



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Carrie Kuruc, Director

Business Impact Analysis

Agency, Board, or Commission Name: Accountancy Board of Ohio

Rule Contact Name and Contact Information:

Donna Oklok 614-728-3004

Regulation/Package Title (a general description of the rules' substantive content):

Passing score; conditional credit

Rule Number(s): 4701-5-01, 4701-5-06

Date of Submission for CSI Review: 02/21/2020

Public Comment Period End Date: 03/14/2020

Rule Type/Number of Rules:

☐ New/___ rules

☐ No Change/___ rules (FYR? __)

× Amended/ 1 rules (FYR? N)

☐ Rescinded/___ rules (FYR? __)

The Common Sense Initiative is established in R.C. 107.61 to eliminate excessive and duplicative rules and regulations that stand in the way of job creation. Under the Common Sense Initiative, agencies must balance the critical objectives of regulations that have an adverse impact on business with the costs of compliance by the regulated parties. Agencies should promote transparency, responsiveness, predictability, and flexibility while developing regulations that are fair and easy to follow. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

77 SOUTH HIGH STREET | 30TH FLOOR | COLUMBUS, OHIO 43215-6117

CSIPublicComments@governor.ohio.gov

Reason for Submission

1. R.C. 106.03 and 106.031 require agencies, when reviewing a rule, to determine whether the rule has an adverse impact on businesses as defined by R.C. 107.52. If the agency determines that it does, it must complete a business impact analysis and submit the rules for CSI review.

Which adverse impact(s) to businesses has the agency determined the rule(s) create?

The rule:

- _____ a. Requires a license, permit, or any other prior authorization to engage in or operate a line of business.
- _____ b. Imposes a criminal penalty, a civil penalty, or another sanction, or creates a cause of action for failure to comply with its terms.
- _____ c. Requires specific expenditures or the report of information as a condition of compliance.
- _____ d. Is likely to directly reduce the revenue or increase the expenses of the lines of business to which it will apply or applies.

Regulatory Intent

2. Please briefly describe the draft regulation in plain language.

Please include the key provisions of the regulation as well as any proposed amendments.

Rule 4701-5-06 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 term “examination windows” from both 4701-5-01 and 4701-5-06; and in 4701-5-06 clarifying the amount of time allotted for completion of the CPA examination once the first section has been awarded conditional credit.

3. Please list the Ohio statute(s) that authorize the agency, board or commission to adopt the rule(s) and the statute(s) that amplify that authority.

4701.06 (Requirements for CPA certificate) is the statutory authority for these rules.

77 SOUTH HIGH STREET | 30TH FLOOR | COLUMBUS, OHIO 43215-6117

CSIPublicComments@governor.ohio.gov

4. **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.

These rules do not implement a federal requirement.

5. **If the regulation includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.**

Not applicable to these rules.

6. **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)?**

Rule 4701-5-06 provides information to the public regarding what is considered a passing score on the CPA examination, the timeline for completion of all sections of the examination, and the circumstances under which an extension of time to complete the CPA exam may be granted.

7. **How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?**

Candidates who take the CPA examination under rule 4701-5-06 and subsequently become Ohio CPAs will be a marker of the rule's intended success.

8. **Are any of the proposed rules contained in this rule package being submitted pursuant to R.C. 101.352, 101.353, 106.032, 121.93, or 121.931?**

If yes, please specify the rule number(s), the specific R.C. section requiring this submission, and a detailed explanation.

No.

Development of the Regulation

9. **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.

The Board heard from the National Association of State Boards of Accounting (NASBA) regarding the need to modify this rule in line with their upcoming changes to the availability of the CPA examination.

77 SOUTH HIGH STREET | 30TH FLOOR | COLUMBUS, OHIO 43215-6117

CSIPublicComments@governor.ohio.gov

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

NASBA notified the Board of its intention to offer the CPA examination on a continuous basis, eliminating the need for “examination windows” as a term in rules 4701-5-01 and 4701-5-06.

11. 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 these rules.

12. 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?

At this time, there are no alternative regulations (or specific provisions within the regulations) to be considered.

13. 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 rules in this package to be performance based.

14. 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.

15. 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 OSCP 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

16. 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; and

Rule 4701-5-06 impacts those looking to sit for the CPA examination.

77 SOUTH HIGH STREET | 30TH FLOOR | COLUMBUS, OHIO 43215-6117

CSIPublicComments@governor.ohio.gov

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

Those to wish to sit for the CPA examination must apply for the exam and pay an application fee and testing fee.

- 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 is no quantifiable adverse impact. The intent of this rule (via NASBA’s updated processes) is to lessen adverse impact by eliminating the amount of time between when a candidate sits for the CPA exam, the release of the exam scores, and subsequent testing/re-testing.

17. 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

18. 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.

19. 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.

20. 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.

77 SOUTH HIGH STREET | 30TH FLOOR | COLUMBUS, OHIO 43215-6117

CSIPublicComments@governor.ohio.gov