

**STATE OF MARYLAND
BOARD OF PUBLIC ACCOUNTANCY
BUSINESS MEETING MINUTES
December 1, 2020**

LOCATION: Google Meets Teleconference

MEMBERS

IN ATTENDANCE: James E. Marshall, Jr., Chair
Macon M. Ware, III, Secretary
Dr. Jan L. Williams
Barrett E. Young
Leslie Mostow
Joe Petito
Brian Dunne

MEMBERS/STAFF

ABSENT: Norbert Fenwick, CE Consultant
Alex Quinn, Investigator

DLLR OFFICIALS/STAFF:

Gregory Morgan, Commissioner
Shanai Jordan, Executive Director
Christopher Dorsey, Assistant Executive Director
Matthew Lawrence, Legal Counsel
Linda L. Rhew, Administrative Officer

OTHERS PRESENT: Mary Beth Halpern, MACPA
Bill Feehley, MSATP

The December 1, 2020, meeting of the Maryland Board of Public Accountancy was called to order at 9:02 AM by Chairman of the Board, James E. Marshall, Jr.

Upon a motion **(I)** by Mr. Mostow, and seconded by Mr. Ware, the minutes of the November 10, 2020, meeting were unanimously approved with corrections.

Introductions

The Board welcomed Mr. Brian Dunne to the Board as the newest consumer member.

Chairman's Report

Chairman Marshall did not have a report this morning. He did ask Board members and staff to welcome and introduce themselves to Mr. Dunne, with an explanation of what their roles are and what they do.

Executive Director's Report

Ms. Jordan informed the Board the newsletter was sent out and will be followed with another release of a January edition. The January issue will include an article on firm succession, as well as, bios and introductions for Mr. Petito and Mr. Dunne.

Upon a motion **(II)** by Mr. Young, and seconded by Mr. Petito, the Board unanimously approved the Executive Director's report.

Exam Appeals

There were no exam appeals

Education Report

Dr. Williams presented the Education Report. There were three (3) Transfer of Grades application approvals. The three transfer of grades applications originated from the following states: 1-CO, 1-ME and 1-VA. There was zero (0) transfer of grades denials.

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

Experience Report

Mr. Mostow presented the Experience Report. There were eleven (11) Reciprocal applications approved, zero (0) Reciprocal application denials. The eleven (11) Reciprocal applications originated from the following states: 3- CA, 1-CO, 2-NC, 1-NY, 1-PA and 3-VA.

There were eighteen (18) Maryland candidate license application approvals and zero (0) Maryland candidate application denials.

Upon a motion **(IV)** by Mr. Young, and seconded by Dr. Williams, the Board unanimously approved the Experience Report.

Firm Permit Report

Mr. Young presented the Firm Permit Report. There were three (3) Maryland firm permit applications approved with offices located in Maryland. There were zero (0) firm permit applications closed.

Upon a motion **(V)** by Mr. Mostow, and seconded by Mr. Ware, the Board unanimously approved the Firm Permit Report.

Peer Review Oversight Committee Report

Mr. Ware reported the following: One (1) new firm has enrolled in the Peer Review Program since November 1; twelve (12) firms have had reviews accepted since November 1; zero (0) firms have failed since November 1; three (3) firms were dropped or terminated since November 1 (1 consecutive pass with deficiencies, 1-scheduling information not received, 1- failure to submit follow-up action) and zero (0) firms have passed with deficiencies since November 1.

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

New Business

Commissioner Morgan shared with the Board the feedback pertaining to the newsletter has been great. He shared with the Board, the department expects to send quarterly newsletters out and they plan to stagger them as all Boards and Commissions are sending newsletters out.

Mr. Petito suggested that questions that are being posed to staff and MACPA be focused on in the newsletter. Mr. Mostow reminded everyone the Newsletter is on NASBA’s website for future reference.

Ms. Jordan presented to the Board a written request for an extension of an NTS beyond the extension the Board had granted previously across the board until December 31, 2020, for all NTS’s that were expiring.

Upon a motion **(VII)** by Mr. Barrett, and seconded by Mr. Petito, the Board unanimously approved a one time, 3 (three) month extension, per exam section of the NTS, per Governor Hogan’s order, and any additional fees incurred must be paid by the candidate directly to the entity charging the additional fees.

Old Business

The members of the board discussed UAA model rules and indicated that NASBA has approved them. Chairman Marshall asked the Board to make sure they understand and take into consideration the impacts these changes will make on Maryland. Dr. Williams created a model of the changes and our current requirements to reflect the differences. She also noted Maryland is not a UAA model state. Dr. Williams indicated these changes will affect current freshman planning to take the exam in 2024.

**Comparison of Maryland & Approved
UAA Model Rule Education Requirements**

	Maryland	Approved UAA Model Rule
Accounting Content	<p><i>Group I - 27 semester credit hours (SCHs)</i></p> <ul style="list-style-type: none"> • Financial accounting (3 courses) • Cost/Managerial accounting • Auditing • U.S. Federal income tax • Elective (3 courses) 	<p><i>30 semester credit hours (total)</i> <u>Required (18 hours)</u></p> <ul style="list-style-type: none"> • Principles of accounting (2 courses) * • Financial accounting & reporting for business orgs • Financial statement auditing • Taxation • Accounting information systems

		<p><u>Electives (12 SCHs)-4 courses</u></p> <ul style="list-style-type: none"> • Financial accounting & reporting for gov't & NFT entities • Attestation engagements • Managerial/Cost accounting • Mergers & acquisitions • Tax & financial planning • Fraud examination • Internal controls & risk assessment • Financial statement analysis • Accounting research & analysis • Tax research & analysis • Data analytics, data interrogation techniques, and/or data acumen • Ethics (accounting) • Other accounting related content included in the CPA Exam Blueprint
Ethics	<i>Group I - 3 SCHs (any ethics)</i>	<p><i>3 SCHs</i> Accounting or business ethics. Standalone or integrated throughout the curriculum**</p>

	Maryland	Approved UAA Model Rule
Business Content	<p><i>Group II - 21 SCHs (at least 5 of the 9 subject areas)</i></p> <ul style="list-style-type: none"> • Statistics • Economics • Finance (corporate or business) • Management • Marketing 	<p><i>24 SCHs-8 courses</i></p> <ul style="list-style-type: none"> • Ethics (business) • Statistics • Economics • Finance • Management • Marketing • Business law • Business Communication

	<ul style="list-style-type: none"> • U.S. Business law • Business communication • Quantitative methods • Computer science/Info systems 	<ul style="list-style-type: none"> • Quantitative Methods • Information systems or technology • Data analytics, data interrogation techniques, and/or data acumen • Other business-related content included in the CPA Exam Blueprint
Research & Analysis		<p><i>2 SCHs</i></p> <p>Standalone (may fulfill 2 SCHs of accounting content) or integrated throughout the curriculum**</p>
Communications		<p><i>2 SCHs</i></p> <p>Standalone (may fulfill 2 SCHs of business content) or integrated throughout the curriculum**</p>
Internships		<p><i>Up to 9 SCHs</i></p> <p>A maximum of 3 hours may count toward accounting content & a maximum of 3 hours may count toward business content.</p>

*Only 3 semester hours (1 course) of principles or introductory accounting required at the graduate level.

**Universities must provide evidence of coverage under integration. Proof of coverage may be provided through specific evaluation by a specialized or professional organization recognized by the Board. Alternate methods may be determined and approved by the Board.

Mr. Young enquired how long it would take for Maryland to change their regulations. Mr. Lawrence, the Board’s attorney explained it will be a four (4) month timeframe before we can propose any changes, however, before that is done the Board must receive clearer decisions on the curriculum and UAA model rules to enable informed decisions to be concluded.

Mr. Young indicated that he and Mr. Petito did not have any updates concerning firm succession at this time. Discussion included other State Boards and entities and their succession planning progress and concerns.

The Board discussed the NASBA CPE tool website being live, however, licensees across the country were experiencing issues with the website and program. Ms. Jordan indicated she has spoken to the

Virginia Board and they have indicated they are experiencing difficulties as well. Mr. Mostow suggested he would reach out to Tom Kenny at NASBA for an update and information pertaining to the issues being experienced by other states licensees, as well as, our licensees.

Chairman Marshall inquired about staff augmentation. Mr. Young reported that on November 2, 2020, NASBA responded to an Exposure Draft from the AICPA's Professional Ethics Executive Committee related to staff augmentation arrangements and firm independence. NASBA has asked for state boards to weigh in on their response. On November 18, 2020, my fellow board member Macon Ware and I met to review the response, and make the following recommendations to affirm NASBA's response.

1. We do agree with the response to question 24a, that staff augmentation arrangements should be permitted with attest clients, subject to the conditions outlined in response to 24b and 24c.
2. We do agree with 24b, that the urgency of such arrangements is better conveyed by "emergency situation" than by the current exposure draft's "unexpected situation". These augmentation arrangements should not be recurring, or regularly relied upon for convenience or a lack of planning. We also believe this better conveys that the augmenting firm is still working under the client's final direction.
3. We do agree with 24c, that these arrangements should be no more than 30 days, and less if other plans can be made sooner.

Chairman Marshall asked Mr. Dorsey how the CE audit process was coming along. Mr. Dorsey report that the Auditor, Mr. Fenwick has completed CE audits through August and is now starting on September and October. He indicated Mr. Fenwick should be caught up in the next couple of months with February being the date of ending the backlog.

Chairman Marshall asked whether the NASBA conferences have ever been used before for CE. Discussion on this subject involved how CE credits are all about the content and then how to determine how many hours are to be awarded. Discussion will continue in the future.

The Board asked for an update on the budget and for it to be done on a quarterly basis. Ms. Jordan would discuss this with Commissioner Morgan to see if it can be presented at the January or February 2021 meeting.

Correspondence

Correspondence was received from J.J. Schmelzle concerning the Peer Review process, the entities performing the Peer Reviews and the cost. After much discussion the Board has concluded rules need to be stringent on Peer Review. It was also noted the Board does receive annual reports of the Peer Review process. Ms. Halpern from MACPA will present the annual report at the February meeting.

Executive Session

Upon a motion **(VIII)**, by Mr. Mostow, and seconded by Mr. Young, the Board went into a closed Executive Session at 10:30 AM via a Google meeting teleconference, where log-in information was only provided to Board members and staff. 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 10:36 AM upon a motion **(IX)**, by Mr. Petito, and seconded by Mr. Young.

Return to Open Session

Upon a motion **(X)** by Mr. Mostow, and seconded by Mr. Barrett, the Board unanimously approved the motions made during Executive Session.

Chairman Marshall asked Mr. Dunne to Chair the Firm Committee. Mr. Dunne graciously accepted.

Upon a motion **(XI)** by Mr. Mostow, and seconded by Mr. Young, the Board adjourned at 10:55 AM.

NEXT MEETING: January 10, 2021, via Google Meets teleconferencing at 9:00 AM

____ With corrections X Without corrections

Signature on original document

1/10/2021

Chairman

Date