

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2001 ASSEMBLY BILL 345**

May 23, 2001 – Offered by Representatives VRAKAS and RILEY.

1 **AN ACT** *to repeal* 440.08 (2) (a) 2., 442.03 (2), 442.03 (3), 442.04 (3), 442.04 (4)
2 (b), 442.06, 442.07 (2), 442.11 (3), 442.11 (4), 442.11 (6) and 442.14; *to*
3 **renumber and amend** 442.001, 442.02 (7), 442.02 (8), 442.02 (9), 442.02 (10)
4 and 442.03 (1); *to amend* 39.75 (7) (d), 39.80 (5) (c), 45.353 (3), 64.12 (4), 64.34
5 (2), 66.0609 (3), 100.03 (1) (bm), 100.03 (1) (ym) 2., 100.06 (1g) (c), 115.817 (5)
6 (b) 1., 120.14 (3), 120.18 (1) (gm), 127.01 (1r), 127.01 (25m) (b), 127.06 (1) (e),
7 127.06 (1m) (e), 148.19 (2), 180.0701 (4) (c), 180.0826 (2), 180.1903 (1), 180.1921
8 (2), 181.0850 (2), 181.1620 (2) (intro.), 185.363 (2), 186.094 (2), 186.15 (1),
9 187.31 (2), 187.41 (2), 198.167, 214.76 (2) and (4), 215.523 (2), 217.08 (2),
10 221.0616 (2), 440.05 (intro.), 440.08 (2) (a) (intro.), 442.01 (2), 442.01 (3), 442.02
11 (title), 442.02 (1m) (intro.), 442.02 (1m) (a), 442.02 (1m) (b), 442.02 (5m), 442.02
12 (6), 442.04 (4) (bm), 442.04 (4) (c), 442.04 (5), 442.07 (title), 442.07 (1), 442.07
13 (3), 442.10 (1), 442.10 (2), 442.11 (1), 442.11 (2), 442.11 (7), 442.11 (8), 442.11 (9),

1 442.11 (10), 442.11 (12), 442.11 (13), 442.12 (intro.), 442.12 (3), 442.13, 447.34
2 (2), 560.16 (6) (a) 3., 893.66 (title) and 893.66 (1); **to repeal and recreate**
3 442.08; and **to create** 180.1903 (1m), 442.001 (1), 442.001 (4), 442.001 (5),
4 442.01 (1), 442.02 (1m) (dm), 442.025, 442.083 and 442.087 of the statutes;
5 **relating to:** licensure of certified public accountants and accounting firms,
6 attest services, peer review of accounting firms, eliminating certificates of
7 authority for public accountants, and granting rule-making authority.

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

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

9 39.75 (7) (d) The commission shall keep accurate accounts of all receipts and
10 disbursements. The receipts and disbursements of the commission shall be subject
11 to the audit and accounting procedures established by its bylaws. However, all
12 receipts and disbursements of funds handled by the commission shall be audited
13 yearly by a qualified certified public accountant licensed or certified under ch. 442,
14 and the report of the audit shall be included in and become part of the annual reports
15 of the commission.

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

17 39.80 (5) (c) The commission shall keep accurate accounts of all receipts and
18 disbursements. The receipts and disbursements of the commission shall be subject
19 to the audit and accounting procedures established under its bylaws. However, all
20 receipts and disbursements of funds handled by the commission shall be audited
21 yearly by a ~~certified or licensed~~ public accountant licensed or certified under ch. 442
22 and the report of the audit shall be included in and become part of the annual report
23 of the commission.

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

2 45.353 **(3)** Application by any such state veterans organization shall be filed
3 annually with the department for the 12–month period commencing on April 1 and
4 ending on March 31 of the year in which it is filed. An application shall contain a
5 statement of salaries and travel expenses paid to employees engaged in veterans
6 claims service maintained at the regional office by such state veterans organization
7 covering the period for which application for a grant is made, which statement has
8 been certified as correct by ~~an~~ a certified public accountant licensed or certified under
9 ch. 442 and sworn to as correct by the adjutant or principal officer of the state
10 veterans organization. The application shall also contain the state organization’s
11 financial statement for its last completed fiscal year and such evidence of claims
12 service activity as the department requires. Sufficient evidence shall be submitted
13 with an initial application to establish that the state veterans organization, or its
14 national organization, or both, has maintained a full–time service office at the
15 regional office without interruption throughout 5 years out of the 10–year period
16 immediately preceding such application. Subsequent applications must be
17 accompanied by an affidavit by the adjutant or principal officer of such state veterans
18 organization stating that a full–time service office was maintained at the regional
19 office by such state veterans organization, or by such state organization and its
20 national organization, for the entire 12–month period for which application for a
21 grant is made.

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

23 64.12 **(4)** At the end of each fiscal year the council shall cause a full and
24 complete examination of all the books and accounts of the city to be made by
25 competent certified public accountants licensed or certified under ch. 442 who shall

1 report in full to the council. The summaries of such audits shall be presented and
2 furnished to all newspapers and libraries of the city and to such other persons as
3 shall apply therefor.

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

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

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

11 66.0609 (3) The ordinance under sub. (1) shall require that the governing body
12 of the city or village obtain an annual detailed audit of its financial transactions and
13 accounts by a certified public accountant licensed or certified under ch. 442 and
14 designated by the governing body.

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

16 100.03 (1) (bm) “Audited financial statement” means a financial statement
17 that, in the accompanying opinion of an independent certified public accountant ~~or~~
18 ~~a public accountant holding a certificate of authority~~ licensed or certified under ch.
19 442, fairly and in all material respects represents the financial position of the
20 contractor, the results of the contractor’s operations and the contractor’s cash flows
21 in conformity with generally accepted accounting principles.

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

23 100.03 (1) (ym) 2. Reviewed according to generally accepted accounting
24 principles by an independent certified public accountant ~~or a public accountant~~
25 ~~holding a certificate of authority~~ licensed or certified under ch. 442.

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

2 100.06 **(1g)** (c) The department shall require the applicant to file a financial
3 statement of his or her business operations and financial condition that meets the
4 requirements of par. (d). The licensee, during the term of his or her license, may be
5 required to file such statements periodically. All such statements shall be
6 confidential and shall not be open for public inspection, except that the department
7 shall provide the name and address of an individual, the name and address of the
8 individual's employer and financial information related to the individual contained
9 in such statements if requested under s. 49.22 (2m) by the department of workforce
10 development or a county child support agency under s. 59.53 (5). The department
11 may require such statements to be certified by a certified public accountant licensed
12 or certified under ch. 442. Such statements and audits, when made by the
13 department, shall be paid for at cost.

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

15 115.817 **(5)** (b) 1. At the close of each fiscal year, the board shall employ a
16 licensed certified public accountant licensed or certified under ch. 442 to audit its
17 accounts and certify the audit. The cost of the audit shall be paid from board funds.

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

19 120.14 **(3)** The annual meeting may authorize and direct an audit of the school
20 district accounts by a licensed certified public accountant licensed or certified under
21 ch. 442.

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

23 120.18 **(1)** (gm) Payroll and related benefit costs for all school district
24 employees in the previous school year. Costs for represented employees shall be
25 based upon the costs of any collective bargaining agreements covering such

1 employees for the previous school year. If, as of the time specified by the department
2 for filing the report, the school district has not entered into a collective bargaining
3 agreement for any portion of the previous school year with the recognized or certified
4 representative of any of its employees and the school district and the representative
5 have been required to submit final offers under s. 111.70 (4) (cm) 6., increased costs
6 limited to the lower of the school district's offer or the representative's offer shall be
7 reflected in the report. The school district shall amend the annual report to reflect
8 any change in such costs as a result of any award or settlement under s. 111.70 (4)
9 (cm) 6. between the date of filing the report and October 1. Any such amendment
10 shall be concurred in by the ~~licensed~~ certified public accountant licensed or certified
11 under ch. 442 certifying the school district audit.

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

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

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

19 127.01 **(25m)** (b) The financial statement is reviewed according to generally
20 accepted accounting principles by an independent certified public accountant ~~or an~~
21 ~~independent public accountant who holds a certificate of authority~~ licensed or
22 certified under ch. 442.

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

24 127.06 **(1)** (e) The department may extend the filing deadline under par. (a) 2.
25 by up to 30 days in response to a written request from a warehouse keeper or an

1 independent certified public accountant, ~~or an independent public accountant~~
2 ~~holding a certificate of authority~~ licensed or certified under ch. 442, that is auditing
3 or reviewing the financial statement for a warehouse keeper if the department
4 receives the request on or before the 5th day of the 4th month beginning after the
5 close of the warehouse keeper's fiscal year and if the request states the reason for the
6 extension.

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

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

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

16 148.19 **(2)** Legal counsel, certified public accountants licensed or certified
17 under ch. 442, or other persons as to matters the director or officer believes in good
18 faith are within the person's professional or expert competence.

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

20 180.0701 **(4)** (c) Ratification of the selection of independent certified public
21 accountants licensed or certified under ch. 442.

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

23 180.0826 **(2)** Legal counsel, certified public accountants licensed or certified
24 under ch. 442, or other persons as to matters that the director or officer believes in
25 good faith are within the person's professional or expert competence.

1 **SECTION 20.** 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 21.** 180.1903 (1m) of the statutes is created to read:

10 180.1903 (1m) A service corporation for carrying on the profession of certified
11 public accounting may be organized under sub. (1) if more than 50% of the
12 shareholders are certified public accountants.

13 **SECTION 22.** 180.1921 (2) of the statutes is amended to read:

14 180.1921 (2) The report shall show the address of this service corporation's
15 principal office and the name and post-office address of each shareholder, director,
16 and officer of the service corporation and shall certify that, with the exceptions
17 permitted in ~~s. ss.~~ ss. 180.1903 (1m) and 180.1913, each shareholder, director, and
18 officer is licensed, certified, registered, or otherwise legally authorized to render the
19 same professional or other personal service in this state or is a health care
20 professional. The service corporation shall prepare the report on forms prescribed
21 and furnished by the department, and the report shall contain no fiscal or other
22 information except that expressly called for by this section. The department shall
23 forward report blanks by 1st class mail to every service corporation in good standing,
24 at least 60 days before the date on which the service corporation is required by this
25 section to file an annual report.

1 **SECTION 23.** 181.0850 (2) of the statutes is amended to read:

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

6 **SECTION 24.** 181.1620 (2) (intro.) of the statutes is amended to read:

7 181.1620 (2) (intro.) ACCOUNTANT'S CERTIFIED PUBLIC ACCOUNTANT'S REPORT OR
8 OFFICER'S STATEMENT. If annual financial statements are reported upon by a certified
9 public accountant licensed or certified under ch. 442, the certified public
10 accountant's report must accompany them. If not, the statements must be
11 accompanied by a statement of the president or the person responsible for the
12 corporation's financial accounting records that includes all of the following:

13 **SECTION 25.** 185.363 (2) of the statutes is amended to read:

14 185.363 (2) Legal counsel, certified public accountants licensed or certified
15 under ch. 442, or other persons as to matters the director or officer believes in good
16 faith are within the person's professional or expert competence.

17 **SECTION 26.** 186.094 (2) of the statutes is amended to read:

18 186.094 (2) Legal counsel, certified public accountants licensed or certified
19 under ch. 442, or other persons as to matters the director or officer believes in good
20 faith are within the person's professional or expert competence.

21 **SECTION 27.** 186.15 (1) of the statutes is amended to read:

22 186.15 (1) ANNUAL AUDIT. Except as provided in sub. (2), the board of directors
23 shall hire a licensed certified public accountant licensed or certified under ch. 442 or
24 other qualified person to conduct a comprehensive annual audit of the records,
25 accounts and affairs of the credit union.

1 **SECTION 28.** 187.31 (2) of the statutes is amended to read:

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

6 **SECTION 29.** 187.41 (2) of the statutes is amended to read:

7 187.41 (2) Legal counsel, certified public accountants licensed or certified
8 under ch. 442, or other professional persons or experts employed by the religious
9 organization, as to matters the director or officer believes in good faith are within the
10 person's professional or expert competence.

11 **SECTION 30.** 198.167 of the statutes is amended to read:

12 **198.167 Certified public accountant; annual report.** The directors of the
13 district shall employ annually the commission or a certified public accountant
14 licensed or certified under ch. 442 approved by said commission who shall be
15 qualified to, and who shall with all due diligence, examine and report upon the
16 system of accounts kept by the district, all the contracts of whatsoever kind made and
17 entered into by the board of directors within the year immediately preceding, and the
18 properties and investments of the district. ~~Said~~ The certified public accountant shall
19 in the report make such recommendations and suggestions as to the certified public
20 accountant shall seem proper and required for the good of the district, and the
21 efficient and economical or advantageous management and operation of the public
22 utility or utilities of the district; and the certified public accountant shall in the
23 report make such recommendations and suggestions as to the system of accounts
24 kept, or in the certified public accountant's judgment to be kept, by the district, in
25 connection with each public utility, the classification of the public utilities of the

1 district and the establishment of a system of accounts for each class, the manner in
2 which such accounts shall be kept, the form of accounts, records, and memoranda
3 kept or to be kept, including accounts, records, and memoranda of receipts and
4 expenditures of money, and depreciation and sinking fund accounts, as in the
5 certified public accountant's judgment may be proper and necessary, and shall not
6 conflict with the requirements of the commission.

7 **SECTION 31.** 214.76 (2) and (4) of the statutes are amended to read:

8 214.76 (2) The certified public accountant shall deliver the audit report to a
9 committee composed of 3 or more members of the board of directors, none of whom
10 may be an officer, employee or agent of the savings bank. The committee shall
11 present the nature, extent and conclusions of the report at the next meeting of the
12 board of directors. A written summary of the committee's presentation, together
13 with a copy of the audit report and a list of all criticisms made by the certified public
14 accountant conducting the audit and any response of any member of the board of
15 directors or any officer of the savings bank, shall be personally served or sent by
16 certified mail to all members of the board of directors.

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

24 **SECTION 32.** 215.523 (2) of the statutes is amended to read:

1 215.523 (2) Legal counsel, certified public accountants licensed or certified
2 under ch. 442, or other persons as to matters the director or officer believes in good
3 faith are within the person's professional or expert competence.

4 **SECTION 33.** 217.08 (2) of the statutes is amended to read:

5 **217.08 (2) ANNUAL LICENSE FEE; ADDITIONS AND DELETIONS OF LOCATIONS.** Each
6 licensee shall file with the division on or before December 1 of each year a statement
7 listing the locations of the offices of the licensee and the names and locations of the
8 agents authorized by the licensee. Every licensee shall also on or before December
9 1 of each year file a financial statement of its assets and liabilities as of a date not
10 earlier than the preceding August 31 or, if the licensee is audited annually by an
11 independent certified public accountant licensed or certified under ch. 442 at the end
12 of each fiscal year, the licensee may submit financial statements certified by said the
13 certified public accountant for the licensee's latest fiscal year. Such statement shall
14 be accompanied by the annual licensee fee for the calendar year beginning the
15 following January 1 in an amount determined under s. 217.05. The amount of the
16 surety bond or deposit of securities required by s. 217.06 shall be adjusted to reflect
17 the number of such locations. Licensees which do not pay the maximum license fee
18 under s. 217.05 and which do not maintain a bond or deposit of securities in the
19 maximum sum of \$300,000 as provided in s. 217.06 shall also file a supplemental
20 statement setting forth any changes in the list of offices and agents with the division
21 on or before April 1, July 1 and October 1 of each year, and the principal sum of the
22 corporate surety bond or deposit of securities required by s. 217.06 shall be adjusted
23 to reflect any increase or decrease in the number of such locations. Any additional
24 license fees which may become due under s. 217.05 shall be paid to the division.

25 **SECTION 34.** 221.0616 (2) of the statutes is amended to read:

1 221.0616 **(2)** EXPERTS. Legal counsel, certified public accountants licensed or
2 certified under ch. 442, or other persons as to matters that the director or officer
3 believes in good faith are within the person’s professional or expert competence.

4 **SECTION 35.** 440.05 (intro.) of the statutes is amended to read:

5 **440.05 Standard fees.** (intro.) The following standard fees apply to all initial
6 credentials, except as provided in ss. 440.42, 440.43, 440.44, 440.51, ~~442.06~~, 444.03,
7 444.05, 444.11, 447.04 (2) (c) 2., 449.17, 449.18 and 459.46:

8 **SECTION 36.** 440.08 (2) (a) (intro.) of the statutes is amended to read:

9 440.08 **(2)** (a) (intro.) Except as provided in par. (b) and in ss. 440.51, 442.04,
10 ~~442.06~~, 444.03, 444.05, 444.11, 448.065, 447.04 (2) (c) 2., 449.17, 449.18 and 459.46,
11 the renewal dates and renewal fees for credentials are as follows:

12 **SECTION 37.** 440.08 (2) (a) 2. of the statutes is repealed.

13 **SECTION 38.** 442.001 of the statutes is renumbered 442.001 (intro.) and
14 amended to read:

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

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

17 **SECTION 39.** 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 rules promulgated under s. 442.01 (1) (a).

21 (b) A review of a financial statement that is performed or intended to be
22 performed in accordance with rules promulgated under s. 442.01 (1) (b).

23 (c) An examination of prospective financial information that is performed or
24 intended to be performed in accordance with rules promulgated under s. 442.01 (1)
25 (c).

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

2 442.001 (4) “Firm” means a proprietorship, partnership, limited liability
3 partnership, corporation, service corporation, or limited liability company.

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

5 442.001 (5) “Member of a firm” means a director, manager, employee, officer,
6 owner, shareholder, principal, or partner of a firm.

7 **SECTION 42.** 442.01 (1) of the statutes is created to read:

8 442.01 (1) The examining board shall promulgate rules that adopt by reference
9 all of the following:

10 (a) The statements on auditing standards issued by the Auditing Standards
11 Board of the American Institute of Certified Public Accountants.

12 (b) The statements on standards for accounting and review services issued by
13 the Accounting and Review Services Committee of the American Institute of
14 Certified Public Accountants.

15 (c) The statements on standards for attestation engagements issued by the
16 Auditing Standards Board, the Accounting and Review Services Committee, and the
17 Consulting Services Executive Committee of the American Institute of Certified
18 Public Accountants.

19 **SECTION 43.** 442.01 (2) of the statutes is amended to read:

20 442.01 (2) No standard or rule relating to professional conduct or unethical
21 practice may be adopted until the examining board has held a public hearing with
22 reference thereto, subject to the rules promulgated under s. 440.03 (1). No rule or
23 standard shall become effective until 60 days after its adoption by the examining
24 board. Any person who has appeared at the public hearing and filed written protest
25 against any proposed standard or rule may, upon the adoption of such standard or

1 rule, obtain a review thereof under ch. 227. Thereafter every person practicing as
2 a certified public accountant in the state shall be governed and controlled by the rules
3 and standards prescribed by the examining board.

4 **SECTION 44.** 442.01 (3) of the statutes is amended to read:

5 442.01 (3) The examining board shall record its proceedings.

6 **SECTION 45.** 442.02 (title) of the statutes is amended to read:

7 **442.02 (title) Public Certified public accountant, definition.**

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

9 442.02 (1m) (intro.) A person shall be considered to be in practice as a certified
10 public accountant, within the meaning and intent of this chapter, if any of the
11 following conditions is met:

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

13 442.02 (1m) (a) The person holds himself or herself out to the public in any
14 manner as one skilled in the knowledge, science, and practice of accounting, and as
15 qualified and ready to render professional service therein as a certified public
16 accountant for compensation.

17 **SECTION 48.** 442.02 (1m) (b) of the statutes is amended to read:

18 442.02 (1m) (b) The person maintains an office for the transaction of business
19 as a certified public accountant or, except as an employee of a certified public
20 accountant, practices accounting, as distinguished from bookkeeping, for more than
21 one employer.

22 **SECTION 49.** 442.02 (1m) (dm) of the statutes is created to read:

23 442.02 (1m) (dm) The person provides or offers to provide an attest service.

24 **SECTION 50.** 442.02 (5m) of the statutes is amended to read:

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

7 **SECTION 51.** 442.02 (6) of the statutes is amended to read:

8 442.02 **(6)** Every member of a ~~partnership and every officer and director of a~~
9 ~~corporation~~ firm who, ~~in the capacity of partner, officer or director~~ as a member of the
10 firm, does any of the things enumerated in sub. (1m) (a) to (f), shall be considered to
11 be in practice as a certified public accountant.

12 **SECTION 52.** 442.02 (7) of the statutes is renumbered 442.025 (1) and amended
13 to read:

14 442.025 **(1)** (intro.) ~~Nothing contained in this chapter shall prevent the~~
15 ~~employment~~ Persons employed by a certified public accountant, ~~or by a public~~
16 ~~accountant, or by a firm or corporation furnishing public accounting services as~~
17 ~~principal, of persons~~ licensed under this chapter to serve as accountants in various
18 capacities, as needed, if all of the following conditions are met:

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

22 (b) ~~These~~ The employees serving as accountants shall do not issue any
23 statements or reports over their own names except office reports to their employer
24 that are customary.

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

3 **SECTION 53.** 442.02 (8) of the statutes is renumbered 442.025 (2) and amended
4 to read:

5 442.025 (2) ~~Nothing contained in this chapter shall apply to a~~ A practicing
6 attorney, who, in connection with his or her professional work renders any
7 accounting service.

8 **SECTION 54.** 442.02 (9) of the statutes is renumbered 442.025 (3) and amended
9 to read:

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

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

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

19 **SECTION 55.** 442.02 (10) of the statutes is renumbered 442.025 (4) and amended
20 to read:

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

25 **SECTION 56.** 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 public employee in performing his or her duties.

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

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

11 **SECTION 57.** 442.03 (1) of the statutes is renumbered 442.03 and amended to
12 read:

13 **442.03 Licenses required.** No person may lawfully practice in this state as
14 a certified public accountant either in the person's own name, ~~or as an employee, or~~
15 under an assumed name, ~~or as an officer, member or employee of a firm, or as an~~
16 ~~officer or employee of a corporation~~ a member of a firm, unless the person has been
17 granted by the examining board a certificate as a certified public accountant, and
18 unless the person, ~~firm or corporation, jointly and severally, has~~ and firm have
19 complied with all of the provisions of this chapter, including licensure.

20 **SECTION 58.** 442.03 (2) of the statutes is repealed.

21 **SECTION 59.** 442.03 (3) of the statutes is repealed.

22 **SECTION 60.** 442.04 (3) of the statutes is repealed.

23 **SECTION 61.** 442.04 (4) (b) of the statutes is repealed.

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

1 442.04 (4) (bm) ~~After December 31, 2000, a~~ A person may not take the
2 examination leading to the certificate to practice as a certified public accountant
3 unless the person has completed at least 150 semester hours of education with an
4 accounting concentration at an institution, and has received a bachelor's or higher
5 degree with an accounting concentration from an institution, except as provided in
6 par. (c).

7 **SECTION 63.** 442.04 (4) (c) of the statutes is amended to read:

8 442.04 (4) (c) If an applicant has a bachelor's or higher degree from an
9 institution but does not have ~~a resident major in accounting required in par. (b) or~~
10 ~~an accounting concentration required in par. (bm),~~ the examining board may review
11 such other educational experience from an institution as the applicant presents and,
12 if the examining board determines that such other experience provides the
13 reasonable equivalence of ~~a resident major in accounting required in par. (b) or an~~
14 ~~accounting concentration required in par. (bm),~~ the examining board shall approve
15 the applicant for examination.

16 **SECTION 64.** 442.04 (5) of the statutes is amended to read:

17 442.04 (5) The examining board may not grant a certificate as a certified public
18 accountant to any person other than a person who is 18 years of age or older, does not
19 have an arrest or conviction record, subject to ss. 111.321, 111.322, and 111.335, and,
20 except as provided in s. 442.05, has successfully passed ~~a written~~ an examination
21 in such subjects affecting accountancy as the examining board considers necessary.
22 ~~If the person applying for the certificate passes the examination during the period~~
23 ~~beginning on May 17, 1996, and ending on December 31, 2000, the examining board~~
24 ~~may not grant the certificate unless the applicant has at least 3 years of public~~
25 ~~accounting experience or its equivalent, the sufficiency of the experience or the~~

1 ~~equivalency to be judged by the examining board. If the person applying for the~~
2 ~~certificate passes the examination after December 31, 2000, the~~ The examining
3 board may not grant the certificate unless the applicant has at least ~~2 years~~ one year
4 of public accounting experience or its equivalent, the sufficiency of the experience or
5 the equivalency to be judged by the examining board. The examining board shall
6 ensure that evaluation procedures and examinations are nondiscriminatory, relate
7 directly to accountancy, and are designed to measure only the ability to perform
8 competently as an accountant. The examining board may use the examination
9 service provided by the American Institute of Certified Public Accountants.

10 **SECTION 65.** 442.06 of the statutes is repealed.

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

12 **442.07 (title) Requirements for practice as certified public accountant**
13 **~~or public accountant.~~**

14 **SECTION 67.** 442.07 (1) of the statutes is amended to read:

15 442.07 (1) Any person who has been issued a certificate of the person's
16 qualifications to practice as a certified public accountant, shall be styled and known
17 as a "certified public accountant" and no other person shall assume to use such title
18 or the abbreviation "C.P.A." or any other word, words, letters, or figures to indicate
19 that the person using the same is a certified public accountant. The terms "chartered
20 accountant" and "certified accountant" and the abbreviation "C.A." are specifically
21 prohibited to such other persons as being prima facie misleading to the public. Any
22 ~~person who has been issued a certificate of authority, as herein provided, shall be~~
23 ~~styled and known as a "public accountant" and no other person, other than a certified~~
24 ~~public accountant, shall assume to use such designation or any other word, words,~~

1 ~~letters or figures to indicate that such person is entitled to practice as a public~~
2 ~~accountant.~~

3 **SECTION 68.** 442.07 (2) of the statutes is repealed.

4 **SECTION 69.** 442.07 (3) of the statutes is amended to read:

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

18 **SECTION 70.** 442.08 of the statutes is repealed and recreated to read:

19 **442.08 Licensure. (1)** The department shall issue a license to an individual
20 who holds an unrevoked certificate as a certified public accountant, submits an
21 application for the license on a form provided by the department, and pays the fee
22 specified in s. 440.05 (1).

23 **(2)** The department shall issue a license to a firm that submits an application
24 for the license on a form provided by the department, pays the fee specified in s.
25 440.05 (1), and does each of the following:

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

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

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

6 1. That all attest services provided by the firm in this state are under the charge
7 of an individual licensed under sub. (1).

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

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

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

18 **SECTION 71.** 442.083 of the statutes is created to read:

19 **442.083 Renewal.** The renewal dates and renewal fees for licenses issued
20 under this chapter are specified under s. 440.08 (2) (a). The department may not
21 renew a license issued to a firm unless, at the time of renewal, the firm satisfies the
22 requirements under s. 442.08 (2) and demonstrates, to the satisfaction of the
23 department, that the firm has complied with the requirements under s. 442.087.

24 **SECTION 72.** 442.087 of the statutes is created to read:

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

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

11 **(3) RULES.** The examining board shall promulgate rules that describe the peer
12 review required to renew a firm’s license under sub. (2). The rules shall include
13 requirements for the examining board to approve one or more persons to conduct the
14 peer reviews. The rules shall also require each person approved by the examining
15 board to conduct peer reviews to periodically report to the examining board on the
16 effectiveness of the peer reviews conducted by the person and to provide the
17 examining board with a listing of all firms that have undergone peer review
18 conducted by the person.

19 **(4) CONFIDENTIALITY.** A person approved by the examining board to conduct
20 peer reviews may not disclose to any person, including the examining board or the
21 department, any information obtained or document produced during the course of or
22 as a result of a review unless the firm undergoing the review consents to the
23 disclosure.

24 **SECTION 73.** 442.10 (1) of the statutes is amended to read:

1 442.10 (1) Whenever any person, as a certified public accountant ~~or public~~
2 accountant, signs or certifies any report, schedule, or statement relative to the affairs
3 of any corporation, association, or partnership in which the person is financially
4 interested or by which the person is regularly engaged as an officer or employee, the
5 signature or certification shall be accompanied by a specific statement setting forth
6 the fact that the person is financially interested in or is an officer or regular employee
7 of the corporation, association, or partnership. If the person is both financially
8 interested and an officer or regular employee, the statement shall cover both
9 financial interest and employment. In the case of a ~~corporation holding a certificate~~
10 ~~of authority~~ firm signing or certifying as above described in this subsection, the
11 interest of any of its ~~stockholders~~ members shall be disclosed.

12 **SECTION 74.** 442.10 (2) of the statutes is amended to read:

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

21 **SECTION 75.** 442.11 (1) of the statutes is amended to read:

22 442.11 (1) Uses any term other than certified public accountant or the
23 abbreviation C. P. A. to indicate that he or she is a certified public accountant with
24 a specially granted title.

25 **SECTION 76.** 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 with a name that is registered under
3 s. 442.07 ~~as composed of certified public accountants, or as an officer of a corporation~~
4 (3), announces, either in writing or by printing, that the assumed name, ~~partnership~~
5 ~~or corporation~~ or firm is practicing as a certified public accountant.

6 **SECTION 77.** 442.11 (3) of the statutes is repealed.

7 **SECTION 78.** 442.11 (4) of the statutes is repealed.

8 **SECTION 79.** 442.11 (6) of the statutes is repealed.

9 **SECTION 80.** 442.11 (7) of the statutes is amended to read:

10 442.11 (7) Practices as a certified public accountant ~~or as a public accountant~~
11 after his or her certificate has been revoked.

12 **SECTION 81.** 442.11 (8) of the statutes is amended to read:

13 442.11 (8) As an individual, ~~member of a partnership or officer or director of~~
14 ~~a corporation~~ or member of a firm, practices or permits the ~~partnership or~~
15 ~~corporation~~ firm to practice as a certified public accountant ~~or as a public accountant~~
16 unless a license has been secured for the current licensure period.

17 **SECTION 82.** 442.11 (9) of the statutes is amended to read:

18 442.11 (9) Sells, buys, gives, or obtains an alleged certificate as a certified
19 public accountant, ~~a certificate of authority~~ or a license in any manner other than
20 that provided for by this chapter.

21 **SECTION 83.** 442.11 (10) of the statutes is amended to read:

22 442.11 (10) Attempts to practice as a certified public accountant ~~or as a public~~
23 ~~accountant~~ under the guise of a certificate not granted by the examining board or
24 under cover of a certificate obtained illegally or fraudulently.

25 **SECTION 84.** 442.11 (12) of the statutes is amended to read:

1 442.11 **(12)** Attempts by any subterfuge to evade the provisions of this chapter
2 while practicing as a certified public accountant.

3 **SECTION 85.** 442.11 (13) of the statutes is amended to read:

4 442.11 **(13)** As an individual, ~~a member of a partnership or an officer of a~~
5 ~~corporation~~ or member of a firm, permits to be announced by printed or written
6 statement that any report, certificate, exhibit, schedule, or statement has been
7 prepared by or under supervision of a certified public accountant ~~or by or under~~
8 ~~supervision of a public accountant~~ when the person who prepared the report,
9 certificate, exhibit, schedule, or statement was not a certified public accountant ~~or~~
10 ~~public accountant~~.

11 **SECTION 86.** 442.12 (intro.) of the statutes is amended to read:

12 **442.12 Disciplinary action.** (intro.) Subject to the rules promulgated under
13 s. 440.03 (1), the examining board may do any of the following:

14 **SECTION 87.** 442.12 (3) of the statutes is amended to read:

15 442.12 **(3)** In the case of a ~~corporation or a partnership~~ firm, revoke, limit, or
16 suspend the license of the ~~partnership or corporation~~ firm, or reprimand it, if it is
17 found that any ~~officer, director or member~~ of the firm has been guilty of such act or
18 omission as would be cause for revoking, limiting, or suspending a certificate or
19 license to the person as an individual or for reprimanding the person.

20 **SECTION 88.** 442.13 of the statutes is amended to read:

21 **442.13 Ownership of accountant's working papers.** All statements,
22 records, schedules, working papers, and memoranda made by a certified public
23 accountant ~~or public accountant~~ incident to or in the course of professional service
24 to clients by such a certified public accountant, except reports submitted by a
25 certified public accountant ~~or public accountant~~ to a client, shall be and remain the

1 property of ~~such~~ the certified public accountant, in the absence of an express
2 agreement between ~~such~~ the certified public accountant and the client to the
3 contrary. No such statement, record, schedule, working paper, or memorandum shall
4 be sold, transferred, or bequeathed, without the consent of the client or the client's
5 personal representative or assignee, to anyone other than ~~one or more surviving~~
6 ~~partners or new or successor partners of such~~ any member of the firm of the certified
7 public accountant.

8 **SECTION 89.** 442.14 of the statutes is repealed.

9 **SECTION 90.** 447.34 (2) of the statutes is amended to read:

10 447.34 **(2)** Legal counsel, certified public accountants licensed under ch. 442,
11 or other persons as to matters the director or officer believes in good faith are within
12 the person's professional or expert competence.

13 **SECTION 91.** 560.16 (6) (a) 3. of the statutes is amended to read:

14 560.16 **(6)** (a) 3. A verified statement of the financial condition and business
15 operation of the existing business for the previous 3 years, certified by an
16 independent certified public accountant licensed or certified under ch. 442.

17 **SECTION 92.** 893.66 (title) of the statutes is amended to read:

18 **893.66** (title) **Accountants Certified public accountants; limitations of**
19 **actions.**

20 **SECTION 93.** 893.66 (1) of the statutes is amended to read:

21 893.66 **(1)** Except as provided in subs. (1m) to (4), an action to recover damages,
22 based on tort, contract or other legal theory, against any certified public accountant
23 licensed or certified under ch. 442 for an act or omission in the performance of

1 professional accounting services shall be commenced within 6 years from the date
2 of the act or omission or be barred.

3 (END)