



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB6065

Introduced 2/11/2016, by Rep. Robert Rita

SYNOPSIS AS INTRODUCED:

225 ILCS 450/0.03	from Ch. 111, par. 5500.03
225 ILCS 450/5.2	
225 ILCS 450/13	from Ch. 111, par. 5514

Amends the Illinois Public Accounting Act. Allows a certified public accountant (CPA) firm whose principal place of business is not in this State to have all the privileges of a CPA firm licensed under the Act without the need to obtain a license from the Department of Financial and Professional Regulation or to file notice with the Department if the CPA firm complies with specified substantial equivalency requirements; makes conforming changes. Provides that firms that do not meet the certain requirements but offer or render services in the State must hold a license issued under the Act. Effective immediately.

LRB099 15868 MLM 40179 b

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Public Accounting Act is amended by
5 changing Sections 0.03, 5.2, and 13 as follows:

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

7 (Section scheduled to be repealed on January 1, 2024)

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

10 "Accountancy activities" means the services as set forth in
11 Section 8.05 of the Act.

12 "Address of record" means the designated address recorded
13 by the Department in the applicant's, licensee's, or
14 registrant's application file or license file maintained by the
15 Department's licensure maintenance unit. It is the duty of the
16 applicant, licensee, or registrant to inform the Department of
17 any change of address, and those changes must be made either
18 through the Department's website or by directly contacting the
19 Department.

20 "Certificate" means a certificate issued by the Board or
21 University or similar jurisdictions specifying an individual
22 has successfully passed all sections and requirements of the
23 Uniform Certified Public Accountant Examination. A certificate

1 issued by the Board or University or similar jurisdiction does
2 not confer the ability to use the CPA title and is not
3 equivalent to a registration or license under this Act.

4 "Compilation" means providing a service to be performed in
5 accordance with Statements on Standards for Accounting and
6 Review Services that is presented in the form of financial
7 statements or information that is the representation of
8 management or owners without undertaking to express any
9 assurance on the statements.

10 "CPA" or "C.P.A." means a certified public accountant who
11 holds a license or registration issued by the Department or an
12 individual authorized to use the CPA title under Section 5.2 of
13 this Act.

14 "CPA firm" means a sole proprietorship, a corporation,
15 registered limited liability partnership, limited liability
16 company, partnership, professional service corporation, or any
17 other form of organization issued a license in accordance with
18 this Act or a CPA firm authorized to use the CPA firm title
19 under Section 5.2 of this Act.

20 "CPA (inactive)" means a licensed certified public
21 accountant who elects to have the Department place his or her
22 license on inactive status pursuant to Section 17.2 of this
23 Act.

24 "Financial statement" means a structured presentation of
25 historical financial information, including, but not limited
26 to, related notes intended to communicate an entity's economic

1 resources and obligations at a point in time or the changes
2 therein for a period of time in accordance with generally
3 accepted accounting principles (GAAP) or other comprehensive
4 basis of accounting (OCBOA).

5 "Other attestation engagements" means an engagement
6 performed in accordance with the Statements on Standards for
7 Attestation Engagements.

8 "Registered Certified Public Accountant" or "registered
9 CPA" means any person who has been issued a registration under
10 this Act as a Registered Certified Public Accountant.

11 "Report", when used with reference to financial
12 statements, means an opinion, report, or other form of language
13 that states or implies assurance as to the reliability of any
14 financial statements and that also includes or is accompanied
15 by any statement or implication that the person or firm issuing
16 it has special knowledge or competence in accounting or
17 auditing. Such a statement or implication of special knowledge
18 or competence may arise from use by the issuer of the report of
19 names or titles indicating that the person or firm is an
20 accountant or auditor, or from the language of the report
21 itself. "Report" includes any form of language that disclaims
22 an opinion when the form of language is conventionally
23 understood to imply any positive assurance as to the
24 reliability of the financial statements referred to or special
25 competence on the part of the person or firm issuing such
26 language; it includes any other form of language that is

1 conventionally understood to imply such assurance or such
2 special knowledge or competence.

3 "Licensed Certified Public Accountant" or "licensed CPA"
4 means any person licensed under this Act as a Licensed
5 Certified Public Accountant.

6 "Committee" means the Public Accountant Registration and
7 Licensure Committee appointed by the Secretary.

8 "Department" means the Department of Financial and
9 Professional Regulation.

10 "License", "licensee", and "licensure" refer to the
11 authorization to practice under the provisions of this Act.

12 "Peer review" means a study, appraisal, or review of one or
13 more aspects of a CPA firm's or sole practitioner's compliance
14 with applicable accounting, auditing, and other attestation
15 standards adopted by generally recognized standard-setting
16 bodies.

17 "Principal place of business" means the office location
18 designated by the licensee from which the person directs,
19 controls, and coordinates his or her professional services.

20 "Review committee" means any person or persons conducting,
21 reviewing, administering, or supervising a peer review
22 program.

23 "Secretary" means the Secretary of the Department of
24 Financial and Professional Regulation.

25 "University" means the University of Illinois.

26 "Board" means the Board of Examiners established under

1 Section 2.

2 "Registration", "registrant", and "registered" refer to
3 the authorization to hold oneself out as or use the title
4 "Registered Certified Public Accountant" or "Certified Public
5 Accountant", unless the context otherwise requires.

6 "Peer Review Administrator" means an organization
7 designated by the Department that meets the requirements of
8 subsection (f) of Section 16 of this Act and other rules that
9 the Department may adopt.

10 (Source: P.A. 98-254, eff. 8-9-13; 99-78, eff. 7-20-15.)

11 (225 ILCS 450/5.2)

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

13 Sec. 5.2. Substantial equivalency.

14 (a) An individual whose principal place of business is not
15 in this State shall have all the privileges of a person
16 licensed under this Act as a licensed CPA without the need to
17 obtain a license from the Department or to file notice with the
18 Department, if the individual:

19 (1) holds a valid license as a certified public
20 accountant issued by another state that the National
21 Qualification Appraisal Service of the National
22 Association of State Boards of Accountancy has verified to
23 be in substantial equivalence with the CPA licensure
24 requirements of the Uniform Accountancy Act of the American
25 Institute of Certified Public Accountants and the National

1 Association of State Boards of Accountancy; or

2 (2) holds a valid license as a certified public
3 accountant issued by another state and obtains from the
4 National Qualification Appraisal Service of the National
5 Association of State Boards of Accountancy verification
6 that the individual's CPA qualifications are substantially
7 equivalent to the CPA licensure requirements of the Uniform
8 Accountancy Act of the American Institute of Certified
9 Public Accountants and the National Association of State
10 Boards of Accountancy; however, any individual who has
11 passed the Uniform CPA Examination and holds a valid
12 license issued by any other state prior to January 1, 2012
13 shall be exempt from the education requirements of Section
14 3 of this Act for the purposes of this item (2).

15 (a-5) A CPA firm whose principal place of business is not
16 in this State shall have all the privileges of a CPA firm
17 licensed under this Act without the need to obtain a license
18 from the Department or to file notice with the Department if
19 the CPA firm complies with the requirements outlined in
20 Sections 14.4 and 16 through substantial equivalency of their
21 licensed state.

22 (b) Notwithstanding any other provision of law, an
23 individual or CPA firm who offers or renders professional
24 services under this Section, whether in person or by mail,
25 telephone, or electronic means, shall be granted practice
26 privileges in this State and no notice or other submission must

1 be provided by any such individual or CPA firm.

2 (c) An individual licensee or CPA firm of another state ~~who~~
3 ~~is~~ exercising the privilege afforded under this Section and the
4 CPA firm that employs such individual licensee, if any, as a
5 condition of the grant of this privilege, hereby simultaneously
6 consents:

7 (1) to the personal and subject matter jurisdiction and
8 disciplinary authority of the Department;

9 (2) to comply with this Act and the Department's rules
10 adopted under this Act;

11 (3) that in the event that the license from the state
12 of the individual's or CPA firm's principal place of
13 business is no longer valid, the individual or CPA firm
14 shall cease offering or rendering accountancy activities
15 as outlined in paragraphs (1) and (2) of Section 8.05 in
16 this State individually or on behalf of a CPA firm; and

17 (4) to the appointment of the state board that issued
18 the individual's or the CPA firm's license as the agent
19 upon which process may be served in any action or
20 proceeding by the Department against the individual or CPA
21 firm.

22 (d) An individual licensee who qualifies for practice
23 privileges under this Section who, for any entity headquartered
24 in this State, performs (i) a financial statement audit or
25 other engagement in accordance with Statements on Auditing
26 Standards; (ii) an examination of prospective financial

1 information in accordance with Statements on Standards for
2 Attestation Engagements; or (iii) an engagement in accordance
3 with Public Company Accounting Oversight Board Auditing
4 Standards may only do so through a CPA firm licensed under this
5 Act or a CPA firm with practice privileges under this Section.

6 (e) A CPA firm that qualifies for practice privileges under
7 this Section and, for any entity headquartered in this State,
8 performs the following may only do so through an individual or
9 individuals licensed under this Act or an individual or
10 individuals with practice privileges under this Section:

11 (1) a financial statement audit or other engagement in
12 accordance with Statements on Auditing Standards;

13 (2) an examination of prospective financial
14 information in accordance with Statements on Standards for
15 Attestation Engagements; or

16 (3) an engagement in accordance with Public Company
17 Accounting Oversight Board Auditing Standards.

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

19 (225 ILCS 450/13) (from Ch. 111, par. 5514)

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

21 Sec. 13. Application for licensure.

22 (a) A person or CPA firm that wishes to perform accountancy
23 activities in this State, as defined in paragraph (1) of
24 subsection (a) of Section 8.05 of this Act, or use the CPA
25 title shall make application to the Department and shall pay

1 the fee required by rule.

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

7 (b) Any CPA firm that (i) has an office in this State that
8 uses the title "CPA" or "CPA firm"; (ii) has an office in this
9 State that performs accountancy activities, as defined in
10 paragraph (1) of subsection (a) of Section 8.05 of this Act; or
11 (iii) does not have an office in this State and does not meet
12 the practice privilege requirements as defined in Section 5.2
13 of this Act, but offers or renders ~~performs~~ services, as set
14 forth in subsection (e) ~~(d)~~ of Section 5.2 of this Act, for a
15 client that is headquartered in this State must hold a license
16 as a CPA firm issued under this Act.

17 (c) (Blank). ~~A CPA firm that does not have an office in~~
18 ~~this State may perform a review of a financial statement in~~
19 ~~accordance with the Statements on Standards for Accounting and~~
20 ~~Review Services for a client with its headquarters in this~~
21 ~~State and may use the title "CPA" or "CPA firm" without~~
22 ~~obtaining a license as a CPA firm under this Act, only if the~~
23 ~~firm (i) performs such services through individuals with~~
24 ~~practice privileges under Section 5.2 of this Act; (ii)~~
25 ~~satisfies any peer review requirements in those states in which~~
26 ~~the individuals with practice privileges under Section 5.2 have~~

1 ~~their principal place of business; and (iii) meets the~~
2 ~~qualifications set forth in paragraph (1) of Section 14.4 of~~
3 ~~this Act.~~

4 (d) A CPA firm that is not subject to the requirements of
5 subsection (b) ~~or (c)~~ of this Section may perform professional
6 services that are not regulated under subsection (b) ~~or (c)~~ of
7 this Section while using the title "CPA" or "CPA firm" in this
8 State without obtaining a license as a CPA firm under this Act
9 if the firm (i) performs such services through individuals with
10 practice privileges under Section 5.2 of this Act and (ii) may
11 lawfully perform such services in the state where those
12 individuals with practice privileges under Section 5.2 of this
13 Act have their principal place of business.

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

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.