

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 0.03, 5.2, 13, and 16 and adding Section 14.5 as follows:

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

(Section scheduled to be repealed on January 1, 2024)

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

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

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

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

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

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

"Coordinator" means the CPA Coordinator.

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

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

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

"Financial statement" means a structured presentation of

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

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

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

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

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

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

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

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

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

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

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

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

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

"University" means the University of Illinois.

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

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

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

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

(225 ILCS 450/5.2)

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

Sec. 5.2. Substantial equivalency.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) an engagement in accordance with Public Company Accounting Oversight Board auditing standards.

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

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

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

Sec. 13. Application for licensure.

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



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

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

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

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

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

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

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

(225 ILCS 450/14.5 new)

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

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

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

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

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

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

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

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

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

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

(a) The expiration date and renewal period for each license or registration 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 CPA 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 as prescribed by Department rules. ~~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 CPAs are exempt from the continuing professional education requirement for the first renewal period following the original issuance of the license.

Failure by an applicant for renewal of a license as a licensed CPA 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 performance of accountancy activities, 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 CPAs 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 CPA firms and sole practitioners who perform accountancy activities outlined in paragraph (1) of subsection (a) of Section 8.05 under this Act, the Department shall require that the CPA 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 CPA firm or sole practitioner is exempted under the provisions of subsection (i) of this Section. A CPA 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 CPA firm or sole practitioner shall not be required to comply with the peer review requirements for the first license renewal. A CPA firm or sole practitioner shall comply with the Department's rules adopted under this Act and agree to notify the Peer Review Administrator within 30 days after 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. 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 Section 14.4 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 CPA 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 CPA firm or sole practitioner requests be public or to the information described in paragraph (3) of subsection (i) of this Section.

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

(h) The CPA 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 CPA firm or sole practitioner shall not be required to comply with the peer review requirements if:

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

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

(B) the firm or sole practitioner agrees to notify the Peer Review Administrator 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 CPA 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.

(k) (Blank).

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

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