



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

ORLENE HAWKS  
DIRECTOR

## MICHIGAN BOARD OF ACCOUNTANCY MAY 19, 2023 MEETING

### APPROVED MINUTES

In accordance with the Open Meetings Act, 1976 PA 267, as amended, the Michigan Board of Accountancy met on May 19, 2023, at 611 West Ottawa Street, Upper-Level Conference Room 5, Lansing, Michigan 48933.

#### CALL TO ORDER

Paul M. Balas, CPA, Chairperson, called the meeting to order at 9:00 a.m.

#### ROLL CALL

**Members Present:** Paul M. Balas, CPA, Chairperson  
Charles Moore, Jr., CPA, Vice Chairperson  
Antonio Brown, CPA  
Christonna Campbell, Public Member  
Jacqueline Dupler, JD, Public Member (left 10:32 a.m.)  
Kathleen Isleib, CPA  
Teresa Keena, CPA  
Carole McNees, CPA  
Eulonda Whitmore, Public Member

**Members Absent:** None

**Staff:** Michael Draminski, Manager, Compliance Section  
Jennifer Fitzgerald, JD, Assistant Attorney General  
Weston MacIntosh, JD, Departmental Specialist,  
Boards and Committees Section  
Jennifer Shaltry, Senior Analyst, Compliance Section  
Stephanie Wysack, Board Support Technician,  
Boards and Committees Section

#### APPROVAL OF AGENDA

MOTION by Brown, seconded by Keena, to approve the agenda, as presented.

A voice vote followed.

MOTION PREVAILED

## **APPROVAL OF MINUTES**

MOTION by Moore, seconded by Campbell, to approve the minutes from the January 27, 2023, meeting as written.

A voice vote followed.

MOTION PREVAILED

## **MICPA Peer Review Overview**

Peggy Jury, with MICPA, provided an overview of the MICPA peer review process.

Discussion was held.

## **REGULATORY CONSIDERATIONS**

### **Hearing Report**

#### **Wendy Rae Johnson**

MOTION by Brown, seconded by Keena, to receive the Hearing Report.

A voice vote followed.

MOTION PREVAILED

MOTION by Campbell, seconded by Keen, to discuss.

A voice vote followed.

MOTION PREVAILED

Discussion was held.

MOTION by Brown, seconded by Whitmore, to place the Respondent on probation for a minimum of one day, not to exceed 120 days, to complete 10 hours of deficient continuing education. Respondent is fined \$500.00 to be paid within 30 days of the effective date of the order. Automatic suspension if non-compliant.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, Keena, McNees,  
Whitmore, Moore, Balas  
Nays: None

MOTION PREVAILED

**Consent Orders and Stipulations**

Moore served as chairperson for items #1 through #4.

**Chesla & Associates, PC f/k/a Cowell & LaPointe, PC, Teri Lynne Chesla, and Michael R. Chesla**

Balas and McNees recused themselves.

MOTION by Dupler, seconded by Campbell, to accept the Consent Order and Stipulation.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, Keena, Whitmore,  
Moore  
Nays: None  
Recused: Balas, McNees

MOTION PREVAILED

**Paul Samways CPA PC and Paul Robert Samways**

Balas recused himself.

MOTION by Brown, seconded by Campbell, to discuss.

A voice vote followed.

MOTION PREVAILED

Discussion was held.

MOTION by Brown, seconded by Whitmore, to accept the Consent Order and Stipulation.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, Keena, McNees,  
Whitmore, Moore  
Nays: None  
Recused: Balas

MOTION PREVAILED

**Scarpone & CO PC CPAs and James F. Scarpone**

Balas recused himself.

MOTION by Campbell, seconded by Brown, to accept the Consent Order and Stipulation.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, Keena, McNees,  
Whitmore, Moore  
Nays: None  
Recused: Balas

MOTION PREVAILED

**Simon and Campbell PC**

Balas recused himself.

MOTION by Brown, seconded by Campbell, to discuss.

A voice vote followed.

MOTION PREVAILED

Discussion was held.

MOTION by Brown, seconded by Keena, to accept the Consent Order and Stipulation.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, Keena, McNees,  
Whitmore, Moore  
Nays: None  
Recused: Balas

MOTION PREVAILED

Balas resumed serving as chairperson.

**Gary Y. Hairston**

MOTION by Brown, seconded by Keena, to discuss.

A voice vote followed.

MOTION PREVAILED

Discussion was held.

MOTION by Keena, seconded by Whitmore, to accept the Consent Order and Stipulation.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, Keena, McNees,  
Whitmore, Moore, Balas  
Nays: None

MOTION PREVAILED

**Bryce P. Hundley**

Keena recused herself.

MOTION by Moore, seconded by Campbell, to accept the Consent Order and Stipulation.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, McNees, Whitmore,  
Moore, Balas  
Nays: None  
Recused: Keena

MOTION PREVAILED

**OLD BUSINESS**

None

**NEW BUSINESS**

**Continuing Education Waiver Request**

**Moha Deb, CPA**

MOTION by Moore, seconded by Campbell, to discuss.

A voice vote followed.

MOTION PREVAILED

Discussion was held.

MOTION by Moore, seconded by Keena, to reject the Continuing Education Waiver Request.

A roll call vote was taken: Yeas: Brown, Dupler, Isleib, Keena, McNees, Moore, Balas  
Nays: Campbell, Whitmore

MOTION PREVAILED

**Cassandra Potter, CPA**

MOTION by Moore, seconded by Brown, to discuss.

A voice vote followed.

MOTION PREVAILED

Discussion was held.

MOTION by Keena, seconded by Moore, to reject the Continuing Education Waiver Request.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, Keena, McNees,  
Whitmore, Moore, Balas  
Nays: None

MOTION PREVAILED

### **Board of Accountancy Resolution Review**

MacIntosh provided an overview of the Board of Accountancy Resolution Regarding Preapproved Continuing Education Sanctions with the changes noted today.

Discussion was held.

MOTION by Brown, seconded by Moore, to accept the Board of Accountancy Resolution Regarding Preapproved Continuing Education Sanction as presented and amended today.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, Keena, McNees,  
Whitmore, Moore, Balas  
Nays: None

MOTION PREVAILED

### **Rules Discussion**

MacIntosh stated that the rules committee had met and provided an overview of the substantive changes made to the draft rules (Attachment #1).

Discussion was held.

MOTION by Brown, seconded by Moore, to approve the draft rules as presented with the changes noted today.

A roll call vote was taken: Yeas: Brown, Campbell, Dupler, Isleib, Keena, McNees,  
Whitmore, Moore, Balas  
Nays: None

MOTION PREVAILED

MacIntosh explained the next steps in the rules promulgation process.

### **Chair Report**

Balas stated that he took part in a recent regulatory call with NASBA and other state jurisdictions. Topics of conversation included how to help students obtain the additional 30 credit hours needed between the 120 credit hours required to take the examination and the 150 total credit hours required for licensure, as well as the decision to change the examination window to 30 months.

Balas stated that NASBA's Eastern Regional Meeting will be held from May 31 – June 2, 2023, in Savannah, Georgia. McNees confirmed she will be attending in person.

Balas stated that the 116<sup>th</sup> NASBA Annual Meeting will be held October 29 – November 1, 2023, in New York, New York. Balas stated that he will be attending in person. He stated that there may still be scholarships available, and anyone interested should reach out.

### **Department Update**

MacIntosh stated that the bureau will hold the next Board Member Training on August 22, 2023, via Zoom. All board members are welcome to attend.

MacIntosh reminded board members to check their state email on a regular basis.

MacIntosh reminded board members that meetings are now recorded and that board members should be mindful of microphones and remember to speak clearly.

### **MICPA Update**

Robert Doyle, President & CEO of MICPA, thanked Peggy Jury for providing a presentation on the MICPA peer review process.

Doyle introduced LaShawn Thomas as MICPA's new Director of Government Relations.

Doyle thanked the board for changing the draft rules to a 30-month examination window, which is in line with NASBA.

Doyle stated that the MICPA has been holding town hall meetings where they continue to remind licensees of their CPE requirements.

## **PUBLIC COMMENTS**

Daniel Brickner with Eastern Michigan University spoke about the education requirements under R 338.5115.

Zarra Williams spoke about her difficulties with not being able to get approval for an extension of her examination window.

Nicholas McFadden spoke about how the change in educational requirements in the rules had affected his ability to obtain licensure.

Katelyn Paul spoke about how the change in educational requirements in the rules had affected her ability to obtain licensure.

Kristine Paul, CPA, reiterated Katelyn Paul's statement.

Draminski introduced himself to the board.

## **ANNOUNCEMENTS**

The next regularly scheduled meeting will be held July 28, 2023, at 9:00 a.m. at 611 West Ottawa Street, Upper-Level Conference Center Room 3, Lansing, Michigan 48933.

## **ADJOURNMENT**

MOTION by Brown, seconded by Whitmore, to adjourn the meeting at 11:32 a.m.

A voice vote followed.

MOTION PREVAILED

Minutes approved by the Board on: July 28, 2023.

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

May 22, 2023



DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

DIRECTOR'S OFFICE

ACCOUNTANCY – GENERAL RULES

Filed with the secretary of state on

These rules become effective immediately after filing with the secretary of state unless adopted under section 33, 44, or 45a(9) 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, 308, 721, 725, 726, 728, and 729 of the occupational code, 1980 PA 299, MCL 339.205, 339.308, 339.721, 339.725, 339.726, 339.728, and 339.729, and Executive Reorganization Order Nos. 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 338.5111, R 338.5115, R 338.5116, R 338.5117, R 338.5210, R 338.5211, R 338.5215 R 338.5230, R 338.5255, and R 338.5501 of the Michigan Administrative Code are amended, as follows:

PART 1. GENERAL PROVISIONS

R 338.5101 Definitions.

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

(a) "Board" means the Michigan board of accountancy created under section 721 of the code, MCL 339.721.

(b) "Code" means the occupational code, 1980 PA 299, MCL 339.101 to 339.2677.

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

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

(e) "Disclose" means to provide a written communication from a Certified Public Accountant (CPA) or a CPA firm informing the client, before 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 or services, or both.

(f) "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.

(g) "Financial statements" means statements and related footnotes that show financial position, results of operations, and cash flows based on 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.

(h) "Generally accepted accounting principles" means accounting principles issued by the applicable nationally or internationally recognized professional standard setting organization related to individual accounting engagements.

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

(j) "Individual with practice privileges" means an individual who practices in this state under section 727a of the code, MCL 339.727a.

(k) "Nano-learning program" means a tutorial program designed to allow a participant to learn a given ~~subject~~ **content area** in a 10-minute period with electronic media and without interaction with a real-time instructor.

(l) "Out-of-state firm" means a firm that may provide certain services and use the title "CPA firm" without obtaining a Michigan firm license under the conditions in section 728(4) and (5) of the code, MCL 339.728.

(m) "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.

(n) "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, under section 720 of the code, MCL 339.720.

(o) "Qualifying hours" means continuing education hours that satisfy part 3 of these rules.

(2) A term defined in the code has the same meaning when used in these rules.

R 338.5102 Standards of professional practice adopted by reference.

Rule 102. (1) The following standards are approved and 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 **titled** "AICPA Professional Standards" updated June 1, 2021, **June 15, 2022**, and any statements issued as of the effective date of this rule, which are available at a cost of ~~\$255.00~~ **\$289.00** from the institute's website at ~~<https://future.aicpa.org/cpe-learning/publication>~~ **<https://www.aicpa.org/cpe-learning/publication>** or at no cost from the institute's website at ~~<https://us.aicpa.org/research/standards.html>~~ **<https://us.aicpa.org/research/standards>**.

(b) The standards issued by the Public Company Accounting Oversight Board (PCAOB), 1666 K Street NW, **Suite 300**, Washington, District of Columbia, 20006, ~~set forth~~ in the publication ~~entitled~~ **titled** "PCAOB Standards and Related Rules" ~~2021~~ **2022** edition, and any updates issued as of the effective date of this rule, which are available at a cost of ~~\$205.00~~ **\$255.00** from the AICPA's website at ~~<https://future.aicpa.org/cpe-learning/publication>~~ **<https://www.aicpa.org/cpe-learning/publication>** or at no cost from the AICPA's website at <https://pcaobus.org/oversight/standards>.

(c) The auditing standards issued by the Government Accountability Office, 441 G. St., NW, Washington, District of Columbia, 20548, in the publication ~~entitled titled~~ **"Government Auditing Standards 2018 Revision"** **"Government Auditing Standards" 2018 Revision Technical Update April 2021**, ~~updated on April 14, 2021~~, which are available at no cost on the Office's website at ~~<https://www.gao.gov/yellowbook>~~ **<https://gaoinnovations.gov/yellowbook/>**.

(d) The standards issued by the International Auditing and Assurance Standards Board (IAASB), 529 5<sup>th</sup> Avenue, New York, New York, 10017, in the publication ~~entitled titled~~ **"2020 2021 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services and Pronouncements"** issued on ~~September 14, 2021~~, **December 2, 2022**, and any related pronouncements issued as of the effective date of this rule, which are available at no cost from the IAASB's website at <https://www.iaasb.org/standards-pronouncements>.

(e) The accounting standards issued by the Financial Accounting Standards Board (FASB), ~~401 Merritt 7~~, **801 Main Avenue**, P.O. Box 5116, Norwalk, Connecticut, 06856, in the publication ~~entitled titled~~ **"FASB Accounting Standards Codification"** as of ~~June 24, 2021~~, **December 2022**, and any updates published as of the effective date of this rule, which are available at no cost from the board's website at <https://asc.fasb.org>.

(f) The accounting standards issued by the Governmental Accounting Standards Board (GASB), ~~401 Merritt 7~~, **801 Main Avenue**, P.O. Box 5116, Norwalk, Connecticut, 06856, in the publication ~~entitled titled~~ **"GASB Codification"** as of December 31, ~~2020~~, **2021**, and any pronouncements published as of the effective date of this rule, which are available at no cost from the board's website at ~~<https://www.gasb.org/home>~~ **<https://gars.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 titled~~ **"2021 2022 International Financial Reporting Standards IFRS®"** issued on **January 1, 2022**, and any pronouncements issued as of the effective date of this rule, which are available at a cost of ~~£79.00~~ **£81.00** from the board's website at <http://www.ifrs.org>.

(h) The United States Securities and Exchange Commission (SEC) rules contained in 17 CFR chapter 2 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 the 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, Michigan, 48909.

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

## PART 2. LICENSURE REQUIREMENTS

R 338.5110a Uniform CPA exam procedures.

Rule 110a. The following procedures apply to the uniform CPA exam:

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

(b) Applicants shall pass all sections of the exam within a rolling ~~18-month~~ **30-month** period beginning on the date **of score release** that the first section is passed. If all sections are not passed within the rolling ~~18-month~~ **30-month** period, then credit for any section passed outside the ~~18-month~~ **30-month** period expires and the section must be retaken.

(c) The department may extend the rolling ~~18-month~~ **30-month** period under subdivision (b) of this rule due to the sickness of the candidate or a member of the candidate's immediate family if substantiated by a doctor's certificate or if the candidate provides ~~the department with~~ proof, **as directed by the department**, verifying 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 for an extension within 90 days of the date of the exam. If extended, an applicant's exam does not count as a failure to write the exam.

(d) The department or the entity contracted with the department to administer the exam may allow a candidate to sit for the exam in another state if the candidate satisfies all the requirements for sitting for the exam under these rules.

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

(f) An applicant may retake an exam section once the applicant's grade for any earlier attempt of the same exam section has been released.

#### R 338.5111 Exam scores.

Rule 111. (1) The minimum passing grade for each ~~subject~~ **section** is 75.

(2) The department shall notify each candidate of the applicant's grades within a reasonable time, but not later than 120 days after completion of the exam.

(3) A candidate may appeal the grading of any paper to the department, in writing, within 30 days after grades are released.

#### R 338.5115 Educational requirements for the uniform CPA exam; approved educational institutions; adoption of accreditation standards by reference.

Rule 115. (1) To satisfy section 725(1)(b) and (2) of the code, MCL 339.725, an individual shall provide proof, **as directed by the department**, verifying both the following requirements:

(a) Completion of a curriculum required for a baccalaureate degree consisting of not less than 120 semester hours at a higher education institution approved under subrule (3) or (4) of this rule or considered substantially equivalent under subrule (5) of this rule.

(b) Completion of a concentration in accounting at a higher education institution approved under subrule (3) or (4) of this rule or considered substantially equivalent under subrule (5) of this rule, which includes ~~all~~ **both** the accounting and general business ~~subjects~~ **requirements** under subrule (2) of this rule.

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

(a) ~~Three semester hours in auditing.~~ **Not less than 24 semester hours of accounting courses in all the following accounting content areas:**

- (i) **Accounting information systems.**
- (ii) **Auditing and attestation services.**
- (iii) **Cost or managerial accounting.**
- (iv) **Financial accounting and reporting.**
- (v) **Governmental/fund accounting.**
- (vi) **Taxation.**

(b) **Not less than 24** ~~Twenty-four~~ semester hours of general business subjects, courses, other than accounting, which may include study in any of the following subjects: **general business content areas:**

- (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 **general business content areas** 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 standards for recognition of accrediting organizations developed and adopted by the Council for Higher Education Accreditation (CHEA), One Dupont Circle NW, Suite 510, Washington, D.C. 20036, in the publication ~~entitled~~ **titled** “CHEA Standards and Procedures for Recognition,” effective October 4, 2021, which are available at no cost on the council’s website at <https://www.chea.org>, are approved and adopted by reference. If a higher education institution is accredited by the accrediting body of the region in which the institution is located and the accrediting body satisfies the recognition standards of CHEA, then the institution is approved.

(4) The criteria for recognition and the recognition process for the secretary’s recognition of accrediting agencies of the United States Department of Education, Office of Postsecondary Education, 400 Maryland Avenue SW, Washington, D.C. 20202, in 34 CFR 602.10 to 602.39, effective July 1, 2020, which are available at no cost on the department’s website at <https://www2.ed.gov/about/offices/list/ope/index.html>, are approved and adopted by reference. If a higher education institution is accredited by the accrediting body of the region in which the institution is located and the accrediting body satisfies the recognition criteria and process of the United States Department of Education, then the institution is approved.

(5) An individual who attended an unaccredited higher education institution shall establish that the applicant has completed educational requirements at a higher education institution that satisfies accreditation requirements substantially equivalent to those recognized in subrule (3) or (4) of this rule, by providing a credential evaluation completed by either the National Association of State Boards of Accountancy (NASBA) or a credential evaluation organization that is a current member of the National Association of Credential Evaluation Services (NACES).

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

R 338.5116 Educational requirements for certificate of CPA.

Rule 116. (1) To satisfy section 725(1)(e) of the code, MCL 339.725, an individual shall provide proof, **as directed by the department**, verifying all the following requirements:

(a) Completion of not less than 150 semester hours at a higher education institution approved under R 338.5115(3) or (4) or considered substantially equivalent under R 338.5115(5).

(b) Completion of a baccalaureate degree or higher degree from a higher education institution approved under R 338.5115(3) or (4) or considered substantially equivalent under R 338.5115(5).

(c) Completion of a concentration in accounting under R 338.5115(1)(b) and R 338.5115(2) at a higher education institution approved under R 338.5113(3) or (4) or considered substantially equivalent under R 338.5115(5).

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

R 338.5117 Certificate of certified public accountant; qualifying experience requirement.

Rule 117. (1) An applicant applying for a CPA certificate shall have obtained not less than 2,000 hours of qualifying experience within a period of not less than 1 calendar year nor more than 5 calendar years.

(2) The department shall grant full credit for qualifying experience earned during a college or university internship, including the internships for which educational credit is provided.

(3) The department shall regard instruction as qualifying experience, if the applicant has completed not less than 4 academic semesters of an academic appointment in accounting at an institution recognized by the department. An instructor who has an academic appointment in accounting shall teach, as the principal instructor, not less than 6 credit hours per semester of accounting ~~subjects~~ **courses** above the elementary level.

### 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 code, MCL 339.411 and 339.729. An applicant for renewal shall provide the required fee and a completed application on a form provided by the department. Both of the following standards apply:

(a) Under section 729(1) of the code, MCL 339.729, an applicant for renewal who is a nonresident licensee as that term is defined in section 720(1)(g) of the code, MCL 339.720, is considered to have met the requirements under this part if the applicant satisfies all the following requirements:

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

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

(iii) Meets the continuing education requirements of the state in which the applicant's 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 the applicant's principal place of business is located.

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

(a) An applicant shall keep documentation required by R 338.5215 as proof, **as directed by the department**, verifying satisfaction of the requirements under this rule for 4 years after the date of applying for license renewal.

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

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

**The department must receive a request for a waiver of continuing education requirements for the board's consideration not less than 30 days before the last regularly scheduled board meeting before the expiration date of the license.**

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

Rule 211. ~~(1)~~ A licensee who does not earn sufficient qualifying hours during 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.

~~(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 continuing education hours required for renewal must satisfy the following requirements:

	Activity and Proof of Completion	Number of Continuing Education Hours Earned for the Activity
(a)	<p>Attendance in a group program that satisfies all the following requirements:</p> <ul style="list-style-type: none"> <li>- The <del>subject matter</del> <b>content area</b> of the program satisfies R 338.5255.</li> <li>- The program is conducted by an instructor or discussion leader whose background, training, education, or experience makes it appropriate for the instructor or discussion leader to lead a discussion on the <del>subject matter.</del> <b>content area.</b></li> <li>- The sponsor of the program takes individual attendance.</li> <li>- The sponsor of the program issues to each attendee a program outline and a written certification of the attendee's hours of attendance.</li> <li>- The sponsor of the program keeps written records of individual attendance and the program outline for 4 years.</li> </ul> <p>If audited, a licensee shall provide 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 is granted after the first 50 minutes for continuous instruction in the following amounts:</p> <p>One-half credit (0.5 credit) for every additional 25 minutes. One-fifth credit (0.2 credit) for every additional 10 minutes.</p>
(b)	<p>Completion of an individual nano-learning program that satisfies all the following requirements:</p> <ul style="list-style-type: none"> <li>- The <del>subject matter</del> <b>content area</b> of the program satisfies R 338.5255.</li> <li>- The program is an educational course designed for nano-learning delivery.</li> <li>- The program uses instructional methods that define a minimum of 1 learning objective.</li> <li>- The program guides the participant through a program of learning and provides proof verifying a participant's satisfactory completion of the program.</li> <li>- The sponsor requires the participant to successfully complete a qualified assessment with a passing grade of 100% before issuing credit for the course.</li> </ul>	<p>Credit is 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-learning course.</p> <p>A combined maximum of 20 continuing education hours may be earned under this activity and activity (f) during each</p>



	<p>- The sponsor of the program issues the participants a written certification of the participants' completion of the program and a program outline.</p> <p>- The sponsor of the program keeps written records of the participant's completion of the program and the program outline for 4 years.</p> <p>If audited, the licensee shall provide 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>	continuing education period.
(c)	<p>Passing a noncredit academic course that satisfies both of the following requirements:</p> <p>- The <del>subject matter</del> <b>content area</b> of the course satisfies R 338.5255.</p> <p>- The course is offered by an educational institution that satisfies R 338.5115.</p> <p>If audited, the licensee shall provide 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>	Each 50 minutes of continuous instruction equals 1 continuing education hour.
(d)	<p>Passing a for-credit academic course that satisfies both of the following requirements:</p> <p>- The <del>subject matter</del> <b>content area</b> of the course satisfies R 338.5255.</p> <p>- The course is offered by an educational institution that satisfies R 338.5115.</p> <p>If audited, the licensee shall provide a copy of an official 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.</p>	Fifteen continuing education hours are granted for each academic credit hour.
(e)	<p>Classroom work as a teacher, instructor, speaker, or lecturer that is part of an academic course of which the <del>subject matter</del> <b>content area</b> satisfies R 338.5255 and is offered at an educational institution that satisfies R 338.5115 or conducting a group program that satisfies the requirements under activity (a) as a</p>	Three continuing education hours are granted for every 50 minutes of continuous instruction.

	<p>teacher, instructor, lecturer, speaker, or seminar discussion leader.</p> <p>If audited, the licensee shall provide 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>A maximum of 20 continuing education hours may be earned during each continuing education period.</p>
(f)	<p>Completion of an individual self-study program that satisfies all the following requirements:</p> <ul style="list-style-type: none"> <li>- The <del>subject matter</del> <b>content area</b> of the program satisfies R 338.5255.</li> <li>- The program is an educational course designed for self-study.</li> <li>- The sponsor of the program issues the participants a written certification of the participant's completion of the program and a program outline.</li> <li>- The sponsor of the program keeps written records of the participant's completion of the program and the program outline for 4 years.</li> </ul> <p>If audited, the licensee shall provide 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>Twenty-five minutes of continuous instruction equals ½ credit (0.5 credit) of 1 continuing education hour.</p> <p>One-fifth credit (0.2 credit) of 1 continuing education hour is 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>
(g)	<p>A course in professional ethics that satisfies the requirements of activity (a), (b), (c), (d), (e), or (f) is approved if the <del>subject matter</del> <b>content area</b> of the course satisfies R 338.5255(2).</p> <p>If audited, the licensee shall provide 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 are 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 rules applicable to public accountancy that satisfies all the following requirements:</p> <ul style="list-style-type: none"> <li>- The content of the course is created by the Michigan Association of Certified Public Accountants.</li> <li>- The course provider issues the participants a written certification of the participant's completion of the course and a course outline.</li> <li>- The sponsor of the program keeps written records of the participant's completion of the course and the course outline for 4 years.</li> </ul> <p>If audited, the licensee shall provide 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>	Fifty minutes of continuous instruction equals 1 continuing education hour.
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(2) Continuing education hours are not granted for a program or activity that has substantially equivalent 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 code, MCL 339.411, if the applicant satisfies both of the following requirements:

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

(b) Provides proof, **as directed by the department**, verifying 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 provided with the application are deficient, the application will be held by the department and the applicant shall provide proof, **as directed by the department**, verifying the completion of the deficient hours within 1 year after the date of filing the relicensure application.

The 40 hours must satisfy all the following requirements:

(i) Satisfy 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 is in professional ethics that satisfies the requirements under R 338.5215(1)(h).

(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 code, MCL 339.411, if the applicant satisfies all the following requirements:

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

(b) Establishes that the applicant holds a valid and unrevoked certificate as a CPA that was issued under section 725 or 726 of the code, MCL 339.725 or 339.726.

(c) Provides proof, **as directed by the department**, verifying 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 provided with the application are deficient, the applicant has 1 year after the date of filing the application to provide proof, **as directed by the department**, verifying the completion of the deficient hours. The 40 hours must satisfy all the following requirements:

(i) Satisfy 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 is in professional ethics that satisfies the requirements under R 338.5215(1)(h).

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

(4) The department shall not calculate the period of a lapsed license based on a current or lapsed registration. A registrant whose license has lapsed for less than 3 years shall satisfy the requirements under subrule (1) of this rule. A registrant whose license has lapsed for 3 years or more shall satisfy the requirements under subrule (2) of this rule.

R 338.5255 Qualifying continuing education ~~subjects~~ **content areas**.

Rule 255. (1) ~~Subjects~~ **Content areas** qualifying for continuing education include any of the following:

(a) Accounting.

(b) Auditing.

(c) Management advisory services.

(d) Information technology.

(e) Mathematics, statistics, probability, and quantitative application to business.

(f) Economics.

(g) Finance.

(h) Business law.

(i) Business management.

(j) Professional ethics for certified public accountants.

(k) Taxation.

(l) Financial advisory services.

(m) Business valuations.

(n) Any other ~~subjects~~ **content areas** which contribute to the professional competency of a licensee

and for which the responsibility for compliance rests solely with the licensure applicant or licensee.

(2) ~~Subjects~~ **Content areas** that qualify for continuing education in the study of professional ethics include any of the following:

(a) Behavioral ethics in any of the following areas:

- (i) Ethical reasoning.
- (ii) Ethical philosophy.
- (iii) Ethics enforcement.
- (iv) Ethical practice in business.
- (v) International ethical professional standards.
- (b) Technical ethics in the following areas:
  - (i) Business transactions with clients.
  - (ii) Competence.
  - (iii) Conflict of interest.
  - (iv) Contingent fees, commissions, and other considerations.
  - (v) Discreditable acts.
  - (vi) General and professional standards.
  - (vii) Independence.
  - (viii) Integrity and objectivity.
  - (ix) Malpractice
  - (x) Professional conduct.
  - (xi) Public interest and responsibilities.
  - (xii) State rules and regulations.
- (c) Any other ~~subject~~ **content area** in the study of professional ethics that contributes to the professional competency of a licensee and for which the responsibility for compliance rests solely with the licensure applicant or licensee.

#### PART 4. PROFESSIONAL CONDUCT

R 338.5501 Peer review.

Rule 501. (1) Each firm or sole practitioner required to take part in a peer review program under section 729(2) of the code, MCL 339.729, shall enroll in the program of a qualified sponsoring organization within 1 year of the earlier of the following:

- (a) The firm or ~~sole~~ **sole** practitioner's initial licensing date.
  - (b) The performance of services that require a peer review.
- (2) Proof verifying a peer review shall not have to be provided to the department until the second renewal following initial licensure or the performance of services requiring a peer review.
- (3) The department shall accept, as proof verifying compliance with section 729(2) of the code, MCL 339.729, the electronic submission of information from the facilitated state board access (FSBA) website.
- (4) Qualified sponsoring organizations include the AICPA peer review program, and other entities that adhere to the peer review standards defined in R 338.5102(1)(a) as decided by the board. With respect to an out-of-state firm required to obtain a license under section 728 of the code, MCL 339.728, a peer review sponsoring organization approved by another state in which that firm is licensed is presumed to be qualified in this state, with respect to that firm.
- (5) A licensee subject to peer review shall not be required to become a member of any sponsoring organization.

(6) Out-of-state firms required to obtain a peer review under section 728(5) of the code, MCL 339.728, may, instead of enrolling in a program sponsored by an organization described in subrule (3) of this rule, satisfy the peer review requirement applicable in the state where that firm is licensed, verified proof of which shall be given to the department upon the department's request.