

Act No. 1  
Public Acts of 2007  
Approved by the Governor  
March 1, 2007  
Filed with the Secretary of State  
March 1, 2007  
EFFECTIVE DATE: March 1, 2007

**STATE OF MICHIGAN**  
**94TH LEGISLATURE**  
**REGULAR SESSION OF 2007**

Introduced by Senators Richardville, Hunter and Sanborn

# ENROLLED SENATE BILL No. 191

AN ACT to amend 1980 PA 299, entitled "An act to revise, consolidate, and classify the laws of this state regarding the regulation of certain occupations; to create a board for each of those occupations; to establish the powers and duties of certain departments and agencies and the boards of each occupation; to provide for the promulgation of rules; to provide for certain fees; to provide for penalties and civil fines; to establish rights, relationships, and remedies of certain persons under certain circumstances; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts," 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:*

Sec. 725. (1) The department shall issue a certificate as a certified public accountant to an individual who meets all of the following requirements:

- (a) Is of good moral character.
- (b) Has complied with the education requirements of subsection (2).
- (c) Has passed an examination meeting the requirements of subsection (3).
- (d) Has complied with the experience requirements of subsection (4).

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

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

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

(4) An applicant for a certificate as a certified public accountant shall have 1 year of qualifying experience under the direction and supervision of a licensed certified public accountant of this or another state in either of the following:

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

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

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

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

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

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

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

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

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

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

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

(2) Each licensed firm and sole practitioner that performs attest services, including audits, reviews, and compilations that are relied upon by third parties, shall participate in a peer review program established by rule of the department and approved by the board. An applicant for renewal or relicensure shall submit to the department at the time of renewal or relicensure proof of peer review obtained within the 3 years immediately preceding the application. A firm or sole practitioner required to participate in a peer review program under this subsection shall notify the department within 30 days after receipt of an adverse report or second modified peer review report. Verbal testimony or documents, or both, pertaining to a peer review shall be considered confidential and shall be exempt from disclosure to the department, except in the case of an adverse or second consecutive modified opinion.

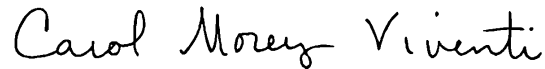
(3) The peer review requirements under subsection (2) for licensees become effective as follows:

(a) For licensed firms and sole practitioners whose attest services include audits, beginning March 1, 2008.

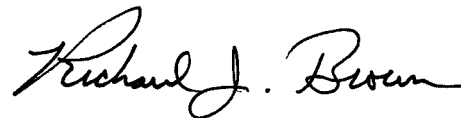
(b) For licensed firms and sole practitioners whose attest services include compilation with disclosures relied upon by third parties, or review, or both compilation with disclosures and review, but not audits under subdivision (a), beginning March 1, 2009.

(c) For licensed firms and sole practitioners whose attest services include compilation without disclosures relied upon by third parties, but not audits under subdivision (a) or any compilation with disclosures relied upon by third parties, or review, or both compilation with disclosures and review under subdivision (b), beginning March 1, 2010.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved .....

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Governor