

STATE OF MARYLAND  
**BOARD OF PUBLIC ACCOUNTANCY**  
June 7, 2016

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

**MEMBERS  
IN ATTENDANCE:** Arthur E. Flach  
Mac Claxton  
Clifton B. Jeter  
Phillip J. Korb  
Ross Ehudin

**MEMBERS ABSENT:** Naomi Powell  
Elizabeth Gantnier

**DLLR OFFICIALS/STAFF:** Victoria Wilkins, Commissioner of Occupational/Professional Licensing  
Dennis L. Gring, Executive Director  
Linda Rhew, Administrative Officer  
Norbert Fenwick, CPE Consultant  
Matthew Lawrence, Counsel

**OTHERS PRESENT:** Skip Falatko  
Kia Williams  
Dave Finneran

The June 7, 2016, meeting of the Maryland Board of Public Accountancy was called to order at 9:00 AM by Chairman Flach.

Upon a motion **(I)** by Mr. Jeter, and seconded by, Mr. Korb, the minutes of the May 3, 2016, meeting were approved without corrections.

**Chairman's Report**

The Chairman thanked Mr. Claxton for his presentation to the MACPA Educators Conference earlier this month. Mr. Claxton indicated that a major topic of conversation was Maryland examination candidate performance on the Uniform CPA Examination. Maryland candidates' average score and pass rates. The 2015 NASBA Candidate Performance on the Uniform CPA Examination report showed that Maryland examination candidates ranked 44th in percentage pass and 42nd in average score, nationally, in 2015.

**Executive Director's Report**

Mr. Gring introduced Kia Williams who is a summer intern who will be assisting the Board through August. Ms. Williams is an accounting student at Morgan State University in Baltimore. Mr. Gring suggested that Ms. Williams assist in conducting preliminary research into the cause of the apparent poor performance of Maryland candidates on the Uniform CPA Examination. Mr. Korb volunteered the services of his accounting department in participating in the research design.

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

**Exam Appeals**

There were no examination appeals.

**Education Report**

Mr. Korb reported no action. Upon a motion **(III)** by Mr. Ehudin, and seconded by Mr. Claxton, the Board unanimously approved the Education Report.

**Experience Report**

Mr. Korb presented the Experience Report on behalf of Ms. Powell. There were three (3) reciprocal applications approved, and there were no reciprocal application denials. There were thirty - one (31) Maryland candidate license application approvals. Four applications were closed due to being incomplete.

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

**Firm Permit Report**

Mr. Claxton presented the Firm Permit Report. There were two (2) firm permit applications approved.

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

**Peer Review Oversight Committee Report**

In May 2014, the American Institute of CPAs (AICPA) launched its Enhancing Audit Quality (EAQ) initiative. 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.

The proposed criteria would decrease the number of AEs to approximately eight to ten in total, each of which would have the capacity to effectively administer at least 1,000 peer reviews per year. Consolidating AEs will 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:

- Administrator
- Technical Reviewer
- Manager

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 communicate to the AICPA no later than January 31, 2017 their commitment to and plans for meeting the criteria. The goal is to have the revised structure in place by December 28, 2018. It is anticipated that each of the new AEs will administer 1,000 peer reviews.

The implications to the Maryland peer review process are extensive.

A meeting of the Maryland Peer Review Task Force will be held on Monday June 20, 2016 in order to set forth a response to the task force. Mr. Gring will be attending that meeting.

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

### **New Business**

Mr. Gring advised the Board that Governor Hogan has requested that all regulatory boards take a look at its regulations and suggest elimination of obsolete language and regulations that may present barriers to the efficient processing of licenses. The Governor wants the Board to discuss the regulations with all of the stakeholders of the Board and consider their recommendations.

The Board discussed the recent release of an Exposure Draft for the Uniform Accountancy Act which discussed changes involving a pathway to licensure in the United States for licensed accountants in other countries and the modification of statutory language concerning the Uniform CPA Examination. Comments about the exposure draft are due no later than September 1, 2016. The Board did not indicate that it desired, to provide formal comments on the Exposure Draft.

The Board reviewed the discussion paper, published by the AICPA, regarding proposed changes to the administrative structure of the Peer Review Program. Comments about the proposed changes are due to be submitted to the AICPA by August 1, 2016. The Board decided that it did not need to forward formal comments.

### **Old Business**

Mr. Gring provided an update concerning the Board's proposal to repeal the fees for the verification of examination scores and licensed histories. The proposed regulation has been forwarded for publication in the Maryland Register. It is anticipated that the Board can take final action in September. The repeal can then take effect on October 1, 2016.

### **Correspondence**

The Board did not have any correspondence for this meeting.

### **Executive Session**

Upon a motion **(VII)**, by Mr. Claxton, and seconded by Mr. Jeter, the Board went into Executive Session in the 3rd Floor Conference Room, 500 N. Calvert Street, Baltimore, Maryland 21202 at 10:57 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 12:10 PM upon a motion **(VIII)**, by Mr. Claxton, and seconded by Mr. Ehudin.

### **Complaint Committee Report**

Mr. Jeter presented the Complaint Committee Report. Mr. Jeter reported that the Board received four (4) new consumer complaints and two continuing education audit failure referrals

Upon a motion **(IX)**, by Mr. Claxton, and seconded by Mr. Korb, the Board approved the Complaint Committee Report.

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In **EX-A0616**, upon a motion **(X)** by Mr. Korb, and seconded by Mr. Jeter, the Board approved, by a 3-1 vote, the license renewal application of an applicant who answered "Yes" to a conduct question.

In **EX-B0616**, upon a motion **(XI)** by Mr. Korb, and seconded by Mr. Ehudin, the Board, denied the license renewal application of an applicant who answered "Yes" to a conduct question.

Upon a motion **(XII)** by Mr. Claxton, and seconded by Mr. Jeter, the Board adjourned the meeting.

NEXT MEETING

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

\_\_\_\_ With corrections

\_\_\_\_ Without corrections

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Date