

**STATE OF MARYLAND
BOARD OF PUBLIC ACCOUNTANCY
BUSINESS MEETING MINUTES
November 13, 2018**

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

MEMBERS

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

MEMBERS ABSENT: Edward J. Helmstetter, Jr
Mary Campbell
Shanai Jordan, Executive Director

DLLR OFFICIALS/STAFF: Christopher Dorsey, Asst. Executive Director
Matthew Lawrence, Legal Counsel
Norbert Fenwick, CE Consultant
Linda L. Rhew, Administrative Officer

OTHERS PRESENT: Mary Beth Halpern, MACPA
Alverta Steinwedel, MSATP

The November 13, 2018, meeting of the Maryland Board of Public Accountancy was called to order at 9:02 AM by Chairman of the Board, Arthur E. Flach.

Upon a motion (I) by Mr. Mostow, and seconded by Mr. Marshall, the minutes of the October 2, 2018, meeting were approved with corrections.

Chairman's Report

Chairman Flach and Executive Director Jordan attended the NASBA Annual conference. Among the items discussed was continuous testing. Executive Vice President and Chief Operating Officer Colleen Conrad reported that the NASBA/AICPA/Prometric group is researching the possibility of continuous testing, or at least shortening the dark period when candidates are unable to test. NASBA is asking for input from the State Boards on this idea because it would require a rule change as candidates could possibly retake the same section of the Examination more than once in each window. Also this would allow candidates to potentially take the Examination more times during the 18 months now set in the Boards' rules and the Boards' feedback on that change is also being requested by Ms. Conrad and NASBA Director of Examination Services Patricia Hartman. Chairman Flach asked legal counsel to look at the existing Maryland statute to determine if a change in the Maryland statute would be required in order to provide for continuous testing.

During the 2018 legislative sessions, nine states passed legislation related to cybersecurity. Some of these bills directly affect CPA firms. For example, the Colorado legislature passed the "Protections for Consumer Data Privacy Act", that amended notification requirements for a data breach. Under the new law, entities that maintain, own or license digital personal information about a Colorado resident must conduct a "prompt investigation" when they become aware that a security breach may have occurred. Should the investigation conclude that a breach occurred, the entity must notify all affected Colorado residents within 30 days. The Louisiana legislature passed a bill to require any person conducting business in the state that owns or licenses computerized data that includes personal information to "maintain reasonable security procedures and practices." Previously, the law required that businesses notify those affected by a data breach "in the most expedient time possible and without unreasonable delay." The bill amended this language to clarify that this time period cannot exceed 60 days from the discovery of the breach.

The Executive Director's conference will be held in San Antonio, TX on March 26-28, 2019.

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

Executive Director's Report

Mr. Dorsey presented the Executive Director's report in Ms. Jordan's absence. He reported the Board is short an investigator as Mr. Mason Land's last day was October 23, 2018.

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

Exam Appeals

The Board reviewed one exam appeal it had received by a candidate that was denied for lacking three semester credit hours in ethics. The Board, after reviewing and discussing the material presented, made the determination that the course the candidate submitted does not meet the Board's educational requirement for ethics.

Upon a motion **(IV)** by Mr. Korb, and seconded by Mr. Marshall, the Board unanimously denied the exam appeal.

Education Report

Mr. Korb presented the Education Report. There were two (2) Transfer of Grades applications approved. One Transfer of Grades application was submitted by applicants from each of the following two states: CA and MA. There was one (1) Transfer of Grades application denial due to the applicant from Maine lacking .25 semester credit hours of financial accounting.

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

Experience Report

Mr. Korb presented the Experience Report in Ms. Campbell's absence. There were nine (9) Reciprocal applications approved, zero (0) Reciprocal application denials. The nine reciprocal license applicants were licensed in the following states: NY-2, VA-1, PA-4, FL-1, OK-1. There were thirty-eight (38) Maryland candidate license application approvals and zero (0) Maryland candidate application denials. There were zero (0) administrative closures.

Upon a motion (VI) 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 four (4) Maryland firm permit applications approved. One was an original Maryland firm application and three (3) were from out of state. There were zero (0) firm applications closed. The three firms that applied for a Maryland firm permit originated from the following states: CA-1 and VA-2.

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

Peer Review Oversight Committee Report

Chairman Flach reported:

- The Peer Review committee opened 7 complaints against firms who had consecutive fails or consecutive pass with deficiencies on the same matter in connection with their most recent Peer Review. These complaints were forwarded to the complaint committee.
- Chairman Flach attended the Mid-Atlantic breakout session at the NASBA national conference and one of the items that was discussed was the requirement that a CPA head the Peer Review program at the administering entity. Almost all of the Mid-Atlantic States requested an extension for this provision of the new peer review administration program.
- Peer Review Transparency- the AICPA made it a point to reinforce the transparency of the peer review program by stressing the following:
 - Our public file displays the name, address, enrollment status and last peer review date for all CPA firms enrolled in the AICPA Peer Review Program (Program). If a firm is a member of PCPS, GAQC or EBPAQC, or if they opted in to disclose details, the firm's peer review results are also available.
 - The oversight visit reports for administering entities (AEs) summarize whether an AE followed peer review acceptance procedures established by the AICPA Peer Review Board (PRB). Generally, a member of the PRB's

Oversight Task Force (OTF) visits each AE at least once every other year. The most recently accepted documents are posted as each AE oversight is completed and accepted by the OTF.

- The approved AE Plans of Administration provides a list of AEs approved by the OTF to administer the Program in compliance with *AICPA Standards for Performing and Reporting on Peer Reviews (Standards)*, Interpretations, and other Guidance established by the PRB.
- The 2017 Annual Report on Oversight provides an overview of the Program's oversight procedures and concludes whether the objectives of PRB's oversight processes performed in the prior year complied with the Program requirements.
- In 2014, the Peer Review Board (PRB) approved the enhanced oversight program. The objective of the enhanced oversight is to increase the probability that peer reviewers are identifying all material issues in must-select engagements, including whether engagements are properly identified as nonconforming. See the Enhanced Oversight FAQs.
- The Facilitated State Board Access (FSBA) website provides State Boards of Accountancy (BOAs) with peer review results voluntarily disclosed by firms enrolled in the Program.

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

New Business

The Board reviewed a request by a candidate to extend her NTS due to the 2018 Baltimore Running Festival Half-Marathon, which caused a large number of streets to be blocked off thereby preventing her from arriving at the exam site on time.

Upon a motion **(IX)** by Mr. Korb and seconded by Mr. Marshall, the Board unanimously approved the request for extension of an NTS until January 31, 2019.

Old Business

There was no Old Business.

Correspondence

There was no Correspondence.

Executive Session

Upon a motion (X), by Mr. Korb, and seconded by Mr. Marshall, the Board went into Executive Session in the 3rd Floor Conference Room, 500 N. Calvert Street, Baltimore, Maryland 21202 at 9:30 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 9:41 AM upon a motion (XI), by Mr. Marshall, and seconded by Mr. Korb.

Complaint Committee Report

Mr. Marshall reported the complaint committee has closed seven (7) complaints, seven (7) audit failures and eleven (11) consumer complaints. The Board currently has thirty-nine (39) open complaints; sixteen (16) CE Audit Failures, three (3) PCAOB complaints, and twenty (20) consumer complaints.

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

Executive Session

In EX A – 1118, upon a motion (XIII), by Mr. Korb, and seconded by Mr. Marshall, the Board unanimously approved the original license of an individual applicant after considering a conduct issue.

In EX B – 1118, upon a motion (XIV), by Mr. Marshall, and seconded by Mr. Ware, the Board unanimously approved the license renewal of an individual applicant after considering a conduct issue.

In EX C– 1118, upon a motion (XV), by Mr. Korb, and seconded by Mr. Ware, the Board unanimously approved the NTS extension for their BEC exam until March 10, 2019.

Upon a motion (XVI) by Mr. Mostow, and seconded by Mr. Korb, the Board adjourned at 9:45 AM.

NEXT MEETING December 4, 2018, 500 North Calvert Street, Third Floor, 9:00 AM

With corrections

Without corrections

**SIGNATURE ON
ORIGINAL DOCUMENT**

12/4/18
Date