

CSI - Ohio

The Common Sense Initiative

Business Impact Analysis

Agency Name: Accountancy Board of Ohio

Regulation/Package Title: 4701-15-09DO

Rule Number(s): 4701-15-09

Date: July 20, 2017

Rule Type:

New
 Amended

5-Year Review
 Rescinded

The Common Sense Initiative was established by Executive Order 2011-01K and placed within the Office of the Lieutenant Governor. Under the CSI Initiative, agencies should balance the critical objectives of all regulations with the costs of compliance by the regulated parties. Agencies should promote transparency, consistency, predictability, and flexibility in regulatory activities. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

Regulatory Intent

1. Please briefly describe the draft regulation in plain language.

Please include the key provisions of the regulation as well as any proposed amendments.

Rule 4701-15-09 pertains to continuing professional education (CPE) standards for Certified Public Accountants (CPAs) who wish to obtain an Ohio permit. This rule outlines the CPE requirements to obtain an Ohio permit. The proposed amendments to this rule will establish new subject matter requirements for those applicants whose status is expired, suspended, or revoked; or those holders of a CPA certificate or PA registration who wish to obtain an Ohio permit.

2. Please list the Ohio statute authorizing the Agency to adopt this regulation.

ORC 4701.11 is the statutory authority for this particular rule.

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- 3. Does the regulation implement a federal requirement? Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program?**

If yes, please briefly explain the source and substance of the federal requirement.

This rule does not implement a federal requirement.

- 4. If the regulation includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.**

Not applicable to this rule.

- 5. What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)?**

This rule governs CPAs who hold an Ohio permit; and outlines continuing professional education requirements for the performance of public accounting. For CPAs who have not held an Ohio permit in the immediate past, the proposed changes establish a baseline curriculum to return to the practice public accounting, and protects public trust in the profession.

- 6. How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?**

Success will be measured by having clear and up to date rules, resulting in ease of compliance for licensees, as well as establishing guidelines to obtain competency for applicants who wish to return to the practice of public accounting.

Development of the Regulation

- 7. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.**

If applicable, please include the date and medium by which the stakeholders were initially contacted.

Stakeholders notified were The Ohio Society of CPAs; the National Association of State Boards of Accounting; Timothy Fogarty, Case Western Reserve University; and Jerry Esselstein, CPA. These stakeholders were notified via email on May 30, 2017.

8. What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency?

The Ohio Society of CPAs provided a letter of comment on June 29, 2017, having convened a task force of active CPAs to consider the proposed revisions. The comments recommended the use of the classification and definitions of “Technical” and “Non-Technical” fields of study as outlined in the Uniform Accountancy Act and applying those guidelines to industry-specific continuing education. This input was discussed by the Board during its July 14, 2017 licensing committee meeting. While the committee will monitor incoming requests in light of the OSCPA’s input, the Board determined their recommendations would increase the complexity of the rule unduly.

9. What scientific data was used to develop the rule or the measurable outcomes of the rule? How does this data support the regulation being proposed?

Scientific data was not used to develop this rule, as this rule is driven by generally accepted CPE requirements in other states/jurisdictions.

10. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? If none, why didn’t the Agency consider regulatory alternatives?

The OSCPA’s input regarding the use of the Uniform Accountancy Act definitions of “Technical” and “Non-Technical” fields of study as outlined in the Uniform Accountancy Act, while sound, would create undue burden on the Board to provide content analysis for industry-specific continuing education, rather than determining compliance using the field of study listed by the content provider and/or the rule.

11. Did the Agency specifically consider a performance-based regulation? Please explain. *Performance-based regulations define the required outcome, but don’t dictate the process the regulated stakeholders must use to achieve compliance.*

This rule is based on CPE standards set forth and accepted by other jurisdictions and various regulatory bodies associated with public accounting – American Institute of Certified Public Accountants, National Association of State Boards of Accounting, and American Accounting Association. The proposed changes to this rule establish subject matter requirements for those applicants whose status is expired, suspended, or revoked; or those holders of a CPA certificate or PA registration who wish to obtain an Ohio permit. Establishing subject matter requirements for those who wish to obtain an Ohio permit will assist applicants in obtaining professional competency upon their return to the practice of public accounting.

12. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation?

There is no other agency that regulates the practice of public accounting in Ohio.

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13. Please describe the Agency’s plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the regulated community.

The Board will continue to use its web site to educate and update licensees on its rules. The various regulatory bodies as well as the Ohio Society of CPAs ensures that new rules and rule changes are provided to their members through communications and continuing education opportunities.

Adverse Impact to Business

14. Provide a summary of the estimated cost of compliance with the rule. Specifically, please do the following:

a. Identify the scope of the impacted business community;

The business community will have assurance that all Ohio permit holders complete CPE to document professional competency, even after a period of time away from the CPA profession.

b. Identify the nature of the adverse impact (e.g., license fees, fines, employer time for compliance); and

c. Quantify the expected adverse impact from the regulation.

The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a “representative business.” Please include the source for your information/estimated impact.

The adverse impact may result in an additional investment of time, resources and effort for a regulated individual to return to hold an Ohio permit.

15. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community?

Requiring licensees to maintain CPE standards protects the public and the profession. It insures the ability of Ohio CPAs to gain/regain professional competence, and to practice in other states, because Ohio credentials indicate compliance with recognized professional standards.

Regulatory Flexibility

16. Does the regulation provide any exemptions or alternative means of compliance for small businesses? Please explain.

There are no specific exemptions or alternative means of compliance outlined in the rules for small businesses.

17. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation?

Paperwork violations are not applicable to this rules package.

18. What resources are available to assist small businesses with compliance of the regulation?

The Board's website provides information regarding the rules. The website also provides contact information for all staff members of the board. Board staff personally answers each phone call, email, and correspondence sent to the Board.