

**2001 DRAFTING REQUEST**

**Bill**

Received: 09/11/2000

Received By: kunkemd

Wanted: As time permits

Identical to LRB:

For: Daniel Vrakas (608) 266-3007

By/Representing: Michael Vaughan

This file may be shown to any legislator: NO

Drafter: kunkemd

May Contact: Michael Vaughan

Addl. Drafters:

Subject: Occupational Reg. - misc

Extra Copies:

Submit via email: YES

Requester's email: Rep.Vrakas@legis.statc.wi.us

**Pre Topic:**

No specific pre topic given

**Topic:**

Attest or compilation services by accountants, ownership of accounting firms, and peer review of licensed accountants

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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*Handwritten:* A circle containing "COPY TO" with an arrow pointing to "Michael Vaughan" and another arrow pointing to "per MDK".

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 2-27-1



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442.04(5) of the statutes is amended to read:

(5) The examining board may not grant a certificate as a certified public accountant 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 ss. 111.321, 111.322 and 111.335, and, except as pro-

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**BOARD**

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*one year* 97-98 Wis. Stats. 4248  
vided in s. 442.05, has successfully passed a written examination in such subjects affecting accountancy as the examining board considers necessary. If the person applying for the certificate passes the examination during the period beginning on May 17, 1996, and ending on December 31, 2000, the examining board may not grant the certificate unless the applicant has at least 3 years of public accounting experience or its equivalent, the sufficiency of the experience or the equivalency to be judged by the examining board. If the person applying for the certificate passes the examination after December 31, 2000, the examining board may not grant the certificate unless the applicant has at least ~~2~~ *one* years of public accounting experience or its equivalent, the sufficiency of the experience or the equivalency to be judged by the examining board. 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. The examining board may use the examination service provided by the American Institute of Certified Public Accountants.

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(b) "Attest" means providing the following financial statement services:

- (1) any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
- (2) any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS); and
- (3) any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE).

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(d) An applicant for initial issuance or renewal of a permit to practice under this Section shall be required to register each office of the firm within this State with the Board and to show that all attest and compilation services as defined herein rendered in this state are under the charge of a person holding a valid certificate issued under Section 6 of this Act or the corresponding provision of prior law or some other state.

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(a) Only licensees may issue a report on financial statements of any person, firm, organization, or governmental unit or offer to render or render any attest or compilation service, as defined herein. This restriction does not prohibit any act of a public official or public employee in the performance of that person's duties as such; or prohibit the performance by any non-licensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports thereon. Non-licensees may prepare financial statements and issue non-attest transmittals or information thereon which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS).

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

- 2 -

1 (c) An applicant for initial issuance or renewal of a permit to practice under this Section  
2 shall be required to show that:

3  
4 (1) Notwithstanding any other provision of law, a simple majority of the  
5 ownership of the firm, in terms of financial interests and voting rights of all  
6 partners, officers, shareholders, members or managers, belongs to holders  
7 of a certificate who are licensed in some state, and such partners, officers,  
8 shareholders, members or managers, whose principal place of business is in  
9 this state, and who perform professional services in this state hold a valid  
10 certificate issued under Section 6 of this Act or the corresponding provision  
11 of prior law or are public accountants registered under Section 8 of this Act.

12 Although firms may include non-licensee owners the firm and its ownership  
13 must comply with rules promulgated by the Board. For firms of public  
14 accountants, at least a simple majority of the ownership of the firm, in terms  
15 of financial interests and voting rights, must belong to holders of  
16 registrations under Section 8 of this Act.  
17

How does this  
relate to  
foregoing?

18 **COMMENT.** The limitation of the requirement of certificates to partners, officers, shareholders,  
19 members and managers who have their principal place of business in the state is intended to allow  
20 some latitude for occasional visits and limited assignments within the state of firm personnel who  
21 are based elsewhere. In addition, the requirement allows for non licensee ownership of licensed  
22 firms.  
23

24 (2) Any CPA ~~or PA~~ firm as defined in this Act may include non licensee owners  
25 provided that:

26  
27 (A) The firm designates a licensee of this state, who is responsible for the proper  
28 registration of the firm and identifies that individual to the Board.  
29

30 (B) All non licensee owners are active individual participants in the CPA ~~or PA~~  
31 firm or affiliated entities.  
32

33 (C) The firm complies with such other requirements as the board may impose  
34 by rule.  
35

36 (3) Any individual licensee who is responsible for supervising attest services and  
37 signs or authorizes someone to sign the accountant's report on the financial  
38 statements on behalf of the firm, shall meet the experience requirements set  
39 out in the professional standards for such services.  
40

41 (4) Any individual licensee who signs or authorizes someone to sign the  
42 accountants' report on the financial statements on behalf of the firm shall  
43 meet the experience requirement of the prior subsection.

see also 180, 1903  
757.45?

UAA-7-2

198

- 3 -

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**(h) The Board shall by rule require as a condition to renewal of permits under this Section, that applicants undergo, no more frequently than once every three years, peer reviews conducted in such manner as the Board shall specify, and such review shall include a verification that individuals in the firm who are responsible for supervising attest and compilation services and sign or authorize someone to sign the accountant's report on the financial statements on behalf of the firm meet the competency requirements set out in the professional standards for such services, provided that any such rule --**

- (1) shall be promulgated reasonably in advance of the time when it first becomes effective;**
- (2) shall include reasonable provision for compliance by an applicant showing that it has, within the preceding three years, undergone a peer review that is a satisfactory equivalent to peer review generally required pursuant to this subsection (h);**

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- (3) shall require, with respect to peer reviews contemplated by paragraph (2), that they be subject to oversight by an oversight body established or sanctioned by Board rule, which body shall periodically report to the Board on the effectiveness of the review program under its charge, and provide to the Board a listing of firms that have participated in a peer review program that is satisfactory to the Board; and**
- (4) shall require, with respect to peer reviews contemplated by paragraph (2), that the peer review processes be operated and documents maintained in a manner designed to preserve confidentiality, and that neither the Board nor any third party (other than the oversight body) shall have access to documents furnished or generated in the course of the review.**

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**(m) "Peer Review" means a study, appraisal, or review of one or more aspects of the professional work of a certificate holder or CPA firm that performs attest or compilation services, by a person or persons who hold certificates and who are not affiliated with the certificate holder or CPA firm being reviewed.**

① Am 442.05 (5)

- change 2 yrs to 1 yr for exp. req'd for person who passes exam. after 12/31/2000

② Applicant for initial or renewal:

- must register each office of firm w/ state
- show that <sup>all</sup> "attest & compilation services" are under charge of a person holding a valid certif

[issued under S. Code Act or corresponding provision of prior law or some other state]

certif. as CPA?

③ only Lic'ees may <sup>d-NOTE</sup> issue report on fin. stmts of any person, firm, org. or govt unit  
 offer to render or render any "attest or compilation service"

BUT - public official or e'ee may perf. duties  
 - non lic'ee may perf. other services involving

use of acctg skills, including - prep of tax returns

- non lic'ee may prepare fin. stmts & - mgmt advisory services

ISSUE "NONATTEST" transmittals or info. thereon which do NOT purport to be in compliance w/ SSARS

- preparat- of fin stmts w/ issuance of reports thereon

"Compilation" MEANS:  
 - providing a service to be perf'd in accord. w/ SSARS that presents in the form of fin. stmts info that is the representat- of mgmt (owners)

"ATTEST" MEANS providing the following fin. stmt. services:  
 any audit or other engagement to be performed in accordance w/ Stmt's on Auditing Stnds (SAS)

w/ undertaking to express any "assurance" on the stmts

- any review of a fin. stmt to be perf'd in accordance w/ Stmt's on Stnds for Acctg & Rev. Services (SSARS)

- any exam. of "prospective fin. info" (?) in accord. w/ Stmt's on Engagements (SSAE)

4

applicant of initial or renewal must show:

- simple majority of ownership of firm (in terms of fin. & voting rights of all Ps, officers, SHRs, members, or managers) belongs to holders of a certif. who are lic'd in some state

AND  
d-NOTE

such (Ps, officers, SHRs, members, or managers)

(a) whose PPOB is in this state

AND (b) who perform "professional services" in this state

MUST hold valid certif [issued under s. 6 of this Act or corresponding provis. of prior law or are registered PAs under s. 8 of this Act]

5

CPA or PA firm may include non L'ee owners if:

- (a) - firm designates a L'ee of this state who is responsible for proper "registrat" of the firm & identifies that L'ee to the Bd

d-NOTE

(b) all non L'ee owners are "active ind. participants" in the CPA firm or aff'd entities

6

Bd must promulgate rules that require "peer review" in order to renew "permit"

peer review no more frequently than once every 3 years

"peer review" shall include verification that inds in firm who are responsible for "attest & compilation" services

AND (a) who sign or auth. someone to sign acct's report on fin. stmt on behalf of the firm

- MEET the "competency requirements set out in the professional stnds for such services"

# (6) (continued)

Rules shall:

(a) promulgated reasonably in advance of effect  
NONSTAT?

(b) allow applicant for renewal to show that it has undergone peer review that is satisfactorily equiv. to peer review read under rules

(ii) is "subj to oversight" [?]

by oversight body est'd or sanctioned by Bd by rule

— oversight body must:

- periodically report to Bd on effectiveness of review program under its charge

- provide listing of firms that have participated in peer review program

(c) peer review operated & documents maintained in manner that preserves confidentiality

~~neither Bd nor 3rd party~~  
(except oversight body)

has access to documents furnished or generated in course of review

✓ "Peer Review" MEANS:

- study, appraisal or review of

1 or more aspects of prof. work of certif. holder or CPA firm

that performs "a trust or compilation services"

by person who holds certif. & who is not aff'd w/ certif. holder or CPA firm being reviewed





State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0256/P1

MDK:.....

jld

D-NOTE

By ~~xxxxxx~~ FRIDAY  
NTR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Mark -  
Section 22.128  
is D.R.  
It's fine in  
system, just  
werid looking  
on paper.  
Km.

Gen

1 AN ACT ...; relating to: licensure of certified public accountants and accounting  
2 firms, attest and compilation services, peer review of accounting firms, and  
3 granting rule-making authority. ✓

**Analysis by the Legislative Reference Bureau**

This is a preliminary draft. An analysis will be prepared for a subsequent version of this draft.

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

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

4 SECTION 1. 180.1903 (1) of the statutes is amended to read:  
5 180.1903 (1) ~~One~~ Except as provided in sub. (1m), ~~one~~ or more natural persons  
6 licensed, certified, or registered pursuant to any provisions of the statutes, if all have  
7 the same license, certificate, or registration or if all are health care professionals,  
8 may organize and own shares in a service corporation. A service corporation may

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

History: 1989 a. 303; 1993 a. 473.

4 SECTION 2. 180.1903 (1m) of the statutes is created to read:

5 180.1903 (1m) A service corporation for carrying on the profession of public  
6 accounting may be organized under sub. (1) if 50% or more of the shareholders are  
7 licensed as certified public accountants under ch. 442.

8 *Fix component* SECTION 3. 442.001 of the statutes is *renumbered 442.001 (intro.) and* amended to read:

9 *(intro.)*  
10 **442.001 Definition Definitions.** In this chapter, "examining:

11 *(B) 2m*  
12 (3) "Examining board" means the accounting examining board.

History: 1999 a. 85 s. 86.

11 SECTION 4. 442.001 (1) of the statutes is created to read:

12 442.001 (1) "Attest service" means any of the following:

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

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

19 (c) An examination of prospective financial information in accordance with the  
20 statements on standards for attestation engagements issued by the American  
21 Institute of Certified Public Accountants.

22 SECTION 5. 442.001 (2) of the statutes is created to read:

23 442.001 (2) "Compilation service" means a service that satisfies each of the  
24 following:

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

4 (b) The service consists of presenting, in the form of financial statements,  
5 information that is the representation of the management of the business that has  
6 requested the service.

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

9 SECTION 6. 442.001 (4) of the statutes is created to read:

10 442.001 (4) "Firm" means a proprietorship, partnership, corporation, or  
11 limited liability company.

\*\*\*\*NOTE: Does the above definition include every type of accounting firm?

12 SECTION 7. 442.001 (5) of the statutes is created to read:

13 442.001 (5) "Member of a firm" means a director, manager, member, officer,  
14 owner, shareholder, principal, or partner of a firm.

\*\*\*\*NOTE: Does the above definition include every type of member of a firm?

15 SECTION 8. 442.01 (3) of the statutes is amended to read:

16 442.01 (3) The examining board shall record its proceedings.

History: 1977 c. 418; 1981 c. 356; 1983 a. 27; 1991 a. 39; 1999 a. 85.

\*\*\*\*NOTE: Corrects a reference to the examining board.

17 SECTION 9. 442.02 (1m) (intro.) of the statutes is amended to read:

18 442.02 (1m) (intro.) A person shall be considered to be in practice as a public  
19 accountant or certified public accountant, within the meaning and intent of this  
20 chapter if any of the following conditions is met:

History: 1979 c. 162 ss. 7, 38 (7), (9); 1999 a. 85.

\*\*\*\*NOTE: The above change clarifies that, unless an exception applies, a person may not do anything specified in s. 442.02 (1m) (a) to (f), stats., unless he or she is certified as a certified public accountant or holds a certificate of authority as a public accountant.

1 SECTION 10. 442.02 (1m) (dm) of the statutes is created to read:

2 442.02 (1m) (dm) The person provides or offers to provide an <sup>✓</sup>attest or  
3 compilation service.

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

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

History: 1979 c. 162 ss. 7, 38 (7), (9); 1999 a. 85.

<sup>✓</sup>\*\*\*\*NOTE: The exception for public officials and employees is moved to new s.  
442.025 (5).

11 SECTION 12. 442.02 (6) of the statutes is amended to read:

12 442.02 (6) Every member of a partnership and every officer and director of a  
13 corporation firm <sup>✓</sup>who, in the capacity of ~~partner, officer or director~~ <sup>✓</sup>a member of the  
14 firm, does any of the things enumerated in sub. (1m) (a) to (f), shall be considered to  
15 be in practice as a public accountant.

History: 1979 c. 162 ss. 7, 38 (7), (9); 1999 a. 85.

16 SECTION 13. 442.02 (7) <sup>✓</sup>of the statutes is renumbered 442.025 (1) <sup>5</sup>and 442.025

17 (1) (intro.), as renumbered, is amended to read:

18 442.025 (1) <sup>(intro.)</sup> ~~Nothing contained in this chapter shall prevent the employment~~  
19 A person employed by a certified public accountant, ~~or by a public accountant, or by~~  
20 a firm <sup>✓</sup>or corporation furnishing public accounting services as principal, ~~of persons~~  
21 to serve as accountants in various capacities, as needed, if all of the following  
22 conditions are met:

History: 1979 c. 162 ss. 7, 38 (7), (9); 1999 a. 85.

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

3           442.025 (2) ~~Nothing contained in this chapter shall apply to a~~ <sup>✓</sup> A practicing  
4 attorney, who, in connection with his or her professional work renders any  
5 accounting service.

History: 1979 c. 162 ss. 7, 38 (7), (9); 1999 a. 85.

6           **SECTION 15.** 442.02 (9) of the statutes is renumbered 442.025 (3) <sup>3</sup> and 442.025  
7 (3) (intro.), as renumbered, is amended to read:

8           442.025 (3) <sup>(intro.)</sup> ~~Nothing contained in this chapter shall apply to any persons who~~  
9 ~~may be~~ A person employed by more than one person, ~~partnership or corporation, or~~  
10 firm <sup>✓</sup> for the purpose of keeping books, making trial balances, or statements, and  
11 preparing audits or reports, if all of the following requirements are met:

History: 1979 c. 162 ss. 7, 38 (7), (9); 1999 a. 85.

12           **SECTION 16.** 442.02 (10) of the statutes is renumbered 442.025 (4) and amended  
13 to read:

14           442.025 (4) ~~Nothing contained in this chapter shall apply to~~ <sup>✓</sup> The holders of  
15 state-granted certified public accountant certificates from other states who may be  
16 temporarily in this state on professional business incident to their regular practice  
17 in the states of their domicile, but with neither residence nor office in this state.

History: 1979 c. 162 ss. 7, 38 (7), (9); 1999 a. 85.

18           **SECTION 17.** 442.025 of the statutes is created to read:

19           **442.025 Applicability.** This chapter does not require a certificate or license  
20 under this chapter for any of the following:

21           (5) A public official or employee who does anything specified in s. 442.02 (1m)  
22 (a) to (f) <sup>✓</sup> in performing his or her duties as an official or employee.

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

4           **SECTION 18.** 442.03 (1) of the statutes is amended to read:

5           442.03 (1) No person may lawfully practice in this state as a certified public  
6 accountant either in the person's own name, or as an employee, or under an assumed  
7 name, or as ~~an officer, member or employee of a firm, or as an officer or employee of~~  
8 ~~a corporation~~ a member of a firm,<sup>✓</sup> unless the person has been granted by the  
9 examining board a certificate as a certified public accountant, and unless the person,  
10 ~~firm or corporation~~ or firm, jointly and severally, has complied with all of the  
11 provisions of this chapter, including licensure.

History: 1977 c. 29; 1981 c. 356; 1991 a. 39.

12           **SECTION 19.** 442.03 (3) of the statutes is amended to read:

13           442.03 (3) No ~~corporation or other entity and no officer, partner, stockholder~~  
14 ~~or employee thereof~~ firm or member of a firm may lawfully practice in this state as  
15 a public accountant or a certified public accountant either in the ~~entity's~~ firm's or  
16 ~~person's~~ member's name, or as an employee or under an assumed name, unless the  
17 ~~natural person member~~ has been granted by ~~this~~ the examining board a certificate  
18 of authority as a public accountant and unless the ~~person or entity~~ member or firm,<sup>✓</sup>  
19 jointly and severally, has complied with all the provisions of this chapter, including  
20 licensure.

History: 1977 c. 29; 1981 c. 356; 1991 a. 39.

21           **SECTION 20.** 442.04 (5) of the statutes is amended to read:

22           442.04 (5) The examining board may not grant a certificate as a certified public  
23 accountant to any person other than a person who is 18 years of age or older, does not  
24 have an arrest or conviction record, subject to ss. 111.321, 111.322, and 111.335, and,

1 except as provided in s. 442.05, has successfully passed a written examination in  
2 such subjects affecting accountancy as the examining board considers necessary. If  
3 the person applying for the certificate passes the examination during the period  
4 beginning on May 17, 1996, and ending on December 31, 2000, the examining board  
5 may not grant the certificate unless the applicant has at least 3 years of public  
6 accounting experience or its equivalent, the sufficiency of the experience or the  
7 equivalency to be judged by the examining board. If the person applying for the  
8 certificate passes the examination after December 31, 2000, the examining board  
9 may not grant the certificate unless the applicant has at least ~~2 years~~ <sup>✓</sup> one year of  
10 public accounting experience or its equivalent, the sufficiency of the experience or  
11 the equivalency to be judged by the examining board. The examining board shall  
12 ensure that evaluation procedures and examinations are nondiscriminatory, relate  
13 directly to accountancy and are designed to measure only the ability to perform  
14 competently as an accountant. The examining board may use the examination  
15 service provided by the American Institute of Certified Public Accountants.

16 History: 1975 c. 224; 1977 c. 219, 418; 1979 c. 337; 1981 c. 356, 380, 391; 1995 a. 333.

**SECTION 21.** 442.07 (2) of the statutes is amended to read:

17 442.07 (2) No person may practice in this state as a certified public accountant  
18 or a public accountant, either in the person's name, under an assumed name, or as  
19 a member of a ~~partnership~~ firm, except as provided in s. 442.02 ~~(10)~~ <sup>✓</sup> 442.025 (4),  
20 unless the person has been granted a certificate by the examining board and secured  
21 a license for the current licensure period. No person may practice in this state as a  
22 public accountant, as an officer or director of a corporation engaged in the practice

1 of public accounting, unless the corporation has secured a license for the current  
2 licensure period.

History: 1977 c. 29; 1981 c. 356; 1991 a. 316.

\*\*\*NOTE: I didn't change the second sentence of the above provision because I think  
that it refers to a grandfathered corporation.

3 **SECTION 22.** 442.07 (3) of the statutes is amended to read:

4 442.07 (3) Any partnership, which firm that is entitled to practice as certified  
5 public accountants in this state or any other state, and every resident member and  
6 resident manager of which who is a certified public accountant of this state, after  
7 registering the partnership firm name with the examining board, may use the  
8 designation "certified public accountants" in connection with the partnership firm  
9 name. Any ~~partnership, every member and resident manager~~ firm and member of  
10 which who is a certified public accountant of this state or any other state or who holds  
11 a certificate of authority under this chapter, after registering the partnership firm  
12 name with the examining board, may use the designation "public accountants" in  
13 connection with the partnership firm name. An assumed name, in use prior to  
14 September 21, 1935, may be used the same as a <sup>plain</sup> partnership firm name, provided the  
15 individual persons practicing as principals members under that name hold  
16 certificates granted by the examining board and register the name with the  
17 examining board.

History: 1977 c. 29; 1981 c. 356; 1991 a. 316.

18 **SECTION 23.** 442.08 of the statutes is repealed and recreated to read:

19 **442.08 Licensure.** (1) The examining board shall issue a license to a person  
20 who holds an unrevoked certificate as a certified public accountant or certificate of  
21 authority issued under this chapter, submits an application for the license on a form  
22 provided by the department, and pays the fee specified in s. 440.05 (1).



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

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

5           (b) If any person who holds an ownership interest in the firm is not licensed  
6 under sub. (1),<sup>✓</sup> designates a person licensed under sub. (1) as the person responsible  
7 for the firm's compliance with this chapter.

      \*\*\*NOTE: The instructions require designation of a licensee who is "responsible for  
\* proper registration of the firm." Chapter 442, stats., does not require "registration."  
Therefore, I substituted the above language regarding responsibility for the firm's  
compliance with the chapter. Is this okay?

8           (c) Demonstrates, to the satisfaction of the examining board, each of the  
9 following:

10           1. That all attest and compilation services provided by the firm in this state are  
11 under the charge of a person licensed under sub. (1).<sup>✓</sup>

12           2. That 50% or more of the ownership interest of the firm is held by persons who  
13 hold certificates or licenses to practice as a certified public accountant issued under  
14 the laws of any state or foreign country.

15           (3) The examining board shall promulgate rules that define "ownership  
16 interest" for purposes of sub. (2)<sup>✓</sup> and for determining the percentage of a person's  
17 ownership interest in a firm. In promulgating the rules, the<sup>✓</sup> examining board shall  
18 consider the financial interests and voting rights of all members of a firm.

      \*\*\*NOTE: I'm not sure what constitutes an "ownership interest" or how to calculate  
a person's percentage of ownership interest. Therefore, the above language requires the  
examining board to promulgate rules that address these issues.

19           **SECTION 24.** 442.083 of the statutes is created to read:

20           **442.083 Renewal.** The renewal dates and renewal fees for licenses issued  
21 under this chapter are specified under s. 440.08 (2) (a).<sup>✓</sup> The examining board may

1 not renew a license issued to a firm unless, at the time of renewal, the firm satisfies  
 2 the requirements under s. 442.08 (2) (a) to (c) and demonstrates, to the satisfaction  
 3 of the examining board, that the firm has complied with the requirements under s.  
 4 442.087.

5 SECTION 25. 442.087 of the statutes is created to read:

6 442.087 Peer review. (1) DEFINITION. In this section, "peer review" means  
 7 requirements and procedures for a person licensed under this chapter to verify the  
 8 professional competency of the members of a firm who are responsible for attest or  
 9 compilation services provided by the firm or who sign or authorize another individual  
 10 to sign accounting reports or financial statements on behalf of the firm.

11 (2) RENEWAL OF FIRM LICENSES. The examining board may not renew the license  
 12 of a firm unless the firm does one of the following:

13 (a) Undergoes the peer review specified in the rules promulgated under sub.

14 (3) (a).

15 (b) Undergoes peer review that is conducted by a person approved by the board  
 16 under rules promulgated under sub. (3) (b) and that, to the satisfaction of the  
 17 examining board, is substantially equivalent to the peer review specified in the rules  
 18 promulgated under sub. (3) (a).

19 (3) RULES. (a) The examining board shall promulgate rules that require a firm  
 20 licensed under this chapter to undergo, no more than once every 3 years, peer review  
 21 conducted by a person licensed under this chapter who is not affiliated with the firm  
 22 or members of the firm.

23 (b) The examining board shall promulgate rules for the board to approve a  
 24 person to conduct all peer reviews under sub. (2) (b). The rules shall also require the  
 25 person approved by the board to periodically report to the examining board on the

*examining*

*examining*

*examining*

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

\*\*\*\*NOTE: The instructions refer to an "oversight body". The above language uses the broader term, "person".

4 (4) CONFIDENTIALITY. A person that conducts a peer review under this section  
5 may not disclose to any person, including the examining board, any information  
6 obtained or document produced during the course of or as a result of the review  
7 unless the firm undergoing review consents to the disclosure.

\*\*\*\*NOTE: The above language is my reworking of the instruction stating that "peer review processes [must] be operated and documents maintained in a manner designed to preserve confidentiality and that neither the [examining board] nor any third party (other than the oversight body) shall have access to documents furnished or generated in the course of the review." I am reluctant to use the term "preserve confidentiality" because it begs the question of whether something is confidential in the first place. Also, should the examining board be allowed to have access to peer review information or documents? Under the language I drafted, the person conducting the review can't provide information or documents to the examining board, unless the firm being reviewed consents. However, the language does not address whether the examining board can get the information or documents from the firm itself. Do you want the draft to be revised to address this issue?

8 SECTION 26. 442.10 (2) of the statutes is amended to read:

9 442.10 (2) Notwithstanding sub. (1), no person licensed under this chapter, and  
10 no firm of which the person is a ~~partner or shareholder~~ member, may express an  
11 opinion as an independent certified public accountant on financial statements of any  
12 enterprise unless the person and the firm are independent of the enterprise. The  
13 requirement for independence under this subsection also extends to the spouse of  
14 such a person and to other relatives having a financial or business relationship with  
15 the enterprise which, in the opinion of the examining board, may impair  
16 independence.

History: 1977 c. 264; 1993 a. 490.

17 SECTION 27. 442.11 (2) of the statutes is amended to read:

1           442.11 (2) While practicing under an assumed name, or as a member of a  
2 ~~partnership firm~~, other than a partnership firm that is registered under s. 442.07 as  
3 composed of certified public accountants, ~~or as an officer of a corporation~~, announces,  
4 either in writing or by printing, that the assumed name, ~~partnership or corporation~~  
5 or firm ✓ is practicing as a certified public accountant.

History: 1977 c. 29, 418; 1979 c. 162 s. 38 (4), (7), (9); 1981 c. 356; 1999 a. 85.

6           **SECTION 28.** 442.11 (3) of the statutes is amended to read:

7           442.11 (3) As a member of a partnership firm, announces, either in writing or  
8 by printing, that the <sup>plain</sup> ~~partnership firm~~ is practicing as “public accountants” unless the  
9 partnership firm is registered as such under s. 442.07.

History: 1977 c. 29, 418; 1979 c. 162 s. 38 (4), (7), (9); 1981 c. 356; 1999 a. 85.

10          **SECTION 29.** 442.11 (4) of the statutes is amended to read:

11          442.11 (4) ~~As an officer of a corporation, permits the corporation a member of~~  
12 a firm, permits the firm to practice as a public accountant unless it is registered with  
13 the examining board, and holds an unrevoked certificate of authority from the  
14 examining board.

History: 1977 c. 29, 418; 1979 c. 162 s. 38 (4), (7), (9); 1981 c. 356; 1999 a. 85.

15          **SECTION 30.** 442.11 (8) of the statutes is amended to read:

16          442.11 (8) As an individual, ~~member of a partnership or officer or director of~~  
17 ~~a corporation or member of a firm~~, ✓ member of a firm, practices or permits the ~~partnership or~~  
18 ~~corporation~~ firm to practice as a certified public accountant or as a public accountant  
19 unless a license has been secured for the current licensure period.

History: 1977 c. 29, 418; 1979 c. 162 s. 38 (4), (7), (9); 1981 c. 356; 1999 a. 85.

20          **SECTION 31.** 442.11 (13) of the statutes is amended to read:

21          442.11 (13) As an individual, ~~a member of a partnership or an officer of a~~  
22 ~~corporation or member of a firm~~, ✓ member of a firm, permits to be announced by printed or written  
23 statement that any report, certificate, exhibit, schedule, or statement has been

1 prepared by or under supervision of a certified public accountant or by or under  
2 supervision of a public accountant when the person who prepared the report,  
3 certificate, exhibit, schedule, or statement was not a certified public accountant or  
4 public accountant.

History: 1977 c. 29, 418; 1979 c. 162 s. 38 (4), (7), (9); 1981 c. 356; 1999 a. 85.

5 **SECTION 32. 442.12 (3) of the statutes is amended to read:**

6 **442.12 (3)** In the case of a ~~corporation or a partnership~~ firm, revoke, limit, or  
7 suspend the license of the ~~partnership or corporation~~ firm, or reprimand it, if it is  
8 found that any ~~officer, director or member~~ of the firm ✓ has been guilty of such act or  
9 omission as would be cause for revoking, limiting, or suspending a certificate or  
10 license to the person as an individual or for reprimanding the person.

History: 1977 c. 187, 418; 1981 c. 356; 1997 a. 191, 237.

11

(END)

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0256/P1dn

MDK:.....

*Jld*

Representative Vrakas:

Please review this preliminary draft very carefully to make sure that it achieves your intent. The draft is based on instructions from Michael Vaughan. I have made some comments in notes that are included in the draft. In addition, please note the following:

1. This draft prohibits nonlicensees from providing attest or compilation services by creating a new paragraph under the definition of practice as public accountant at proposed s. 442.02 (1m) (dm).<sup>✓</sup> See also the \*\*\*\*\*NOTE following the amendment of s. 442.02 (1m) (intro.).

2. The instructions prohibit nonlicensees from issuing "a report on financial statements of any person, [etc.]" I did not include this prohibition because it already appears to be included under current law. See s. 442.02 (1m) (d),<sup>✓</sup> stats., which defines practice as a public accountant to include certain activities relating to preparing reports for clients.

3. Please review proposed s. 442.025 (6),<sup>✓</sup> which allows nonlicensees to perform services involving the use of accounting skills. Isn't this exception rather broad?

4. The instructions provide that nonlicensees may prepare financial statements and issue "nonattest" transmittals ~~which~~<sup>that</sup> do not purport to be in compliance with the statements on standards for accounting and review services. I didn't include this language. Since I'm not sure what a "nonattest" transmittal is. Also, is this language necessary? As long as a person is not providing an attest service, as defined in the draft, a license is not required.

5. It appears that you want the examining board to license firms. Therefore, I created a definition for "firm", and, except as noted below, revised ch. 442, stats., so that it refers to firms, instead of corporations or partnerships. I also created a definition for "member of a firm" and revised ch. 442., stats., so that it refers to members of firms, instead of employees, officers, partners, managers, or directors of corporations or partnerships.

6. I did not change the references to corporations in ss. 442.03 (2) and 442.06,<sup>✓</sup> stats., because those provisions apply only to corporations that were "grandfathered" under state law in 1935.

7. I did not change the references to corporations, associations, and partnerships in s. 442.10 (1),<sup>✓</sup> stats., because I want to distinguish such corporations, associations, and partnerships from licensed firms.

8. The instructions include a requirement that, in order to issue or renew a license, an applicant must show that "partners, officers, shareholders, members or managers, whose principal place of business is in this state, and who perform professional services in this state" must hold a valid certificate issued by this state. I did not include this requirement because I think it is redundant. Under current law, with certain exceptions, a person who practices as a certified public accountant must obtain a certificate from the examining board. Doesn't this requirement under current law already apply to the "partners, officers, shareholders, members or managers" described in the instructions?

9. Regarding the requirement in the instructions described above, it seems to me that your intent is to create an exception from certification as a CPA for a partner, etc., who works in this state on occasion but whose principal place of business is elsewhere. Doesn't the exception under current law at s. 442.02 (10), stats., satisfy this intent?

10. The instructions include a requirement that all nonlicensee owners must be "active individual participants in the CPA firm or affiliated entities" I did not include this requirement because I'm not sure about your intent. What do you mean by "active individual participation"?

11. Regarding peer review, suppose that a firm undergoes a peer review <sup>that</sup> ~~which~~ determines that the firm is professionally incompetent. Under this draft, the firm gets to renew its license, because it underwent review. The results of the review aren't relevant to the issue of renewal. Is this okay?

12. There is no need to specify <sup>that</sup> ~~the~~ peer review rules must be promulgated reasonably in advance of effect. Usually, it takes 6 to 12 months, if not longer, for an agency to follow the state's rule-making <sup>e</sup> procedures.

13. Is proposed s. 180.1903 (1m) <sup>v</sup>okay? Also, the instructions indicate that it may be necessary to amend s. <sup>v</sup>757.45, stats. (sharing of compensation by attorneys). Unless I am missing something, it doesn't appear to me that such an amendment is necessary.

14. This draft does not address the issue of "grandfathering" firms that are licensed under current law. Do you want to address this issue?

Mark D. Kunkel  
Legislative Attorney  
Phone: (608) 266-0131  
E-mail: mark.kunkel@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0256/P1dn  
MDK:jld:km

December 6, 2000

Representative Vrakas:

Please review this preliminary draft very carefully to make sure that it achieves your intent. The draft is based on instructions from Michael Vaughan. I have made some comments in notes that are included in the draft. In addition, please note the following:

1. This draft prohibits nonlicensees from providing attest or compilation services by creating a new paragraph under the definition of practice as public accountant at proposed s. 442.02 (1m) (dm). See also the \*\*\*\*NOTE following the amendment of s. 442.02 (1m) (intro.).
2. The instructions prohibit nonlicensees from issuing "a report on financial statements of any person, [etc.]". I did not include this prohibition because it already appears to be included under current law. See s. 442.02 (1m) (d), stats., which defines practice as a public accountant to include certain activities relating to preparing reports for clients.
3. Please review proposed s. 442.025 (6), which allows nonlicensees to perform services involving the use of accounting skills. Isn't this exception rather broad?
4. The instructions provide that nonlicensees may prepare financial statements and issue "nonattest" transmittals that do not purport to be in compliance with the statements on standards for accounting and review services. I didn't include this language since I'm not sure what a "nonattest" transmittal is. Also, is this language necessary? As long as a person is not providing an attest service, as defined in the draft, a license is not required.
5. It appears that you want the examining board to license firms. Therefore, I created a definition for "firm", and, except as noted below, revised ch. 442, stats., so that it refers to firms, instead of corporations or partnerships. I also created a definition for "member of a firm" and revised ch. 442., stats., so that it refers to members of firms, instead of employees, officers, partners, managers, or directors of corporations or partnerships.
6. I did not change the references to corporations in ss. 442.03 (2) and 442.06, stats., because those provisions apply only to corporations that were "grandfathered" under state law in 1935.
7. I did not change the references to corporations, associations, and partnerships in s. 442.10 (1), stats., because I want to distinguish such corporations, associations, and partnerships from licensed firms.



8. The instructions include a requirement that, in order to issue or renew a license, an applicant must show that "partners, officers, shareholders, members or managers, whose principal place of business is in this state, and who perform professional services in this state" must hold a valid certificate issued by this state. I did not include this requirement because I think it is redundant. Under current law, with certain exceptions, a person who practices as a certified public accountant must obtain a certificate from the examining board. Doesn't this requirement under current law already apply to the "partners, officers, shareholders, members or managers" described in the instructions?

9. Regarding the requirement in the instructions described above, it seems to me that your intent is to create an exception from certification as a CPA for a partner, etc., who works in this state on occasion but whose principal place of business is elsewhere. Doesn't the exception under current law at s. 442.02 (10), stats., satisfy this intent?

10. The instructions include a requirement that all nonlicensee owners must be "active individual participants in the CPA firm or affiliated entities." I did not include this requirement because I'm not sure about your intent. What do you mean by "active individual participation"?

11. Regarding peer review, suppose that a firm undergoes a peer review that determines that the firm is professionally incompetent. Under this draft, the firm gets to renew its license, because it underwent review. The results of the review aren't relevant to the issue of renewal. Is this okay?

12. There is no need to specify that the peer review rules must be promulgated reasonably in advance of effect. Usually, it takes 6 to 12 months, if not longer, for an agency to follow the state's rule-making procedures.

13. Is proposed s. 180.1903 (1m) okay? Also, the instructions indicate that it may be necessary to amend s. 757.45, stats. (sharing of compensation by attorneys). Unless I am missing something, it doesn't appear to me that such an amendment is necessary.

14. This draft does not address the issue of "grandfathering" firms that are licensed under current law. Do you want to address this issue?

Mark D. Kunkel  
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MRU 66 5/100  
revised draft



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0256/P1  
MDKjld:km

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 AN ACT to renumber and amend 442.001, 442.02 (7), 442.02 (8), 442.02 (9) and  
2 442.02 (10); to amend 180.1903 (1), 442.01 (3), 442.02 (1m) (intro.), 442.02  
3 (5m), 442.02 (6), 442.03 (1), 442.03 (3), 442.04 (5), 442.07 (2), 442.07 (3), 442.10  
4 (2), 442.11 (2), 442.11 (3), 442.11 (4), 442.11 (8), 442.11 (13) and 442.12 (3); to  
5 repeal and recreate 442.08; and to create 180.1903 (1m), 442.001 (1),  
6 442.001 (2), 442.001 (4), 442.001 (5), 442.02 (1m) (dm), 442.025, 442.083 and  
7 442.087 of the statutes; relating to: licensure of certified public accountants  
8 and accounting firms, attest and compilation services, peer review of  
9 accounting firms, and granting rule-making authority.

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

This is a preliminary draft. An analysis will be prepared for a subsequent version of this draft.

For further information see the *local* 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:***

2001 – 2002 Legislature

– 2 –

LRB-0256/P1  
MDK:jld:km  
SECTION 1

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

2           180.1903 (1) ~~One~~ Except as provided in sub. (1m), one or more natural persons  
3 licensed, certified, or registered pursuant to any provisions of the statutes, if all have  
4 the same license, certificate, or registration or if all are health care professionals,  
5 may organize and own shares in a service corporation. A service corporation may  
6 own, operate, and maintain an establishment and otherwise serve the convenience  
7 of its shareholders in carrying on the particular profession, calling, or trade for which  
8 the licensure, certification, or registration of its organizers is required.

9           **SECTION 2.** 180.1903 (1m) of the statutes is created to read:

10           180.1903 (1m) A service corporation for carrying on the profession of public  
11 accounting may be organized under sub. (1) if <sup>more than</sup> 50% ~~or more~~ of the shareholders are ✓  
12 licensed as certified public accountants under ch. 442.

13           **SECTION 3.** 442.001 of the statutes is renumbered 442.001 (intro.) and amended  
14 to read:

15           **442.001 Definition Definitions.** (intro.) In this chapter, “examining:

16           **(3) “Examining board”** means the accounting examining board.

17           **SECTION 4.** 442.001 (1) of the statutes is created to read:

18           442.001 (1) “Attest service” means any of the following:

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

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

*that is performed or intended to be performed*

1 ✓ (c) An examination of prospective financial information in accordance with the  
2 statements on standards for attestation engagements issued by the American  
3 Institute of Certified Public Accountants.

4 SECTION 5. 442.001 (2) of the statutes is created to read:

5 442.001 (2) "Compilation service" means a service that satisfies each of the  
6 following:

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

10 (b) The service consists of presenting, in the form of financial statements,  
11 information that is the representation of the management of the business that has  
12 requested the service.

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

15 SECTION 6. 442.001 (4) of the statutes is created to read:

16 442.001 (4) "Firm" means a proprietorship, partnership, corporation, or  
17 limited liability company. *that furnishes services under this chapter*

\*\*\*\*NOTE: Does the above definition include every type of accounting firm?

18 SECTION 7. 442.001 (5) of the statutes is created to read:

~~19~~ 442.001 (5) "Member of a firm" means a director, manager, member, officer,  
~~20~~ owner, shareholder, principal, or partner of a firm. *This subsection does not  
apply to owners under s. 442.08(2)(c) 3.*

\*\*\*\*NOTE: Does the above definition include every type of member of a firm?

21 SECTION 8. 442.01 (3) of the statutes is amended to read:

22 442.01 (3) The examining board shall record its proceedings.

\*\*\*\*NOTE: Corrects a reference to the examining board.

*NOTE: I assume in lines 16+17 that "partnerships" includes LLPs and  
that "corporation" also includes service corporations.*

1 SECTION 9. 442.02 (1m) (intro.) of the statutes is amended to read:

2 442.02 (1m) (intro.) A person shall be considered to be in practice as a <sup>certified</sup> public  
3 accountant ~~of certified public accountant~~, within the meaning and intent of this  
4 chapter if any of the following conditions is met:

\*\*\*\*NOTE: The above change clarifies that, unless an exception applies, a person may not do anything specified in s. 442.02 (1m) (a) to (f), stats., unless he or she is certified as a certified public accountant or holds a certificate of authority as a public accountant.

5 SECTION 10. 442.02 (1m) (dm) of the statutes is created to read:

6 442.02 (1m) (dm) The person provides or offers to provide an attest or  
7 compilation service.

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

9 442.02 (5m) Subsection (1m) (f) does not prohibit any officer, employee,  
10 partner, or principal of any organization from affixing his or her signature to any  
11 statement or report in reference to the affairs of that organization with any wording  
12 designating the position, title, or office that he or she holds in that organization and  
13 does not prohibit any act of a public official or public employee in the performance  
14 of his or her duties.

\*\*\*\*NOTE: The exception for public officials and employees is moved to new s. 442.025 (5).

15 SECTION 12. 442.02 (6) of the statutes is amended to read:

16 442.02 (6) Every member of a partnership and every officer and director of a  
17 corporation firm who ~~in the capacity of partner, officer or director~~ <sup>as</sup> a member of the  
18 firm, does any of the things enumerated in sub. (1m) ~~(a) to (f)~~, shall be considered to  
19 be in practice as a <sup>certified</sup> public accountant.

20 SECTION 13. 442.02 (7) of the statutes is renumbered 442.025 (1), and 442.025  
21 (1) (intro.), as renumbered, is amended to read:

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SECTION 13

*certified public accountancy*

1           442.025 (1) (intro.) ~~Nothing contained in this chapter shall prevent the~~  
2   employment ~~A person~~ <sup>Persons</sup> 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 to serve as~~ <sup>STEP</sup> ~~accountants~~ ~~in various capacities, as needed, if all~~  
5   of the following conditions are met:

6           SECTION 14. 442.02 (8) of the statutes is renumbered 442.025 (2) and amended  
7   to read:

8           442.025 (2) ~~Nothing contained in this chapter shall apply to a~~ A practicing  
9   attorney, who, in connection with his or her professional work renders any  
10   accounting service.

11          SECTION 15. 442.02 (9) of the statutes is renumbered 442.025 (3), and 442.025  
12   (3) (intro.), as renumbered, is amended to read:

13          442.025 (3) (intro.) ~~Nothing contained in this chapter shall apply to any~~  
14   ~~persons who may be~~ A person employed by more than one person, ~~partnership or~~  
15   ~~corporation, or firm~~ <sup>AA</sup> for the purpose of keeping books, making trial balances, or  
16   statements, and preparing ~~audits or reports~~, if all of the following requirements are  
17   met:

18          SECTION 16. 442.02 (10) of the statutes is renumbered 442.025 (4) and amended  
19   to read:

20          442.025 (4) ~~Nothing contained in this chapter shall apply to~~ The holders of  
21   state-granted certified public accountant certificates from other states who may be  
22   temporarily in this state on professional business incident to their regular practice  
23   in the states of their domicile, but with neither residence nor office in this state.

24          SECTION 17. 442.025 of the statutes is created to read:

1 **442.025 Applicability.** This chapter does not require a certificate or license  
2 under this chapter for any of the following:

3 (5) A public official or <sup>public</sup> employee who does anything specified in s. 442.02 (1m)  
4 ~~(a) to (f)~~ in performing his or her duties as an official or employee.

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

8 **SECTION 18.** 442.03 (1) of the statutes is amended to read:

9 442.03 (1) No person may lawfully practice in this state as a certified public  
10 accountant either in the person's own name, ~~or as an employee, or under an assumed~~  
11 ~~name, or as an officer, member or employee of a firm, or as an officer or employee of~~  
12 ~~a corporation a member of a firm,~~ unless the person has been granted by the  
13 examining board a certificate as a certified public accountant, and unless the person,  
14 ~~firm or corporation~~ <sup>and</sup> ~~or firm, jointly and severally,~~ <sup>have</sup> has complied with all of the  
15 provisions of this chapter, including licensure.

16 **SECTION 19.** 442.03 (3) of the statutes is <sup>repealed,</sup> ~~amended to read:~~

17 442.03 (3) ~~No corporation or other entity and no officer, partner, stockholder~~  
18 ~~or employee thereof~~ firm or member of a firm may lawfully practice in this state as  
19 ~~a public accountant or a certified public accountant either in the entity's firm's or~~  
20 ~~person's member's name, or as an employee or under an assumed name, unless the~~  
21 ~~natural person member has been granted by this the examining board a certificate~~  
22 ~~of authority as a~~ <sup>certified</sup> public accountant and unless the person or entity <sup>and</sup> ~~member of firm,~~  
23 ~~jointly and severally, has~~ <sup>have</sup> complied with all the provisions of this chapter, including  
24 licensure.

25 **SECTION 20.** 442.04 (5) of the statutes is amended to read:

(7) A person who prepared financial statements and issues information  
thereon which does not purport to be in compliance with the statement  
on standards for accountants and review services issued by the American  
*Institute of CPAs*

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1           442.04 (5) The examining board may not grant a certificate as a certified public  
 2 accountant to any person other than a person who is 18 years of age or older, does not  
 3 have an arrest or conviction record, subject to ss. 111.321, 111.322, and 111.335, and,  
 4 except as provided in s. 442.05, has successfully passed a written examination in  
 5 such subjects affecting accountancy as the examining board considers necessary. ~~If~~  
 6 ~~the person applying for the certificate passes the examination during the period~~  
 7 ~~beginning on May 17, 1996, and ending on December 31, 2000, the examining board~~  
 8 ~~may not grant the certificate unless the applicant has at least 3 years of public~~  
 9 ~~accounting experience or its equivalent, the sufficiency of the experience or the~~  
 10 ~~equivalency to be judged by the examining board. If the person applying for the~~  
 11 ~~certificate passes the examination after December 31, 2000, <sup>The</sup>the examining board~~  
 12 may not grant the certificate unless the applicant has at least ~~2 years~~ one year of  
 13 public accounting experience or its equivalent, the sufficiency of the experience or  
 14 the equivalency to be judged by the examining board. The examining board shall  
 15 ensure that evaluation procedures and examinations are nondiscriminatory, relate  
 16 directly to accountancy and are designed to measure only the ability to perform  
 17 competently as an accountant. The examining board may use the examination  
 18 service provided by the American Institute of Certified Public Accountants.

19           SECTION 21. 442.07 (2) of the statutes is <sup>repealed,</sup> amended to read.

20           442.07 (2) No person may practice in this state as a certified public accountant  
 21 ~~or a public accountant, either in the person's name, under an assumed name, or as~~  
 22 a member of a partnership firm, except as provided in s. 442.02 (10) ~~442.025 (4),~~  
 23 unless the person has been granted a certificate by the examining board and secured  
 24 a license for the current licensure period. ~~No person may practice in this state as a~~  
 25 ~~public accountant, as an officer or director of a corporation engaged in the practice~~



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SECTION 21

1 ~~of public accounting, unless the corporation has secured a license for the current~~  
2 ~~licensure period.~~

\*\*\*NOTE: I didn't change the second sentence of the above provision because I think that it refers to a grandfathered corporation.

3 SECTION 22. 442.07 (3) of the statutes is amended to read:

4 442.07 (3) Any partnership, ~~which firm that~~ is entitled to practice as certified  
5 public accountants in this state or any other state, and every resident member ~~and~~  
6 resident manager ~~of which~~ <sup>of the firm</sup> who is a certified public accountant of this state, after  
7 registering the partnership firm name with the examining board, may use the  
8 designation "certified public accountants" in connection with the partnership firm  
9 name. ~~Any partnership, every member and resident manager~~ firm and member of  
10 ~~which~~ <sup>that is on</sup> who is a certified public accountant of this state or any other state ~~or who~~ holds  
11 a certificate of authority under this chapter, after registering the partnership ~~firm~~  
12 ~~name with the examining board, may use the designation "public accountants" in~~  
13 ~~connection with the partnership firm name. An assumed name, in use prior to~~  
14 ~~September 21, 1925, may be used the same as a partnership firm name, provided the~~  
15 ~~individual persons practicing as principals~~ members under that name hold  
16 ~~certificates granted by the examining board and register the name with the~~  
17 ~~examining board.~~

18 SECTION 23. 442.08 of the statutes is repealed and recreated to read:

19 442.08 Licensure. (1) The ~~examining board~~ <sup>department</sup> shall issue a license to a person  
20 who holds an unrevoked certificate as a certified public accountant ~~or certificate of~~  
21 ~~authority issued under this chapter~~, submits an application for the license on a form  
22 provided by the department, and pays the fee specified in s. 440.05 (1).

1 (2) The <sup>Department</sup> ~~examining board~~ shall issue a license to a firm that submits an  
2 application for the license on a form provided by the department, pays the fee  
3 specified in s. 440.05 (1), and does each of the following:

- 4 (a) Identifies each office of the firm that is located in this state.
- 5 (b) If any person who holds an ownership interest in the firm is not licensed
- 6 under sub. (1), designates a person licensed under sub. (1) as the person responsible
- 7 for the firm's compliance with this chapter.

\*\*\*\*NOTE: The instructions require designation of a licensee who is "responsible for proper registration of the firm." Chapter 442, stats., does not require "registration." Therefore, I substituted the above language regarding responsibility for the firm's compliance with the chapter. Is this okay?

8 (c) Demonstrates, to the satisfaction of the <sup>Department</sup> ~~examining board~~, each of the  
9 following:

- 10 1. That all attest and compilation services provided by the firm in this state are
- 11 under the charge of a person licensed under sub. (1).
- 12 2. That <sup>more than</sup> ~~50%~~ <sup>of the</sup> ownership interest of the firm is held by persons who
- 13 hold certificates or licenses to practice as a certified public accountant issued under
- 14 the laws of any state or foreign country.

15 (3) The examining board shall promulgate rules that define "ownership  
16 interest" for purposes of sub. (2) and for determining the percentage of a person's  
17 ownership interest in a firm. In promulgating the rules, the examining board shall  
18 consider the financial interests and voting rights of all members of a firm.

\*\*\*\*NOTE: I'm not sure what constitutes an "ownership interest" or how to calculate a person's percentage of ownership interest. Therefore, the above language requires the examining board to promulgate rules that address these issues.

19 SECTION 24. 442.083 of the statutes is created to read:

20 442.083 Renewal. The renewal dates and renewal fees for licenses issued  
21 under this chapter are specified under s. 440.08 (2) (a). The <sup>Department</sup> ~~examining board~~ may

3. That each of the owners not holding a certificate or license to practice as a certified public accountant, is an active ~~member~~ <sup>participant</sup> in the firm or an affiliated entity. → a natural person and

1 not renew a license issued to a firm unless, at the time of renewal, the firm satisfies  
 2 the requirements under s. 442.08 (2) ~~(a) or (b)~~ and demonstrates, to the satisfaction  
 3 of the <sup>department</sup> examining board, that the firm has complied with the requirements under s.  
 4 442.087.

5 SECTION 25. 442.087 of the statutes is created to read:

6 442.087 Peer review. (1) DEFINITION. In this section, "peer review" means  
 7 ~~requirements and procedures~~ <sup>a process</sup> for a person licensed under this chapter to <sup>evaluate</sup> ~~verify~~ the  
 8 professional competency of the members of a firm who ~~are responsible for~~ <sup>perform</sup> attest or  
 9 compilation services provided by the firm or who sign or authorize another individual  
 10 to sign accounting reports or financial statements on behalf of the firm. } STET

11 (2) RENEWAL OF FIRM LICENSES. The <sup>department</sup> ~~examining board~~ may not renew the license  
 12 of a firm unless the firm ~~does one of the following~~.

13 (a) ~~Undergoes the peer review specified in the rules promulgated under sub.~~

14 ~~(3)(a)~~

15 (b) ~~Undergoes peer review that is~~ <sup>conducted</sup> by a person approved by the  
 16 examining board under rules promulgated under sub. (3) (b) and that, to the  
 17 satisfaction of the examining board, is substantially equivalent to the peer review  
 18 specified in the rules promulgated under sub. (3) (a).

19 (3) RULES. (a) The examining board shall promulgate rules that require a firm  
 20 licensed under this chapter to undergo, no more than once every 3 years, peer review  
 21 conducted by a person licensed under this chapter who is not affiliated with the firm  
 22 or members of the firm.

23 (b) The examining board shall promulgate rules <sup>through which</sup> for the examining board to  
 24 <sup>one or more</sup> approve a person to conduct ~~all~~ peer reviews under sub. (2) (b). The rules shall also  
 25 <sup>each</sup> require the person approved by the examining board to periodically report to the

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

\*\*\*\*NOTE: The instructions refer to an "oversight body". The above language uses the broader term, "person".

4 (4) CONFIDENTIALITY. A person that conducts a peer review under this section  
5 may not disclose to any person, including the examining board, any information  
6 obtained or document produced during the course of or as a result of the review  
7 unless the firm undergoing review consents to the disclosure.

\*\*\*\*NOTE: The above language is my reworking of the instruction stating that "peer review processes [must] be operated and documents maintained in a manner designed to preserve confidentiality and that neither the [examining board] nor any third party (other than the oversight body) shall have access to documents furnished or generated in the course of the review." I am reluctant to use the term "preserve confidentiality" because it begs the question of whether something is confidential in the first place. Also, should the examining board be allowed to have access to peer review information or documents? Under the language I drafted, the person conducting the review can't provide information or documents to the examining board, unless the firm being reviewed consents. However, the language does not address whether the examining board can get the information or documents from the firm itself. Do you want the draft to be revised to address this issue?

8 SECTION 26. 442.10 (2) of the statutes is amended to read:

9 442.10 (2) Notwithstanding sub. (1), no person licensed under this chapter, and  
10 no firm of which the person is a ~~partner or shareholder~~ member, may express an  
11 opinion as an independent certified public accountant on financial statements of any  
12 enterprise unless the person and the firm are independent of the enterprise. The  
13 requirement for independence under this subsection also extends to the spouse of  
14 such a person and to other relatives having a financial or business relationship with  
15 the enterprise which, in the opinion of the examining board, may impair  
16 independence.

17 SECTION 27. 442.11 (2) of the statutes is amended to read:

Add to previous fax, please

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Phone #	257-7181	Phone #	264-8668		
Fax #	257-2508	Fax #	282-3633		

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*under his or her own name*

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1 442.11 (2) While practicing under an assumed name, or as a member of a  
 2 partnership firm, other than a partnership firm that is ~~registered~~ <sup>licensed</sup> under s. 442.07 as  
 3 ~~composed of certified public accountants, or as an officer of a corporation,~~ <sup>he makes</sup> announces,  
 4 either in writing or by printing, that ~~the~~ <sup>he makes</sup> assumed name, partnership or corporation  
 5 or firm is practicing as a certified public accountant.

6 SECTION 28. 442.11 (3) of the statutes is <sup>repealed,</sup> amended to read:

7 442.11 (3) As a member of a partnership firm, announces, either in writing or  
 8 by printing, that the partnership firm is practicing as "public accountants" unless the  
 9 partnership firm is registered as such under s. 442.07.

10 SECTION 29. 442.11 (4) of the statutes is <sup>repealed</sup> amended to read:

11 442.11 (4) As an officer of a corporation, ~~permits the corporation a member of~~  
 12 a firm, ~~permits the firm to practice as a public accountant unless it is registered with~~  
 13 the examining board, and holds an unrevoked certificate of authority from the  
 14 examining board.

15 SECTION 30. 442.11 (8) of the statutes is amended to read:

16 442.11 (8) As an individual, ~~member of a partnership or officer or director of~~  
 17 a corporation or member of a firm, practices or permits the ~~partnership or~~  
 18 corporation firm to practice as a certified public accountant ~~or as a public accountant~~  
 19 unless a license has been secured for the current licensure period.

20 SECTION 31. 442.11 (13) of the statutes is amended to read:

21 442.11 (13) As an individual, ~~a member of a partnership or an officer of a~~  
 22 corporation or member of a firm, permits to be announced by printed or written  
 23 statement that any report, certificate, exhibit, schedule, or statement has been  
 24 prepared by or under supervision of a certified public accountant ~~or by or under~~  
 25 ~~supervision of a public accountant~~ when the person who prepared the report,

*also repeal 442.11 (6)*

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1 certificate, exhibit, schedule, or statement was not a certified public accountant ~~or~~  
2 ~~public accountant.~~

3 SECTION 32. 442.12 (3) of the statutes is amended to read:

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

9 (END)

MRU

## CHAPTER 442

## ACCOUNTING EXAMINING BOARD

442.001	Definition.	442.08	Licensure.
442.01	Examining board; duties.	442.09	Fees.
442.02	Public accountant, definition.	442.10	Disclosure of interest in entity reported on.
442.03	Licenses required.	442.11	Penalties.
442.04	Certified public accountants; qualifications.	442.115	Enforcement actions for violations of this chapter.
442.05	Certification by endorsement.	442.12	Disciplinary action.
442.06	Certificates to public accountants without licenses.	442.13	Ownership of accountant's working papers.
442.07	Requirements for practice as certified public accountant or public accountant.	442.14	Saving clauses.

Cross-reference: See definitions in s. 440.01.

**442.001 Definition.** In this chapter, "examining board" means the accounting examining board.

History: 1999 a. 85 s. 86.

**442.01 Examining board; duties. (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)** The board shall record its proceedings.

History: 1977 c. 418; 1981 c. 356; 1983 a. 27; 1991 a. 39; 1999 a. 85.

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

(a) The person 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.

(b) The person maintains an office for the transaction of business as a public accountant or, except as an employee of a public accountant, practices accounting, as distinguished from book-keeping, for more than one employer.

(c) The person offers to prospective clients to perform for compensation, or performs on behalf of clients for compensation, professional services that involve or require an audit of financial transactions and accounting records.

(d) The person prepares for clients reports of audits, balance sheets, and other financial, accounting and related schedules, exhibits, statements or reports that 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.

(e) The person, 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.

(f) The person 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.

**(5m)** Subsection (1m) (f) does not prohibit any officer, employee, 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 that he or she holds in that organization and does not prohibit any act of a public official or public employee in the performance of his or her duties.

**(6)** Every member of a partnership and every officer and director of a corporation who, in the capacity of partner, officer or director, does any of the things enumerated in sub. (1m) (a) to (f), shall be considered 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 accounting services as principal, of persons to serve as accountants in various capacities, as needed, if all of the following conditions are met:

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

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

(c) The employees serving as accountants 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, if all of the following requirements are met:

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

(b) The persons employed as described in this subsection do not do any of the things enumerated in sub. (1m) (f) without complying with sub. (5m).

**(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); 1999 a. 85.

**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 employee, or under an assumed name, or as an officer, member or employee of a firm, or as an officer or employee 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.

(2) No person may lawfully practice in this state as a public accountant either in the person's own name, or as an employee or under an assumed name, or as an officer, employee or member of a firm, or as an officer or employee 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.

(3) No corporation or other entity and no officer, partner, stockholder or employee 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 employee 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.

History: 1977 c. 29; 1981 c. 356; 1991 a. 39.

#### 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) During the period beginning on May 17, 1996, and ending on December 31, 2000, a person may not take the examination leading to the certificate to practice as a certified public accountant unless the person presents to the examining board a bachelor's or higher degree, with a resident major in accounting, from an institution, except as provided in par. (c). The examining board shall accept without further review the identification under this paragraph by an institution of a resident major in accounting.

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

(c) If an applicant has a bachelor's or higher degree from an institution but does not have a resident major in accounting

~~required in par. (b) or an accounting concentration required in par. (bm),~~ 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 required in par. (b) or an accounting concentration required in par. (bm), the examining board shall approve the applicant for examination.

(5) The examining board may not grant a certificate as a certified public accountant 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 ss. 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 considers necessary. If the person applying for the certificate passes the examination during the period beginning on May 17, 1996, and ending on December 31, 2000, the examining board may not grant the certificate unless the applicant has at least 3 years of public accounting experience or its equivalent, the sufficiency of the experience or the equivalency to be judged by the examining board. If the person applying for the certificate passes the examination after December 31, 2000, the examining board may not grant the certificate unless the applicant has at least 2 years of public accounting experience or its equivalent, the sufficiency of the experience or the equivalency to be judged by the examining board. 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. The examining board may use the examination service provided by the American Institute of Certified Public Accountants.

History: 1975 c. 224; 1977 c. 219, 418; 1979 c. 337; 1981 c. 356, 380, 391; 1995 a. 333.

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 certifi-



cate 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 certificates 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 the person's 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; 1991 a. 316.

**442.08 Licensure.** Upon application by a holder of an unrevoked Wisconsin certificate as a certified public accountant or an unrevoked Wisconsin certificate of authority as provided for in this chapter, the department shall issue a license to the holder. A license shall also be issued to any partnership or corporation, upon application, which has complied with this chapter. The renewal date and renewal fee for licenses issued under this chapter are specified under s. 440.08 (2) (a).

History: 1977 c. 29; 1981 c. 356; 1991 a. 39.

**442.09 Fees.** The fees for examination and licenses granted or renewed under this chapter are specified in ss. 440.05 and 440.08.

History: 1971 c. 125; 1977 c. 29; 1991 a. 39.

**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 partnership in which the person is financially interested or by which the person is regularly engaged as an officer or employee, 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 employee of the corporation, association or partnership. If the person is both financially interested and an officer or regular employee, 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 <sup>members</sup> 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 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; 1993 a. 490.

**442.11 Penalties.** Whoever does any of the following may, for each offense, be fined not more than \$500, or imprisoned in the county jail for not more than one year, or both:

(1) Uses any term other 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.

(2) While practicing under an assumed name, or as a member of a partnership, other than a partnership that 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.

(3) 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.

(4) As an officer of a corporation, permits the corporation 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.

(5) Holds himself or herself out to the public as a certified public accountant or assumes to practice as a certified public accountant unless he or she has been granted a certificate as a certified public accountant from the examining board.

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

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

(8) As an individual, member of a partnership or officer or director of a corporation, practices or permits 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.

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

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

(11) Certifies to any false or fraudulent report, certificate, exhibit, schedule or statement.

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

(13) As an individual, a member of a partnership or an officer of a corporation, permits 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 report, certificate, exhibit, schedule or statement was not a certified public accountant or public accountant.

History: 1977 c. 29, 418; 1979 c. 162 s. 38 (4), (7), (9); 1981 c. 356; 1999 a. 85.

442.115 Enforcement actions for violations of this chapter. (1) 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 violations of this chapter and prosecute if the facts warrant. Upon request from the examining board, and when the facts warrant, the appropriate district attorney shall promptly seek an injunction against any person who is violating this chapter.

(2) If the district attorney fails or refuses to act within a time that the examining board considers reasonable, the examining board may request the attorney general to institute a prosecution or to seek an injunction for violation of this chapter.

(3) If a person has engaged, or is about to engage, in an act or practice that 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 act or practice in violation of this chapter, the

court may grant an injunction, restraining order or other appropriate order without bond.

History: 1999 a. 85 ss. 95, 96.

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. This subsection does not apply to a license or certificate that is suspended under s. 440.13 (2) (c) or that is revoked under s. 440.12.

History: 1977 c. 187, 418; 1981 c. 356; 1997 a. 191, 237.

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 the client's personal representative or assignee, to anyone other than one or more surviving partners or new or successor partners of such accountant.

History: 1991 a. 316.

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.

*members of the firm*

*repeal*