

## CHAIRMAN'S WELCOME

H. Terry Hancock



Happy New Year. As the newly elected Chairman, I want to briefly introduce myself and tell you a little about what is going on with the Board.

I am a lifelong resident of Baltimore County and graduated from the University of Baltimore. I am the managing partner of the East Coast operations of Clifton Gunderson LLP. I have been on the Board of Public Accountancy since 2006 and follow a string of very capable Chairs—I am proud to have served with them. Prior to joining the Board, I was very active with MACPA and served as its President from 1997 to 1998. I am very proud to be a CPA and still get chills when I think about the day that I learned that I passed the exam. My MACPA license plate number is CPA 00001. That's probably more

information about me than you need...or want.

Last year the Board took on a revamping of the CPE regulations for Maryland. We made a complete overhaul with the goal of bringing the rules to the present day and making CPE easier to obtain and the rules easier to understand. I believe that we accomplished our goal. The [new rules](#) are posted on the Board's website. Take a look at them if you haven't already.

Some of the things we are looking at this year are:

- Continuing to monitor and improve the peer review process.
- Modifying education requirements for taking the exam and getting licensed. See our upcoming proposal on the 120/150 issue, described in "Legislative Updates" below.
- Continuing to work with NASBA on various issues affecting the profession.

In closing, I'd like to tell you how I approach issues. I follow two simple rules:

- Keep it simple.
- Employ the power of "AND" as highlighted by Jim Collins in his book *Built to Last*. For instance, the Board can protect the public AND be of service to the CPA profession in Maryland.

Thanks for reading, and let us know what you think of *The Account Balance*.

## PEER REVIEW AND THE INDIVIDUAL CPA

Many licensees continue to have questions about their responsibilities to have a peer review in order to renew their license. Licensees have already received or will soon receive a supplement to the license renewal application regarding peer review. (Note: Licensees on inactive status do not need to report a peer review.) The supplement presents four options that guide licensees in providing the work situations that apply to them. These options are presented and explained below. [Further information on peer review is available.](#)

Peer reviews performed for Maryland licensees are required to be conducted in accordance with the [standards](#) established by the AICPA and performed by a peer review program [approved](#) by the Board.

### Option 1

This option states, "I work for one of the employers listed below and I have not performed [peer review mandated services](#) since October 1, 2005 outside the scope of my duties with my employer. I am not required to report a peer review."

Most licensees, including sole practitioners, can check this option. In the course of their employment with non-CPA firms, licensees do not perform audit, completion or other [peer review mandated services](#) that constitute certified public accountancy

## THANK YOU, CHAIRMAN CHAMBERS!

The members of the Board, its staff and the

Department of Labor, Licensing and Regulation want to thank former Chairman Tom Chambers for his more than six years of service on behalf of the citizens of Maryland and the CPA industry.

Chairman Chambers served on the Board from July 2003 to December 31, 2009. During his time on the Board, he served as the chair of the continuing education and peer review committees. He had served as chairman of the Board since July, 2008. He now returns to his practice in Denton, MD. Best wishes, Tom!



## LEGISLATIVE UPDATES

The legislative session began on January 13, 2010. The Board has submitted the following proposals:

- [H.B. 1137](#) would permit individuals to apply for candidacy for the Uniform CPA Examination upon the completion of 120 semester hours and the attainment of a degree in accounting or its equivalent. Individuals who pass the CPA Examination will still need to have earned a minimum of 150 semester hours of college education to fulfill the education requirements for licensure. The [experience requirement](#) of 2,000 hours and the completion of the [AICPA professional ethics course](#) will remain necessary for licensure. The bill, if passed by the Maryland General Assembly would become effective on October 1, 2010. See the article on the 120/150 proposal in our [Spring 2009 issue](#).
- [H.B. 407](#) would authorize the Board to impose a civil penalty on CPA firms found to be in violation of the Maryland Public Accountancy Act. Currently, the Board can only reprimand, suspend or revoke the permit of a CPA firm. This bill would also authorize the Board to pursue disciplinary action by the Public Company Accounting Oversight Board (PCAOB) and other private-sector, non-profit corporations that are created by federal and state governments to oversee the accounting industry as

for their employers. They are also asked to describe their employment (private industry, government, etc.) and provide the state in which their employer is located.

#### Option 2

This option states, "I work for one of the employers listed below and I have performed [peer review mandated services](#) since October 1, 2005 outside the scope of my duties with my employer. I am required to report a peer review."

This option applies to those licensed CPAs who perform work outside the scope of their employment that involves attest or other peer review mandated services.

The licensee is required to provide the name of the peer review organization (administering entity) that performed the licensee's peer review, the date of or expected date of the peer review acceptance letter and the type (engagement or system) of peer review. The license is required to describe the employment type of his or her full-time job.

#### Option 3

This option states, "I work for a CPA firm and although I have performed [peer review mandated services](#) since October 1, 2005, I have not performed peer review mandated services outside the scope of my duties for my employer. I am taking the benefit of the peer review performed for my employer."

This option applies to those licensees who perform attest or other [peer review mandated services](#) within the auspices of their employer. The Board has determined that licensees in this category can claim the benefit of the peer review performed for their CPA firm and do not have to have a peer review done individually.

So that the Board can verify that the licensee is eligible to receive the credit for the firm's peer review, the licensee is required to provide the name of his or her employer and the Category and Registration Number of the employer's Maryland firm permit. If the licensee's firm is located in another state, the licensee is required to indicate that the firm does not have a Maryland firm permit and provide the state in which the firm is located.

#### Option 4

This option states, "I work for a CPA firm, but I have [performed peer review mandated services](#) outside of the scope of my duties. I am required to have an individual peer review. I am reporting my peer review below."

Although similar to Option 2, this option applies to those licensees who perform attest or other [peer review mandated services](#) for their employer (a CPA firm) and also provide these services outside the scope of their employment. The licensee can claim benefit for the work performed for the CPA firm **but** also must have an individual peer review performed for the work done outside his or her responsibilities to his or her employer.

In addition to the information about the licensee's employer, as described in Option 3, the licensee is required to provide the name of the peer review organization (administering entity) that performed the licensee's peer review, the date of or expected date of the peer review acceptance letter and the type (engagement or system) of peer review.

## A YEAR OF NEWSLETTERS

This issue of *The Account Balance* marks our first full year of publishing our quarterly e-newsletter! We're very pleased to have gotten this new communication initiative off the ground, and hope you've enjoyed reading. We strive to keep all information relevant to you, our licensees and exam applicants. If there's a topic you'd like to see covered, feel free to email us at [cpa@dllr.state.md.us](mailto:cpa@dllr.state.md.us). Read back issues of *The Account Balance*, and thanks for helping us protect the consumers of Maryland!

## WELCOME, ELIZABETH GANTNIER

grounds for discipline by the Board of Public Accountancy.

## UPCOMING REGULATIONS

The Board has several regulations in development that are sure to interest you. Take a look:

- A reinstatement fee of \$240 will be assessed firms whose license lapses.
- The number of CPE hours that may be earned by teaching a course will be increased to 45 hours per renewal period. Additionally, teachers or lecturers at an accredited college or university may receive three credits for every one credit they teach **the first time they teach the qualifying course**.
- Maryland licensure candidates who apply for licensure four or more years after passing the exam will be required to document 80 hours of CPE in addition to the experience and ethics requirements.

All three regulations are published in the February 12, 2010 edition of *The Maryland Register*, with a public comment period open for 30 days after that. Anyone wishing to register a comment is welcome to attend the March 2, 2010 meeting. The Board looks forward to taking final action at the April 6, 2010 meeting. The proposed regulations would then take effect on May 3, 2010.

## NEW TRANSFER-OF-GRADES REGULATION NOW ACTIVE

An amendment to COMAR 09.24.01.05 went into effect on December 28, 2009 and impacts practitioners from other states wishing to apply for a Maryland license via transfer of grades. The two major changes are as follows:

1. Applicants **must not** have held a CPA license in any other state.
2. If an applicant has passed the CPA exam more than four years prior to applying for a Maryland license via the transfer-of-grades option, he or she is required to complete 80 hours of continuing education before being granted a license.

If you have questions about this regulatory change, feel free to contact the Board at [cpa@dllr.state.md.us](mailto:cpa@dllr.state.md.us).



**UPDATE YOUR  
EMAIL ADDRESS**

**MISSED THE LAST  
ISSUE OF THE  
ACCOUNT BALANCE?  
[READ IT HERE.](#)**



The Board is pleased to welcome new industry member Elizabeth S. Gantner, Director of Quality Control for Stegman & Company in Baltimore. When she is not working with clients, she is a national instructor for the AICPA on topics including fraud, accounting and auditing as well as SEC-related topics and internal control. Additionally, she has been a nationally recognized CPA Review instructor. Liz is a panelist on the national AICPA continuing education videos on SEC reporting, forensic accounting, and understanding the new risk-based auditing standards. She has been a recipient of the AICPA's Outstanding Discussion Leader Award for several years. She is a member of the Professional Practice Executive Committee for the Center for Audit Quality as well as a past member of PCAOB's Standing Advisory Group.

Liz is a member of AICPA, MACPA, and the Virginia Society of Certified Public Accountants. She is also an associate member of the Association of Certified Fraud Examiners. She earned a B.S. in Business Administration (Concentration in Accounting) from the University of Richmond and has held her CPA license since 1985. She is a highly-rated instructor on technical, management and personal development topics, and is the author of the AICPA's programs on benchmarking, inventory valuation, auditing in a paperless society and auditing electronic evidence. Welcome, Liz!

### OCTOBER-NOVEMBER EXAM RESULTS

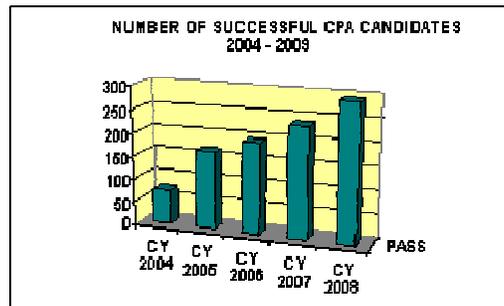
Congratulations to all successful 4th-quarter CPA Exam candidates! A total of 115 candidates passed the exam, bringing the total for 2009 to 383. The success rate for 2009 represents a 31.6% increase from 2008. Good luck to our candidates in 2010! [View the pass list.](#)

Maryland candidates sat for 996 examination sections in the 4th quarter. Candidates performed best on the Regulation section of the exam with a 53.2% pass rate. Passing rates for the other sections of the exam were Audit and Attestation (51.5%), Financial Accounting and Reporting (50.8%) and Business Environment and Concepts (46.1%).

Successful CPA Exam Candidates Since the Launch of Computer-Based Testing

2004*	2005	2006	2007	2008	2009
74	166	194	236	291	383

\* Successful candidates from the May 2004 launch date to December 2004



### 2009: IT'S BEEN A BUSY YEAR!

Let's take a look at 2009's statistics:

3929	Exam Sections Registered	775	Exam Applications Approved
952	AUD	133	Exam Applications Denied
1081	BEC	384	License Verification Requests
975	FAR	3783	Eligible CPA Exam Candidates
921	REG	604	Original Licenses/Permits Issued
950	Applications for CPA Exam Eligibility	503	Maryland Original Licenses
908	Examination Applications Processed	130	Reciprocal Original Licenses

		70	Original Firm Permits
--	--	----	-----------------------

As you can see, exam applications are a huge part of the Board's business. We're excited by all the new professionals entering the CPA world, and welcome all our new licensees.

## REMINDERS TO EXAM CANDIDATES

Please remember that you *cannot* submit your exam application *until* all your grades have posted to your transcript! We are unable to process your exam application without a complete transcript. Be patient, check your transcript, and send it to us once your final grades have been added.

When you pay your exam registration fee online, please **remember that you paid it!** If you don't recall making the payment and then dispute the charge with your bank or credit card company, you will be **required** to remit the correct payment before you will receive your Notice to Schedule. The charge will show up on your statement as "MD DEPT OF LICENSING." No receipt will be emailed to you—should you anticipate needing one, please print your payment confirmation screen. The Board takes non-payment of exam registration fees very seriously and is not responsible for any delay in exam registration that results from your error in record-keeping.

## WHERE ARE MY EXAM SCORES?

Many CPA Exam candidates have called or e-mailed the Board to inquire, "Why is it taking so long to receive my exam scores?"

Many procedures are involved between the time you finish the exam and when the Board notifies you that your score is available. After you complete the exam, [Prometric](#) transmits the examination to the [AICPA](#) grading service. The grading service evaluates the exam and issues a score to [NASBA](#), the examination vendor. NASBA then transmits the scores to the Board. The Board, usually within 24 hours, transmits your score notice to you. Each step in this process takes time, during which standard quality control procedures are applied to each and every examination.

There are several possible reasons why some scores are released faster than others. If [psychometric analysis](#) is required, for example, the scores of all candidates who took a particular examination version (there are multiple formats of each exam section)—whether passing, failing, or on the cusp (several points below or above 75)—are held until the analysis is completed. For those who take AUD, FAR, or REG, the "second reads" of written communication responses may also be a factor. "Second reads" are additional reviews of essays for candidates whose scores are close to passing.

Scores are reported by the AICPA to NASBA in two waves during each testing window. Usually scores are reported beginning the third week of the month after the start of a testing window, e.g. scores for exams administered in January 2010 are expected to be received by the Board beginning the week of February 15-19 2010; the Board should begin receiving scores from exams administered in February 2010 by the week of March 15-19, 2010. All scores from the January-February test administrations are expected to be received by the first week of April.

Score reporting in waves means that candidates who test in the first month of a testing window **may** qualify for earlier receipt of scores, depending on the examination content administered to them, the examination volume, and the distribution of examinees within the testing window.

Candidates should note, however, that all scores are **not** reported at the same time. Additionally, candidates who test on the same day may receive scores at different times due to differences in necessary quality control measures. The Board appreciates your patience.

## FOCUS ON THE BOARD: THOMAS J. (TIM) MURPHY

Tim Murphy joined the Board in July 2007. The founder of Murphy & Murphy, CPA, LLC, he has held his Maryland CPA license since 1970. Other licenses include Certified Financial Planner, Personal Financial Specialist, and Accredited Estate Planner. Tim is a proud member of AICPA, MACPA (having served as president of the Southern Maryland Chapter), and MSA, among many other industry and civic organizations. He lectures frequently to community clubs, school guidance departments, investment groups, and estate planning organizations. A native of Pennsylvania, he earned his BS in Accounting from St. Francis University and served two years in the U.S. Army. Tim and his wife Judy live in Fort Washington, Maryland and have four grown children.



## MEET LINDA RHEW

Administrative Officer Linda Rhew is the glue that holds the CPA Board office together. She joined DLLR in August 2000 as the Exam Coordinator for CPA as well as the five Design Boards. In June 2006, she moved over to CPA full-time and has been keeping everyone in line ever since. Her job description is varied, but includes supervising the licensing process, coordinating exams, problem-solving, and reviewing all applications that come through the office. She also makes sure the office is suitably decorated for each holiday or season. Prior to coming to DLLR, Linda worked as a stay-at-home mom to her four kids. She volunteered as a classroom mother and helped organize field trips and coordinate volunteers for holiday programs. She lives in Towson with her husband, brother, dog, and two cats. When she's not keeping the CPA office running smoothly, she enjoys camping, crocheting, and spending time with her family and friends. Linda wakes up every morning with a smile, and encourages everyone to do the same.



## MEET BARBARA HARDY

Office Service Clerk Barbara Hardy joined the team in June 2006, quickly becoming a valued assistant to both Linda and Executive Director Dennis Gring. Alongside Office Secretary Alicia Coar, she monitors the office's phone lines, assists with the necessary documentation for exam and license applications, maintains records, and offers support wherever else she can. Before joining the team, Barbara was a radiology clerk at Johns Hopkins Hospital. She earned her AA in Computer Information Systems from Baltimore City Community College. Her hobbies include reading, going for walks, and visiting clubs and restaurants. Barbara has a grown son and lives in Baltimore with her cat, Pearl.

### BOARD MEMBERS

**H. Terry Hancock, CPA**, Chair,  
Industry Member (Baltimore County)  
**Elizabeth S. Gantnier, CPA**, Industry  
Member (Frederick County)  
**Muhammed A. Khan, CPA**, Industry  
Member (Baltimore County)  
**Thomas J. "Tim" Murphy, CPA**,  
Industry Member (Prince George's  
County)  
**Raymond C. Speciale, Esq., CPA**,  
Education Member (Frederick County)

**Ella H. Pierce**, Consumer Member  
(Baltimore City)  
**Marjorie A. Root**, Consumer Member  
(Frederick County)

### DIVISION PERSONNEL

**Stanley J. Botts, Commissioner**,  
Occupational & Professional Licensing  
**Harry Loleas, Deputy  
Commissioner**, Occupational &  
Professional Licensing

### STATE BOARD OF PUBLIC ACCOUNTANCY STAFF

**Dennis L. Gring**, Executive Director  
**Matthew A. Lawrence**, Board Counsel  
**Linda L. Rhew**, Administrative Officer  
**Bert Fenwick**, CPE Consultant  
**Barbara Hardy**, Office Service Clerk  
**Alicia Coar**, Office Secretary  
**Shannon Davis**, Outreach Coordinator



Department of Labor, Licensing and Regulation / Maryland Board of Public Accountancy / 500 N. Calvert Street / Baltimore, MD 21202  
Missed the last issue of *The Account Balance*? [Read it here.](#)