



Accountancy Board of Ohio
Annual Report
Fiscal Year Ended June 30, 2013

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 *W. Michael Fritz, CPA*

It has been an honor to serve as a member of the Accountancy Board of Ohio for the past five years. This year it has been a privilege to serve as Chair.

The Board is responsible for protecting the public interest related to CPAs and CPA firms by performing investigations, monitoring individual licenses and firm registrations and verifying continuing education requirements. It issues permits, registrations and certificates to CPAs in Ohio. The Board oversees the CPA examination in Ohio. At the end of fiscal year 2013, there were 21,650 permit holders, 8,677 registration holders, 1,572 attest firms, and 1,605 tax/consulting firms registered with the Board. A total of 894 CPA certificates were issued.

The Accountancy Board of Ohio is recognized throughout the country for its effectiveness in enforcement and discipline of the rules and laws that govern CPAs and CPA firms. The Board's disciplinary manual is being used as a model for other states. This year there were 27 disciplinary hearings before the board and 17 individual and four firm registrations were revoked.

This past year, five rules received final approval. The most significant rule is OAC 4701-11-05 Form of practice and name. This rule is a first step in updating our rules in accordance with the UAA.

In order to be knowledgeable about current and future changes in the profession, it is important that Board members and staff interact with their counterparts at National Association of State Boards of Accountancy (NASBA) meetings. Several Board members serve on NASBA committees/boards.

Jim Carroll	Bylaws Committee
Bob Fay	CPE Committee
Mike Fritz	Global Strategies Committee, Great Lakes Regional Director
Maggie Houston	CPA Examination and Administration Committee
Jim Gero	Compliance Assurance Committee

Ohio participates in NASBA's Accountancy Licensing Database and its auxiliary service, CPAVerify. These tools enhance the enforcement of the state accountancy laws. In recent years the Board members and staff took a lead role in promoting the interstate mobility statute for CPAs. Today nearly every state has adopted mobility provisions.

The Ohio Society of CPAs serves as the Board's agent for the peer review process. The Board appreciates the excellent working relationship it has with the OSCPA.

This year \$294,234 of educational assistance grants were awarded to Ohio students completing the fifth year of study to be eligible to take the CPA exam.

The Board functions efficiently and effectively due to the fine work of a small but dedicated staff. In addition, the Board relies on legal guidance from the Ohio Attorney General's office. During this past year, our Executive Director Ron Rotaru and Assistant Executive Director, Robert Joseph, retired after 13 and 38, respectively, of distinguished service to the Board. John Patterson, who had served as our legal representative from the Attorney General's office was selected as our new Executive Director. Tracey Fithen was promoted as our new Assistant Executive Director and Jessie Dixon was named as our Investigations Supervisor. These new individuals have developed a strong framework that will serve the public interest for many years to come.

The nine-member Board, the staff and legal counsel take our responsibilities seriously and are proud to represent the CPA profession. I thank the Board members for their support this year.

With confidence I pass the gavel to the incoming Board Chair, Robert Fay.

Respectfully,

W. Michael Fritz, CPA

W. Michael Fritz, CPA

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



W. Michael Fritz, CPA

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

Vice Chair



Robert F. Fay, CPA

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

Secretary



Michael S. Comer, CPA

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

Past Chair



Margaret A. Houston, CPA

Term 1/8/2008—10/20/2014 (licensed since 1987)
Senior lecturer, Department of Accountancy
Wright State University, Dayton, Ohio.

Past Chair



Greta J. Russell, CPA

Term 11/17/2006—10/20/2013 (licensed since 1981)
Retired from The Ohio State University. She resides in Columbus, Ohio.

Member



James J. Carroll, CPA

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

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

Member



James D. Gottfried, CPA

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

Accountancy Board of Ohio
Standing Committees (2013)
W. Michael Fritz, Board Chair
(The Board Chair is an ex-officio member of all committees.)

Executive Committee

- W. Michael Fritz, Chair
- Robert Fay, Vice Chair
- Michael Comer, Secretary

Nominating Committee

- Margaret Houston, Chair
- Greta Russell
- James Gottfried

Education Assistance Committee

- Margaret Houston, Chair
- James Gero
- Greta Russell

Peer Review Oversight Committee

- James Gero, Chair
- Michael Comer
- James Gottfried

Disciplinary Advisory Committee

- Michael Comer, Chair
- Robert Fay
- Adriana Sfalcin

Licensing Committee

- James Carroll, Chair
- James Gero
- Michael Comer
- Jerry Esselstein (Past Board member)

Office Oversight Committee

- Greta Russell, Chair
- James Carroll
- Adriana Sfalcin

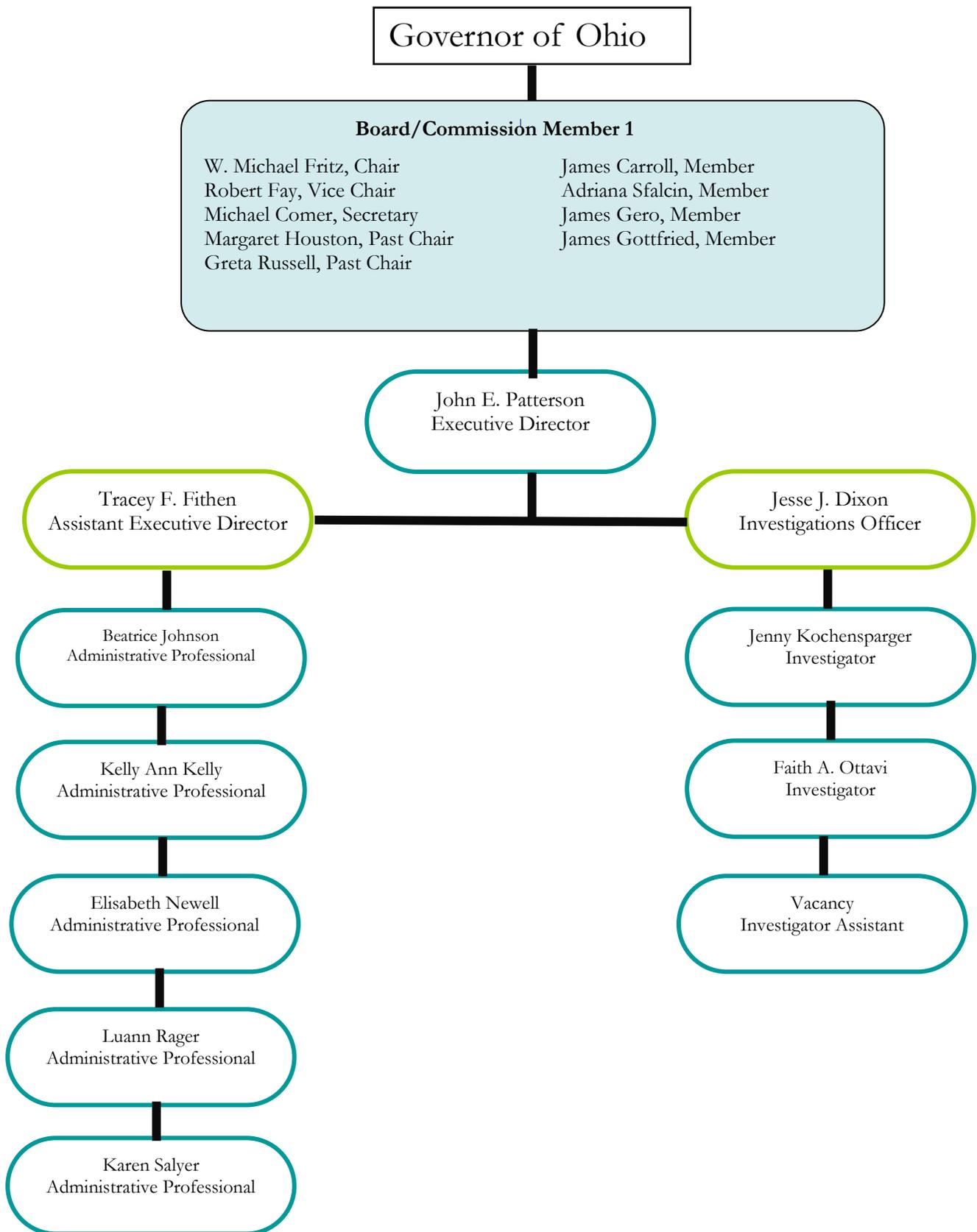
Finance and Audit Committee

- Robert Fay, Chair
- Michael Comer
- Greta Russell



Ken Bishop, CEO NASBA, John Patterson, Accountancy Board of Ohio's new Executive Director and Gaylen Hansen, NASBA chair 2012-2013.

Organizational Chart



Accountancy Board Staff As of June 30, 2013

EXECUTIVE OFFICE



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



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



Maggie Houston
Past Chair Award



Mark LaPlace
Service Award

OPERATIONS STAFF



Beatrice Johnson
Information
Secretary
(614) 466-4135



Kelly Ann Kelly
Firm Registration
(614) 752-8249



Elisabeth Newell
Education Assistance
Program
(614) 728-6764



Luann Rager
Revenue & Deposits
(614) 752-8248



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

ENFORCEMENT & DISCIPLINE



Jesse F. Dixon
Investigations Supervisor
(614) 728-3004



Jenny Kochensparger
Investigator
(614) 466-1660



Faith Ottavi
Investigator
(614) 752-2468

ATTORNEY GENERAL

Rachel Huston
General Counsel, Assistant State Attorney General

Licenses and Renewal Year Ended June 30

Since the Accountancy Board’s inception in 1908, a total of 50,459 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 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 99 registered PAs. The Board no longer registers new public accountants.

Total Active Ohio Permits

Year Ended June 30	CPA Permits	PA Permits	Total
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
2008	19,563	12	19,575
2007	19,140	18	19,158
2006	18,980	21	19,001
2005	18,766	26	18,792

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
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
2008	58	959	6,159	7,176	30	90	3,103	3,223	10,399
2007	60	872	5,990	6,922	46	96	3,757	3,899	10,821
2006	53	809	5,740	6,602	26	74	3,265	3,365	9,967
2005	51	825	5,829	6,705	47	75	3,669	3,791	10,496

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

Firm Registrations by Fiscal Year		
Year Ended June 30	Peer Review	Tax/Consulting
2013	494	525
2012	578	639
2011	509	469
2010	510	570
2009	694	601
2008	537	545
2007	584	574
2006	587	580

Ronald J. Rotaru and Robert D. Joseph, CPA.

Accountancy Board of Ohio retirees. Thank you for your years of service and we wish you both all the best in your retirement.



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)

Seth Goodowens, NASBA’s Ohio Coordinator and
John E. Patterson, Executive Director, Accountancy
Board of Ohio.



CANDIDATE PERFORMANCE

July-August 2012

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	705	349	49.5	73.86
BEC ²	503	318	63.2	75.7
FAR ³	648	353	54.5	72.6
Regulation	596	293	49.2	72.3
Total	2452	1313	53.5	***

October-November 2012

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	481	218	45.3	71.5
BEC ²	457	244	53.4	74.4
FAR ³	472	196	41.5	68.4
Regulation	501	227	45.3	70.3
Total	1911	885	46.3	***

January-February 2013

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	379	152	40.1	70.6
BEC ²	291	149	51.2	73.2
FAR ³	301	138	45.9	69.5
Regulation	340	157	46.2	71.4
Total	1311	596	45.5	***

April-May 2013

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	446	216	48.4	73.0
BEC ²	438	305	69.6	77.9
FAR ³	288	140	48.6	70.3
Regulation	331	151	45.6	70.2
Total	1503	812	54.0	***

Fiscal Year 2013 Totals

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	2011	973	48.4	73.0
BEC ²	1689	1176	69.6	77.9
FAR ³	1709	831	48.6	70.3
Regulation	1768	806	45.6	70.2
Total	7177	3786	52.7	***

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. Since its inception in 1996, grant payments total \$2,420,386.

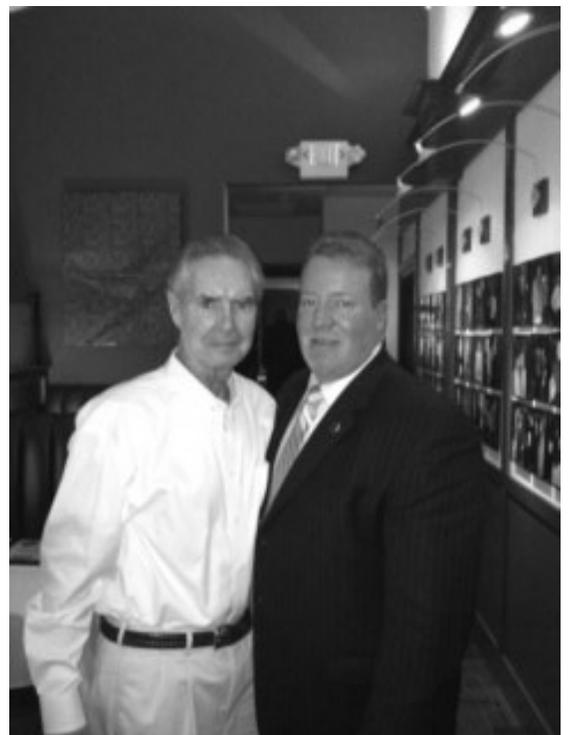
Education Assistance Grant Payments by Fiscal Year	
Year Ended June 30	
2013	\$294,234
2012	\$240,000
2011	\$210,000
2010	\$101,502
2009	\$116,137
2008	\$62,233

INVESTIGATIONS SUMMARY

The Board has two full-time investigators who examine complaints about unlicensed practice and firm registration. During the year, the investigators made 190 field calls.

At the beginning of the year, there were 3 cases. The 3 cases that are still open involve litigation. During the year 83 cases were opened, 48 closed and 38 remain open.

Ron Rotaru, Retiring Executive Director of the Accountancy Board with NASBA's, Tom Kenny, Director of Communications.



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

	2013	2012
REVENUE		
Operational Fees		
Individual License Fees	\$ 1,299,674	\$ 1,219,554
Firm License Fees	31,175	37,300
Certification Fees	28,040	28,540
Total Operational Fees	\$ 1,358,889	\$ 1,285,394
Other Fees		
Individual Late Fees	137,786	179,573
Firm Late Fees	15,930	18,810
Disciplinary Fees & Fines	27,890	23,950
Miscellaneous Income	0	1,023
Total Other Fees	\$ 181,606	\$ 223,356
Total Revenue	\$ 1,540,495	\$ 1,508,750
Office Expenditures		
Payroll	\$ 659,299	\$ 736,548
Building Rent	31,396	31,396
Central Service Agency	33,038	27,670
Online Renewal Fees	23,942	27,524
NASBA Dues and Travel	6,600	23,205
State IT Services	23,155	18,860
State Mail Service	16,321	18,356
Intrastate Agency Fees	-	17,004
Telecommunications	9,927	10,131
State Auditor Fees	447	6,062
Board Travel Expense	20,296	4,585
Office Supplies	5,197	4,147
Investigator Travel	2075	3,288
New Computer Equipment	-	2,433
Other Expenses	-	5,255
Total Office Expenditures	\$ 831,693	\$ 936,464
Educational Assistance	294,234	240,000
Total Expenditures	\$ 1,125,927	\$ 1,176,464
Excess of Revenue Over Expenditures	\$ 414,568	\$ 332,286

BOARD ACTIVITIES

During fiscal year 2013, there were seven 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 10 reinstatement hearings (see table on page 17).

November 2, 2012. At the annual meeting, the nominating committee recommended a slate of offers for the 2012-2013 Board term. The Board unanimously approved the nominating committee's recommendations and elected W. Michael Fritz as Chair, Robert Fay as Vice Chair and Michael Comer as Secretary.

Also, a new statute was presented to the regulatory/licensing boards in regards to human trafficking. The General Assembly strongly recommended that regulatory/licensing boards include continuing education in human trafficking if the licensees regulated encounter human trafficking victims in the regular course of their work.

December 10, 2012. 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 reviewed the Open Meetings Act and noted that a respondent may request the Board to deliberate on potential action resulting from a Board hearing.

Also, it was announced, that the Board's Executive Director, Ronald J. Rotaru and Assistant Director, Robert D. Joseph would be retiring as of December 31, 2012.

December 11, 2012. NASBA's CEO, Ken Bishop, Gaylen Hansen, NASBA's Chair for 2012-13, Dan Dustin, CPA, NASBA Vice President of State Board Relations and Thomas Kenny, Director of Communications, were in attendance to thank the Accountancy Board for their support and great involvement with NASBA. Everyone in attendance thanked Ronald Rotaru and Robert Joseph for their years of service and extended their best wishes in their retirement.

February 1, 2013. The Board congratulated and welcomed, John E. Patterson, as the new Executive Director of the Accountancy Board of Ohio. Mr. Patterson announced that, Tracey Fithen, would be joining him as the Board's new Assistant Executive Director. Also, welcomed to the Board was Mr. James Gottfried, as a board member.

April 26, 2013. The Board discussed changing many of the Accountancy Board's education assistance rules and reviewing and updating the necessary five year rule review. Mr. Patterson also announced the promotion of Jesse Dixon as the new Investigations Supervisor.

June 7, 2013. The Board introduced two new staff members to the Accountancy Board office, Beatrice Johnson, information secretary and Jenny Kochensparger, Investigator. Discussion is continuing on changing many of the education rules as well as reporting procedures.

September 6, 2013. The Board is currently reviewing all rules to better align with the Uniform Accountancy Act (UAA) standards and procedures. A board travel policy was also put into place as well as discussion of current issues and procedures regarding operations in the board office.

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 2012	2	1	0	1	1	0	0	0	2	0	1
Sep 2012	1	3	0	1	0	0	0	0	1	0	1
Nov 2012	2	1	0	1	1	0	0	1	2	0	1
Dec 2012	0	2	0	0	0	0	0	0	0	0	1
Feb 2013	2	1	0	0	0	0	0	2	2	0	1
Apr 2013	6	2	3	0	2	0	0	1	6	3	5
Jun 2013	4	0	1	0	0	0	1	2	4	1	0
Totals	17	10	4	3	4	0	1	6	17	4	10

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.