

1998 PUBLIC AND LOCAL ACTS

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[No. 380]

(SB 1149)

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 section 725 (MCL 339.725), as added by 1997 PA 10.

*The People of the State of Michigan enact:*

339.725 Application for certificate as certified public accountant; education requirements; examination; qualifying experience; submission of audit. [M.S.A. 18.425(725)]

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) After July 1, 2003, shall have 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) Except as otherwise provided in this subsection, 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). An individual shall be considered to have fulfilled the educational requirements of this subsection if he or she is scheduled to receive his or her baccalaureate degree with a concentration in accounting from an educational institution approved by the board, within 30 days after the date of the examination required under subsection (3), as certified by the chief academic officer of the educational institution. If an individual fails to fulfill the educational requirements of the educational institution within 30 days of the examination, then the board shall not credit the examination results to the applicant.

(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) Subject to subsections (5) and (6) and until July 1, 2003, an applicant for a certificate as a certified public accountant shall have 2 years of qualifying experience and, after July 1, 2003, 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 which 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) Until July 1, 2003, an individual who has done both of the following is considered to have received the equivalent of 1 year of qualifying experience under subsection (4):

(a) Has earned a graduate degree in accounting or its equivalent at an educational institution approved by the board.

(b) Has completed a curriculum in public accounting as prescribed in rules promulgated by the director.

(6) Until July 1, 2003, an individual who has done all of the following is considered to have received the equivalent of 2 years of qualifying experience under subsection (4):

(a) Has earned a graduate degree in accounting or its equivalent at an educational institution approved by the board and has completed a curriculum in public accounting as prescribed in rules promulgated by the director.

(b) Has completed at least 2 years as a full-time instructor of accounting in subjects above the elementary level prescribed in rules promulgated by the director.

(7) 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).

This act is ordered to take immediate effect.

Approved October 22, 1998.

Filed with Secretary of State October 23, 1998.

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