

STATE OF MARYLAND
BOARD OF PUBLIC ACCOUNTANCY
May 3, 2016

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

**MEMBERS
IN ATTENDANCE:** Arthur E. Flach
Clifton B. Jeter
Phillip J. Korb
Naomi Powell
Elizabeth Gantnier
Ross Ehudin

MEMBERS ABSENT: Mac Claxton

DLLR OFFICIALS/STAFF: Victoria Wilkins, Commissioner of Occupational/Professional Licensing
Dennis L. Gring, Executive Director
Norbert Fenwick, CPE Consultant
Matthew Lawrence, Counsel
Tiffany Black, Office Secretary

OTHERS PRESENT: Mary Beth Halpern, MACPA
Sandy Steinwedel, MSATP
Brentni Henderson, NASBA

The May 3, 2016, meeting of the Maryland Board of Public Accountancy was called to order at 9:02 AM by Chairman Flach.

Upon a motion **(I)** by Mr. Jeter, and seconded by, Ms. Powell the minutes of the April 5, 2016, meeting were approved without corrections.

Chairman's Report

The Chairman advised the members that it will have two guest speakers who will make presentations to the Board. Commissioner of Division of Occupational and Professional Licensing Victoria Wilkins will make a presentation regarding the potential for the Board to reduce or eliminate unnecessary fees. Brentni Henderson, NASBA's Associate Director of Business and Development & Research, will also give a presentation on education accreditation issues that face state boards of accountancy.

Executive Director's Report

Mr. Gring introduced Commissioner Wilkins, who advised the Board that Governor Hogan has asked licensing boards and commission to review their services and fees and identify any fees that could be reduced or repealed. Board staff identified the \$25 license verification fee as a fee that could be eliminated. The elimination of this fee would have little impact on the Board's revenue. After discussion, upon a motion **(II)** by Ms. Gantnier, and seconded by Mr. Jeter, the Board agreed to repeal the fee for a license verification.

With the new fiscal year approaching Mr. Gring advised the Board that efforts will begin to fill clerical vacancy on the Board. In addition, he is exploring the possible recruitment of an investigator.

Mr. Gring stated that the web – page has been modified to show changes for next year, and that the webpage will have a redesign. The work on the redesign of the web page will begin later this month.

Upon a motion **(III)** by Mr. EHUDIN, and seconded by Ms. Powell the Board approved the Executive Director's report.

Exam Appeals

There were no examination appeals.

Education Report

Mr. Korb presented the Education Report. There were three (3) Transfer of Grades applications approved. There was one (1) Transfer of Grades application denial.

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

Experience Report

Ms. Powell presented the Experience Report. There were seven (7) reciprocal applications approved, and there were no reciprocal application denials. There were thirty - eight (38) Maryland candidate license application approvals and no Maryland candidate application denials. There were no administrative closures.

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

Firm Permit Report

Mr. Flach presented the Firm Permit Report on behalf of Mr. Claxton. There were six (6) firm permit applications approved. There were two (2) firm application denials.

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

Peer Review Oversight Committee Report

In May 2014, the American Institute of Certified Public Accountants AICPA launched an initiative called Enhancing Audit Quality (EAQ). EAQ is a holistic effort to consider auditing of private entities through multiple touch points, especially where quality issues have emerged. The goal is to align the objectives of all audit-related AICPA efforts to improve audit performance.

Currently, 41 administering entities (AEs), including the National Peer Review Committee (National PRC), administer the Program for public accounting firms within the 50 states, the District of Columbia and the U.S. territories. The AEs also administer peer reviews for public accounting firms enrolled in a state society peer review program (non-AICPA member firms and non-state society member firms). The AEs administer about 34,000 peer reviews over a three-year period.

The PRB, at a national level, performs oversight of the AEs and RABs. Past oversight has frequently identified inconsistencies in the effectiveness of peer review administration. Oversight consists of reviewing the procedures conducted by the AEs and RABs to ensure peer reviews are being performed and accepted in accordance with the AICPA's Standards for Performing and Reporting on Peer Reviews (Standards).

The oversight process has revealed that a significant level of investment (time, money and volunteer and staff commitments) is necessary to maintain the technical and administrative competence

required to administer the Program, and to efficiently and effectively incorporate changes in guidance and technology into AE administrative processes.

The proposed criteria would decrease the number of AEs to approximately eight to ten nationally each of which would have the capacity to effectively administer at least 1,000 peer reviews per year. Consolidating AEs seeks to provide greater consistency in the Program's administration. Each AE would be required to have a Director-level professional with primary responsibility for peer review and at least one full-time staff in each of the following roles: 1) Administrator; 2) Technical Reviewer, and 3) Manager. The implications to the Maryland peer review process are extensive. It is anticipated that Maryland would not be one of the 8 to 10 administering entities.

Feedback on the proposed criteria and structure is requested by August 1, 2016. Once criteria are established, AEs wishing to continue to administer the program will be asked to indicate their commitment to and plans for meeting the criteria to the AICPA no later than January 31, 2017. The goal is to have the revised structure in place by December 28, 2018.

Chairman Flach asked the Board to be prepared to discuss this matter in greater detail at the June 7, 2016 meeting. At that time the Board can make a decision on whether to file formal comments to the AICPA.

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

New Business

Ms. Henderson made a presentation regarding emerging issues concerning accreditation of educational institutions that issue undergraduate and graduate degrees in accounting. Ms. Henderson discussed research and preliminary findings of study practices of the various accrediting agencies on which state boards of accountancy rely to assure the quality of programs offered institutions of higher education.

She noted that the changing landscape of education has presented and will continue to present challenges to education credential evaluators. Of particular concern is the transfer credit practices of colleges and universities. There is a lack of a uniform standard for evaluating credit for prior earning, work/life experience, credit for coursework from non-accredited institutions, and credit for review course programs

Ms. Henderson noted that NASBA is drafting a White Paper on the emerging issues in education. It is expected to be distributed to state board of accountancy during the Summer of 2016.

Chairman Flach expressed the Board's appreciation to Ms. Henderson for sharing this information.

The Board considered a request by W.P Tax Accounting for a waiver of the peer review requirement for the 2016-2018 firm permit term. Upon a motion **(VIII)** by Ms. Gantnier and seconded by Mr. Korb, the request for the waiver is denied.

The Board considered a request by Mr. Thomas Frischetti to apply the continuing education hours earned to reinstate his licensing in 2016 to his upcoming license renewal term for 2016-2018. Upon a motion **(IX)** by Ms. Gantnier, and seconded by Mr. Ehudin, the request was denied.

NASBA requested the Board to provide feedback on two issues that it is conducting research: 1) whether the Board is considering modification of his practical work experience requirements, and 2) whether it believes that the Chartered Global Management Accountant (CGMA) credential will impact the CPA designation. The Board determined that no change in its experience requirement

are needed at this time. The Board does not see an immediate impact of CGMA on CPAs, but will monitor the situation.

Old Business

The Complaint Committee met with AG Kris King to discuss modifications of the process of evaluating complaints. The meeting was instructive of all of the elements that are involved in the evaluation and determination of outcomes of the complaint review process.

Correspondence

The Board did not have any correspondence for this meeting.

Executive Session

Upon a motion **(X)**, by Mr. Ross Ehudin, and seconded by Ms. Naomi Powell, the Board went into Executive Session in the 3rd Floor Conference Room, 500 N. Calvert Street, Baltimore, Maryland 21202 at 10:44 AM. The purpose of this session was to consult with counsel. This session is permitted to be closed pursuant to State Government Title Section 10-508 (a), (7). It returned to the regular business meeting at 11:21 AM upon a motion **(XI)**, by Ms. Powell, and seconded by Mr. Ross Ehudin.

Complaint Committee Report

Mr. Jeter presented the Complaint Committee Report. Mr. Jeter reported that the Board received four (2) new consumer complaints and closed the following eight (8) consumer complaints: CPAS 16-0019, CPAS 16-0025, CPAS 16-0029, CPAS 16-0031, CPAS 16-0034, CPAS 16-0035, CPAS 16-0036, and CPAS 16-0039, There were three (3) complaints sent for pre – charge review.

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

Upon a motion **(XIII)**, by Mr. Jeter, and seconded by Ms. Powell, the Board adjourned at 11:40 AM.

NEXT MEETING

June 7, 2016, 500 North Calvert Street, Third Floor, 9:00 AM

___ With corrections ___ Without corrections

Chairman

Date