

Accountancy Board of Ohio

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- Enacted budget of \$1.28 million per year for FY 2006 and FY 2007
- Licensed and registered over 29,000 certified public accountants and public accountants in FY 2004

OVERVIEW

Duties and Responsibilities

The mission of the Accountancy Board of Ohio is to assure that the services received by Ohioans from Public Accountants (PAs) and Certified Public Accountants (CPAs) will be performed in an ethical, competent, and professional manner and in accordance with all appropriate laws and standards. The Board determines the level of knowledge of all applicants through means of an examination. Those who pass the examination are then licensed and regulated by the Board. The Board mandates a program of continuing education for its licensees.

Agency in Brief

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Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
12	\$1.28 million	\$1.28 million	\$0	\$0	Am. Sub. H.B. 66

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

4K9 Fund

The Accountancy Board is funded by Fund 4K9, which is a fund in the General Services Fund group that serves as a repository for license fees and other assessments collected by the state's occupational licensing and regulatory boards. The 4K9 Fund allows the agencies that it funds the ability to maintain operations during years where licenses are not renewed and revenue is much lower. However, the philosophy of the 4K9 fund is that each board must generate enough revenue to cover their expenses. Yet, it is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

Licensure

The Accountancy Board handles the administrative work for roughly 29,000 public accountant and certified public accountant licenses. The Board renews its licenses triennially with \$3.47 million in revenue versus \$3.22 million in expenditures over the three-year period from FY 2002 to FY 2004. This has resulted in a net gain of \$248,099 to the 4K9 fund in that span. The Accountancy Board's enacted budget appropriates a total of \$1.28 million in FY 2006 and 1.28 million in FY 2007, representing flat funding for the biennium.

Board Consolidation

The executive budget recommended that 27 occupational licensing and regulatory boards be consolidated into the departments of Health, Commerce, and Public Safety. The enacted budget excluded the Accountancy Board (and six other boards) from the recommendation and thus exempts the Board from the consolidation's provisions. It is uncertain what the impact of the board consolidation will be on costs for the boards that were exempted. However, it is likely that the boards will be able to absorb any potential increase within existing resources.

Increased Enforcement Power

The passage of the federal Sarbanes-Oxley Act of 2002 concerning corporate and accounting responsibilities has had little effect on the Accountancy Board to this point. The bill gives the Board added enforcement powers, but it is slowly being implemented as accounting firms have up to a year to begin complying with the laws. However, the Accountancy Board is now named as an appropriate state regulatory authority for purposes of sharing Public Company Accounting Oversight Board (PCAOB) investigative information. The Board also continues to experience an increased workload resulting from the added enforcement provisions of S.B 200 of the 122nd General Assembly, which redefined the practice of public accounting, added to the Board's registration requirements, and added sanctions for the violation of these regulations. As a result of these changes, the Board continues to experience an increasing number of disciplinary hearings.

Vetoed Provisions

The Governor did not veto any provisions affecting the Accountancy Board.

ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Accountancy Board is considered a single program series agency and its activities are not subdivided into separate programs.

Program Series 1

Operating Expenses

Purpose: Tests, licenses, and regulates the individuals and firms who practice accounting in this state.

The following table shows the line items that are used to fund the Ohio Accountancy Board as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
4J8	889-601	CPA Education Assistance	\$209,510	\$209,510
4K9	889-609	Operating Expenses	\$1,069,776	\$1,069,776
General Services Fund Subtotal			\$1,279,286	\$1,279,286
Total Funding: Accountancy Board of Ohio			\$1,279,286	\$1,279,286

The Accountancy Board operates two programs:

- **Operating Expenses**
- **Educational Assistance**

Operating Expenses

Program Description: (R.C. Chapter 4701.) The Accountancy Board of Ohio tests, licenses, and regulates individuals and firms who practice accounting in this state to ensure that the services being provided are ethical and professional in manner and in accordance with all appropriate laws and standards.

Funding Source: GSF Fund 4K9

Implication of the Enacted Budget: The Accountancy Board received funding of \$1.28 million in FY 2006 and \$1.28 million in FY 2007. The enacted funding for the biennium should allow the Board to maintain FY 2005 service levels.

Educational Assistance

Program Description: (R.C. section 4701.26) In August 1992, the Ohio General Assembly enacted legislation that raised the basic educational requirements that individuals must meet to become licensed as CPAs. The CPA Education Assistance Program was established to reduce the burden of the increased education requirement to low income students. The first scholarships were awarded in January 1998 and will continue through future **bienniums**. The Board awards funding in two tiers: tier one grants are awarded to minority students and tier two grants are awarded directly to Ohio colleges.

Funding Sources: GSF Fund 4J8; surcharge on license renewals are deposited into Fund 4K9; money is transferred quarterly to Fund 4J8 to fund this program

Implication of the Enacted Budget: The enacted budget fully funds the Accountancy Board's CPA Education Assistance program for FY 2006 and FY 2007. The CPA Educational Assistance Scholarship currently comprises 17% of the Accountancy Board's total budget. The Fund continues to provide educational assistance to qualified candidates. Previously a shortage of qualified candidates existed, limiting the funds that could be disbursed for the scholarship program. However, the Board states that there has been a marked increase in the number of applicants as a result of colleges more effectively advertising the availability of these scholarships.