

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 8.05, 14.2, 14.4, 16, and 17.1 as follows:

6 (225 ILCS 450/8.05)

7 (Section scheduled to be repealed on January 1, 2024)

8 Sec. 8.05. Accountancy activities.

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

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

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

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

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

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

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

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

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

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

17 (225 ILCS 450/14.2)

18 (Section scheduled to be repealed on January 1, 2024)

19 Sec. 14.2. Licensure by endorsement.

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

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

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

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

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

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

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

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

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

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

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

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

12 (225 ILCS 450/14.4)

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

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

17 (1) A majority of the ownership of the firm, in terms  
18 of financial interests and voting rights of all partners,  
19 officers, shareholders, or members, ~~or~~ belongs to persons  
20 licensed or registered in some state. All partners,  
21 officers, shareholders, or members, whose principal place  
22 of business is in this State and who have overall  
23 responsibility for accountancy activities in this State,  
24 as defined in paragraph (1) of subsection (a) of Section  
25 8.05 of this Act, must hold a valid license as a licensed

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

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

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

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

1 (a) of Section 5.2.

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

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

11 (225 ILCS 450/16) (from Ch. 111, par. 5517)

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (k) (Blank).

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

3 (225 ILCS 450/17.1) (from Ch. 111, par. 5518.1)

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

5 Sec. 17.1. Restoration.

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

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

1 16, unless exempt from peer review under subsection (i) of  
2 Section 16.

3 (c) Any firm that has permitted its license to expire may  
4 have its license restored by (1) making application to the  
5 Department and filing proof acceptable to the Department as  
6 defined by rule of its fitness to have its license restored,  
7 including sworn evidence certifying to active practice in  
8 another jurisdiction satisfactory to the Department, (2)  
9 paying the required restoration fee, and (3) satisfactory  
10 completion of peer review outlined in subsection (e) of Section  
11 16, unless exempt from peer review under subsection (i) of  
12 Section 16.

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

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

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

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