

# HOUSE BILL No. 4238

February 5, 1997, Introduced by Reps. Dobb, Hammerstrom, Galloway, Profit, Anthony, Scott, Wetters, Olshove, Brackenridge, Gilmer, Bankes, Gubow, Richner, Fitzgerald and Perricone and referred to the Committee on Regulatory Affairs.

A bill to amend 1980 PA 299, entitled "Occupational code," (MCL 339.101 to 339.2721) by adding sections 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, and 735; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           SEC. 720. (1) AS USED IN THIS ARTICLE:

2           (A) "CERTIFIED PUBLIC ACCOUNTANT" MEANS AN INDIVIDUAL WHO IS  
3 QUALIFIED BY EDUCATION, EXAMINATION, AND EXPERIENCE AS EVIDENCED  
4 BY THE ISSUANCE OF A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT  
5 UNDER SECTION 725 OR 726 TO ENGAGE OR OFFER TO ENGAGE IN THE  
6 PRACTICE OF PUBLIC ACCOUNTING.

7           (B) "FIRM" MEANS A CORPORATION, PARTNERSHIP, LIMITED  
8 LIABILITY COMPANY, UNINCORPORATED ASSOCIATION, SOLE

1 PROPRIETORSHIP OPERATING UNDER AN ASSUMED NAME, OR OTHER LEGAL  
2 ENTITY.

3 (C) SUBJECT TO SUBSECTION (2), "PRACTICE OF PUBLIC  
4 ACCOUNTING" MEANS RENDERING OR OFFERING TO RENDER AN OPINION ON  
5 OR ATTESTING TO OR OFFERING TO ATTEST TO THE RELIABILITY OF A  
6 REPRESENTATION OR ESTIMATE, INCLUDING, BUT NOT LIMITED TO, THE  
7 GIVING OF AN OPINION IN SUBSTANCE THAT FINANCIAL INFORMATION AS  
8 SET FORTH FAIRLY PRESENTS THE CONDITION OF THE ENTITY REVIEWED OR  
9 AUDITED, IN REGARD TO AN ENTITY EMBRACING 1 OR MORE OF THE  
10 FOLLOWING:

11 (i) FINANCIAL INFORMATION.

12 (ii) FACTS RESPECTING COMPLIANCE WITH CONDITIONS ESTABLISHED  
13 BY LAW OR CONTRACT, INCLUDING, BUT NOT LIMITED TO, A STATUTE,  
14 ORDINANCE, REGULATION, GRANT, LOAN, OR APPROPRIATION.

15 (iii) THE SCOPE OF THE ACCOUNTING PROCEDURES RENDERED IN  
16 CONNECTION WITH THE PRESENTATION OF A FINANCIAL STATEMENT.

17 (2) IN ADDITION TO THE DEFINITION SET FORTH IN  
18 SUBSECTION (1)(C), PRACTICE OF PUBLIC ACCOUNTING INCLUDES 1 OR  
19 MORE OF THE FOLLOWING ACTIVITIES WHEN PERFORMED OR OFFERED TO BE  
20 PERFORMED BY A PERSON HOLDING HIMSELF OR HERSELF OUT AS A CERTI-  
21 FIED PUBLIC ACCOUNTANT FOR A CLIENT OR A POTENTIAL CLIENT:

22 (A) THE ISSUANCE OF REPORTS ON FINANCIAL STATEMENTS.

23 (B) ONE OR MORE KINDS OF MANAGEMENT ADVISORY, FINANCIAL  
24 ADVISORY, OR CONSULTING SERVICES.

25 (C) THE PREPARATION OF TAX RETURNS.

26 (D) THE FURNISHING OF ADVICE ON TAX MATTERS.

1 SEC. 721. (1) THE STATE BOARD OF ACCOUNTANCY IS CREATED.

2 (2) SIX MEMBERS OF THE BOARD SHALL BE CERTIFIED PUBLIC  
3 ACCOUNTANTS WHO HOLD A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUN-  
4 TANT, WHO ARE LICENSED UNDER SECTION 727, AND WHO HAVE PRACTICED  
5 IN THIS STATE AS CERTIFIED PUBLIC ACCOUNTANTS FOR NOT LESS THAN 5  
6 YEARS. THREE MEMBERS SHALL BE REPRESENTATIVE OF THE GENERAL  
7 PUBLIC, 1 OF WHOM SHALL BE AN ATTORNEY WHO IS A MEMBER IN GOOD  
8 STANDING IN THE BAR OF THIS STATE.

9 (3) THE DIRECTOR MAY PROMULGATE THE FOLLOWING RULES:

10 (A) RULES OF PROFESSIONAL CONDUCT FOR ESTABLISHING AND MAIN-  
11 TAINING HIGH STANDARDS OF COMPETENCE AND INTEGRITY IN THE PRAC-  
12 TICE OF PUBLIC ACCOUNTING.

13 (B) RULES GOVERNING CORPORATIONS PRACTICING PUBLIC ACCOUNT-  
14 ING, CONSISTENT WITH THE PROFESSIONAL SERVICE CORPORATION ACT,  
15 1962 PA 192, MCL 450.221 TO 450.235.

16 (C) RULES GOVERNING EDUCATIONAL AND EXPERIENCE REQUIREMENTS  
17 FOR THE ISSUANCE OF A CERTIFICATE AS A CERTIFIED PUBLIC  
18 ACCOUNTANT.

19 (D) RULES OF PROCEDURE GOVERNING THE CONDUCT OF MATTERS  
20 BEFORE THE BOARD.

21 (E) RULES GOVERNING THE RECOGNITION OF EDUCATIONAL INSTITU-  
22 TIONS BY THE BOARD.

23 (F) RULES GOVERNING CONTINUING EDUCATION AS REQUIRED BY SEC-  
24 TION 729.

25 (G) ANY OTHER RULES CONSIDERED NECESSARY BY THE DIRECTOR TO  
26 IMPLEMENT AND ENFORCE THIS ARTICLE.

1           SEC. 722. THE DEPARTMENT SHALL ISSUE LICENSES,  
2 REGISTRATIONS, AND CERTIFICATES AS A CERTIFIED PUBLIC ACCOUNTANT  
3 UNDER THIS ARTICLE. THE DEPARTMENT SHALL ISSUE A LICENSE TO  
4 ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTING IN THIS STATE ONLY TO  
5 AN INDIVIDUAL WHO HOLDS A CERTIFICATE AS A CERTIFIED PUBLIC  
6 ACCOUNTANT AND WHO HAS FURNISHED EVIDENCE SATISFACTORY TO THE  
7 BOARD OF COMPLIANCE WITH THE REQUIREMENTS OF THIS ARTICLE AND THE  
8 RULES PROMULGATED UNDER THIS ARTICLE.

9           SEC. 723. (1) EACH LICENSED OR REGISTERED INDIVIDUAL HOLDER  
10 OF A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT SHALL BE KNOWN  
11 AS A CERTIFIED PUBLIC ACCOUNTANT AND A PERSON SHALL NOT USE THAT  
12 TITLE OR THE ABBREVIATION "CPA" OR ANY OTHER WORD, WORDS, LET-  
13 TERS, OR FIGURES TO INDICATE THAT THE PERSON USING THEM IS A CER-  
14 TIFIED PUBLIC ACCOUNTANT UNLESS THE USE IS SPECIFICALLY APPROVED  
15 BY THE BOARD. USE OF THE TERMS "CERTIFIED ACCOUNTANT",  
16 "CHARTERED ACCOUNTANT", "PUBLIC ACCOUNTANT", AND "REGISTERED  
17 ACCOUNTANT" AND THE ABBREVIATIONS "C.A.", "P.A.", AND "R.A." IS  
18 SPECIFICALLY PROHIBITED AS BEING PRIMA FACIE MISLEADING TO THE  
19 PUBLIC.

20           (2) EXCEPT AS PROVIDED IN SECTION 724, A PERSON SHALL NOT  
21 ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTING EITHER IN THE  
22 PERSON'S OWN NAME, UNDER AN ASSUMED NAME, OR AS A MEMBER OF A  
23 FIRM OR AS AN EMPLOYEE, UNLESS THE PERSON HOLDS A CERTIFICATE AS  
24 A CERTIFIED PUBLIC ACCOUNTANT AND A LICENSE AS A CERTIFIED PUBLIC  
25 ACCOUNTANT ISSUED UNDER THIS ARTICLE.

26           (3) UNLESS USE OF A TERM IS SPECIFICALLY APPROVED BY THE  
27 BOARD, THE DISPLAY OR UTTERING BY A PERSON OF A CARD, SIGN,

1 ADVERTISEMENT, DIRECTORY LISTING, OR OTHER PRINTED, ENGRAVED, OR  
2 WRITTEN INSTRUMENT OR DEVICE BEARING A PERSON'S NAME IN CONJUNC-  
3 TION WITH A TITLE DESCRIBED IN SUBSECTION (1) SHALL BE PRIMA  
4 FACIE EVIDENCE THAT THE PERSON WHOSE NAME IS SO DISPLAYED CAUSED  
5 OR PROCURED THE DISPLAY OR UTTERING OF THE CARD, SIGN, ADVERTISE-  
6 MENT, DIRECTORY LISTING, OR OTHER PRINTED, ENGRAVED, OR WRITTEN  
7 INSTRUMENT OR DEVICE. EVIDENCE OF THE COMMISSION OF A SINGLE ACT  
8 PROHIBITED BY THIS ARTICLE IS SUFFICIENT TO JUSTIFY AN INJUNCTION  
9 OR A CONVICTION WITHOUT EVIDENCE OF A GENERAL COURSE OF CONDUCT.

10 (4) EACH LICENSED FIRM MAY USE THE DESIGNATION "CERTIFIED  
11 PUBLIC ACCOUNTANTS" IN CONNECTION WITH THE FIRM NAME, EXCEPT THAT  
12 A LICENSED FIRM HAVING ONLY 1 MEMBER MAY USE ONLY THE DESIGNATION  
13 "CERTIFIED PUBLIC ACCOUNTANT". AN UNLICENSED FIRM SHALL NOT USE  
14 THE DESIGNATION "CERTIFIED PUBLIC ACCOUNTANTS", "CERTIFIED  
15 ACCOUNTANTS", "CHARTERED ACCOUNTANTS", "PUBLIC ACCOUNTANTS", OR  
16 "REGISTERED ACCOUNTANTS" OR THE ABBREVIATION "C.P.A.", "CPA",  
17 "CPAs", "C.A.", "P.A.", OR "R.A." IN CONNECTION WITH THE FIRM  
18 NAME.

19 SEC. 724. THIS ARTICLE DOES NOT PROHIBIT THE FOLLOWING:

20 (A) AN INDIVIDUAL WHO IS NOT A CERTIFIED PUBLIC ACCOUNTANT  
21 FROM SERVING AS AN EMPLOYEE OF, OR AN ASSISTANT TO, A CERTIFIED  
22 PUBLIC ACCOUNTANT OR FIRM COMPOSED OF CERTIFIED PUBLIC ACCOUN-  
23 TANTS LICENSED TO PRACTICE UNDER THIS ARTICLE IF THE INDIVIDUAL  
24 DOES NOT ISSUE AN ACCOUNTING OR FINANCIAL STATEMENT OVER HIS OR  
25 HER NAME.

26 (B) A CERTIFIED PUBLIC ACCOUNTANT OF ANOTHER STATE, OR AN  
27 ACCOUNTANT WHO IS LICENSED IN A FOREIGN COUNTRY FOR THE PRACTICE

1 OF PUBLIC ACCOUNTING IN THAT COUNTRY, FROM TEMPORARILY AND  
2 PERIODICALLY ENGAGING IN THE PRACTICE OF PUBLIC ACCOUNTING IN  
3 THIS STATE IF ALL OF THE FOLLOWING REQUIREMENTS ARE MET:

4 (i) THE INDIVIDUAL IS CONDUCTING A REGULAR PRACTICE OF  
5 PUBLIC ACCOUNTING IN THE OTHER STATE OR FOREIGN COUNTRY.

6 (ii) THE TEMPORARY PRACTICE IS CONDUCTED IN CONFORMITY WITH  
7 APPLICABLE RULES PROMULGATED BY THE DIRECTOR, IF ANY.

8 (iii) THE INDIVIDUAL SECURES A TEMPORARY PERMIT FROM THE  
9 DEPARTMENT TO CONDUCT THE PRACTICE IN THIS STATE.

10 (C) A PRACTICING ATTORNEY FROM PREPARING REPORTS OR PRESENT-  
11 ING RECORDS CUSTOMARILY PREPARED BY AN ATTORNEY IN CONNECTION  
12 WITH THE ATTORNEY'S PROFESSIONAL WORK.

13 (D) A PERSON FROM PREPARING A FINANCIAL REPORT OR TAX  
14 RETURN, NOT REQUIRING THE EXPRESSION OF AN OPINION ON THE REPORT  
15 OR RETURN, FOR FILING WITH A FEDERAL, STATE, OR LOCAL GOVERNMEN-  
16 TAL UNIT.

17 (E) AN OFFICER, EMPLOYEE, PARTNER, OR PRINCIPAL OF AN ORGAN-  
18 IZATION FROM SIGNING A STATEMENT OR REPORT IN REFERENCE TO THE  
19 FINANCIAL AFFAIRS OF THE ORGANIZATION WITH WORDING DESIGNATING  
20 THE POSITION, TITLE, OR OFFICE WHICH THE OFFICER, EMPLOYEE, PART-  
21 NER, OR PRINCIPAL OF AN ORGANIZATION HOLDS IN THAT ORGANIZATION.

22 (F) AN ACT OF A PUBLIC OFFICIAL OR PUBLIC EMPLOYEE IN THE  
23 PERFORMANCE OF THAT INDIVIDUAL'S OFFICIAL DUTIES.

24 (G) AN INDIVIDUAL WHO MAY BE EMPLOYED BY MORE THAN 1 PERSON  
25 OR FIRM FROM KEEPING BOOKS, MAKING TRIAL BALANCES OR STATEMENTS,  
26 AND PREPARING AUDITS OR REPORTS, IF THE AUDITS OR REPORTS ARE NOT

1 USED OR ISSUED BY THE EMPLOYER AS HAVING BEEN PREPARED BY A  
2 CERTIFIED PUBLIC ACCOUNTANT.

3 SEC. 725. (1) THE DEPARTMENT SHALL ISSUE A CERTIFICATE AS A  
4 CERTIFIED PUBLIC ACCOUNTANT TO AN INDIVIDUAL WHO MEETS ALL OF THE  
5 FOLLOWING REQUIREMENTS:

6 (A) IS OF GOOD MORAL CHARACTER.

7 (B) HAS COMPLIED WITH THE EDUCATION REQUIREMENTS OF SUBSEC-  
8 TION (2).

9 (C) HAS PASSED AN EXAMINATION MEETING THE REQUIREMENTS OF  
10 SUBSECTION (3).

11 (D) HAS COMPLIED WITH THE EXPERIENCE REQUIREMENTS OF SUBSEC-  
12 TION (4).

13 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, BEFORE  
14 SITTING FOR THE EXAMINATION REQUIRED UNDER SUBSECTION (3), AN  
15 APPLICANT FOR A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT  
16 SHALL HAVE COMPLETED AT LEAST A CURRICULUM REQUIRED FOR A BACCA-  
17 LAUREATE DEGREE WITH A CONCENTRATION IN ACCOUNTING AT AN EDUCA-  
18 TIONAL INSTITUTION APPROVED BY THE BOARD. AN APPLICANT FOR A  
19 CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT SHALL BE CONSIDERED  
20 TO HAVE FULFILLED THE EDUCATIONAL REQUIREMENTS OF THIS SUBSECTION  
21 IF HE OR SHE IS SCHEDULED TO RECEIVE HIS OR HER BACCALAUREATE  
22 DEGREE WITH A CONCENTRATION IN ACCOUNTING FROM AN EDUCATIONAL  
23 INSTITUTION APPROVED BY THE BOARD, WITHIN 30 DAYS AFTER THE DATE  
24 OF THE EXAMINATION REQUIRED UNDER SUBSECTION (3), AS CERTIFIED BY  
25 THE CHIEF ACADEMIC OFFICER OF THE EDUCATIONAL INSTITUTION. IF AN  
26 APPLICANT FAILS TO FULFILL THE EDUCATIONAL REQUIREMENTS OF THE  
27 EDUCATIONAL INSTITUTION WITHIN 30 DAYS OF THE EXAMINATION, THEN

1 THE BOARD SHALL NOT CREDIT THE EXAMINATION RESULTS TO THE  
2 APPLICANT.

3 (3) AN APPLICANT FOR A CERTIFICATE AS A CERTIFIED PUBLIC  
4 ACCOUNTANT SHALL PASS AN EXAMINATION IN ACCOUNTING, AUDITING, AND  
5 OTHER RELATED SUBJECTS, ACCEPTABLE TO THE DEPARTMENT AND THE  
6 BOARD, THAT IS GIVEN RECIPROCAL STATUS IN THE PLURALITY OF STATES  
7 AS COMPARED TO OTHER EXAMINATIONS.

8 (4) SUBJECT TO SUBSECTIONS (5) AND (6), AN APPLICANT FOR A  
9 CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT SHALL HAVE 2 YEARS  
10 OF QUALIFYING EXPERIENCE UNDER THE DIRECTION AND SUPERVISION OF A  
11 LICENSED CERTIFIED PUBLIC ACCOUNTANT OF THIS OR ANOTHER STATE IN  
12 EITHER OF THE FOLLOWING:

13 (A) THE PRACTICE OF PUBLIC ACCOUNTING WITH EXPERIENCE  
14 OBTAINED IN 1 FINANCIAL AUDIT AND IN ALL OF THE FOLLOWING AREAS  
15 WHICH MAY BE PERFORMED UNDER THE DIRECTION AND SUPERVISION OF A  
16 LICENSED CERTIFIED PUBLIC ACCOUNTANT WHILE THE APPLICANT WAS  
17 MEETING THE EDUCATION REQUIREMENTS OF SUBSECTION (2):

18 (i) THE APPLICATION OF A VARIETY OF AUDITING PROCEDURES AND  
19 TECHNIQUES TO THE USUAL AND CUSTOMARY FINANCIAL TRANSACTIONS  
20 RECORDED IN ACCOUNTING RECORDS.

21 (ii) THE PREPARATION OF WORKING PAPERS COVERING THE EXAMINA-  
22 TION OF THE ACCOUNTS USUALLY FOUND IN ACCOUNTING RECORDS FOR  
23 AUDIT, REVIEW, AND COMPILATION.

24 (iii) THE PARTICIPATION IN THE PLANNING OF THE PROGRAM OF  
25 WORK INCLUDING THE SELECTION OF THE PROCEDURES TO BE FOLLOWED FOR  
26 AUDIT, REVIEW, AND COMPILATION.



1           (iv) THE PARTICIPATION IN THE PREPARATION OF REPORTS,  
2 INCLUDING WRITTEN EXPLANATIONS AND COMMENTS ON THE FINDINGS OF  
3 THE EXAMINATIONS AND ON THE CONTENT OF THE ACCOUNTING RECORDS.

4           (v) THE PARTICIPATION IN THE PREPARATION AND ANALYSIS OF  
5 FINANCIAL STATEMENTS TOGETHER WITH EXPLANATIONS AND NOTES.

6           (B) THE PRACTICE OF PUBLIC ACCOUNTING WITH A GOVERNMENTAL  
7 AGENCY INVOLVING EITHER OF THE FOLLOWING:

8           (i) THE AUDITING OF THE BOOKS AND ACCOUNTS OR FINANCIAL  
9 ACTIVITIES OF PERSONS ENGAGED IN 3 OR MORE DISTINCT LINES OF COM-  
10 Mercial OR INDUSTRIAL BUSINESS IN ACCORDANCE WITH GENERALLY  
11 ACCEPTED AUDITING STANDARDS OR GENERALLY ACCEPTED GOVERNMENT  
12 AUDITING STANDARDS.

13           (ii) THE AUDITING OF THE BOOKS AND ACCOUNTS OF FINANCIAL  
14 ACTIVITIES OF 3 OR MORE DISTINCT GOVERNMENTAL AGENCIES OR INDE-  
15 PENDENT ORGANIZATIONAL UNITS OTHER THAN AN EMPLOYER OF THE APPLI-  
16 CANT IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS OR  
17 GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS, AND IN WHICH  
18 THE RESULTS OF THE AUDITING ARE REPORTED TO A THIRD PARTY.

19           (5) AN INDIVIDUAL WHO HAS DONE BOTH OF THE FOLLOWING IS CON-  
20 sidered TO HAVE RECEIVED THE EQUIVALENT OF 1 YEAR OF QUALIFYING  
21 EXPERIENCE UNDER SUBSECTION (4):

22           (A) HAS EARNED A GRADUATE DEGREE IN ACCOUNTING OR ITS EQUIV-  
23 alent AT AN EDUCATIONAL INSTITUTION APPROVED BY THE BOARD.

24           (B) HAS COMPLETED A CURRICULUM IN PUBLIC ACCOUNTING AS PRE-  
25 scribed IN RULES PROMULGATED BY THE DIRECTOR.

1 (6) AN INDIVIDUAL WHO HAS DONE ALL OF THE FOLLOWING IS  
2 CONSIDERED TO HAVE RECEIVED THE EQUIVALENT OF 2 YEARS OF  
3 QUALIFYING EXPERIENCE UNDER SUBSECTION (4):

4 (A) HAS EARNED A GRADUATE DEGREE IN ACCOUNTING OR ITS EQUIV-  
5 ALENT AT AN EDUCATIONAL INSTITUTION APPROVED BY THE BOARD AND HAS  
6 COMPLETED A CURRICULUM IN PUBLIC ACCOUNTING AS PRESCRIBED IN  
7 RULES PROMULGATED BY THE DIRECTOR.

8 (B) HAS COMPLETED AT LEAST 2 YEARS AS A FULL-TIME INSTRUCTOR  
9 OF ACCOUNTING IN SUBJECTS ABOVE THE ELEMENTARY LEVEL PRESCRIBED  
10 IN RULES PROMULGATED BY THE DIRECTOR.

11 (7) IN COMPLYING WITH THE REQUIREMENT OF SUBDIVISION (4)  
12 THAT AN APPLICANT SHALL HAVE PERFORMED 1 FINANCIAL AUDIT, AN  
13 APPLICANT MAY SUBMIT AN AUDIT PERFORMED UNDER THE DIRECTION AND  
14 SUPERVISION OF A LICENSED CERTIFIED PUBLIC ACCOUNTANT WHO IS NOT  
15 THE APPLICANT'S EMPLOYER OR AN AUDIT PERFORMED WHILE THE APPLI-  
16 CANT WAS MEETING THE EDUCATIONAL REQUIREMENTS OF  
17 SUBDIVISION (2).

18 SEC. 726. (1) THE DEPARTMENT SHALL ISSUE A CERTIFICATE AS A  
19 CERTIFIED PUBLIC ACCOUNTANT TO AN INDIVIDUAL WHO MEETS BOTH OF  
20 THE FOLLOWING REQUIREMENTS:

21 (A) HOLDS A VALID AND UNREVOKED CERTIFICATE AS A CERTIFIED  
22 PUBLIC ACCOUNTANT ISSUED BY OR UNDER THE AUTHORITY OF ANOTHER  
23 STATE OR UNITED STATES JURISDICTION.

24 (B) PROVIDES PROOF THAT THE APPLICANT'S ORIGINAL CERTIFICATE  
25 AS A CERTIFIED PUBLIC ACCOUNTANT WAS SECURED ON THE BASIS OF  
26 REQUIREMENTS THAT THE BOARD DETERMINES ARE EQUIVALENT TO THE

1 STANDARDS REQUIRED FOR QUALIFICATION IN THIS STATE AT THE SAME  
2 TIME THE APPLICANT WAS ISSUED HIS OR HER ORIGINAL CERTIFICATE.

3 (2) THE DEPARTMENT SHALL ISSUE A CERTIFICATE AS A CERTIFIED  
4 PUBLIC ACCOUNTANT TO AN INDIVIDUAL WHO MEETS BOTH OF THE FOLLOW-  
5 ING REQUIREMENTS:

6 (A) HOLDS A VALID AND UNREVOKED CERTIFICATE AS A CERTIFIED  
7 PUBLIC ACCOUNTANT OR AN EQUIVALENT TITLE ISSUED BY OR UNDER THE  
8 AUTHORITY OF A JURISDICTION OUTSIDE THE UNITED STATES THAT THE  
9 BOARD DETERMINES TO BE EQUIVALENT TO THE REQUIREMENTS TO OBTAIN A  
10 CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT IN THIS STATE.

11 (B) HAS PASSED AN EXAMINATION ON TOPICS SPECIFIC TO THE  
12 PRACTICE OF PUBLIC ACCOUNTING IN THE UNITED STATES AND APPROVED  
13 BY THE BOARD.

14 SEC. 727. AFTER OBTAINING A CERTIFICATE AS A CERTIFIED  
15 PUBLIC ACCOUNTANT UNDER SECTION 725 OR 726, AN INDIVIDUAL SHALL  
16 DO 1 OF THE FOLLOWING:

17 (A) IF THE INDIVIDUAL ONLY SEEKS TO USE A TITLE AUTHORIZED  
18 BY THIS ARTICLE, THE INDIVIDUAL SHALL APPLY FOR REGISTRATION  
19 UNDER THIS ARTICLE.

20 (B) IF THE INDIVIDUAL SEEKS TO USE A TITLE AUTHORIZED BY  
21 THIS ARTICLE AND TO ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTING,  
22 THE INDIVIDUAL SHALL APPLY FOR LICENSURE UNDER THIS ARTICLE. A  
23 NONRESIDENT MEMBER OF A FIRM WHO HAS AUTHORITY FOR THE FIRM'S  
24 PRACTICE OF PUBLIC ACCOUNTING IN THIS STATE IS CONSIDERED TO BE  
25 ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE.

26 SEC. 728. (1) A FIRM ORGANIZED FOR THE PRACTICE OF PUBLIC  
27 ACCOUNTING SHALL APPLY FOR AND OBTAIN A LICENSE UNDER THIS

1 ARTICLE IN ORDER TO ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTING  
2 IN THIS STATE. THE FIRM APPLYING FOR LICENSURE UNDER THIS ARTI-  
3 CLE SHALL MEET BOTH OF THE FOLLOWING REQUIREMENTS:

4 (A) AT LEAST 2/3 OF THE EQUITY AND VOTING RIGHTS OF THE FIRM  
5 ARE HELD BY INDIVIDUALS WHO ARE LICENSED IN GOOD STANDING AS CER-  
6 TIFIED PUBLIC ACCOUNTANTS OF THIS OR ANOTHER STATE OR THE EQUIVA-  
7 LENT IN ANOTHER LICENSING JURISDICTION ACCEPTABLE TO THE BOARD.

8 (B) THE PRINCIPAL OFFICER OF THE FIRM AND EACH OFFICER OR  
9 DIRECTOR HAVING AUTHORITY FOR THE PRACTICE OF PUBLIC ACCOUNTING  
10 BY THE FIRM ARE LICENSED IN GOOD STANDING AS CERTIFIED PUBLIC  
11 ACCOUNTANTS IN THIS OR ANOTHER STATE OR THE EQUIVALENT IN ANOTHER  
12 LICENSING JURISDICTION ACCEPTABLE TO THE BOARD.

13 (2) A FIRM SHALL PROVIDE A CHANGE IN ADDRESS TO THE DEPART-  
14 MENT WITHIN 30 DAYS OF THE CHANGE.

15 SEC. 729. (1) IN ORDER TO RENEW AN INDIVIDUAL LICENSE, A  
16 LICENSEE SHALL COMPLETE AT LEAST 40 HOURS OF CONTINUING EDUCATION  
17 FOR EACH YEAR SINCE THE ISSUANCE OF THE ORIGINAL LICENSE OR THE  
18 LAST RENEWAL. OF THE 40 HOURS OF CONTINUING EDUCATION CREDITS,  
19 THE BOARD SHALL NOT REQUIRE MORE THAN 8 OF THOSE HOURS TO BE IN  
20 THE AREAS OF AUDITING AND ACCOUNTING.

21 (2) THE BOARD MAY MAKE EXCEPTIONS FROM THE CONTINUING EDUCA-  
22 TION REQUIREMENTS OF SUBSECTION (1) FOR REASONS OF HEALTH, MILI-  
23 TARY SERVICE, OR OTHER GOOD CAUSE.

24 SEC. 730. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,  
25 A CERTIFIED PUBLIC ACCOUNTANT MAY CHARGE OR RECEIVE A CONTINGENT  
26 FEE.

1 (2) A LICENSEE SHALL NOT CHARGE OR RECEIVE A CONTINGENT FEE  
2 DURING THE PERIOD IN WHICH A LICENSEE OR A LICENSEE'S FIRM IS  
3 ENGAGED TO PERFORM 1 OR MORE OF THE FOLLOWING SERVICES OR DURING  
4 THE PERIOD OF TIME COVERED BY ANY HISTORICAL FINANCIAL STATEMENTS  
5 INVOLVED IN THOSE SERVICES:

6 (A) AN AUDIT OR REVIEW OF A FINANCIAL STATEMENT.

7 (B) A COMPILATION OF A FINANCIAL STATEMENT WHEN THE LICENSEE  
8 EXPECTS, OR MAY REASONABLY EXPECT, THAT A THIRD PARTY WILL USE  
9 THE FINANCIAL STATEMENT AND THAT THE COMPILATION REPORT DOES NOT  
10 DISCLOSE A LACK OF INDEPENDENCE.

11 (C) AN EXAMINATION OF PROSPECTIVE FINANCIAL INFORMATION.

12 (3) A LICENSEE SHALL NOT CHARGE OR RECEIVE A CONTINGENT FEE  
13 FOR THE PREPARATION OF AN ORIGINAL OR AMENDED TAX RETURN OR CLAIM  
14 FOR A TAX REFUND.

15 (4) AS USED IN THIS SECTION, "CONTINGENT FEE" MEANS A FEE  
16 ESTABLISHED FOR THE PERFORMANCE OF A SERVICE PURSUANT TO AN  
17 ARRANGEMENT IN WHICH NO FEE WILL BE CHARGED UNLESS A SPECIFIED  
18 FINDING OR RESULT IS ATTAINED OR IN AN ARRANGEMENT WHERE THE  
19 AMOUNT OF THE FEE IS DEPENDENT UPON A FINDING OR RESULT OF THE  
20 SERVICE. CONTINGENT FEE DOES NOT INCLUDE A FEE FIXED BY A COURT  
21 OR OTHER PUBLIC AUTHORITY AND, IN TAX MATTERS, A FEE DETERMINED  
22 BASED UPON THE RESULTS OF JUDICIAL PROCEEDINGS OR THE FINDINGS OF  
23 A GOVERNMENTAL AGENCY.

24 SEC. 731. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,  
25 A CERTIFIED PUBLIC ACCOUNTANT MAY PERFORM SERVICES FOR OR RECEIVE  
26 FOR SERVICES A COMMISSION AS LONG AS THE CERTIFIED PUBLIC  
27 ACCOUNTANT DISCLOSES THAT ARRANGEMENT TO THE PERSON TO WHOM THE

1 CERTIFIED PUBLIC ACCOUNTANT RECOMMENDS OR REFERS A PRODUCT OR  
2 SERVICE TO WHICH THE COMMISSION RELATES.

3 (2) A LICENSED CERTIFIED PUBLIC ACCOUNTANT SHALL NOT RECEIVE  
4 A COMMISSION FOR RECOMMENDING OR REFERRING TO A CLIENT A PRODUCT  
5 OR SERVICE OR FOR CAUSING TO BE RECOMMENDED, REFERRED, OR SUP-  
6 PLIED TO A CLIENT A PRODUCT OR SERVICE DURING THE PERIOD IN WHICH  
7 A LICENSEE OR A LICENSEE'S FIRM IS ENGAGED BY THE CLIENT TO PER-  
8 FORM 1 OR MORE OF THE FOLLOWING SERVICES OR DURING THE PERIOD OF  
9 TIME COVERED BY ANY HISTORICAL FINANCIAL STATEMENTS IN THOSE  
10 SERVICES:

11 (A) AN AUDIT OR REVIEW OF A FINANCIAL STATEMENT.

12 (B) A COMPILATION OF FINANCIAL STATEMENT WHEN THE LICENSEE  
13 EXPECTS, OR MAY REASONABLY EXPECT, THAT A THIRD PARTY WILL USE  
14 THE FINANCIAL STATEMENT AND THAT THE COMPILATION REPORT DOES NOT  
15 DISCLOSE A LACK OF INDEPENDENCE.

16 (C) AN EXAMINATION OF PROSPECTIVE FINANCIAL INFORMATION.

17 (3) THIS SECTION DOES NOT PROHIBIT A LICENSEE FROM PAYING OR  
18 RECEIVING A REFERRAL FEE FOR RECOMMENDING OR REFERRING A SERVICE  
19 INVOLVING THE PRACTICE OF PUBLIC ACCOUNTING IF THE PAYMENT OR  
20 RECEIPT OF THE REFERRAL FEE IS DISCLOSED TO THE CLIENT.

21 SEC. 732. (1) EXCEPT BY WRITTEN PERMISSION OF THE CLIENT OR  
22 THE HEIR, SUCCESSOR, OR PERSONAL REPRESENTATIVE OF THE CLIENT TO  
23 WHOM THE INFORMATION PERTAINS, A LICENSEE, OR A PERSON EMPLOYED  
24 BY A LICENSEE, SHALL NOT DISCLOSE OR DIVULGE AND SHALL NOT BE  
25 REQUIRED TO DISCLOSE OR DIVULGE INFORMATION RELATIVE TO AND IN  
26 CONNECTION WITH AN EXAMINATION OR AUDIT OF, OR REPORT ON, BOOKS,  
27 RECORDS, OR ACCOUNTS THAT THE LICENSEE OR A PERSON EMPLOYED BY

1 THE LICENSEE WAS EMPLOYED TO MAKE. EXCEPT AS OTHERWISE PROVIDED  
2 IN THIS SECTION, THE INFORMATION DERIVED FROM OR AS THE RESULT OF  
3 PROFESSIONAL SERVICE RENDERED BY A CERTIFIED PUBLIC ACCOUNTANT IS  
4 CONFIDENTIAL AND PRIVILEGED.

5 (2) SUBSECTION (1) DOES NOT PROHIBIT A CERTIFIED PUBLIC  
6 ACCOUNTANT WHOSE PROFESSIONAL COMPETENCE HAS BEEN CHALLENGED IN A  
7 COURT OF LAW OR BEFORE AN ADMINISTRATIVE AGENCY FROM DISCLOSING  
8 INFORMATION OTHERWISE CONFIDENTIAL AND PRIVILEGED AS PART OF A  
9 DEFENSE IN THE COURT ACTION OR ADMINISTRATIVE HEARING.

10 (3) SUBSECTION (1) DOES NOT PROHIBIT THE DISCLOSURE OF  
11 INFORMATION REQUIRED TO BE DISCLOSED IN THE COURSE OF PRACTICE  
12 MONITORING PROGRAMS AND ETHICAL INVESTIGATIONS CONDUCTED BY A  
13 LICENSED CERTIFIED PUBLIC ACCOUNTANT. IN SUCH CASES, THE INFOR-  
14 MATION DISCLOSED TO ANOTHER LICENSED CERTIFIED PUBLIC ACCOUNTANT  
15 IN THE COURSE OF PRACTICE MONITORING PROGRAMS AND ETHICAL INVE-  
16 TIGATIONS IS CONFIDENTIAL AND PRIVILEGED TO THE SAME DEGREE AND  
17 IN THE SAME MANNER AS PROVIDED FOR IN SUBSECTION (1).

18 SEC. 733. (1) STATEMENTS, RECORDS, SCHEDULES, WORKING  
19 PAPERS, OR MEMORANDA MADE BY A LICENSEE OR BY AN EMPLOYEE OF A  
20 LICENSEE SHALL REMAIN THE PROPERTY OF THE LICENSEE UNLESS THERE  
21 IS AN AGREEMENT TO THE CONTRARY. THIS SUBSECTION DOES NOT APPLY  
22 TO A REPORT SUBMITTED BY A LICENSEE TO A CLIENT OR A DOCUMENT  
23 CONSTITUTING THE ORIGINAL BOOKS OR RECORDS OF A CLIENT'S  
24 BUSINESS.

25 (2) STATEMENTS, RECORDS, SCHEDULES, WORKING PAPERS, OR MEMO-  
26 RANDA PERTAINING TO A CLIENT SHALL NOT BE SOLD, TRANSFERRED, OR  
27 BEQUEATHED WITHOUT CONSENT OF THE CLIENT OR THE CLIENT'S PERSONAL

1 REPRESENTATIVE AND SHALL NOT BE ASSIGNED EXCEPT TO 1 OR MORE  
2 SURVIVING PARTNERS OR A NEW PARTNER OF THE LICENSEE OR MEMBERS OF  
3 THE LICENSEE'S FIRM.

4 SEC. 734. A HOLDER OF A CERTIFICATE AS A CERTIFIED PUBLIC  
5 ACCOUNTANT, A REGISTRATION, OR A LICENSE IS SUBJECT TO THE PENAL-  
6 TIES OF SECTION 602 FOR 1 OR MORE OF THE FOLLOWING:

7 (A) FRAUD OR DECEIT IN OBTAINING A CERTIFICATE AS A CERTI-  
8 FIED PUBLIC ACCOUNTANT, A LICENSE TO PRACTICE PUBLIC ACCOUNTING,  
9 OR A REGISTRATION UNDER THIS ARTICLE.

10 (B) DISHONESTY, FRAUD, OR NEGLIGENCE IN THE PRACTICE OF  
11 PUBLIC ACCOUNTING.

12 (C) VIOLATION OF A RULE OF PROFESSIONAL CONDUCT PROMULGATED  
13 UNDER THIS ARTICLE.

14 (D) CONVICTION OF A FELONY UNDER THE LAWS OF THIS OR ANOTHER  
15 STATE OR THE UNITED STATES OR CONVICTION OF A CRIME, AN ELEMENT  
16 OF WHICH IS DISHONESTY, FRAUD, OR NEGLIGENCE, UNDER THE LAWS OF  
17 THIS OR ANOTHER STATE OR OF THE UNITED STATES, INCLUDING, BUT NOT  
18 LIMITED TO, THE FAILURE TO FILE A PERSONAL FEDERAL, STATE, OR  
19 LOCAL INCOME TAX RETURN.

20 (E) CANCELLATION, REVOCATION, SUSPENSION, OR REFUSAL TO  
21 RENEW AUTHORITY TO PRACTICE AS A CERTIFIED PUBLIC ACCOUNTANT BY  
22 ANOTHER STATE FOR A CAUSE OTHER THAN FAILURE TO PAY A LICENSURE  
23 OR OTHER REQUIRED FEE IN THAT STATE.

24 (F) SUSPENSION OR REVOCATION FOR CAUSE OF THE RIGHT TO  
25 ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTING BEFORE A STATE OR  
26 FEDERAL AGENCY.



1 (G) CONDUCT DISCREDITABLE TO THE PUBLIC ACCOUNTING  
2 PROFESSION.

3 (H) DETERMINATION OF MENTAL INCOMPETENCY BY A COURT OF LAW.

4 (I) A VIOLATION OF THIS ARTICLE OR A RULE PROMULGATED UNDER  
5 THIS ARTICLE.

6 (J) A VIOLATION OF THE PROVISIONS OF SECTION 604.

7 (K) A VIOLATION OF PROFESSIONAL STANDARDS REGARDING THE  
8 ISSUANCE OF REPORTS ON FINANCIAL STATEMENTS; 1 OR MORE KINDS OF  
9 MANAGEMENT ADVISORY, FINANCIAL ADVISORY, OR CONSULTING SERVICES;  
10 THE PREPARATION OF TAX RETURNS; OR THE FURNISHING OF ADVICE ON  
11 TAX MATTERS.

12 SEC. 735. A PERSON WHO VIOLATES SECTION 723 IS GUILTY OF A  
13 MISDEMEANOR, PUNISHABLE BY A FINE OF NOT MORE THAN \$5,000.00, OR  
14 IMPRISONMENT FOR NOT MORE THAN 1 YEAR, OR BOTH.

15 Enacting section 1. Sections 701 to 716 of 1980 PA 299, MCL  
16 339.701 to 339.716, are repealed.