

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1765 Session of  
2007

INTRODUCED BY STURLA, READSHAW, GERGELY, JOSEPHS, HENNESSEY AND  
YOUNGBLOOD, JULY 17, 2007

REFERRED TO COMMITTEE ON PROFESSIONAL LICENSURE, JULY 17, 2007

AN ACT

1 Amending the act of May 26, 1947 (P.L.318, No.140), entitled, as  
2 amended, "An act relating to the practice of public  
3 accounting; providing for the examination, education and  
4 experience requirements for certification of certified public  
5 accountants and for the licensing of certified public  
6 accountants, public accountants and firms; requiring  
7 continuing education and peer review; providing for the  
8 organization and ownership of firms and for the procedures  
9 and grounds for discipline and reinstatement of licensees;  
10 prescribing the powers and duties of the State Board of  
11 Accountancy and the Department of State; providing for  
12 ownership of working papers and confidentiality; regulating  
13 the professional responsibility of licensees; defining  
14 unlawful acts and acts not unlawful; providing penalties; and  
15 repealing existing laws," further providing for the title,  
16 for definitions, for the State Board of Accountancy, for  
17 examinations and certificates, for education, for experience  
18 and for reciprocity; providing for substantial equivalency;  
19 and further providing for fees, for licensing, for peer  
20 review, for grounds for discipline, for reinstatement, for  
21 ownership of working papers, for unlawful acts and for lawful  
22 acts.

23 The General Assembly of the Commonwealth of Pennsylvania  
24 hereby enacts as follows:

25 Section 1. The title of the act of May 26, 1947 (P.L.318,  
26 No.140), known as the CPA Law, reenacted and amended December 8,  
27 1976 (P.L.1280, No.286) and amended December 4, 1996 (P.L.851,  
28 No.140), is amended to read:

AN ACT

Relating to the practice of public accounting; providing for the examination, education and experience requirements for certification of certified public accountants and for the licensing of certified public accountants, public accountants and firms; providing for substantial equivalency; requiring continuing education and peer review; providing for the organization and ownership of firms and for the procedures and grounds for discipline and reinstatement of licensees; prescribing the powers and duties of the State Board of Accountancy and the Department of State; providing for ownership of working papers and confidentiality; regulating the professional responsibility of licensees; defining unlawful acts and acts not unlawful; providing penalties; and repealing existing laws.

Section 2. The definitions of "attest activity" and "certified public accountant" in section 2 of the act, amended December 4, 1996 (P.L.851, No.140), are amended and the section is amended by adding definitions to read:

Section 2. Definitions.--The following words and phrases when used in this act shall have the meanings ascribed to them in this section unless the context clearly indicates otherwise:

"AICPA." The American Institute of Certified Public Accountants.

"Attest activity." [An examination, audit, review, compilation or other agreed-upon procedure with respect to financial information, together with the issuance of a report expressing or disclaiming an opinion or other assurance on the information.] The provision of any of the following financial statement services together with the issuance of a report

expressing or disclaiming an opinion or other assurance on the information:

(1) an audit or other engagement performed in accordance with the Statements on Auditing Standards (SAS);

(2) a review or compilation of a financial statement performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);

(3) an engagement performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); or

(4) any other engagement performed in accordance with attestation standards established by an organization granted authority by statute or regulation to establish attestation standards, such as the American Institute of Certified Public Accountants or the Public Company Accounting Oversight Board.

\* \* \*

"Certificate." A certificate as "certified public accountant" issued under this act or a corresponding certificate as certified public accountant issued after examination under the law of another jurisdiction.

"Certified public accountant." An individual to whom a certificate [of certified public accountant] has been issued [under the laws of this Commonwealth or another state].

\* \* \*

"Compilation." A service performed in accordance with Statements on Standards for Accounting and Review Services (SSARS) that presents, in the form of financial statements, information that is the representation of management or the owners without undertaking to express any assurance on the statements.

\* \* \*

1 "Engagement review." A peer review process which provides  
2 the reviewer with a reasonable basis for expressing limited  
3 assurance that:

4 (1) the financial statements or information and the related  
5 accountant's report on the accounting, review and attestation  
6 engagements submitted for review conform with the requirements  
7 of professional standards in all material respects; and

8 (2) the reviewed firm's documentation conforms with the  
9 requirements of Statements on Standards for Accounting and  
10 Review Services (SSARS) and the Statements on Standards for  
11 Attestation Engagements (SSAE) applicable to those engagements  
12 in all material respects.

13 \* \* \*

14 "NASBA." The National Association of State Boards of  
15 Accountancy.

16 "PCAOB." The Public Company Accounting Oversight Board.

17 \* \* \*

18 "Principal place of business." The office location  
19 designated by a licensee for purposes of substantial equivalency  
20 and reciprocity.

21 \* \* \*

22 "SAS." The Statements on Auditing Standards or any similar  
23 professional standard which supersedes such statements.

24 "SSAE." The Statements on Standards for Attestation  
25 Engagements or any similar professional standard which  
26 supersedes such statements.

27 "SSARS." The Statements on Standards for Accounting and  
28 Review Services or any similar professional standard which  
29 supersedes such statements.

30 "Substantial equivalency" or "substantially equivalent." A

1 determination by the board that:

2 (1) the education, experience and examination requirements  
3 contained in the statutes and regulations of another  
4 jurisdiction are comparable to or exceed the education,  
5 experience and examination requirements contained in this act;  
6 or

7 (2) a certified public accountant's education, experience  
8 and examination qualifications are comparable to or exceed the  
9 education, experience and examination requirements contained in  
10 this act.

11 "System review." A peer review process which provides the  
12 reviewer with a reasonable basis for expressing an opinion on  
13 whether, during the year under review:

14 (1) the reviewed firm's system of quality control for its  
15 accounting and auditing practice has been designed in accordance  
16 with quality control standards established by the American  
17 Institute of Certified Public Accountants (AICPA); and

18 (2) is being complied with to provide the firm with  
19 reasonable assurance of conforming with professional standards  
20 in all material respects.

21 Section 3. Sections 2.3(a), 3 and 3.1 of the act, amended  
22 December 4, 1996 (P.L.851, No.140), are amended to read:

23 Section 2.3. State Board of Accountancy.--(a) The State  
24 Board of Accountancy shall consist of fifteen members, one of  
25 whom shall be the Commissioner of Professional and Occupational  
26 Affairs in the Department of State or a designee, one of whom  
27 shall be the Director of the Bureau of Consumer Protection in  
28 the Office of Attorney General or his designee, and the  
29 remaining thirteen of whom shall be appointed by the Governor,  
30 subject to the consent of the Senate, as follows:

1       (1) [~~Eight~~] Nine members shall be certified public  
2 accountants, all of whom are licensees and at least six of whom  
3 are actively engaged in the practice of public accounting as  
4 their principal occupation at the time of their appointment. Two  
5 of the members who are certified public accountants shall be  
6 appointed from the eastern part of the State, two from the  
7 western part, two from the central part, and [two] the remainder  
8 from any part of the State. At least two of the members who are  
9 certified public accountants shall be actively engaged at the  
10 time of their appointment in the practice of public accounting  
11 with firms that have five or fewer licensees participating in  
12 the firm's practice.

13       (2) Three members shall be persons who are not affiliated in  
14 any manner with the profession who shall represent the public at  
15 large.

16       (3) [Two members shall be public accountants who are  
17 licensees engaged in the practice of public accounting as their  
18 principal occupation at the time of their appointment. The  
19 number of public accountant members shall be reduced by one and  
20 the number of certified public accountant members increased by  
21 one when the number of public accountants who are licensees  
22 falls below five hundred for the first time.] One member shall  
23 be a public accountant who is a licensee engaged in the practice  
24 of public accounting as the member's principal occupation at the  
25 time of appointment. The [remaining] public accountant member  
26 shall be eliminated and the number of certified public  
27 accountant members increased by one when the number of public  
28 accountants who are licensees falls below fifty for the first  
29 time. [A decrease in the number of members of the board who are  
30 required to be public accountants] The elimination of the public

1 accountant member, as provided in this clause, shall not have  
2 the effect of shortening the term of [an] the incumbent public  
3 accountant member of the board.

4 \* \* \*

5 Section 3. General Powers of the Board.--(a) The Board  
6 shall have the power:

7 (1) To provide for, regulate and approve the issuance of a  
8 certificate of certified public accountant to any person (a) who  
9 meets the requirements for the issuance of a certificate in  
10 section 3.1(e) of this act; or (b) who meets the requirements  
11 for the issuance of a certificate by reciprocity in section 5 or  
12 5.1 of this act.

13 (2) With respect to substantial equivalency, to do all of  
14 the following:

15 (i) To provide for a determination of substantial  
16 equivalency.

17 (ii) To regulate individuals practicing in this Commonwealth  
18 under substantial equivalency.

19 (iii) To revoke, suspend or otherwise restrict the right of  
20 an individual to practice in this Commonwealth under substantial  
21 equivalency. This subparagraph includes assessing civil  
22 penalties and other disciplinary measures in the case of  
23 individuals practicing in this Commonwealth under substantial  
24 equivalency when those individuals violate a provision of this  
25 act or a regulation of the board.

26 (iv) To assess fees associated with substantial equivalency.

27 (v) To keep a record of the names of individuals, the  
28 license numbers for all jurisdictions of individuals in which  
29 the individual is authorized to practice public accounting and  
30 the principal place of business of individuals practicing in

1 this Commonwealth under substantial equivalency.

2 (vi) To provide a mechanism through which individuals  
3 practicing in this Commonwealth under substantial equivalency  
4 shall give notice to the board of their intent to enter this  
5 Commonwealth in order to practice under substantial equivalency.

6 (vii) To adopt, promulgate and enforce rules and regulations  
7 necessary to carry out the provisions of this act relating to  
8 substantial equivalency.

9 (3) To contract with a professional testing organization for  
10 the preparation and administration of the examination, in  
11 accordance with section 812.1(a) of the act of April 9, 1929  
12 (P.L.177, No.175), known as "The Administrative Code of 1929,"  
13 and to establish prior to the administration of each examination  
14 an appropriate minimum passing score, in keeping with the  
15 purposes of this act.

16 (4) To keep a record showing the names and the places of  
17 business of persons to whom a certificate of certified public  
18 accountant has been issued under this act or prior laws and all  
19 other persons registered or holding licenses under this act or  
20 prior laws. The department shall furnish copies of such record  
21 to the public upon request and may establish a reasonable fee  
22 for such copies which shall not exceed the cost of reproduction.

23 (5) To revoke, suspend, limit or otherwise restrict the  
24 certificate or license of any certified public accountant or the  
25 registration or license of any public accountant or the license  
26 of any firm under this act, to censure or publicly reprimand the  
27 holder of any certificate, registration or license, to require  
28 completion of general or a specific number of continuing  
29 professional education courses, to require more frequent peer  
30 review or other remedial action and to impose civil penalties as



1 provided in section 16 for violation of this act.

2 (6) To collect fees as provided for in this act and to  
3 submit annually to the department an estimate of the financial  
4 requirements of the board for its administrative, investigative,  
5 legal and miscellaneous expenses.

6 (7) To arrange for assistance in the performance of its  
7 duties, to administer and enforce the laws of this Commonwealth  
8 relating to certification, registration, licensing and practice  
9 by certified public accountants, public accountants and firms  
10 and to instruct and require its agents to seek an injunction, or  
11 bring a prosecution for a violation of this act.

12 (8) To keep minutes and records of all its transactions and  
13 proceedings. To the extent required by the act of June 21, 1957  
14 (P.L.390, No.212), referred to as the Right-to-Know Law, the  
15 department shall furnish copies of such minutes and records to  
16 the public upon request and may establish a reasonable fee for  
17 such copies which shall not exceed the cost of reproduction.

18 (9) To become a member of the National Association of State  
19 Boards of Accountancy, or a similar organization, and pay such  
20 dues as said association shall establish and to send members of  
21 the board and staff as delegates to the meetings of that  
22 association and defray their expenses.

23 (10) To adopt, promulgate and enforce rules and regulations  
24 consistent with the provisions of this act establishing  
25 requirements of continuing education and peer review to be met  
26 by certified public accountants, public accountants and firms as  
27 a condition for renewal of biennial licenses to engage in the  
28 practice of public accounting in this Commonwealth. Such rules  
29 and regulations shall include, but not be limited to, analysis  
30 of continuing education records by a consultant whose analysis

1 shall cover licensee forms and records of continuing education  
2 sponsors. The analysis shall be designed to determine compliance  
3 with all continuing education regulations of the board,  
4 including attendance of licensees, qualifications of sponsors  
5 and qualifications of courses for credit.

6 (11) To promulgate and amend rules of professional conduct,  
7 uniformly applicable to certified public accountants and public  
8 accountants, appropriate to establish and maintain a high  
9 standard of integrity, objectivity and dignity by certified  
10 public accountants, public accountants and firms.

11 (12) To adopt, promulgate and enforce such administrative  
12 rules and regulations not inconsistent with this act, or other  
13 acts, as are necessary and proper to carry into effect the  
14 provisions of this act.

15 (15) To submit annually to the House and Senate  
16 Appropriations Committees, not later than fifteen days after the  
17 Governor has submitted his budget to the General Assembly, a  
18 copy of the budget request for the upcoming year that the board  
19 previously submitted to the department.

20 (16) To engage consultants as may be deemed necessary to  
21 carry out and enforce the provisions of this act.

22 (b) The board shall not require a photograph as part of an  
23 application for a certificate of certified public accountant.

24 Section 3.1. Examination and Issuance of Certificate.--(a)  
25 An individual shall be permitted to take the examination for the  
26 certificate of certified public accountant if the individual:

27 [(1) At the time the individual first sits for the  
28 examination:

29 (i) is a resident of this Commonwealth;

30 (ii) is enrolled in or has graduated from a college or

1 university in this Commonwealth; or

2 (iii) is employed in this Commonwealth under the supervision  
3 of a licensee.]

4 (2) Has attained the age of eighteen years.

5 (3) Is of good moral character.

6 (4) Meets the education requirements of section 4 of this  
7 act.

8 (b) The examination [shall be held at least twice in each  
9 calendar year and simultaneously in at least two counties of  
10 this Commonwealth and shall be a written examination in business  
11 law and professional responsibilities, auditing, accounting and  
12 reporting, and financial accounting and reporting.] may be  
13 administered in either written or computerized form. The  
14 examination shall test the applicant's knowledge and skills  
15 required for performance as certified public accountant. The  
16 examination shall include the subject areas of accounting,  
17 auditing, reporting professional responsibility and such related  
18 knowledge and skills as the board may require. The time and  
19 location for holding the examination shall be determined by the  
20 board. The board may use all parts of the Uniform Certified  
21 Public Accountants' examination and [Advisory Grading Service]  
22 designated grading service of the [American Institute of  
23 Certified Public Accountants] AICPA to assist in performing its  
24 duties hereunder.

25 (c) Subject to such regulations as the board may adopt  
26 governing reexaminations, a candidate shall be entitled to  
27 retake the examination.

28 (d) An individual who has previously taken an examination  
29 for a certificate of certified public accountant under the  
30 provisions of a prior law of this Commonwealth shall continue to

1 be permitted to take the examination and receive a certificate  
2 subject to such prior provisions and applicable regulations.

3 (e) A certificate of certified public accountant shall be  
4 issued by the board upon application by an individual who has  
5 passed the examination and meets the experience requirements  
6 provided for in section 4.1 of this act.

7 Section 4. Section 4 of the act, amended December 4, 1996  
8 (P.L.851, No.140) and May 9, 1997 (P.L.145, No.9), is amended to  
9 read:

10 Section 4. Education Requirements.--(a) Before an  
11 individual is permitted to take the examination, the board shall  
12 be satisfied that[, except as provided in subsection (b),] he  
13 has:

14 (1) graduated with a baccalaureate degree from a board-  
15 approved college or university [approved at the time of  
16 graduation by the Department of Education] and also completed at  
17 least a total of twenty-four semester credits, which credits  
18 shall be in accounting and auditing, business law, finance or  
19 tax subjects of a content satisfactory to the board, not  
20 necessarily as a part of his undergraduate work;

21 (2) graduated with a Master's Degree or other post-graduate  
22 degree from a board-approved college or university [approved at  
23 the time of graduation by the Department of Education] and  
24 completed at least a total of twenty-four semester credits,  
25 which credits shall be in accounting and auditing, business law,  
26 finance or tax subjects of a content satisfactory to the board,  
27 not necessarily as part of his undergraduate or graduate work;  
28 or

29 [(3) within two years of the effective date of this clause,  
30 graduated with a baccalaureate degree, Master's Degree or other

1 post-graduate degree from a college or university approved at  
2 the time of graduation by the Department of Education with  
3 subjects of a content satisfactory to the board which meet or  
4 exceed the education requirement for licensure as of January 1,  
5 1996; or]

6 (4) graduated with a baccalaureate or higher degree from a  
7 board-approved college or university [approved at the time of  
8 graduation by the Department of Education] and completed a total  
9 of one hundred fifty semester credits of post-secondary  
10 education, including at least a total of twenty-four semester  
11 credits of accounting and auditing, business law, finance or tax  
12 subjects of a content satisfactory to the board, and an  
13 additional twelve semester credits in accounting, auditing and  
14 tax subjects of a content satisfactory to the board, not  
15 necessarily as part of his undergraduate or graduate work.

16 (b.1) Beginning on January 1, 2012, before an individual who  
17 has taken the examination pursuant to subsection (a)(1) or (2)  
18 may be issued a certificate of certified public accountant under  
19 section 3.1(e) of this act, the board shall be satisfied that  
20 the individual has satisfied the requirements of subsection  
21 (a)(4). However, this provision shall not apply to an individual  
22 who successfully completed one or more parts of the examination  
23 prior to January 1, 2012.

24 [(g) The board shall permit an applicant taking the  
25 examination for the first time within one year after the  
26 effective date of this subsection to take the examination during  
27 the final term, semester or quarter of the school year in which  
28 he will graduate, if it is reasonably expected that he will  
29 fulfill the educational requirements of subsection (a) and  
30 receive the required degree within ninety days after the date of

1 the examination.]

2 Section 5. Sections 4.1 and 5 of the act, amended or added  
3 December 4, 1996 (P.L.851, No.140), are amended to read:

4 Section 4.1. Experience Requirements.--(a) An individual  
5 shall be issued the certificate of certified public accountant  
6 under section 3.1(e) of this act after the individual has  
7 complied with the following experience requirements:

8 (1) An individual taking the examination on the basis of  
9 having satisfied the education requirements in section 4(a)(1)  
10 of this act shall have completed at least two years of  
11 experience[.], including not less than eight hundred hours of  
12 attest activity.

13 (2) An individual taking the examination on the basis of  
14 having satisfied the education required in section 4(a)(2) of  
15 this act shall need only one year of qualifying experience[.],  
16 including not less than four hundred hours of attest activity.

17 (3) Beginning on January 1, 2000, an individual taking the  
18 examination on the basis of having satisfied the education  
19 required in section 4(a)(4) of this act shall need only one year  
20 of qualifying experience[.], including not less than four  
21 hundred hours of attest activity.

22 (4) Beginning on January 1, 2012, an individual who, at the  
23 time of application for a certificate of certified public  
24 accountant, has satisfied the education requirements in section  
25 4(a)(4) of this act shall need only one year of qualifying  
26 experience, including not less than four hundred hours of attest  
27 activity.

28 (b) The experience required under subsection (a) must:

29 (1) [Be in public accounting or as an internal auditor or an  
30 auditor with a unit of Federal, State or local government.] With

1 regard to attest activity, have been acquired:

2 (i) In public accounting;

3 (ii) as an internal auditor, provided the internal audit  
4 function reports to an independent board or similar body  
5 responsible for the oversight of the financial reporting  
6 process; or

7 (iii) as an auditor with a unit of Federal, State or local  
8 government.

9 (2) Be of a caliber satisfactory to the board.

10 [(3) Satisfy the requirements of subsection (d).]

11 (4) Have been supervised by an individual who is currently  
12 licensed to practice public accounting as a certified public  
13 accountant or public accountant in this Commonwealth or another  
14 state.

15 (c) Individuals [taking] who first sat for the examination  
16 [for the first time] after January 1, 2000, but before January  
17 1, 2012, must complete the experience required by this section  
18 within one hundred twenty months preceding the date of  
19 application for a certificate of certified public accountant  
20 under section 3.1(e) of this act. Individuals who first sat for  
21 the examination after January 1, 2012, must complete the  
22 experience required by this section with sixty months preceding  
23 the date of application for a certificate of certified public  
24 accountant. Individuals [taking] who first sat for the  
25 examination before January 1, 2000, need not attain the  
26 experience required by this section within any particular period  
27 of time.

28 [(d) The experience required under subsection (a)(1) must  
29 include not less than eight hundred hours of attest activity,  
30 and the experience required under subsection (a)(2) or (4) must

1 include not less than four hundred hours of attest activity.]

2 Section 5. Certificates Issued by Domestic Reciprocity.--(a)  
3 Without requiring the examination otherwise required under  
4 section 3.1(e) of this act, the board may, in its discretion,  
5 issue a certificate of certified public accountant to a holder  
6 of a certificate of certified public accountant then in full  
7 force and effect issued by any other state following passage of  
8 [a written] an examination if the applicant shall submit  
9 evidence satisfactory to the board that he:

10 (1) possesses the general qualifications specified in  
11 section 3.1(a) of this act, has passed the [written] examination  
12 required to practice as a certified public accountant under the  
13 laws of the other state, meets the continuing education  
14 requirements specified in section 8.2(b) of this act and has the  
15 experience required under section 4.1 of this act to receive the  
16 certificate in this Commonwealth; or

17 (2) has passed the [written] examination required to  
18 practice as a certified public accountant under the laws of the  
19 other state and has held a certificate and license to practice  
20 public accounting for the immediately preceding five years in  
21 another state.

22 (b) An applicant for a certificate under this section shall  
23 list in the application all states and foreign jurisdictions in  
24 which the applicant has applied for or holds a designation or  
25 certificate to practice public accounting.

26 (c) Each holder of a certificate issued under this section  
27 shall notify the board in writing within thirty days after its  
28 occurrence of any issuance, denial, revocation or suspension of  
29 his designation, certificate or license to practice public  
30 accounting or the commencement of a disciplinary or enforcement



1 action against him or his firm by any state or foreign  
2 jurisdiction.

3 Section 6. The act is amended by adding sections to read:

4 Section 5.2. Substantial Equivalency.--(a) An individual  
5 who holds current, valid and unexpired credentials from the  
6 licensing authority of another jurisdiction authorizing the  
7 individual to practice public accounting and who does not apply  
8 to practice in this Commonwealth under section 5, 5.1 or under a  
9 temporary practice public accounting permit may apply to  
10 practice in this Commonwealth under this section.

11 (b) Before authorizing the individual to practice in this  
12 Commonwealth under substantial equivalency, the board shall  
13 determine whether the individual holds qualifications  
14 substantially equivalent to those required of individuals  
15 holding a certificate of certified public accountant issued by  
16 the board. In making its determination, the board may utilize  
17 the National Qualification Appraisal Service of the NASBA.

18 (c) In addition to the determination under subsection (b),  
19 before authorizing the individual to practice in this  
20 Commonwealth under substantial equivalency, the board shall:

21 (1) Verify the individual holds current, valid and unexpired  
22 credentials issued by the licensing authority of another  
23 jurisdiction authorizing the individual to practice public  
24 accounting.

25 (2) Require the individual to apply for authorization to  
26 practice in this Commonwealth under substantial equivalency. The  
27 application shall provide notice of the individual's intent to  
28 enter this Commonwealth and shall include the following  
29 information:

30 (i) The name of the individual.

1     (ii) A listing of the license numbers and jurisdictions in  
2 which the individual holds current, valid and unexpired  
3 credentials authorizing the individual to practice public  
4 accounting.

5     (iii) The individual's principal place of business.

6     (iv) Any other information deemed appropriate by the board.

7     (3) Require the individual to pay a fee.

8     (d) The board shall approve the individual's application for  
9 authorization to practice in this Commonwealth under substantial  
10 equivalency if:

11     (1) The individual's qualifications are substantially  
12 equivalent to those qualifications required of individuals  
13 holding certificates of certified public accountant issued by  
14 the board.

15     (2) The individual pays the fee.

16     (3) The individual completes the application.

17     (e) The authorization to practice in this Commonwealth under  
18 substantial equivalency shall expire at the end of the current  
19 biennial license renewal period, but may be renewed for  
20 subsequent biennial license renewal periods. A fee shall be  
21 required for each biennial renewal.

22     (f) The board's approval of the individual's application for  
23 authorization to practice in this Commonwealth under substantial  
24 equivalency shall constitute consent of the individual to:

25     (1) The exercise of personal and subject matter jurisdiction  
26 of the courts of this Commonwealth and the board over the  
27 individual.

28     (2) The disciplinary authority of the board over the  
29 individual.

30     (3) Comply with the provisions of this act and regulations

1 of the board.

2 (4) The appointment of the licensing authority which issued  
3 the individual's credentials authorizing the individual to  
4 practice public accounting as the individual's agent upon whom  
5 process may be served in any action or proceeding instituted by  
6 the board against the individual.

7 (5) Notify the board in writing within 30 days if the  
8 individual moves his principal place of business to this  
9 Commonwealth. In such a case, the individual's authorization to  
10 practice public accounting in this Commonwealth under  
11 substantial equivalency shall be revoked.

12 (6) Notify the board immediately in writing if the  
13 individual's credentials authorizing the individual to practice  
14 public accounting in any jurisdiction have been:

15 (i) Suspended or revoked.

16 (ii) Subject to disciplinary action.

17 (iii) Allowed to lapse or have otherwise become invalid.

18 (f.1) In the case of subsection (f)(6)(i) or (iii), the  
19 individual's authorization to practice in this Commonwealth  
20 under substantial equivalency shall be revoked.

21 (g) The board shall investigate any complaint made by the  
22 licensing authority of another jurisdiction against an  
23 individual authorized to practice in this Commonwealth under  
24 substantial equivalency. The board shall cooperate with any  
25 investigation or prosecution of an individual authorized to  
26 practice in this Commonwealth under substantial equivalency  
27 instituted by the licensing authority of another jurisdiction.

28 Section 5.3. Substantial Equivalency for Commonwealth  
29 Licensees.--(a) A licensee who practices public accounting in  
30 another jurisdiction under substantial equivalency shall be

1 subject to disciplinary action in this Commonwealth for conduct  
2 committed in the other jurisdiction if the conduct:

3 (1) subjects the licensee to discipline in the other  
4 jurisdiction; or

5 (2) would subject the licensee to discipline in this  
6 Commonwealth if it had occurred in this Commonwealth.

7 (b) The board shall investigate any complaint against a  
8 licensee by the licensing authority of another jurisdiction  
9 where the licensee is practicing public accounting under  
10 substantial equivalency.

11 Section 7. Sections 8.8(e), 8.9(a) and (d) and 9.1 of the  
12 act, amended or added December 4, 1996 (P.L.851, No.140), are  
13 amended to read:

14 Section 8.8. Licensing of Firms.--\* \* \*

15 (e) Notwithstanding any other provision of law, a qualified  
16 nonlicensee may own an equity interest in a firm if all of the  
17 following conditions are met:

18 (1) All of the qualified nonlicensees owning equity  
19 interests in the firm shall not:

20 (i) own in the aggregate equity interests in the firm  
21 entitling them to cast more than [one-third] forty-nine percent  
22 of the votes on any issue or to receive more than [one-third]  
23 forty-nine percent of any dividend or other distribution of  
24 profits or assets of the firm; or

25 (ii) constitute more than [one-third] forty-nine percent in  
26 number of the owners of equity interests in the firm.

27 (2) The qualified nonlicensee shall not hold himself out as  
28 a certified public accountant or public accountant.

29 (3) The qualified nonlicensee shall be permitted to  
30 designate or refer to himself as a principal, owner, officer,

1 member or shareholder of the firm. The qualified nonlicensee may  
2 also use such other titles as may be authorized by the  
3 regulations of the board.

4 (4) The qualified nonlicensee shall not:

5 (i) have pleaded guilty to, entered a plea of nolo  
6 contendere to or been found guilty or been convicted of a felony  
7 under the laws of this Commonwealth or any other jurisdiction;  
8 or

9 (ii) be in violation of any regulation of the board  
10 regarding the character or conduct of a qualified nonlicensee  
11 who is the owner of an equity interest in a firm.

12 (5) The participation of the qualified nonlicensee in the  
13 business of the firm must be the principal occupation of the  
14 individual and shall be in the nature of providing services to  
15 the firm or clients of the firm and not solely as an investor or  
16 in another commercial or passive capacity.

17 (6) The qualified nonlicensee has graduated with a  
18 baccalaureate or higher degree from a college or university  
19 approved at the time of graduation by the Department of  
20 Education.

21 (7) The qualified nonlicensee shall comply with all  
22 applicable provisions of this act and the regulations of the  
23 board.

24 \* \* \*

25 Section 8.9. Peer Review.--(a) As a condition for granting  
26 a firm a renewal license, or an initial license in the case of a  
27 firm that has previously been engaged in practice in another  
28 jurisdiction, the board shall require that the firm undergo a  
29 peer review in accordance with this section unless the firm  
30 meets one of the exemptions in subsection (g). [The firm shall

1 submit to the board with its license application a letter from  
2 the organization administering the firm's most recent peer  
3 review stating the date on which the peer review was completed.]  
4 The initial or renewal license application of a firm that does  
5 not meet one of those exemptions shall include a certification  
6 that the firm is in compliance with this section and shall state  
7 the name of the organization administering the firm's most  
8 recent peer review, the date of acceptance of that peer review  
9 and the period covered by that peer review. The board shall not  
10 require submittal of the letter of acceptance, peer review  
11 report, letter of comment, letter of response or working papers  
12 related to the peer review process[.], but the board may require  
13 the organization administering the firm's most recent peer  
14 review to confirm the date of acceptance and the period covered  
15 by that peer review. As used in this section, the term "firm"  
16 includes, but is not limited to, a sole practitioner.

17 \* \* \*

18 (d) (1) The peer review of a firm that performs one or more  
19 audits of historical financial statements or examinations of  
20 prospective financial information shall [include an onsite] be a  
21 system review, including a study and evaluation of a  
22 representative selection of audit, examination, review and  
23 compilation reports, the financial information upon which those  
24 reports were based and the associated working papers. The  
25 [onsite] system review shall include additional procedures  
26 relating to the firm's system of quality control sufficient to  
27 provide the reviewer with a reasonable basis upon which to issue  
28 a peer review report.

29 (2) The peer review of a firm that performs no audit or  
30 examination engagements but does perform one or more review

1 engagements shall be required only to be an [offsite] engagement  
2 review, including a study and evaluation of a representative  
3 selection of reports issued by the firm and the financial  
4 information upon which those reports were based; but, if such a  
5 firm elects to have [an onsite] a system review, that review  
6 shall also be acceptable. The [offsite] engagement review shall  
7 [not be required to] include a study of the associated working  
8 papers [but shall include] and procedures and inquiries  
9 sufficient to provide the reviewer with a reasonable basis upon  
10 which to issue a peer review report.

11 (3) A firm that does not perform any audits or reviews,  
12 regardless of whether or not the firm performs compilations,  
13 shall be exempt from the requirement to undergo a peer review to  
14 the extent provided in subsection (g)(2).

15 \* \* \*

16 Section 9.1. Grounds for Discipline.--(a) In accordance  
17 with the procedure provided in section 9 of this act, the board  
18 may revoke, suspend, limit or otherwise restrict the certificate  
19 of a certified public accountant or the registration of a public  
20 accountant, may revoke, suspend, limit or otherwise restrict any  
21 license [issued under this act] or any authorization to practice  
22 under substantial equivalency, may censure or publicly reprimand  
23 the holder of any certificate, registration [or], license or  
24 authorization to practice under substantial equivalency, may  
25 require completion of general or a specific number of continuing  
26 professional education courses or may require more frequent peer  
27 review or other remedial action for any one or any combination  
28 of the following causes:

29 (1) Fraud or deceit in obtaining a certificate of certified  
30 public accountant [or in obtaining registration under this act

1 or], in obtaining a license [to practice under this act.], or in  
2 obtaining authorization to practice under substantial  
3 equivalency.

4 (2) Dishonesty, fraud or gross negligence in the practice of  
5 public accounting.

6 (3) Violation of any of the provisions of section 12 of this  
7 act.

8 (4) Violation of a rule of professional conduct promulgated  
9 by the board under the authority granted by this act.

10 (5) Pleading guilty to, entering a plea of nolo contendere  
11 to or being found guilty of a felony under any Federal or State  
12 law or the laws of any foreign jurisdiction.

13 (6) Pleading guilty to, entering a plea of nolo contendere  
14 to or being found guilty of any crime, an element of which is  
15 dishonesty or fraud under any Federal or State law or the laws  
16 of any foreign jurisdiction.

17 (6.1) Pleading guilty to, entering a plea of nolo contendere  
18 to or being found guilty of violating any Federal or State  
19 revenue law or the revenue laws of any foreign jurisdiction.

20 (7) Cancellation, revocation, suspension or refusal to renew  
21 his authority to practice as a certified public accountant or  
22 public accountant by any other state or foreign jurisdiction for  
23 any cause other than failure to pay a registration or other fee  
24 in such other state or foreign jurisdiction.

25 (8) Suspension or revocation of the right to practice before  
26 any Federal or State governmental agency.

27 (10) Failure of certified public accountant or public  
28 accountant to furnish evidence of completion of the requirements  
29 for continuing education under section 8.2 of this act or to  
30 meet any conditions with respect to continuing education that



1 the board may have ordered in respect to such certified public  
2 accountant or public accountant under that section.

3 (12) Failure of a firm or sole proprietorship to satisfy the  
4 peer review requirements in section 8.9 of this act.

5 (13) Failure of a firm to satisfy any of the organizational  
6 requirements in section 8.8(d) of this act.

7 (14) Conduct that brings the profession of public accounting  
8 into disrepute or that lowers public esteem for the profession.

9 (15) Violation of an order of the board.

10 (16) Engaging in unprofessional conduct. Discipline may be  
11 imposed under this clause whether or not actual injury or loss  
12 to a client is established.

13 (17) Conduct by a licensee practicing in another  
14 jurisdiction under substantial equivalency of the conduct either  
15 subjects the licensee to discipline in the other jurisdiction or  
16 would subject the licensee to discipline in this Commonwealth if  
17 the conduct had occurred in this Commonwealth.

18 (b) The fact that a certified public accountant or public  
19 accountant is on inactive status under section 8.2(a.1) of this  
20 act or that a person does not hold a current license for any  
21 reason shall not limit or otherwise affect the power of the  
22 board to discipline him or it as provided in subsection (a).

23 (c) For the purposes of this section only, "unprofessional  
24 conduct" means:

25 (1) undertaking to perform professional services that the  
26 certified public accountant, public accountant or firm cannot  
27 reasonably expect to complete with professional competence;

28 (2) failure to exercise due professional care in the  
29 performance of professional services;

30 (3) failure to adequately plan and supervise the performance

1 of professional services;

2 (4) failure to obtain sufficient data to afford a reasonable  
3 basis for conclusions or recommendations in relation to any  
4 professional services performed; or

5 (5) failure to comply with any standard promulgated by any  
6 recognized public or private standard-setting body that is  
7 applicable to the professional service being performed.

8 Section 8. Section 9.2 of the act, amended December 4, 1996  
9 (P.L.851, No.140) and May 9, 1997 (P.L.145, No.9), is amended to  
10 read:

11 Section 9.2. Reinstatement.--(a) Except as provided in  
12 subsection (b), upon application in writing and after hearing  
13 pursuant to notice, the board may reinstate or modify the  
14 suspension of any authorization to practice in this Commonwealth  
15 under substantial equivalency or any license to practice which  
16 has been suspended. Reinstatement shall not be granted under  
17 this subsection:

18 (1) To an individual unless he demonstrates that he has  
19 completed the biennial continuing education requirements that he  
20 would have been required to complete during the immediately  
21 preceding reporting period if his license had not been  
22 suspended. This paragraph shall not apply to an individual who  
23 is authorized to practice in this Commonwealth under substantial  
24 equivalency.

25 (2) Unless the person seeking reinstatement pays the current  
26 biennial licensing fee plus a reinstatement fee.

27 (b) An individual whose license or authority to practice in  
28 this Commonwealth under substantial equivalency has been  
29 suspended for more than five years shall not be eligible to  
30 apply for reinstatement of the license or authority to practice

1 in this Commonwealth under substantial equivalency, but instead  
2 must take the examination and apply for a certificate of  
3 certified public accountant in accordance with section 3.1 of  
4 this act.

5 (c) Unless ordered to do so by a court, the board shall not  
6 reinstate the authority of an individual authorized to practice  
7 in this Commonwealth under substantial equivalency, the  
8 certificate of a person to practice as a certified public  
9 accountant or the registration of a person to practice as a  
10 public accountant which has been revoked. A person whose  
11 certification or registration has been revoked may take the  
12 examination and apply for a certificate in accordance with  
13 section 3.1 of this act not earlier than five years after his  
14 certificate or registration was revoked if he desires to resume  
15 the practice of public accounting.

16 (d) A person whose license to practice has expired for  
17 failure to make biennial registration or who has been on the  
18 inactive roll under section 8.2(a.1) of this act may have the  
19 license reinstated upon compliance with the following:

20 (1) In the case of an individual, presentation to the board  
21 of satisfactory evidence of having completed eighty hours of  
22 continuing education in programs approved by the board under  
23 section 8.2(d) of this act within two years preceding the date  
24 of the application for reinstatement.

25 (2) Payment of the current biennial licensing fee plus a  
26 reinstatement fee.

27 Section 9. Section 11 of the act is amended by adding a  
28 subsection to read:

29 Section 11. Ownership of Working Papers.--\* \* \*

30 (c) Except as provided by law other than this act, a

1 licensee shall keep working papers and other materials described  
2 in this section for seven years.

3 Section 10. Sections 12 and 13 of the act, amended December  
4 4, 1996 (P.L.851, No.140), are amended to read:

5 Section 12. Unlawful Acts.--(a) It is unlawful for any  
6 person to hold himself out as or otherwise use the title or  
7 designation "certified public accountant," or the abbreviation  
8 "CPA," or any other title, designation, words, letters or  
9 abbreviation tending to indicate that the person is a certified  
10 public accountant or engaged in the practice of public  
11 accounting unless the person has received or has been notified  
12 in writing by the board that he has qualified to receive a  
13 certificate of certified public accountant issued by this  
14 Commonwealth, which is not revoked or suspended. This subsection  
15 shall not apply to an individual authorized to practice in this  
16 Commonwealth under substantial equivalency.

17 (b) It is unlawful for any person to hold himself out or  
18 otherwise use the title "certified public accountant," "public  
19 accountant" or any abbreviation thereof, or the letters "CPA" or  
20 "PA" by virtue of any certificate, registration or license  
21 illegally or fraudulently obtained by the person, or issued  
22 unlawfully or through any fraudulent representation or deceit,  
23 or misstatement of material fact or fraudulent concealment of a  
24 material fact made or induced or aided or abetted by the person.

25 (c) It is unlawful for any partnership, corporation or other  
26 association to hold itself out as or otherwise use the title or  
27 designation "certified public accountant" or "public accountant"  
28 or the abbreviation "CPA" or "PA," or any other title,  
29 designation, words, letters or abbreviation tending to indicate  
30 that the partnership, corporation or other association is

1 composed of or includes certified public accountants or public  
2 accountants unless the partnership, corporation or other  
3 association holds a current license under section 8.8 of this  
4 act.

5 (f) Except as provided in this subsection or in subsections  
6 (a) and (c), it is unlawful for any person to use a title that  
7 includes the word "certified" as a part thereof, or any other  
8 title or designation likely to be confused with "certified  
9 public accountant," or any title or designation implying or  
10 connoting accreditation by any jurisdiction for the practice of  
11 any type of bookkeeping, accounting, auditing, tax or other  
12 professional practice related thereto, or to use any  
13 abbreviation of such title or designation. It is not a violation  
14 of this subsection for an individual:

15 (1) except as provided in clause (2), to use a title or  
16 designation that includes the word "accredited" or "certified"  
17 or an abbreviation of such a title or designation if the title  
18 or designation has been conferred by a private organization  
19 after evaluation of the individual's credentials or  
20 qualifications and if when the title or designation is used on  
21 the individual's stationery it is accompanied by a statement  
22 that it has been conferred by an organization not affiliated  
23 with the Federal or any State government; or

24 (2) to use the designation "certified financial planner" or  
25 an abbreviation of that designation if the designation has been  
26 conferred by a private organization after evaluation of the  
27 individual's credentials or qualifications.

28 (j) It is unlawful for any person to hold himself out as or  
29 otherwise use the title or designation "public accountant" or  
30 the abbreviation "PA" or any other title, designation, words,

1 letters or abbreviation tending to indicate that the person is a  
2 public accountant, unless such person is registered as a public  
3 accountant and is a licensee, or unless such person has  
4 received, or has been notified in writing by the board that he  
5 has qualified to receive a certificate as certified public  
6 accountant issued by this Commonwealth. This subsection shall  
7 not apply to an individual authorized to practice in this  
8 Commonwealth under substantial equivalency.

9 (1) It is unlawful for any person, partnership or  
10 corporation to hold himself or itself out as or otherwise use  
11 the title or designation "certified accountant," "chartered  
12 accountant," "enrolled accountant," "licensed accountant,"  
13 "registered accountant," "licensed public accountant,"  
14 "registered public accountant" or "accredited accountant" or any  
15 other title or designation likely to be confused with "certified  
16 public accountant" or "public accountant," or any abbreviation  
17 of any of those prohibited titles or designations or similar  
18 abbreviations likely to be confused with "CPA," except that a  
19 person who is a licensee may hold himself out to the public as  
20 an "accountant," "auditor" or "accountant and auditor." This  
21 subsection shall not apply to an individual authorized to  
22 practice in this Commonwealth under substantial equivalency. It  
23 is not a violation of this clause for an individual designated  
24 by the Internal Revenue Service as an enrolled agent to use that  
25 title or the abbreviation "EA."

26 (1.1) It is unlawful for any person to sell or offer to sell  
27 or fraudulently obtain, furnish or procure any certificate,  
28 registration or license under the provisions of this act or  
29 cause or aid or abet another person to do so.

30 (1.2) It is unlawful for any person that is not a licensee

1 or is not authorized to practice in this Commonwealth under  
2 substantial equivalency to sign, affix a firm name to or  
3 otherwise issue any:

4 (1) report; or

5 (2) opinion, certificate or other communication respecting  
6 compliance with conditions established by law or contract,  
7 including, but not limited to, statutes, ordinances,  
8 regulations, grants, loans and appropriations, together with any  
9 wording, accompanying or contained in such opinion or  
10 certificate, that indicates that the person is composed of or  
11 employs:

12 (i) accountants or auditors; or

13 (ii) persons having expert knowledge in accounting or  
14 auditing.

15 (1.3) It is unlawful for a licensee to use a professional or  
16 firm name that the licensee is prohibited from using by other  
17 applicable provision of law or that is misleading as to the  
18 persons who are partners, officers, members, directors,  
19 employees or shareholders of the firm or as to any other matter,  
20 except that the names of one or more former partners,  
21 shareholders or members may be included in the name of a firm or  
22 its successor.

23 (m) It is unlawful for any person who is not a licensee to  
24 sign or affix his name or any trade or assumed name used by him  
25 in his profession or business to or otherwise issue any:

26 (1) report; or

27 (2) opinion, certificate or other communication respecting  
28 compliance with conditions established by law or contract,  
29 including, but not limited to, statutes, ordinances,  
30 regulations, grants, loans and appropriations, together with any

1 wording accompanying or contained in such report or other  
2 communication, which indicates:

3 (i) that he is an accountant or auditor; or

4 (ii) that he has expert knowledge in accounting or auditing.

5 This subsection shall not apply to an individual authorized to  
6 practice in this Commonwealth under substantial equivalency.

7 The provisions of this subsection shall not prohibit any  
8 officer, employee, partner, or principal of any organization from  
9 affixing his signature to any report or other communication in  
10 reference to the affairs of the organization with any wording  
11 designating the position, title, or office which he holds in the  
12 organization, nor shall the provisions of this subsection  
13 prohibit any act of a public official or public employee in the  
14 performance of his duties as such.

15 (n) It is unlawful for any person not a licensee to hold  
16 himself or itself out to the public as an "auditor" or as an  
17 "accountant and auditor". employee, partner, or principal of any  
18 organization from describing himself by the position, title or  
19 office he holds in the organization, nor shall this subsection  
20 prohibit any action of a public official or public employee in  
21 the performance of his duties as such. This subsection shall not  
22 apply to an individual authorized to practice in this  
23 Commonwealth under substantial equivalency.

24 (o) It is unlawful for any person to hold himself or itself  
25 out as a member of any society, association or organization of  
26 certified public accountants or public accountants, unless such  
27 person holds a valid certificate of certified public accountant  
28 issued by this Commonwealth or by some state or is registered as  
29 a public accountant in this Commonwealth or, in the case of a  
30 firm, is licensed under section 8.8 of this act.



(p) Commissions and referral fees shall comply with the following:

(1) A licensee in public practice shall not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission when the licensee or the licensee's firm also performs for that client any of the following:

(i) An audit or review of a financial statement.

(ii) A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence.

(iii) An examination of prospective financial information. This prohibition applies during the period in which the licensee is engaged to perform any of the services listed in this clause and the period covered by any historical financial statements involved in such listed services.

(2) A licensee in public practice who is not prohibited by this act from performing services for or receiving a commission and who is paid or expects to be paid commission shall disclose that fact to any person to whom the licensee recommends or refers a product or service to which the commission relates.

(3) Any licensee who accepts a referral fee or who pays a referral fee shall disclose such acceptance or payment to the client.

(4) The board shall promulgate regulations specifying the terms of the disclosures required by clause (2) or (3), the manner in which the disclosures shall be made and such other matters regarding the disclosures as the board shall deem

1 appropriate. The regulations shall require, at a minimum, that a  
2 disclosure shall comply with all of the following:

3 (i) Be in writing and be clear and conspicuous.

4 (ii) State the amount of the commission or referral fee or  
5 the basis on which it will be computed.

6 (iii) Be made at or prior to the time:

7 (A) the recommendation or referral of the product or service  
8 is made in the case of a commission; or

9 (B) the client retains the licensee to whom the client has  
10 been referred in the case of a referral fee.

11 (5) This subsection does not apply to:

12 (i) Payments for the purchase of all or part of an  
13 accounting practice.

14 (ii) Retirement or similar payments to persons formerly  
15 engaged in the practice of public accounting.

16 (iii) Payments to the heirs or estates of persons formerly  
17 engaged in the practice of public accounting.

18 (iv) Incentive or bonus payments to a licensee by a firm  
19 employing the licensee.

20 (q) It is unlawful for any person not a licensee to engage  
21 in the practice of public accounting in this Commonwealth.

22 Section 13. Acts Not Unlawful.--(a) Nothing contained in  
23 this act shall prohibit any person not a certified public  
24 accountant or a public accountant from serving as an employe of  
25 or an assistant to a certified public accountant, a public  
26 accountant or firm, but an employe or assistant shall not issue  
27 any report or accounting or financial statement over his name or  
28 signature.

29 (b) Nothing contained in this act shall prohibit a certified  
30 public accountant, or association composed of certified public

1 accountants, of another state who is concurrently engaged in  
2 public practice in such state from temporarily practicing in  
3 this Commonwealth on professional business if the practice is  
4 conducted in conformity with the regulations and rules governing  
5 temporary practice promulgated by the board.

6 (c) Nothing contained in this act shall prohibit a person  
7 while not holding himself out as a certified public accountant,  
8 public accountant or licensee from offering and rendering  
9 bookkeeping and similar technical services or other services  
10 involving the use of accounting skills, including the  
11 preparation of tax returns and the preparation of financial  
12 information without issuing a report or other communication that  
13 expresses an opinion or assurance on the statements. A letter or  
14 other text that accompanies financial information prepared under  
15 this subsection shall not constitute a report or other  
16 communication that expresses an opinion or assurance only if it  
17 contains and is limited to the following wording:

18 The accompanying financial information of (company) as of  
19 (date and year), and for the year then ended have been  
20 prepared by (me/us).

21 This financial information is the representation of the  
22 management (owners) of (company).

23 A person who prepares financial information as permitted by this  
24 subsection may use the title or designation "accountant" or  
25 "accountants" and may refer to the services being provided as  
26 "accounting" only if the person includes in any letter or other  
27 text accompanying the financial information the following  
28 statement:

29 I am not a certified public accountant or public  
30 accountant.

1           We are not certified public accountants or public  
2           accountants.

3       Section 11. Within two years of the effective date of the  
4 next section, the board shall promulgate regulations to carry  
5 out this act.

6       Section 12. This act shall take effect as follows:

7           (1) The addition of section 5.2 shall take effect  
8       January 1, 2012.

9           (2) This section shall take effect immediately.

10          (3) The remainder of this act shall take effect in 60  
11       days.