

LSC Greenbook

Analysis of the Enacted Budget

Accountancy Board

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TABLE OF CONTENTS

OVERVIEW	1
Appropriation Overview	1
Fee Revenues and Fund 4K90	2
ANALYSIS OF ENACTED BUDGET	3
Operating Expenses (889609)	3
Licenses	3
Investigation and Enforcement	3
CPA Education Assistance (889601)	3

ATTACHMENT:

Budget Spreadsheet By Line Item

Accountancy Board

- Funding of just under \$1.4 million in each fiscal year
- Provides oversight for CPAs, PAs, and accounting firms in the state

OVERVIEW

The Accountancy Board (ACC) protects the public interest by requiring that all persons who desire to become Certified Public Accountants (CPAs) meet specific qualifications for entry into the profession and that CPAs and Public Accountants (PAs) maintain competence after they are licensed. The Board's mission 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." The Board determines the level of knowledge of all applicants by a computer-based examination. Those who pass the examination and satisfy education and experience requirements are then licensed. They must thereafter meet continuing education requirements in order to remain licensed. The Board also registers public accounting firms.

The Board's governing authority consists of nine members appointed by the Governor, including eight CPAs who must meet certain qualifications and one member representing the public. Board members receive a per diem in an amount fixed by state law as well as reimbursement for actual and necessary expenses. Day-to-day operations are managed by an executive director and nine additional staff members. The Board receives no funding from the GRF. Its operations are completely supported by fee revenue.

Appropriation Overview

The budget appropriates \$1.38 million in FY 2016 and \$1.40 million in FY 2017. This represents a 14.4% increase from the expenditures in FY 2015 to FY 2016 and a 1.6% increase from FY 2016 to FY 2017.

Fund Group	FY 2015*	FY 2016	% change, FY 2015-FY 2016	FY 2017	% change, FY 2016-FY 2017
Dedicated Purpose	\$1,204,381	\$1,377,714	14.4%	\$1,399,173	1.6%
TOTAL	\$1,204,381	\$1,377,714	14.4%	\$1,399,173	1.6%

*FY 2015 figures represent actual expenditures.

Fee Revenues and Fund 4K90

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 has not increased since 1991. The only increases in fees have been surcharges to support the Board's CPA Education Assistance Scholarship Program. Three-year permits and registrations are the most commonly issued. Two-year licenses are issued to new CPAs. One-year permits and registrations are only issued in special circumstances.

Fee revenues collected by the Board are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Twenty-six 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. Although this is a common funding pool, each licensing board or commission is expected to generate enough revenues to cover expenses. Three-year license renewals account for the bulk of revenue and are staggered, ensuring a regular cash flow from year to year.

ANALYSIS OF ENACTED BUDGET

ACC's budget includes two appropriation line items from the Dedicated Purpose Fund Group. The table below shows the funding for each of these line items.

Appropriations for the Accountancy Board				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
4J80	889601	CPA Education Assistance	\$325,000	\$325,000
4K90	889609	Operating Expenses	\$1,052,714	\$1,074,173
Dedicated Purpose Fund Group Subtotal			\$1,377,714	\$1,399,173
Total Funding: Accountancy Board			\$1,377,714	\$1,399,173

Operating Expenses (889609)

This line item funds the Accountancy Board's operating expenses. It is supported by license fees and other assessments deposited in Fund 4K90. The recommended appropriations – \$1.05 million in FY 2016 and \$1.07 million in FY 2017 – represent a 16.3% increase from FY 2015 to FY 2016 and a 2.0% increase from FY 2016 to FY 2017.

Licenses

An individual engaged in the practice of public accounting in Ohio is required to hold a permit. Persons with a CPA or PA designation who are not engaged in the practice of public accounting may obtain a registration. All new licenses issued to individuals are CPA certificates; no new PA licenses have been issued since 1993. Currently, virtually all individuals and firms update their licenses online.

Investigation and Enforcement

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. 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. To aid enforcement, ACC investigators prepare packets for local prosecutors with the relevant information on each case, helping prosecutors to follow up with charges.

CPA Education Assistance (889601)

This line item funds the CPA Education Assistance 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, or reimburse the Board. The budget appropriates \$325,000 in each fiscal year for this program, an increase of 8.5% over expenditures in FY 2015. The program is supported by a \$10 per year license surcharge. The amount of each scholarship varies by the applicant's financial need.

ACC.docx/jc

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
Report For Main Operating Appropriations Bill			Version: As Enacted					
ACC Accountancy Board of Ohio								
4J80	889601	CPA Education Assistance	\$ 222,088	\$ 299,494	\$ 325,000	8.52%	\$ 325,000	0.00%
4K90	889609	Operating Expenses	\$ 979,388	\$ 904,887	\$ 1,052,714	16.34%	\$ 1,074,173	2.04%
Dedicated Purpose Fund Group Total			\$ 1,201,476	\$ 1,204,381	\$ 1,377,714	14.39%	\$ 1,399,173	1.56%
Accountancy Board of Ohio Total			\$ 1,201,476	\$ 1,204,381	\$ 1,377,714	14.39%	\$ 1,399,173	1.56%