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STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

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DIRECTOR

**MICHIGAN BOARD OF ACCOUNTANCY
RULES COMMITTEE WORK GROUP
MEETING**

**MINUTES
APRIL 18, 2019**

The Michigan Board of Accountancy Rules Committee Work Group, met on April 18, 2019, at 611 West Ottawa Street, Upper Level Conference Center Room 5, Lansing, Michigan 48933.

CALL TO ORDER

Rick Roselle, Analyst, Boards and Committees Section, called the meeting to order at 10:32 a.m.

ATTENDANCE

Members Present: James Bayson, CPA
Ola M. Smith, Ph.D., CPA

Members Absent: Barbara Homier, Public Member

Staff Present: Alexandra Bestwick, Analyst, Licensing Division
Rick Roselle, Analyst, Boards and Committees Section
Stephanie Wysack, Board Support, Boards and Committees Section

Public Present: Shane Barry – Michigan Association of Certified Public Accountants

WELCOME

Roselle explained that Department leadership has mandated that all rules committee meetings will be open to the public in order to receive input on the rules draft from the public earlier in the rulemaking process. Roselle reminded the public that the Rules Committee will make the final recommendation on the proposed rule changes to the Board. He indicated that he would like to have the draft ready for Board approval at the next meeting.

Roselle explained the plan for the flow of the meeting.

RULES DISCUSSION – Copy of Draft Rules is attached.

R 338.5101 Definitions.

Subrule (1)(e): Roselle noted that he has removed the proposed change under subrule (1)(e) that would have amended the definition of certified public accountant (CPA). Subrule (1)(e) will be removed entirely as it is duplicative of statute.

Barry asked for confirmation that removing subrule (1)(e) and the other definitions were proposed because they were terms defined in statute. Roselle confirmed that all of the definitions were in statute except for the following: “exam window.” It was removed based on changes proposed under R 338.5102. “Carry over hours” was added to provide clarification.

The Rules Committee agreed with all of the changes in the rule as discussed.

R 338.5102 Standards of professional practice adopted by reference.

Roselle indicated that he updated dates and costs for the standards adopted by reference.

Subrule (2): Barry asked if language should be cleaned up to read “at the cost of 10 cents per page” instead of “at cost of 10 cents per page”. Roselle changed it to read “at the cost of 10 cents per page.”

The Rules Committee agreed with all of the changes in the rule as discussed.

R 338.5110 Uniform CPA exam generally.

Roselle indicated that the language has been moved to R 338.5110a and rescinded.

No public comment was made.

The Rules Committee agreed with the proposed rule as presented.

R 338.5110a Uniform CPA exam procedures.

Barry asked if it was appropriate to make changes to the rule before the National Association of State Boards of Accountancy (NASBA) exposure draft is finalized in May. Roselle advised that the Rules Committee could wait if it chose, but the Department had no concerns with proposing changes now because the draft rules would not be submitted until after May and the proposed rule would not prevent NASBA from administering the exam, subject to its system requirements and limitations.

Subdivision (a): Roselle asked whether it's necessary to use the word "rolling" in reference to the 18-month period because an extension under the rule states it extends the 18-month period.

Barry indicated that the use of "rolling" helps make it clearer that the period can exceed the initial 18 months. Roselle agreed to retain the use of "rolling".

Bayson asked if the start date of the 18-month period beginning on the date the "examination passed is taken" is consistent with the language used by NASBA. Roselle indicated that the language is verbatim of what is in the Uniform Accountancy Act (UAA) Model Rules.

Roselle asked the public and the Rules Committee to confirm that the extension and excusal from taking the exam without receiving a failure to write the exam or passing credit for the exam was clear.

Barry and the Rules Committee agreed it was clear.

The Rules Committee agreed with the proposed rule as presented.

R 338.5112 Failure to write exam during specified period; reapplication required.

Roselle advised that the rule would be rescinded.

Barry stated that rescinding the rule would have no negative or substantive effects.

The Rules Committee agreed with the proposed rule as presented.

R 338.5115 Qualifying educational requirements; approved educational institutions; adoption of accreditation standards by reference.

Roselle pointed out that he has tied subrule (1) and subrule (2) together for clarity.

Subrule (2)(b): Barry suggested that changing the word "may" to "must" was vague and should not be changed.

Roselle indicated that it was changed to be more specific because "may" effectively negates the requirements under subsections (i) through (xi) of the subrule (2)(b) and allows for any general business subject to qualify.

Barry commented that he thought that subsection (xi), "other subjects approved by the department," provided a catch-all that allowed any general business subject to qualify when approved by the Department.

Roselle clarified that subrule (2)(b)(xi) was intended to allow the Department to approve courses covering subjects under subdivisions (i) through (x) that had odd course names that did not match the verbatim language of the rule. However, the Department does not approve any and all general business subjects.

Smith stated that “must” is more definitive and reduces the possibility of questions related to what topics or courses are required. Bayson agreed.

Subrule (4): Barry requested changing the language to read “at the cost of 10 cents per page” instead of “at cost of 10 cents per page”. Roselle changed it to read “at the cost of 10 cents per page.”

The Rules Committee agreed with all of the changes in the rule as discussed.

R 338.5116 Certificate of certified public accountant; credit hour requirements for concentration in accounting.

Roselle pointed out that he added language to include “at a higher education institution approved under R 338.5113(3)” for clarity.

Subrule (1)(a), (b), and (c): Roselle asked the public and the Rules Committee to confirm that the language in this rule was clear.

Subrule (1)(a): Bayson asked whether this allowed someone with a master’s degree in accounting to become licensed without having the foundational undergraduate coursework in accounting. Smith indicated that the wording made sense and explained the pathway used at Western Michigan University.

Barry stated that this language provides for a non-traditional pathway to licensure. An individual would be able to obtain licensure without a master’s degree in accounting under (1)(c) by taking additional courses.

Roselle reiterated Barry’s comments and explained that the proposed changes under subrule (1) make it clear that an individual must satisfy all of the concentration in accounting requirements under R 338.5112(2).

The Rules Committee agreed with the proposed rule as presented.

R 338.5210 License renewals; continuing education requirements; applicability; continuing education waiver; reciprocity.

Roselle advised that a table was added to the rule to provide clarity regarding the current requirements for completing continuing education during the continuing education period defined under the definitions of the rule set and to account for anticipated changes in the

issue date of licenses that will occur as the Department transitions to its new licensing system, MiPLUS.

Subrule (4): Barry stated that the 4th column of the table should refer to R 338.5215(h) instead of R 338.5215(f). Roselle agreed that it should refer to activity code (h) instead of (f) and changed it to R 338.5215(1)(f).

Barry posed the question of changing the wording in column 2 under License expires after July 31, 2021 to read “following” licensure instead of “preceding”. Barry recommended changing the language in column 2, row 2, to read “complete the following during the 12-month period following the last license renewal date.”

Barry recommended changing the language in column 2, row 2, to read “complete the following during the 12-month period following the last license renewal date.”

Roselle explained that licensees can renew early, and Barry’s recommended change would technically prevent licensees who renew early from completing continuing education during the final months of the first year of the license cycle.

Barry asked if the first column of the table would be removed after July 31, 2021. Roselle indicated that it could. Roselle indicated column 1 is provided to account for the definition of “continuing education period” that places the continuing education period of each year between July 1 and June 30, which will not be feasible under the new licensing system, MiPLUS.

Barry indicated that the CPE window isn’t changing so wording from the statute should be used. He questioned if the new wording was based on the Department switching to MiPLUS.

Barry and the Rules Committee indicated that the technical wording in the table is confusing.

Roselle indicated he understands that the wording is technical. However, the current language under statute that requires continuing education to be completed during each year of the license cycle is ambiguous given the definition of “continuing education period” and the Department switching to a new licensing system that will start a license cycle at various points of a calendar year.

Bestwick stated that using vague wording increases the volume of questions and calls that the Department receives. Bestwick clarified that the switchover to MiPLUS may occur before the rules are promulgated.

Roselle indicated he would welcome suggestions for clearer wording for the Rules Committee and the Board to consider. Roselle reiterated that the hope was to present the draft rules to the full Board in May because there are only a few changes being made

but they are necessary changes that should avoid delay if possible. Roselle indicated that accuracy and clarity in the rules is more important than rushing the process but urged everyone to provide suggestions no later than two weeks prior to the next full Board meeting.

Bayson asked how the public would be educated regarding the changes.

Roselle indicated that MICPA works with the Department to educate stakeholders, and that the Department sends out email blasts to all licensees when rules are promulgated. In addition, the Department is sending out email notices of the public rules work group meetings to those that have signed up for its listserv to receive communications pertaining to accountancy.

Barry explained changes that MICPA has been implementing into its courses pertaining to professional ethics in Michigan statutes and administrative rules applicable to public accountancy and future changes to the rules will also be incorporated in future courses.

The Rules Committee agreed with all of the changes in the rule as discussed and will leave open the possibility for clarifying changes under Table 1 to be added for discussion at the next full Board meeting, or if applicable, the next rules work group meeting.

R 338.5211 Renewal of license with insufficient qualifying hours permitted under certain circumstances; waiver of requirement for additional hours.

Roselle indicated that he cleaned up the language to be consistent with the language in R 338.5210.

No public comment was made.

The Rules Committee agreed with the proposed rule as presented.

R 338.5215 Acceptable continuing education; requirements; limitations.

Subrule (1), TABLE 2:

Activity code (a): Barry noted that he liked the use of 0.5 credits and asked that it be used under activity (f). Roselle added (0.5) credit and (0.2) credit under activity (f).

Activity code (b), (e), and (f): Barry suggested that the Rules Committee consider keeping the 20 maximum hours limitation.

Activity code (e): Roselle advised that the Department is including the provisions of previously rescinded rule, R 338.5217, into the activity. Based on that, the proposed rule changes will be changed to state: Each 50 minutes of continuous instruction of classroom

work that is part of an academic course under this activity or each 50 minutes of continuous instruction conducting a group program that qualifies under activity code (a) equals 3 continuing education hours for the initial session of the course or program taught. Additional credit shall not be granted for subsequent repetitious sessions during each continuing education period.

Roselle stated he would revise references to “continuing education period” in Table 2 to account for the changes under Table 1.

Activity code (f) Smith questioned Barry as to whether the MICPA site was clear about not receiving credit for repeating a course. Barry indicated he would look into it.

The Rules Committee agreed with all of the changes in the rule as discussed.

R 338.5230 Relicensure; continuing education.

Subrule (1)(b): Roselle pointed out that he added the word “Complete.”

Barry requested for (f) to be changed to (h) throughout the rule as previously approved. Roselle indicated it should refer to activity code (h) instead of (f) and changed it to R 338.5215(1)(f).

Subrule (2)(c): Roselle indicated that the proposed additional language is current practice within the Department.

Bayson asked whether it was common to receive applicants for relicensure. Bestwick clarified that the Department receives several applications a week.

The Rules Committee agreed with all of the changes in the rule as discussed.

ADJOURNMENT

Roselle adjourned the meeting at 11:37 a.m.

Prepared by:
Stephanie Wysack, Board Support
Bureau of Professional Licensing

April 19, 2019

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

DIRECTOR'S OFFICE

ACCOUNTING – GENERAL RULES

Filed with the secretary of state on

These rules take effect immediately upon filing with the secretary of state unless adopted under section 33, 44, or 45a(6) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the secretary of state.

(By authority conferred on the department of licensing and regulatory affairs by sections 205, 721, 725, 726, 728, 729 of **the occupational code**, 1980 PA 299, MCL 339.205, 339.721, 339.725, 339.726, 339.728, 339.729; and on the board of accountancy by section 308 of **the occupational code**, 1980 PA 299, MCL 339.308; and by Executive Reorganization Order No. 1991-9, 1996-2, 2003-1, ~~2008-4~~, and 2011-4, MCL 338.3501, 445.2001, 445.2011, ~~445.2025~~, and 445.2030.)

R 338.5101, R 338.5102, R 338.5110a, R 338.5115, R 338.5116, R 338.5210, R 338.5211, R 338.5215, and R 338.5230 of the Michigan Administrative Code are amended, and R 338.5110 and R 338.5112 are rescinded to read as follows:

PART 1. GENERAL PROVISIONS

R 338.5101 Definitions.

Rule 101. (1) As used in these rules:

(a) "Act" means 1980 PA 299, MCL 339.101 to 339.2677, and known as the occupational code.

(b) "Audit" or "examination" means an examination applying generally accepted auditing standards, including any procedure undertaken to verify or test the reasonableness of financial information with a view of expressing an opinion or commenting on the fairness of the presentation.

~~(c) "Attest" means an audit, review, examination, or agreed upon procedures engagement as defined in section 720 of the act, MCL 339.720, performed in accordance with applicable professional standards adopted in R 338.5102.~~

~~(d)~~ (c) "Board" means the Michigan board of accountancy.

~~(e)~~ (d) "Certified public accountant" or "CPA" means **certified public accountant** a person holding a certificate of certified public accountant granted by the department, or an individual with practice privileges.

~~(f)~~ (e) "Client" means the person or persons or entity that retains an individual licensee, a firm licensee, individual with practice privileges, or an out-of-state firm, for the performance of professional services. **"Carry over hours" means continuing education hours that satisfy the requirements under R 338.5215 and section 729(1)(e) of the act, MCL 339.729(1)(e).**

April 12, 2019

~~(g)~~-(f) "Continuing education period" means all or part of a year beginning July 1 and ending June 30.

~~(h)~~-(g) "Continuous instruction" means education time not including breakfast, lunch, or dinner periods, coffee breaks, or any other breaks in the program.

~~(i)~~-(h) "Disclose" means to provide a written communication from a CPA or a CPA firm informing the client, prior to making a recommendation or referral, that the CPA or CPA firm will receive a commission, referral fee, or contingency fee from a third party for recommendations or referrals of products and/or services.

~~(j)~~-(i) "Enterprise" means a person, persons, or entity for which an individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm performs professional services.

~~(k)~~ "Exam window" means the time in each calendar quarter in which the uniform certified public accountant examination is offered. There are 4 exam windows in each calendar year, the first 2 months of each calendar quarter: January 1 to February 28 (or 29), April 1 to May 31, July 1 to August 31, and October 1 to November 30.

~~(l)~~-(j) "Financial statements" means statements and related footnotes that show financial position, results of operations, and cash flows on the basis of generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory services reports to support recommendations to a client and does not include tax returns and supporting schedules of tax returns.

~~(m)~~-(k) "Generally accepted accounting principles" means accounting principles of professional conduct, promulgated by the applicable nationally or internationally recognized professional standard setting organization, related to individual accounting engagements.

~~(n)~~-(l) "Generally accepted auditing standards" means the standards of professional conduct, promulgated by the applicable nationally or internationally recognized professional standard setting organization, related to individual audit engagements.

~~(o)~~-(m) "Individual with practice privileges" means an individual who practices in this state pursuant to section 727a of the act, MCL 339.727a.

~~(p)~~ "Licensee" means the holder of an individual license under section 727 of the act, MCL 339.727 or the holder of a firm license under section 728 of the act, MCL 339.728.

~~(q)~~-(n) "Nano-learning program" means a tutorial program designed to permit a participant to learn a given subject in a 10-minute time frame through the use of electronic media and without interaction with a real-time instructor.

~~(r)~~-(o) "Out-of-state firm" means a firm that is permitted to provide certain services and use the title "CPA firm" without obtaining a Michigan firm license under section 728 of the act, MCL 339.728, under the conditions in section 728(4) and (5) of the act, MCL 339.728(4) and (5).

~~(s)~~-(p) "Professional engagement" means an agreement between a client and an individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm relative to the performance of professional services.

~~(t)~~-(q) "Professional services" means any services performed or offered to be performed by an individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm for a client in the course of the practice of public accounting, pursuant to section 720 of the act, MCL 339.720.

~~(u)~~(r) "Qualifying hours" means continuing education hours that comply with part 3 of these rules.

(2) Terms defined in the act have the same meanings when used in these rules.

R 338.5102 Standards of professional practice adopted by reference.

Rule 102. (1) The following standards are adopted by reference:

(a) The standards issued by the American Institute of CPAs (AICPA), 220 Leigh Farm Road, Durham, North Carolina, 27707, set forth in the publication "AICPA Professional Standards" updated June 1, ~~2017~~**2018**, and any statements issued as of the effective date of this rule, which are available at cost from the institute's website at:

<http://www.aicpa.org>.

(b) The standards issued by the Public Company Accounting Oversight Board (PCAOB), 1666 K Street NW, Washington, DC 20006, set forth in the publication entitled "PCAOB Standards and Related Rules" ~~2017~~**2019** edition, and any updates issued as of the effective date of this rule, which are available at cost from the AICPA at

<http://www.aicpa.org>.

(c) The auditing standards issued by the Government Accountability Office, 441 G. St., NW, Washington, DC 20548, in the publication entitled "Government Auditing Standards ~~2011 Revision~~**2018 Revision**," ~~reissued issued on January 20, 2012~~**July 17, 2018**, which are available at no cost on the Office's website at

<http://gao.gov/products/GAO-12-331G>.

(d) The auditing standards issued by the International Auditing and Assurance Standards Board (IAASB), 529 5th Avenue, New York, NY 10017, in the publication entitled "**2018 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Pronouncements**" ~~2016-2017~~**issued on December 17, 2018** edition, and any related pronouncements issued as of the effective date of this rule, which are available at cost from the IAASB's website at: <http://www.ifac.org/publications-resources/2015-handbook-international-quality-control-auditing-review-other-assurance>.

(e) The accounting standards issued by the Financial Accounting Standards Board (FASB), 401 Merritt 7, P.O. Box 5116, Norwalk, CT 06856, in the publication entitled "FASB Accounting Standards Codification" as of ~~October 31, 2016~~**March 2019**, and any updates published as of the effective date of this rule, which are available at cost from the board's website at <https://asc.fasb.org>.

(f) The accounting standards issued by the Governmental Accounting Standards Board (GASB), 407 Merritt 7, P.O. Box 5116, Norwalk, CT 06856, in the publication entitled "GASB Codification" as of June 30, ~~2016~~**2018**, and any pronouncements published as of the effective date of this rule, which are available at cost from the board's website at <http://gasb.org>.

(g) The accounting standards issued by the International Accounting Standards Board, 30 Cannon Street, London EC4M 6XH, United Kingdom, in the publication entitled "**2017-2018 International Financial Reporting Standards IFRS® (Red Book)**" and any pronouncements issued as of the effective date of this rule, which are available at cost from the board's website at: <http://www.ifrs.org>.

(h) The United States Securities and Exchange Commission (SEC) rules contained in Title 17 Chapter 2 of the United States Code of Federal Regulation and the SEC's Interpretative Releases and Policy Statements issued as of the effective date of this rule.

The SEC rules may be obtained free of charge at <http://www.ecfr.gov>. The SEC's Interpretative Releases and Policy Statements may be obtained free of charge at <https://www.sec.gov>.

(2) Copies of the standards adopted in this rule are available for inspection and distribution at cost of **10 cents per page** from the Department of Licensing and Regulatory Affairs, Bureau of Professional Licensing, 611 W. Ottawa Street, P.O. Box 30670, Lansing, MI 48909.

(3) A licensee shall comply with the applicable standards adopted in subrule (1) of this rule.

~~R 338.5110—Uniform CPA exam generally. Rescinded.~~

~~—Rule 110. (1) The department or its designee may permit a candidate to sit for the exam in another state if the candidate complies with all administrative rules.~~

~~—(2) The department may excuse a candidate from an exam due to the sickness of the candidate or a member of the candidate's immediate family if substantiated by a doctor's certificate. A candidate may also be excused if the candidate provides the department with proof of a death in the candidate's immediate family, temporary military service, or another good reason acceptable to the department. A candidate shall make a request to be excused within 90 days of the date of the exam. If excused, an applicant's exam shall not count as a failure to write the exam.~~

~~—(3) The department shall grant a candidate credit for exam grades of 75 or higher earned in another state if the candidate meets the educational requirements to sit for the exam and if the board determines the exam was equivalent to the exam provided by the department.~~

PART 2. LICENSURE REQUIREMENTS

R 338.5110a Uniform CPA exam procedures.

Rule 110a. The following procedures shall apply:

(a) Applicants may take the required exam sections individually and in any order.

(b) Applicants shall pass all sections of the exam within ~~the exam windows that fall within~~ a rolling 18-month period beginning on the date that the first section is passed **was taken**. If all sections are not passed ~~within the exam windows that fall within~~ the rolling 18-month period, then credit for any section passed outside the 18-month period shall expire and must be retaken.

(c) The department may extend **the rolling 18-month period under subdivision (b) of this rule an exam window or excuse a candidate from taking an exam, or both**, due to the sickness of the candidate or a member of the candidate's immediate family if substantiated by a doctor's certificate. ~~or An exam window may also be extended if the candidate provides the department with proof of a death in the candidate's immediate family, temporary military service, or another good reason acceptable to the department. A candidate shall make a request to be excused within 90 days of the date of the exam. If extended an applicant's exam shall not count as a failure to write the exam. An applicant who receives an extension or is excused from taking an exam, or both, shall not receive a failure to write the exam or passing credit for the exam. A candidate shall~~

obtain a passing score on the excused exam within the rolling 18-month period as extended by the department.

~~(d) Applicants shall not retake any sections of the exam within the same exam window.~~
The department or its designee may permit a candidate to sit for the exam in another state if the candidate complies with all the requirements for sitting for the exam under these rules.

(e) The department shall grant a candidate credit for exam grades of 75 or higher earned in another state if the candidate meets the educational requirements to sit for the exam and if the board determines the exam was equivalent to the exam provided by the department.

~~R 338.5112 Failure to write exam during specified period; reapplication required.~~
Rescinded.

~~Rule 112. A candidate who fails to write an exam for a period of 6 successive exam windows shall apply as a new applicant, unless excused under R 338.5110(2) or R 338.5110a(e).~~

R 338.5115 Qualifying educational requirements; approved educational institutions; adoption of accreditation standards by reference.

Rule 115. (1) Pursuant to section 725(2) of the act, MCL 339.725(2), an individual who has completed a curriculum required for a baccalaureate degree consisting of not less than 120 semester hours with a concentration in accounting **that satisfies the requirements under subrule (2) of this rule** at a higher education institution approved in subrule (3) of this rule is eligible to take the uniform certified public accountant examination.

(2) A concentration in accounting ~~shall~~**must** include all the following accounting and general business subjects:

(a) Auditing: 3 semester hours.

(b) Twenty-four semester hours of general business subjects, other than accounting, that ~~may~~**must** include study in any of the following subjects:

(i) Business communications.

(ii) Business ethics.

(iii) Business law.

(iv) Economics.

(v) Finance.

(vi) Management.

(vii) Marketing

(viii) Information systems or technology.

(ix) Quantitative methods.

(x) Statistics.

(xi) Other subjects approved by the department.

(c) Twenty-one semester hours of accounting principles that must include study in each of the following areas:

(i) Financial accounting and accounting theory.

(ii) Managerial accounting, including cost accounting.

(iii) Accounting systems and controls.

(iv) Taxation.

(v) Governmental/fund accounting.

(3) The board adopts by reference the procedures and criteria for recognizing accrediting agencies of the United States Department of Education, effective July 1, 2010, as contained in Title 34, Part 602 of the Code of Federal Regulation, and the policies and procedures for recognition of accrediting organizations of the Council of Higher Education Accreditation (CHEA), effective June 28, ~~2010~~ **2019**. The federal recognition criteria may be obtained from the United States Department of Education, Office of Postsecondary Education, 400 Maryland Avenue, SW, Washington, DC 20202 and are available at no cost at <http://www.ecfr.gov>. The policies and procedures may be obtained from CHEA, One Dupont Circle NW, Suite 510, Washington, DC 20036 and are available at no cost at <http://www.chea.org>.

(4) Copies of the standards and criteria adopted by reference in this rule are available for inspection and distribution at cost **of 10 cents per page** from the Department of Licensing and Regulatory Affairs, Bureau of Professional Licensing, 611 W. Ottawa Street, P.O. Box 30670, Lansing, MI 48909.

R 338.5116 Certificate of certified public accountant; credit hour requirements for concentration in accounting.

Rule 116. (1) The department shall consider a person as having met the concentration in accounting requirements of section 725(1)(e) of the act, MCL 339.725(1)(e), if the person provides proof of having **satisfied R 338.5115(2) and completed 150 semester hours of academic credit at a higher education institution approved under R 338.5115(3)** ~~an accredited college or university, including any~~ **that includes 1 of the following** of the following:

(a) A master's degree in accounting.

(b) A master's degree in business administration that includes not less than 12 semester hours of graduate level accounting courses. The 12 semester hours of accounting courses does not include tax or information systems courses.

(c) An academic program consisting of both of the following:

(i) Thirty semester hours of accounting subjects, including not more than 6 semester hours of taxation. Additional semester hours in accounting subjects may be applied toward the general business subject requirements of subdivision (c)(ii) of this subrule.

(ii) Thirty-nine additional semester hours with a minimum of 3 semester hours, but not more than 12 semester hours, in not less than 5 of the following areas:

(A) Business law.

(B) Economics.

(C) Professional ethics.

(D) Finance.

(E) Management.

(F) Marketing.

(G) Taxation.

(H) Statistics.

(I) Business policy.

(2) A person may earn credit only once for an accounting or general business topic. If the department determines that 2 courses are duplicative, then only the semester hours of 1 course shall be counted toward the semester hour requirement.

(3) Academic credit earned during an internship shall apply toward the total 150 semester hour requirement; however, **it shall not apply to the required 30 semester hours of accounting subjects under subrule (1)(c)(i) of this rule or the required 39 semester hours in subrule (1)(c)(ii) of this rule.**

PART 3. CONTINUING EDUCATION

R 338.5210 License renewals; continuing education requirements; applicability; continuing education waiver; reciprocity.

Rule 210. (1) This part applies to applications for renewal of an accountancy license under sections 411 and 729 of the act, MCL 339.411 and 339.729. An applicant for renewal must submit the required fee and a completed application on a form provided by the department. Both of the following apply:

(a) Pursuant to section 729(1) of the act, MCL 339.729(1), an applicant for renewal who is a nonresident under section 720(1)(g) of the act, MCL 339.720(1)(g), is considered to have met the requirements under this part if he or she satisfies all of the following requirements:

(i) Submits the required fee and a completed application on a form provided by the department.

(ii) The state in which his or her principal place of business is located requires continuing education for renewal of that state's accountancy license.

(iii) Has met the continuing education requirements of the state in which his or her principal place of business is located.

(b) If audited, the applicant shall provide a copy of the license that was renewed by the state in which his or her principal place of business is located.

(2) Submission of an application for renewal shall constitute the applicant's certification of compliance with the requirements of this rule. Both of the following apply:

(a) An applicant shall retain documentation required by R 338.5215 as evidence of meeting the requirements under this rule for 4 years from the date of applying for license renewal.

(b) A licensee is subject to audit under this part and may be required to submit the documentation as described by R 338.5215 upon request of the department.

(3) A request for a continuing education waiver pursuant to section 204(2) of the act, MCL 339.204(2), must be received by the department before the expiration date of the license.

(4) Except as provided under R 338.5211 and subrule (1)(a) of this rule, a licensee shall complete the hours of continuing education required for each year of the license cycle pursuant to the following table:

TABLE 1

License Expiration	Year 1 of License Cycle	Year 2 of License Cycle	Year 1 and 2 License Cycle
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<p>License expires on or before July 31, 2021.</p>	<p>Complete the following between July 1, 2019 and June 30, 2020:</p> <p>Forty hours of continuing education that include not less than 8 hours in auditing and accounting and not less than 2 hours in professional ethics.</p> <p>All of the hours must satisfy the requirements under R 388.5215.</p>	<p>Complete the following between July 1, 2020 and June 30, 2021:</p> <p>Forty hours of continuing education that include not less than 8 hours in auditing and accounting and not less than 2 hours in professional ethics.</p> <p>All of the hours must satisfy the requirements under R 388.5215.</p>	<p>Between July 1, 2019 and June 30, 2021, 1 of the 4 hours of professional ethics shall satisfy the requirements under R 338.5215(f).</p>
<p>License expires after July 31, 2021.</p>	<p>Complete the following between the last license renewal date and the 12 months immediately preceding the expiration date of the license:</p> <p>40 hours of continuing education that include not less than 8 hours in auditing and accounting and not less than 2 hours in professional ethics.</p> <p>All of the hours must satisfy the requirements under R 388.5215.</p>	<p>Complete the following during the 12 months immediately preceding the expiration date of the license:</p> <p>40 hours of continuing education that include not less than 8 hours in auditing and accounting and not less than 2 hours in professional ethics.</p> <p>All of the hours must satisfy the requirements under R 388.5215.</p>	<p>Between the last license renewal date and the expiration date of the license 1 of the 4 hours professional ethics shall satisfy the requirements under R 338.5215(f).</p>

(5) Pursuant to section 729(1)(a) of the act, MCL 339.729(1)(a), a licensee is not required to satisfy the requirements for year 1 under subrule (4) of this rule during the license cycle of his or her original license. For purposes of this subrule, the original license does not include a license issued under R 338.5230 for relicensure.

(6) A licensee may use carry over hours to satisfy the requirements under subrule (4) of this rule.

R 338.5211 Renewal of license with insufficient qualifying hours permitted under certain circumstances; waiver of requirement for additional hours.

Rule 211. (1) A licensee who does not earn sufficient qualifying hours during **year 1 or year 2, or both, of the license cycle** ~~the continuing education period~~ may be allowed to renew a license upon reporting 80 qualifying hours and an additional 4 hours of continuing education credit for each month of time needed to remove the deficiency. The additional 4 hours of continuing education credit for each month of time needed to remove the deficiency shall not apply toward the qualifying hours of continuing

education credit required in a continuing education period for the renewal of a license **any other year of a license cycle.**

(2) The department may waive the requirement for additional hours upon a showing by the licensee that the additional hours would present an undue hardship on the licensee.

R 338.5215 Acceptable continuing education; requirements; limitations.

Rule 215. (1) ~~The board shall consider the following as acceptable continuing education:~~ **The continuing education hours required for renewal shall satisfy the requirements under the following table:**

TABLE 2

Acceptable Continuing Education		
	Activity and proof of completion	Number of continuing education hours earned for activity
(a)	<p>Attendance in a group program that meets all the following requirements:</p> <ul style="list-style-type: none"> • The subject matter of the program complies with R 338.5255. • The program is conducted by an instructor or discussion leader whose background, training, education, or experience makes it appropriate for him or her to lead a discussion on the subject matter. • The sponsor of the program takes individual attendance. • The sponsor of the program issues to each attendee a program outline and a written certification of the attendee's hours of attendance. • The sponsor of the program maintains written records of individual attendance and the program outline for 4 years. <p>If audited, a licensee shall submit a copy of a letter or certificate of completion showing the licensee's name, total continuing education hours earned, sponsor name and contact information, course title, course field of study, date offered or completed, and type of instruction or delivery method used.</p>	<p>Fifty minutes of continuous instruction equals 1 continuing education hour.</p> <p>Additional credit shall be granted after the first 50 minutes for continuous instruction in the following amounts:</p> <ul style="list-style-type: none"> • One-half credit (0.5 credit) for every additional 25 minutes. • One-fifth credit (0.2 credit) for every additional 10 minutes.
(b)	<p>Completion of an individual nano-learning program that meets all the following requirements:</p> <ul style="list-style-type: none"> • The subject matter of the program complies with R 338.5255. • The program is an educational course designed 	<p>Credit shall be awarded as 1/5 credit (0.2 credit) for each nano-learning program completed.</p> <p>A nano-learning course cannot be combined with another nano-</p>

	<p>for nano-learning delivery.</p> <ul style="list-style-type: none"> • The program uses instructional methods that define a minimum of 1 learning objective. • The program guides the participant through a program of learning and provides evidence of a participant's satisfactory completion of the program. • The sponsor requires the participant to successfully complete a qualified assessment with a passing grade of 100% before issuing credit for the course. • The sponsor of the program issues the participants a written certification of the participant's completion of the program and a program outline. • The sponsor of the program maintains written records of the participant's completion of the program and the program outline for 4 years. <p>If audited, the licensee shall submit a copy of a letter or certificate of completion provided by the program sponsor verifying the licensee's name, number of continuing education hours earned, sponsor name and contact information, course title, course field of study, date completed, and type of instruction or delivery method used.</p>	<p>learning course.</p> <p>A combined maximum of 20 continuing education hours may be earned under this activity and activity (f) during each continuing education period.</p> <p>A combined maximum of 4 continuing education hours in auditing and accounting may be earned under this activity and activity (f) during each continuing education period.</p> <p>A combined maximum of 1 continuing education hour in the study of professional ethics may be earned under this activity and activity (f) during each continuing education period.</p>
(c)	<p>Passing a noncredit academic course that meets both of the following requirements:</p> <ul style="list-style-type: none"> • The subject matter of the course complies with R 338.5255. • The course is offered by an educational institution that complies with R 338.5115. <p>If audited, the licensee shall submit a letter from the institution confirming the name and course number of the course completed, number of classroom hours attended, and the date of satisfactory course completion.</p>	<p>Each classroom hour equals 1 continuing education hour.</p>
(d)	<p>Passing a for-credit academic course that meets both of the following requirements:</p> <ul style="list-style-type: none"> • The subject matter of the course complies with R 338.5255. • The course is offered by an educational institution that complies with R 338.5115. <p>If audited, the licensee shall submit a copy of an official</p>	<p>Fifteen continuing education hours shall be granted for each academic credit hour.</p>

	transcript or a letter from the institution confirming the name and course number of the course completed, credit hours earned, and date of satisfactory course completion.	
(e)	<p>Classroom work as a teacher, instructor, speaker, or lecturer that is part of an academic course of which the subject matter complies with R 338.5255 and is offered at an educational institution that complies with R 338.5115 or for conducting a group program that meets the requirements under activity code (a) as a teacher, instructor, lecturer, speaker, or seminar discussion leader.</p> <p>If audited, the licensee shall submit a copy of the confirmation letter provided by the program sponsor or the institution verifying the licensee's name, number of hours of classroom work or hours spent conducting the group program, course title, course field of study, and dates of the presentation or instruction.</p>	<p>Twenty-five minutes of continuous instruction equals ½ of 1 continuing education hour. One-fifth of 1 continuing education hour shall be granted for every additional 10 minutes of continuous instruction after the first 25 minutes of continuous instruction.</p> <p>Every 50 minutes of the initial session of the course or program equals 3 continuing education hours.</p> <p>A maximum of 20 continuing education hours may be earned during each continuing education period.</p> <p>A maximum of 4 continuing education hours in auditing and accounting may be earned during each continuing education period.</p> <p>A maximum of 1 continuing education hour in the study of professional ethics may be earned during each continuing education period.</p>
(f)	<p>Completion of an individual self-study program that meets all the following requirements:</p> <ul style="list-style-type: none"> • The subject matter of the program complies with R 338.5255. • The program is an educational course designed for self-study. • The sponsor of the program issues the participants a written certification of the participant's completion of the program and a program outline. • The sponsor of the program maintains written records of the participant's completion of the program and the program outline for 4 years. 	<p>Twenty-five minutes of continuous instruction equals ½ of 1 continuing education hour. One-fifth of 1 continuing education hour shall be granted for every additional 10 minutes of continuous instruction after the first 25 minutes of continuous instruction.</p> <p>A combined maximum of 20 continuing education hours may be earned under this activity and activity (b) during each continuing education period.</p>

	<p>If audited, the licensee shall submit a copy of a letter or certificate of completion provided by the program sponsor verifying the licensee's name, number of continuing education hours earned, sponsor name and contact information, course title, course field of study, date completed, and type of instruction or delivery method used.</p>	<p>A combined maximum of 4 continuing education hours in auditing and accounting may be earned under this activity and activity (b) during each continuing education period.</p> <p>A combined maximum of 1 continuing education hour in professional ethics may be earned under this activity and activity (b) during each continuing education period.</p>
(g)	<p>A course in professional ethics that complies with the requirements of activity (a), (b), (c), (d), (e), or (f) is approved if the subject matter of the course complies with R 338.5255(2).</p> <p>If audited, the licensee shall submit a copy of a letter or certificate of completion provided by the program sponsor verifying the licensee's name, number of continuing education hours earned, sponsor name and contact information, course title, course field of study, date completed, and type of instruction or delivery method used.</p>	<p>Continuing education hours shall be granted in an amount allowed under the type of activity for which the course qualifies.</p>
(h)	<p>Completion of a course in Michigan statutes and administrative rules applicable to public accountancy that meets all the following requirements:</p> <ul style="list-style-type: none"> • The content of the course is created by the Michigan Association of Certified Public Accountants. • The course provider issues the participants a written certification of the participant's completion of the course and a course outline. • The sponsor of the program maintains written records of the participant's completion of the course and the course outline for 4 years. <p>If audited, the licensee shall submit a copy of a letter or certificate of completion provided by the program sponsor verifying the licensee's name, number of continuing education hours earned, sponsor name and</p>	<p>Fifty minutes of continuous instruction equals 1 continuing education hour.</p>

	contact information, course title, course field of study, date completed, and type of instruction or delivery method used.	
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(2) Continuing education hours shall not be granted for a program or activity that has substantially the same content of a program or activity for which the applicant has already earned continuing education hours during the continuing education period.

R 338.5230 Relicensure; continuing education.

Rule 230. (1) An applicant for relicensure whose license has lapsed for less than 3 years after the expiration date of the last license may be relicensed under section 411(3) of the act, MCL 339.411(3), if the applicant satisfies both of the following requirements:

(a) Submits the required fee and a completed application on a form provided by the department.

(b) ~~Submits proof to the department of the completion of~~ **Complete** 40 hours of continuing education within the 12 months immediately preceding the date of **filing the relicensure** application. The 40 hours must comply with all the following requirements:

(i) Meet the requirements of R 338.5215.

(ii) Eight of the 40 hours are in auditing and accounting.

(iii) Two of the 40 hours are in professional ethics.

(iv) One of the 2 hours ~~of is in~~ **professional ethics that meets the requirements under R 338.5215(f) are in Michigan statutes and administrative rules applicable to public accountancy.**

(2) An applicant whose license has been lapsed for 3 or more years after the expiration date of the last license may be relicensed under section 411(4) of the act, MCL 339.411(4), if the applicant satisfies all of the following requirements:

(a) Submits the required fee and a completed application on a form provided by the department.

(b) Establishes that he or she holds a valid and unrevoked certificate as a certified public accountant that was issued pursuant to section 725 or 726 of the act, MCL 339.725 or 339.726

(c) Submits proof to the department of the completion of 40 hours of continuing education within the 12 months immediately preceding the date of **filing the relicensure** application. **However, if the continuing education hours submitted with the application are deficient, the applicant has 1 year from the date of filing the application to provide proof of completing the deficient hours.** The 40 hours must comply with all the following requirements:

(i) Meet the requirements of R 338.5215.

(ii) Eight of the 40 hours are in auditing and accounting.

(iii) Two of the 40 hours are in professional ethics.

(iv) One of the 2 hours ~~of is in~~ **professional ethics that meets the requirements under R 338.5215(f) are in Michigan statutes and administrative rules applicable to public accountancy.**

~~(2)~~ **(3)** The continuing education hours required for the continuing education period of the year in which the license is granted under this rule shall be prorated starting with the month following the date of relicensure.