

AN ACT concerning regulation.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Public Accounting Act is amended by changing Sections 8.05, 14.2, 14.4, 16, and 17.1 as follows:

(225 ILCS 450/8.05)

(Section scheduled to be repealed on January 1, 2024)

Sec. 8.05. Accountancy activities.

(a) Accountancy activities are services performed by a CPA, including:

(1) signing, affixing, or associating the names used by a person or CPA firm to any report expressing an assurance on a financial statement or disclaiming an opinion on a financial statement based on an audit or examination of that statement or to express assurance on a financial statement;

(2) other attestation engagements not otherwise defined in paragraph (1); or

(3) offering to perform or performing one or more types of the following services involving the use of professional skills or competencies: accounting, management, financial or consulting services, compilations, internal audit, preparation of tax returns, furnishing advice on tax

matters, bookkeeping, or representations of taxpayers; this includes the teaching of any of these areas at the college or university level.

(b) If offering or performing accountancy activities using the CPA title set forth in paragraphs (1), (2), and (3) of subsection (a) of this Section, then:

(1) the activities identified in paragraph (1) of subsection (a) may only be performed by licensed CPAs;

(2) the activities identified in paragraph (2) of subsection (a) may only be performed by licensed or registered CPAs; and

(3) the activities identified in paragraph (3) of subsection (a) are not restricted to licensed or registered CPAs, subject to the provisions of Section 9 ~~9.02~~ of this Act.

(Source: P.A. 98-254, eff. 8-9-13.)

(225 ILCS 450/14.2)

(Section scheduled to be repealed on January 1, 2024)

Sec. 14.2. Licensure by endorsement.

(a) The Department shall issue a license as a licensed CPA to any applicant who holds a current, valid, and unrevoked license as a certified public accountant issued from another state with equivalent educational requirements and examination standards, applies to the Department on forms supplied by the Department, and pays the required fee, provided:

(1) the individual applicant is determined by the Department to possess qualifications substantially equivalent to this State's current licensing requirements;

(2) at the time the applicant received his or her license, the applicant possessed qualifications substantially equivalent to the qualifications for licensure then in effect in this State; or

(3) the applicant has, after passing the examination upon which his or her license to practice was based, not less than 4 years of experience as outlined in Section 14 of this Act within the 10 years immediately before the application.

(b) In determining the substantial equivalency of any state's requirements to Illinois' requirements, the Department may rely on the determinations of the National Qualification Appraisal Service of the National Association of State Boards of Accountancy or such other qualification appraisal service as it deems appropriate.

(c) Applicants have 3 years from the date of application to complete the application process. If the process has not been completed in 3 years, the application shall be denied, the fee shall be forfeited, and the applicant must reapply and meet the requirements in effect at the time of reapplication.

(d) Any individual who is the holder of a current, valid, and not previously disciplined license as a certified public accountant of any state and has applied in writing to the

Department in form and substance satisfactory to the Department for a license as a licensed CPA may perform accountancy activities as set forth in Section 8.05 until the earlier of the following dates:

(1) the expiration of 6 months after filing the written application; or

(2) the denial of the application by the Department.

Any individual performing accountancy activities under this subsection (d) shall be subject to discipline in the same manner as an individual licensed under this Act.

(Source: P.A. 98-254, eff. 8-9-13.)

(225 ILCS 450/14.4)

(Section scheduled to be repealed on January 1, 2024)

Sec. 14.4. Qualifications for licensure as a CPA firm. The Department may license as licensed CPA firms individuals or entities meeting the following requirements:

(1) A majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, or members, ~~or~~ belongs to persons licensed or registered in some state. All partners, officers, shareholders, or members, whose principal place of business is in this State and who have overall responsibility for accountancy activities in this State, as defined in paragraph (1) of subsection (a) of Section 8.05 of this Act, must hold a valid license as a licensed

CPA issued by this State. An individual exercising the practice privilege afforded under Section 5.2 who performs services for which a firm license is required under subsection (d) of Section 5.2 shall not be required to obtain an individual license under this Act.

(2) All owners of the CPA firm, whether licensed as a licensed CPA or not, shall be active participants in the CPA firm or its affiliated entities and shall comply with the rules adopted under this Act.

(3) It shall be lawful for a nonprofit cooperative association engaged in rendering an auditing and accounting service to its members only to continue to render that service provided that the rendering of auditing and accounting service by the cooperative association shall at all times be under the control and supervision of licensed CPAs.

(4) An individual who supervises services for which a license is required under paragraph (1) of subsection (a) of Section 8.05 of this Act, who signs or authorizes another to sign any report for which a license is required under paragraph (1) of subsection (a) of Section 8.05 of this Act, or who supervises services for which a CPA firm license is required under subsection (d) of Section 5.2 of this Act shall hold a valid, active licensed CPA license from this State or another state considered to be substantially equivalent under paragraph (1) of subsection

(a) of Section 5.2.

(5) The CPA firm shall designate to the Department in writing an individual licensed as a licensed CPA under this Act or, in the case of a firm that must have a CPA firm license pursuant to subsection (b) of Section 13 of this Act, a licensee of another state who meets the requirements set out in paragraph (1) or (2) of subsection (a) of Section 5.2 of this Act, who shall be responsible for the proper licensure of the CPA firm.

(Source: P.A. 98-254, eff. 8-9-13.)

(225 ILCS 450/16) (from Ch. 111, par. 5517)

(Section scheduled to be repealed on January 1, 2024)

Sec. 16. Expiration and renewal of licenses; renewal of registration; continuing education; peer review.

(a) The expiration date and renewal period for each license or registration issued under this Act shall be set by rule.

(b) Every holder of a license or registration under this Act may renew such license or registration before the expiration date upon payment of the required renewal fee as set by rule.

(c) Every application for renewal of a license by a licensed CPA who has been licensed under this Act for 3 years or more shall be accompanied or supported by any evidence the Department shall prescribe, in satisfaction of completing, each 3 years, not less than 120 hours of continuing

professional education as prescribed by Department rules. Of the 120 hours, not less than 4 hours shall be courses covering the subject of professional ethics. All continuing education sponsors applying to the Department for registration shall be required to submit an initial nonrefundable application fee set by Department rule. Each registered continuing education sponsor shall be required to pay an annual renewal fee set by Department rule. Publicly supported colleges, universities, and governmental agencies located in Illinois are exempt from payment of any fees required for continuing education sponsor registration. Failure by a continuing education sponsor to be licensed or pay the fees prescribed in this Act, or to comply with the rules and regulations established by the Department under this Section regarding requirements for continuing education courses or sponsors, shall constitute grounds for revocation or denial of renewal of the sponsor's registration.

(d) Licensed CPAs are exempt from the continuing professional education requirement for the first renewal period following the original issuance of the license.

Failure by an applicant for renewal of a license as a licensed CPA to furnish the evidence shall constitute grounds for disciplinary action, unless the Department in its discretion shall determine the failure to have been due to reasonable cause. The Department, in its discretion, may renew a license despite failure to furnish evidence of satisfaction of requirements of continuing education upon condition that the

applicant follow a particular program or schedule of continuing education. In issuing rules and individual orders in respect of requirements of continuing education, the Department in its discretion may, among other things, use and rely upon guidelines and pronouncements of recognized educational and professional associations; may prescribe rules for the content, duration, and organization of courses; shall take into account the accessibility to applicants of such continuing education as it may require, and any impediments to interstate practice of public accounting that may result from differences in requirements in other states; and may provide for relaxation or suspension of requirements in regard to applicants who certify that they do not intend to engage in the performance of accountancy activities, and for instances of individual hardship.

The Department shall establish by rule a means for the verification of completion of the continuing education required by this Section. This verification may be accomplished through audits of records maintained by licensees; by requiring the filing of continuing education certificates with the Department; or by other means established by the Department.

The Department may establish, by rule, guidelines for acceptance of continuing education on behalf of licensed CPAs taking continuing education courses in other jurisdictions.

(e) For renewals on and after July 1, 2012, as a condition for granting a renewal license to CPA firms and sole

practitioners who perform accountancy activities outlined in paragraph (1) of subsection (a) of Section 8.05 under this Act, the Department shall require that the CPA firm or sole practitioner satisfactorily complete a peer review during the immediately preceding 3-year period, accepted by a Peer Review Administrator in accordance with established standards for performing and reporting on peer reviews, unless the CPA firm or sole practitioner is exempted under the provisions of subsection (i) of this Section. A CPA firm or sole practitioner shall, at the request of the Department, submit to the Department a letter from the Peer Review Administrator stating the date on which the peer review was satisfactorily completed.

A new CPA firm or sole practitioner shall not be required to comply with the peer review requirements for the first license renewal. A CPA firm or sole practitioner shall undergo its first peer review during the first full renewal cycle after it is granted its initial license.

The requirements of this subsection (e) shall not apply to any person providing services requiring a license under this Act to the extent that such services are provided in the capacity of an employee of the Office of the Auditor General or to a nonprofit cooperative association engaged in the rendering of licensed service to its members only under paragraph (3) of Section 14.4 of this Act or any of its employees to the extent that such services are provided in the capacity of an employee of the association.

(f) The Department shall approve only Peer Review Administrators that the Department finds comply with established standards for performing and reporting on peer reviews. The Department may adopt rules establishing guidelines for peer reviews, which shall do all of the following:

(1) Require that a peer review be conducted by a reviewer that is independent of the CPA firm reviewed and approved by the Peer Review Administrator under established standards.

(2) Other than in the peer review process, prohibit the use or public disclosure of information obtained by the reviewer, the Peer Review Administrator, or the Department during or in connection with the peer review process. The requirement that information not be publicly disclosed shall not apply to a hearing before the Department that the CPA firm or sole practitioner requests be public or to the information described in paragraph (3) of subsection (i) of this Section.

(g) If a CPA firm or sole practitioner fails to satisfactorily complete a peer review as required by subsection (e) of this Section or does not comply with any remedial actions determined necessary by the Peer Review Administrator, the Peer Review Administrator shall notify the Department of the failure and shall submit a record with specific references to the rule, statutory provision, professional standards, or

other applicable authority upon which the Peer Review Administrator made its determination and the specific actions taken or failed to be taken by the licensee that in the opinion of the Peer Review Administrator constitutes a failure to comply. The Department may at its discretion or shall upon submission of a written application by the CPA firm or sole practitioner hold a hearing under Section 20.1 of this Act to determine whether the CPA firm or sole practitioner has complied with subsection (e) of this Section. The hearing shall be confidential and shall not be open to the public unless requested by the CPA firm or sole practitioner.

(h) The CPA firm or sole practitioner reviewed shall pay for any peer review performed. The Peer Review Administrator may charge a fee to each firm and sole practitioner sufficient to cover costs of administering the peer review program.

(i) A CPA firm or sole practitioner shall not be required to comply with the peer review requirements if:

(1) Within 3 years before the date of application for renewal licensure, the sole practitioner or CPA firm has undergone a peer review conducted in another state or foreign jurisdiction that meets the requirements of paragraphs (1) and (2) of subsection (f) of this Section. The sole practitioner or CPA firm shall, at the request of the Department, submit to the Department a letter from the organization administering the most recent peer review stating the date on which the peer review was completed; or

(2) Within 2 years before the date of application for renewal licensure, the sole practitioner or CPA firm satisfies all of the following conditions:

(A) has not accepted or performed any accountancy activities outlined in paragraph (1) of subsection (a) of Section 8.05 of this Act; and

(B) the firm or sole practitioner agrees to notify the Peer Review Administrator within 30 days of accepting an engagement for services requiring a license under this Act and to undergo a peer review within 18 months after the end of the period covered by the engagement; or

(3) For reasons of personal health, military service, or other good cause, the Department determines that the sole practitioner or firm is entitled to an exemption, which may be granted for a period of time not to exceed 12 months.

(j) If a peer review report indicates that a CPA firm or sole practitioner complies with the appropriate professional standards and practices set forth in the rules of the Department and no further remedial action is required, the Peer Review Administrator shall, after issuance of the final letter of acceptance, destroy all working papers and documents related to the peer review, other than report-related documents and documents evidencing completion of remedial actions, if any, in accordance with rules established by the Department.

(k) (Blank).

(Source: P.A. 98-254, eff. 8-9-13.)

(225 ILCS 450/17.1) (from Ch. 111, par. 5518.1)

(Section scheduled to be repealed on January 1, 2024)

Sec. 17.1. Restoration.

(a) Any registered CPA who has permitted his or her registration to expire or who has had his or her registration on inactive status may have his or her registration restored by making application to the Department and filing proof acceptable to the Department as defined by rule of his or her fitness to have his or her registration restored, which may include sworn evidence certifying to active practice in another jurisdiction satisfactory to the Department and by paying the required restoration fee.

(b) Any licensed CPA who has permitted his or her license to expire or who has had his or her license on inactive status may have his or her license restored by (1) making application to the Department and filing proof acceptable to the Department as defined by rule of his or her fitness to have his or her license restored, including sworn evidence certifying to active practice in another jurisdiction satisfactory to the Department, (2) ~~and by~~ paying the required restoration fee, (3) ~~and by~~ submitting proof of the required continuing education and (4) in the case of a sole practitioner, satisfactory completion of peer review outlined in subsection (e) of Section

16, unless exempt from peer review under subsection (i) of Section 16.

(c) Any firm that has permitted its license to expire may have its license restored by (1) making application to the Department and filing proof acceptable to the Department as defined by rule of its fitness to have its license restored, including sworn evidence certifying to active practice in another jurisdiction satisfactory to the Department, (2) paying the required restoration fee, and (3) satisfactory completion of peer review outlined in subsection (e) of Section 16, unless exempt from peer review under subsection (i) of Section 16.

(d) If the licensed CPA or registered CPA has not maintained an active practice in another jurisdiction satisfactory to the Department, the Department shall determine, by an evaluation program established by rule, fitness to resume active status and may require the applicant to complete a period of supervised experience.

Any licensed CPA or registered CPA whose license or registration expired while he or she was (1) in Federal Service on active duty with the Armed Forces of the United States, or the State Militia called into service or training, or (2) in training or education under the supervision of the United States preliminary to induction into the military service, may have his or her license or registration renewed reinstated or restored without paying any lapsed renewal and restoration fees

if within 2 years after honorable termination of such service, training or education except under conditions other than honorable, he or she furnished the Department with satisfactory evidence to the effect that he or she has been so engaged and that his or her service, training, or education has been so terminated.

(Source: P.A. 98-254, eff. 8-9-13.)