



Accountancy Board of Ohio



Annual Report

Fiscal Year Ended June 30, 2018



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 Chapter 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. Keith O’Korn, Principal 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 D. Gottfried, CPA

As outgoing Board Chair, I would like to provide a brief summary of some the actions, initiatives and accomplishments of the Board in 2017 and 2018.



At the end of the past fiscal year, there were 33,219 permit holders, 13,557 registration holders, 4,788 retired status, 1,285 attest firms, and 1,816 tax/consulting firms registered with the Board. A total of 837 CPA certificates were issued by the Board.

More than \$420,000 of educational assistance grants were issued by the Board in the past fiscal year. Students from eighteen Ohio colleges and universities were provided grants. Total educational grants continue to grow year to year and the Board attempts to expand the number of recipients to students at other schools.

We held our 2018 Annual College Day event at University of Akron. This Board initiative - as an outreach to students on, or thinking about the CPA path - continues to be a well-received event by the colleges and students across the State. Thanks go to NASBA and the OSCP for their continued participation in this annual event.

As with other Ohio Boards and Commissions, the Board has completed the transition to the new State eLicense system. The transition has gone smoothly for the vast number of license holders. For those that had questions or experienced difficulties, the Board staff was quick to remedy the situation. If you have any questions going forward, please contact the Board office.

The Board functions efficiently and effectively on a day-to-day basis due to the excellent work of the nine full time staff members. In addition, the Board relies on legal guidance and support from the Ohio Attorney General's office.

The nine member Board, the staff and legal counsel take our responsibilities seriously and are proud to represent the CPA profession within the State and on a national basis.

The Accountancy Board of Ohio is recognized throughout the country for its stakeholder outreach efforts, effectiveness in enforcement and discipline of the rules and laws that govern CPAs and CPA firms, and for the participation of Board members and staff in multi-state and national matters.

The Ohio Society of CPAs continues to serve as the Board's agent for the peer review process. The Board appreciates the excellent working relationship it has with the OSCP not only in the peer review process but also the valued input the Society provides on a variety of current and forward looking issues.

It has been an honor to serve as Chair of the Accountancy Board of Ohio. I thank the Board members and staff for their support this past year.

With confidence I pass the gavel to the incoming Board Chair, Michael M. Guinigundo, CPA.

Respectfully,

James D Gottfried, 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.

OFFICERS



James D. Gottfried, CPA
Chair

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



Mike M. Guinigundo, CPA
Vice Chair

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



Margaret A. Gilmore, CPA
Secretary

Term 2/09/2015—10/20/2021 (licensed since 1997)
Managing Director, BDO, Columbus, Ohio
Adjunct Professor, Capital University, Columbus, Ohio.



James P. Gero, CPA
Past Chair

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

ACCOUNTANCY BOARD OF OHIO MEMBERS

MEMBERS



Kenya Y. Watts, CPA

Term 1/14/2016—10/20/2022 (licensed since 2003)
Contract Consultant, Wendy's International,
Columbus, Ohio.



James B. Redmond, CPA

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



Gerald P. Weinstein, CPA

Term 05/30/2017—10/20/2023 (licensed since 1977)
Professor of Accountancy, John Carroll University,
University Heights, Ohio.



John E. Soucie, CPA

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



R. Scott Blake, MBA (Public Member)

Term 11/14/2017-10/20/2024
Financial Advisor, Northwestern Mutual, Columbus, Ohio.

ACCOUNTANCY BOARD OF OHIO

Standing Committees 2018

James D. Gottfried, Board Chair

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

Executive Committee

James Gottfried, Chair
Michael Guinigundo, Vice Chair
Maggie Gilmore, Secretary

Disciplinary Advisory Committee

James Redmond, Chair
John Soucie
R. Scott Blake

Nominating Committee

James Gottfried, Chair
John Soucie
Gerald Weinstein

Licensing Committee

Maggie Gilmore, Chair
James Redmond
Kenya Watts
Gerald Weinstein

Education Assistance Committee

Michael Guinigundo, Chair
Kenya Watts
Gerald Weinstein

Office Oversight Committee

Kenya Watts, Chair
James Gero
R. Scott Blake

Peer Review Oversight Committee

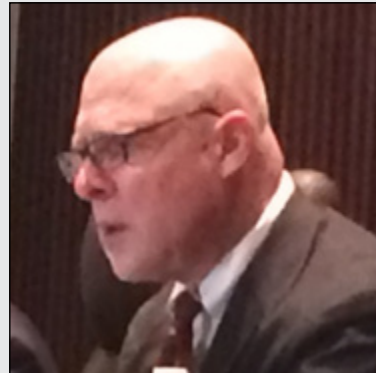
James Gero, Chair
James Redmond
John Soucie

Finance and Audit Committee

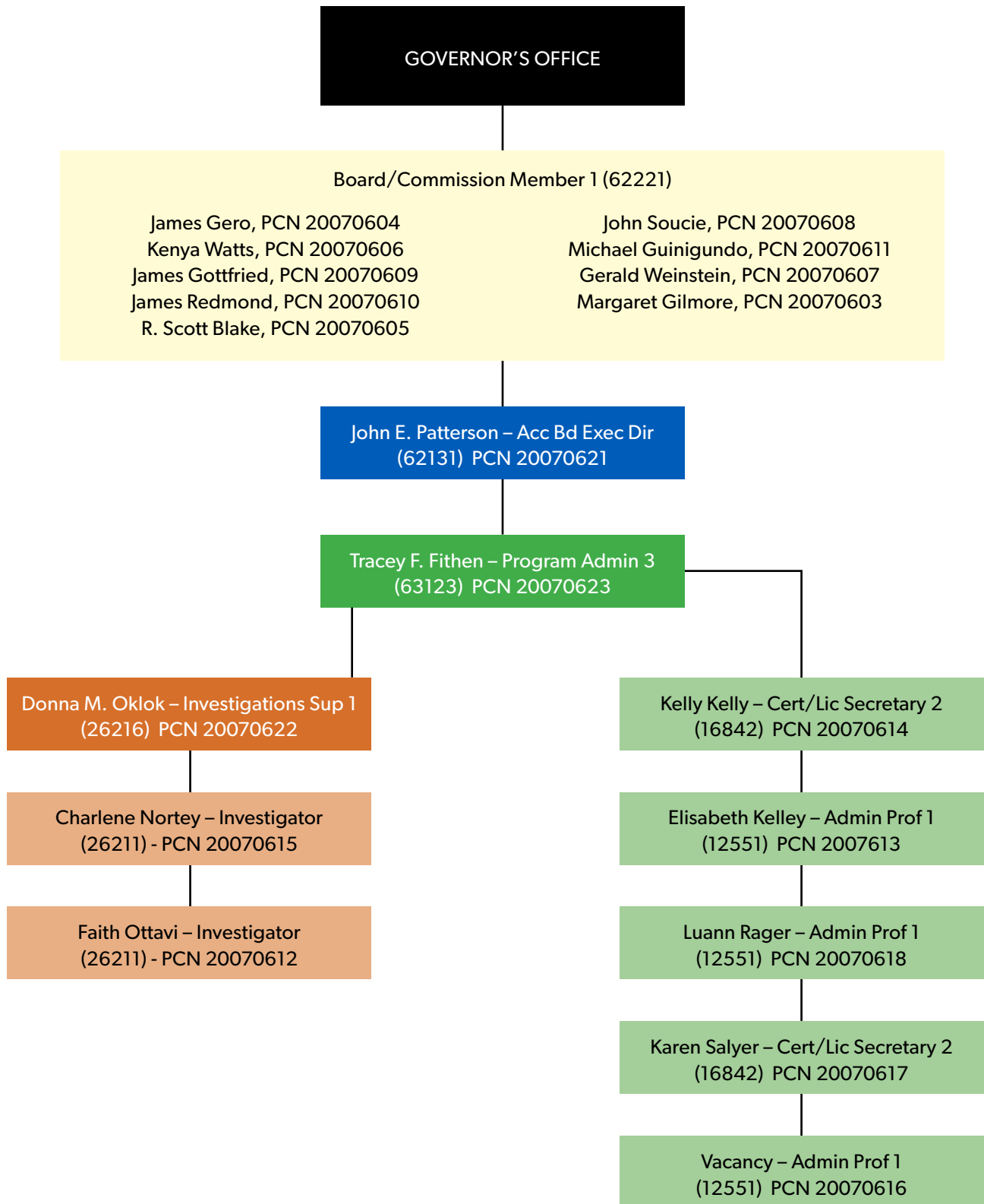
Michael Guinigundo, Chair
James Gero
Maggie Gilmore

James D. Gottfried, CPA

**2018 Chair of the
Accountancy Board of Ohio**



ACCOUNTANCY BOARD OF OHIO



ACCOUNTANCY BOARD OF OHIO

Accountancy Board Staff

Executive Office



John E. Patterson

Executive Director
(614) 995-0192



Tracey F. Fithen

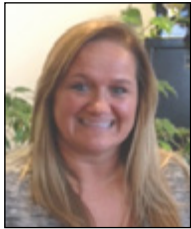
Assistant Executive Director
(614) 644-9037



James P. Gero

Immediate Past Chair

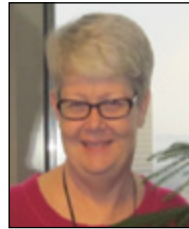
Operations Staff



Kelly Ann Kelly
Firm Registration
(614) 752-8249



Elisabeth Kelley
Revenue/Education
Assistance Program
(614) 728-6764



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

Keith O'Korn
General Counsel, Assistant State Attorney General

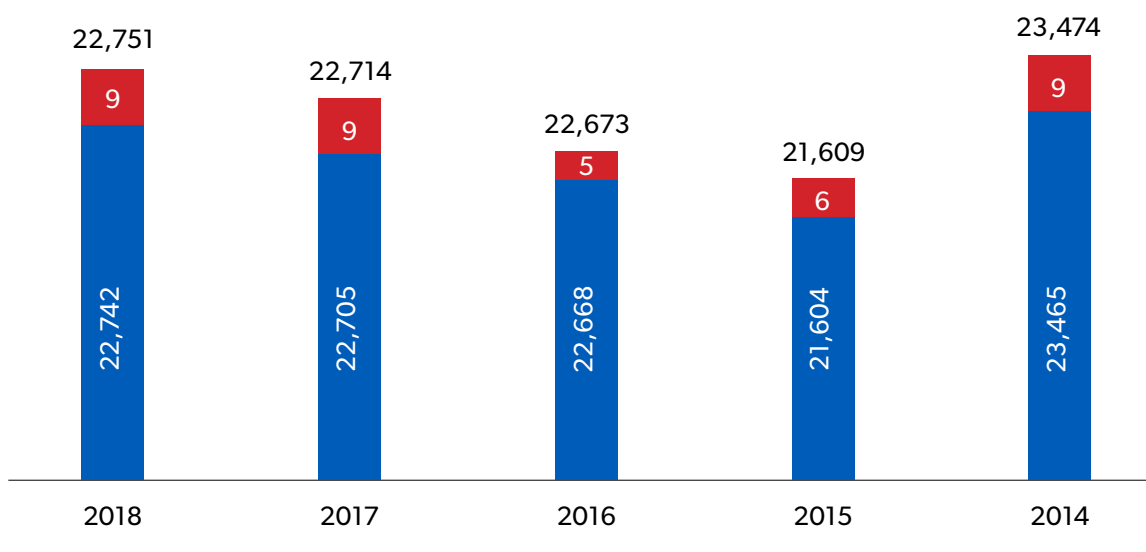
Licenses and Renewal

Year Ended June 30, 2018

Since the Accountancy Board's inception in 1908, a total of 54,619 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 61 registered PAs. The Board no longer registers new public accountants.

Total Active Ohio Permits



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
2018	60	827	6,922	7,805	44	72	2,622	2,738	10,543
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

Firm Registration and Peer Review

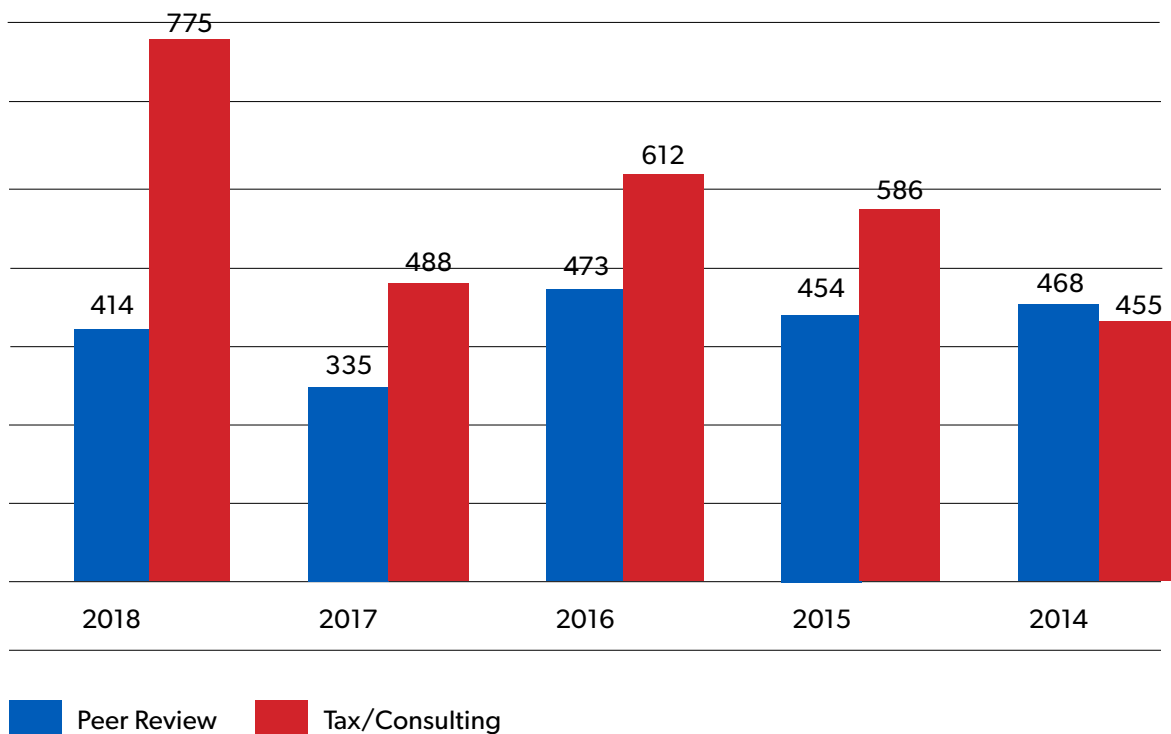
The State of Ohio requires all public accounting firms practicing in Ohio to register with the Board. In addition, firms that perform financial reporting services (attest firms) are required to undergo a comprehensive peer review every three years. The peer review program is designed to assess the quality 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



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 - 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 2017				
SECTION	TAKING	PASSING	PASS %	SCORE ¹
AUD	485	272	56.1	72.9
BEC ²	363	212	58.4	75.5
FAR ³	591	289	48.9	71.2
REG	440	222	50.5	71.5
Total	1879	995	53	71.9

October-December 2017				
SECTION	TAKING	PASSING	PASS %	SCORE ¹
AUD	427	209	49.0	72.2
BEC ²	355	212	59.7	76.1
FAR ³	412	171	41.5	67.3
REG	441	199	45.1	69.3
Total	1635	791	43.7	71.1

January-March 2018				
SECTION	TAKING	PASSING	PASS %	SCORE ¹
AUD	266	134	50.4	72.4
BEC ²	236	138	58.5	74.3
FAR ³	267	111	41.6	67.1
REG	257	107	41.6	69.0
Total	1026	490	47.8	70.6

April-June 2018				
SECTION	TAKING	PASSING	PASS %	SCORE ¹
AUD	286	148	51.8	71.4
BEC ²	209	126	60.3	76.6
FAR ³	263	107	40.7	68.5
REG	293	158	53.9	72.3
Total	1051	543	51.7	72.2

Fiscal Year 2018 Totals				
SECTION	TAKING	PASSING	PASS %	SCORE ¹
AUD	1462	763	52.1	72.2
BEC ²	1156	687	59.3	75.6
FAR ³	1530	678	44.3	68.5
REG	1427	686	48.0	70.5
Total	5577	2814	50.5	71.7

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 8, 2017

Held at Cleveland Botanical Gardens

Hosted by Case Western Reserve University



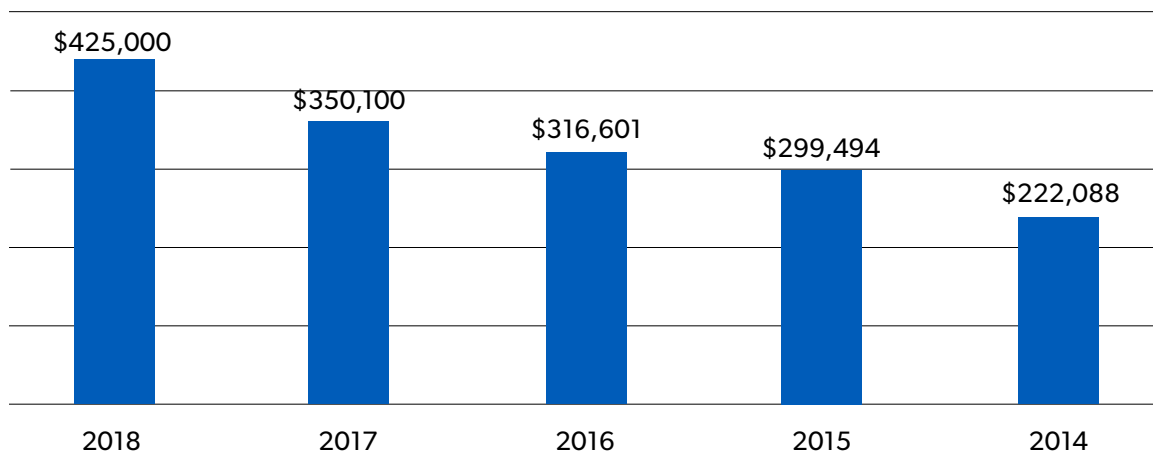
Thank you, Case Western Reserve University



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, who demonstrate financial need and intend to sit for the CPA exam.

Education Assistance Grant Payments by Fiscal Year *Year Ended June 30*



Investigations Summary

The Board has two full-time investigators who examine complaints about unlicensed practice and firm registration. During the year, the investigators made 34 field calls.

At the beginning of the fiscal year, there were 20 open cases from the prior fiscal year, with one involving litigation. During the year 115 cases were opened, 93 closed and 22 remain open.



Accountancy Board of Ohio

Statement of Revenues and Expenditures

Fiscal Year Ended June 30, 2018

	2018	2017
REVENUE		
Operational Fees		
Individual License Fees	1,276,545	1,343,009
Firm License Fees	82,898	26,410
Certification Fees	27,740	33,740
Total Operational Fees	\$ 1,387,183	\$ 1,403,159
OTHER FEES		
Individual Late Fees	137,375	209,066
Firm Late Fees	25,890	16,890
Disciplinary Fees & Fines	15,100	32,218
Miscellaneous Income	1,778	456
Total Other Fees	\$ 180,143	\$ 258,630
Total Revenue	\$ 1,567,326	\$ 1,661,789
OFFICE EXPENDITURES		
Payroll	822,794	770,433
Building Rent	68,828	68,828
Central Service Agency	23,154	28,953
Online Renewal Fees	6,520	26,290
NASBA Dues and Travel	6,600	6,600
State IT Services	21,524	30,560
State Mail Service	8,959	5,322
Telecommunications	4,896	4,159
State Auditor Fees	10,341	1,378
Board Travel Expense	22,285	18,944
Office Supplies	4,533	3,200
Investigator Travel	0	300
New Computer Equipment	0	0
Other Expenses	0	0
Total Office Expenditures	\$ 1,004,911	\$ 969,074
Educational Assistance	425,000	350,100
Total Expenditures	\$ 1,429,911	\$ 1,319,174
Excess of Revenue Over Expenditures	137,415	342,615

Board Activities

During fiscal year 2018, 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 22 disciplinary hearings and three reinstatement hearings (see table on page 18).

July 14, 2017. The board held a meeting of the executive committee and held four disciplinary hearings.



September 8, 2017. The meeting was held at the Cleveland Botanical Gardens, hosted by Case Western Reserve University. NASBA Executive Vice President and COO, Colleen Conrad presented information about changes to the CPA examination and testing statistics. Becky Hixen, Senior Manager of Student and Young Professional Outreach and Mandy Hohler, Manager of Student Engagement of the Ohio Society of CPAs (OSCPA) spoke about the benefits of professional membership. Two disciplinary hearings and one reinstatement hearing were held.

October 20, 2017. Students and instructors from local colleges were invited to attend the Board's annual meeting this day. Dan Dustin, Vice President of State Board Relations, NASBA, presented information about expectations in preparing for and taking the CPA Exam. The nominating committee recommended a slate of officers for the 2016-2017 Board term. The Board unanimously approved the nominating committee's recommendations and elected James Gottfried as Chair, Michael Guinigundo as Vice Chair and Maggie Gilmore as Secretary. Four disciplinary hearings were held.

December 4, 2017. At the Board retreat, Thomas Zaino, attorney at law spoke regarding the potential for personal liability for disciplinary actions taken by the Board pursuant to its statutes and rules. Robert Fay and Karen West spoke on behalf of the ACAP program.. Mr. Gero discussed confidentiality requirements in relation to NOCLAR. Mr. Patterson discussed the disposition of the education assistance fund and the Board voted to maintain allocations at the level budgeted.

December 5, 2017. Ken Bishop, NASBA CEO and Theodore Long, NASBA's Chair for 2017-18 were in attendance to thank the Accountancy Board for their hospitality and for leading the nation in accountancy regulation, mobility and involvement with NASBA. Five disciplinary hearings were held.

February 9, 2018. The Board was informed of the responses received to its proposed rule changes. Mr. Patterson addressed fee increases, and two disciplinary hearings were held.

April 27, 2018. 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, and tabled pending further study. Two disciplinary hearings and one reinstatement hearing were held.

June 1, 2018. The Board discussed the budget for the upcoming fiscal year and the appropriations set. Three disciplinary hearings were 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 2017	4	0		3				1	1		1
Sep 2017	3	1		2					1		1
Oct 2017	3	1		2			1				2
Dec 2017	5	0	1	1	1		1	1	4	1	1
Feb 2018	2	0	1					1	1		1
Apr 2018	2	1					1	1	2	1	
Jun 2018	3	0	1				1	1			1
Totals	22	3	3	8	1		4	5	9	2	7

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

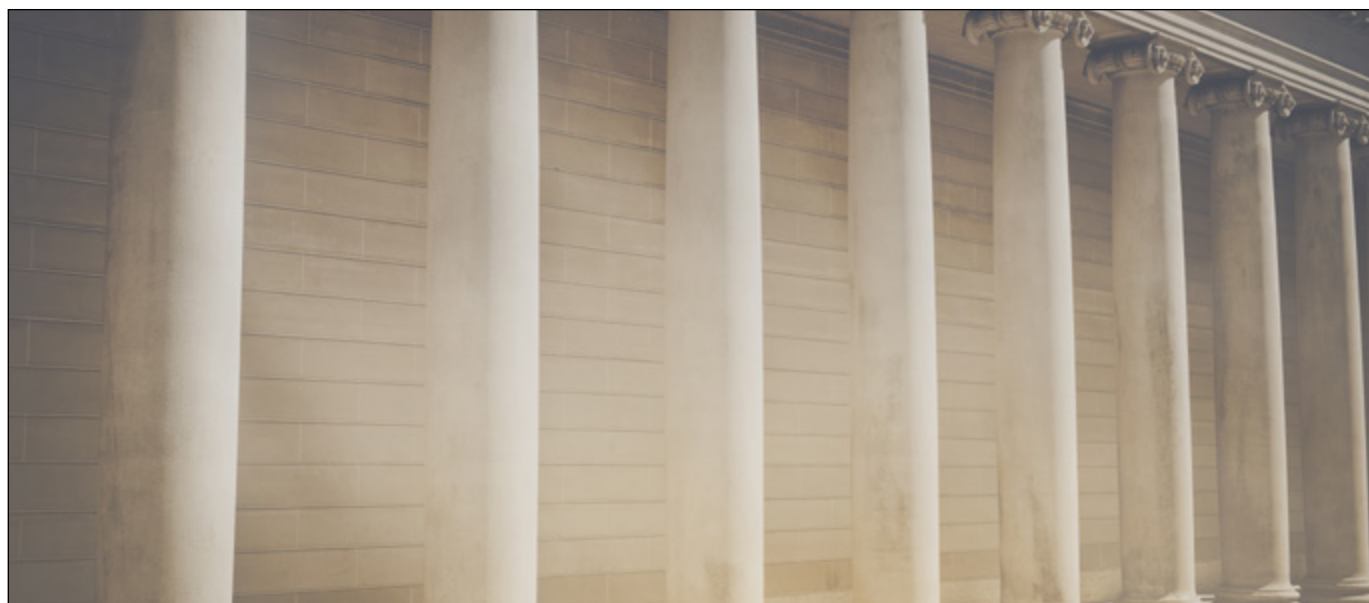
Court: Court conviction(s)

CPA-Rev: CPA certificate revoked

Firm-Rev: firm registration revoked

Fine: 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

77 South High Street
Suite 1802
Columbus Ohio 43215-6108

Phone: 614-466-4135
Web: www.acc.ohio.gov