

## CHAPTER 442

## ACCOUNTING EXAMINING BOARD

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**442.01 Examining board; duties.** (1) In this chapter, "examining board" means accounting examining board.

(2) No standard or rule relating to professional conduct or unethical practice may be adopted until the examining board has held a public hearing with reference thereto, subject to the rules promulgated under s. 440 03 (1). No rule or standard shall become effective until 60 days after its adoption by the examining board. Any person who has appeared at the public hearing and filed written protest against any proposed standard or rule may, upon the adoption of such standard or rule, obtain a review thereof under ch. 227. Thereafter every person practicing as a public accountant in the state shall be governed and controlled by the rules and standards prescribed by the examining board.

(3) All certificates issued under this chapter shall be signed by at least 2 members of the examining board. The board shall record its proceedings.

**History:** 1977 c. 418; 1981 c. 356; 1983 a. 27

**442.02 Public accountant, definition.** A person shall be deemed to be in practice as a public accountant, within the meaning and intent of this chapter:

(1) Who holds himself or herself out to the public in any manner as one skilled in the knowledge, science and practice of accounting, and as qualified and ready to render professional service therein as a public accountant for compensation; or

(2) Who maintains an office for the transaction of business as a public accountant, or who, except as an employe of a public accountant, practices accounting, as distinguished from bookkeeping, for more than one employer; or

(3) Who offers to prospective clients to perform for compensation, or who does perform on behalf of clients for compensation,

professional services that involve or require an audit of financial transactions and accounting records; or

(4) Who prepares for clients reports of audits, balance sheets, and other financial, accounting and related schedules, exhibits, statements or reports which are to be used for publication or for credit purposes, or are to be filed with a court of law or with any other governmental agency, or for any other purpose; or

(5) Who, in general or as an incident to such work, renders professional assistance to clients for compensation in any or all matters relating to accounting procedure and the recording and presentation of financial facts.

(5m) (a) Who signs or affixes his or her name or any trade or assumed name used by the person in his or her business or profession to an opinion or certificate attesting to the reliability of any representation or estimate in regard to any person or organization embracing financial information, financial transactions or accounting records.

(b) This subsection does not prohibit any officer, employe, partner or principal of any organization from affixing his or her signature to any statement or report in reference to the affairs of that organization with any wording designating the position, title or office which he or she holds in that organization. This subsection does not prohibit any act of a public official or public employe in the performance of his or her duties.

(6) Every member of a partnership, and every officer and director of a corporation who, in such capacity, does any of the things enumerated in subs. (1) to (5m), shall be deemed to be in practice as a public accountant.

(7) Nothing contained in this chapter shall prevent the employment by a certified public accountant, or by a public accountant, or by a firm or corporation, furnishing public account-

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ing services as principal, of persons to serve as accountants in various capacities, as needed; provided, that such persons work under the control and supervision of certified public accountants or accountants with certificates of authority as hereinafter provided, that such employes shall not issue any statements or reports over their own names except such office reports to their employer as are customary and that such employes are not in any manner held out to the public as public accountants as described in this chapter.

(8) Nothing contained in this chapter shall apply to a practicing attorney, who, in connection with his or her professional work renders any accounting service.

(9) Nothing contained in this chapter shall apply to any persons who may be employed by more than one person, partnership or corporation, for the purpose of keeping books, making trial balances or statements, and preparing audits or reports, provided such audits or reports are not used or issued by the employers as having been prepared by a public accountant and provided such persons do not do any of the things enumerated in sub. (5m) (a), without complying with sub. (5m) (b).

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

History: 1979 c. 162 ss. 7, 38 (7), (9).

**442.03 Licenses required. (1)** No person may lawfully practice in this state as a certified public accountant either in the person's own name, or as an employe, or under an assumed name, or as an officer, member or employe of a firm, or as an officer or employe of a corporation, unless the person has been granted by the examining board a certificate as a certified public accountant, and unless the person, firm or corporation, jointly and severally, has complied with all of the provisions of this chapter, including licensure in each odd-numbered year.

(2) No person may lawfully practice in this state as a public accountant either in the person's own name, or as an employe or under an assumed name, or as an officer, employe or member of a firm, or as an officer or employe of a corporation, unless the person has been granted by the examining board a certificate of authority as a public accountant and unless the person, firm or corporation, jointly and severally, has complied with all of the provisions of this chapter, including licensure in each odd-numbered year.

(3) No corporation or other entity and no officer, partner, stockholder or employe thereof may lawfully practice in this state as a public accountant or a certified public accountant either in the entity's or person's name, or as an employe or under an assumed name, unless the natural person has been granted by this examining board a certificate of authority as a public accountant and unless the person or entity, jointly and severally, has complied with all the provisions of this chapter, including licensure in each odd-numbered year.

History: 1977 c. 29; 1981 c. 356.

**442.04 Certified public accountants; qualifications. (1)** The examining board shall grant a certificate as a certified public accountant to all persons who become entitled thereto under this section and s. 442.05. A certificate is permanent unless revoked and not subject to periodic renewal.

(2) Examinations shall be held by the examining board at least once in each year at such times and places as are determined by the examining board. Notice of the time and place of each examination shall be published, as a class 2 notice, under ch. 985, in at least one daily newspaper published in the city of Milwaukee, and in at least one daily newspaper published in the city of Madison, with the last insertion not less than 30 days prior to the date of such examination. Not less than 30 days prior to each examination, each applicant who has made inquiry prior to the first insertion, shall be notified by mail by the department, at the address mentioned in the application, of the time and place of the examination.

(3) Applicants for a certificate as a certified public accountant prior to July 1, 1968, shall have completed at least a 4-year high school course of study or have received an equivalent education sufficient under rules established by the examining board. Such applicants must have had at least 3 years of accounting experience, equivalent to that of a senior in public practice, the sufficiency of the experience to be judged by the examining board. The examining board may accept evidence of sufficient technical education in accountancy in lieu of 1 1/2 years of public accounting experience.

(4) (a) In this subsection, "institution" means a bachelor's degree-granting institution of higher education accredited by the commission on institutions of higher education of the north central association of colleges and schools or its regional equivalent.

(b) Applicants sitting for the first time for the examination leading to the certificate to practice as a certified public accountant shall present to the examining board a bachelor's or

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higher degree, with a resident major in accounting, from an institution. The examining board shall accept without further review the identification under this paragraph by an institution of a resident major in accounting

(c) If an applicant has a bachelor's or higher degree from an institution but does not have a resident major in accounting, the examining board may review such other educational experience from an institution as the applicant presents and, if the examining board determines that such other experience provides the reasonable equivalence of a resident major in accounting, the examining board shall approve the applicant for examination.

(5) No certificate as a certified public accountant may be granted to any person other than a person who is 18 years of age or older, does not have an arrest or conviction record, subject to s. 111.321, 111.322 and 111.335, and, except as provided in s. 442.05, has successfully passed a written examination in such subjects affecting accountancy as the examining board deems necessary, and, if the application was made before July 1, 1968, has had at least 3 years of accounting experience, equivalent to that of a senior in public practice. The examining board may accept evidence of sufficient technical education in accountancy in lieu of 1 1/2 years of public accounting experience. If the application was after that date and the applicant has had at least 1 1/2 years accounting experience equivalent to that of a senior in public practice, the sufficiency of the experience to be judged by the examining board, the examining board may supplement the written examination by an interview and may use the examination service provided by the American institute of certified public accountants. The examining board shall ensure that evaluation procedures and examinations are nondiscriminatory, relate directly to accountancy and are designed to measure only the ability to perform competently as an accountant.

History: 1975 c. 224; 1977 c. 219, 418; 1979 c. 337; 1981 c. 356, 380, 391.

**442.05 Certification by endorsement.** The examining board may grant a certificate to any applicant who is the holder of a certificate or license to practice as a certified public accountant issued under the laws of any other state or foreign country. The applicant must also establish his or her substantial equivalence of the qualifications required under s. 442.04. The sufficiency of the substantial equivalence shall be judged by the examining board. Upon denial of a certificate under this subsection the examining board shall notify the applicant in writing of the decision, stating the reason for denial and

that the applicant has the right to a hearing if a written request is filed with the examining board within 30 days after the notice of denial. Service of the notice of denial may be made by mail addressed to the applicant at the latest address filed by the applicant in writing with the examining board. Service by mail is complete on the date of mailing.

History: 1975 c. 318; 1981 c. 356.

**442.06 Certificates to public accountants without licenses. (1)** The examining board may grant a certificate of authority to practice as a public accountant to each individual who applied before December 1, 1935:

(a) Who furnishes satisfactory evidence he or she was maintaining an office in the state for the practice of public accounting on his or her own account on September 21, 1935; or

(b) Who for 4 years has been in responsible charge of accounting engagements in the state of Wisconsin as an employed member of the staff of a certified public accountant or a public accountant, or of a firm of certified public accountants or public accountants; or

(c) Who, in the opinion of the examining board, has had 4 years' experience equivalent to that specified in par. (b).

(2) The examining board may grant certificates of authority to firms, if the resident partner or partners and resident manager have received certificates as certified public accountants, or if the resident manager and resident partners of such firm have received certificates of authority under the laws of this state or if the resident manager and each partner of such firm has received either a certificate as a certified public accountant or a certificate of authority issued under the laws of this state.

(3) The examining board may grant certificates of authority to corporations to practice as public accountants who:

(a) On September 21, 1935 are corporations legally organized under the laws of this state, with power to practice as public accountants within the meaning of this chapter; and

(b) On or before December 1, 1935, furnished satisfactory evidence to the examining board that such corporation was legally incorporated under the laws of this state on September 21, 1935; and

(c) Whose manager and whose board of directors shall each have received either a certificate as a certified public accountant or a certificate of authority to practice as a public accountant as provided in this chapter.

(4) Whenever the manager and all of the directors of such a corporation in the practice of public accounting ceases or fails to hold certificates as certified public accountants, or certifi-

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cates of authority as provided in this chapter, the certificate of authority to the corporation shall become void and so be recorded by the examining board.

(5) Certificates of authority issued under this section are permanent unless revoked and not subject to periodic renewal.

**History:** 1979 c. 162 s. 38 (4); 1981 c. 356, 380, 391

**442.07 Requirements for practice as certified public accountant or public accountant.**

(1) Any person who has been issued a certificate of his qualifications to practice as a certified public accountant, shall be styled and known as a "certified public accountant" and no other person shall assume to use such title or the abbreviation "C.P.A." or any other word, words, letters or figures to indicate that the person using the same is a certified public accountant. The terms "chartered accountant" and "certified accountant" and the abbreviation "C.A." are specifically prohibited to such other persons as being prima facie misleading to the public. Any person who has been issued a certificate of authority, as herein provided, shall be styled and known as a "public accountant" and no other person, other than a certified public accountant, shall assume to use such designation or any other word, words, letters or figures to indicate that such person is entitled to practice as a public accountant.

(2) No person may practice in this state as a certified public accountant or a public accountant, either in the person's name, under an assumed name, or as a member of a partnership, except as provided in s. 442.02 (10), unless the person has been granted a certificate by the examining board and secured a license for the current licensure period. No person may practice in this state as a public accountant, as an officer or director of a corporation engaged in the practice of public accounting, unless the corporation has secured a license for the current licensure period.

(3) Any partnership, which is entitled to practice as certified public accountants in this state or any other state, every resident member and resident manager of which is a certified public accountant of this state, after registering the partnership name with the examining board, may use the designation "certified public accountants" in connection with the partnership name. Any partnership, every member and resident manager of which is a certified public accountant of this state or any other state or holds a certificate of authority under this chapter, after registering the partnership name with the examining board, may use the designation "public accountants" in connection with the partnership name. An assumed name, in use

prior to September 21, 1935, may be used the same as a partnership name, provided the individual persons practicing as principals under that name hold certificates granted by the examining board and register the name with the examining board.

**History:** 1977 c. 29; 1981 c. 356.

**442.08 Biennial licensure.** The department shall, in December of each odd-numbered year, upon application by any holder of an unrevoked Wisconsin certificate as a certified public accountant or an unrevoked Wisconsin certificate of authority as provided for in this chapter, issue a license, which shall be valid until December 31 of the odd-numbered year following issuance, unless the certificate or license is revoked. A license shall also be issued to any partnership or corporation, upon application, which has complied with this chapter. Interim licenses shall be issued to individuals, partnerships and corporations who have complied with this chapter within the biennial licensure period.

**History:** 1977 c. 29; 1981 c. 356.

**442.09 Fees.** The fees for examination and licenses granted or renewed under this chapter are specified in s. 440.05.

**History:** 1971 c. 125; 1977 c. 29.

**442.10 Disclosure of interest in entity reported on.** (1) Whenever any person, as a certified public accountant or public accountant, signs or certifies any report, schedule or statement relative to the affairs of any corporation, association or copartnership in which the person is financially interested or by which the person is regularly engaged as an officer or employe, the signature or certification shall be accompanied by a specific statement setting forth the fact that the person is financially interested in or is an officer or regular employe of the corporation, association or copartnership. If the person is both financially interested and an officer or regular employe, the statement shall cover both financial interest and employment. In the case of a corporation holding a certificate of authority signing or certifying as above, the interest of any of its stockholders shall be disclosed.

(2) Notwithstanding sub. (1), no person licensed under this chapter, and no firm of which the person is a partner or shareholder, may express an opinion as an independent certified public accountant on financial statements of any enterprise unless the person and the firm are independent of the enterprise. The requirement for independence under this subsection also extends to the spouse of such a person and

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to other relatives having a financial or business relationship with the enterprise which, in the opinion of the examining board, may impair independence.

(3) The examining board may make and enforce all necessary rules relative to this section and may determine the particular phraseology necessary to carry sub. (1) into effect.

History: 1977 c 264.

**442.11 Penalties.** Any person shall be deemed guilty of a misdemeanor, and shall be fined not more than \$500 for each offense, or imprisoned in the county jail for not more than one year, or both:

(1) Who shall use any other term than certified public accountant or the abbreviation C. P. A. to indicate that he or she is a public accountant with a specially granted title; or

(2) Who, when practicing under an assumed name, or as a member of a partnership, other than one which is registered under s. 442.07 as composed of certified public accountants, or as an officer of a corporation, announces, either in writing or by printing, that the assumed name, partnership or corporation is practicing as a certified public accountant; or

(3) Who, as a member of a partnership, announces, either in writing or by printing, that the partnership is practicing as "public accountants" unless the partnership is registered as such under s. 442.07; or

(4) Who, as an officer of a corporation, permits it to practice as a public accountant unless it is registered with the examining board, and holds an unrevoked certificate of authority from the examining board; or

(5) Who holds himself or herself out to the public as a certified public accountant or who assumes to practice as a certified public accountant unless he or she has been granted a certificate as such from the examining board; or

(6) Who holds himself or herself out to the public as a public accountant or who assumes to practice as a public accountant unless he or she has been granted a certificate of authority from the examining board; or

(7) Who shall practice as a certified public accountant or as a public accountant after his or her certificate has been revoked; or

(8) Who shall as an individual, or, as a member of a partnership or as an officer or director of a corporation, practice or permit the partnership or corporation to practice as a certified public accountant or as a public accountant unless a license has been secured for the current licensure period; or

(9) Who shall sell, buy, give or obtain an alleged certificate as a certified public account-

ant, or a certificate of authority, or a license in any other manner than is provided for by this chapter; or

(10) Who attempts to practice as a certified public accountant or as a public accountant under guise of a certificate not granted by the examining board, or under cover of a certificate obtained illegally or fraudulently; or

(11) Who shall certify to any false or fraudulent report, certificate, exhibit, schedule or statement; or

(12) Who shall attempt by any subterfuge to evade the provisions of this chapter while practicing as a public accountant; or

(13) Who shall, as an individual, or as a member of a partnership or as an officer of a corporation, permit to be announced by printed or written statement that any report, certificate, exhibit, schedule or statement has been prepared by or under supervision of a certified public accountant or by or under supervision of a public accountant when the person who prepared the same was not such certified public accountant or public accountant.

(14) If it appears upon complaint to the examining board by any person, or it is known to the examining board, that any person has violated this chapter, the examining board may investigate, subject to the rules promulgated under s. 440.03 (1). The district attorney of the county in which violations of this chapter are known or alleged to have occurred shall promptly investigate complaints, from any source, of such violations and prosecute if the facts so warrant. Upon request from the examining board, and where the facts warrant, the appropriate district attorney shall promptly seek an injunction against any person who is violating this chapter.

(15) Following the refusal or failure of the district attorney to act within a time which it deems reasonable, the examining board may request the attorney general to institute a prosecution or to seek an injunction for violation of this chapter.

(16) If a person has engaged, or is about to engage, in an act or practice which constitutes, or will constitute, a violation of this chapter, the examining board in its own right or on behalf of an individual complainant may apply to the appropriate court for an order enjoining the act or practice. Upon a showing by the examining board or the complainant that the person has engaged, or is about to engage, in any such act or practice, the court may grant an injunction,

restraining order or other appropriate order without bond.

**History:** 1977 c. 29, 418; 1979 c. 162 s. 38 (4), (7), (9); 1981 c. 356

See note to 895.045, citing *Citizens State Bank v. Timm, Schmidt & Co.* 113 W (2d) 376, 335 NW (2d) 361 (1983).

**442.12 Disciplinary action.** Subject to the rules promulgated under s. 440.03 (1), the examining board may:

(1) Make investigations and conduct hearings.

(2) Revoke, limit or suspend for a definite period any certificate or license or officially reprimand the holder, if it finds that the holder has violated this chapter or any duly promulgated standard or rule of practice or for any other sufficient cause.

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

(4) Impose a period of probation under specified conditions, whether or not in conjunction with other sanctions.

(5) Require additional professional education or training, or reexamination, or any combination, as a condition precedent to the reinstatement of a license or of any privilege, or as a condition precedent to the termination of any suspension.

(6) Suspend a license until further order of the examining board or for a specified period

for failure to comply with an order of the examining board imposing disciplinary sanctions.

(7) Upon application in writing and after hearing pursuant to notice, issue a new license to a licensee whose license has been revoked, reinstate a revoked certificate or modify the suspension of any license or certificate which has been suspended.

**History:** 1977 c. 187, 418; 1981 c. 356.

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

**442.14 Saving clauses.** Nothing contained in this chapter shall in any way invalidate or set aside certificates of certified public accountants as legally granted before September 21, 1935.