

STATE OF MARYLAND
BOARD OF PUBLIC ACCOUNTANCY
February 2, 2016

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

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

MEMBERS ABSENT:

DLLR OFFICIALS/STAFF: Dennis L. Gring, Executive Director
Linda L. Rhew, Administrative Officer
Norbert Fenwick, CPE Consultant
Matthew Lawrence, Counsel

OTHERS PRESENT: Tom Hood, MACPA
Mary Beth Halpern, MACPA
Anthony Cuzzo, MACPA
Tom Bray, MSATP
Alverta Steinwedel, MSATP

The February 2, 2016, meeting of the Maryland Board of Public Accountancy was called to order at 9:05 AM by Arthur Flach, Chair.

Upon a motion (I) by Mr. Jeter, and seconded by Ms. Powell, the minutes of the January 5, 2016, meeting were approved with corrections.

Chairman's Report

Mr. Flach thanked MACPA for being present to present the Annual peer review report.

Executive Director's Report

Mr. Gring informed the Board, the Governor's Office did not approve the Board's recommended legislation to authorize subpoena authority to investigate failures of licensees and permit holders to cooperate with the peer review process. The Board will have to explore regulatory options to address the issues that the proposed legislation was intended to correct. He also reminded Board members to file their Annual Financial Disclosure Statement with the State Ethics Commission by April 30, 2016.

Exam Appeals

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

Education Report

Mr. Korb presented the Education Report. There were two (2) Transfer of Grades applications approved. There was one (1) Transfer of Grades denial.

Upon a motion (II) by Mr. Claxton, and seconded by Mr. Jeter, the Board unanimously approved the Education Report.

Experience Report

Ms. Powell presented the Experience Report. There were nine (9) reciprocal applications approved and there no reciprocal application denials. There were 16 Maryland candidate license application approvals. There were no administrative closures.

Upon a motion (III) by Mr. Jeter, and seconded by Mr. Ehudin, the Board unanimously approved the Experience Report.

Firm Permit Report

Mr. Claxton presented the Firm Permit Report. There were three (3) firm permit applications approved. There were no firm application denials.

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

Peer Review Oversight Committee Report

Mr. Cuozzo of MACPA provided its 2016 Peer Review Annual Report. The highlights included national efforts to improve the peer review process. These efforts include initiatives to improve reviewer performance in conducting audit, compilation and review engagements. Beginning on May 1, 2016, peer reviewers will need to meet new training and performance standards in conducting peer reviews. Reviewers will have to document background and experience in audits of pension plans. AICPA will administer an examination to individuals who want to become qualified to perform peer reviews. The standards will be strengthened and criteria will be enhanced to remove unqualified peer reviewers. The policy to resolve disputes with reviews will be modified to speed up the process. It was noted that there is a significant decrease in the number of reviews. This is being attributed to mergers, retirements, and firms curbing services that require peer reviews.

MACPA also distributed statistics noting the results of peer reviews for 2015 including the number of peer reviews graded as pass, Pass with deficiencies and fail. The statistical report also noted the common reasons for a firm receiving a rating of Pass with Deficiencies or Fail.

Lastly, Mr. Cuozzo reported that AICPA has completed its oversight review visit with the MACPA Peer Review Program and a copy of the visit letter will be sent to the Board.

Upon a motion (V) by Ms. Powell, and seconded by Mr. Jeter, the Board approved the Peer Review Report.

New Business

Mr. Gring reported that the Board received notice from NASBA regarding candidate examination fees for 2016, 2017 and 2018. The Board was previously notified of a \$0.33 per section increase in Prometic test center hourly and security fees that became effective on January 1, 2016. The Board's

current examination fee structure can easily absorb this increase. NASBA and AICPA per section fees will remain unchanged at \$18.00 and \$90.00 respectively through 2017. NASBA also announced that the examination section fees of \$18.00 will remain unchanged in 2018. AICPA expects the per section fee to increase in 2018. AICPA is expected to announce the amount of increase in April 2016.

Beginning April 3, 2017, there will be an additional hour each, for the Financial Accounting and Reporting (FARE) and Business and Environmental Concepts (BEC) sections. This increase in time may require the Board to increase its examination fees accordingly. Once AICPA announces its increase for 2018, an analysis can be made to determine the amount of increase, if any, may be required.

Correspondence

The staff did not have any Correspondence for this meeting.

Executive Session

Upon a motion **(VI)**, by Mr. Claxton, 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 10:35 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 11:04 AM upon a motion **(VII)**, by Ms. Powell, and seconded by Mr. Jeter.

Complaint Committee Report

Mr. Jeter presented the Complaint Committee Report. Mr. Jeter reported that the Board received three (3) new consumer complaints and closed two (2) consumer complaints.

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

In EX A0216 - Upon a motion **(IX)**, by Ms. Gantnier, and seconded by Mr. Claxton, the Board approved the license renewal application of an applicant who answered "Yes" to a conduct question on the application.

Upon a motion **(X)**, by Mr. Korb, and seconded by Ms. Powell, the Board adjourned at 11:15 AM.

NEXT MEETING

March 1, 2016, 500 North Calvert Street, Third Floor, 9:00 AM

____ With corrections ____ Without corrections

Chairman

Date