

Illinois BOARD OF EXAMINERS Bulletin

Summer Edition 2015



Bruce Rauner, Governor

EXECUTIVE DIRECTOR'S CORNER



Russ Friedewald
Executive Director

As we begin our new fiscal year, I am pleased to reflect on FY15 with a great deal of pride and satisfaction with our office staff. I am blessed to have a staff committed to serving our constituency in a professional and timely manner. We have virtually no backlog of evaluation files and our certification staff makes sure

all correspondence is timely and up to date. All too often, we tend to take for granted the people that work the hardest to make the office look good.

We have recently launched a new website, a more streamlined and simple site designed to make the process of applying easier and quicker. We are always looking for feedback, both positive and constructive so that we might continue to improve the process. Visit us at www.ilboe.org.

You can also follow us on Twitter and Facebook. Social media seems to be the way to communicate in today's technological age. If you are aware of any other social media networks we should join, please let us know.

By the time you read this, students will be packing their bags, getting ready to start the new school term. For many, the decision whether or not to pursue the CPA credential will weigh heavily on their minds. I would strongly encourage any student in the accounting or business program to seriously consider getting the CPA credential. It is difficult to think 5 or 10 years down the road when a job offer is looming, but your future will certainly be more secure if you get the CPA. There are currently an abundance of CPA jobs available as the "baby boomer" generation prepares for retirement. I am happy to visit any college or university to discuss the merits of attaining the CPA and the process of applying for the CPA examination.

EXAM + LICENSE = CPA *Confused About CPA Licensure?* *These FAQs Add Up to Perfect Clarity*

With many readers completing the CPA Exam and applying for a CPA license, it is important to understand Illinois' two regulatory agencies that oversee the CPA profession. First, the Illinois Board



ILLINOIS CPA SOCIETY.

of Examiners (BOE) is responsible for determining the qualifications of candidates to take the CPA exam and issues a certificate to candidates specifying the successful passage of the examination. Secondly, the Illinois Department of Financial and Professional Regulation (IDFPR) regulates 57 licensure acts, 70 professions and 229 types of licenses including Certified Public Accountants. IDFPR is responsible for issuing CPA licenses which authorize the use of the CPA title. IDFPR also enforces the Illinois Public Accounting Act to include disciplining CPAs who have violated provisions of the Act. The Illinois Public Accounting Act, 225 ILCS 450/ et seq., is the statutory framework of CPA licensure and regulation in Illinois. The FAQs below will provide you with some helpful information.

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A MEMBER OF

NASBA



ILLINOIS BOARD OF EXAMINERS BULLETIN

CONTACT US:

If you cannot find the answers to your questions on our website (www.ilboe.org), please contact us directly for more information.

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8:30 AM to 5:00 PM

Monday through Friday

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EXAM + LICENSE = CPA (CONTINUED)

Q. I have a CPA certificate from the Board of Examiners. Does this certificate allow me to use the CPA title?

A. No. The CPA certificate represents the passage of all portions of the CPA exam including the ethics exam. To use the CPA title on business cards, advertisements or letterhead you either need to be a licensed or a registered CPA through the IDFPR. Since by law the deadline for applications to be a Registered CPA ended on June 30, 2012, new registrations are not being issued. Those registered before June 30th are grandfathered for life, subject to renewal every three years, and may continue using the designation. All others will need to apply for full licensure. Using the CPA title without being a licensed or registered CPA may result in disciplinary action and a civil penalty not to exceed \$5,000 for each offense.

Q. I am not a licensed CPA but passed all portions of the CPA exam. May I post the CPA certificate in my office and specify on my resume that I passed the CPA exam?

A. Yes. The certificate issued either by the University of Illinois or the BOE signifies that you passed all portions of the CPA exam. It is not a license to use the CPA title, however. By specifying that you passed the CPA Exam on your resume, you are not claiming to be a CPA or using the CPA title.

Q. How do I become a licensed CPA?

A. Here is the application you will need to download and complete for an initial license with the IDFPR: <http://www.idfpr.com/renewals/apply/forms/lcpa.pdf>. You will apply by Acceptance of Examination. If you have never been licensed before and it has been over 4 years since passing the CPA exam, you will need to apply for licensure with having taken 90 hours of CPE in the preceding 3 years of the date of your application. You will also need the experience form included in the application packet signed by your employer showing that you have the minimum one year of financial experience (does not have to be in public accounting or signed by a certified public accountant.) The fee will be \$120.00, and you will send that to the IDFPR to the address given in the application packet.

Q. I moved my primary residence. Is there a way that I can notify IDFPR of my address change?

A. Yes. As a licensed or registered CPA, the Illinois Public Accounting Act requires you to notify the IDFPR of your current mailing address. You can easily update your information at www.idfpr.com.

Q. I have tried on numerous occasions to call the IDFPR with licensure questions and have gotten a continuous busy signal or was placed on hold for an indefinite period of time. Is there another way to get my questions answered?

A. Yes. You can email the IDFPR on the Public Accounting Section of the IDFPR website at www.idfpr.com. The IDFPR also maintains offices in Springfield at 320 West Washington Street and in Chicago at the James R. Thompson Center, where they assist walk-ins. The ICPAS has also included FAQs under the Licensure and Registration quick links on the ICPAS website at www.icpas.org. The Society has expressed its concerns about licensee customer service to the director of the Division of Professional Regulation. The IDFPR is currently automating the application process so that applicants receive computer-generated emails when the application for licensure or renewal is received and as it goes through the various stages of licensure/renewal.

Q. I need to provide an out-of-state licensing agency with verification of my scores on the CPA exam, which I took in Illinois. Who should I contact?

A. The BOE certifies applicants who have passed all portions of the CPA exam when taken in Illinois. Request for verification of exam scores can be made directly to the BOE at www.ilboe.org. For applicants applying for an Illinois license through the IDFPR, the department automatically verifies exam passage via electronic data continually received from the BOE.

(Read more on page 3)



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BOARD CHAIR MESSAGE

As the 2015-2016 Chair of the Illinois Board of Examiners (IBOE), I am delighted to welcome you to our latest edition of our newsletter. Along with our Executive Director, Russ Friedewald, I welcome you to view our new website at www.ilboe.org. We hope you find both our newsletter and website helpful and informative.



SHELDON
HOLZMAN, CPA

Recently, while visiting the offices of the IBOE, I was shown some of their historical records dating all the way back to 1903. Besides finding volumes of the IBOE minutes in leather bound books, we discovered a written "History of the Committee on Accountancy, 1903-1976", by E. J. Smith written in 1976. Of course, I was curious enough to actually read it. Many of you today do not know that the IBOE was originally called the 'Committee on Accountancy'. It was part of the University of Illinois from 1903 to a few years ago and naturally a few name changes as well. In reading the history, I found that the first exam was given in Chicago on November 3-4, in 1903. There were 3 candidates who sat for the exam, one candidate passed and was recommended for a certificate. Further, there were only four subjects; theory of accounts, practical accounting, auditing and commercial law. Since the Federal Income Tax was not enacted until 1913, there were no questions on taxes. Lastly, the exam costs were \$25, which was a great deal of money in 1903.

In this newsletter, you will find helpful articles on the application and renewal processes as 2015 is a licensing renewal year with the Department of Financial and Professional Regulation. You will also see current statistics on the second quarter, 2015 CPA Exam Performance in Illinois.

We welcome your comments and feedback as to how we can continue to improve our newsletter and our website.

Sheldon P. Holzman, CPA, CFF/CFE Chair

EXAM + LICENSE = CPA (CONTINUED)

Q. As a member of the ICPAS and a licensed CPA, am I required to follow an ethical code of conduct?

A. Yes. Society members are held to rules of professional ethics—the Code of Professional Conduct of the American Institute of CPAs. These rules can be accessed at www.icpas.org. Similarly, as a licensed CPA, the Public Accounting Act requires you to follow the Public Accounting Rules of Professional Conduct as outlined in the Illinois Administrative Code. These rules can be accessed via the Public Accounting section of www.idfpr.com.

Admittedly, the various aspects of the licensure and regulatory process can be confusing. Of course, ICPAS staff is always available to answer your questions and assist you with the process along the way. You may also wish to access the [licensing section](#) of our website.

The Illinois CPA Society (ICPAS), founded in 1903, is the fourth largest state CPA society in the nation, with more than 23,000 members. It is the premier professional organization that represents CPAs in Illinois. During its over 100 years of existence, the society has advanced the highest ethical and financial standards of the profession, and has been a leader in educating the public on financial issues.





**DEPARTMENT OF FINANCIAL
& PROFESSIONAL
REGULATION**

The Department of Financial and Professional Regulation is the licensing and enforcement agency for approximately 70 professions including public accountants.

Candidates seeking licensure as a Certified Public Accountant must meet educational and examination requirements as well as one year of relevant professional experience prior to applying to the Department for licensure. The Department is also responsible for the enforcement of the profession and the act that it regulates.



ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION REPORT

Renewal for Illinois licensed certified public accountants (“CPAs”), registered CPAs, and licensed CPA Firms is approaching. Please let the following serve as helpful information as CPAs and firms approach renewal. Please direct all inquiries relating to these matters to the Department of Financial and Professional Regulation (“Department”) at 320 West Washington Street, 3rd Floor, Springfield, Illinois 62786, (800) 560-6420, Fax (217) 782-3390. Additional information is available at <http://www.idfpr.com>.

Certified Public Accountant & CPA Firm Renewal Tips

1. Ensure all information is accurate.

Please use the correct address of record for each license to ensure timely receipt of all information and documents from the Department. Double check all information to ensure its accuracy.

2. Renew early and on time.

Apply three to four months in advance of deadlines to ensure timely receipt of all information and to allow for potential errors or supplemental information. Pursuant to the Illinois Public Accounting Act’s administrative rules [68 111. Admin. Code 1420.80], the following renewal deadlines apply:

License Type	Renewal Deadline
Licensed Certified Public Accountant	9/30/2015
Registered Certified Public Accountant	9/30/2015
Certified Public Accountancy Firm	11/30/2015

3. Late renewals are not retroactively corrected.

A common misconception is that late renewals are retroactively corrected to show timely compliance. Please note that the Department does not retroactively correct late renewals. Practicing with an expired license constitutes unlicensed practice and is subject to discipline under the Illinois Public Accounting Act.

4. For a CPA Firm renewal, each “member” of the firm must timely renew.

Each “member” of a CPA Firm performing accountancy activities in Illinois must have an active license as a CPA for the renewal of the CPA Firm’s license. A member “includes a partner, shareholder in a corporation, member of a limited liability company and any other person (natural or otherwise) who or which is the owner of an interest in a firm.” 68 111. Admin. Code 1420.30.

5. CPA Firms and sole practitioners must complete a peer review prior to renewal if applicable.

Satisfactory completion of a peer review during the immediately preceding three-year period is required as a condition for renewal of a license for each CPA Firm or sole practitioner who performs accountancy activities, as set forth in the Illinois Public Accounting Act. 225 ILCS 450/16. Please be sure to review the Act and rules provisions regarding peer review. More information regarding peer review is available at the Illinois CPA Society’s webpage: <http://www.icpas.org/hc-peer-review.aspx?id=2220>.

(Read more on page 5)

DEPARTMENT REPORT (CONTINUED)

Certified Public Accountant Continuing Professional Education FAQs

The Department receives many inquiries regarding licensed CPA continuing professional education (“CPE”). Please let the following FAQs serve as a guide as renewal approaches. Please note that the FAQs do not reflect all of the details set forth in the Illinois Public Accounting Act, 225 ILCS 450, and 68 111. Admin. Code 1420.

Q. How many CPE credit hours are required for renewal?

A. A licensed CPA must complete 120 CPE credit hours per every three-year renewal period. Of the 120 hours, at least four hours shall be courses covering the subject of professional ethics. A registered CPA is exempt from CPE requirements.

Q. During what time period must CPE be completed?

A. All CPE must be completed in the three years preceding expiration of the license. For example, regarding the upcoming renewal, all CPE must have been completed between October 1, 2012 and September 30, 2015.

Q. This is my first time renewing my license as a CPA, do I need to complete 120 hours of CPE prior to the renewal deadline?

A. No, a renewal applicant shall not be required to comply with CPE requirements for the first renewal of a license as a CPA.

Q. I completed CPE in another state, will I be able to use it in Illinois?

A. Courses sponsored or approved by other states or other state CPA societies shall be considered approved, as set forth in 68 111. Admin. Code 1420.70(a). Out-of-state CPE that is not approved by another state or another state’s CPA society requires the licensee to complete an application seeking approval of the CPE and pay a fee. The application must be approved by the Public Accounting Registration and Licensure Committee. The link to the application is available here: http://www.idfpr.com/renewals/apply/forms/F_1868pa.pdf.

Q. How is CPE measured?

A. CPE is measured by program length, with one 50 minute period equal to one CPE credit. One-half CPE credits (equal to 25 minutes) are permitted after the first credit has been earned in a given CPE course. CPE that is part of the curriculum of a university, college or other educational institution shall be awarded CPE course credit at the rate of 15 credit hours for each semester hour, or 10 credit hours for each quarter hour of school credit awarded.

Q. How do I know if a CPE sponsor is approved or licensed?

A. The following are recognized CPE sponsors:

1. The American Institute of Certified Public Accountants (AICPA);
2. The Illinois CPA Society/Foundation (ICPAS/F);
3. A university or college approved by its governing body to award accounting degrees;
4. The National Association of State Boards of Accountancy (NASBA);
5. Members of NASBA’s National Registry of CPE Sponsors;
6. Members of NASBA’s Quality Assurance Service Program; and
7. All licensed CPE Sponsors. You can verify that a CPE Sponsor is licensed at www.idfpr.com’s License Lookup.

Q. Do I need to provide copies of CPE certificates of attendance for renewal?

A. Each licensee is responsible for maintaining records of completion of CPE and shall be prepared to produce the records if requested by the Department.

Q. What types of CPE are accepted and are there any limitations on the amount of hours you can earn?

A. The following CPE types are accepted, provided they meet all requirements set forth in the Illinois Public Accounting Act and administrative rules:the Illinois Public Accounting Act and administrative rules:

(Read more on page 6)



SOCIAL MEDIA



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



**NASBA EASTERN
REGIONAL MEETING**

The Illinois Board of Examiners were well represented at the National Association of State Boards of Accountancy's Eastern Regional meeting held in Baltimore, Maryland on June 25th and 26th.

The regional meetings are held each summer during the month of June to bring together boards of accountancy to discuss topics of importance to the CPA profession as well as to share ideas on best practice, licensure and enforcement.

Of particular importance this year are issues relating to education and examination development. The world of education is changing rapidly with on line coursework, nano learning, MOOCs and life experience credit all contributing to a changing environment in education. Keeping up with these changes is the challenge for the various state boards of accountancy as well as the various regional accrediting agencies which oversee the curriculum of the colleges and universities throughout the United States.

The American Institute of Certified Public Accountants (AICPA) is currently in the process of updating the CPA examination and representatives from the AICPA discussed the process as well as the structure for a new, revised examination due to be released in 2017.

There are many issues facing the boards of accountancy and the CPA profession and among these are peer review, CPE standards and model rule changes, international licensure and reciprocal agreements.

The Board of Examiners is committed to maintaining a strong presence with NASBA and staying abreast of the many changes within the CPA profession.



L-R: Russ Friedewald, Rhonda Kodjayan, Claireen Herting, Sheldon Holzman, Simon Petravick, Sara Mikuta and Howard Engle at the 2015 NASBA Eastern Regional Meeting.

DEPARTMENT REPORT (CONTINUED)

Verifiable CPE	
Verifiable CPE Type	Limit Per Renewal Period
Live Group CPE	n/a
Instructing/Leading a CPE Course	60 hours (limited to actual presentation time and actual preparation time of up to 2 hours for each hour of presentation)
Interactive Self-Study CPE	80 hours for interactive and non-interactive self study
Non-Interactive Self-Study CPE	60 hours for non-interactive self study
	80 hours for interactive and non-interactive self study
University or College Course	n/a (15 CPE credit hours for each semester hour or 10 CPE credit hours for each quarter hour of school credit awarded)
Publishing an Article or Book or Developing/ Reviewing a CPE Course	30 hours

Please see Section 1240.70 of the CPA Rules for greater details on self-study CPE.

Non-verifiable CPE	
Non-verifiable CPE Type	Limit Per Renewal Period
CPE, other than from a recognized educational or professional sponsor	60 hour limitation for all non-verifiable
Work on technical committees of an international, national or state professional association or member organization	10 hours
Professional reading of published materials that does not provide a certificate of completion or an assessment process	10 hours
Consultation with outside experts or research in a subject area new to the licensee (e.g., how to report discontinued operations) or when regulations or standards have changed (e.g., accounting for leases)	10 hours

*Please also note that credit for "personal development" CPE may not exceed 24 hours during any renewal period.

CPA Exam Performance Summary: 2015 Q-2

Illinois

Overall Performance

Unique Candidates	2,503
New Candidates	897
Total Sections	3,394
Passing 4th Section	371
Sections/Candidate	1.36
Pass Rate	57.5%
Average Score	74.5

Section Performance

	Sections	Score	% Pass
First-Time	2,101	76.4	65.6%
Re-Exam	1,293	71.4	44.2%
AUD	962	75.6	55.6%
BEC	778	77.0	65.3%
FAR	824	72.7	55.6%
REG	830	72.6	54.1%

Jurisdiction Rankings (1 to 53)

Candidates	Sections
4	4
Pass Rate	Avg Score
7	6

Exam Type by Percent

