

MICHIGAN ACCOUNTANT (CPA) PROFESSIONAL LICENSING GUIDE

[1. How the Profession Is Organized in Michigan](#)

[2. Eligibility Licensing](#)

[3. Tests](#)

[4. Time and Costs](#)

[5. Other Careers and Credentials](#)

[6. Beyond Licensing](#)

[7. Important Links](#)

1. HOW THE PROFESSION IS ORGANIZED IN MICHIGAN

OVERVIEW

This guide looks at things that you as a foreign-educated accountant must do to become eligible for CPA testing and licensing in Michigan. At the same time, it includes some background and tips on the larger accounting profession to give you an idea of the variety of opportunities available as you work to rebuild your career.

REGULATING CERTIFIED PUBLIC ACCOUNTANTS

The Bureau of Professional Licensing (BPL) within the Michigan Department of Licensing and Regulatory Affairs (LARA) regulates one part of the accounting profession: the Certified Public Accountant, also known as a C.P.A. or CPA. If you use any of these terms to describe yourself or your business for work in Michigan, then you must be either registered or licensed as a CPA with BPL. Before you can be eligible, you also must pass the Uniform CPA Exam. The Uniform CPA Exam is administered through testing centers by the National Association of State Boards of Accountancy or NASBA.

TRENDS IN US ACCOUNTING

Accounting, as a field, is undergoing rapid change, including:

- Increased regulation of accounting
- Technologies allowing CPAs to work across state lines and internationally
- Pressures to standardize at all levels: within state regulatory organizations, across state lines, international financial reporting standards

The goal of these initiatives is to facilitate business and to increase comparability and reliability of financial statements from different sources.

2. ELIGIBILITY FOR CPA LICENSE OR REGISTRATION

The licensed public accountant institutes of Canada, Australia, Mexico, Ireland, New Zealand, and Hong Kong each hold a Mutual Recognition Agreement with the National Association of State Boards of Accountancy. Their members qualify to take the Uniform Certified Public Accountant Qualification Examination (IQEX), which is administered by the National Association of State Boards of Accountancy. Candidates with passing IQEX scores are not required to pass the Uniform CPA Exam in order to qualify for a CPA certificate and license in Michigan. However, in order to qualify for a CPA certificate and license in Michigan, these candidates must meet all additional licensing requirements including obtaining a course by course evaluation of their foreign education credentials by a member of the National Association of Credential Evaluation Services.

The majority of foreign-educated accountants must pass the Uniform CPA Exam as well as meet any additional licensing requirements, which may include obtaining a course by course evaluation of their foreign education credentials by a member of the National Association of Credential Evaluation Services in order to qualify for a CPA license in Michigan.

Steps to licensing are as follows:

I. CREDENTIAL EVALUATION

Your first step towards becoming a CPA is to obtain a course by course evaluation of your foreign credentials by a member of the National Association of Credential Evaluation Services (NACES). You may select a member at www.naces.org.

It is important to have all of your university educational record(s) evaluated, not just your accounting program, since the Bureau of Professional Licensing (BPL) will consider a range of courses to meet CPA educational qualifications. If you have also studied in the United States, request that your school(s) send transcripts directly to BPL as well.

The foreign degree evaluation process costs from \$200-300 and can often take about 3 weeks.

II. APPLY FOR AND PASS UNIFORM CPA AND PROFESSIONAL ETHICS EXAMS

You must apply to the CPA Examination Services of the National Association of State Boards of Accountancy (NASBA) at www.nasba.org in order to sit for the Uniform CPA Exam.

To be eligible to take the examination, you must have completed a baccalaureate (secondary school) degree program from an accredited academic institution recognized by BPL; and have completed a minimum of 24 semester (36 quarter) hours in accounting course credit, including study in each of the following subjects:

- financial accounting
- managerial accounting
- auditing
- accounting systems and controls
- U.S. taxation
- governmental/fund accounting, AND

have completed 24 semester (36 quarter) hours in general business subjects.

If you have completed the education requirements at institutions within the U.S., you must obtain official transcript(s) from each institution at which original credit toward the education requirement has been earned. All U.S. education transcripts and/or international evaluations are required to be submitted to NASBA's CPA Examination Services or CPAES. Official transcripts and original evaluations may be submitted by you. Photocopies are not acceptable.

After eligibility to take the examination is determined, NASBA will issue you a Notice to Schedule (NTS) your Uniform CPA Exam. If you do not receive the NTS after six weeks of submitting a first-time Application you should contact CPAES. Once you have received your NTS you will have to contact the test administration company, Prometric, to schedule the examination.

To qualify for a CPA certificate and license in Michigan you must pass the Uniform CPA Exam with a score of 75 and you must pass all parts of the examination within an eighteen-month window. The different sections of the examination and its respective fees will be discussed in detail in the *Tests* section. The examination fee will depend on which sections of the examination you wish to take the first time or if you want to take all sections. If you passed part of the Uniform CPA Examination in another jurisdiction, contact CPA Examination Services for advice regarding how to transfer these results to Michigan.

Michigan will allow applicants to sit for the exam when they have completed 120 semester hours of coursework in each of the required areas. The license, however, will not be issued until the applicant has met Michigan's 150 semester hour requirement.

Once you have passed all parts of the examination within an eighteen-month window, NASBA will forward your exam file to BPL. Note: exam files are received quarterly from NASBA during the 3rd week of the months of January, April, July, and October.

III. APPLY FOR CPA CERTIFICATE AND LICENSE

You must complete all licensing requirements before being eligible for your license including:

- Have good moral character
- Complied with all the educational requirements
- Passed the Uniform CPA (or IQEX) examination
- Complied with the experience requirements
- 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.

EXPERIENCE REQUIREMENTS:

The applicant shall have 1 year of qualifying experience, all of which is verified by a certified public accountant of this state, any other state, or any jurisdiction of the United States, submitted on a form prescribed by the department. Qualified experience is experience gained through employment in government, industry, academia, or public practice in one or more of the following areas:

- Audits of financial statements in accordance with the standards in use at the time of engagement
- Reviews of financial statements in accordance with the applicable standards at the time of engagement
- Compilations of financial statements with complete disclosure in accordance with the applicable standards at the time of engagement
- Attestation engagements in accordance with the applicable standards at the time of engagement

- Other auditing in accordance with applicable standards at the time of engagement that leads to an expression of a written opinion including any of the following:
 1. Reviews regarding internal control
 2. Operational audits
 3. Compliance audits
 4. Expressions of an opinion on financial forecasts and projections
 5. Performance of an independent internal audit function
 6. Compliance audits of government contracts performed on behalf of a government agency that result in the issuance of an opinion or report
 7. Audits performed on behalf of a government audit agency that result in the issuance of an opinion or report
 8. Preparation of income and nonprofit tax returns for any taxing jurisdiction
 9. Properly documented tax research
 10. Representation of a client before a government agency on a tax matter
 11. Financial forecasts, analyses, and projections
 12. Management advisory services including, but not limited to, business valuation, forensic accounting, and fraud examination services that meet applicable standards
 13. Management and supervision of accounting functions and preparing financial statements for profit or nonprofit entities
 14. Professional accounting-related work in a public accounting firm
 15. Other work generally associated with the profession of public accounting.

EDUCATION REQUIREMENTS:

Having completed 150 semester hours of academic credit including either of the following:

- A master's degree in accounting or master's degree in business administration that includes not fewer than 12 semester hours of graduate-level accounting courses. The 12 semester hours of accounting courses shall not include tax or information systems courses.
- An academic program consisting of both of the following:
 1. 30 semester hours of accounting subjects, including not more than six semester hours of taxation
 2. 39 additional semester hours with a minimum of three semester hours, but not more than 12 semester hours, in not fewer than five of the following areas:
 1. Business law
 2. Economics
 3. Ethics
 4. Finance
 5. Management
 6. Marketing
 7. Taxation
 8. Statistics
 9. Business policy

Credit may be earned only once for an accounting or general business topic. If BPL determines that two courses are duplicative, then only the semester hours of one course shall be counted toward the semester hour requirement.

The application package for a CPA License may be downloaded under Forms & Publications on the accountancy website at www.michigan.gov/accountancy.

BPL can take a few weeks to examine your file after all the requirements have been met. If your application is approved you will receive a congratulations letter, your certificate, and your license. You can begin your work as a CPA once your license has been issued.

All licenses expire December 31 of odd years at which time you must renew your CPA license. You will have to pay a \$200 fee every time you renew it.

3. TESTS

UNIFORM CPA EXAM - TEST FORMAT AND CONTENT TEST FORMAT

The Uniform CPA Exam is a computer-based exam available eight months out of the year during divided two month periods (after every 2 month period, there is a 1 month break).

The testing company Prometric offers the exam at many sites throughout the US.

There are two types of problems on the exam:

- Multiple choice questions
- Task-Based Simulations

Simulations are short case studies that put you in a professional situation and ask you to respond as a participant. Each simulation will require you to compose a professional communication as part of your answer, for example, an office memo or letter. There are 2 simulations in each section of the test except Business Environment and Concepts, which has no simulations.

Additionally, the exam is offered at selected Prometric testing centers in Bahrain, Kuwait, Japan, Lebanon, United Arab Emirates (UAE), and Brazil. Additional information, including specific locations and schedules, will be posted to the Exams website at www.aicpa.org/cpa-exam as information becomes available.

TEST CONTENT

The exam is divided into four sections. The Uniform CPA Examination Candidate Bulletin describes them as covering the following topics:

1. Auditing and Attestation - 4 hours: "knowledge of auditing procedures, generally accepted auditing standards and other standards related to attest engagements, and the skills needed to apply that knowledge in those engagements"
2. Business Environment and Concepts - 3 hours: "knowledge of general business environment and business concepts that candidates need to know in order to understand the underlying business reasons for, and accounting implications of, business transactions, and the skills needed to apply that knowledge"
3. Financial Accounting and Reporting - 4 hours: "knowledge of generally accepted accounting principles for business enterprises, not-for-profit organizations, and governmental entities, and the skills needed to apply that knowledge"
4. Regulation - 3 hours: "knowledge of federal taxation, ethics, professional and legal responsibilities, and business law, and the skills needed to apply that knowledge"

More detailed content information is available on NASBA's website at <http://www.nasba.org/exams/cpaexam/michigan/>.

You must pass each of the four sections with a score of 75 or higher within 18 months of your first test session.

UNIFORM CPA EXAM - FEES AND SCHEDULING

All **first-time applicants** are required to pay both an application fee and an examination fee upon submission of the first-time application. All **re-examination candidates** are required to pay both a registration fee and an examination fee at the time of registration.

You are able to apply for one or more sections of the examination at a time; however, you are advised to only apply for a section of the examination if you are ready to take it within the next six months.

Application fee: \$147.00

Examination Fees:

- Auditing and Attestation (AUD): \$193.45
- Business Environment and Concepts (BEC): \$173.60
- Financial Accounting and Reporting (FAR): \$193.45
- Regulation (REG): \$173.60

Registration Fees:

- 4 examination sections: \$117.00
- 3 examination sections: \$99.00
- 2 examination sections: \$81.00
- 1 examination section: \$63.00

When NASBA receives payment it issues a Notice to Schedule (NTS) which will allow you to contact a Prometric Testing Center and schedule days and times to take the sections you have chosen.

You will need to go through this process more than once if:

- You fail any section
- You do not schedule for all 4 sections in your application
- You miss or abandon any test section

When all of your sections earn passing grades you will be able to document existing education and experience.

4. TIME AND COSTS

To be successfully licensed as a CPA in Michigan depends on many factors. Just some of these include:

- The completeness of your educational and professional records
- Your performance on several tests
- Your free time and how much you can afford to spend

We provide two hypothetical scenarios to show just some of the variety of results that immigrant professionals may find when they seek to become CPAs in Michigan. Please consider these scenarios as two examples out of many possibilities. ***Please understand that individual experiences may vary.***

TWO HYPOTHETICAL SCENARIOS FOR CPA LICENSING:

Step	More Efficient Scenario Approximate Time and Cost	Less Efficient Scenario Approximate Time and Cost
1 Degree Evaluation	<ul style="list-style-type: none"> Your degree evaluation goes smoothly Your documents do not require translation. 4 months + \$500 	<ul style="list-style-type: none"> Problems with your documents and translations take months to resolve and are expensive – you must pay others in your country to visit institutions for you Your degree evaluation shows that you have some deficiencies and you must take 3 courses over the next 6 months; this takes 2 months to receive board approval 10 months + \$2,200
2 CPA + Ethics Exam	<ul style="list-style-type: none"> You are able to study full-time for the exam and spend \$300 on test preparation materials. You apply to take all exam sections and are able to schedule and pass them all over the next six months 6 months + \$1,170 	<ul style="list-style-type: none"> You begin to study for 2 sections of the CPA exam at a time Over 14 months you make three testing applications (2 to schedule all sections for the first time, and a third to retake a section you fail) 18 months + \$2,340
3 License Application	<ul style="list-style-type: none"> You have found work in your field and in one year you can meet the experience requirement for licensing You apply, and receive your license in a month 13 months + \$300 	<ul style="list-style-type: none"> It takes you two months to find a job to meet the licensing requirement for experience After two years of experience, you apply for your license and receive it in a month 27 months + \$300
	More Efficient Total <i>About 22 months + \$1,670</i>	Less Efficient Total <i>About 4 1/2 years + \$5,840</i>

5. OTHER CREDENTIALS

There are many credentials available to you as an accountant, some of which you can only earn after becoming a CPA. The Bureau of Labor Statistics Occupational Outlook Handbook for Accountants and Auditors provides many more examples.

NO CPA REQUIRED

- Certified Management Accountant (CMA): this certification requires experience in management accounting, an exam, and continuing education requirements and is offered by the Institute of Management Accountants.
- Certified Internal Auditor (CIA): this certification requires work experience in internal auditing and a four-part exam. It is offered by the Institute of Internal Auditors.

CPA REQUIRED

- Certified Information Technology Professional (CITP): this credential shows additional professional development in the area of business technology as it applies to accounting practice. Coursework and exam are offered through the American Institute of Certified Public Accountants.
- Accredited Business Valuation specialist (ABV): this program reflects special expertise in business valuation and forensic accounting. Coursework and an exam offered through the American Institute of Certified Public Accountants

6. BEYOND LICENSING

SETTING UP YOUR BUSINESS

If you plan to have your own accounting business, it is important to know that you may have to go through one more process: licensing as a Public Accountant Firm. This is not required if you plan to do business under "Your Name, CPA" and work alone (in what is called a sole proprietorship). However, if you plan to do business by another name or to include others in your practice you will need to be licensed as a firm. Information is available on the accountancy website at www.michigan.gov/accountancy.

MAINTAINING LICENSURE

CPA licenses expire on December 31 of the odd-numbered years. Licensees will receive a renewal notice approximately in May. You must renew the license online. The cost to renew is \$200. If your license expires, you will be required to apply for relicensure to reactive your license.

As a condition of license renewal, an individual licensed as a CPA in Michigan shall complete at least 40 hours of continuing professional education annually, including a minimum of 8 accounting/auditing and 2 qualifying ethics hours. Professional associations are often certified CPE providers and are a good starting point for researching CPE options.

LICENSING MOBILITY (RECIPROCITY)

There is not a direct reciprocal agreement between Michigan and other states for licensing at this time. This means that if you earn your CPA license in Michigan and wish to perform public accounting services to people or organizations in other states, you will need to research the process for that state and learn how to practice temporarily or permanently there. There is a trend towards making CPA practice easier across states.

7. Important Links

LICENSING AND REGULATION:

- The [Bureau of Professional Licensing](#) is the state regulatory agency for public accounting in Michigan. Its site contains a section for Applicants which contains information regarding education requirements and exam information for all first-time candidates, including a list of foreign credential evaluation organizations. CPA licensing forms can also be found on BPL's website. For questions about exams you can contact NASBA at 800-CPA-EXAM or send an email to cpaes-mi@nasba.org for questions about licensing, please contact BPL at 517-241-9288 or [BPLhelp](#).

TESTING:

- [Uniform CPA Exam](#) has a tutorial and practice exam available for download
- [Exam Bulletin for Uniform CPA Exam](#)
- [Prometric information for CPA testing](#), including Prometric test centers
- The Uniform Certified Public Accountant Qualification Examination (IQEX) is an alternative route to CPA licensure for certain licensed public accountants; California recognizes Canada and Australia in particular. More information on the IQEX is available on the [NASBA site](#).

OTHER:

- The [Bureau of Labor Statistics Occupational Handbook for Accountants and Auditors](#) has information about the professions and descriptions of a wide variety of credentials available to accountants