



Sen. Louis S. Viverito

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09400SB0565sam001

LRB094 10891 LJB 42771 a

1 AMENDMENT TO SENATE BILL 565

2 AMENDMENT NO. _____. Amend Senate Bill 565 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Public Accounting Act is amended
5 by changing Sections 0.03, 6.1, 16, 20.01, and 27 as follows:

6 (225 ILCS 450/0.03) (from Ch. 111, par. 5500.03)

7 (Section scheduled to be repealed on January 1, 2014)

8 Sec. 0.03. Definitions. As used in this Act, unless the
9 context otherwise requires:

10 (a) "Registered Certified Public Accountant" means any
11 person who has been issued a registration under this Act as a
12 Registered Certified Public Accountant.

13 (b) "Licensed Certified Public Accountant" means any
14 person licensed under this Act as a Licensed Certified Public
15 Accountant.

16 (c) "Committee" means the Public Accountant Registration
17 Committee appointed by the Director.

18 (d) "Department" means the Department of Professional
19 Regulation.

20 (e) "Director" means the Director of Professional
21 Regulation.

22 (f) "License", "licensee" and "licensure" refers to the
23 authorization to practice under the provisions of this Act.

24 (g) "Peer review program" means a study, appraisal, or

1 review of one or more aspects of the professional work of a
2 ~~person or firm or sole practitioner in the practice of public~~
3 ~~accounting to determine the degree of compliance by the firm or~~
4 ~~sole practitioner with professional standards and practices,~~
5 ~~conducted by persons who hold current licenses to practice~~
6 ~~public accounting under the laws of this or another state and~~
7 ~~who are not affiliated with the firm or sole practitioner being~~
8 ~~reviewed certified or licensed under this Act, including~~
9 ~~quality review, peer review, practice monitoring, quality~~
10 ~~assurance, and similar programs undertaken voluntarily or as a~~
11 ~~prerequisite to the providing of professional services under~~
12 ~~government requirements, or any similar internal review or~~
13 ~~inspection that is required by professional standards.~~

14 (h) "Review committee" means any person or persons
15 conducting, reviewing, administering, or supervising a peer
16 review program.

17 (i) "University" means the University of Illinois.

18 (j) "Board" means the Board of Examiners established under
19 Section 2.

20 (k) "Registration", "registrant", and "registered" refer
21 to the authorization to hold oneself out as or use the title
22 "Registered Certified Public Accountant" or "Certified Public
23 Accountant", unless the context otherwise requires.

24 (l) "Peer Review Administrator" means an organization
25 designated by the Department that meets the requirements of
26 subsection (f) of Section 16 of this Act and other rules that
27 the Department may adopt.

28 (Source: P.A. 92-457, eff. 7-1-04; 93-683, eff. 7-2-04.)

29 (225 ILCS 450/6.1)

30 (Section scheduled to be repealed on January 1, 2014)

31 Sec. 6.1. Examinations.

32 (a) The examination shall test the applicant's knowledge of
33 accounting, auditing, and other related subjects, if any, as

1 the Board may deem advisable. A candidate shall be required to
2 pass all sections of the examination in order to qualify for a
3 certificate. A candidate may take the required test sections
4 individually and in any order, as long as the examination is
5 taken within a timeframe established by Board rule.

6 (b) On and after January 1, 2005, applicants shall also be
7 required to pass an examination on the rules of professional
8 conduct, as determined by Board rule to be appropriate, before
9 they may be awarded a certificate as a Certified Public
10 Accountant.

11 (c) Pursuant to compliance with the Americans with
12 Disabilities Act, the Board may provide alternative test
13 administration arrangements that are reasonable in the context
14 of the Certified Public Accountant examination for applicants
15 who are unable to take the examination under standard
16 conditions upon an applicant's submission of evidence as the
17 Board may require, which may include a signed statement from a
18 medical or other licensed medical professional, identifying
19 the applicant's disabilities and the specific alternative
20 accommodations the applicant may need. Any alteration in test
21 administration arrangements does not waive the requirement of
22 sitting for and passing the examination. The Board may in
23 certain cases waive or defer any of the requirements of this
24 Section regarding the circumstances in which the various
25 Sections of the examination must be passed upon a showing that,
26 by reasons of circumstances beyond the applicant's control, the
27 applicant was unable to meet the requirement.

28 (d) Any application, document, or other information filed
29 by or concerning an applicant and any examination grades of an
30 applicant shall be deemed confidential and shall not be
31 disclosed to anyone without the prior written permission of the
32 applicant, except that the names and addresses only of all
33 applicants shall be a public record and be released as public
34 information. Nothing in this subsection shall prevent the Board

1 from making public announcement of the names of persons
2 receiving certificates under this Act.

3 (Source: P.A. 93-683, eff. 7-2-04.)

4 (225 ILCS 450/16) (from Ch. 111, par. 5517)

5 (Section scheduled to be repealed on January 1, 2014)

6 Sec. 16. Expiration and renewal of licenses; renewal of
7 registration; continuing education.

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

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

14 (c) Every application for renewal of a license by a
15 licensed certified public accountant who has been licensed
16 under this Act for 3 years or more shall be accompanied or
17 supported by any evidence the Department shall prescribe, in
18 satisfaction of completing, each 3 years, not less than 120
19 hours of continuing professional education programs in
20 subjects given by continuing education sponsors registered by
21 the Department upon recommendation of the Committee. Of the 120
22 hours, not less than 4 hours shall be courses covering the
23 subject of professional ethics. All continuing education
24 sponsors applying to the Department for registration shall be
25 required to submit an initial nonrefundable application fee set
26 by Department rule. Each registered continuing education
27 sponsor shall be required to pay an annual renewal fee set by
28 Department rule. Publicly supported colleges, universities,
29 and governmental agencies located in Illinois are exempt from
30 payment of any fees required for continuing education sponsor
31 registration. Failure by a continuing education sponsor to be
32 licensed or pay the fees prescribed in this Act, or to comply
33 with the rules and regulations established by the Department

1 under this Section regarding requirements for continuing
2 education courses or sponsors, shall constitute grounds for
3 revocation or denial of renewal of the sponsor's registration.

4 (d) Licensed Certified Public Accountants are exempt from
5 the continuing professional education requirement for the
6 first renewal period following the original issuance of the
7 license.

8 Notwithstanding the provisions of this subsection (c), the
9 Department may accept courses and sponsors approved by other
10 states, by the American Institute of Certified Public
11 Accountants, by other state CPA societies, or by national
12 accrediting organizations such as the National Association of
13 State Boards of Accountancy.

14 Failure by an applicant for renewal of a license as a
15 licensed certified public accountant to furnish the evidence
16 shall constitute grounds for disciplinary action, unless the
17 Department in its discretion shall determine the failure to
18 have been due to reasonable cause. The Department, in its
19 discretion, may renew a license despite failure to furnish
20 evidence of satisfaction of requirements of continuing
21 education upon condition that the applicant follow a particular
22 program or schedule of continuing education. In issuing rules
23 and individual orders in respect of requirements of continuing
24 education, the Department in its discretion may, among other
25 things, use and rely upon guidelines and pronouncements of
26 recognized educational and professional associations; may
27 prescribe rules for the content, duration, and organization of
28 courses; shall take into account the accessibility to
29 applicants of such continuing education as it may require, and
30 any impediments to interstate practice of public accounting
31 that may result from differences in requirements in other
32 states; and may provide for relaxation or suspension of
33 requirements in regard to applicants who certify that they do
34 not intend to engage in the practice of public accounting, and

1 for instances of individual hardship.

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

8 The Department may establish, by rule, guidelines for
9 acceptance of continuing education on behalf of licensed
10 certified public accountants taking continuing education
11 courses in other jurisdictions.

12 (e) For renewals on and after January 1, 2009, as a
13 condition for granting a renewal license to firms and sole
14 practitioners who provide services requiring a license under
15 this Act, the Department shall require that the firm or sole
16 practitioner undergo a peer review during the immediately
17 preceding 3-year period, accepted by a Peer Review
18 Administrator in accordance with this Section, unless the firm
19 or sole practitioner is exempted under the provisions of
20 subsection (i) of this Section. A firm or sole practitioner
21 shall, at the request of the Department, submit to the
22 Department a letter from the Peer Review Administrator stating
23 the date on which the peer review was satisfactorily completed.

24 A new firm or sole practitioner not subject to subsection
25 (l) shall undergo its first peer review within 18 months after
26 it is granted its initial license.

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

33 (1) Require that a peer review be conducted by a
34 reviewer that is independent of the firm reviewed and

1 approved by the Peer Review Administrator under
2 established standards.

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

12 (g) If a firm or sole practitioner does not comply with any
13 remedial actions determined appropriate by the Peer Review
14 Administrator, the Peer Review Administrator shall refer the
15 matter to the Department to determine if further action under
16 this subsection (g) is warranted. The Department may at its
17 discretion or shall upon submission of a written application by
18 the firm or sole practitioner hold a hearing to determine
19 whether the firm or sole practitioner complies with the
20 appropriate professional standards and practices. The hearing
21 shall be confidential and shall not be open to the public
22 unless requested by the firm or sole practitioner. If the
23 Department after conducting a hearing determines that the firm
24 or sole practitioner complies with the appropriate
25 professional standards and practices, it shall issue an order
26 requiring the Peer Review Administrator to take any necessary
27 action to record and implement the Department's determination
28 and to restore the status of compliance of the firm or sole
29 practitioner. However, if the Department after conducting the
30 hearing determines that the firm or sole practitioner does not
31 comply with the appropriate professional standards and
32 practices, it may issue an order that requires both of the
33 following:

34 (1) Remedial action, which may include any or all of

1 the following:

2 (A) requiring the sole practitioner or employees
3 of the firm to complete general or specific continuing
4 professional education courses;

5 (B) requiring the sole practitioner or firm to
6 undergo a peer review more frequently than every 3
7 years; or

8 (C) other remedial action as determined by the
9 Department.

10 (2) An affidavit from the firm or sole practitioner,
11 submitted within the time specified by the Department,
12 indicating completion of the required remedial actions.

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

17 (i) A firm or sole practitioner shall be exempt from the
18 requirement to undergo a peer review if:

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

28 (2) The sole practitioner or firm satisfies all of the
29 following conditions:

30 (A) during the preceding 2 years, the firm or sole
31 practitioner has not accepted or performed any
32 services requiring a license under this Act;

33 (B) within the next 2 years, the firm or sole
34 practitioner does not intend to accept or perform any

1 services requiring a license under this Act; and

2 (C) the firm or sole practitioner agrees to notify
3 the Department within 30 days of accepting an
4 engagement for services requiring a license under this
5 Act and to undergo a peer review within 18 months after
6 the end of the period covered by the engagement.

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

12 (j) In any civil action, arbitration, or administrative
13 proceeding, regardless of whether a licensee is a party
14 thereto, all of the following shall apply:

15 (1) The proceedings, records (including, without
16 limitation, letters of acceptance, peer review reports,
17 letters of comment, and letters of response), and working
18 papers related to the peer review process of any reviewer,
19 administering organization, or board member are privileged
20 and not subject to discovery, subpoena, or other means of
21 legal process and may not be introduced into evidence.

22 (2) No employee, member, or agent of a Peer Review
23 Administrator or reviewer shall be permitted or required to
24 testify as to any matters produced, presented, disclosed,
25 or discussed during or in connection with the peer review
26 process or be required to testify to any finding,
27 recommendation, evaluation, opinion, or other actions of
28 any person in connection with the peer review process.

29 (3) No privilege exists under this subsection (j):

30 (A) for information presented or considered in the
31 peer review process that was otherwise available to the
32 public;

33 (B) for materials not prepared in connection with a
34 peer review merely because the materials subsequently

1 are presented or considered as part of the peer review
2 process; or

3 (C) in connection with an administrative
4 proceeding or related civil action brought for the
5 purpose of enforcing this Section.

6 (k) If a peer review report indicates that a firm or sole
7 practitioner complies with the appropriate professional
8 standards and practices set forth in the rules of the
9 Department and no further remedial action is required, the Peer
10 Review Administrator shall destroy all working papers and
11 documents, other than report-related documents, related to the
12 peer review within 90 days after issuance of the letter of
13 acceptance by the Peer Review Administrator. If a peer review
14 letter of acceptance indicates that corrective action is
15 required, the Peer Review Administrator may retain documents
16 and reports related to the peer review until completion of the
17 next peer review or other agreed-to corrective actions.

18 (l) In the event the practices of 2 or more firms or sole
19 practitioners are merged or otherwise combined, the surviving
20 firm shall retain the peer review year of the largest firm, as
21 determined by the number of accounting and auditing hours of
22 each of the practices. In the event that the practice of a firm
23 is divided or a portion of its practice is sold or otherwise
24 transferred, any firm or sole practitioner acquiring some or
25 all of the practice that does not already have its own review
26 year shall retain the review year of the former firm. In the
27 event that the first peer review of a firm that would otherwise
28 be required by this subsection (l) would be less than 12 months
29 after its previous review, a review year shall be assigned by
30 Peer Review Administrator so that the firm's next peer review
31 occurs after not less than 12 months of operation, but not
32 later than 18 months of operation.

33 (m) No Peer Review Administrator or reviewer, or any of its
34 members, employees, agents, or any person furnishing

1 professional counsel or services shall be civilly liable by
2 reason of the performance of any duty, function, or activity
3 under this Section so long as the person or entity has not
4 engaged in willful or wanton misconduct.

5 (Source: P.A. 92-457, eff. 7-1-04; 93-683, eff. 7-2-04.)

6 (225 ILCS 450/20.01) (from Ch. 111, par. 5521.01)

7 (Section scheduled to be repealed on January 1, 2014)

8 Sec. 20.01. Grounds for discipline; license or
9 registration.

10 (a) The Department may refuse to issue or renew, or may
11 revoke, suspend, or reprimand any registration or registrant,
12 any license or licensee, place a licensee or registrant on
13 probation for a period of time subject to any conditions the
14 Department may specify including requiring the licensee or
15 registrant to attend continuing education courses or to work
16 under the supervision of another licensee or registrant, impose
17 a fine not to exceed \$5,000 for each violation, restrict the
18 authorized scope of practice, or require a licensee or
19 registrant to undergo a peer review program, for any one or
20 more of the following:

21 (1) Violation of any provision of this Act.

22 (2) Attempting to procure a license or registration to
23 practice under this Act by bribery or fraudulent
24 misrepresentations.

25 (3) Having a license to practice public accounting or
26 registration revoked, suspended, or otherwise acted
27 against, including the denial of licensure or
28 registration, by the licensing or registering authority of
29 another state, territory, or country, including but not
30 limited to the District of Columbia, or any United States
31 territory. No disciplinary action shall be taken in
32 Illinois if the action taken in another jurisdiction was
33 based upon failure to meet the continuing professional

1 education requirements of that jurisdiction and the
2 applicable Illinois continuing professional education
3 requirements are met.

4 (4) Being convicted or found guilty, regardless of
5 adjudication, of a crime in any jurisdiction which directly
6 relates to the practice of public accounting or the ability
7 to practice public accounting or as a Registered Certified
8 Public Accountant.

9 (5) Making or filing a report or record which the
10 registrant or licensee knows to be false, willfully failing
11 to file a report or record required by state or federal
12 law, willfully impeding or obstructing the filing, or
13 inducing another person to impede or obstruct the filing.
14 The reports or records shall include only those that are
15 signed in the capacity of a licensed certified public
16 accountant or a registered certified public accountant.

17 (6) Conviction in this or another State or the District
18 of Columbia, or any United States Territory, of any crime
19 that is punishable by one year or more in prison or
20 conviction of a crime in a federal court that is punishable
21 by one year or more in prison.

22 (7) Proof that the licensee or registrant is guilty of
23 fraud or deceit, or of gross negligence, incompetency, or
24 misconduct, in the practice of public accounting.

25 (8) Violation of any rule adopted under this Act.

26 (9) Practicing on a revoked, suspended, or inactive
27 license or registration.

28 (10) Suspension or revocation of the right to practice
29 before any state or federal agency.

30 (11) Conviction of any crime under the laws of the
31 United States or any state or territory of the United
32 States that is a felony or misdemeanor and has dishonesty
33 as an essential element, or of any crime that is directly
34 related to the practice of the profession.

1 (12) Making any misrepresentation for the purpose of
2 obtaining a license, or registration or material
3 misstatement in furnishing information to the Department.

4 (13) Aiding or assisting another person in violating
5 any provision of this Act or rules promulgated hereunder.

6 (14) Engaging in dishonorable, unethical, or
7 unprofessional conduct of a character likely to deceive,
8 defraud, or harm the public and violating the rules of
9 professional conduct adopted by the Department.

10 (15) Habitual or excessive use or addiction to alcohol,
11 narcotics, stimulants, or any other chemical agent or drug
12 that results in the inability to practice with reasonable
13 skill, judgment, or safety.

14 (16) Directly or indirectly giving to or receiving from
15 any person, firm, corporation, partnership, or association
16 any fee, commission, rebate, or other form of compensation
17 for any professional service not actually rendered.

18 (17) Physical or mental disability, including
19 deterioration through the aging process or loss of
20 abilities and skills that results in the inability to
21 practice the profession with reasonable judgment, skill or
22 safety.

23 (18) Solicitation of professional services by using
24 false or misleading advertising.

25 (19) Failure to file a return, or pay the tax, penalty
26 or interest shown in a filed return, or to pay any final
27 assessment of tax, penalty or interest, as required by any
28 tax Act administered by the Illinois Department of Revenue
29 or any successor agency or the Internal Revenue Service or
30 any successor agency.

31 (20) Practicing or attempting to practice under a name
32 other than the full name as shown on the license or
33 registration or any other legally authorized name.

34 (21) A finding by the Department that a licensee or

1 registrant has not complied with a provision of any lawful
2 order issued by the Department.

3 (22) Making a false statement to the Department
4 regarding compliance with continuing professional
5 education requirements.

6 (23) Failing to make a substantive response to a
7 request for information by the Department within 30 days of
8 the request.

9 (b) (Blank).

10 (c) In rendering an order, the Department shall take into
11 consideration the facts and circumstances involving the type of
12 acts or omissions in subsection (a) including, but not limited
13 to:

14 (1) the extent to which public confidence in the public
15 accounting profession was, might have been, or may be
16 injured;

17 (2) the degree of trust and dependence among the
18 involved parties;

19 (3) the character and degree of financial or economic
20 harm which did or might have resulted; and

21 (4) the intent or mental state of the person charged at
22 the time of the acts or omissions.

23 (d) The Department shall reissue the license or
24 registration upon a showing that the disciplined licensee or
25 registrant has complied with all of the terms and conditions
26 set forth in the final order.

27 (e) The Department shall deny any application for a
28 license, registration, or renewal, without hearing, to any
29 person who has defaulted on an educational loan guaranteed by
30 the Illinois Student Assistance Commission; however, the
31 Department may issue a license, registration, or renewal if the
32 person in default has established a satisfactory repayment
33 record as determined by the Illinois Student Assistance
34 Commission.

1 (f) The determination by a court that a licensee or
2 registrant is subject to involuntary admission or judicial
3 admission as provided in the Mental Health and Developmental
4 Disabilities Code will result in the automatic suspension of
5 his or her license or registration. The licensee or registrant
6 shall be responsible for notifying the Department of the
7 determination by the court that the licensee or registrant is
8 subject to involuntary admission or judicial admission as
9 provided in the Mental Health and Developmental Disabilities
10 Code. The licensee or registrant shall also notify the
11 Department upon discharge so that a determination may be made
12 under item (17) of subsection (a) whether the licensee or
13 registrant may resume practice.

14 (Source: P.A. 92-457, eff. 7-1-04; 93-629, eff. 12-23-03;
15 93-683, eff. 7-2-04.)

16 (225 ILCS 450/27) (from Ch. 111, par. 5533)

17 (Section scheduled to be repealed on January 1, 2014)

18 Sec. 27. A licensed or registered certified public
19 accountant shall not be required by any court to divulge
20 information or evidence which has been obtained by him in his
21 confidential capacity as a licensed or registered certified
22 public accountant. This Section shall not apply to any
23 investigation or hearing undertaken pursuant to this Act.

24 (Source: P.A. 92-457, eff. 7-1-04.)

25 Section 99. Effective date. This Act takes effect upon
26 becoming law."