



Ed # 11, 126
56

Texas State Board of Public Accountancy

1033 La Posada, Suite 340, Austin, Texas 78752-3892

January 4, 1991

RQ-11

RECEIVED

JAN 09 91

Opinion Committee

- CHAIRMAN**
Paul W. Miller, Jr., CPA
Dallas
- VICE-CHAIRMAN**
William R. Cox, CPA
Houston
- SECRETARY**
Ladelle M. Hymen, CPA
Houston
- TREASURER**
Roger B. Clark, CPA
Stamford
- Jarman Beas, CPA
Dallas
- Leopoldo Botello, Jr., CPA
San Antonio
- Nancy R. Brannon
Flower Mound
- Stanley L. Blend
San Antonio
- Dwight L. Kinnard, CPA
Abilene
- Earl C. Larrison, CPA
Houston
- John F. Lanier, Jr., CPA
Austin
- Rowland D. Patisio, CPA
Waco
- William H. Quimby
Dallas
- Ronnie Rudd, CPA
Houston
- L. Lee Wilson, CPA
Dallas

The Honorable Dan Morales
Attorney General of Texas
P.O. Box 12548
Austin, Texas 78711-2548

Dear Mr. Attorney General:

Southwestern Accounting Institute is an educational entity created for the purpose of training individuals as assistants to professionals in the accounting field. Graduates of the program are designated on their diplomas as "para-accountants." While the Texas State Board of Public Accountancy (hereinafter, the Board) in general does not dispute the need for individuals with this type of formal training, questions have arisen concerning the designation of its graduates. The Public Accountancy Act of 1979, as amended, 1989, (V.T.C.S. art. 41a-1, hereinafter, The Act) states in Section 1:

The practice of public accountancy is in all respects a learned profession having specialized educational and experience requirements. The terms "accountant" and "auditor" and the derivations, combinations, and abbreviations of those terms carry with them an implication of competence in the profession of public accountancy on which the public relies in personal, business, and public activities and enterprises. It is the policy of this state and the purpose of this Act that the admission of persons to practice public accountancy depends on education and experience commensurate with and required by the exigencies of the profession, that persons profession to practice public accountancy be qualified to do so, that the persons continue to maintain high standards of professional competence, integrity, and learning, that areas of specialized practice require special training, and that the activities and competitive practices of those practicing public accountancy be regulated to be free of commercial exploitation toward the end that the public will be provided with a high level of professional competence at reasonable fees by independent, qualified persons.

Section 8 of The Act states, in part:

(e) No person shall assume or use the title or designation "certified accountant," "chartered accountant," "licensed accountant," or any other title or designation likely to be confused with "certified public accountant" or "public accountant," or any of the abbreviations, "CA," "PA," "EA," "RA," or "IA," or similar abbreviations likely to be confused

- EXECUTIVE DIRECTOR**
William Tracy
Austin
- Administration, Licensing
and Examination Sections
(512) 451-0241
- Enforcement
(512) 450-7088
- Examinations
(512) 450-7088
- Licensing
(512) 450-7088
- Continuing Education
(512) 450-7077

with "CPA"; provided, however, that only a person holding a license issued under Section 9 of this Act and all of whose offices in this state for the practice of public accountancy are maintained and registered as required under Section 10 of this Act may hold himself out to the public as an "accountant" or "auditor" or any combination of said terms...

(f) No person shall sign or affix his name or any trade or assumed name used by him in his profession or business with any wording indicating that he is an accountant or auditor or with any wording indicating that he has expert knowledge in accounting or auditing, to any accounting or financial statement or to any opinion on, report on, or certificate to any accounting or financial statement, unless he has complied with the applicable provisions of this Act...

The Board is also concerned with the possibility of graduates of Southwestern Accounting Institute holding out to the public as "para-accountants." The Board has consistently held that only individuals who are actively-licensed by the Board may offer to perform accounting services to the public. The Act in Section 2(a), defines the "practice of public accountancy" in the following manner:

(5)...the offer to perform or performance by a person holding himself out to the public as a certificate or registration holder for a client or potential client, or the performance by a certificate or registration holder for a client of a sole proprietorship, partnership, or professional corporation an office of which is required to be registered under Section 10 of this Act, of a service involving the use of accounting or auditing skills. The phrase "service involving the use of accounting or auditing skills" includes:

- (A) the issuance of reports on financial statements;
- (B) the furnishing of management advisory or consulting services; and
- (C) the preparation of tax returns or the furnishing of advice on tax matters.

Section 2(c) goes on to define "holding out to the public" as:

(c) For the purpose of the definition of "practicing of public accountancy," a person holds himself or herself out to the public as the holder of a certificate or registration by representing that the person holds a certificate or registration...

In view of the foregoing, the Board has concluded that the potential exists for the public to be misled into believing that a person holding a diploma as a "para-accountant" is authorized to perform functions specifically restricted in The Act to licensees of this state. South-

The Honorable Dan Morales
Page 3

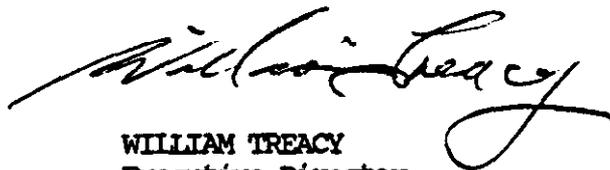
western Accounting Institute has expressed a willingness to cooperate with the Board in changing the designation to one which is acceptable under the provisions of The Act; however, no such mutually acceptable designation has been found. The terms "para-professional in accounting" and "accounting assistant" have been discussed as alternatives, and while not as blatant a usage of "accountant," they are, nevertheless, derivations of that term, and as such, also seem to be prohibited under The Act.

The Board believes that Southwestern Accounting Institute's position that "para-accountant" is based on the common usage in the legal profession of the term "para-legal" is not valid because "para-legal" does not incorporate a restricted word. For example, use of the terms "para-lawyer" and "para-attorney" would clearly be violations of the law; however, "para-legal" or "legal assistant" are terms which do not use prohibited language, whereas "para-accountant" does. Unfortunately, no term comparable to "para-legal" or "legal assistant" exists in the accounting profession which clearly establishes the role of a person assisting a certified public accountant but who is himself not a licensee of this Board.

An opinion is respectfully requested on whether the terms "para-accountant;" "para-professional in accounting;" and/or "accounting assistant" are permissible under The Act. Your assistance is greatly appreciated.

Sincerely yours,

TEXAS STATE BOARD OF
PUBLIC ACCOUNTANCY



WILLIAM TREACY
Executive Director

EE

cc: Erin M. Trash, Southwestern Accounting Institute