peer review less frequently does not make sense. The focus of the program should be on the services provided regardless of the number of times they are offered. As stated, Compilations are part of “attest services” as defined in the TPAA and therefore carry a greater risk of harm to the public if not performed correctly. Most clients will use a Compilation financial statement to take to their bank or other lender to obtain a loan, or they are used by other members of the public to make decisions about buying or investing in a business. Therefore, it is critical that Compilations performed by CPAs be done correctly and comply with professional accounting standards. This is true whether a CPA performs one Compilation a year or 100.

Also, the way the TSBPA currently handles this issue is consistent with most other state boards around the country. Compilations are included in the peer review program of 41 states and no states currently provide for a different peer review frequency schedule for CPAs who only perform Compilations or only perform one Compilation a year. The AICPA/NASBA Uniform Accountancy Act also recommends that Compilations be included in peer review and that peer reviews be performed every three years for any CPA or CPA firm that performs attest services. If Texas chooses to take a different path for peer review, it could cause mobility issues for CPAs or CPA firms that practice in other states. For all these reasons, we strongly support maintaining the peer review program and requirements as currently constituted.

With respect to TSCPA eliminating the non-member fee for CPAs who wish to participate in our peer review program, we respectfully disagree with this recommendation. Any person or organization is free to develop and administer a peer review program in Texas to offer to CPAs as long as they comply with the peer review requirement spelled out in the TPAA. Nothing in the law or the rules of the TSBPA gives the TSCPA a monopoly on this process. Any organization can qualify to administer a peer review program if they meet the standards for peer review and are approved by the TSBPA Peer Review Oversight Board. At one time, there were other organizations administering peer reviews in Texas, but they chose to discontinue the service. We assume they made this decision because running a peer review program requires significant resources to do it properly.

The TSCPA has operated a peer review program for its members for several decades dating back to before peer review was a mandatory/statutory requirement. We have always permitted non-members to participate in our program for an additional “non-member” fee because our program is designed primarily for our members and because our members financially support the program through their dues to TSCPA. Dictating that TSCPA cannot charge a non-member fee runs counter to the free enterprise system of our country. We should be free to charge appropriate non-member fees to those who wish to use our services as long as they are reasonable and not excessive. And other groups or organizations are free to develop their own peer review program if they are so inclined and charge the fees they wish for the service. For these reasons, we object to this recommendation by the Sunset Staff.

Sunset Staff Recommendation 2.1 – Require a Fingerprint-based Criminal Background Check for All Licensure Applicants and Licensees – Do Not Impose this Requirement on CPAs in “Retired Status”

The Sunset Staff is recommending that all CPA licensees who did not go through a fingerprint-based criminal background check upon initial licensure be required to undergo such a check by September 2021. The TSBPA implemented this requirement for new licensees in 2014, but all CPA licensees prior to that time have not undergone this kind of background check and will be required to do so if this recommendation is adopted. While we are not opposed to this requirement and understand that this is now being applied broadly for all Texas licensed professionals, not just CPAs, we do have one concern about its implementation and that is how it will be applied to CPAs in “retired status” with the TSBPA.

Under the TSBPA rules, a licensee who is at least 60 years of age, may seek “retired status” if they are no longer associated with any accounting services. A “retired” CPA licensee is prohibited from rendering professional services that require them to use their signature as a CPA. Licensed CPAs in retired status must also put the term “retired” after their CPA title on business cards and letterhead.

We recommend that the requirement for a fingerprint-based criminal background check not be applied to the CPAs who are in retired status since they are not offering services to the public. If a CPA licensee in retired status wishes to re-enter the workforce, they are required to complete a new license renewal application and demonstrate that they have completed CPE since they were granted the retired status. These individuals could be required to go through a criminal background check at that point in time. We see no valid reason to make retired CPAs undergo this type of background check just to maintain their retired status.

Other Items for Consideration Related to CPA Firm Mobility and the Management of CPA Firms with Non-CPA Owners

We want to take this opportunity to offer for the Sunset Commission's consideration some items that are not part of the Sunset Staff Report that we feel will improve the Texas Public Accountancy Act and be responsive to the world in which CPAs now operate.

CPA Firm Mobility

The first item relates to the mobility of CPAs and the ability to practice across state lines without undue regulatory burdens. This is beneficial for CPAs, as well as the public they serve, by eliminating restrictive rules that do not provide for public protection. Several items in the current TPAA already support these concepts, as Texas provides for licensed CPAs from other states to operate in Texas without obtaining a license unless they operate an office in Texas or have a physical presence here. Otherwise, they can rely on the license they hold from another state with the understanding and their agreement that they are subject to the authority of the TSBPA while they offer services in Texas. These mobility provisions exist now in the TPAA for all services except for attest services. We encourage the Sunset Commission to add "attest services" to the mobility provisions within the TPAA. This would bring Texas into line with the AICPA/NASBA Uniform Accountancy Act, as well as the laws for most other states.

Management of CPA Firms with Non-CPA Owners

Another change to the TPAA we encourage the Sunset Commission to consider relates to the management of CPA firms and the current requirement that all offices of a firm must be managed by a licensed CPA. In firms that have non-CPA owners, this prohibits them from having an active management role in the firm. Non-CPA owners can only be a minority of the firm's ownership and must also be registered with the TSBPA. They also must meet several other requirements such as: being actively involved in the firm by offering services to clients or by playing an active role in the operation of the firm, such as a Chief Operating Officer or some other firm function, passive ownership by non-CPAs is not permitted; and they must also pass an exam on the rules of professional conduct. With these requirements it seems overly restrictive to say they cannot be placed in any kind of office management position within the firm. We think this decision should rest with the firm to decide how to best manage its operations.

There is a requirement in the TPAA that all attest services must be under the supervision of a licensed CPA and that a licensed CPA be responsible for the registration of the firm with the TSBPA. We support the continuation of those requirements and feel they provide adequate protection for the public. Thus, restricting the ability of non-CPA owners in a firm to manage an office seems to be unnecessary. And it is inconsistent with most other states on this point and runs contrary to the provisions in the AICPA/NASBA Uniform Accountancy Act.

We encourage the Sunset Commission to adopt changes on these two issues as part of its final report to the legislature. We are attaching a suggested draft of how the TPAA could be amended to incorporate these concepts. We would be happy to work with the Commission or staff to help implement these recommendations.

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Again, we thank the Sunset Commission for the opportunity to submit our comments for your consideration. We appreciate the job you do on behalf of the citizens of Texas to assure that all licensing boards and agencies are meeting their assigned mission and operating in an effective and efficient manner for the benefit of the public.

Sincerely,



Stephen G. Parker, CPA
Chairman



Jodi Ann Ray
President & CEO

cc. TSCPA Executive Board

Attachment

Suggested Changes to the Texas Public Accountancy Act

The Following proposed changes to the Texas Public Accountancy Act are supported by the Texas Society of CPAs. They are designed to enhance the provisions related to firm mobility and the management of CPA firm offices. All suggested changes (additions and deletions) are highlighted in the suggested language that follows.

If you have questions about this document, please contact:

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FIRM MOBILITY- The proposed changes to Sections 901.351, 901.461 and 901.462 that follow would provide for firm mobility and consistency in the use of the term principal office rather than home office. Currently the Act allows for firm mobility in the provision of all services except "attest services". The proposed changes would expand firm mobility to cover all services offered by CPAs, including attest services, and bring Texas in line with the AICPA/NASBA Uniform Accountancy Act on this point, as well as many other states. These proposed modifications to the Act would effectuate that change.

In addition, it is proposed to change the term "home office" to "principal office" in Section 901.461 as it applies to providing attest services to a client to make the intent clear. And under these proposed changes "principal office" would now be defined in the General Definitions Section 901.002 to mean the location specified by the client as the address to which a service relating to professional accounting services or professional accounting work is directed.

Sec. 901.351. Firm License Required.

(a) A firm may not provide attest services or use the title "CPAs," "CPA Firm," "Certified Public Accountants," "Certified Public Accounting Firm," or "Auditing Firm" or a variation of one of those titles unless the firm holds a firm license issued under this subchapter or practices in this state under a privilege under Section 901.461.

(a-1) A firm is required to hold a firm license under this subchapter if the firm:

- ~~(1) establishes or maintains an office in this state; or~~
- ~~(2) performs for an entity with its principal office in this state:
 - ~~(A) a financial statement audit or other engagement that is to be performed in accordance with the Statements on Auditing Standards;~~
 - ~~(B) an examination of prospective financial information that is to be performed in accordance with the Statements on Standards for Attestation Engagements; or~~
 - ~~(C) an engagement that is to be performed in accordance with auditing standards of the Public Company Accounting Oversight Board or its successor.~~~~

(b) The board shall grant or renew a firm license to practice as a certified public accountancy firm to:

- (1)** a firm that applies and demonstrates the necessary qualifications in accordance with this subchapter; or

(2) a firm originally licensed as a certified public accountancy firm in another state that:

~~(A) is required to hold a firm license under Subsection (a-1); and~~

~~(B)~~ demonstrates the necessary qualifications in accordance with this subchapter.

(c) A firm license issued under Subsection (b)(2) is automatically revoked and may not be renewed if the firm does not maintain a license as a certified public accountancy firm in the other state.

(d) A firm license must be renewed annually.

(e) The board by rule shall specify:

(1) the form of the application for a firm license;

(2) the fee for an original or renewal firm license, which may be based on the number of owners, members, partners, shareholders, or employee license holders in this state, not to exceed \$ 25 for each of those persons; and

(3) the requirements for renewal of a firm license.

Sec. 901.461. Practice by Certain Out-of-State Firms.

(a) A certified public accountancy firm that is not licensed in this state but is licensed ~~and has its primary place of business in another state and is not required to hold a firm license under Section 901.351(a-1)~~ may practice in this state without a firm license or notice to the board if the firm's practice in this state is performed by an individual who holds a license under this chapter or who practices under a privilege under Section 901.462.

(b) A firm described by Subsection (a) may exercise all the practice privileges of a firm license holder, except that the firm:

~~(1) may not perform the services described by Section 901.351(a-1); and~~

~~(2)~~ may perform the services described by Sections 901.002(a)(1)~~(B) and (D)~~ for an entity with its principal home office in this state only if:

(A) the firm meets the ownership requirements of Sections 901.354(a) and (b);

(B) the firm complies with the board's peer review program under Section 901.159;
and

(C) the services are performed by an individual who holds a license under this

chapter or practices under a privilege under Section 901.462

(c) A firm practicing under a privilege under this section, as a condition of the privilege of practicing without a firm license:

(1) is subject to the personal and subject matter jurisdiction and disciplinary authority of the board;

(2) must comply with this chapter and board rules; and

(3) is considered to have appointed the regulatory agency of the state that issued the firm's license as the firm's agent on whom process may be served in any action or proceeding by the board against the firm.

(d) A firm practicing under a privilege under this section shall promptly cease offering or rendering professional services in this state if the firm's license to practice as a certified public accountancy firm in the state in which the firm's primary place of business is no longer valid.

Sec. 901.462. Practice by Out-of-State Practitioner with Substantially Equivalent Qualifications.

(a) An individual who holds a certificate or license as a certified public accountant issued by another state and whose principal place of business is not in this state may exercise all the privileges of certificate and license holders of this state without obtaining a certificate or license under this chapter if:

(1) the National Association of State Boards of Accountancy's National Qualification Appraisal Service has verified that the other state has education, examination, and experience requirements for certification or licensure that are comparable to or exceed the requirements for licensure as a certified public accountant of The American Institute of Certified Public Accountants/National Association of State Boards of Accountancy Uniform Accountancy Act and the board determines that the licensure requirements of that Act are comparable to or exceed the licensure requirements of this chapter; or

(2) the individual obtains from the National Association of State Boards of Accountancy's National Qualification Appraisal Service verification that the individual's education, examination, and experience qualifications are comparable to or exceed the requirements for licensure as a certified public accountant of The American Institute of Certified Public Accountants/National Association of State Boards of Accountancy Uniform Accountancy Act and the board determines that the licensure requirements of that Act are comparable to or exceed the licensure requirements of this chapter.

(b) An individual who meets the requirements of Subsection (a)(1) or (2) and who offers or

renders professional services in person or by mail, telephone, or electronic means may practice public accountancy in this state without notice to the board.

(c) An individual practicing under the privilege under this section, as a condition of the privilege of practicing without a certificate or license:

(1) is subject to the personal and subject matter jurisdiction and disciplinary authority of the board;

(2) must comply with this chapter and the board's rules; and

(3) is considered to have appointed the regulatory agency of the state that issued the individual's certificate or license as the agent on whom process may be served in any action or proceeding by the board against the individual.

(d) An individual who practices under a privilege under this section shall promptly cease offering or rendering professional services in this state if the individual's certificate or license in the state of the individual's principal place of business is no longer valid.

~~**(e)** An individual practicing under this section must practice through a firm that holds a license under this chapter if, for an entity with its principal office in this state, the individual performs:~~

~~**(1)** a financial statement audit or other engagement that is to be performed in accordance with the Statements on Auditing Standards;~~

~~**(2)** an examination of prospective financial information that is to be performed in accordance with the Statements on Standards for Attestation Engagements; or~~

~~**(3)** an engagement that is to be performed in accordance with auditing standards of the Public Company Accounting Oversight Board or its successor.~~

Sec. 901.002. General Definitions.

(a) In this chapter:

(1) "Attest service" means:

(A) an audit or other engagement required by the board to be performed in accordance with the auditing standards adopted by the American Institute of Certified Public Accountants or another national accountancy organization recognized by the board;

(B) an engagement required by the board to be performed in accordance with standards for accounting and review services adopted by the American Institute of Certified Public Accountants or another national accountancy organization recognized by the board;

(C) an engagement required by the board to be performed in accordance with standards for attestation engagements adopted by the American Institute of Certified Public Accountants or another national accountancy organization recognized by the board; or

(D) any other assurance service required by the board to be performed in accordance with professional standards adopted by the American Institute of Certified Public Accountants or another national accountancy organization recognized by the board.

(2) "Board" means the Texas State Board of Public Accountancy.

(3) "Certificate" means a certificate issued to a certified public accountant.

(4) "Certified public accountant" means a person who holds a certificate issued under this chapter or who practices in this state under Section 901.462.

(5) "Certified public accountancy firm" means a person who holds a firm license or a firm that practices in this state under Section 901.461.

(6) "Client" means a person who enters into an agreement with a license holder or a license holder's employer to receive a professional accounting service.

(7) "Corporation" means a corporation authorized by the [Texas Business Organizations Code](#) a statute applicable to this state or by an equivalent law of another state or a foreign country, including a professional public accounting corporation organized under The Texas Professional Corporation Act ([Article 1528c, Vernon's Texas Civil Statutes](#)).

(8) "Firm" means a sole proprietorship, partnership, corporation, limited liability company, or other business entity engaged in the practice of public accountancy.

(9) "Firm license" means a license issued under Subchapter H.

(10) "License" means a license issued under Subchapter I.

(12) "Peer review" means the study, appraisal, or review of the professional accounting work of a public accountancy firm that performs attest services by a certificate holder who is not affiliated with the firm.

(13) "Principal office" means the location specified by the client as the address to which a service described in § 901.002 (14) of this chapter relating to "professional accounting services" or "professional accounting work" is directed.

~~**(12)**~~ **(14)** "Professional accounting services" or "professional accounting work" means services or work that requires the specialized knowledge or skills associated with certified

public accountants, including:

- (A) issuing reports on financial statements;
- (B) providing management or financial advisory or consulting services;
- (C) preparing tax returns; and
- (D) providing advice in tax matters.

~~(13)~~ (15) "Public accountant" means a person authorized to practice public accountancy under the Public Accountancy Act of 1945 ([Article 41a, Vernon's Texas Civil Statutes](#)).

(b) The board by rule may define "financial statement" to comply with the standards adopted by generally recognized bodies responsible for setting accounting standards.

The changes to the following sections would bring Texas in line with the AICPA/NASBA Uniform Accountancy Act, and most other states in the U.S., in how firms are required to assure proper registration and licensing with the state board and to require that all attest services are under the charge of a licensee/CPA.

With these proposed changes there would still be a requirement for a Resident Manager of each firm office location who is a licensee and who is responsible for the firm's license and registration with the TSBPA. All attest services performed by the firm in the state would also be required to be under the supervision of a licensee. Otherwise, the management of the firm would be left to the discretion of the firm's owners.

Sec. 901.353. RESIDENT MANAGER.

(a) An office established or maintained in this state by a firm of certified public accountants, a firm of public accountants, or a person described by Section 901.355 must **designate be under the direct supervision of** a resident manager **to be responsible for the firm's license** who: (1) is an owner, member, partner, shareholder, or employee of the firm or person that occupies the office; and (2) is licensed under this chapter.

(b) A resident manager may serve in that capacity in only one office at a time except as authorized by board rule. The board by rule may establish a registration procedure under which a person may serve as resident manager of more than one office at a time.

Sec. 901.354. FIRM LICENSE INFORMATION AND ELIGIBILITY.

(a) An applicant for initial issuance or renewal of a firm license must show that a majority of the ownership of the firm, in terms of financial interests and voting rights, belongs to persons who hold certificates issued under this chapter or are licensed in another state. A firm and its owners shall comply with board rules regardless of whether the firm includes owners who are not license holders.

(b) A certified public accountancy firm may include individuals as owners who are not license holders if:

(1) the firm designates to the board as responsible for the firm's license **and the supervision of the firm:**

(A) a license holder who resides in this state; or

(B) if the firm is required under Section 901.351(a-1) (2) to hold a firm license, an individual practicing under a privilege under Section 901.462;

(2) each owner who is not a license holder and who is a resident of this state as determined by board rule:

(A) is actively involved in the firm or an affiliated entity;

(B) is of good moral character as demonstrated by a lack of history of dishonest or felonious acts;

(C) holds a baccalaureate or graduate degree conferred by a college or university acceptable to the board or equivalent education as determined by the board;

(D) maintains any professional designation held by the individual in good standing with the appropriate organization or regulatory body that is identified or used in an advertisement, letterhead, business card, or other firm-related communication;

(E) has passed an examination on the rules of professional conduct as determined by board rule;

(F) complies with the rules of professional conduct as determined by board rule; and

(G) maintains professional continuing education applicable to license holders as required by board rule; and

(3) the firm and the owners who are not license holders comply with board disciplinary actions and other requirements the board may impose by rule.

(c) The board by rule may adopt a system to investigate the background of individual owners who are not license holders under this chapter.

(d) The board may obtain criminal history record information maintained by the Department of Public Safety, the Federal Bureau of Investigation identification division, and other law enforcement agencies to investigate the qualifications of an individual who is not a license holder under this chapter.

(e) The board may require an individual who is not a license holder under this chapter to submit a complete set of fingerprints. If the individual does not provide the complete set of fingerprints on request, the board may refuse to allow that individual to become an owner of a certified public accountancy firm and may cancel or refuse to issue or renew a firm license to the firm.

(f) An applicant for issuance or renewal of a firm license under this section must register each office of the firm in this state and show that all attest services performed in this state ~~and each office in this state~~ are under the supervision of a person who holds a certificate issued under this chapter or by another state.

(g) An application for a firm license under this chapter must be made on an affidavit of the owner, an officer, or the general partner of the firm, as applicable, stating:

- (1) the name of the firm;
- (2) the firm's post office address in this state if the firm has an office in this state;
- (3) the address of the firm's principal office;
- (4) the address of each office of the firm in this state if the firm has an office in this state;
- (5) the name of the resident manager of each office of the firm in this state; and
- (6) the name, residence, and post office address of:
 - (A) each partner, member, shareholder, or other owner; and
 - (B) if the firm is a partnership, each shareholder of a partner that is a professional corporation.

(h) A sole proprietorship is eligible for a firm license if the sole proprietor and each resident manager of an office of the sole proprietorship in this state are certified public accountants in good standing.

(i) The board shall determine whether an applicant is eligible for a firm license under this section. The board by rule shall define "good standing" for purposes of this section.

(j) A certified public accountancy firm shall notify the board not later than the 31st day after the date on which information in the affidavit is changed, including information regarding the admission or withdrawal of an owner or resident manager.

(k) A certified public accountancy firm that is no longer in compliance with this section because of a change in firm ownership or personnel that occurs after the firm receives or renews a firm license shall report that fact to the board not later than the 30th day after the date the firm ceases to be in compliance and shall take corrective action to bring the firm into compliance. Failure to bring the firm into compliance within a reasonable time as determined by board rule is grounds for the suspension or revocation of the firm's firm license.

Sec. 901.451. USE OF TITLE OR ABBREVIATION FOR "CERTIFIED PUBLIC ACCOUNTANT."

(a) A person may not assume or use the title or designation "certified public accountant," the abbreviation "CPA," or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant unless the person holds a certificate under this chapter.

(b) A person may not provide attest services or assume or use the title "certified public accountants," the abbreviation "CPAs," or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountancy firm unless:

(1) the person holds a firm license issued under this chapter or practices in this state under a privilege under Section 901.461;

(2) ownership of the person complies with the requirements of this chapter and rules adopted by the board; and

(3) the person complies with board rules authorizing the practice.

(c) The title or designation "certified public accountant" and the abbreviation "CPA" may not be used in connection with an office that ~~is required to be under the supervision of a resident manager under Section 901.353 unless the resident manager holds a certificate and a license issued under this chapter.~~ does not meet the requirements under Sections 901.353 and 901.354.