

Accountancy Board of Ohio

Annual Report



*Fiscal Year Ended
June 30, 2017*

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, Senior 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 James P. Gero, CPA

It has been an honor to serve as the 75th Chair of the Accountancy Board of Ohio. Who would have thought, when I received my Ohio CPA license in October 1987, 30 years later I would be Chairing the Board that granted me that license?

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. All done with an underlying objective to serve the public interest.

During the past year we worked on many issues, including continuing education requirements for CPAs to return to practice. We also worked through the impact of implementation of the new CPA exam and continued to address audit quality and administration of peer review.

The Accountancy Board members have been national leaders in the CPA community. Members here have participated in many committees and in leadership of the National Association of State Boards of Accountancy (NASBA). The members have worked on many nationwide issues that affect the CPA profession. Additionally, I would like to congratulate a past Board Chair of Ohio, Theodore (Ted) Long, Jr., as NASBA's 2017-2018 Chair.

I want to especially thank the Board Members, Executive Director, Staff, and Legal Counsel for their support this past year.

With great confidence, I pass the gavel to the incoming Chair of the Board, Mr. James Gottfried, CPA.

Sincerely,

James P. Gero, CPA, Chair

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



James P. Gero, CPA

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

Vice Chair



James D. Gottfried, CPA

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

Secretary



Mike M. Guinigundo, CPA

Term 10/21/2013—10/20/2020 (licensed since 1997)
Owner, Guinigundo & Guinigundo CPAs Inc., Fairfield, Ohio.

Public 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



Margaret A. Gilmore, CPA

Term 2/09/2015—10/20/2021 (licensed since 1997)
Director, Tax Services, Clarus Partners, Columbus, Ohio
Adjunct Professor, Capital University

Member



Kenya Y. Watts, CPA

Term 1/14/2016—10/20/2022 (licensed since 2003)
Sr. Manager of General Ledger for XPO Logistics

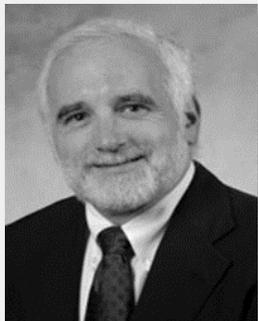
Member



James B. Redmond, CPA

Term 1/14/2016—10/20/2022 (licensed since 2009)
Audit Partner, Deloitte & Touche LLP

Member



Gerald P. Weinstein, CPA

Term 05/30/2017—10/20/2023 (licensed since 1977)
Professor of Accountancy & Department Chair,
John Carroll University

Member



John E. Soucie, CPA

Term 05/30/2017—10/20/2023 (licensed since 1984)
Managing Director, Grant Thornton LLP

**Accountancy Board of Ohio
Standing Committees 2017
James P. Gero, Board Chair**

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

Executive Committee

James Gero, Chair
James Gottfried, Vice Chair
Michael Guinigundo, Secretary

Nominating Committee

James Gero, Chair
Michael Guinigundo
John Soucie

Education Assistance Committee

Michael Guinigundo, Chair
Maggie Gilmore
Kenya Watts
Maggie Houston (Past Board Member)
Greta Russell (Past Board Member)

Peer Review Oversight Committee

James Gero, Chair
James Gottfried
James Redmond
John Soucie
W. Michael Fritz (Past Board Member)

Disciplinary Advisory Committee

James Gero, Chair
Adriana Sfalcin
James Redmond

Licensing Committee

Maggie Gilmore, Chair
James Gottfried
James Redmond
Gerald Weinstein
Jerry Esselstein (Past Board Member)

Office Oversight Committee

Adriana Sfalcin, Chair
Michael Guinigundo
Kenya Watts

Finance and Audit Committee

James Gottfried, Chair
James Gero
Maggie Gilmore
W. Michael Fritz (Past Board Member)



*James P. Gero, CPA
2017 Chair of the
Accountancy Board of Ohio*

ACCOUNTANCY BOARD OF OHIO



GOVERNOR'S OFFICE

Board/Commission Member 1 (62221)
 James Gero, PCN 20070604
 James Gottfried, PCN 20070609
 Adriana Sfalcin, PCN 20070605
 Michael Guinigundo, PCN 20070611
 Margaret Gilmore, PCN 20070603
 Kenya Watts, PCN 20070606
 James Redmond, PCN 20070610
 John Soucie, PCN 20070608
 Gerald Weinstein, PCN 20070607

John E. Patterson – Acc Bd Exec Dir
 (62131) PCN 20070621

Tracey F. Fithen – Program Admin 3
 (63123) PCN 20070623

Donna M. Oklok – Investigations Sup 1
 (26216) PCN 20070622

Charlene Nortey – Investigator
 (26211) - PCN 20070615

Faith Ottavi – Investigator
 (26211) - PCN 20070612

Kelly Kelly – Cert/Lic Secretary 2
 (16842) PCN 20070614

Elisabeth Kelley – Admin Prof 1
 (12551) PCN 2007613

Luann Rager – Admin Prof 1
 (12551) PCN 20070618

Karen Salyer – Cert/Lic Secretary 2
 (16842) PCN 20070617

Vacancy – Admin Prof 1 (12551)
 PCN 20070616

77 South High Street | Suite 1802 | Columbus, Ohio 43215-6108
 Telephone: 614.466.4135
 Website: <http://acc.ohio.gov>

*Accountancy Board Staff
As of June 30, 2017*

EXECUTIVE OFFICE



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



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



James J. Carroll
Past Chair Award



Service Award
Michael S. Comer
James J. Carroll

OPERATIONS STAFF



Kelly Ann Kelly
Firm Registration
(614) 752-8249



Elisabeth Kelley
Revenue/Education
Assistance Program



Luann Rager
Information Secretary
(614) 752-5075



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

ENFORCEMENT & COMPLIANCE



Donna Oklok
Investigations Supervisor
(614) 728-3004



Charlene Nortey
Investigator
(614) 466-1660



Faith Ottavi
Investigator
(614) 752-2468

OHIO ATTORNEY GENERAL

Rachel Huston
General Counsel, Senior Assistant State Attorney General

Licenses and Renewal Year Ended June 30, 2017

Since the Accountancy Board’s inception in 1908, a total of 54,147 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, with a minimum of 20 hours per year, 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 may use the designation “CPA Inactive.”

Between 1959 and 1993, a total of 6,842 Public Accountant (PA) registrations were issued. Currently there are 63 registered PAs. The Board no longer registers new public accountants.

Total Active Ohio Permits

Year Ended June 30	CPA Permits	PA Permits	Total
2017	22,705	9	22,714
2016	22,668	5	22,673
2015	21,604	6	21,609
2014	23,465	9	23,474
2013	21,636	14	21,650

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
2017	36	944	7,303	8,283	19	47	2,668	2,734	11,017
2016	55	914	7,210	8,179	17	49	2,825	2,891	11,070
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

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.



Firm Registrations by Fiscal Year		
Year Ended June 30	Peer Review	Tax/Consulting
2017	335	488
2016	473	612
2015	454	586
2014	468	455
2013	494	525

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 has been:

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.

GMAT

The candidate must also complete 30 accounting hours and 24 business hours.

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 has been 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 – (1000 S. Cleveland-Massillon Rd., Suite 104)
- Cincinnati – (11353 Reed Hartman Highway, Suite LL50)
- Cleveland – (10900 Euclid Avenue, Sears Building, Suite 440)
- Cleveland - Middleburg Heights (7261 Engle Road, Suite 203)
- Columbus-Worthington – (450 W. Wilson Bridge Rd., Suite 210)
- Dayton-Fairborn – (2600 Paramount Place, Suite 190)
- Mansfield—(625 Lexington Avenue, Suite 6)
- Mentor – (8880 Mentor Avenue)
- Toledo-Maumee (1745 Indian Wood Circle, Suite 110)
- Youngstown-Niles – (Square 1 Center, 950 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.



CANDIDATE PERFORMANCE

July-September 2016

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	571	274	47.6	72.9
BEC ²	500	315	62.2	75.5
FAR ³	582	297	50.9	71.2
Regulation	558	285	51.1	71.5
Total	2211	1171	53	72.8

October-December 2016

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	505	199	39.4	69.5
BEC ²	521	277	53.2	72.9
FAR ³	488	185	37.9	66.9
Regulation	504	221	44.1	69.5
Total	2018	882	43.7	69.7

January-March 2017

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	381	169	44.4	71.4
BEC ²	488	247	50.6	72.2
FAR ³	354	141	39.8	66.7
Regulation	425	178	41.9	69.4
Total	1648	735	44.2	69.9

April-June 2017

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	276	133	48.2	71.1
BEC ²	195	111	56.9	74.6
FAR ³	216	93	42.6	67.7
Regulation	247	116	46.6	69.2
Total	934	453	48.6	70.7

Fiscal Year 2017 Totals

SECTION	TAKING	PASSING	PASS %	SCORE ¹
Auditing	1733	775	44.7	71.2
BEC ²	1704	950	55.7	73.8
FAR ³	1640	716	43.6	68.1
Regulation	1734	800	46.1	69.9
Total	6811	3241	47.3	70.8

¹Average Score

²Business Environment and Concepts

³Financial Accounting and Reporting

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

Accountancy Board of Ohio Board Meeting
September 9, 2016
Held at University of Cincinnati



Thank you, University of Cincinnati



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	
2017	\$350,100
2016	\$316,601
2015	\$299,494
2014	\$222,088
2013	\$294,234

INVESTIGATIONS SUMMARY

The Board has two full-time investigators who examine complaints about unlicensed practice and firm registration. During the year, the investigators made 49 field calls.

At the beginning of the fiscal year, there were 38 open cases from the prior fiscal year, with two involving litigation. During the year 95 cases were opened, 73 closed and 22 remain open.



Accountancy Board of Ohio
Statement of Revenues and Expenditures
Fiscal Year Ended June 30, 2017

	2017	2016
REVENUE		
Operational Fees		
Individual License Fees	1,343,009	1,354,810
Firm License Fees	26,410	10,500
Certification Fees	33,740	30,180
Total Operational Fees	1,403,159	1,395,490
Other Fees		
Individual Late Fees	209,066	134,108
Firm Late Fees	16,890	19,710
Disciplinary Fees & Fines	32,218	44,000
Miscellaneous Income	456	170
Total Other Fees	258,630	197,988
Total Revenue	\$1,661,789	\$1,593,478
Office Expenditures		
Payroll	770,433	744,733
Building Rent	51,621	63,988
Central Service Agency	28,953	28,473
Online Renewal Fees	26,290	26,290
NASBA Dues and Travel	6,600	6,600
State IT Services	30,560	23,479
State Mail Service	5,322	9,123
Telecommunications	4,159	4,478
State Auditor Fees	1,378	--
Board Travel Expense	18,944	22,395
Office Supplies	3,200	3,069
Investigator Travel	300	936
New Computer Equipment	0	5,078
Other Expenses		
Total Office Expenditures	947,760	938,642
Educational Assistance	350,100	316,601
Total Expenditures	\$1,297,860	\$1,255,243
Excess of Revenue Over Expenditures	\$ 363,929	\$ 341,235

BOARD ACTIVITIES

During fiscal year 2017, there were seven Board meetings, which included 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 20 disciplinary hearings and seven reinstatement hearings (see table on page 18).

July 15, 2016. The board discussed rule changes and held seven disciplinary and two reinstatement hearings.



September 9, 2016. The meeting was held at Russell C. Myers Alumni Center on the University of Cincinnati campus. NASBA Executive Vice President and COO, Colleen Conrad presented information about changes to the CPA examination and testing statistics. Amy Bonacuse, Vice President of Communications and Marketing and Mandy Hohler, Manager of Student Engagement of the Ohio Society of CPAs (OSCPA) spoke about the benefits of professional membership. Six disciplinary hearings were held.

November 4, 2016. At the annual meeting, the nominating committee recommended a slate of offers for the 2016-2017 Board term. The Board unanimously approved the nominating committee's recommendations and elected James Gero as Chair, James Gottfried as Vice Chair and Michael Guinigundo as Secretary. Five disciplinary hearings and one reinstatement hearing were held.

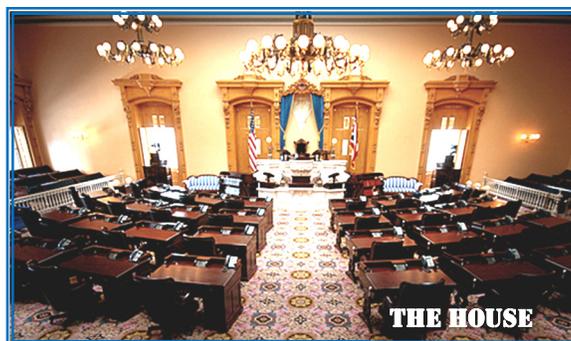
December 5, 2016. At the Board retreat, Mr. Patterson discussed the possibility of an increase to licensing fees to cover the board's operating costs. The CPE requirement for licensees returning to active status after five years was also examined, along with adding a specific subject matter requirement. The licensing committee discussed the 120 vs. 150 semester hour requirement for CPA exam eligibility in view of NASBA's position and whether additional data can be gathered to make a more informed decision.

December 6, 2016. Ken Bishop, NASBA CEO and Theodore Lodden, NASBA's Chair for 2016-17 were in attendance to thank the Accountancy Board for their hospitality and for leading the nation in accountancy regulation, mobility and involvement with NASBA. One disciplinary hearing and one reinstatement hearing were held.

February 10, 2017. Board committees were assigned and one reinstatement hearing was held.

April 28, 2017. The peer review oversight committee met, joined by Laura Hay of the OSCP to discuss the peer review process and AICPA peer review administration proposals. Draft rule changes were discussed, pending response from stakeholders. The Board approved the nomination of Mike Fritz as a Director-at-Large with NASBA. Two reinstatement hearings were held.

June 2, 2017. The Board discussed the budget for the upcoming fiscal year and the appropriations set. One disciplinary hearing was held.



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 2016	7	2	1	4		1		1	1		5
Sep 2016	6	0		4	1		1		4		2
Nov 2016	5	1	1	1			1	2	2		3
Dec 2016	1	1				1					1
Feb 2017	0	1									
Apr 2017	0	2									
Jun 2017	1	0	1								1
Totals	20	7	3	9	1	2	2	3	7	0	12

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 may total more than the total disciplinary hearings due to a CPA certificate and firm registration being revoked.



ACCOUNTANCY BOARD OF OHIO

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