



## 2001 SENATE BILL 474

February 28, 2002 – Introduced by Senators BURKE, BAUMGART, COWLES, DARLING and HANSEN, cosponsored by Representatives MUSSER, MILLER, TURNER and WASSERMAN. Referred to Committee on Universities, Housing, and Government Operations.

1     **AN ACT** *to renumber* 442.001 (1); and *to create* 442.001 (1d), 442.11 (14) and  
2           442.11 (15) of the statutes; **relating to:** opinions and reports issued by certified  
3           public accountants concerning a client’s financial statements.

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### *Analysis by the Legislative Reference Bureau*

This bill prohibits a certified public accountant (CPA), a CPA’s employee, and an accounting firm from expressing an opinion about any financial statement of a client to someone other than the client, if the CPA, employee, or firm performs consulting services for the client; the total value of the consulting services exceeds \$10,000; and the client issues securities or, if the client is a nonprofit entity, either the client’s assets exceed \$5,000,000 or the client’s annual federal gross revenue, including gifts, exceeds \$5,000,000. The prohibition does not apply after December 31, 2002.

Beginning on January 1, 2003, the bill also prohibits a CPA, a CPA’s employee, and an accounting firm from issuing a report on financial statements that results from performing attest services for a client, if, during the period addressed by the report, the CPA, employee, or firm performs consulting services for the client; the total value of the consulting services exceeds \$10,000; and the client issues securities or, if the client is a nonprofit entity, either the client’s assets exceed \$5,000,000 or the client’s annual federal gross revenue, including gifts, exceeds \$5,000,000. Under current law, “attest services” includes an audit, a review of financial statements, and

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an examination of prospective financial information, if all such services are performed according to rules established by the accounting examining board.

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

1           **SECTION 1.** 442.001 (1) of the statutes, as created by Wisconsin Act 16, is  
2           renumbered 442.001 (1m).

3           **SECTION 2.** 442.001 (1d) of the statutes is created to read:

4           442.001 (1d) "Affiliate of a firm" means any person who directly or indirectly  
5           controls, is controlled by, or is under common control with, a firm.

6           **SECTION 3.** 442.11 (14) of the statutes is created to read:

7           442.11 (14) Beginning on the effective date of this subsection .... [revisor inserts  
8           date], as a certified public accountant, employee of a certified public accountant,  
9           member of a firm licensed under s. 442.08 (2), or affiliate of a firm licensed under s.  
10          442.08 (2), expresses an opinion about any financial statement of a client to someone  
11          other than the client, if such certified public accountant, employee, member, or  
12          affiliate performs or has performed consulting services for the client; the total value  
13          of the consulting services exceeds \$10,000; and the client issues or has issued  
14          securities, as defined in s. 551.02 (13), or, if the client is a nonprofit entity, either the  
15          client's assets exceed \$5,000,000 or the client's annual federal gross revenue,  
16          including gifts, exceeds \$5,000,000. This subsection does not apply after December  
17          31, 2002.

18          **SECTION 4.** 442.11 (15) of the statutes is created to read:

19          442.11 (15) Beginning on January 1, 2003, as a certified public accountant,  
20          employee of a certified public accountant, member of a firm licensed under s. 442.08  
21          (2), or affiliate of a firm licensed under s. 442.08 (2), issues a report on financial

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1 statements that results from performing attest services for a client, if, during the  
2 period addressed by the report, such certified public accountant, employee, member,  
3 or affiliate performs or has performed consulting services for the client; the total  
4 value of the consulting services exceeds \$10,000; and the client issues or has issued  
5 securities, as defined in s. 551.02 (13), or, if the client is a nonprofit entity, the client's  
6 assets exceed \$5,000,000 or the client's annual federal gross revenue, including gifts,  
7 exceeds \$5,000,000.

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**(END)**