

STATE OF MARYLAND  
BOARD OF PUBLIC ACCOUNTANCY  
February 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.

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**MEMBERS ABSENT:** None

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**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  
T. S. Bray, MSATP  
Anthony A Cuzzo, Jr., MACPA  
Sandy Steinwedel, MSATP

The February 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 Mr. Korb, and seconded by Ms. Powell, the minutes of the January 10, 2017 meeting were approved without corrections.

**Chairman's Report**

The Chairman distributed a copy of his report for February 7, 2017. He reported that he participated on the NASBA Middle Atlantic Regional Conference Call on January 30, 2017.

The highlights of the NASBA January Board of Directors Meeting included approval of an exposure draft for new model rules for continuing education. Some of the recommendations included:

- requiring license renewal applicants to complete at least 50% continuing education in technical fields of study
- granting credit of .20 for computer-based unit learning

- approving for qualifying credit participation on a technical committee of an international, national or state professional association, council or member organization, or a government entity that supports professional services or industries that require unique and specific knowledge in accounting or tax compliance.
- requiring the completion of at least two hours of continuing education in ethics with each year of a license term

A UAA committee is studying the use of financial related titles such as CGMAs and CMAs by non-licensed CPAs. Many states are already studying this issue. Recommendations through an exposure draft are not ready at this time.

NASBA and the NASBA CPE Registry are working on a continuing education audit tool for use by state boards. The NASBA CPE Registry has approved its first sponsor of a computer-based nano-learning program.

The Education Committee met with accreditors February 3. The committee is meeting with AACSB to develop an accreditation model that more fully engages the accounting profession.

The Standard Setting Advisory is studying considering the application of advances in technology and data analytics to the audit from a State Board's enforcement perspective. Presentations and discussions will be scheduled at the regional meetings this summer. The Eastern Regional is scheduled for Newport, RI, June 27-29, 2017.

Other highlights include: the NASBA/AICPA International Qualifications Appraisal Board (IQAB) is exploring renewing the Mutual Recognition Agreements with CPA Canada, Mexico, Chartered Accounts of Australia and New Zealand; and studies are being conducted to determine why candidates cease taking the Uniform CPA Examination.

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

### **Executive Director's Report**

Mr. Gring welcomed back Administrative Officer, Mrs. Linda Rhew.

Mr. Gring reminded the Board members to file financial disclosure reports to the State Ethics Commission by April 30, 2017.

Mr. Gring asked the Board's counsel, Mr. Matthew Lawrence to discuss House Bill 628. This bill addresses the issues of "active" state supervision that arose from the U.S. Supreme Court's February 2015 opinion in North Carolina Dental Board v. Federal Trade Commission. House Bill 628 would require the secretary of each principal department to supervise each unit that is composed of individuals participating in the occupation or profession regulated by the unit in order to prevent anticompetitive actions and to determine whether the

actions of the unit are anti-competitive. The provisions of the legislation would also insulate individual board or commission members from liability from civil actions filed to challenge a board or commission actions.

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

### **Exam Appeals**

The staff did not report any examination appeals for this meeting.

### **Education Report**

Mr. Korb presented the Education Report.

There were five (5) Transfer of Grades applications approved. There was one (1) Transfer of Grades denial due to the applicant lacking ethics.

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

### **Experience Report**

Ms. Powell presented the Experience Report. There were twenty (20) reciprocal applications approved, zero (0) reciprocal application denials. There were forty-seven (47) Maryland candidate license application approvals. There were two (2) Maryland candidate application denials.

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

### **Firm Permit Report**

Mr. Vicks presented the Firm Permit Report. There were eleven (11) firm permit applications approved, zero (0) firm application denials.

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

### **New Business**

Peer Review Oversight Committee Report

Anthony A Cuozzo, Jr., of the MACPA presented the annual report of the MACPA Peer Review Program. MACPA is the approved administration entity in the State of Maryland for performing peer reviews. Mr. Cuozzo, discussed the activity of the administering entity oversight process and procedures.

### Proposed Revision to Peer Review Program

In January of 2017, the AICPA Peer Review Program issued a revised Proposed Evolution of Peer Review Administration as a result of comments filed by state boards. The AICPA advises that it has heard the concerns of the boards loud and clear. The comment period on the new revisions ends June 30, 2017.

The revision has redefined the benchmarks associated with the Peer Review Program. The most common suggestion for the evolution of peer review administration was to allow existing, effective Administering Entities (AE) that operate in full accordance with Program Standards and guidance, to continue administering the Program, without consideration given to the number of peer reviews administered, and to discontinue administration by poor performing AEs. Many respondents indicated they believed their AE was operating effectively because they were unaware of any evidence to the contrary. Accordingly, the model proposed in this paper requires AEs to meet specific benchmarks, diligently monitored by the AICPA, and increases transparency of AE performance.

Under this model, AEs that choose to continue administering peer reviews must meet specific benchmarks, which include qualitative, objective and measurable criteria. AEs will be evaluated based upon whether they consistently meet these benchmarks. AE performance will be made transparent through new reporting requirements to various stakeholders, such as society CEOs and boards, as appropriate. If this approach is undertaken, the specific benchmarks illustrated in this paper are subject to changes and approval by the PRB, and may be modified over time due to advances in technology and other factors.

A full copy of the Revised Proposed Evolution of Peer Review Administration was disseminated to board members. Feedback is required by June 30, 2017 and this will become an agenda item at an upcoming meeting.

The Peer Review Committee is in the process of scheduling this meeting with the MACPA to discuss its continuation as an administering entity under the proposed new AICPA framework.

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

### Non ADA accommodations request

The Board was presented with a non ADA request for special accommodations regarding the use of the Prometric Marker Boards during the CPA exam. An applicant requested to use paper and pencil while taking the exam instead of the marker boards made available by Prometric.

Upon a motion **(VIII)** by Mr. Mostow and seconded by Mr. Korb, the Board unanimously denied the request.

#### Master's Degree Proposal

Mr. Mostow gave a presentation concerning the Board's current educational requirements, and proposed that the Board change its regulations to provide that an applicant with a Master's degree in accounting meets the Board's educational requirements without review of the particular coursework completed by the applicant. The Board's counsel, Mr. Lawrence, advised that before the Board could propose any regulation, Secretary Schulz would have to approve the concept. Mr. Lawrence noted the difficulties inherent in such an approach and also recommended that other state's laws and regulations be reviewed to determine if other states take such an approach and whether their statutes and regulations are consistent with the Board's. Mr. Mostow suggested that Mr. Lawrence review the requirements in Illinois as a starting point.

On a motion **(IX)** by Mr. Vicks and seconded by Ms. Powell, the Board unanimously decided to propose to amend the current education requirements subject to approval from the Secretary and the above discussed review.

#### Old Business

There was no old business.

#### Correspondence

There was no correspondence for this meeting.

#### Executive Session

Upon a motion **(X)**, by Mr. Vicks, 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 10:42 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 11:38 AM upon a motion **(XI)**, by Mr. Korb, and seconded by Ms. Powell.

#### Complaint Committee Report

Mr. Jeter presented the Complaint Committee Report. Mr. Jeter reported that the Board received 13 new complaints between January 10 and February 7, 2017. The Board closed 15 complaints.

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

In EX A – 0217, upon a motion **(XIII)**, by Mr. Mostow, and seconded by Ms. Powell the Board unanimously denied the request for the license renewal.

In EX B – 0217, upon a motion **(XIV)**, by Mr. Mostow, and seconded by Mr. Korb the Board unanimously approved the request for an original license.

In EX C – 0217, upon a motion **(XV)**, by Mr. Mostow, and seconded by Ms. Powell the Board unanimously approved the request for an original license.

In EX D – 0217, upon a motion **(XVI)**, by Mr. Mostow, and seconded by Mr. Korb the Board unanimously approved the request for license renewal.

In EX E – 0217, upon a motion **(XVII)**, by Mr. Mostow, and seconded by Ms. Powell the Board unanimously approved the request for an original license.

In EX F – 0217, additional documentation is required.

In EX G – 0217, upon a motion **(XVIII)**, by Mr. Mostow, and seconded by Mr. Korb, the Board unanimously approved the request to have CPE waived pending documentation from physician.

Upon a motion **(XIX)**, by Ms. Powell, and seconded by Mr. Ehudin, the Board adjourned at 11:45 AM.

#### NEXT MEETING

March 7, 2017, 500 North Calvert Street, Third Floor, 9:00 AM

With corrections  Without corrections

**SIGNATURE ON**  
**ORIGINAL DOCUMENT**

Chairman

3/7/17  
Date