

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 4 and 16 as follows:

(225 ILCS 450/4) (from Ch. 111, par. 5505)

(Section scheduled to be repealed on January 1, 2014)

Sec. 4. Transitional language.

(a) The provisions of this Act shall not be construed to invalidate any certificates as certified public accountants issued by the University under "An Act to regulate the profession of public accountants", approved May 15, 1903, as amended, or any certificates as Certified Public Accountants issued by the University or the Board under Section 4 of "An Act to regulate the practice of public accounting and to repeal certain acts therein named", approved July 22, 1943, as amended, which certificates shall be valid and in force as though issued under the provisions of this Act.

(b) Before July 1, 2012 ~~2010~~, persons who have received a Certified Public Accountant (CPA) Certificate issued by the Board of Examiners or holding similar certifications from other jurisdictions with equivalent educational requirements and examination standards may apply to the Department on forms

supplied by the Department for and may be granted a registration as a Registered Certified Public Accountant from the Department upon payment of the required fee.

(c) Beginning with the 2006 renewal, the Department shall cease to issue a license as a Public Accountant. Any person holding a valid license as a Public Accountant prior to September 30, 2006 who meets the conditions for renewal of a license under this Act, shall be issued a license as a Licensed Certified Public Accountant under this Act and shall be subject to continued regulation by the Department under this Act. The Department may adopt rules to implement this Section.

(d) The Department shall not issue any new registrations as a Registered Certified Public Accountant after July 1, 2012 ~~2010~~. After that date, any applicant for licensure under this Act shall apply for a license as a Licensed Certified Public Accountant and shall meet the requirements set forth in this Act. Any person issued a Certified Public Accountant certificate who has been issued a registration as a Registered Certified Public Accountant may renew the registration under the provisions of this Act and that person may continue to renew or restore the registration during his or her lifetime, subject only to the renewal or restoration requirements for the registration under this Act. Such registration shall be subject to the disciplinary provisions of this Act.

(e) On and after October 1, 2006, no person shall hold himself or herself out to the public in this State in any

manner by using the title "certified public accountant" or use the abbreviation "C.P.A." or "CPA" or any words or letters to indicate that the person using the same is a certified public accountant unless he or she maintains a current registration or license issued by the Department or is exercising the practice privilege afforded under Section 5.2 of this Act. It shall be a violation of this Act for an individual to assume or use the title "certified public accountant" or use the abbreviation "C.P.A." or "CPA" or any words or letters to indicate that the person using the same is a certified public accountant in this State unless he or she maintains a current registration or license issued by the Department or is exercising the practice privilege afforded under Section 5.2 of this Act.

(Source: P.A. 95-386, eff. 1-1-08.)

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

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

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

(a) The expiration date and renewal period for each license 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 certified public accountant 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 programs in subjects given by continuing education sponsors registered by the Department upon recommendation of the Committee. 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 Certified Public Accountants are exempt from the continuing professional education requirement for the first renewal period following the original issuance of the license.

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

Failure by an applicant for renewal of a license as a licensed certified public accountant 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 practice of public accounting, 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 certified public accountants 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 firms and sole practitioners who provide services requiring a license under this Act, the Department shall require that the 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 firm or sole practitioner is exempted under the provisions of subsection (i) of this Section. A 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 firm or sole practitioner not subject to subsection

(1) of this Section 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 subsection (b) of Section 14 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 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 firm or sole practitioner requests be public or to the information described in paragraph (3) of subsection (i) of this Section.

(g) If a 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 firm or sole practitioner hold a hearing under Section 20.1 of this Act to determine whether the 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 firm or sole practitioner.

(h) The 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 firm or sole practitioner shall be exempt from the requirement to undergo a peer review if:

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

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

(B) the firm or sole practitioner agrees to notify the Department 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 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 ~~, related to the peer review within 90 days after issuance of the letter of acceptance by the Peer Review Administrator. If a peer review letter of acceptance indicates that corrective action is required, the Peer Review Administrator may retain documents and reports related to the peer review until completion of the next peer review or other agreed to corrective actions.~~

(k) (Blank). ~~In the event the practices of 2 or more firms or sole practitioners are merged or otherwise combined, the surviving firm shall retain the peer review year of the largest firm, as determined by the number of accounting and auditing hours of each of the practices. In the event that the practice of a firm is divided or a portion of its practice is sold or otherwise transferred, any firm or sole practitioner acquiring some or all of the practice that does not already have its own review year shall retain the review year of the former firm. In the event that the first peer review of a firm that would~~

~~otherwise be required by this subsection (k) would be less than 12 months after its previous review, a review year shall be assigned by a Peer Review Administrator so that the firm's next peer review occurs after not less than 12 months of operation, but not later than 18 months of operation.~~

(Source: P.A. 93-683, eff. 7-2-04; 94-779, eff. 5-19-06.)

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