



Ohio Revised Code Section 4701.04 Registration.

Effective: September 30, 2025

Legislation: House Bill 96

(A) No public accounting firm located in this state shall engage in the practice of public accounting in this state unless it registers with the accountancy board and pays a registration fee set by the board.

(B) Public accounting firms shall apply for initial registration within ninety days after formation or within ninety days after the commencement of practicing public accounting in this state. All public accounting firms shall renew their registration triennially. All public accounting firms shall submit with their initial and renewal registration applications all of the following:

- (1) A list of the names, addresses, and certificate or registration numbers of all individuals who hold an Ohio permit and who own an equity interest or shares in the public accounting firm or are employed by the public accounting firm;
- (2) A list of the names and addresses of each person who does not hold an Ohio permit or a foreign certificate and who owns an equity interest or shares in the public accounting firm if the person's principal place of business is located in this state;
- (3) A statement that the public accounting firm and each person who owns an equity interest or shares in the public accounting firm or is employed by the public accounting firm and who does not hold an Ohio permit or a foreign certificate is in compliance with divisions (C) and (D) of this section.

(C) A public accounting firm shall satisfy all of the following requirements in order to register:

- (1) Except as provided in division (C)(7) of this section, more than fifty per cent of the total equity interest or shares in the public accounting firm shall be owned by individuals who hold an Ohio permit or a foreign certificate.



(2) If a public accounting firm has a board of directors, more than fifty per cent of the directors shall hold an Ohio permit or a foreign certificate.

(3) If a public accounting firm has an employee stock ownership plan, more than fifty per cent of the trustees of the employee stock ownership plan shall hold an Ohio permit or a foreign certificate.

(4) The public accounting firm shall designate an individual who holds an Ohio permit who shall be responsible for the proper registration of the firm. The public accounting firm shall identify this individual to the board.

(5) Each individual in a public accounting firm who signs any attest report issued from an office of the public accounting firm located in this state shall hold an Ohio permit.

(6) An individual who owns an equity interest or shares in the public accounting firm or is employed by the public accounting firm and who holds an Ohio permit or a foreign certificate, or a qualified firm that owns an equity interest or shares in the public accounting firm, shall assume ultimate responsibility for any attest report issued from an office of the public accounting firm located in this state.

(7) Any person who does not hold an Ohio permit or a foreign certificate and who holds an equity interest or shares in the public accounting firm shall satisfy the conditions set forth in division (D) of this section.

(8) The public accounting firm shall provide for the transfer of the equity interest or shares owned by persons who do not hold an Ohio permit or a foreign certificate to either the public accounting firm or to another person who owns an equity interest or shares in the firm if a person who does not hold an Ohio permit or a foreign certificate withdraws from or ceases to be employed by the public accounting firm. The public accounting firm may make payments in connection with the person's withdrawal from the firm to that person or, if that person is deceased or dissolved, to the person's estate or successor in interest.

(D) A person who does not hold an Ohio permit or a foreign certificate may own an equity interest or shares in a public accounting firm if all of the following conditions are met:



- (1) All of the individuals who hold an Ohio permit or a foreign certificate and who own equity interests or shares in the public accounting firm, and qualified firms that own equity interests or shares in the public accounting firm, own, in the aggregate, a majority of the equity interests or shares in the public accounting firm and control the public accounting firm.
- (2) The person does not assume or use any titles or designations specified in division (A) of section 4701.14 of the Revised Code. The person may designate or refer to the person as a shareholder, partner, member, principal, owner, or officer of the public accounting firm and also may use any other title that the board authorizes by rule.
- (3) The person is not in violation of any standard regarding the character or conduct of that person that the board establishes by rule.
- (4) The person's participation in the business of the public accounting firm is the person's principal occupation and consists of providing services to or on behalf of the public accounting firm, and the person is not functioning solely or predominately as a passive investor in the public accounting firm.
- (5) The person meets or exceeds the continuing education requirements that the board establishes by rule.
- (6) A person who holds a professional license, registration, or certification issued by this state or another state complies with the requirements of that license, registration, or certification.
- (7) The person abides by the code of conduct of the American institute of certified public accountants or a comparable code of professional conduct that the board adopts by rule.
- (8) The person complies with all applicable provisions of this chapter and the rules adopted by the board.
- (E) A person who owns a voting equity interest or shares in a public accounting firm may not delegate, by proxy or otherwise, the duty to exercise any voting rights to a person that does not hold an Ohio permit or a foreign certificate or to a person that is not a qualified firm.



(F) As a condition for initial or renewal registration of a public accounting firm on and after January 1, 1993, the board, by rule, shall require that each public accounting firm undergo a peer review to determine the public accounting firm's degree of compliance in the practice of public accounting with generally accepted accounting principles, generally accepted auditing standards, and other generally accepted technical standards as defined by the board in rule, unless the public accounting firm meets one of the exceptions in division (J) of this section.

(G) The board shall adopt rules establishing guidelines for peer reviews, and may authorize an agent to administer all or part of the board's peer review program and to assess a reasonable fee to firms to cover the costs incurred by the agent for program administration. The rules shall do all of the following:

(1) Designate a peer review committee consisting of accounting professionals to serve as advisors to the board and to ensure that the board's guidelines are followed.

(2) Require that the peer review be conducted by a reviewer that is both independent of the public accounting firm reviewed and qualified pursuant to board rules;

(3) Require that the standards and practices applied by the reviewer be at least as stringent as those applied by the American institute of certified public accountants;

(4) Prohibit the use or disclosure of information obtained by members of the board or a committee of peer reviewers during or in connection with the peer review process for purposes other than those related to determining the degree of compliance by the public accounting firm with generally accepted accounting principles, generally accepted auditing standards, and other generally accepted technical standards as defined by the board in rule. Division (G)(4) of this section does not apply to the use or disclosure of information that is described in division (K)(3) of this section or that is necessary to comply with any provision of law.

(H)(1) If a peer review report indicates that a public accounting firm does not comply with standards and practices set forth in the rules adopted by the board, the board, in its discretion, may review the results of the peer review report. If the board, or its authorized peer review program administrator,



determines that the public accounting firm does not comply with the standards and practices, it may require both of the following:

(a) Remedial action, which may include any of the following:

(i) Requiring employees of the public accounting firm to complete general or specific continuing professional education courses;

(ii) Requiring the public accounting firm to undergo peer review more frequently than triennially and peer review that is conducted in whole or part under the direct supervision of the board or its designee;

(iii) Any other remedial action specified by the board.

(b) An affidavit and supporting documentation from the public accounting firm submitted within the time specified by the board indicating completion of required remedial actions.

(2) If the board, or its authorized peer review program administrator, determines that a public accounting firm has not complied with any requirement ordered under division (H) of this section, or if the board determines, after the review of a peer review report, that the public accounting firm has a history of noncompliance with standards and practices set forth in board rules, the board may hold a hearing to determine the extent of the firm's noncompliance. If the board, after conducting the hearing, determines that the public accounting firm does not comply with appropriate standards and practices, the board may issue an order that imposes any disciplinary measure set forth in division (B) of section 4701.16 of the Revised Code.

(3) Notwithstanding divisions (K)(1) and (2) of this section, all matters relating to the procedures for determining compliance with the standards and practices under division (H)(2) of this section are subject to Chapter 119. of the Revised Code, including the notice and conduct of any hearing and the issuance and appeal of any order. Remedial orders made under division (H)(1) of this section are not subject to Chapter 119. of the Revised Code.

(I) The public accounting firm reviewed shall pay for any peer review performed.



(J) The board may exempt a public accounting firm from the requirement to undergo a peer review if the public accounting firm submits to the board a written and notarized statement that the public accounting firm meets at least one of the following grounds for exemption identified in the statement:

(1) Within three years of the date of application for initial or renewal registration, the public accounting firm has completed a peer review acceptable to the board and conducted pursuant to standards not less stringent than the peer review standards promulgated by the American institute of certified public accountants. A peer review that does not comply with standards and practices set forth in the rules adopted by the board and that may subject a public accounting firm to remedial or disciplinary action pursuant to division (H) of this section, does not qualify as an acceptable peer review. The public accounting firm shall submit to the board a copy of the results of the peer review and any additional documentation required by the board. The board shall not require submittal of the working papers related to the peer review process.

(2) Within three years of the date of application for initial or renewal registration, the public accounting firm has completed a peer review acceptable to the board that was conducted in another state or foreign country. The public accounting firm shall submit to the board a copy of the results of the peer review and any additional documentation required by the board, including a detailed report of the procedures and standards applied by the reviewer.

(3) The public accounting firm has never practiced public accounting in this state or any other state or foreign country, will complete a peer review acceptable to the board within eighteen months of initial registration, and will review its registration with the board two years after initial registration as specified in rules the board adopts.

(4) The public accounting firm, on a schedule as required by rule adopted by the board, submits a report to the board that states all of the following:

(a) The public accounting firm does not undertake any engagement that will result in the issuance of an attest report or other engagement that is subject to peer review in accordance with division (F) of this section.



(b) The public accounting firm agrees to notify the board within ninety days after accepting any engagement that will result in the issuance of any attest report or other engagement that is subject to peer review in accordance with division (F) of this section and will complete a peer review acceptable to the board within one year after the acceptance of an engagement of that nature.

(5) Subject to the board's approval and for good cause as defined in rules the board adopts, the public accounting firm is entitled to an exemption.

(K) In any civil action, arbitration, or administrative proceeding involving a public accounting firm, all of the following shall apply:

(1) The proceedings, records, and work papers of any reviewer, including board members and review committee members, involved in the peer review process are privileged and not subject to discovery, subpoena, or other means of legal process and may not be introduced into evidence.

(2) No reviewer, including board members and review committee members, involved in the peer review process shall be permitted or required to testify as to any matters produced, presented, disclosed, or discussed during or in connection with the peer review process or shall be required to testify to any finding, recommendation, evaluation, opinion, or other actions of those committees or their members.

(3) No privilege exists under this section for either of the following:

(a) Information presented or considered in the peer review process that was otherwise available to the public;

(b) Materials prepared in connection with a particular engagement merely because they subsequently are presented or considered as part of the peer review process.

(L)(1) If a peer review report indicates that a public accounting firm complies with standards and practices set forth in rules adopted by the board, the board shall destroy all documents and reports related to the peer review within thirty days after the board completes its review of the report.



(2) If a peer review report indicates that a public accounting firm does not comply with those standards and practices set forth in rules adopted by the board, the board shall retain all documents and reports related to the peer review until completion of the next peer review that complies with standards and practices set forth in rules adopted by the board pursuant to division (G) of this section. The board also may use these documents to determine a history of noncompliance with standards and practices in any proceeding held under division (H)(2) of this section.