

**SUBSTITUTE FOR
SENATE BILL NO. 191**

A bill to amend 1980 PA 299, entitled
"Occupational code,"
by amending sections 725 and 729 (MCL 339.725 and 339.729), as
amended by 2005 PA 278.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 725. (1) The department shall issue a certificate as a
2 certified public accountant to an individual who meets all of the
3 following requirements:
- 4 (a) Is of good moral character.
 - 5 (b) Has complied with the education requirements of subsection
6 (2).
 - 7 (c) Has passed an examination meeting the requirements of

1 subsection (3).

2 (d) Has complied with the experience requirements of
3 subsection (4).

4 (e) Has completed at least 150 semester hours of college
5 education, including a baccalaureate degree or higher degree with a
6 concentration in accounting, at an educational institution approved
7 by the board.

8 (2) An individual who has completed a curriculum required for
9 a baccalaureate degree with a concentration in accounting at an
10 educational institution approved by the board may sit for the
11 examination required under subsection (3).

12 (3) An applicant for a certificate as a certified public
13 accountant shall pass an examination in accounting, auditing, and
14 other related subjects, acceptable to the department and the board,
15 that is given reciprocal status in the plurality of states as
16 compared to other examinations.

17 (4) An applicant for a certificate as a certified public
18 accountant shall have ~~2 years of qualifying experience, and an~~
19 ~~applicant for a certificate as a certified public accountant shall~~
20 ~~have~~ 1 year of qualifying experience under the direction and
21 supervision of a licensed certified public accountant of this or
22 another state in either of the following:

23 (a) The practice of public accounting with experience obtained
24 in 1 financial audit and in all of the following areas that may be
25 performed under the direction and supervision of a licensed
26 certified public accountant while the applicant was meeting the
27 education requirements of subsection (2):

1 (i) The application of a variety of auditing procedures and
2 techniques to the usual and customary financial transactions
3 recorded in accounting records.

4 (ii) The preparation of working papers covering the examination
5 of the accounts usually found in accounting records for audit,
6 review, and compilation.

7 (iii) The participation in the planning of the program of work
8 including the selection of the procedures to be followed for audit,
9 review, and compilation.

10 (iv) The participation in the preparation of reports, including
11 written explanations and comments on the findings of the
12 examinations and on the content of the accounting records.

13 (v) The participation in the preparation and analysis of
14 financial statements together with explanations and notes.

15 (b) The practice of public accounting with a governmental
16 agency involving either of the following:

17 (i) The auditing of the books and accounts or financial
18 activities of persons engaged in 3 or more distinct lines of
19 commercial or industrial business in accordance with generally
20 accepted auditing standards or generally accepted government
21 auditing standards.

22 (ii) The auditing of the books and accounts of financial
23 activities of 3 or more distinct governmental agencies or
24 independent organizational units other than an employer of the
25 applicant in accordance with generally accepted auditing standards
26 or generally accepted government auditing standards, and in which
27 the results of the auditing are reported to a third party.

1 (5) In complying with the requirement of subsection (4) that
2 an applicant shall have performed 1 financial audit, an applicant
3 may submit an audit performed under the direction and supervision
4 of a licensed certified public accountant who is not the
5 applicant's employer or an audit performed while the applicant was
6 meeting the educational requirements of subsection (2).

7 Sec. 729. (1) As a condition of license renewal, an individual
8 licensee shall complete at least 40 hours of continuing education
9 for each year since the issuance of the original license or the
10 last renewal. Of the 40 hours of continuing education credits, the
11 board shall not require more than 8 of those hours to be in the
12 areas of auditing and accounting. The board may make exceptions
13 from the continuing education requirements of this subsection for
14 reasons of health, military service, or other good cause.

15 (2) ~~Beginning March 1, 2007, each~~ **EACH** licensed firm and sole
16 practitioner that performs attest services, including audits,
17 reviews, and compilations that are relied upon by third parties,
18 shall participate in a peer review program established by rule of
19 the department and approved by the board. An applicant for renewal
20 or relicensure shall submit to the department at the time of
21 renewal or relicensure proof of peer review obtained within the 3
22 years immediately preceding the application. A firm or sole
23 practitioner required to participate in a peer review program under
24 this subsection shall notify the department within 30 days after
25 receipt of an adverse report or second modified peer review report.
26 Verbal testimony or documents, or both, pertaining to a peer review
27 shall be considered confidential and shall be exempt from

1 disclosure to the department, except in the case of an adverse or
2 second consecutive modified opinion.

3 (3) THE PEER REVIEW REQUIREMENTS UNDER SUBSECTION (2) FOR
4 LICENSEES BECOME EFFECTIVE AS FOLLOWS:

5 (A) FOR LICENSED FIRMS AND SOLE PRACTITIONERS WHOSE ATTEST
6 SERVICES INCLUDE AUDITS, BEGINNING MARCH 1, 2008.

7 (B) FOR LICENSED FIRMS AND SOLE PRACTITIONERS WHOSE ATTEST
8 SERVICES INCLUDE COMPILATION WITH DISCLOSURES RELIED UPON BY THIRD
9 PARTIES, OR REVIEW, OR BOTH COMPILATION WITH DISCLOSURES AND
10 REVIEW, BUT NOT AUDITS UNDER SUBDIVISION (A), BEGINNING MARCH 1,
11 2009.

12 (C) FOR LICENSED FIRMS AND SOLE PRACTITIONERS WHOSE ATTEST
13 SERVICES INCLUDE COMPILATION WITHOUT DISCLOSURES RELIED UPON BY
14 THIRD PARTIES, BUT NOT AUDITS UNDER SUBDIVISION (A) OR ANY
15 COMPILATION WITH DISCLOSURES RELIED UPON BY THIRD PARTIES, OR
16 REVIEW, OR BOTH COMPILATION WITH DISCLOSURES AND REVIEW UNDER
17 SUBDIVISION (B), BEGINNING MARCH 1, 2010.