

STATE OF MARYLAND
BOARD OF PUBLIC ACCOUNTANCY
March 7, 2017

LOCATION: 500 North Calvert Street
Baltimore, Maryland 21202
Third Floor Conference Room

MEMBERS

IN ATTENDANCE: Arthur E. Flach
Clifton B. Jeter
Phillip J. Korb
Leslie Mostow
Naomi Powell
Ross EHUDIN
Raymond Vicks, Jr.

MEMBERS ABSENT: None

DLLR OFFICIALS/STAFF: Dennis L. Gring, Executive Director
Linda Rhew, Administrative Officer
Matthew Lawrence, Counsel
Tiffany Black, Office Secretary

OTHERS PRESENT: Mary Beth Halpern, MACPA
Sandy Steinwedel, MSATP
Scott Schilling, BCC

The March 7, 2017, meeting of the Maryland Board of Public Accountancy was called to order at 9:00 AM by Chairman of the Board, Arthur E. Flach.

Upon a motion **(I)** by Ms. Powell, and seconded by Mr. Vicks, the minutes of the February 7, 2017 meeting were approved without corrections.

Chairman's Report

The Chairman distributed a copy of his report for March 7, 2017. In summary, the chairman's report addressed: 1) the exposure draft for continuing education model rules; 2) the development of a CPE audit tool for Boards; 3) the approval of 10-minute learning units by the NASBA CPE Registry; 4) NASBA's initiative for the adoption of firm mobility; 5) the continuing discussion of the evolution of peer review; 6) a joint research effort by NASBA and AICPA CPA exam candidates performance a dropout rates; 7) the use of data analytics in audits; 8) efforts by QAB to renew mutual recognition (MRA) agreements; 9) the use of titles such as CGMAs and CMAs by non CPAs; 10) the NASBA Education Committee meeting with collegiate accreditors to develop standards for awarding accounting credits; and 11) the implications of advancing technology and data analytics for standard setting and enforcement.

Upon a motion **(II)** by Mr. Mostow, and seconded by Ms. Powell, the Board unanimously approved the Chairman's Report.

Executive Director's Report

Mr. Gring advised that the public comment period had ended on the Board's proposed changes to regulations under COMAR 09.24.01.09 Fees. The proposed regulation eliminates the language that specifies the amount of fees for the charged to candidates for CPA Examination sections. The proposal provides that the fees charged for each of the four examination sections would reflect the fees established by the examination vendors for the administration of the candidate registrations, database maintenance , test development, test-taking, security, and grading of the exam. The Board did not receive any comments from the public concerning the proposed amendments.

Upon a motion **(III)** by Mr. Korb, and seconded by Mr. Jeter, the Board unanimously approved the Executive Director's Report.

Exam Appeals

There were no examination appeals for this meeting.

Education Report

Mr. Korb presented the Education Report.

There were four (4) Transfer of Grades applications approved. There was one (1) Transfer of Grades denial (**TOG 0317-01**) due to the applicant not having completed a three semester course in ethics..

Mr. Korb raised the question as to the reason why the pass rate of Maryland candidate is low when compared to the pass rates of candidates of other states. Mr. Flach added that he has been in contact with James Suh from NASBA seeking information on the methodology used in determining the pass rates. Additional details will be developed for discussion at future meetings

Upon a motion **(IV)** by Mr. Jeter, and seconded by Ms. Powell, the Board unanimously approved the Education Report.

Experience Report

Ms. Powell presented the Experience Report. There were thirteen (13) reciprocal applications approved, zero (0) reciprocal application denials. There were twenty – six (26) Maryland candidate license application approvals. There was one (1) Maryland candidate application denial (MDLD0317-01) because the applicant did not meet the 150 semester hour requirement for a license. There were two (2) administrative closures.

Upon a motion **(V)** by Mr. Korb and seconded by Mr. Jeter, the Board unanimously approved the Experience Report.

Firm Permit Report

Mr. Vicks presented the Firm Permit Report. There were six (6) firm permit applications approved, zero (0) firm application denials.

Mr. Flach asked that future firm reports to include, how many firms are coming in from out of state.

Upon a motion **(VI)** by, Mr. Korb, and seconded by Mr. Jeter, the Board unanimously approved the Firm Permit Report.

Peer Review Oversight Committee Report

Mr. Flach addressed the ongoing proposal for the evolution of peer review administration. The most common suggestion from stakeholders is that current administrating entities that are in compliance with existing standards be allowed to continue to perform peer reviews, regardless of the number of peer reviews conducted. Administrative entities who are failing to meet standards would be discontinued. Mr. Flach reminded the Board that comments on the peer review proposal are due by June 30, 2017.

Upon a motion **(VII)** by Mr. Korb and seconded by Mr. Vicks, the Board unanimously approved the Peer review report.

New Business

Mr. Flach requested that the Board's continuing education consultant provide a report on the percentage of technical subject matter reported by licensees for continuing education.

Mr. Lawrence advised the Board of an issue involving a request by a Korean-based firm seeking to perform audit related work for a Maryland-based subsidiary of a Korean audit client. The Korean-based firm sought to review the books and records of the subsidiary in connection with its audit of the parent company. Mr. Lawrence was initially concerned that the permit requirements set forth in § 2-401 of the Business Occupations and Professions Article ("BOP") preclude a firm from performing certain attest services without a permit, but the definition of "attest" in BOP §2-101(c) specifically refers to AICPA standards as opposed to any international standard, raising the question of whether the Board had authority to preclude a firm performing services under international as opposed to AICPA standards, and whether statutory change was necessary.

After additional review, Mr. Lawrence indicated that he did not think statutory change would be necessary as he believes the broad language of BOP §2-602, which precludes a firm from practicing "certified public accountancy" without a permit, and BOP § 2-101(m) which defines the "practice of certified public accountancy" in pertinent part to include conducting

defines the "practice of certified public accountancy" in pertinent part to include conducting an audit, review, or compilation, or providing a written opinion on the correctness or fairness of information in a financial statement, report, schedule, or exhibit, would preclude a foreign-based firm from coming into Maryland and performing any such service, whether under international standards or otherwise. Finally, Mr. Lawrence indicated that if the Korean-based firm was not generating any written report concerning its review of the subsidiary's books and records, that he did not believe that it would be required to have a permit.

Upon a motion **(VIII)** by Mr. Korb and seconded by Mr. Vicks, the Board unanimously approved the New Business report.

Old Business

Upon a motion **(IX)** by Mr. Vicks and seconded by Mr. Korb, the Board unanimously took final action to adopt the amendments to COMAR 09.24.01.09 Fees as proposed in the January 6, 2017 Maryland Register.

Correspondence

A copy of the application for accommodations under the American With Disabilities Act (ADA) for CPA Examination candidates was distributed to the Board for its information.

Executive Session

Upon a motion **(X)**, by Ms. Powell, and seconded by Mr. Korb, the Board went into Executive Session in the 3rd Floor Conference Room, 500 N. Calvert Street, Baltimore, Maryland 21202 at 10:45 AM. The purpose of this session was to consult with counsel. This session is permitted to be closed pursuant to Section 3-305(b) (7) of the General Provisions Article, Maryland Annotated Code. It returned to the regular business meeting at 11:48 AM upon a motion **(XI)**, by Mr. Korb, and seconded by Ms. Powell.

Complaint Committee Report

Mr. Jeter presented the Complaint Committee Report. The Board received six complaints for the period February 7 through March 6, 2017. The Board closed five complaints.

Upon a motion **(XII)**, by Ms. Powell, and seconded by Mr. Korb, the Board unanimously approved the Complaint Committee Report.

In **EX A – 0317**, upon a motion **(XIII)**, by Mr. Korb, and seconded by Ms. Powell the Board unanimously approved the request to waive CPE for the 2017-2019 license renewal.

In **EX B – 0317**, The Board decided that this Executive session must go to a hearing.

In **EX C – 0317**, upon a motion **(XIV)**, by Ms. Powell, and seconded by Mr. Korb the Board unanimously approved the request for license renewal.

In **EX D – 0317**, upon a motion **(XV)**, by Mr. Mostow, and seconded by Ms. Powell the Board unanimously approved the request for a reciprocal license.

In **EX E – 0317**, No decision made, the Board is awaiting additional information.

In **EX F – 0317**, upon a motion **(XVI)**, by Mr. Korb, and seconded by Mr. Mostow the Board unanimously approved the request for license renewal.

In **EX G – 0317**, upon a motion **(XVII)**, by Mr. Korb, and seconded by Mr. Mostow, the Board unanimously approved the request to extend the conditional credits through July 31, 2017.

In **EX H – 0317**, upon a motion **(XVIII)**, by Mr. Korb, and seconded by Mr. Mostow, the Board unanimously denied the exam extension request.

In **EX I – 0317**, upon a motion **(XIX)**, by Mr. Korb, and seconded by Mr. Jeter, the Board unanimously approved the request for an original license.

In **EX J – 0317**, upon a motion **(XX)**, by Mr. Mostow, and seconded by Mr. Korb, the Board unanimously denied the request for a CPE extension request.

In **EX K – 0317**, upon a motion **(XXI)**, by Mr. Mostow, and seconded by Mr. Korb, the Board unanimously approved the request for an original license.

Upon a **(XXII)** by Mr. Korb, and seconded by Ms. Powell, the Board adjourned at 12:00pm.

NEXT MEETING

April 4, 2017, 500 North Calvert Street, Third Floor, 9:00 AM

With corrections Without corrections

SIGNATURE ON
ORIGINAL DOCUMENT

Chairman

4/4/17

Date