

CSI - Ohio

The Common Sense Initiative

Business Impact Analysis

Agency Name: Accountancy Board of Ohio

Regulation/Package Title: 4701-13

Rule Number(s): 4701-13

Date: November 17, 2014

Rule Type:

- New
 Amended

- X5-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 Rescinded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 4701-13 pertains to the registration of offices, partnerships and corporations of the Accountancy Board. This rule determines fees for registration of public accounting firms, and renewal deadlines (4701-13-01); identifies an authorized peer review program administrator (4701-13-02); sets a designated peer review committee (4701-13-03); defines firm registration and peer review (4701-13-05); sets the peer review program standards

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(4701-13-06); explains the different firm registration options (4701-13-07); addresses the retention of documents relating to peer review (4701-13-08); changing of the firms registration status (4701-13-09); peer review deficiencies and hearings (4701-13-10); and the required submission of peer review reports (4701-13-11).

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

ORC 4701.03 and 4701.04 is the statutory authorities for these particular rules.

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 package.

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)?

These rules establish certain standards of practice in order to protect those that are receiving accounting services, and to maintain professional and ethical standards so that all licensees are treated consistently and equally.

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; reduction in the number of inquiries for clarification and the number of consumer complaints.

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.

Copies of the proposed rule changes were provided (via electronic mail) to the Ohio Society of CPA's, NASBA and the American Association of Accounting Ohio Chapter on October 15, 2014.

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

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This office did not receive any new comments from the stakeholders.

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 not data driven.

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?

There are no alternative regulations (or specific provisions within the regulation) to be considered.

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.*

The Board did not see an application for the rule in this package to be performance based.

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.

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 Ohio Society of CPAs also ensures that new rules and rule changes are provided to their members through communications and continuing education opportunities. Staff training is conducted to ensure that regulations are applied consistently and predictably.

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 rules in this package impact the Board's licensees in regards to notice and compliance, directly impacts professional and ethical standards and treats all licensees consistently and equally.

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

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Non-compliance with the rules in this package could result in disciplinary action. While the registration fee for firms to renew their licenses with the Board is one of the lowest nationwide there are additional fees associated with maintaining peer compliance. Licensees who do not comply with the rule are subject to being expelled from the peer review program.

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.

4701-13 mandates that those who perform attest services enroll in the peer review program. The adverse impact is determined by substandard results, which may result in the Ohio Society of CPAs Peer review committee requiring additional continuing education.

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

Requiring licensees and firms to maintain professional standards with regards to independence protects the public and the profession. It insures the ability of Ohio CPAs 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.

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