



## 2001 SENATE BILL 177

May 10, 2001 - Introduced by Senators BURKE, DARLING, S. FITZGERALD, GEORGE, HANSEN, HUELSMAN, M. MEYER, RISSER and ROSENZWEIG, cosponsored by Representatives VRAKAS, ALBERS, DUFF, GUNDRUM, HAHN, HUBER, HUEBSCH, HUNDERTMARK, KEDZIE, KESTELL, KREIBICH, LA FAVE, LASSA, LEIBHAM, OLSEN, PLALE, RILEY, RYBA, SERATTI, STASKUNAS, STONE, TURNER, URBAN, WALKER and WASSERMAN. Referred to Committee on Universities, Housing, and Government Operations.

1     **AN ACT to repeal** 440.08 (2) (a) 2., 442.03 (2), 442.03 (3), 442.04 (3), 442.04 (4)  
2           (b), 442.06, 442.07 (2), 442.11 (3), 442.11 (4), 442.11 (6) and 442.14; **to**  
3     **renumber and amend** 442.001, 442.02 (7), 442.02 (8), 442.02 (9), 442.02 (10)  
4           and 442.03 (1); **to amend** 39.75 (7) (d), 39.80 (5) (c), 45.353 (3), 64.12 (4), 64.34  
5           (2), 66.0609 (3), 100.03 (1) (bm), 100.03 (1) (ym) 2., 100.06 (1g) (c), 115.817 (5)  
6           (b) 1., 120.14 (3), 120.18 (1) (gm), 127.01 (1r), 127.01 (25m) (b), 127.06 (1) (e),  
7           127.06 (1m) (e), 148.19 (2), 180.0701 (4) (c), 180.0826 (2), 180.1903 (1), 181.0850  
8           (2), 181.1620 (2) (intro.), 185.363 (2), 186.094 (2), 186.15 (1), 187.31 (2), 187.41  
9           (2), 198.167, 214.76 (2) and (4), 215.523 (2), 217.08 (2), 221.0616 (2), 440.05  
10          (intro.), 440.08 (2) (a) (intro.), 442.01 (2), 442.01 (3), 442.02 (title), 442.02 (1m)  
11          (intro.), 442.02 (1m) (a), 442.02 (1m) (b), 442.02 (5m), 442.02 (6), 442.04 (4) (bm),  
12          442.04 (4) (c), 442.04 (5), 442.07 (title), 442.07 (1), 442.07 (3), 442.10 (1), 442.10  
13          (2), 442.11 (1), 442.11 (2), 442.11 (7), 442.11 (8), 442.11 (9), 442.11 (10), 442.11  
14          (12), 442.11 (13), 442.12 (intro.), 442.12 (3), 442.13, 447.34 (2), 560.16 (6) (a) 3.,

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1           893.66 (title) and 893.66 (1); **to repeal and recreate** 442.08; and **to create**  
2           180.1903 (1m), 442.001 (1), 442.001 (2), 442.001 (4), 442.001 (5), 442.02 (1m)  
3           (dm), 442.025, 442.083 and 442.087 of the statutes; **relating to:** licensure of  
4           certified public accountants and accounting firms, attest and compilation  
5           services, peer review of accounting firms, eliminating certificates of authority  
6           for public accountants, and granting rule-making authority.

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***Analysis by the Legislative Reference Bureau***

Under current law, the accounting examining board (board) regulates the practice of accounting by certified public accountants and public accountants. With certain exceptions, a person may not practice as a certified public accountant unless he or she is granted a certificate as a certified public accountant by the board and a license by the department of regulation and licensing (DORL). Also, with certain exceptions, a person may not practice as a public accountant unless he or she is granted a certificate of authority as a public accountant by the board and a license by DORL. Only a person who applied before December 1, 1935, is eligible for a certificate of authority as a public accountant. According to DORL, the last certificate of authority as a public accountant expired in 1985.

This bill eliminates the certificate of authority as a public accountant. The bill also changes references under current law to a “public accountant” so that they refer instead to a “certified public accountant.”

Also under current law, various requirements apply to corporations, partnerships, and other entities that provide accounting services. For example, a person may not practice as a certified public accountant as an officer, member, or employee of a corporation unless the person is granted a certificate as certified public accountant by the board and the corporation is granted a license by DORL that must be renewed every two years. In addition, a partnership may not use the designation, “certified public accountants,” in its name unless the partnership registers its name with the board.

This bill changes the requirements that apply to corporations, partnerships, and other entities so that they apply instead to “firms,” which are defined as proprietorships, partnerships, limited liability partnerships, corporations, service corporations, or limited liability companies. In addition, under the bill, a firm that applies for a license must identify each office of the firm that is located in the state and, if any person with an ownership interest in the firm does not hold a certificate as a certified public accountant, the firm must designate an individual who holds such a certificate as the individual responsible for the firm’s compliance with state law regarding accounting. Also, a firm that applies for a license must demonstrate each of the following: 1) that more than 50% of the ownership interest of the firm is held by persons who hold certificates or licenses to practice as a certified public

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accountant issued under the laws of any state or foreign country; 2) that each person who holds an ownership interest in the firm, and who does not hold a certificate or license to practice as a certified public accountant, is an individual who actively participates in the firm or an affiliated entity; and 3) that all attest and compilation services provided by the firm in this state are under the charge of a person issued a certificate as a certified public accountant by the board.

With respect to the third requirement described above, the bill defines “attest services” as audits, reviews, and examinations performed in accordance with the statements on auditing standards, statements on accounting and review services, or statements on standards for attestation engagements, that are issued by the American Institute of Certified Public Accountants (Institute). The bill defines “compilation service” as a service that: 1) is performed in accordance with the statements on standards for accounting and review services issued by the Institute; 2) consists of presenting, in the form of financial statements, information that is the representation of the management of the business that has requested the service; and 3) is provided without expressing any assurance on the financial statements.

The bill requires a firm that applies to renew its license to provide the same information and make the same demonstrations that are required for initial issuance of the license. In addition, after January 1, 2005, DORL may not renew a firm’s license unless the firm undergoes peer review at least once every three years. “Peer review” is defined as a process for evaluating the professional competency of the members of a firm who are responsible for attest or compilation services provided by the firm or who sign or authorize another individual to sign accounting reports or financial statements on behalf of the firm. DORL must promulgate rules for approving persons to conduct the peer reviews. A person who conducts a peer review may not disclose to any person, including the board or DORL, information or documents produced from the review, unless the firm undergoing the review consents to the disclosure.

The bill makes other changes to the regulation of certified public accountants under current law, including the following:

1. The bill creates additional exceptions to the prohibition on practicing as a certified public accountant without a certificate granted by the board. The exceptions are for a person who either: 1) performs services involving the use of accounting skills, the preparation of tax returns, or the preparation of financial statements without issuing reports on the statements; or 2) prepares financial statements and issues information thereon that does not purport to be in compliance with the statement on standards for accounting and review services issued by the Institute.

2. The bill requires an applicant for a certificate as certified public accountant to have one year of public accounting experience or its equivalent. Under current law, two years are required.

3. The bill allows for the formation of an accounting service corporation if more than 50% of the shareholders are certified public accountants. Under current law, all of the shareholders must be certified public accountants.

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4. The bill eliminates outdated provisions regarding the regulation of certified public accountants that no longer apply.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 39.75 (7) (d) of the statutes is amended to read:

2           39.75 (7) (d) The commission shall keep accurate accounts of all receipts and  
3 disbursements. The receipts and disbursements of the commission shall be subject  
4 to the audit and accounting procedures established by its bylaws. However, all  
5 receipts and disbursements of funds handled by the commission shall be audited  
6 yearly by a qualified certified public accountant licensed or certified under ch. 442,  
7 and the report of the audit shall be included in and become part of the annual reports  
8 of the commission.

9           **SECTION 2.** 39.80 (5) (c) of the statutes is amended to read:

10          39.80 (5) (c) The commission shall keep accurate accounts of all receipts and  
11 disbursements. The receipts and disbursements of the commission shall be subject  
12 to the audit and accounting procedures established under its bylaws. However, all  
13 receipts and disbursements of funds handled by the commission shall be audited  
14 yearly by a ~~certified or licensed~~ public accountant licensed or certified under ch. 442  
15 and the report of the audit shall be included in and become part of the annual report  
16 of the commission.

17          **SECTION 3.** 45.353 (3) of the statutes is amended to read:

18          45.353 (3) Application by any such state veterans organization shall be filed  
19 annually with the department for the 12-month period commencing on April 1 and  
20 ending on March 31 of the year in which it is filed. An application shall contain a

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1 statement of salaries and travel expenses paid to employees engaged in veterans  
2 claims service maintained at the regional office by such state veterans organization  
3 covering the period for which application for a grant is made, which statement has  
4 been certified as correct by ~~an~~ a certified public accountant licensed or certified under  
5 ch. 442 and sworn to as correct by the adjutant or principal officer of the state  
6 veterans organization. The application shall also contain the state organization's  
7 financial statement for its last completed fiscal year and such evidence of claims  
8 service activity as the department requires. Sufficient evidence shall be submitted  
9 with an initial application to establish that the state veterans organization, or its  
10 national organization, or both, has maintained a full-time service office at the  
11 regional office without interruption throughout 5 years out of the 10-year period  
12 immediately preceding such application. Subsequent applications must be  
13 accompanied by an affidavit by the adjutant or principal officer of such state veterans  
14 organization stating that a full-time service office was maintained at the regional  
15 office by such state veterans organization, or by such state organization and its  
16 national organization, for the entire 12-month period for which application for a  
17 grant is made.

18 **SECTION 4.** 64.12 (4) of the statutes is amended to read:

19 64.12 (4) At the end of each fiscal year the council shall cause a full and  
20 complete examination of all the books and accounts of the city to be made by  
21 competent certified public accountants licensed or certified under ch. 442 who shall  
22 report in full to the council. The summaries of such audits shall be presented and  
23 furnished to all newspapers and libraries of the city and to such other persons as  
24 shall apply therefor.

25 **SECTION 5.** 64.34 (2) of the statutes is amended to read:

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1           64.34 (2) At the end of each year the council shall cause a full and complete  
2 examination of all of the books and accounts of the city to be made by competent  
3 certified public accountants licensed or certified under ch. 442, who shall report in  
4 full thereon to the council. Copies of such reports shall be furnished by the council  
5 to all newspapers of the city and to all persons who shall apply therefor.

6           **SECTION 6.** 66.0609 (3) of the statutes is amended to read:

7           66.0609 (3) The ordinance under sub. (1) shall require that the governing body  
8 of the city or village obtain an annual detailed audit of its financial transactions and  
9 accounts by a certified public accountant licensed or certified under ch. 442 and  
10 designated by the governing body.

11           **SECTION 7.** 100.03 (1) (bm) of the statutes is amended to read:

12           100.03 (1) (bm) “Audited financial statement” means a financial statement  
13 that, in the accompanying opinion of an independent certified public accountant ~~or~~  
14 ~~a public accountant holding a certificate of authority~~ licensed or certified under ch.  
15 442, fairly and in all material respects represents the financial position of the  
16 contractor, the results of the contractor’s operations and the contractor’s cash flows  
17 in conformity with generally accepted accounting principles.

18           **SECTION 8.** 100.03 (1) (ym) 2. of the statutes is amended to read:

19           100.03 (1) (ym) 2. Reviewed according to generally accepted accounting  
20 principles by an independent certified public accountant ~~or a public accountant~~  
21 ~~holding a certificate of authority~~ licensed or certified under ch. 442.

22           **SECTION 9.** 100.06 (1g) (c) of the statutes is amended to read:

23           100.06 (1g) (c) The department shall require the applicant to file a financial  
24 statement of his or her business operations and financial condition that meets the  
25 requirements of par. (d). The licensee, during the term of his or her license, may be

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1 required to file such statements periodically. All such statements shall be  
2 confidential and shall not be open for public inspection, except that the department  
3 shall provide the name and address of an individual, the name and address of the  
4 individual's employer and financial information related to the individual contained  
5 in such statements if requested under s. 49.22 (2m) by the department of workforce  
6 development or a county child support agency under s. 59.53 (5). The department  
7 may require such statements to be certified by a certified public accountant licensed  
8 or certified under ch. 442. Such statements and audits, when made by the  
9 department, shall be paid for at cost.

10 **SECTION 10.** 115.817 (5) (b) 1. of the statutes is amended to read:

11 115.817 (5) (b) 1. At the close of each fiscal year, the board shall employ a  
12 licensed certified public accountant licensed or certified under ch. 442 to audit its  
13 accounts and certify the audit. The cost of the audit shall be paid from board funds.

14 **SECTION 11.** 120.14 (3) of the statutes is amended to read:

15 120.14 (3) The annual meeting may authorize and direct an audit of the school  
16 district accounts by a ~~licensed~~ certified public accountant licensed or certified under  
17 ch. 442.

18 **SECTION 12.** 120.18 (1) (gm) of the statutes is amended to read:

19 120.18 (1) (gm) Payroll and related benefit costs for all school district  
20 employees in the previous school year. Costs for represented employees shall be  
21 based upon the costs of any collective bargaining agreements covering such  
22 employees for the previous school year. If, as of the time specified by the department  
23 for filing the report, the school district has not entered into a collective bargaining  
24 agreement for any portion of the previous school year with the recognized or certified  
25 representative of any of its employees and the school district and the representative

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1 have been required to submit final offers under s. 111.70 (4) (cm) 6., increased costs  
2 limited to the lower of the school district's offer or the representative's offer shall be  
3 reflected in the report. The school district shall amend the annual report to reflect  
4 any change in such costs as a result of any award or settlement under s. 111.70 (4)  
5 (cm) 6. between the date of filing the report and October 1. Any such amendment  
6 shall be concurred in by the ~~licensed~~ certified public accountant ~~licensed or certified~~  
7 under ch. 442 certifying the school district audit.

8 **SECTION 13.** 127.01 (1r) of the statutes is amended to read:

9 127.01 (1r) "Audited financial statement" means a financial statement on  
10 which an independent certified public accountant, ~~or an independent public~~  
11 ~~accountant holding a certificate of authority~~ licensed or certified under ch. 442, has  
12 expressed an opinion according to generally accepted accounting principles and has  
13 conducted an audit according to generally accepted auditing standards.

14 **SECTION 14.** 127.01 (25m) (b) of the statutes is amended to read:

15 127.01 (25m) (b) The financial statement is reviewed according to generally  
16 accepted accounting principles by an independent certified public accountant ~~or an~~  
17 ~~independent public accountant who holds a certificate of authority~~ licensed or  
18 certified under ch. 442.

19 **SECTION 15.** 127.06 (1) (e) of the statutes is amended to read:

20 127.06 (1) (e) The department may extend the filing deadline under par. (a) 2.  
21 by up to 30 days in response to a written request from a warehouse keeper or an  
22 independent certified public accountant, ~~or an independent public accountant~~  
23 ~~holding a certificate of authority~~ licensed or certified under ch. 442, that is auditing  
24 or reviewing the financial statement for a warehouse keeper if the department  
25 receives the request on or before the 5th day of the 4th month beginning after the



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1 close of the warehouse keeper's fiscal year and if the request states the reason for the  
2 extension.

3 **SECTION 16.** 127.06 (1m) (e) of the statutes is amended to read:

4 127.06 **(1m)** (e) The department may extend the filing deadline under par. (b)  
5 2. by up to 30 days in response to a written request from a grain dealer or an  
6 independent certified public accountant, ~~or an independent public accountant who~~  
7 ~~holds a certificate of authority~~ licensed or certified under ch. 442, that is auditing or  
8 reviewing the financial statement for a grain dealer, if the department receives the  
9 written request on or before the 5th day of the 4th month beginning after the close  
10 of the grain dealer's fiscal year and if the request states the reason for the extension.

11 **SECTION 17.** 148.19 (2) of the statutes is amended to read:

12 148.19 **(2)** Legal counsel, certified public accountants licensed or certified  
13 under ch. 442, or other persons as to matters the director or officer believes in good  
14 faith are within the person's professional or expert competence.

15 **SECTION 18.** 180.0701 (4) (c) of the statutes is amended to read:

16 180.0701 **(4)** (c) Ratification of the selection of independent certified public  
17 accountants licensed or certified under ch. 442.

18 **SECTION 19.** 180.0826 (2) of the statutes is amended to read:

19 180.0826 **(2)** Legal counsel, certified public accountants licensed or certified  
20 under ch. 442, or other persons as to matters that the director or officer believes in  
21 good faith are within the person's professional or expert competence.

22 **SECTION 20.** 180.1903 (1) of the statutes is amended to read:

23 180.1903 **(1)** ~~One~~ Except as provided in sub. (1m), one or more natural persons  
24 licensed, certified, or registered pursuant to any provisions of the statutes, if all have  
25 the same license, certificate, or registration or if all are health care professionals,

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1 may organize and own shares in a service corporation. A service corporation may  
2 own, operate, and maintain an establishment and otherwise serve the convenience  
3 of its shareholders in carrying on the particular profession, calling, or trade for which  
4 the licensure, certification, or registration of its organizers is required.

5 **SECTION 21.** 180.1903 (1m) of the statutes is created to read:

6 180.1903 (1m) A service corporation for carrying on the profession of certified  
7 public accounting may be organized under sub. (1) if more than 50% of the  
8 shareholders are certified public accountants.

9 **SECTION 22.** 181.0850 (2) of the statutes is amended to read:

10 181.0850 (2) PROFESSIONALS AND EXPERTS. Legal counsel, certified public  
11 accountants licensed or certified under ch. 442, or other persons as to matters the  
12 director or officer believes in good faith are within the person's professional or expert  
13 competence.

14 **SECTION 23.** 181.1620 (2) (intro.) of the statutes is amended to read:

15 181.1620 (2) (intro.) ACCOUNTANT'S CERTIFIED PUBLIC ACCOUNTANT'S REPORT OR  
16 OFFICER'S STATEMENT. If annual financial statements are reported upon by a certified  
17 public accountant licensed or certified under ch. 442, the certified public  
18 accountant's report must accompany them. If not, the statements must be  
19 accompanied by a statement of the president or the person responsible for the  
20 corporation's financial accounting records that includes all of the following:

21 **SECTION 24.** 185.363 (2) of the statutes is amended to read:

22 185.363 (2) Legal counsel, certified public accountants licensed or certified  
23 under ch. 442, or other persons as to matters the director or officer believes in good  
24 faith are within the person's professional or expert competence.

25 **SECTION 25.** 186.094 (2) of the statutes is amended to read:

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1           186.094 (2) Legal counsel, certified public accountants licensed or certified  
2           under ch. 442, or other persons as to matters the director or officer believes in good  
3           faith are within the person's professional or expert competence.

4           **SECTION 26.** 186.15 (1) of the statutes is amended to read:

5           186.15 (1) ANNUAL AUDIT. Except as provided in sub. (2), the board of directors  
6           shall hire a ~~licensed~~ certified public accountant licensed or certified under ch. 442 or  
7           other qualified person to conduct a comprehensive annual audit of the records,  
8           accounts and affairs of the credit union.

9           **SECTION 27.** 187.31 (2) of the statutes is amended to read:

10          187.31 (2) Legal counsel, certified public accountants licensed or certified  
11          under ch. 442, or other professional persons or experts employed by the incorporated  
12          Roman Catholic church, as to matters the director or officer believes in good faith are  
13          within the person's professional or expert competence.

14          **SECTION 28.** 187.41 (2) of the statutes is amended to read:

15          187.41 (2) Legal counsel, certified public accountants licensed or certified  
16          under ch. 442, or other professional persons or experts employed by the religious  
17          organization, as to matters the director or officer believes in good faith are within the  
18          person's professional or expert competence.

19          **SECTION 29.** 198.167 of the statutes is amended to read:

20          **198.167 Certified public accountant; annual report.** The directors of the  
21          district shall employ annually the commission or a certified public accountant  
22          licensed or certified under ch. 442 approved by said commission who shall be  
23          qualified to, and who shall with all due diligence, examine and report upon the  
24          system of accounts kept by the district, all the contracts of whatsoever kind made and  
25          entered into by the board of directors within the year immediately preceding, and the

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1 properties and investments of the district. ~~Said~~ The certified public accountant shall  
2 in the report make such recommendations and suggestions as to the certified public  
3 accountant shall seem proper and required for the good of the district, and the  
4 efficient and economical or advantageous management and operation of the public  
5 utility or utilities of the district; and the certified public accountant shall in the  
6 report make such recommendations and suggestions as to the system of accounts  
7 kept, or in the certified public accountant's judgment to be kept, by the district, in  
8 connection with each public utility, the classification of the public utilities of the  
9 district and the establishment of a system of accounts for each class, the manner in  
10 which such accounts shall be kept, the form of accounts, records, and memoranda  
11 kept or to be kept, including accounts, records, and memoranda of receipts and  
12 expenditures of money, and depreciation and sinking fund accounts, as in the  
13 certified public accountant's judgment may be proper and necessary, and shall not  
14 conflict with the requirements of the commission.

15 **SECTION 30.** 214.76 (2) and (4) of the statutes are amended to read:

16 214.76 (2) The certified public accountant shall deliver the audit report to a  
17 committee composed of 3 or more members of the board of directors, none of whom  
18 may be an officer, employee or agent of the savings bank. The committee shall  
19 present the nature, extent and conclusions of the report at the next meeting of the  
20 board of directors. A written summary of the committee's presentation, together  
21 with a copy of the audit report and a list of all criticisms made by the certified public  
22 accountant conducting the audit and any response of any member of the board of  
23 directors or any officer of the savings bank, shall be personally served or sent by  
24 certified mail to all members of the board of directors.

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1           (4) The audit report filed with the division shall be certified by the certified  
2           public accountant conducting the audit. If a savings bank fails to cause an audit to  
3           be made, the division shall order an audit to be made by an independent certified  
4           public accountant at the savings bank's expense. Instead of the audit required under  
5           sub. (1), the division may accept an audit or portion of an audit made exclusively for  
6           a deposit insurance corporation or for a financial regulator of another state if the  
7           home office of the savings bank is located in that state.

8           **SECTION 31.** 215.523 (2) of the statutes is amended to read:

9           215.523 (2) Legal counsel, certified public accountants licensed or certified  
10          under ch. 442, or other persons as to matters the director or officer believes in good  
11          faith are within the person's professional or expert competence.

12          **SECTION 32.** 217.08 (2) of the statutes is amended to read:

13          217.08 (2) ANNUAL LICENSE FEE; ADDITIONS AND DELETIONS OF LOCATIONS. Each  
14          licensee shall file with the division on or before December 1 of each year a statement  
15          listing the locations of the offices of the licensee and the names and locations of the  
16          agents authorized by the licensee. Every licensee shall also on or before December  
17          1 of each year file a financial statement of its assets and liabilities as of a date not  
18          earlier than the preceding August 31 or, if the licensee is audited annually by an  
19          independent certified public accountant licensed or certified under ch. 442 at the end  
20          of each fiscal year, the licensee may submit financial statements certified by said the  
21          certified public accountant for the licensee's latest fiscal year. Such statement shall  
22          be accompanied by the annual licensee fee for the calendar year beginning the  
23          following January 1 in an amount determined under s. 217.05. The amount of the  
24          surety bond or deposit of securities required by s. 217.06 shall be adjusted to reflect  
25          the number of such locations. Licensees which do not pay the maximum license fee

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1 under s. 217.05 and which do not maintain a bond or deposit of securities in the  
2 maximum sum of \$300,000 as provided in s. 217.06 shall also file a supplemental  
3 statement setting forth any changes in the list of offices and agents with the division  
4 on or before April 1, July 1 and October 1 of each year, and the principal sum of the  
5 corporate surety bond or deposit of securities required by s. 217.06 shall be adjusted  
6 to reflect any increase or decrease in the number of such locations. Any additional  
7 license fees which may become due under s. 217.05 shall be paid to the division.

8 **SECTION 33.** 221.0616 (2) of the statutes is amended to read:

9 221.0616 (2) EXPERTS. Legal counsel, certified public accountants licensed or  
10 certified under ch. 442, or other persons as to matters that the director or officer  
11 believes in good faith are within the person's professional or expert competence.

12 **SECTION 34.** 440.05 (intro.) of the statutes is amended to read:

13 **440.05 Standard fees.** (intro.) The following standard fees apply to all initial  
14 credentials, except as provided in ss. 440.42, 440.43, 440.44, 440.51, 442.06, 444.03,  
15 444.05, 444.11, 447.04 (2) (c) 2., 449.17, 449.18 and 459.46:

16 **SECTION 35.** 440.08 (2) (a) (intro.) of the statutes is amended to read:

17 440.08 (2) (a) (intro.) Except as provided in par. (b) and in ss. 440.51, 442.04,  
18 442.06, 444.03, 444.05, 444.11, 448.065, 447.04 (2) (c) 2., 449.17, 449.18 and 459.46,  
19 the renewal dates and renewal fees for credentials are as follows:

20 **SECTION 36.** 440.08 (2) (a) 2. of the statutes is repealed.

21 **SECTION 37.** 442.001 of the statutes is renumbered 442.001 (intro.) and  
22 amended to read:

23 **442.001 Definition Definitions.** (intro.) In this chapter, "examining:

24 **(3) "Examining board"** means the accounting examining board.

25 **SECTION 38.** 442.001 (1) of the statutes is created to read:

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1           442.001 (1) “Attest service” means any of the following:

2           (a) An audit or any other engagement that is performed or intended to be  
3 performed in accordance with the statements on auditing standards issued by the  
4 American Institute of Certified Public Accountants.

5           (b) A review of a financial statement that is performed or intended to be  
6 performed in accordance with the statements on standards for accounting and  
7 review services issued by the American Institute of Certified Public Accountants.

8           (c) An examination of prospective financial information that is performed or  
9 intended to be performed in accordance with the statements on standards for  
10 attestation engagements issued by the American Institute of Certified Public  
11 Accountants.

12           **SECTION 39.** 442.001 (2) of the statutes is created to read:

13           442.001 (2) “Compilation service” means a service that satisfies each of the  
14 following:

15           (a) The service is performed or intended to be performed in accordance with the  
16 statements on standards for accounting and review services issued by the American  
17 Institute of Certified Public Accountants.

18           (b) The service consists of presenting, in the form of financial statements,  
19 information that is the representation of the management of the business that has  
20 requested the service.

21           (c) The service is provided without expressing any assurance on the financial  
22 statements specified in par. (b).

23           **SECTION 40.** 442.001 (4) of the statutes is created to read:

24           442.001 (4) “Firm” means a proprietorship, partnership, limited liability  
25 partnership, corporation, service corporation, or limited liability company.

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1           **SECTION 41.** 442.001 (5) of the statutes is created to read:

2           442.001 (5) "Member of a firm" means a director, manager, employee, officer,  
3 owner, shareholder, principal, or partner of a firm.

4           **SECTION 42.** 442.01 (2) of the statutes is amended to read:

5           442.01 (2) No standard or rule relating to professional conduct or unethical  
6 practice may be adopted until the examining board has held a public hearing with  
7 reference thereto, subject to the rules promulgated under s. 440.03 (1). No rule or  
8 standard shall become effective until 60 days after its adoption by the examining  
9 board. Any person who has appeared at the public hearing and filed written protest  
10 against any proposed standard or rule may, upon the adoption of such standard or  
11 rule, obtain a review thereof under ch. 227. Thereafter every person practicing as  
12 a certified public accountant in the state shall be governed and controlled by the rules  
13 and standards prescribed by the examining board.

14           **SECTION 43.** 442.01 (3) of the statutes is amended to read:

15           442.01 (3) The examining board shall record its proceedings.

16           **SECTION 44.** 442.02 (title) of the statutes is amended to read:

17           **442.02 (title) Public Certified public accountant, definition.**

18           **SECTION 45.** 442.02 (1m) (intro.) of the statutes is amended to read:

19           442.02 (1m) (intro.) A person shall be considered to be in practice as a certified  
20 public accountant, within the meaning and intent of this chapter, if any of the  
21 following conditions is met:

22           **SECTION 46.** 442.02 (1m) (a) of the statutes is amended to read:

23           442.02 (1m) (a) The person holds himself or herself out to the public in any  
24 manner as one skilled in the knowledge, science, and practice of accounting, and as



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1 qualified and ready to render professional service therein as a certified public  
2 accountant for compensation.

3 **SECTION 47.** 442.02 (1m) (b) of the statutes is amended to read:

4 442.02 (1m) (b) The person maintains an office for the transaction of business  
5 as a certified public accountant or, except as an employee of a certified public  
6 accountant, practices accounting, as distinguished from bookkeeping, for more than  
7 one employer.

8 **SECTION 48.** 442.02 (1m) (dm) of the statutes is created to read:

9 442.02 (1m) (dm) The person provides or offers to provide an attest or  
10 compilation service.

11 **SECTION 49.** 442.02 (5m) of the statutes is amended to read:

12 442.02 (5m) Subsection (1m) (f) does not prohibit any officer, employee,  
13 partner, or principal of any organization from affixing his or her signature to any  
14 statement or report in reference to the affairs of that organization with any wording  
15 designating the position, title, or office that he or she holds in that organization and  
16 ~~does not prohibit any act of a public official or public employee in the performance~~  
17 ~~of his or her duties.~~

18 **SECTION 50.** 442.02 (6) of the statutes is amended to read:

19 442.02 (6) ~~Every member of a partnership and every officer and director of a~~  
20 ~~corporation~~ firm who, ~~in the capacity of partner, officer or director~~ as a member of the  
21 firm, does any of the things enumerated in sub. (1m) (a) to (f), shall be considered to  
22 be in practice as a certified public accountant.

23 **SECTION 51.** 442.02 (7) of the statutes is renumbered 442.025 (1) and amended  
24 to read:

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1           442.025 (1) (intro.) ~~Nothing contained in this chapter shall prevent the~~  
2 ~~employment~~ Persons employed by a certified public accountant, ~~or by a public~~  
3 ~~accountant, or by a firm or corporation furnishing public accounting services as~~  
4 ~~principal, of persons licensed under this chapter~~ to serve as accountants in various  
5 capacities, as needed, if all of the following conditions are met:

6           (a) The employees serving as accountants work under the control and  
7 supervision of certified public accountants, ~~or accountants with certificates of~~  
8 ~~authority granted under s. 442.06.~~

9           (b) ~~Those~~ The employees serving as accountants shall do not issue any  
10 statements or reports over their own names except office reports to their employer  
11 that are customary.

12           (c) The employees serving as accountants are not in any manner held out to the  
13 public as certified public accountants ~~as described in this chapter.~~

14           **SECTION 52.** 442.02 (8) of the statutes is renumbered 442.025 (2) and amended  
15 to read:

16           442.025 (2) ~~Nothing contained in this chapter shall apply to a~~ A practicing  
17 attorney, who, in connection with his or her professional work renders any  
18 accounting service.

19           **SECTION 53.** 442.02 (9) of the statutes is renumbered 442.025 (3) and amended  
20 to read:

21           442.025 (3) (intro.) ~~Nothing contained in this chapter shall apply to any~~  
22 ~~persons who may be~~ A person employed by more than one person, ~~partnership or~~  
23 ~~corporation,~~ for the purpose of keeping books, making trial balances, or statements,  
24 and preparing ~~audits or~~ reports, if all of the following requirements are met:

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1 (a) The audits or reports described in this subsection are not used or issued by  
2 the employers as having been prepared by a certified public accountant.

3 (b) The persons employed as described in this subsection do not do any of the  
4 things enumerated in sub. s. 442.02 (1m) (f) ~~without complying with sub. except as~~  
5 authorized under s. 442.02 (5m).

6 **SECTION 54.** 442.02 (10) of the statutes is renumbered 442.025 (4) and amended  
7 to read:

8 442.025 (4) ~~Nothing contained in this chapter shall apply to~~ The holders of  
9 state-granted certified public accountant certificates from other states who may be  
10 temporarily in this state on professional business incident to their regular practice  
11 in the states of their domicile, but with neither residence nor office in this state.

12 **SECTION 55.** 442.025 of the statutes is created to read:

13 **442.025 Applicability.** This chapter does not require a certificate or license  
14 under this chapter for any of the following:

15 (5) A public official or public employee in performing his or her duties.

16 (6) A person who performs services involving the use of accounting skills,  
17 including management advisory services, the preparation of tax returns, and the  
18 preparation of financial statements without issuing reports on the statements.

19 (7) A person who prepares financial statements and issues information thereon  
20 that does not purport to be in compliance with the statement on standards for  
21 accounting and review services issued by the American Institute of Certified Public  
22 Accountants.

23 **SECTION 56.** 442.03 (1) of the statutes is renumbered 442.03 and amended to  
24 read:

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1           **442.03 Licenses required.** No person may lawfully practice in this state as  
2 a certified public accountant either in the person's own name, ~~or as an employee, or~~  
3 under an assumed name, or as an ~~officer, member or employee of a firm, or as an~~  
4 ~~officer or employee of a corporation~~ a member of a firm, unless the person has been  
5 granted by the examining board a certificate as a certified public accountant, and  
6 unless the person, ~~firm or corporation, jointly and severally, has~~ and firm have  
7 complied with all of the provisions of this chapter, including licensure.

8           **SECTION 57.** 442.03 (2) of the statutes is repealed.

9           **SECTION 58.** 442.03 (3) of the statutes is repealed.

10          **SECTION 59.** 442.04 (3) of the statutes is repealed.

11          **SECTION 60.** 442.04 (4) (b) of the statutes is repealed.

12          **SECTION 61.** 442.04 (4) (bm) of the statutes is amended to read:

13           442.04 (4) (bm) ~~After December 31, 2000, a~~ A person may not take the  
14 examination leading to the certificate to practice as a certified public accountant  
15 unless the person has completed at least 150 semester hours of education with an  
16 accounting concentration at an institution, and has received a bachelor's or higher  
17 degree with an accounting concentration from an institution, except as provided in  
18 par. (c).

19          **SECTION 62.** 442.04 (4) (c) of the statutes is amended to read:

20           442.04 (4) (c) If an applicant has a bachelor's or higher degree from an  
21 institution but does not have ~~a resident major in accounting required in par. (b) or~~  
22 ~~an accounting concentration required in par. (bm),~~ the examining board may review  
23 such other educational experience from an institution as the applicant presents and,  
24 if the examining board determines that such other experience provides the  
25 reasonable equivalence of ~~a resident major in accounting required in par. (b) or an~~

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1 accounting concentration required in par. (bm), the examining board shall approve  
2 the applicant for examination.

3 **SECTION 63.** 442.04 (5) of the statutes is amended to read:

4 442.04 (5) The examining board may not grant a certificate as a certified public  
5 accountant to any person other than a person who is 18 years of age or older, does not  
6 have an arrest or conviction record, subject to ss. 111.321, 111.322, and 111.335, and,  
7 except as provided in s. 442.05, has successfully passed ~~a written~~ an examination  
8 in such subjects affecting accountancy as the examining board considers necessary.  
9 ~~If the person applying for the certificate passes the examination during the period~~  
10 ~~beginning on May 17, 1996, and ending on December 31, 2000, the examining board~~  
11 ~~may not grant the certificate unless the applicant has at least 3 years of public~~  
12 ~~accounting experience or its equivalent, the sufficiency of the experience or the~~  
13 ~~equivalency to be judged by the examining board. If the person applying for the~~  
14 ~~certificate passes the examination after December 31, 2000, the~~ The examining  
15 board may not grant the certificate unless the applicant has at least 2 years one year  
16 of public accounting experience or its equivalent, the sufficiency of the experience or  
17 the equivalency to be judged by the examining board. The examining board shall  
18 ensure that evaluation procedures and examinations are nondiscriminatory, relate  
19 directly to accountancy, and are designed to measure only the ability to perform  
20 competently as an accountant. The examining board may use the examination  
21 service provided by the American Institute of Certified Public Accountants.

22 **SECTION 64.** 442.06 of the statutes is repealed.

23 **SECTION 65.** 442.07 (title) of the statutes is amended to read:

24 **442.07 (title) Requirements for practice as certified public accountant**  
25 **~~or public accountant.~~**

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1           **SECTION 66.** 442.07 (1) of the statutes is amended to read:

2           442.07 (1) Any person who has been issued a certificate of the person's  
3 qualifications to practice as a certified public accountant, shall be styled and known  
4 as a "certified public accountant" and no other person shall assume to use such title  
5 or the abbreviation "C.P.A." or any other word, words, letters, or figures to indicate  
6 that the person using the same is a certified public accountant. The terms "chartered  
7 accountant" and "certified accountant" and the abbreviation "C.A." are specifically  
8 prohibited to such other persons as being prima facie misleading to the public. Any  
9 ~~person who has been issued a certificate of authority, as herein provided, shall be~~  
10 ~~styled and known as a "public accountant" and no other person, other than a certified~~  
11 ~~public accountant, shall assume to use such designation or any other word, words,~~  
12 ~~letters or figures to indicate that such person is entitled to practice as a public~~  
13 ~~accountant.~~

14           **SECTION 67.** 442.07 (2) of the statutes is repealed.

15           **SECTION 68.** 442.07 (3) of the statutes is amended to read:

16           442.07 (3) Any ~~partnership, which~~ firm that is entitled to practice as certified  
17 public accountants in this state or any other state, and every resident member ~~and~~  
18 ~~resident manager of which~~ the firm who is a certified public accountant of this state,  
19 after registering the ~~partnership~~ firm name with the examining board, may use the  
20 designation "certified public accountants" in connection with the ~~partnership~~ firm  
21 name. ~~Any partnership, every member and resident manager of which is a certified~~  
22 ~~public accountant of this state or any other state or holds a certificate of authority~~  
23 ~~under this chapter, after registering the partnership name with the examining~~  
24 ~~board, may use the designation "public accountants" in connection with the~~  
25 ~~partnership name. An assumed name, in use prior to September 21, 1935, may be~~

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1     ~~used the same as a partnership name, provided the individual persons practicing as~~  
2     ~~principals under that name hold certificates granted by the examining board and~~  
3     ~~register the name with the examining board.~~

4           **SECTION 69.** 442.08 of the statutes is repealed and recreated to read:

5           **442.08 Licensure. (1)** The department shall issue a license to an individual  
6     who holds an unrevoked certificate as a certified public accountant, submits an  
7     application for the license on a form provided by the department, and pays the fee  
8     specified in s. 440.05 (1).

9           **(2)** The department shall issue a license to a firm that submits an application  
10    for the license on a form provided by the department, pays the fee specified in s.  
11    440.05 (1), and does each of the following:

12           (a) Identifies each office of the firm that is located in this state.

13           (b) If any person who holds an ownership interest in the firm is not licensed  
14    under sub. (1), designates an individual licensed under sub. (1) as the individual  
15    responsible for the firm's compliance with this chapter.

16           (c) Demonstrates, to the satisfaction of the department, each of the following:

17           1. That all attest and compilation services provided by the firm in this state are  
18    under the charge of an individual licensed under sub. (1).

19           2. That more than 50% of the ownership interest of the firm is held by  
20    individuals who hold certificates or licenses to practice as a certified public  
21    accountant issued under the laws of any state or foreign country.

22           3. That each person who holds an ownership interest in the firm, and who does  
23    not hold a certificate or license to practice as a certified public accountant, is an  
24    individual who actively participates in the firm or an affiliated entity.

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1           **(3)** The examining board shall promulgate rules that define “ownership  
2 interest” for purposes of sub. (2) and for determining the percentage of a person’s  
3 ownership interest in a firm. In promulgating the rules, the examining board shall  
4 consider the financial interests and voting rights of all members of a firm.

5           **SECTION 70.** 442.083 of the statutes is created to read:

6           **442.083 Renewal.** The renewal dates and renewal fees for licenses issued  
7 under this chapter are specified under s. 440.08 (2) (a). The department may not  
8 renew a license issued to a firm unless, at the time of renewal, the firm satisfies the  
9 requirements under s. 442.08 (2) and demonstrates, to the satisfaction of the  
10 department, that the firm has complied with the requirements under s. 442.087.

11           **SECTION 71.** 442.087 of the statutes is created to read:

12           **442.087 Peer review. (1) DEFINITION.** In this section, “peer review” means  
13 a process for a person licensed under this chapter to evaluate the professional  
14 competency of the members of a firm who are responsible for attest or compilation  
15 services provided by the firm or who sign or authorize another individual to sign  
16 accounting reports or financial statements on behalf of the firm.

17           **(2) RENEWAL OF FIRM LICENSES.** After January 1, 2005, the department may not  
18 renew the license of a firm unless, at least once every 3 years, the firm undergoes the  
19 peer review that is specified in the rules promulgated under sub. (3) and that is  
20 conducted by a person approved by the examining board under the rules who is not  
21 affiliated with the firm or members of the firm undergoing review.

22           **(3) RULES.** The examining board shall promulgate rules that describe the peer  
23 review required to renew a firm’s license under sub. (2). The rules shall include  
24 requirements for the examining board to approve one or more persons to conduct the  
25 peer reviews. The rules shall also require each person approved by the examining



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1 board to conduct peer reviews to periodically report to the examining board on the  
2 effectiveness of the peer reviews conducted by the person and to provide the  
3 examining board with a listing of all firms that have undergone peer review  
4 conducted by the person.

5 (4) CONFIDENTIALITY. A person approved by the examining board to conduct  
6 peer reviews may not disclose to any person, including the examining board or the  
7 department, any information obtained or document produced during the course of or  
8 as a result of a review unless the firm undergoing the review consents to the  
9 disclosure.

10 **SECTION 72.** 442.10 (1) of the statutes is amended to read:

11 442.10 (1) Whenever any person, as a certified public accountant ~~or public~~  
12 ~~accountant~~, signs or certifies any report, schedule, or statement relative to the affairs  
13 of any corporation, association, or partnership in which the person is financially  
14 interested or by which the person is regularly engaged as an officer or employee, the  
15 signature or certification shall be accompanied by a specific statement setting forth  
16 the fact that the person is financially interested in or is an officer or regular employee  
17 of the corporation, association, or partnership. If the person is both financially  
18 interested and an officer or regular employee, the statement shall cover both  
19 financial interest and employment. In the case of a ~~corporation holding a certificate~~  
20 ~~of authority~~ firm signing or certifying as ~~above~~ described in this subsection, the  
21 interest of any of its ~~stockholders~~ members shall be disclosed.

22 **SECTION 73.** 442.10 (2) of the statutes is amended to read:

23 442.10 (2) Notwithstanding sub. (1), no person licensed under this chapter, and  
24 no firm of which the person is a ~~partner or shareholder~~ member, may express an  
25 opinion as an independent certified public accountant on financial statements of any

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1 enterprise unless the person and the firm are independent of the enterprise. The  
2 requirement for independence under this subsection also extends to the spouse of  
3 such a person and to other relatives having a financial or business relationship with  
4 the enterprise which, in the opinion of the examining board, may impair  
5 independence.

6 **SECTION 74.** 442.11 (1) of the statutes is amended to read:

7 442.11 (1) Uses any term other than certified public accountant or the  
8 abbreviation C. P. A. to indicate that he or she is a certified public accountant with  
9 a specially granted title.

10 **SECTION 75.** 442.11 (2) of the statutes is amended to read:

11 442.11 (2) While practicing under an assumed name, or as a member of a  
12 partnership firm, other than a partnership firm with a name that is registered under  
13 s. 442.07 ~~as composed of certified public accountants, or as an officer of a corporation~~  
14 (3), announces, either in writing or by printing, that the assumed name, partnership  
15 ~~or corporation~~ or firm is practicing as a certified public accountant.

16 **SECTION 76.** 442.11 (3) of the statutes is repealed.

17 **SECTION 77.** 442.11 (4) of the statutes is repealed.

18 **SECTION 78.** 442.11 (6) of the statutes is repealed.

19 **SECTION 79.** 442.11 (7) of the statutes is amended to read:

20 442.11 (7) Practices as a certified public accountant ~~or as a public accountant~~  
21 after his or her certificate has been revoked.

22 **SECTION 80.** 442.11 (8) of the statutes is amended to read:

23 442.11 (8) As an individual, ~~member of a partnership or officer or director of~~  
24 ~~a corporation~~ or member of a firm, practices or permits the ~~partnership or~~

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1 ~~corporation~~ firm to practice as a certified public accountant ~~or as a public accountant~~  
2 unless a license has been secured for the current licensure period.

3 **SECTION 81.** 442.11 (9) of the statutes is amended to read:

4 442.11 (9) Sells, buys, gives, or obtains an alleged certificate as a certified  
5 public accountant, ~~a certificate of authority~~ or a license in any manner other than  
6 that provided for by this chapter.

7 **SECTION 82.** 442.11 (10) of the statutes is amended to read:

8 442.11 (10) Attempts to practice as a certified public accountant ~~or as a public~~  
9 ~~accountant~~ under the guise of a certificate not granted by the examining board or  
10 under cover of a certificate obtained illegally or fraudulently.

11 **SECTION 83.** 442.11 (12) of the statutes is amended to read:

12 442.11 (12) Attempts by any subterfuge to evade the provisions of this chapter  
13 while practicing as a certified public accountant.

14 **SECTION 84.** 442.11 (13) of the statutes is amended to read:

15 442.11 (13) As an individual, ~~a member of a partnership or an officer of a~~  
16 ~~corporation~~ or member of a firm, permits to be announced by printed or written  
17 statement that any report, certificate, exhibit, schedule, or statement has been  
18 prepared by or under supervision of a certified public accountant ~~or by or under~~  
19 ~~supervision of a public accountant~~ when the person who prepared the report,  
20 certificate, exhibit, schedule, or statement was not a certified public accountant ~~or~~  
21 ~~public accountant~~.

22 **SECTION 85.** 442.12 (intro.) of the statutes is amended to read:

23 **442.12 Disciplinary action.** (intro.) Subject to the rules promulgated under  
24 s. 440.03 (1), the examining board may do any of the following:

25 **SECTION 86.** 442.12 (3) of the statutes is amended to read:

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1           442.12 (3) In the case of a ~~corporation or a partnership~~ firm, revoke, limit, or  
2 suspend the license of the ~~partnership or corporation~~ firm, or reprimand it, if it is  
3 found that any ~~officer, director or member~~ of the firm has been guilty of such act or  
4 omission as would be cause for revoking, limiting, or suspending a certificate or  
5 license to the person as an individual or for reprimanding the person.

6           **SECTION 87.** 442.13 of the statutes is amended to read:

7           **442.13 Ownership of accountant's working papers.** All statements,  
8 records, schedules, working papers, and memoranda made by a certified public  
9 accountant ~~or public accountant~~ incident to or in the course of professional service  
10 to clients by ~~such a certified public~~ accountant, except reports submitted by a  
11 certified public accountant ~~or public accountant~~ to a client, shall be and remain the  
12 property of ~~such~~ the certified public accountant, in the absence of an express  
13 agreement between ~~such~~ the certified public accountant and the client to the  
14 contrary. No such statement, record, schedule, working paper, or memorandum shall  
15 be sold, transferred, or bequeathed, without the consent of the client or the client's  
16 personal representative or assignee, to anyone other than ~~one or more surviving~~  
17 ~~partners or new or successor partners of such~~ any member of the firm of the certified  
18 public accountant.

19           **SECTION 88.** 442.14 of the statutes is repealed.

20           **SECTION 89.** 447.34 (2) of the statutes is amended to read:

21           447.34 (2) Legal counsel, certified public accountants licensed under ch. 442,  
22 or other persons as to matters the director or officer believes in good faith are within  
23 the person's professional or expert competence.

24           **SECTION 90.** 560.16 (6) (a) 3. of the statutes is amended to read:

