

chs Accty 3,4,8

Del'd
December 7, 1979
at 11:10 am
Orla Dietz

CERTIFICATE

STATE OF WISCONSIN)
) SS
ACCOUNTING EXAMINING BOARD)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, James B. Bower, secretary of the Accounting Examining Board, and custodian of the official records of said board do hereby certify that the annexed rules, amendments and repeals relating to re-examination requirements; registration of out-of-state firms; professional conduct; certified public accountant service corporations; change of ownership in accounting firms; and reciprocity qualifications were duly approved and adopted by the board on

I further certify that said copy has been compared by me with the original on file in this board and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the board at 1400 East Washington Avenue in the city of Madison, this 6th day of December A. D. 1979.

James B. Bower
Secretary, Accounting Examining Board

STATE OF WISCONSIN
BEFORE THE
ACCOUNTING EXAMINING BOARD

IN THE MATTER OF RULEMAKING : ORDER OF THE ACCOUNTING EXAMINING
PROCEEDINGS BEFORE THE : BOARD REPEALING, AMENDING OR
ACCOUNTING EXAMINING BOARD : ADOPTING RULES

Relating to reexamination requirements; registration of out-of-state firms; professional conduct; certified public accountant service corporations; change of ownership in accounting firms; and reciprocity qualifications.

Analysis prepared by the Accounting Examining Board.

ANALYSIS

The Accounting Examining Board is revising certain provisions in the Wisconsin administrative code to:

1. Liberalize the certified public accountant examination rules to allow a candidate to write the next examination if all parts are failed unless one or more grades is below 50 per cent;
2. Repeal and recreate the registration provision for firms with a bona fide Wisconsin office but no Wisconsin resident partner to require that they have a licensed Wisconsin CPA as resident manager as well as having the partners of the office responsible for the Wisconsin practice licensed in Wisconsin;
3. Define cheating on the examination and give illustrations of and penalties for cheating;
4. Make provisions relating to service corporations apply to all service corporations including foreign service corporations;
5. Require notification of all changes in firm partners or name no later than 30 days after the change is effective; and,
6. Interpret the qualifications and requirements for reciprocity.

ORDER

Now therefore it is ordered that pursuant to authority vested in the Accounting Examining Board by ss. 15.08(5), 227.014 and Chapter 442, Wis. Stats., the Accounting Examining Board hereby repeals, amends, repeals and recreates, and adopts rules interpreting ss. 442.03(3), 442.04(5); 442.05 and 442.07(3) of the Wisconsin statutes as follows:

1. Section Accy 4.09 (intro.) and (1) of the Wisconsin administrative code is repealed and recreated to read:

4.09 (intro.) Out-of-state firms with a bona fide office in Wisconsin but no resident partner or stockholder. (1) Out-of-state firms with a bona fide Wisconsin office, as defined in Accy 4.09(2), but with no Wisconsin resident partner or stockholder, may be registered to practice in Wisconsin provided that there is a licensed Wisconsin certified public accountant desig-

ated as resident manager for the Wisconsin practice office and all of the partners or stockholders of the out-of-state practice office with responsibility for the Wisconsin practice office are licensed in Wisconsin. Firms so licensed must have designated one or more partners or stockholders from the out-of-state office responsible for the practice from the bona fide Wisconsin office, as the managing partner(s) or stockholder(s) for the Wisconsin practice. All other non-resident partners, stockholders and others with an equity interest in the firm (in other out-of-state practice offices) must hold certified public accountant certificates in good standing and be licensed to practice in the state of their resident office.

2. Section Accy 3.03(7) of the Wisconsin administrative code is amended to read:

(7) A candidate who on first examination or re-examination has failed to receive a passing grade of 75 or more in at least one subject of the four subjects written, may not present himself or herself for re-examination until at the next scheduled examination if all grades received were 50 or over. If one or more grades were below 50, at least one examination shall have intervened intervene following the candidate's last examination or re-examination, excepting that if any examination papers of a candidate were lost and consequently not graded and the candidate could not attend the make-up examination, the candidate may present himself or herself for re-examination at the next scheduled examination.

3. Sections Accy 3.07, 4.10(6), 4.11 and Chapter Accy 8, Reciprocity Qualification, of the Wisconsin administrative code are created to read:

3.07 Cheating on Examination. Instances of cheating on the uniform certified public accountant examination are serious breaches of integrity and indicate a lack of good professional character.

(1) Illustrations of cheating on examination, not intended to be all-inclusive, are as follows:

(a) Communications concerning an examination being written between candidates inside or outside of the examination room, or copying another's answers.

(b) Communications concerning an examination being written with confederates outside of the examination room.

(c) Substitution by a candidate of another person to sit in the examination room for the candidate and write one or more of the examination questions or papers for the candidate.

(d) Reference to "crib notes", text books or other material inside or outside the examination room during periods examinations are being written

(2) Penalties to be imposed by the Board for cheating on the examination are to be related to the seriousness of the situation. Premeditated cheating on the examination (planned in advance) is the most serious.

(a) Penalties may range from the entering of a failing grade on all parts written for the examinations in which cheating occurred and suspension of the right to write the next scheduled examination after the examination in which cheating occurred or to the entering of a failing grade on all parts written for the examinations in which cheating occurred and suspension of the right to write for as many as the next six scheduled examinations after the examination in which cheating occurred. Time within which conditional credit previously earned for passing part of the examination may be extended by board action in situations where penalties are levied, and by as long as the period of suspension.

(3) If more than one candidate in a connected offense of cheating on the examination knowingly is involved in cheating, all persons are subject to penalties, although not necessarily of the same severity.

(4) Other jurisdictions to which a candidate may apply to write the certified public accounting examination during a period of suspension of right to write will be notified of the penalty levied in Wisconsin.

4.10(6) Provisions of 4.10 are applicable to all professional certified public accountant service corporations operating in Wisconsin. It is noted that there is no provision in Wisconsin statutes for licensing foreign (out-of-state) professional certified public accountant service corporations.

4.11 Changes. (1) The board is to be notified in writing of prospective changes in proprietors, partners or stockholders or firm name for continuing practice units or is to be notified of the consummation of such changes no later than 30 days after the change.

(2) Reorganizations, mergers, or comparable changes in which a new practice unit is created must make application and the new practice unit licensed before practice can be commenced.

Chapter Accy 8 RECIPROCITY QUALIFICATION

8.01 Authority and Purpose. (1) The rules in this chapter are adopted to interpret ss. 442.04 and 442.05, Wis. Stats.

8.02 Substantial Equivalence. Substantial equivalence does not mean identical, rather it means equivalence in substance.

8.03 Citizenship and Residency. (1) Candidates are not required to be citizens of the United States.

(2) Status is required as a resident of Wisconsin or as a resident alien or as a person who can provide reliable evidence of intent or need to practice in Wisconsin.

(3) Qualifications. Each candidate must qualify under Wisconsin requirements for education, experience, examination, good professional character, and professional ethics.

(4) Requirements are the same under s. 442.05 as s. 442.04, except that holders of certified public accountant certificates in good standing from other jurisdictions are permitted to qualify under experience requirements if they received their certified public accountant certificates prior to July 1, 1968, under the grandfather provisions applicable to Wisconsin candidates.

(5) Qualification under examination requirements in states with different conditional credit rules are evaluated and passed or denied based on merit for each candidate. Uniform certified public accountant examination grades are required except for candidates from states where the uniform examination had not yet been adopted at the time the individual wrote the examination. Such grades will be evaluated based on merit, and in conjunction with levels and amounts of experience.

(6) Documentation. Qualification must be properly documented by the candidate with adequate evidence provided to the board.

8.04 Foreign Candidates. Candidates holding certifications from foreign countries must establish their qualifications for a reciprocal certificate as set forth in Accy 8.02 and 8.03 above.

(1) Education qualifications in foreign countries are not comparable to those in Wisconsin. As no foreign school is accredited by the north central association of schools and colleges or its regional equivalent, evidence of acceptance without deficiency into a graduate program in a school accredited by the north central association of schools and colleges or its regional equivalent will be accepted as evidence of equivalence for a bachelor's or higher degree. The accounting major must be established with the board as being appropriate for United States practice.

(2) Examinations in foreign countries have not been established as being comparable to those in the United States. Candidates must establish at least minimum qualification in United States practice related to areas of business law, federal income taxes, generally accepted auditing standards, and generally accepted accounting principles. The writing of uniform certified public accountant examinations in these areas would be adequate evidence, although other evidence may be accepted if validated.

(3) Experience must be at the level of a senior in public practice and include practice using United States related techniques as noted in (2) above. Experience will be considered on its merit without restriction as to where it was acquired, so long as it is relevant to United States practice.

The rules, amendments and repeals contained in this order shall take effect on the first day of the month following publication in the Wisconsin administrative register, pursuant to s. 227.026, Wis. Stats.

Dated this 10th day of December 1979.

By: James B. Bower
James B. Bower, Secretary
Accounting Examining Board

FISCAL ESTIMATE

There is no anticipated fiscal effect on either the state during the current biennium or on county, city, village, town, school district, vocational, technical or education district or any fiscal liability or revenues anticipated on sewerage districts.

The estimate, prepared pursuant to s. 227.019, Wis. Stats., is based on the assumption that the rules will affect licensees and applicants for licensure only and will be administered and enforced by state personnel.