

**STATE OF MARYLAND
BOARD OF PUBLIC ACCOUNTANCY
BUSINESS MEETING MINUTES
February 5, 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
James E. Marshall, Jr.
Macon M. Ware, III
Edward J. Helmstetter, Jr
Mary Campbell

MEMBERS ABSENT:

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

OTHERS PRESENT:

Tom Hood, MACPA
Mary Beth Halpern, MACPA
Tom Bray, MSATP
Anthony Cuzzo, MACPA Peer Review Committee
Alberta Steinwedel, MSATP
Summar Goodman, DDS
Kimberly Burns, OOS-Chief of Staff

The February 5, 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. Korb, and seconded by Mr. Mostow, the minutes of the January 8, 2019, meeting were approved with corrections.

Chairman's Report

Newsletter

Mr. Flach advised the Board that its newsletter was sent to the Board's licensees and the Board will be sharing information on the statistics concerning who opened the newsletter, how many bad email addresses we have, who deleted it without reading it, who forwarded it to others or social media sites, etc. Mr. Flach indicated his belief that this will be an important step in communicating with the Board's licensees and will allow the Board to reinforce the importance of certain aspects of the profession.

Budget

Mr. Flach advised the Board that on February 4, 2019, he and Ms. Jordan had a meeting with David McGlone, Deputy Secretary, Victoria Wilkins, Commissioner and John Papavasiliou, Assistant Commissioner to discuss the budget for the Board and to get a greater understanding of the allocation of costs to the Board.

Firm Mobility

Mr. Flach advised the Board that currently 16 states have Firm Mobility and numerous other states will introduce bills into their respective state legislatures to provide Firm Mobility, including the State of Maryland. Senator Ellis introduced bill SB 513 to provide for Firm Mobility in the state of Maryland.

Marijuana Issue Brief

Mr. Flach advised the Board that the AICPA State Regulation and Legislation Team has partnered with the Colorado Society of CPAs and the Washington Society of CPAs to release an updated version of their 2012 white paper, "An Issue Brief on State Marijuana Laws and the CPA Profession," which offers information for CPAs interested in providing services to businesses in the marijuana industry. The paper discusses current marijuana laws across the nation, the legal and regulatory environment, guidance from state boards of accountancy, issues related to taking on clients in this industry, and specific considerations related to tax and attest services.

Professional Licensing continues to be under fire in state houses

Finally, Mr. Flach provided the other Board members with the following post from John Johnson, NASBA's Director of Legislative and Government Affairs regarding the current professional licensing environment:

NASBA publishes myths and facts about professional licensing.

Myth: Professional licensure keeps professions exclusive and inaccessible.

Fact: There is no profession in the world that does not wish to increase its numbers. In the accounting profession alone, there are more than 650,000 licensed certified public accountants. The accounting profession is working tirelessly to increase those numbers. Similarly, no professional in the learned professions (Medical, Engineering, etc.) is likely to say they wish fewer people would join their fields. In fact, the only thing these professions want more than additional members is for those who make up the profession to be qualified so they safeguard those they serve. If that desire for public protection disqualifies some from practicing a profession, all professions can—and should—live with that.

Myth: We didn't used to need so many licenses to be productive workers.

Fact: A major reason licensure has become critical as time has gone on is that our economy has become a *knowledge economy*. And knowledge economies are always changing. These days, even many trades depend upon a constant development and updating of skills. But such evolutions are especially true in the professions where technology, innovations in best practices, and client needs and expectations rapidly shift. Licensure reassures the client, that an individual has kept pace and is therefore more capable, reliable, and trustworthy to that client.

Myth: Professional licensure is just another regulatory burden we don't need.

Fact: While some regulations are certainly unnecessary, we dismantle professional regulation at our

risk. The most egregious examples of malfeasance or malpractice nearly always stem from the violation, or ignorance, of professional regulations—the 2008 financial crisis being the most recent proof of that. Professional regulation ensures life savings aren't lost, medical prognoses are made accurately and without conflicts of interest, and buildings and bridges are constructed safely by those with knowhow.

Myth: *Having to obtain a professional license prevents people from earning a living.*

Fact: On the contrary, professional licensure offers an individual greater protection from all the forces arrayed against the modern worker: automation, globalization, and low wages. When someone hears the call to join a profession and works hard to continually earn and uphold its licensing standards, that individual will not only enjoy the ongoing rewards and challenges of his/her work, but a greater security because he/she is maintaining relevance and value.

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

Executive Director's Report

Ms. Jordan reported that the Board's newsletter was released and shared with the Board the data that was available thus far. She reported that the response totals as of February 4, 2019 were as follows:

Total emails sent	20130	
Total received	19904	98.90%
Total bounces	226	1.10%
People who opened it	10252	51.51%
Total clicks	4303	42.00%
People who opted out	41	0.215%
New people who signed up	0	0.00%
Social sharing	21	
Shares via email	5	
Shares on Facebook	5	
Shares on Twitter	5	
Shares on Linked-In	5	

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 one (1) Transfer of Grades application approved that originated from a California exam candidate. There were zero (0) Transfer of Grades application denials.

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

Experience Report

Ms. Campbell presented the Experience Report. There were sixteen (16) Reciprocal applications approved, zero (0) Reciprocal application denials. The sixteen (16) reciprocal license applicants were licensed in the following states: VA-7, NY-3, PA-1, CA-1, FL-1, IL-1, NJ-1 AND MS-1. There were forty-five (45) Maryland candidate license application approvals and zero (0) Maryland candidate application denials. There were zero (0) administrative closures.

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) Maryland firm permit applications approved. There were zero (0) firm applications closed.

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

- Mr. Flach attended the open session of the AICPA Peer Review Board (PRB) held on Wednesday, January 30, 2019 via teleconference.
- The session contained a great deal of information and the agenda was robust.
 - a. Welcome Attendees and Roll Call of Board** – Mr. Kindem/Mr. Parry
 - b. Approval of Revisions to Chapter 3 of the Oversight Handbook* - Mr. Bluhm
 - c. Approval of Revisions to Qualification Requirements for Technical Reviewers and RAB Members* - Mr. Bluhm
 - d. Approval of Guidance for Program Administration Non-Compliance and Fair Procedures* -Mr. Bluhm
 - e. Approval of Changes to the Summary Review Memorandum and Other Related Updates*-Mr. Pope
 - f. Approval of Revised Guidance Related to Quality Control Material Reviews* - Mr. Pope
 - g. Approval of Revisions to the RAB Handbook Related to Corrective Actions and Implementation Plans* - Mr. Pope
 - h. Approval of Revised Guidance Related to SSARS No. 24* - Mr. Pope
 - i. Task Force Updates*
 - i. Standards Task Force Report – Mr. Pope
 - ii. A – Update on Clarified Peer Review Standards*

- iii. B – Update on Engagement Checklist Risk Assessment Questions*
- iv. Oversight Task Force Report – Mr. Bluhm
- v. C – RAB Observations Summary*
- vi. Education and Communication Task Force Report – Ms. Kerber
- j. Uniform Accountancy Act (UAA) Model Rules on Peer Review* - Mr. Freundlich
- k. Operations Director’s Report** – Ms. Thoresen
- l. Report from State CPA Society CEOs** – Ms. Birmingham
- m. Update on National Peer Review Committee** – Mr. Fawley
- n. Other Business** - Mr. Parry
- o. For Informational Purposes*:
 - i. Report on Firms Whose Enrollment was Dropped or Terminated*
 - ii. Approved 2019 Association Information Forms for Associations of CPA Firms*
 - iii. Updates to the AICPA Peer Review Program Question & Answers*
 - iv. Compliance Update - Firm Noncooperation*
- p. Future Open Session Meetings**
 - i. May 3, 2019 Open session – Durham, NC
 - ii. August 8, 2019 Open session – Washington, DC
 - iii. C. October 24, 2019 Open session – Teleconference

Mr. Flach sent out the entire Peer Review Board Open Session Materials to members of the Board under separate cover for reference.

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

New Business

MACPA acts as the administering entity for the State Board of accountancy in connection with the administering of the Peer Review function in the state of Maryland. Members of the MACPA who discussed the Peer Review function were Tom Hood, Mary Beth Halpern and Tony Cuzzo. For 2018 the MACPA conducted 209 peer reviews resulting in 152 with a passing grade, 31 with a grade of pass with deficiency and 26 with a grade of fail. The Board noted the increase in the number of peer reviews with a grade of fail and pass with deficiency. The MACPA also shared their Oversight Visit Report conducted by the AICPA Peer Review Oversight Task Force. The report was very favorable. The Board thanked Mr. Cuzzo, Mr. Hood and Ms. Halpern for their excellent job in administering the peer review function.

Old Business

None

Correspondence

There was no Correspondence presented at this meeting.

Executive Session

Upon a motion **(VIII)**, by Mr. Marshall, and seconded by Mr. Helmstetter, the Board went into Executive Session in the 3rd Floor Conference Room, 500 N. Calvert Street, Baltimore, Maryland 21202 at 9:58

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 10:13 AM upon a motion **(IX)**, by Mr. Mostow, and seconded by Mr. Helmstetter.

Complaint Committee Report

Mr. Marshall reported the complaint committee has 37 open complaints broken down as follows: twenty (20) were due to CE failures, six (6) were PCAOB complaints and eleven (11) were consumer complaints. Twenty (20) complaints are currently in pre-charge status, of which 15 (fifteen) are for CE audit failures and four (4) are consumer complaints. Of the remaining consumer complaints all four (4) were fee disputes. One (1) complaint in pre-charge status is an agency referral.

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

Upon a motion **(XI)** by, Mr. Helmstetter, and seconded by Mr. Ware, the Board adjourned at 10:19 AM.

NEXT MEETING March 5, 2019, 500 North Calvert Street, Third Floor, 9:00 AM

With corrections

Without corrections

SIGNATURE ON
ORIGINAL DOCUMENT

Date 3/5/19