

# TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY WORKFORCE PLAN

## I. Agency Overview

The Texas State Board of Public Accountancy (TSBPA) operates under the authority of the *Texas Occupations Code, Chapter 901* (Vernon's 2003), better known as the *Public Accountancy Act* (the *Act*). According to *Section 901.005(d)* of the *Act*, "The terms 'accountant' and 'auditor' and derivations, combinations, and abbreviations of those terms, have an implication of competence in the profession of public accountancy on which the public relies in personal, business, and public activities and enterprises." To this end, the Board examines, certifies and licenses certified public accountants (CPAs) and restricts the use of this term to these licensees.

The TSBPA has the responsibility and authority to regulate the practice of public accountancy in Texas. This is accomplished through activities that include Qualifications and Licensing, Enforcement, Public Information, and Administration and Support. The TSBPA office is located in Austin, Texas.

During the early 1990s, the agency's budgeted FTEs increased to 43 because practice units and sole proprietorships were licensed for the first time. Currently the total number of licensees is growing at a relatively stable rate of 2% per year, and the Board does not anticipate a significant increase in FTEs.

### A. Agency Mission

The mission of TSBPA is to protect the public by ensuring that persons issued certificates as certified public accountants possess the necessary education, skills, and capabilities and that they perform competently in the profession of public accountancy.

### B. TSBPA Goals

#### 1. Goal 01 - Public Standards

To establish standards in education, examination, and experience for Texas CPAs in the private and public sectors that will protect the public and meet the requirements for certification, licensing, and practice throughout domestic and international jurisdictions, but not necessarily restrict entry to the profession.

- a. Objective - In each year of the biennium, qualify only those individuals and accounting firms that have met the requirements of the *Public Accountancy Act*.
  - (1) Strategy – Licensing. Manage a comprehensive licensing and examination program.
  - (2) Strategy – Examination. Promote uniformity and reciprocity with other licensing jurisdictions and ensure that all sections taken by candidates are graded consistently.

- b. Objective – Ensure that only those accounting firms providing services according to the industry standards are allowed to offer a full range of accounting services to the public.
  - (1) Strategy – Peer Review. Develop and implement a comprehensive peer review program for all accounting firms utilizing industry standards as a the measure of competence and oversight through the Peer Review Oversight Board.
- c. Objective – Ensure that only registered CPE sponsors provide high-quality CPE for Texas CPAs.
  - (1) Strategy – Sponsor Review. Develop and implement a comprehensive sponsor review program to ensure the availability of high-quality continuing professional education (CPE) courses.

## **2. Goal 02 - Protect Public/Enforcement**

To aggressively enforce state regulations relating to the accounting profession; ensure swift, fair, and effective disciplinary action for violators of these standards; and require the re-education and rehabilitation of those violating these laws. To aggressively develop and implement high standards for the accounting profession in emerging issues as they relate to the welfare of the general public.

- a. Objective - Ensure that complaints are resolved swiftly according to established time frames, emphasizing voluntary compliance and education as the preferred means of resolution, and ensure that enforcement actions are effective and fair.
  - (1) Strategy – Enforcement. Operate a system of enforcement that includes investigation and resolving complaints and promulgating rules to effectuate the *Public Accountancy Act*.

## **3. Goal 03 - Public Education**

To inform the public concerning Board functions and the procedures by which complaints are filed, processed, and resolved so that the citizens of Texas may better utilize CPA services and be protected from exploitation.

- a. Objective – In each year of the biennium, ensure that 100% of active licensees receive information on Board activities, rules, new legislation, disciplinary actions and other pertinent information; respond to 90% of all requests for information within 30 days.
  - (1) Strategy – Provide Education. Develop and operate a coordinated system of public information to provide all interested parties information concerning the

*Public Accountancy Act*, as well as Board rules and procedures pertaining to qualification, examination, licensing, enforcement, and peer review.

**4. Goal 04 - Historically Underutilized Businesses**

To establish and carry out policies governing purchasing and public works contracting that foster meaningful and substantive inclusion of historically underutilized businesses.

a. Objective - To include historically underutilized businesses (HUB) in a least 10% of the total value of contracts and subcontracts awarded annually by the agency in purchasing and public works contracts and subcontracts.

(1) Strategy - Develop and implement a plan for increasing the use of historically underutilized businesses through purchasing and public works contracts and subcontracts.

**5. Goal 05 – Customer Survey**

To develop and carry out procedures to provide quality customer service to external customers.

a. Objective – To provide customer satisfaction on background information, the Board facilities, the Board staff, the Board’s website, printed information and overall performance.

(1) Strategy – Develop and implement procedures to provide quality customer service in each of the agency’s divisions.

**C. Anticipated Changes in Strategies**

**1. Computer-Based Exam**

The computer-based examination makes the exam available to candidates during four testing windows each year. The computer-based format creates a significant change for the Board and how the exam is offered. The Board no longer needs to rent large convention facilities or tables and chairs. The exam is available to candidates at designated testing centers in numerous cities throughout the state.

**2. Credit Card Payments**

In May 2006, the Board initiated online fee payment for the eligibility application. Since 2007, individual CPAs have been able to renew their licenses online using a credit card. In the future, additional database information will be added to allow the online payment of other fees, such as firm license renewals.

### **3. Trends in Number of Expected Licensees and Exam Candidates**

Since 1980, the number of licensees governed by the Board has increased 231% (from 22,806 to 75,374 in 2007). Currently the growth rate is approximately 2% per year and the Board anticipates that it will hold steady at that rate over the next five years.

The number of examination candidates taking the Uniform CPA Examination had decreased because of increased educational and conditioning requirements and initiation of the computer-based examination. In 1997, the number of examination candidates was 10,841 and in 2007 the number was 8,909. The annual number began to climb again after a low of 5,720 in 2001, and it is projected to increase for the next several years.

### **4. Legislative Changes**

The 78<sup>th</sup> Legislature, Regular Session, approved amendments to the *Public Accountancy Act*, which became effective September 1, 2003:

*Article 8930*, V.T.C.S. as amended by SB 736, 77<sup>th</sup> Legislature, and SB 1382 of the 78<sup>th</sup> Legislature, established the *Self-Directed, Semi-Independent Agency Project Act*. This *Act* created self-directed, semi-independent status for three agencies, the Texas State Board of Public Accountancy, the Texas Board of Architectural Examiners, and the Texas Board of Professional Engineers.

The 80<sup>th</sup> Legislature, Regular Session, approved additional amendments to the Act:

Legislation effective September 1, 2007, created a “practice privilege” for CPAs and CPA firms licensed in a substantially equivalent state to temporarily practice in Texas without licensure and without providing notice or paying a fee prior to practicing in Texas unless preparing financial statements or attestations.

Two pieces of additional legislation (1) defined rules for reinstatement of a license for certain individuals who had moved to another state and (2) set the requirements for exemption from payment of the \$200 professional fee for certain government employees.

## **II. Current Workforce Profile**

### **A. Critical Workforce Skills**

The skills listed below are important to the agency to provide basic business functions.

#### **1. Legal Skills**

- analyzing professional accounting guidelines
- conducting investigations
- interpreting legal statutes
- providing effective communication

**2. Computer Services**

database development and maintenance  
system design, development, and installation  
upgrading and installation of software and hardware  
training of staff in use of equipment and software

**3. Customer Service**

providing customer satisfaction surveys  
providing timely responses to calls and written requests or emails  
distributing information quickly and accurately  
providing information in a courteous manner

**4. Budgeting**

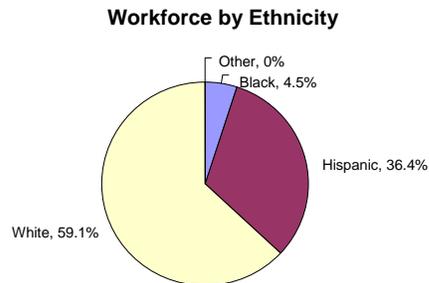
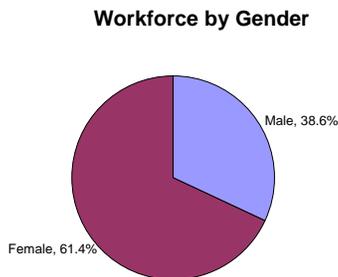
The most challenging task facing TSBPA is to provide the services that will protect the public. To meet this challenge, the Board must be able to hire qualified staff and avail itself of other resources necessary to carry out its functions. The Board and two other state agencies are currently operating under *Article 8930, V.T.C.S., the Self-Directed, Semi-Independent Agency Project Act (SDSI)*. This bill allows TSBPA to operate in a more business-like manner to meet the challenges of the 21st century.

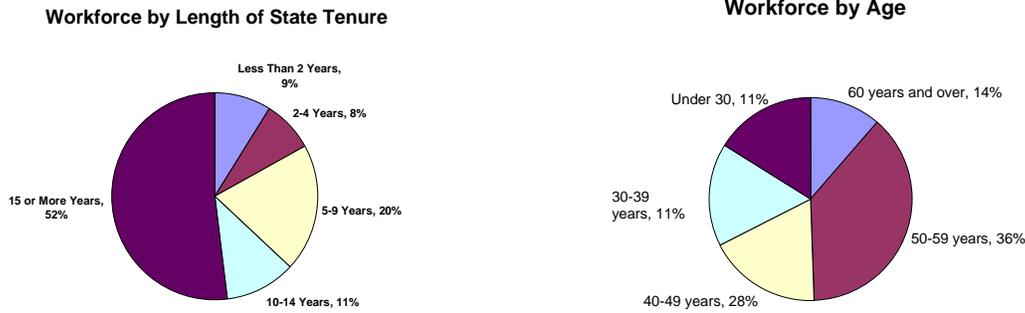
**5. Regulatory Process Experience**

Staff will need to keep current with rules concerning CPE, licensing, peer review, and enforcement.

**B. Workforce Demographics**

TSBPA is budgeted for 44 full-time employees. The following graphs profile the agency's workforce by age, ethnicity, gender, and tenure as of December 31, 2007:





The following table compares the percentages of African American, Hispanic American, and Female employees (as of December 31, 2007), to the statewide civilian workforce as reported by the Texas Commission on Human Rights.

Job Category	African American		Hispanic American		Females	
	TSBPA %	State %	TSBPA %	State %	TSBPA %	State %
Officials, Administration	9.1	6.6	0	14.2	45.5	37.3
Professional	0	8.3	27.3	13.4	72.7	46.8
Para-Professional	0	13.8	63.6	40.7	72.7	39.0
Technical	14.3	12.4	42.9	20.2	42.9	53.8
Administrative Support	0	11.2	75.0	24.1	75.0	64.7

The categories of underrepresented classes that the agency should address include Hispanic American Officials, Administration; African American Professional and Para-Professional; and African American Administrative Support positions.

**C. Employee Turnover**

Although the Board’s employee turnover rate in FY 2007 was 0% as compared to the statewide turnover rate of 17.4%, turnover remains a concern.

Younger employees (by age and length of service) have a higher turnover rate. The greatest area of turnover is with employees with less than one year of experience who are under the age of 40.

Recruiting and competing with other state agencies and private industry for qualified applicants remains a challenge. Generally, the Board is able to hire applicants with the minimal requirements for entry-level positions. Typically, entry-level employees stay from twelve to eighteen months before accepting higher paying jobs elsewhere. In some instances, the Board has offered entry-level positions to employees who accepted better paying jobs before reporting to work or who only stayed for a short period of time before accepting a better paying position.

With the implementation of SDSI, the Board’s management is exercising its authority and flexibility to manage workforce issues within the parameters of general state guidelines.

**D. Retirement Eligibility**

32% of the workforce will be eligible to retire in the next five years.

**III. Future Workforce Profile**

**A. Critical Functions**

On April 5, 2004, the CPA examination was administered by the Board in conjunction with the AICPA, NASBA, and Prometric. The revisions to the CPA examination are significant to Texas, and allow candidates to take the exam on a year-round basis, utilizing a computer-based format at Prometric testing centers. Because of this change, the board must update materials sent to examination candidates, educational institutions, and the general public, as well as implement changes to the board's operating processes and procedures.

**B. Expected Workforce Changes**

Employees cross-trained in functional areas to address increased demands.  
Increased use of technology to revise and streamline work processes.

**C. Anticipated Increase/Decrease in Numbers of Employees Needed**

No significant increase anticipated in FTE count.

**D. Future Workforce Skill Needed**

The agency relies on a competent and knowledgeable staff to carry out its functions efficiently and effectively; therefore, the future workforce skills are essentially the same as the critical workforce skills.

**IV. Gap Analysis – Anticipated Surplus or Shortage of Workers or Skills**

Faced with the magnitude of the issues in the field of public accounting, the Board has emerged as a leader among the 55 state and territorial boards of accountancy in the country. Texas, probably more than any other state, benefits from NAFTA, and the Board recognizes that the language of trade is accounting. Without accountants, the exchange of goods and services cannot take place. Therefore, this state's CPAs, more than any other group or profession, are at the forefront of the economic conditions resulting from NAFTA. To support this far-reaching legislation, the Board must have the resources to enable its staff to provide quality services to its licensees. It must be able to respond to the needs of examination candidates and licensees, as well as to the public.

Providing quality services depends on such basics as being able to respond in a timely manner to public inquiries, requests for information and publications, complaints, and public hearings. It depends on being able to afford supplies and services, the cost of which are often beyond the Board's control. The Board will continue to expand its Internet presence to alleviate requests by telephone, email, and mail that require direct staff responses. Finally, it depends on being able to hire and retain the most qualified staff available.

Despite the many challenges facing the Board, no significant changes are anticipated in the number of employees. However, the Board will provide training to increase the skills of its employees.

**V. Strategy Development**

**A. Develop a competent, well-trained workforce**

1. Development of skills and expertise to improve the effectiveness and productivity of the agency by providing opportunities to enhance the employee's present skills and to learn new ones.
2. Management and leadership development – outside training opportunities provided for all levels of agency supervisors and division directors.
3. Organizational development – support services and training activities provided to divisional/cross-functional workgroups and individual employees in the areas of planning, goal setting, managing change, team building, group process, consulting, problem solving, conflict resolution, and other identified areas.
4. Continuing education for certified professional staff – complete continuing education requirements annually to maintain credentials required to fulfill their job responsibilities.

**B. Development of plan to retain employees longer than 2 years**

1. Develop strategies to prepare lower-level staff to move into jobs with higher-level skill requirements.
2. Implement mentoring programs matching seasoned employees with new employees.
3. Utilize pay incentives to attract and retain staff by adjusting salaries within assigned pay ranges for employees in positions that are critical or have high turnover rates.

## VI. Organization Chart

### TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY ORGANIZATION CHART

The executive director reports directly to the Board and manages the activities of the various divisions. The agency utilizes management by objectives, allocating resources to those tasks deemed highest in priority to ensure that objectives are met in a timely and efficient manner.

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