

CSI - Ohio

The Common Sense Initiative

Business Impact Analysis

Agency Name: Accountancy Board of Ohio

Regulation/Package Title: 4701-11-06 & 4701-13-11 Packet

Rule Number(s): 4701-11-06 & 4701-13-11

Date: 11-27-13

Rule Type:

New

5-Year Review

Amended

Rescinded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 4701-11-06 pertains to client records and the procedure for maintaining records and retaining client records.

77 SOUTH HIGH STREET | 30TH FLOOR | COLUMBUS, OHIO 43215-6117

CSIOhio@governor.ohio.gov

Rule 4701-13-11 pertains to the process of submitting peer review reports to this agency, which is part of the licensing procedure.

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

ORC 4701.03 is the statutory authority for 4701-11-06.

ORC 4701.04 is the statutory authority for rule 4701-13-11.

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.

No.

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 rules 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; reductions in the number of inquiries for clarification and 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 no change rules and the amended rules were provided to the Ohio Society of CPAs on November 2, 2012.

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

77 SOUTH HIGH STREET | 30TH FLOOR | COLUMBUS, OHIO 43215-6117

CSIOhio@governor.ohio.gov

This office did not receive any new comments from the Ohio Society of CPAs.

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 the rules, as the rules are 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?

No alternate regulations were suggested by the Ohio Society of CPAs.

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 rules 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 and 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

Non-compliance with the rules in this package could result in disciplinary action. With regards to 4701-13-11, the fee is minimal, and 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.

4701-13-11 mandates that those who perform attest service enroll in the program. The adverse impact is determined by substandard result, 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.

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?

77 SOUTH HIGH STREET | 30TH FLOOR | COLUMBUS, OHIO 43215-6117

CSIOhio@governor.ohio.gov

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.

Contact Information

John E. Patterson, Executive Director – Accountancy Board of Ohio

77 S. High Street, Suite 1802

614—995-0192 Direct Phone

John.e.patterson@acc.ohio.gov Email