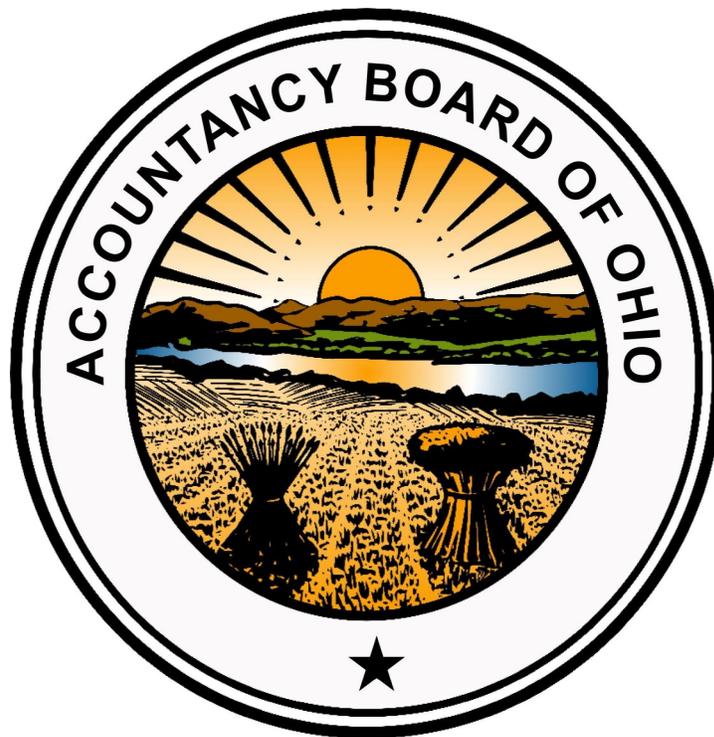


ACCOUNTANCY BOARD OF OHIO

Annual Report



**FISCAL YEAR ENDED
JUNE 30, 2015**

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
Michael S. Comer, CPA*

The Accountancy Board is responsible for protecting Ohio businesses and citizens by making sure CPAs licensed by the Board perform their services in an ethical and professional manner. We do this through enforcement, discipline, and licensing of all of the CPAs under the Board's authority. Our team investigates all enforcement-related claims and public concerns that come before us. We actively audit CPE reports from our licensees and permit holders on a yearly basis.

These responsibilities alone require a large investment of time. But, as the New Year begins and I reflect on my term as Chair of the Accountancy Board of Ohio, I'm struck by how much additional energy the Board puts into considering the evolution of the industry and planning for the future.

We have witnessed incredible change in the profession over the last decade. The confluence of regulatory oversight, changes to technology, global expansion and the sheer complexity of accounting rules has created a very challenging environment. Being a CPA isn't easy! Yet, even as we are poised for even more transformation in the years ahead, the Board remains focused on our obligation to the public and to upholding the reputation of the CPA designation in Ohio.

During the last year we explored the issue of international mobility – potential licensees from foreign countries working in Ohio. We weighed in on the anticipated overhaul of the CPA exam and we look forward to seeing how preparing for a more practical-oriented exam affects our future CPAs. .

We studied enforcement and benchmarked our methods against other states. Diversity remains critically important in our profession and we've worked to create an environment in Ohio that nurtures the development of CPAs from all backgrounds which is reflective of the global communities that we serve.

Continuous professional education remains a high priority and that includes consideration of the annual hour requirements and, more critically, the nature of the hours earned. And finally, we must continue to focus on peer review and the need to make the process as transparent and effective as possible.

Each of these issues takes time and thoughtful consideration on how they might impact the profession both in the near term and for years to come.

I want to personally thank our legal counsel, the staff, our executive director and the Board for their support and tireless efforts this past year. Serving as Chair has been an incredibly rewarding experience for me and I sincerely appreciate it.

With great confidence, I pass the gavel to the incoming Chair of the Board, Mr. Jim Carroll.

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



Michael S. Comer, CPA

Term 10/21/2009—10/20/2016 (licensed since 2005)
Partner, KPMG, LLP, Cincinnati, Ohio.

Vice Chair



James J. Carroll, CPA

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

Secretary



James P. Gero, CPA

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

Past Chair



Robert F. Fay, CPA

Term 2/23/2009—10/20/2015 (licensed since 1985)
Owner, Robert F. Fay, CPA, Canton, Ohio.

Past Chair



W. Michael Fritz, CPA

Term 2/23/2009 - 10/20/2015 (licensed since 1980)
Partner, Deloitte & Touche, LLP, Columbus, Ohio.

Member



Adriana Sfalcin (Public Member)

Term 12/6/2010—10/20/2017
Executive Director—Ohio Jewelers Education Foundation and
Mid America Jewelers Association, Columbus, 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)
Assistant Professor of Accounting
Capital University, Bexley, Ohio.

Accountancy Board of Ohio

Standing Committees 2015

Michael Comer, Board Chair

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

Executive Committee

Michael Comer, Chair
James Carroll, Vice Chair
James Gero, Secretary

Disciplinary Advisory Committee

Mike Fritz, Chair
Adriana Sfalcin
Michael Comer

Nominating Committee

Robert Fay, Chair
Mike Fritz
Mike Guinigundo

Licensing Committee

James Carroll, Chair
Michael Guinigundo
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

Robert Fay, Chair
Mike Fritz
Adriana Sfalcin

Peer Review Oversight Committee

James Gero, Chair

James Gottfried
Robert Fay
Maggie Gilmore

Finance and Audit Committee

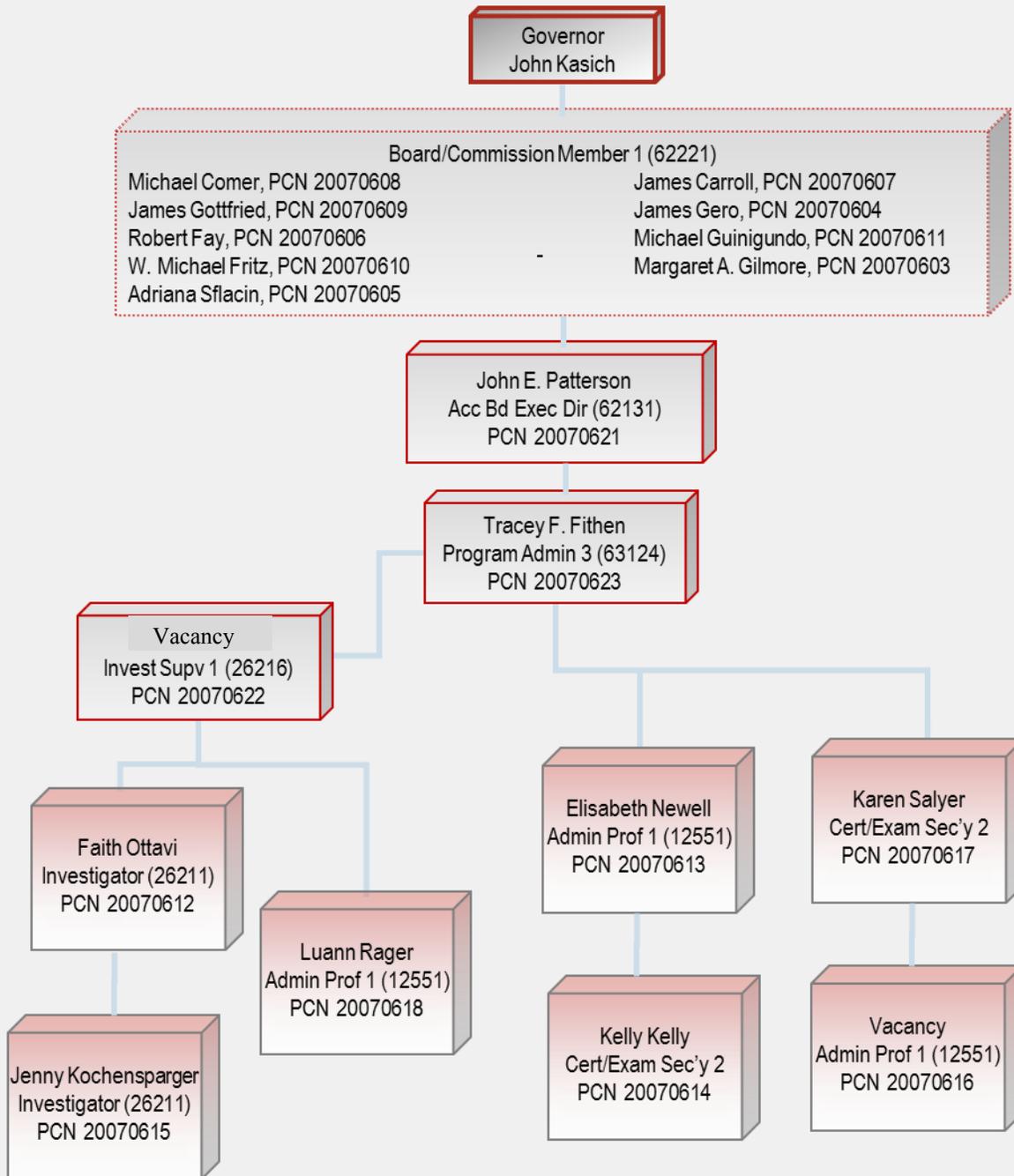
James Gottfried, Chair
James Gero
Michael Comer



Michael S. Comer, CPA

**2015 Chair of the
Accountancy Board of
Ohio**

Accountancy Board of Ohio Organizational Chart



Accountancy Board of Ohio Website: <http://acc.ohio.gov>
 77 S High Street, Suite 1802 Phone: 614-466-4135
 Columbus, Ohio 43215-6108 Fax: 614-466-2628

Accountancy Board Staff As of June 30, 2015

EXECUTIVE OFFICE



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



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



Robert Fay
Past Chair Award



Maggie Houston
Service Award

OPERATIONS STAFF



Luann Rager
Information Secretary
(614) 752-5075



Kelly Ann Kelly
Firm Registration
(614) 752-8249



Elisabeth Newell
Revenue/Educ Assist
(614) 728-6764



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

ENFORCEMENT & DISCIPLINE

Vacancy
Investigations Supervisor
(614) 728-3004



Jenny Kochensparger
Investigator
(614) 466-1660



Faith Ottavi
Investigator
(614) 752-2468

OHIO ATTORNEY GENERAL

Rachel Huston
General Counsel, Assistant State Attorney General

Licenses and Renewal Year Ended June 30, 2015

Since the Accountancy Board’s inception in 1908, a total of 51,058 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, with a minimum of 20 hours per year, of continuing professional education 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 use the designation “CPA Inactive.”

Between 1959 and 1993, a total of 6,842 Public Accountant (PA) registrations were issued. Currently there are 80 registered PAs. The Board no longer registers new public accountants.

Total Active Ohio Permits

Year Ended June 30	CPA Permits	PA Permits	Total
2015	21,604	6	21,609
2014	23,465	9	23,474
2013	21,636	14	21,650
2012	21,215	13	21,228
2011	20,672	11	20,683
2010	20,201	12	20,213
2009	19,937	10	19,947

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
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
2011	60	1,038	6,692	7,790	61	99	2,966	3,126	10,916
2010	41	927	6,506	7,474	24	80	3,229	3,333	10,807
2009	58	902	5,965	6,925	34	100	3,062	3,196	10,121

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 OSCPAs work together to assure that the objectives of the peer review program are achieved.

There are 1,573 peer review public accounting firms and 1,553 tax/consulting firms registered in Ohio. Firms register every three years.



Robert Fay, CPA receives the Past Chair Gavel Award from Michael Comer, CPA (Chair). Also, present were; NASBA's President and CEO, Ken Bishop and NASBA's Chair for 2014-15, Walter Davenport

Firm Registrations by Fiscal Year		
Year Ended June 30	Peer Review	Tax/Consulting
2015	454	586
2014	468	455
2013	494	525
2012	578	639
2011	509	469
2010	510	570

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 are:

Education

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

OR

An associates or baccalaureate degree and a minimum 620 score on the Graduate Management Admission Test.

Examination

Successful completion of the CPA examination.

Experience

One year of experience performing accounting or accounting-related duties acceptable to the Board.

Since 2004 the CPA examination is 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-Case Western Reserve University (10900 Euclid Avenue, Sears Building 440)
- Cleveland-Strongsville – (15201 Pearl Road)
- Columbus-Worthington – (933 High Street, Suite 130B)
- Dayton-Beavercreek – (2365 Dayton-Xenia Road)
- Mentor – (8880 Mentor Avenue)
- Toledo-Maumee (1745 Indian Wood Circle, Suite 110)
- Youngstown-Niles – (Square 1 Center, 950A 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.





**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



CANDIDATE PERFORMANCE

July-September 2014

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	594	292	49.2	73.6
BEC ²	498	312	62.7	75.6
FAR ³	626	339	54.2	72.2
Regulation	540	294	54.4	72.4
Total	2258	1237	55.1	73.4

October-December 2014

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	514	233	45.3	72.9
BEC ²	387	225	58.1	74.3
FAR ³	451	218	48.3	70.2
Regulation	454	206	45.4	69.9
Total	1806	882	49.3	71.8

January-March 2015

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	333	157	47.1	72.6
BEC ²	259	140	54.1	72.9
FAR ³	290	129	44.5	69.0
Regulation	316	158	50.0	71.2
Total	1198	584	48.9	71.4

April-June 2015

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	392	188	48.0	73.4
BEC ²	306	177	57.8	74.6
FAR ³	307	149	48.5	70.1
Regulation	328	161	49.1	71.0
Total	1333	675	50.9	72.3

Fiscal Year 2015 Totals

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	1833	870	47.4	73.1
BEC ²	1450	854	58.2	74.4
FAR ³	1674	835	48.9	70.4
Regulation	1638	819	49.3	71.1
Total	6595	3378	51.0	72.2

¹Average Score

²Business Environment and Concepts

³Financial Accounting and Reporting

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

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.

Education Assistance Grant Payments by Fiscal Year	
Year Ended June 30, 2015	
2015	\$299,494
2014	\$222,088
2013	\$294,234
2012	\$240,000
2011	\$210,000
2010	\$101,502

INVESTIGATIONS SUMMARY

The Board has two full-time investigators who examine complaints about unlicensed practice and firm registration. During the year, the investigators made 72 field calls.

At the beginning of the year, there were 30 open cases from the prior fiscal year. Throughout the fiscal year, a total of 135 cases were opened, 94 cases were closed, leaving 71 open cases at the end of the fiscal year.



Accountancy Board of Ohio
Statement of Revenues and Expenditures
Fiscal Year Ended June 30, 2015

	2015	2014
REVENUE		
Operational Fees		
Individual License Fees	\$ 1,283,936	\$ 1,337,794
Firm License Fees	17,280	28,330
Certification Fees	31,635	29,120
Total Operational Fees	\$ 1,332,851	\$ 1,395,244
Other Fees		
Individual Late Fees	123,563	123,413
Firm Late Fees	23,500	11,310
Disciplinary Fees & Fines	20,280	35,000
Miscellaneous Income	1,000	0
Total Other Fees	\$ 168,343	\$ 169,723
Total Revenue	\$ 1,501,194	\$ 1,547,027
Office Expenditures		
Payroll	\$ 716,517	\$ 772,792
Building Rent	56,157	49,144
Central Service Agency	26,121	26,513
Online Renewal Fees	46,725	24,845
NASBA Dues and Travel	6,600	6,600
State IT Services	17,440	22,281
State Mail Service	9,207	16,321
Telecommunications	3,748	6,643
State Auditor Fees	2,127	8,916
Board Travel Expense	4,101	18,797
Office Supplies	3,673	3,175
Investigator Travel	2,708	2075
New Computer Equipment	848	-
Other Expenses		-
Total Office Expenditures	\$ 895,972	\$ 958,102
Educational Assistance	299,494	222,088
Total Expenditures	\$ 1,195,466	\$ 1,181,029
Excess of Revenue Over Expenditures	\$ 305,728	\$ 383,938

BOARD ACTIVITIES

During fiscal year 2015, there were eight (8) Board meetings, which include 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 27 hearings and 2 reinstatement hearings (see table on page 18).



July 13, 2014. Representatives, Patricia Hartman and Kimberly Farace, from NASBA gave a presentation on revamping the CPA examination's security and computer issues. The Board also held seven (7) disciplinary hearings.

September 5, 2014. Chair Robert Fay, welcomed State Representative Gary Scherer, who is also a CPA. The Board held three (3) disciplinary hearings and two (2) reinstatement hearings. The Auditor of States' audit of the ABO's revenue and expenditures was presented. The Board had no discrepancies or errors.

November 7, 2014. At the annual meeting, the nominating committee recommended a slate of offers for the 2014-2015 Board term. The Board unanimously approved the nominating committee's recommendations and elected Michael Comer as Chair, James Carroll as Vice Chair and James Gero as Secretary.

December 8, 2014. At the Board retreat, the Board members were presented the Ohio ethics training entitled "The Ohio Ethics Law." All Board members still needing the ethics training were present and completed the training. The Board discussed goals and issues for the coming calendar year.

December 9, 2014. Ken Bishop, CEO of NASBA and Walter Davenport, NASBA's Chair for 2014-2015 were in attendance to thank the Accountancy Board for their continued leadership national among state boards of accountancy and their involvement with NASBA. The Board discussed rules changes for most all the current rules under Chapter 4701. There were two (2) disciplinary hearings.

February 6, 2015. John Patterson, Executive Director, discussed the new rule changes concerning CPE tracking and the reporting of micro-learning. The OSCPA, NASBA and the AICPA were all involved in the discussion.

April 24, 2015. The Board welcomed new board member, Margaret (Maggie) A. Gilmore. The Peer Review Oversight Committee met prior to the scheduled meeting to discuss changing many of the Accountancy Board's rules as well as reviewing and updating the necessary five year rule review. The Executive committee met to approve travel approval prior to the scheduled board meeting as well. There were five (5) disciplinary hearings.

June 12, 2015. The Board discussed the budget for the past fiscal year as well as the upcoming fiscal year and that the allotted amount of appropriations were the same as the prior year. The board held seven (7) disciplinary hearings.



BOARD HEARING SUMMARY

Board Meeting			Type of Disciplinary Hearing					Board Sanctions		
Date	D. Hearings	R. Hearings	Firm	CPE	Complaint	Referral	Court	CPA-Rev.	Firm Rev.	Fine
July 11 2014	7	0	0	4	3	0	0	4	3	3
Sep 5 2014	3	2	1	0	0	0	1	2	0	0
Nov 7 2014	3	0	0	0	0	0	2	2	0	0
Dec 8 2014	2	0	1	0	0	0	1	2	0	0
Feb 6 2015	0	0	0	0	0	0	0	0	0	0
Apr 24 2015	5	0	4	0	1	0	0	1	4	4
Jun 12 2015	7	0	5	0	1	0	0	3	2	2
Totals	27	2	11	4	5	0	4	14	9	9

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

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.