

# CSI - Ohio

The Common Sense Initiative

## Business Impact Analysis

Agency Name: Accountancy Board of Ohio

Regulation/Package Title: 4701-5

Rule Number(s): 4701-5-01, -02, -03, -04, -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Rescinded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 4701-5-01 pertains to the defining of related terms used when describing the administration of the CPA examination. Modifications include an updated definition of “examination window,” based on changes made by the National Association of State Boards of Accounting (NASBA); “military;” “veteran;” and “service member.”

Rule 4701-5-02 pertains to the process of application to take the CPA examination.

Modifications include adding pre-defined terms from rule 4701-5-01, and correcting a misplaced phrase.

Rule 4701-5-03 pertains to the CPA examination subjects, modified to adapt to potential name changes by the American Institute of Certified Public Accountants (AICPA).

Rule 4701-5-04 pertains to the scheduling of the CPA examination. Modifications include adding pre-defined terms from rule 4701-5-01, removing unnecessary reference to rule 4701-

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5-01, and removing a section of the rule to comply with changes made by NASBA regarding examination scheduling.

Rule 4701-5-05 pertains to candidate conduct during the CPA examination. Modifications include adding pre-defined terms from rule 4701-5-01, and adding a provision whereby the Board may cancel any CPA examination score earned during the day misconduct is determined to have occurred.

Rule 4701-5-06 pertains to CPA examination scoring, the timeline to retain valid scores, and the process to request waivers and extensions of score timelines. Modifications include removing the word “uniform” and a grammatical correction.

Rule 4701-5-07 pertains to non-disclosure of CPA examination information and/or grades by the Board, and the means by which a score review may be requested by a CPA examination candidate. Modifications include removing the word “uniform” and grammatical corrections.

Rule 4701-5-09 pertains to the transfer of CPA examination scores from other states. Modifications include grammatical corrections and updating the phrase “former state” to “other state” to clarify meaning.

**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 chapter informs the public of the procedure to qualify to take the CPA examination, to complete the CPA examination, the conduct of a person taking the CPA examination, the treatment of scores earned on the CPA examination, and transferring of CPA examination scores from other states.

**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.

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## **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/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 input on wording and grammatical changes in 4701-5-01, -02, -05 and -09, which were incorporated into the proposed modifications.

**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.

- 9. 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.

- 10. 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.

- 11. 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.

- 12. 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.

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## **Adverse Impact to Business**

**13. 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;**

This rule will impact those looking to take the CPA examination, and those in the process of doing so.

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

Those looking to take the CPA examination must complete an application, and submit official transcripts for review prior to being deemed eligible to take the examination. CPA examination candidates are given a specific timeline (six examination windows, or approximately 18 months) to successfully complete all parts of the examination, and if they do not, the scores “expire” and that part must be re-taken.

**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.*

There are fees (paid to NASBA or AICPA) associated with applying to take the CPA examination, to take each section of the examination, to re-take any part of the examination which is deemed invalid, and to request a score review. There are costs paid to education institutions when transcripts are requested, and costs for travel to the testing center.

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

This rule ensures uniformity in testing environments for all candidates who take the CPA examination. It sets the requirements for future examination candidates and authorized agents to maintain consistent procedures and standards, thereby ensuring a uniform application and testing experience. Candidates who take the CPA examination in Ohio can transfer their examination scores to any substantially equivalent jurisdiction without question.

## **Regulatory Flexibility**

**15. 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.

**16. 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?**

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Paperwork violations are not applicable to this rules package.

**17. 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.