

Greenbook
LBO Analysis of Enacted Budget
Accountancy Board

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LBO Greenbook

Accountancy Board

Quick look...

- The Accountancy Board (ACC) seeks to assure the provision of accounting services to Ohioans in an ethical and professional manner, by overseeing CPAs, PAs, and accounting firms in the state.
- ACC provides scholarships to low-income and minority students who commit to becoming CPAs.
- The Board consists of nine members appointed by the Governor with consent of the Senate.
- Overseen by an executive director, ACC employs nine, not including Board members.
- The agency's biennium budget is all non-GRF, from fees charged to accountants and firms.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund 4K90 ALI 889609, Operating Expenses					
\$975,635	\$980,203	\$1,050,575	\$1,088,787	\$1,236,965	\$1,291,139
% change	0.5%	7.2%	3.6%	13.6%	4.4%
Fund 4J80 ALI 889601, CPA Education Assistance					
\$316,601	\$345,235	\$425,000	\$465,202	\$525,000	\$525,000
% change	9.0%	23.1%	9.5%	12.9%	0.0%
Total funding, Dedicated Purpose Fund Group					
\$1,292,236	\$1,325,438	\$1,475,575	\$1,553,989	\$1,761,965	\$1,816,139
% change	2.6%	11.3%	5.3%	13.4%	3.1%

Agency overview

The Accountancy Board (ACC) licenses certified public accountants (CPAs) and public accountants (PAs). It seeks to ensure the professional competence and legal and ethical behavior of accountants serving Ohioans. The agency tests the knowledge of new accountants. Those who pass the examination and meet education and experience requirements are licensed, and must thereafter meet continuing education requirements. ACC registers public accounting firms, investigates violations of law and rules, and disciplines licensees. It also provides financial aid to needy students in the fifth year of college who intend to become CPAs.

The Board by statute has nine members appointed by the Governor with the advice and consent of the Senate, including eight CPAs and one member representing the public. Board members serve seven-year terms, are compensated on an hourly basis for work on Board business, and are reimbursed for expenses. Operations are overseen by an executive director and eight other staff members. Board operations are supported by fee revenue, not the GRF.

Analysis of enacted budget

Operations of the Board are paid from Fund 4K90 line item 889609, Operating Expenses. Scholarships for low-income and minority accounting students are paid from Fund 4J80 line item 889601, CPA Education Assistance. As a regulatory agency, the Board's largest expense is personnel costs, followed by the Board's CPA Education Assistance Scholarship Program. Remaining amounts pay for supplies and maintenance, and for purchased personal services.

A provision of the enacted budget provided that public accountants are not subject to professional discipline solely because they provide accounting services to marijuana licensees. This provision will have no effect on ACC revenues or expenses.

Operating revenues and expenses

The Board issues permits (active licenses) and registrations (inactive licenses) to CPAs and PAs, and registrations to public accounting firms, which are generally renewed on a triennial basis. The base individual license fee for CPAs and PAs was increased by the Board in October 2018 after being held unchanged since 1994, apart from surcharges to support the Board's CPA Education Assistance Scholarship Program. Three-year permits and registrations are the most commonly issued, and were increased \$30 for individuals. Two-year licenses are issued to new CPAs, and were increased \$20 for individuals. One-year permits and registrations are only issued in special circumstances. Fees for public accounting firm registrations were not changed.

Fee revenues collected by the Board are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90) established by H.B. 152 of the 120th General Assembly. Twenty-five occupational licensing and regulatory boards and commissions, including the Accountancy Board, use Fund 4K90 as their main operating fund into which receipts are deposited and from which expenses are paid. In FY 2018, ACC's revenues exceeded expenditures by \$137,415.

Fees for various permits and registrations administered by ACC are shown in Table 1. In addition, a fee of \$3.50 for each eLicense transaction is charged to help cover the Board's costs. The Accountancy Board began using eLicense Ohio in April 2018. Ohio's eLicense system is used for issuing and managing licenses by 25 state boards and commissions.

License Type	Fee
Individual three-year Ohio permit fee	\$180
Individual three-year Ohio registration fee	\$85
Individual two-year Ohio permit fee (newly licensed CPA)	\$120
Individual two-year Ohio registration fee (newly licensed CPA)	\$56
Public accounting firm initial registration fee	\$10
Public accounting firm three-year registration renewal fee	\$30

As with many other licensing boards and commissions, the Board obtains assistance from the Central Service Agency (CSA) within the Department of Administrative Services for various budgetary, fiscal, payroll, and human resource services. One of these is the eLicensing system. The Board paid \$23,154 in CSA charges for these services in FY 2018, 1.6% of its total expenses in that year.

According to the Board's FY 2018 annual report, as of June 30, 2018, 22,751 individuals held active Ohio permits issued by the Accountancy Board. An individual engaged in the practice of public accounting in Ohio is required to hold a permit. There were also 1,285 public accounting firms that perform financial reporting services and 1,816 tax/consulting firms registered in Ohio. From year to year, ACC's revenues consistently outpace expenses. The data shown in Table 2 are taken from various annual reports.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenue	\$1,540,495	\$1,564,967	\$1,501,194	\$1,593,478	\$1,661,789	\$1,567,326
Expenses	\$1,125,927	\$1,181,029	\$1,195,466	\$1,255,243	\$1,319,174	\$1,429,911
Net	\$414,568	\$383,938	\$305,728	\$338,235	\$342,615	\$137,415

Licenses and investigation and enforcement statistics

ACC's regulatory responsibility includes investigating complaints concerning alleged violations. The most frequent complaints include unethical conduct, unlicensed practice, firms operating without being registered, and retention of client records. According to the Board's FY 2018 annual report, a total of 115 cases were opened during the year and 93 cases were closed. As of June 30, 2018, 22 cases remained open.

If a licensee or firm fails to renew a license, the Board sends its investigators on a field call to determine if an individual or firm is practicing without a license. If so, violators may be referred to county or city prosecutors. Investigators made 34 field calls in FY 2018.

CPA Education Assistance

Appropriation item 889601, CPA Education Assistance, funds the Board's scholarship program, which provides scholarships to low-income and minority students in their fifth year of accounting study required for the CPA certificate. To be awarded funding, applicants are required by administrative rule to certify that they will take the CPA examination within two years of the final scholarship grant payment. The program is supported by a \$10 per year license surcharge. Amounts of the scholarships vary by each applicant's financial need.