

# Accountancy Board of Ohio

## Annual Report



**Fiscal Year Ended  
June 30, 2016**

# INTRODUCTION

The Accountancy Board of Ohio is the state government agency established by the Ohio General Assembly in 1908 to regulate the practice of public accounting in Ohio. The Board is responsible for examining and licensing certified public accountants, licensing the remaining public accountants, registering public accounting firms and enforcing the provisions of Chapter 4701 of the Ohio Revised Code as passed by the General Assembly and Agency 4701 of the Ohio Administrative Code as adopted by the Board.

The Board is entirely self-sustaining. It does not spend any tax dollars. Revenue is generated from fees collected for license applications, license renewals and other services. The Board reimburses other state agencies for services rendered.

The Ohio Attorney General is the statutory legal counsel to the Board. Rachel Huston, Assistant Attorney General, represents the Board in administrative hearings and court proceedings.

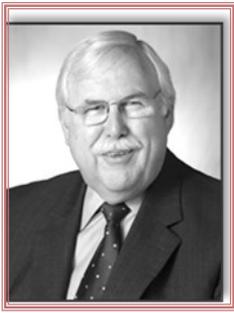
## *Mission Statement*

The mission of the Accountancy Board of Ohio is to assure that the services received by Ohio's citizens and businesses from CPAs and PAs licensed by the Board, will always be performed in an ethical and professional manner and to strictly and fairly enforce Ohio's statutes and rules.



## *Vision Statement*

It is the vision of the Accountancy Board of Ohio to become the regulatory agency that provides quality service to the public through the effective use of technology and the implementation of best business practices.



*Message from the Board Chair  
James J. Carroll, CPA*

It's often said that the one thing constant in life is change.

It has been over 40 years since I was licensed as a CPA. Almost 30 years ago, my brother chaired the Accountancy Board of Ohio. There have been tremendous changes in the community of accountants over the decades - not only in the number and size of firms, but also in the processes undertaken to perform services and fulfill client needs in a professional, responsible and ethical manner.

There have been significant changes in both auditing processes and in reporting requirements. There have also been changes in the way business operates, requiring the CPA profession to adapt to these new environments and meet the professional obligation to the public in reporting the activity and financial position of enterprises operating in public domain.

To meet these ever-changing requirements, the system of higher education has had to adapt in order to train students to meet the demands of our accounting profession in general, and those of a CPA specifically.

To support the evolving performance standards, the CPA exam has changed in order to ensure graduates have been trained well to fulfill their obligations and meet the requirements that practicing as a CPA in today's business environment will demand of them.

Despite all this change, there is one constant—the level of consistency and focus by the Accountancy Board of Ohio in fulfilling its obligation to ensure the CPA designation is granted only to those professionals who are capable, competent, proficient and ethical. By assisting in the continuous improvement of the CPA exam so it remains an effective and relevant tool, the ABO fulfills its duty to protect Ohio citizens and businesses by ensuring those who have been granted their license as a certified public accountant are capable of living up to their duty, stay abreast of changes, and perform their obligations professionally and ethically.

The process that we go through in fulfilling the board's obligation to protect our community certainly has changed. Yet the ABO remains as, or more, vigilant, as we learn and adapt to new and better ways for the Board to monitor the activities of practicing CPAs.

Whether it's 40, or 30, or seven years, or even seven months since the ABO chair signed your license to practice as a CPA, that stroke of the pen admitted you to a league of professionals whose charge is to continuously improve the practice of accounting, and serve clients and the public with a level of professionalism that reflects the highest ethical standards that are imposed with the CPA designation. It is those elements of the practice that will never change.

Sincerely,

James J. Carroll, CPA  
Chair

# ACCOUNTANCY BOARD OF OHIO MEMBERS

The Board is composed of nine members, eight of whom are certified public accountants and one who is a member of the general public. The Governor, with the advice and consent of the Senate, appoints each member to a seven-year term. Board members are compensated on an hourly basis for time devoted to the Board's affairs. They are reimbursed for expenses incurred in the performance of their official duties.

Chair



## **James J. Carroll, CPA**

Term 11/4/2009—10/20/2016 (licensed since 1973)  
Member, Cors & Bassett LLC, Cincinnati, Ohio.

Vice Chair



## **James P. Gero, CPA**

Term 1/12/2012—10/20/2018 (licensed since 1987)  
Owner, Hobe & Lucas, CPAs Inc., Independence, Ohio.

Secretary



## **Adriana Sfalcin (Public Member)**

Term 12/6/2010—10/20/2017  
Executive Director—Ohio Jewelers Education Foundation and  
Mid America Jewelers Association, Columbus, Ohio.

Past Chair



## **Michael S. Comer, CPA**

Term 11/04/2009—10/20/2016 (licensed since 2005)  
Partner, KPMG, LLP, Cincinnati, Ohio.

Member



**James D. Gottfried, CPA**

Term 10/21/2012—10/20/2019 (licensed since 1979)  
Retired Partner — Ernst & Young, Westlake, Ohio.

Member



**Mike M. Guinigundo, CPA**

Term 10/21/2013—10/20/2020 (licensed since 1997)  
Owner, Guinigundo & Guinigundo CPAs Inc., Fairfield, Ohio.

Member



**Margaret A. Gilmore, CPA**

Term 2/09/2015—10/20/2021 (licensed since 1997)  
Director, Tax Services, Clarus Partners, Columbus, Ohio  
Adjunct Professor, Capital University

Member



**Kenya Y. Watts, CPA**

Term 1/14/2016—10/20/2022 (licensed since 2003)  
Sr. Manager of General Ledger for XPO Logistics

Member



**James B. Redmond, CPA**

Term 1/14/2016—10/20/2022 (licensed since 2009)  
Audit Partner, Deloitte & Touche LLP

**Accountancy Board of Ohio  
Standing Committees 2016  
James Carroll, Board Chair**

*(The Board Chair is an ex-officio member of all committees)*

**Executive Committee**

James Carroll, Chair  
James Gero, Vice Chair  
Adriana Sfalcin, Secretary

**Disciplinary Advisory Committee**

Michael Comer, Chair  
Adriana Sfalcin  
James Redmond

**Nominating Committee**

Michael Comer, Chair  
Michael Guinigundo  
Kanya Watts

**Licensing Committee**

James Carroll, Chair  
James Gottfried  
Maggie Gilmore  
Jerry Esselstein (Past Board Member)

**Education Assistance Committee**

Michael Guinigundo, Chair  
James Gero  
Adriana Sfalcin  
Maggie Gilmore  
Maggie Houston (Past Board Member)  
Greta Russell (Past Board Member)

**Office Oversight Committee**

Adriana Sfalcin, Chair  
Michael Guinigundo  
Kenya Watts

**Peer Review Oversight Committee**

James Gero, Chair  
James Gottfried  
Maggie Gilmore  
James Redmond  
W. Michael Fritz (Past Board Member)

**Finance and Audit Committee**

James Gottfried, Chair  
James Gero  
Michael Comer  
W. Michael Fritz (Past Board Member)



*James J. Carroll, CPA*  
**2016 Chair of the  
Accountancy Board of Ohio**

# ACCOUNTANCY BOARD OF OHIO



## GOVERNOR'S OFFICE

### Board/Commission Member 1 (62221)

James Carroll, PCN 20070607  
James Gero, PCN 20070604  
Adriana Sfalcin, PCN 20070605  
Michael Comer, PCN 20070608  
Michael Guinigundo, PCN 20070611  
James Gottfried, PCN 20070609  
Margaret Gilmore, PCN 20070603  
Kenya Watts, PCN 20070606  
James Redmond, PCN 20070610

John E. Patterson – Acc Bd Exec Dir  
(62131) PCN 20070621

Tracey F. Fithen – Program Admin  
3 (63123) PCN 20070623

Donna M. Oklok – Investigations Sup 1  
(26216) PCN 20070622

Charlene Nortey – Investigator  
(26211) - PCN 20070615

Faith Ottavi – Investigator  
(26211) - PCN 20070612

Elisabeth Kelley – Admin Prof 1  
(12551) PCN 2007613

Kelly Kelly – Cert/Lic Secretary 2  
(16842) PCN 20070614

Luann Rager – Admin Prof 1  
(12551) PCN 20070618

Karen Salyer – Cert/Lic Secretary 2  
(16842) PCN 20070617

Vacancy – Admin Prof 1 (12551)  
PCN 20070616

77 South High Street | Suite 1802 | Columbus, Ohio 43215-6128  
Telephone: 614.466.4135  
Website: <http://acc.ohio.gov>

# Accountancy Board Staff As of June 30, 2016

## EXECUTIVE OFFICE



John E. Patterson  
Executive Director  
(614) 995-0192



Tracey F. Fithen  
Assistant Executive Director  
(614) 644-9037



Michael S. Comer  
Past Chair Award



Service Award  
W. Michael Fritz,  
Robert F. Fay

## OPERATIONS STAFF



Elisabeth Kelley  
Revenue/Education  
Assistance Program  
(614) 728-6764



Kelly Ann Kelly  
Firm Registration  
(614) 752-8249



Luann Rager  
Information Secretary  
(614) 752-5075



Karen Salyer  
CPA Certification/Licensing  
(614) 752-7472

## ENFORCEMENT & COMPLIANCE



Donna Oklok  
Investigations Supervisor  
(614) 728-3004



Charlene Nortey  
Investigator  
(614) 466-1660



Faith Ottavi  
Investigator  
(614) 752-2468

## OHIO ATTORNEY GENERAL

Rachel Huston  
General Counsel, Senior Assistant State Attorney General

## Licenses and Renewal Year Ended June 30, 2016

Since the Accountancy Board’s inception in 1908, a total of 53,104 CPA certificates have been issued. CPAs who perform audits, reviews, compilations, and attestation engagements must hold a **permit**. CPAs who perform tax services, personal financial planning services, and/or consulting services and use the CPA designation must hold a **permit**. CPAs who do not perform those services may hold a **permit** or a **registration**. Ohio permit holders must have 120 credits of continuing professional education, with a minimum of 20 hours per year, in the three-year period covered by the license. Ohio permit holders use the designation “CPA.” Ohio registration holders do not have CPE requirements and may use the designation “CPA Inactive.”

Between 1959 and 1993, a total of 6,842 Public Accountant (PA) registrations were issued. Currently there are 70 registered PAs. The Board no longer registers new public accountants.

### Total Active Ohio Permits

Year Ended June 30	CPA Permits	PA Permits	Total
2016	22,668	5	22,673
2015	21,604	6	21,609
2014	23,465	9	23,474
2013	21,636	14	21,650
2012	21,215	13	21,228

### Total Licenses Renewed—Permits & Registrations

Year Ended June 30	Permit 1-year	Permit 2-year	Permit 3-year	Total Permits	Reg 1-Year	Reg 2-year	Reg 3-year	Total Reg	Grand Total
2016	55	914	7,210	8,179	17	49	2,825	2,891	11,070
2015	44	979	6,833	7,856	21	54	2,758	2,833	10,689
2014	35	951	7,129	8,115	19	47	2,721	2,787	10,902
2013	68	916	6,917	7,901	26	51	2,964	3,041	10,942
2012	62	944	6,413	7,416	56	92	2,809	2,957	10,373

Permit holders sign “CPA.”

Registration holders sign “CPA inactive.”

1-year, 2-year, 3-year represents the number of years for which the permit or registration is issued.

## FIRM REGISTRATION AND PEER REVIEW

The State of Ohio requires all public accounting firms practicing in Ohio to register with the Board. In addition, firms that perform financial reporting services (attest firms) are required to undergo a comprehensive peer review every three years. The peer review program is designed to assess the quality of the firm’s work, its professional staff, and its overall performance in the delivery of services to its clients. Proof of successful completion of a peer review is required before an attest firm can renew its firm registration.

The Ohio Society of Certified Public Accountants (OSCPA) is the Board’s agent for the peer review program and administers the peer review process. The Board and the OSCP work together to assure that the objectives of the peer review program are achieved.

There are 1,347 peer review public accounting firms and 1,168 tax/consulting firms registered in Ohio. Firms register every three years.



Annual meeting 2016: (L-R) James Carroll, incoming Board chair; Don Burkett, Vice President, NASBA; Mike Comer, immediate past Board chair; Ken Bishop, President and CEO, NASBA; John Patterson, Executive Director; W. Michael Fritz, Great Lakes Regional Director, NASBA.

Firm Registrations by Fiscal Year		
Year Ended June 30	Peer Review	Tax/Consulting
2016	473	612
2015	454	586
2014	468	455
2013	494	525
2012	578	639

# CPA CERTIFICATE AND EXAMINATION

In order to obtain the CPA certificate, a candidate needs to complete the three “E’s” of education, examination, and experience.

Since January 1, 2000, the education and experience requirements for the CPA certificate has been:

## Education

150 semester hours of college credit, including 30 semester hours in accounting and 24 semester hours in business courses other than accounting courses.

OR

A minimum 620 score on the Graduate Management Admission Test and 30 semester hours in accounting and 24 semester hours in business courses.

## Examination

Successful completion of the CPA examination.

## Experience

One year of experience performing accounting or accounting-related duties acceptable to the Board if candidate first sat for CPA exam with 150 semester credits or more.

Since 2004 the CPA examination has been computer-based. The exam is available during the first two months of each calendar quarter. There are four sections to the CPA examination: Auditing, Business Environment and Concepts, Financial Accounting and Reporting, and Regulation. They may be taken in any order.

For more information about the CPA exam, go to <http://acc.ohio.gov/CPAExam.aspx>.

The computer-based CPA examination is held at the following sites:

- Akron-Stow – (3500 Hudson Drive, Suite 4)
- Cincinnati – (11353 Reed Hartman Highway, Suite LL50)
- Cleveland – (10900 Euclid Avenue, Sears Building, Suite 440)
- Cleveland - Middleburg Heights (7261 Engle Road, Suite 203)
- Columbus-Worthington – (450 W. Wilson Bridge Rd., Suite 210)
- Dayton-Fairborn – (2600 Paramount Place, Suite 190)
- Mansfield—(625 Lexington Avenue, Suite 6)
- Mentor – (8880 Mentor Avenue)
- Toledo-Maumee (1745 Indian Wood Circle, Suite 110)
- Youngstown-Niles – (Square 1 Center, 950 Youngstown-Warren Road, Suite D)

**John E. Patterson, Executive Director, Accountancy Board of Ohio speaks at the Accounting Career Awareness Program (ACAP) luncheon presented by The Ohio State University.**



# CANDIDATE PERFORMANCE

## July-September 2015

SECTION	TAKING	PASSING	PASS %	SCORE <sup>1</sup>
Auditing	541	269	49.7	74.5
BEC <sup>2</sup>	493	315	63.9	76.1
FAR <sup>3</sup>	566	288	50.9	71.6
Regulation	518	273	52.7	72.4
<b>Total</b>	<b>2118</b>	<b>1145</b>	<b>54.1</b>	<b>73.6</b>

## October-December 2015

SECTION	TAKING	PASSING	PASS %	SCORE <sup>1</sup>
Auditing	444	204	45.9	72.1
BEC <sup>2</sup>	371	204	55.0	73.6
FAR <sup>3</sup>	412	191	46.4	69.7
Regulation	450	200	44.4	70.0
<b>Total</b>	<b>1677</b>	<b>799</b>	<b>47.6</b>	<b>71.3</b>

## January-March 2016

SECTION	TAKING	PASSING	PASS %	SCORE <sup>1</sup>
Auditing	347	154	44.4	72.2
BEC <sup>2</sup>	287	165	57.5	74.2
FAR <sup>3</sup>	305	137	44.9	68.3
Regulation	321	164	51.1	71.1
<b>Total</b>	<b>1260</b>	<b>620</b>	<b>49.2</b>	<b>71.4</b>

## April-June 2016

SECTION	TAKING	PASSING	PASS %	SCORE <sup>1</sup>
Auditing	442	227	51.4	74.3
BEC <sup>2</sup>	331	190	57.4	73.8
FAR <sup>3</sup>	321	132	41.1	68.3
Regulation	354	160	45.2	71.1
<b>Total</b>	<b>1448</b>	<b>709</b>	<b>49.0</b>	<b>72.1</b>

## Fiscal Year 2016 Totals

SECTION	TAKING	PASSING	PASS %	SCORE <sup>1</sup>
Auditing	1774	854	48.1	73.4
BEC <sup>2</sup>	1482	874	59.0	74.6
FAR <sup>3</sup>	1604	748	46.6	69.8
Regulation	1643	797	48.5	71.2
<b>Total</b>	<b>6503</b>	<b>3273</b>	<b>50.3</b>	<b>72.2</b>

<sup>1</sup>Average Score

<sup>2</sup>Business Environment and Concepts

<sup>3</sup>Financial Accounting and Reporting

**NOTE:** Prior to the computer-based exam, the passing percentage was under 30%



**Accountancy Board of Ohio Board Meeting  
September 4, 2015  
Held at The Ohio State University**

The Ohio State University Hosts from left to right: David E. Harrison, Director, Office of Diversity & Inclusion, Dick Dietrich, Chair, Department of Accounting, Patricia West, Associate Dean for Undergraduate Programs and Anil K. Makhija, Dean and John W. Berry, Sr. Chair in Business.

# Thank you to The Ohio State University



## EDUCATION ASSISTANCE GRANT PAYMENTS BY FISCAL YEAR

In 1992, the Ohio General Assembly passed legislation authorizing an education assistance program for students enrolled in the fifth year of study needed to take the CPA examination.

<b>Education Assistance Grant Payments by Fiscal Year</b>	
Year Ended June 30	
<b>2016</b>	<b>\$316,601</b>
2015	\$299,494
2014	\$222,088
2013	\$294,234
2012	\$240,000

## INVESTIGATIONS SUMMARY

The Board has two full-time investigators who examine complaints about unlicensed practice and firm registration. During the year, the investigators made 75 field calls.

At the beginning of the fiscal year, there were 31 open cases from the prior fiscal year, with one involving litigation. During the year 116 cases were opened, 121 closed and eight remain open.



Accountancy Board of Ohio  
Statement of Revenues and Expenditures  
Fiscal Year Ended June 30, 2016

	2016	2015
<b>REVENUE</b>		
<b>Operational Fees</b>		
Individual License Fees	1,354,810	1,283,936
Firm License Fees	10,500	17,280
Certification Fees	30,180	31,635
<b>Total Operational Fees</b>	<b>1,395,490</b>	<b>1,332,851</b>
<b>Other Fees</b>		
Individual Late Fees	134,108	123,563
Firm Late Fees	19,710	23,500
Disciplinary Fees & Fines	44,000	20,280
Miscellaneous Income	170	1,000
<b>Total Other Fees</b>	<b>197,988</b>	<b>168,343</b>
<b>Total Revenue</b>	<b>\$1,593,308</b>	<b>\$1,501,194</b>
<b>Office Expenditures</b>		
Payroll	744,733	716,517
Building Rent	63,988	56,157
Central Service Agency	28,473	26,121
Online Renewal Fees	26,290	46,725
NASBA Dues and Travel	6,600	6,600
State IT Services	23,479	17,440
State Mail Service	9,123	9,207
Telecommunications	4,478	3,748
State Auditor Fees	--	2,127
Board Travel Expense	22,395	4,101
Office Supplies	3,069	3,673
Investigator Travel	936	2,708
New Computer Equipment	5,078	848
Other Expenses	-	-
<b>Total Office Expenditures</b>	<b>938,642</b>	<b>895,972</b>
Educational Assistance	316,601	299,494
<b>Total Expenditures</b>	<b>\$1,255,243</b>	<b>\$1,195,466</b>
<b>Excess of Revenue Over Expenditures</b>	<b>\$ 338,065</b>	<b>\$ 305,728</b>

# BOARD ACTIVITIES

During fiscal year 2016, there were seven Board meetings, which included an annual meeting and a retreat. NASBA activities, the budget, investigations and education assistance funds are reviewed at every meeting. During the year the Board held 26 disciplinary hearings and six reinstatement hearings (see table on page 18).



**July 10, 2015.** The board discussed rule changes and held four disciplinary hearings.

**September 4, 2015.** The meeting was held at Mason Hall on The Ohio State University campus in Columbus. Board chair Michael Comer gave an presentation of the functions of the Accountancy Board to the students, with Board staff Karen Salyer giving an overview of the CPA certification and licensing process. Staff member Elisabeth Kelley discussed the Board's education assistance program and how to apply. Four disciplinary hearings were held.

**November 6, 2015.** At the annual meeting, the nominating committee recommended a slate of offers for the 2015-2016 Board term. The Board unanimously approved the nominating committee's recommendations and elected James Carroll as Chair, James Gero as Vice Chair and Adriana Sfalcin as Secretary. Eight disciplinary hearings were held.

**December 7, 2015.** At the Board retreat, the Board members were presented the Ohio ethics training entitled "The Ohio Ethics Law." All Board members present completed the training. Mr. Patterson discussed amending the rules to require more than 120 hours of CPE to return to permit status after an extensive absence. Mr. Fay discussed NASBA's Examination Exposure Draft Response, and the Board discussed the new NASBA examination requirements which will go into effect in 2017. Kelly Kelly discussed the peer review reporting process.

**December 8, 2015.** Ken Bishop, NASBA CEO and Don Burkett, NASBA's Chair for 2015-16 were in attendance to thank the Accountancy Board for their hospitality and for leading the nation in accountancy regulation, mobility and involvement with NASBA. Five disciplinary hearings were held.

**February 5, 2016.** Kenya Watts was welcomed as a new Board member. Board committees were assigned and two hearings were held.

**April 29, 2016.** James Redmond was welcomed as a new member of the Board. The Peer Review Compliance Committee met, joined by Laura Hay of the OS-CPA to discuss the peer review process. The Board approved the nomination of Theodore Long to NASBA's Board of Directors as Vice-Chair for 2016-2017. Six hearings were held.

**June 3, 2016.** The Board discussed the budget for the past fiscal year as well as the upcoming fiscal year and that the appropriations for fiscal year 2017 have been set. Draft rule changes were discussed, pending response from stakeholders. Three hearings were held.



## BOARD HEARING SUMMARY

Board Meeting			Type of Disciplinary Hearing						Board Sanctions		
Date	D. Hearings	R. Hearings	Firm	CPE	Complaint	Other	Referral	Court	CPA-Rev.	Firm Rev.	Fine
Jul 2015	4	0	2	1	0	0	0	1	1	2	3
Sep 2015	4	0	2	2	3	0	0	0	1	0	3
Nov 2015	8	0	2	2	0	2	1	1	1	0	7
Dec 2015	4	1	2	0	0	1	0	1	2	0	2
Feb 2016	1	1	1	0	0	0	0	0	0	0	2
Apr 2016	3	3	2	1	0	0	0	0	0	0	3
Jun 2016	2	1	0	2	0	0	0	0	0	0	2
<b>Totals</b>	<b>26</b>	<b>6</b>	<b>11</b>	<b>8</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>22</b>

**D. Hearings:** Disciplinary hearings

**R. Hearings:** Reinstatement hearings

**Firm:** Firm registration/peer review violation

**CPE:** Continuing education verification violation

**Complaint:** Hearing as a result of a consumer complaint

**Other:** Hearing as a result of an accountancy law violation other than firm, CPE, or complaint

**Referral:** Referral from SEC, IRS, other state agency, etc., for violation

**Court:** Court convictions

**CPA-Rev** means CPA certificates revoked

**Firm-Rev** means firm registrations revoked

**Fine** means Board-assessed fine

**NOTE:** Sanctions add up to more than the total disciplinary hearings due to a CPA certificate and firm registration being revoked.

**Annual Report  
Fiscal Year 2016**

# ACCOUNTANCY BOARD OF OHIO

77 South High Street  
Suite 1802  
Columbus Ohio 43215-6108

Phone: 614-466-4135  
Web Page: [www.acc.ohio.gov](http://www.acc.ohio.gov)