



MEMORANDUM

TO: John Patterson, Executive Director, Accountancy Board of Ohio

FROM: Emily Kaylor, Regulatory Policy Advocate

DATE: September 14, 2016

RE: **CSI Review – Ethics Standards (4701-11-01, 4701-11-02, 4701-11-03, 4701-11-04, 4701-11-05, 4701-11-06, 4701-11-07, 4701-11-09, and 4701-11-10)**

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This rule package consists of six amended and three no-change rules submitted by the Accountancy Board of Ohio pursuant to the five-year review requirement in statute. These rules were sent to the CSI Office on May 17, 2016, but the package was sent to stakeholders on May 2, 2016 with a comment period end date of May 18, 2016. One comment was received during this time. After discussions with the stakeholders the rules were amended and a second comment period lasted from August 24 to August 31. No additional comments were received.

The proposed rules prescribe the independence of certified public accountants, confidentiality of client information, prohibitions on fees that can be charged, misleading firm names, client record requests, board communications, and discreditable conduct. Ethics standards apply to all those permit holders under the Board's authority and individuals or entities that hold an equity interest in an accounting firm. The amendments are generally minor formatting or clarification changes.

The Ohio Society of Certified Public Accountants (OSCPA) submitted a letter for comment. They suggested editing the ethics standards in OAC 4701-11 to parallel recent updates to the American

Institute of Certified Public Accountants (AICPA) Code of Professional Conduct. OSCPA and the Board met to discuss changes to the rules. During this meeting and follow-up e-mails, OSCPA made specific technical suggestions for the rule language. The Board accepted those suggestions and sent them out for another comment period. No comments were received during this second review.

After reviewing the proposed rules and the BIA, the CSI Office has determined that the standards espoused by the CSI Office have been met and the purpose of the rule package is justified.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Accountancy Board of Ohio should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Director of Regulatory Policy