

# CSI - Ohio

The Common Sense Initiative

## Business Impact Analysis

Agency Name: Accountancy Board of Ohio

Regulation/Package Title: 4701-3

Rule Number(s): 4701-3-01, -02, -03, -05, -06, -07, -09

Date: March 20, 2019

**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Rescinded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 4701-3-01 pertains to the defining of "Ohio resident" and residency requirements an applicant must have to be able to take the CPA examination or apply for an Ohio CPA certificate. It also pertains to the method of requesting the residence requirement be waived; the modification requires this request be made via an attested statement with supporting documentation.

Rule 4701-3-02 pertains to the approved academic credits and training needed to qualify to take the CPA examination. Modification removes an extra word.

Rule 4701-3-03 pertains to the specific accounting and business course requirements needed to qualify to take the CPA examination. Modification removes over-specific and repetitive language regarding subject matter requirements.

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Rule 4701-3-05 pertains to the evaluation of foreign credentials and education needed to qualify to take the CPA examination. Modification corrects the naming of the qualifying alternate examination for foreign applicants.

Rule 4701-3-06 is a new rule that pertains to the process by which a candidate applying to take the CPA examination may do so prior to meeting the educational requirements listed in ORC 4701.06 (Requirements for CPA certificate) and rule 4701-3-09.

Rule 4701-3-07 pertains to alternate means of meeting educational requirements to take the CPA examination. No changes.

Rule 4701-3-09 pertains to the education requirements that need to be met by a candidate to take the CPA examination. Modification specifies that the rule's requirements not restrict the process outlined in rule 4701-3-06.

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

ORC 4701.06 (Requirements for CPA certificate) is the statutory authority for this particular rule.

**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 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)?**

This rule informs the public (e.g., those considering public accounting as their profession) of the qualifications to be able to take the CPA examination as an Ohio candidate.

**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 future licensees. Candidates who are able to take the CPA examination under new rule 4701-3-06 and subsequently become Ohio CPAs will be a marker of the rule's intended success.

**Development of the Regulation**

**7. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.**

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*If applicable, please include the date and medium by which the stakeholders were initially contacted.*

Copies of the proposed no change/change/new rules were provided (via electronic mail) to the Ohio Society of Certified Public Accountants (OSCPA) on October 23, 2018, who provided input on November 26, 2018. All stakeholders were notified of the proposed no change/change/new rules on February 15, 2019, with any comments due by March 18, 2019.

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

The OSCPAs provided positive feedback regarding new rule 4701-3-06, with individual stakeholders making similar supportive comments.

**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 and Facebook page to educate and update licensees on its rules. The OSCPAs 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:**

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**a. Identify the scope of the impacted business community;**

This rule will impact those looking to complete the education requirements to sit for the CPA examination.

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

The Board requires the completion of 150 semester hours, with specific requirements in accounting and business subjects. Completing the education requirement requires applicants to complete a fifth year of college education. Many Ohio colleges and universities have implemented five-year accounting degree programs to help students meet these requirements and lessen costs (course guidance and streamlining).

**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.*

This rule will require applicants to cover the cost of an additional year of college education outside the traditional four year degree. The Board has set up an education fund to help offset that cost to those students who meet the financial requirements.

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

By maintaining these educational requirements, the Board is ensuring the ability of Ohio CPA exam candidates to successfully complete the CPA examination as quickly as possible, and become licensed as quickly as possible. Ohio credentials indicate compliance with recognized professional standards, and allow its candidates to obtain licensure in any substantially equivalent jurisdiction.

**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?**

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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.