

1 AN ACT concerning accounting.

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, 13, and 16 and adding Section 14.5
6 as follows:

7 (225 ILCS 450/0.03) (from Ch. 111, par. 5500.03)

8 (Section scheduled to be repealed on January 1, 2024)

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

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

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

21 "Certificate" means a certificate issued by the Board or
22 University or similar jurisdictions specifying an individual
23 has successfully passed all sections and requirements of the

1 Uniform Certified Public Accountant Examination. A certificate
2 issued by the Board or University or similar jurisdiction does
3 not confer the ability to use the CPA title and is not
4 equivalent to a registration or license under this Act.

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

11 "Coordinator" means the CPA Coordinator.

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

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

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

26 "Financial statement" means a structured presentation of

1 historical financial information, including, but not limited
2 to, related notes intended to communicate an entity's economic
3 resources and obligations at a point in time or the changes
4 therein for a period of time in accordance with generally
5 accepted accounting principles (GAAP) or other comprehensive
6 basis of accounting (OCBOA).

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

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

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

1 competence on the part of the person or firm issuing such
2 language; it includes any other form of language that is
3 conventionally understood to imply such assurance or such
4 special knowledge or competence.

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

8 "Committee" means the Public Accountant Registration and
9 Licensure Committee appointed by the Secretary.

10 "Department" means the Department of Financial and
11 Professional Regulation.

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

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

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

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

25 "Secretary" means the Secretary of the Department of
26 Financial and Professional Regulation.

1 "University" means the University of Illinois.

2 "Board" means the Board of Examiners established under
3 Section 2.

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

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

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

13 (225 ILCS 450/5.2)

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

15 Sec. 5.2. Substantial equivalency.

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

21 (1) holds a valid license as a certified public
22 accountant issued by another state that the National
23 Qualification Appraisal Service of the National
24 Association of State Boards of Accountancy has verified to
25 be in substantial equivalence with the CPA licensure

1 requirements of the Uniform Accountancy Act of the American
2 Institute of Certified Public Accountants and the National
3 Association of State Boards of Accountancy; or

4 (2) holds a valid license as a certified public
5 accountant issued by another state and obtains from the
6 National Qualification Appraisal Service of the National
7 Association of State Boards of Accountancy verification
8 that the individual's CPA qualifications are substantially
9 equivalent to the CPA licensure requirements of the Uniform
10 Accountancy Act of the American Institute of Certified
11 Public Accountants and the National Association of State
12 Boards of Accountancy; however, any individual who has
13 passed the Uniform CPA Examination and holds a valid
14 license issued by any other state prior to January 1, 2012
15 shall be exempt from the education requirements of Section
16 3 of this Act for the purposes of this item (2).

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

24 (b) Notwithstanding any other provision of law, an
25 individual or CPA firm who offers or renders professional
26 services under this Section, whether in person or by mail,

1 telephone, or electronic means, shall be granted practice
2 privileges in this State and no notice or other submission must
3 be provided by any such individual or CPA firm.

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

9 (1) to the personal and subject matter jurisdiction and
10 disciplinary authority of the Department;

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

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

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

24 (d) An individual licensee who qualifies for practice
25 privileges under this Section who, for any entity headquartered
26 in this State, performs (i) a financial statement audit or

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

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

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

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

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

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

21 (225 ILCS 450/13) (from Ch. 111, par. 5514)

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

23 Sec. 13. Application for licensure.

24 (a) A person or CPA firm that wishes to perform accountancy
25 activities in this State, as defined in paragraph (1) of

1 subsection (a) of Section 8.05 of this Act, or use the CPA
2 title shall make application to the Department and shall pay
3 the fee required by rule.

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

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

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

1 ~~satisfies any peer review requirements in those states in which~~
2 ~~the individuals with practice privileges under Section 5.2 have~~
3 ~~their principal place of business; and (iii) meets the~~
4 ~~qualifications set forth in paragraph (1) of Section 14.4 of~~
5 ~~this Act.~~

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

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

17 (225 ILCS 450/14.5 new)

18 Sec. 14.5. CPA Coordinator; duties. The Secretary shall
19 appoint a CPA Coordinator, who shall hold a currently valid CPA
20 license or registration. The Coordinator shall not practice
21 during the term of his or her appointment. The Coordinator
22 shall be exempt from all fees related to his or her CPA license
23 or registration that come due during his or her employment. In
24 appointing the Coordinator, the Secretary shall give due
25 consideration to recommendations made by members,

1 organizations, and associations of the CPA and accounting
2 profession. The Coordinator shall:

3 (1) act as Chairperson of the Committee, ex officio,
4 without a vote;

5 (2) be the direct liaison between the Department, the
6 profession, and CPA and accounting organizations and
7 associations;

8 (3) prepare and circulate to licensees any educational
9 and informational material that the Department deems
10 necessary for providing guidance or assistance to
11 licensees;

12 (4) appoint any necessary committees to assist in the
13 performance of the functions and duties of the Department
14 under this Act; and

15 (5) subject to the administrative approval of the
16 Secretary, supervise all activities relating to the
17 regulation of the CPA profession.

18 (225 ILCS 450/16) (from Ch. 111, par. 5517)

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

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

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

24 (b) Every holder of a license or registration under this
25 Act may renew such license or registration before the

1 expiration date upon payment of the required renewal fee as set
2 by rule.

3 (c) Every application for renewal of a license by a
4 licensed CPA who has been licensed under this Act for 3 years
5 or more shall be accompanied or supported by any evidence the
6 Department shall prescribe~~7~~ in satisfaction of completing~~7~~
7 ~~each 3 years, not less than 120 hours~~ of continuing
8 professional education as prescribed by Department rules. Of
9 the required continuing professional education ~~120~~ hours, not
10 less than 4 hours shall be courses covering the subject of
11 professional ethics. All continuing education sponsors
12 applying to the Department for registration shall be required
13 to submit an initial nonrefundable application fee set by
14 Department rule. Each registered continuing education sponsor
15 shall be required to pay an annual renewal fee set by
16 Department rule. Publicly supported colleges, universities,
17 and governmental agencies located in Illinois are exempt from
18 payment of any fees required for continuing education sponsor
19 registration. Failure by a continuing education sponsor to be
20 licensed or pay the fees prescribed in this Act, or to comply
21 with the rules and regulations established by the Department
22 under this Section regarding requirements for continuing
23 education courses or sponsors, shall constitute grounds for
24 revocation or denial of renewal of the sponsor's registration.

25 (d) Licensed CPAs are exempt from the continuing
26 professional education requirement for the first renewal

1 period following the original issuance of the license.

2 Failure by an applicant for renewal of a license as a
3 licensed CPA to furnish the evidence shall constitute grounds
4 for disciplinary action, unless the Department in its
5 discretion shall determine the failure to have been due to
6 reasonable cause. The Department, in its discretion, may renew
7 a license despite failure to furnish evidence of satisfaction
8 of requirements of continuing education upon condition that the
9 applicant follow a particular program or schedule of continuing
10 education. In issuing rules and individual orders in respect of
11 requirements of continuing education, the Department in its
12 discretion may, among other things, use and rely upon
13 guidelines and pronouncements of recognized educational and
14 professional associations; may prescribe rules for the
15 content, duration, and organization of courses; shall take into
16 account the accessibility to applicants of such continuing
17 education as it may require, and any impediments to interstate
18 practice of public accounting that may result from differences
19 in requirements in other states; and may provide for relaxation
20 or suspension of requirements in regard to applicants who
21 certify that they do not intend to engage in the performance of
22 accountancy activities, and for instances of individual
23 hardship.

24 The Department shall establish by rule a means for the
25 verification of completion of the continuing education
26 required by this Section. This verification may be accomplished

1 through audits of records maintained by licensees; by requiring
2 the filing of continuing education certificates with the
3 Department; or by other means established by the Department.

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

7 (e) For renewals on and after July 1, 2012, as a condition
8 for granting a renewal license to CPA firms and sole
9 practitioners who perform accountancy activities outlined in
10 paragraph (1) of subsection (a) of Section 8.05 under this Act,
11 the Department shall require that the CPA firm or sole
12 practitioner satisfactorily complete a peer review during the
13 immediately preceding 3-year period, accepted by a Peer Review
14 Administrator in accordance with established standards for
15 performing and reporting on peer reviews, unless the CPA firm
16 or sole practitioner is exempted under the provisions of
17 subsection (i) of this Section. A CPA firm or sole practitioner
18 shall, at the request of the Department, submit to the
19 Department a letter from the Peer Review Administrator stating
20 the date on which the peer review was satisfactorily completed.

21 A new CPA firm or sole practitioner shall not be required
22 to comply with the peer review requirements for the first
23 license renewal. A CPA firm or sole practitioner shall comply
24 with the Department's rules adopted under this Act and agree to
25 notify the Peer Review Administrator within 30 days after
26 accepting an engagement for services requiring a license under

1 this Act and to undergo a peer review within 18 months after
2 the end of the period covered by the engagement ~~undergo its~~
3 ~~first peer review during the first full renewal cycle after it~~
4 ~~is granted its initial license.~~

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

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

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

24 (2) Other than in the peer review process, prohibit the
25 use or public disclosure of information obtained by the
26 reviewer, the Peer Review Administrator, or the Department

1 during or in connection with the peer review process. The
2 requirement that information not be publicly disclosed
3 shall not apply to a hearing before the Department that the
4 CPA firm or sole practitioner requests be public or to the
5 information described in paragraph (3) of subsection (i) of
6 this Section.

7 (g) If a CPA firm or sole practitioner fails to
8 satisfactorily complete a peer review as required by subsection
9 (e) of this Section or does not comply with any remedial
10 actions determined necessary by the Peer Review Administrator,
11 the Peer Review Administrator shall notify the Department of
12 the failure and shall submit a record with specific references
13 to the rule, statutory provision, professional standards, or
14 other applicable authority upon which the Peer Review
15 Administrator made its determination and the specific actions
16 taken or failed to be taken by the licensee that in the opinion
17 of the Peer Review Administrator constitutes a failure to
18 comply. The Department may at its discretion or shall upon
19 submission of a written application by the CPA firm or sole
20 practitioner hold a hearing under Section 20.1 of this Act to
21 determine whether the CPA firm or sole practitioner has
22 complied with subsection (e) of this Section. The hearing shall
23 be confidential and shall not be open to the public unless
24 requested by the CPA firm or sole practitioner.

25 (h) The CPA firm or sole practitioner reviewed shall pay
26 for any peer review performed. The Peer Review Administrator

1 may charge a fee to each firm and sole practitioner sufficient
2 to cover costs of administering the peer review program.

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

5 (1) Within 3 years before the date of application for
6 renewal licensure, the sole practitioner or CPA firm has
7 undergone a peer review conducted in another state or
8 foreign jurisdiction that meets the requirements of
9 paragraphs (1) and (2) of subsection (f) of this Section.

10 The sole practitioner or CPA firm shall, at the request of
11 the Department, submit to the Department a letter from the
12 organization administering the most recent peer review
13 stating the date on which the peer review was completed; or

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

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

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

26 (3) For reasons of personal health, military service,

1 or other good cause, the Department determines that the
2 sole practitioner or firm is entitled to an exemption,
3 which may be granted for a period of time not to exceed 12
4 months.

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

14 (k) (Blank).

15 (Source: P.A. 98-254, eff. 8-9-13; 98-730, eff. 1-1-15.)

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