

**STATE OF MARYLAND
BOARD OF PUBLIC ACCOUNTANCY
BUSINESS MEETING MINUTES
June 18, 2019**

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

**MEMBERS
IN ATTENDANCE:** Arthur E. Flach, Chair
Leslie Mostow
Phillip J. Korb
Macon M. Ware, III
James E. Marshall, Jr.

MEMBERS ABSENT: Edward J. Helmstetter, Jr
Mary Campbell

DLLR OFFICIALS/STAFF: Shanai Jordan, Executive Director
Christopher Dorsey, Assistant Executive Director
Matthew Lawrence, Legal Counsel
Norbert Fenwick, CE Consultant
Linda L. Rhew, Administrative Officer
Andrew Brouwer, Litigation

OTHERS PRESENT: Mary Beth Halpern, MACPA
Alberta Steinwedel, MSATP
Mrs. Mostow, Visitor
William Davis, Visitor

The June 18, 2019, 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. Marshall, and seconded by Mr. Mostow, the minutes of the May 7, 2019, meeting were approved with corrections.

Chairman's Report

NASBA Eastern Regional Conference

The NASBA Eastern Regional Conference took place in Washington, DC on Wednesday, June 12th and Thursday, June 13th. Attending from the state board were Shanai Jordan, Leslie Mostow, James Marshall and Art Flach. Some of the more relevant topics discussed included:

- Continuous testing – The AICPA and NASBA are targeting an effective date of June 2020 to implement continuous testing.
- The evolution of the profession – Much discussion centered on the need to have our CPA candidates versed educationally in the areas of block chain, artificial intelligence and data mining and interpretation.
- The proposed peer review model.

- Driving CPE Audit Efficiency and Compliance

AICPA Engage Conference

At the AICPA engage conference, both Kimberly Ellison-Taylor and Samantha Bowling from the state of Maryland were honored as two of the most powerful women in the accounting profession. On behalf of the state board, we would like to congratulate them.

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

Executive Director's Report

Ms. Jordan provided an update on the status of the board's newsletter. The board will put out a newsletter through NASBA, as well as a newsletter provided by the department. Ms. Jordan also informed the board that Ms. Campbell officially resigned from the board. The terms for Ms. Campbell, Mr. Korb and Mr. Flach end Jun 30, 2019, however, Mr. Korb and Mr. Flach will continue to serve on the board until new appointees have been sworn-in.

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

Exam Appeals

There were no exam appeals this month.

Education Report

Mr. Korb presented the Education Report. There was three (3) Transfer of Grades applications approved. The transfer of grades applications originated from GA-1, and NC-2. There were zero (0) Transfer of Grades application denials. There was one (1) Administrative closure as the applicant withdrew their application.

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

Experience Report

Mr. Mostow presented the Experience Report. There were 27 (twenty-seven) Reciprocal applications approved, zero (0) Reciprocal application denials. The 14 (fourteen) reciprocal license applicants were licensed in the following states: NJ-1, ME-1, PA-1, NY-3, GA-1, OR-1, DE-1, VA-14, FL-1, CA-1, TX-1 and MI-1. There were thirty-one (31) Maryland candidate license application approvals and zero (0) Maryland candidate application denials.

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

Firm Permit Report

Mr. Ware presented the Firm Permit Report. There were two (2) firm permit applications approved. One (1) originated from IL and one (1) from MD.

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

Peer Review Oversight Committee Report

Chairman Flach presented the peer review report to the Board, in which he discussed;

Reinvigorating the AICPA Peer Review Program

- Strengthening reviewer quality
 - Expedited reviewer remediation and removal
 - Added 70 SMEs
 - Launched Issue Advisory Hotline
 - Implemented new training requirements
- Enhancing firm quality
 - Increased accountability for continued non-conformity
 - Focus on high-risk engagements and areas
 - Increased focus on QC system
 - Addressing firms that previously had poorly performing peer reviewers
- State Board engagement
 - Continue to collaborate
 - Facilitated State Board Access (FSBA)
 - UAA Model Rules
 - Chapter 3 of AICPA Oversight Handbook
 - State Board survey
 - Changes to rules/regulations

Progress through remediation:

77%

improvement after
third-party review
of engagements or
QC documents

86%

improvement after
pre-issuance review of
firm engagements

90%

improvement after
continuing
professional
education

Upon a motion **(VII)** by Mr. Marshall and seconded by Mr. Mostow, the Board unanimously approved the Peer Review Report.

New Business

Documentation was received from a candidate that passed the exam in May 1999, with a request to be allowed to apply for a licensure based on the passage of their exam and not have to meet the current educational requirements. After reviewing the documentation the Board concluded the candidate may apply for a license based on the Annotated Code of Maryland 2-302 f (3) (ii). The Board has determined the candidate will need to have their MBA transcript submitted to us showing they have obtained the 150 semester credit hours, submit the RPE signed by a currently and actively licensed CPA and submit the ethics completion certificate for The Professional Ethics course from AICPA with a 90 or better score.

The Board determined:

- a. If a candidate passed the exam previously but did not obtain licensure at that time, they can now, based on the passage of the exam and meeting the 150 semester credit hour requirement.
- b. If a candidate is still taking the exam they must meet today's educational requirements.

Upon a motion **(VIII)** by Mr. Korb and seconded by Mr. Mostow, the Board unanimously approved the candidate's request to be allowed to apply for a license based on his prior passage of the CPA exam passing, providing they have submitted by the school, the MBA transcript, the ethics completion certificate and the RPE signed by an actively licensed CPA.

The Board received a request for a licensee to be allowed to renew an expired inactive license as inactive as licensee stated he did not receive any notices reminding him to renew his licensee. After reviewing and discussing the file, the Board concluded to deny the request. The licensee will need to obtain the required 80 CE hours of which four must be in ethics in order to renew and reinstate their license it must be done in an active status.

Upon a motion **(IX)** by Mr. Mostow and seconded by Mr. Korb, the Board unanimously denied the request to be allowed to renew/reinstate as inactive.

Commissioner Wilkins discussed the 2020 Budget with the Board as requested by Chairman Flach. She asked for input from the Board in regards to items they want to see added to the Budget for 2020.

Old Business

There was no Old Business this month.

Correspondence

There was no Correspondence this month.

Executive Session

Upon a motion **(X)**, by Mr. Korb, and seconded by Mr. Ware, the Board went into a closed Executive Session in the 3rd Floor Conference Room, 500 N. Calvert Street, Baltimore, Maryland 21202 at 10:16 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 10:46 AM upon a motion **(XI)**, by Mr. Ware, and seconded by Mr. Marshall.

Return to Open Session

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

In EX-A0619, upon a motion **(XIII)** by Mr. Korb, and seconded by Mr. Marshall, the Board unanimously approved the release of an original reciprocal applicant's license due to a conduct question.

In EX-B0619, upon a motion **(XIV)** by Mr. Korb, and seconded by Mr. Mostow, the Board unanimously approved the reinstatement of an applicant's license due to a conduct question.

In EX-D0619, upon a motion **(XV)** by Mr. Korb, and seconded by Mr. Mostow, the Board unanimously approved the release of an original reciprocal applicant's license due to a conduct question.

In EX-E0619, upon a motion **(XVI)** by Mr. Marshall, and seconded by Mr. Mostow, the Board denied the release the request for an extension of their NTS for FAR. Chairman Flach recused himself from the discussion and voting.

Executive Session


Upon a motion **(XVII)**, by Mr. Ware, and seconded by Mr. Marshall, the Board went into a closed Executive Session in the 3rd Floor Conference Room, 500 N. Calvert Street, Baltimore, Maryland 21202 at 11:10 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 11:44 AM upon a motion **(XVIII)**, by Mr. Korb, and seconded by Mr. Marshall.

Upon a motion **(XIX)** by Mr. Ware, and seconded by Mr. Marshall, the Board adjourned at 12:00 PM

NEXT MEETING August 6, 2019, 500 North Calvert Street, Third Floor, 9:00 AM

With corrections Without corrections

SIGNATURE ON
ORIGINAL DOCUMENT

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Chairman

8/6/19
Date