

2013 Assembly Bill 669 (LRB -3461)

An Act to amend 13.92 (4) (c), 13.92 (4) (d), 13.92 (4) (e), 13.92 (4) (f), 35.93 (2) (b) 4., 35.93 (2) (c) 1., 35.93 (3), 35.93 (3) (e) (intro.), 35.93 (3) (e) 1., 227.01 (13) (intro.), 227.11 (2) (intro.), 227.27 (2) and 442.01 (2); and to create 13.92 (4) (bm) and 227.265 of the statutes; relating to: rule-making procedures and practice standards for certified public accountants.

2014

- 01-24. A. Introduced by Representatives **Marklein, Kooyenga, Klenke, Kapenga and LeMahieu**; cosponsored by Senator **Grothman**. 558
- 01-24. A. Read first time and referred to Committee on State Affairs and Government Operations 558
- 01-24. A. Assembly Amendment 1 offered by Representative Kooyenga (**LRB a1500**) 557
- 01-27. A. Withdrawn from committee on State Affairs and Government Operations and referred to committee on Ways and Means pursuant to pursuant to Assembly Rule 42 (3)(c) 560
- 02-05. A. Assembly Amendment 2 offered by Representative Marklein (**LRB a1607**) 581
- 02-06. A. Public hearing held
- 02-06. A. Executive action taken
- 02-06. A. Report Assembly Amendment 1 adoption recommended by Committee on Ways and Means, Ayes 10, Noes 0 585
- 02-06. A. Report Assembly Amendment 2 adoption recommended by Committee on Ways and Means, Ayes 10, Noes 0 585
- 02-06. A. Report passage as amended recommended by Committee on Ways and Means, Ayes 10, Noes 0 585
- 02-06. A. Referred to Committee on Rules 585
- 02-06. A. Placed on calendar 2-11-2014 by Committee on Rules
- 02-11. A. Read a second time 605
- 02-11. A. **Assembly Amendment 1 adopted** 605
- 02-11. A. **Assembly Amendment 2 adopted** 605
- 02-11. A. Ordered to a third reading 605
- 02-11. A. Rules suspended 605
- 02-11. A. Read a third time and **passed** 605
- 02-11. A. Ordered immediately messaged 605
- 02-12. S. Received from Assembly 659
- 02-12. S. Read first time and referred to committee on Senate Organization 659
- 02-12. S. Available for scheduling
- 03-14. S. Public hearing requirement waived by committee on Senate Organization, pursuant to Senate Rule 18 (1m), Ayes 5, Noes 0 778
- 03-14. S. Placed on calendar 3-18-2014 pursuant to Senate Rule 18(1) 779
- 03-18. S. Read a second time
- 03-18. S. Ordered to a third reading
- 03-18. S. Rules suspended
- 03-18. S. Read a third time and **concurred in**
- 03-18. S. Ordered immediately messaged
- 03-18. A. Received from Senate concurred in

9MB

2013
ENROLLED BILL

13en AB-669

ADOPTED DOCUMENTS:

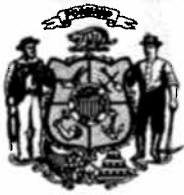
Orig **Engr** SubAmdt 13-3461/2

Amendments to above (if none, write "NONE"): AA1 - a 1500/1
AA2 - a 1607/2

Corrections - show date (if none, write "NONE"): none
March 31, 2014 (in enrolling)

Topic Rel as amended

3-26-14 SR Stultz
Date **Enrolling Drafter**



2013 ASSEMBLY BILL 669

January 24, 2014 – Introduced by Representatives MARKLEIN, KOOYENGA, KLENKE, KAPENGA and LEMAHIEU, cosponsored by Senator GROTHMAN. Referred to Committee on State Affairs and Government Operations.

1 **AN ACT to amend** 13.92 (4) (c), 13.92 (4) (d), 13.92 (4) (e), 13.92 (4) (f), 35.93 (2)
 2 (b) 4., 35.93 (2) (c) 1., 35.93 (3), 35.93 (3) (e) (intro.), 35.93 (3) (e) 1., 227.01 (13)
 3 (intro.), 227.11 (2) (intro.), 227.27 (2) and 442.01 (2); and **to create** 13.92 (4)
 4 (bm) and 227.265 of the statutes; **relating to:** rule-making procedures and
 5 practice standards for certified public accountants.

INS.
AAI-1

INS. AAI-2

Analysis by the Legislative Reference Bureau

Current law sets forth a procedure for the promulgation of administrative rules (rules). Generally, that procedure consists of the following steps:

1. The agency planning to promulgate the rule prepares a statement of the scope of the proposed rule, which the governor and the agency head must approve before any state employee or official may perform any activity in connection with the drafting of the proposed rule.
2. The agency drafts the proposed rule, together with an economic impact analysis, plain language analysis, and fiscal estimate for the proposed rule, and submits those materials to the Legislative Council Staff for review.
3. Subject to certain exceptions, a public hearing is held on the proposed rule.
4. The final draft of the proposed rule is submitted to the governor for approval.
5. The final draft of the proposed rule, together with an economic impact analysis, plain language analysis, and fiscal estimate for the proposed rule, are submitted to the legislature for review by one standing committee in each house and by the Joint Committee for Review of Administrative Rules.

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6. The proposed rule is filed with the Legislative Reference Bureau (LRB) for publication in the Wisconsin Administrative Code (code) and the Wisconsin Administrative Register (register), and, subject to certain exceptions, the rule becomes effective on the first day of the first month beginning after publication.

Under this bill, if a bill that repeals or modifies a rule is enacted, the ordinary rule-making procedures under current law do not apply. Instead, the LRB must publish the repeal or modification, in the code and the register, and the repeal or modification, subject to certain exceptions, takes effect on the first day of the first month beginning after publication.

This bill modifies certain rules published by the Accounting Examining Board that apply to certified public accountants in Wisconsin. Under current law, the board's rules incorporate by reference certain independence standards for certified public accountants published by the American Institute of Certified Public Accountants (AICPA) as of June 1, 2002. Under this bill, the board's rules incorporate those standards as published by AICPA as of January 31, 2013.

Also under current law, the board's rules incorporate certain standards for performing and reporting on peer reviews established by AICPA as of January 1, 2001, and certain standards for auditing, accounting and review, and attestation engagements established by AICPA as of June 1, 2003. Under the bill, the board's rules incorporate all of those standards established by AICPA, as well as auditing standards established by the Public Company Accounting Oversight Board, without regard to date.

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

1 **SECTION 1.** 13.92 (4) (bm) of the statutes is created to read:
2 13.92 (4) (bm) If 2 or more rules filed under s. 227.20 or modified under s.
3 227.265 affect the same unit of the Wisconsin administrative code without taking
4 cognizance of the effect thereon of the other rules and if the legislative reference
5 bureau finds that there is no mutual inconsistency in the changes made by each such
6 rule, the legislative reference bureau shall incorporate the changes made by each
7 rule into the text of the unit and document the incorporation in a note to the unit.
8 For each such incorporation, the legislative reference bureau shall include in a
9 correction bill a provision formally validating the incorporation. Section 227.27 (2)

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1 is not affected by printing decisions made by the legislative reference bureau under
2 this paragraph.

3 **SECTION 2.** 13.92 (4) (c) of the statutes is amended to read:

4 13.92 (4) (c) The legislative reference bureau may insert in the Wisconsin
5 administrative code a note explaining any change made under par. (b) or (bm).

6 **SECTION 3.** 13.92 (4) (d) of the statutes is amended to read:

7 13.92 (4) (d) Sections 227.114, 227.116, 227.135, and 227.14 to 227.24 do not
8 apply to any change made by the legislative reference bureau under par. (b) or (bm).

9 **SECTION 4.** 13.92 (4) (e) of the statutes is amended to read:

10 13.92 (4) (e) The legislative reference bureau shall prepare and keep on file a
11 record of each change made under par. (b) or (bm).

12 **SECTION 5.** 13.92 (4) (f) of the statutes is amended to read:

13 13.92 (4) (f) The legislative reference bureau shall notify the agency involved
14 of each change made under par. (b) or (bm).

15 **SECTION 6.** 35.93 (2) (b) 4. of the statutes, as affected by 2013 Wisconsin Act 20,
16 is amended to read:

17 35.93 (2) (b) 4. Copies of all rules filed with the legislative reference bureau
18 under s. 227.20 (1) or modified under s. 227.265 since the compilation of the
19 preceding register, including emergency rules filed under s. 227.24 (3).

20 **SECTION 7.** 35.93 (2) (c) 1. of the statutes, as affected by 2013 Wisconsin Act 20,
21 is amended to read:

22 35.93 (2) (c) 1. Each chapter of the Wisconsin administrative code that has been
23 affected by rules filed with legislative reference bureau under s. 227.20 (1) or
24 modified under s. 227.265, in accordance with sub. (3) (e) 1.

25 **SECTION 8.** 35.93 (3) of the statutes is amended to read:

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1 35.93 (3) The legislative reference bureau shall compile and deliver to the
2 department for printing copy for a register which shall contain all the rules filed
3 under s. 227.20 or modified under s. 227.265 since the compilation of rules for the
4 preceding issue of the register was made and those executive orders which are to be
5 in effect for more than 90 days or an informative summary thereof. The complete
6 register shall be compiled and published before the first day of each month and a
7 notice section of the register shall be compiled and published before the 15th day of
8 each month. Each issue of the register shall contain a title page with the name
9 “Wisconsin administrative register”, the number and date of the register, and a table
10 of contents. Each page of the register shall also contain the date and number of the
11 register of which it is a part in addition to the other necessary code titles and page
12 numbers. The legislative reference bureau may include in the register such
13 instructions or information as in the bureau’s judgment will help the user to correctly
14 make insertions and deletions in the code and to keep the code current.

15 **SECTION 9.** 35.93 (3) (e) (intro.) of the statutes, as affected by 2013 Wisconsin
16 Act 20, is amended to read:

17 35.93 (3) (e) (intro.) The legislative reference bureau shall incorporate into the
18 appropriate chapters of the Wisconsin administrative code each permanent rule filed
19 with the legislative reference bureau under s. 227.20 (1) or modified under s. 227.265
20 and, for each chapter of the administrative code affected by a rule, do all of the
21 following:

22 **SECTION 10.** 35.93 (3) (e) 1. of the statutes, as affected by 2013 Wisconsin Act
23 20, is amended to read:

24 35.93 (3) (e) 1. Publish the chapter in the appropriate end-of-month register
25 in accordance with the filing deadline for publication established in the rules

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1 procedures manual published under s. 227.15 (7) ~~or~~, in an end-of-month register
2 agreed to by the submitting agency and the legislative reference bureau, or, in the
3 case of a rule modified under s. 227.265, in the end-of-month register for the month
4 in which the bill modifying the rule is enacted.

5 **SECTION 11.** 227.01 (13) (intro.) of the statutes is amended to read:

6 227.01 (13) (intro.) “Rule” means a regulation, standard, statement of policy,
7 or general order of general application which has the effect of law and which is issued
8 by an agency to implement, interpret, or make specific legislation enforced or
9 administered by the agency or to govern the organization or procedure of the agency.
10 “Rule” includes a modification of a rule under s. 227.265. “Rule” does not include, and
11 s. 227.10 does not apply to, any action or inaction of an agency, whether it would
12 otherwise meet the definition under this subsection, which:

13 **SECTION 12.** 227.11 (2) (intro.) of the statutes is amended to read:

14 227.11 (2) (intro.) Rule-making authority is expressly conferred on an agency
15 as follows:

16 **SECTION 13.** 227.265 of the statutes is created to read:

17 **227.265 Repeal or modification of rules.** If a bill to repeal or modify a rule
18 is enacted, the procedures under ss. 227.114 to 227.21 and 227.26 do not apply.
19 Instead, the legislative reference bureau shall publish the repeal or modification in
20 the Wisconsin administrative code and register as required under s. 35.93, and the
21 repeal or modification shall take effect as provided in s. 227.22.

22 **SECTION 14.** 227.27 (2) of the statutes is amended to read:

23 227.27 (2) The code shall be prima facie evidence in all courts and proceedings
24 as provided by s. 889.01, but this does not preclude reference to or, in case of a
25 discrepancy, control over a rule filed with the legislative reference bureau ~~or the~~

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SECTION 14

1 secretary of state under s. 227.20 or modified under s. 227.265, and the certified copy
2 of a rule shall also and in the same degree be prima facie evidence in all courts and
3 proceedings.

4 SECTION 15. 442.01 (2) of the statutes is amended to read:

5 442.01 (2) ~~No~~ The examining board may not adopt a standard or rule relating
6 to professional conduct or unethical practice may be adopted until the examining
7 board has held a public hearing with reference thereto, subject to the rules
8 promulgated under s. 440.03 (1). ~~No~~ Except for a rule modified under s. 227.265, no
9 rule or standard shall become effective until 60 days after its adoption by the
10 examining board. Any person who has appeared at the public hearing and filed
11 written protest against any a proposed standard or rule may, upon the adoption of
12 such standard or rule by the examining board, obtain a review thereof under ch. 227.
13 Thereafter every person practicing as a certified public accountant in the state shall
14 be governed and controlled by the rules and standards prescribed by the examining
15 board, including any modifications under s. 227.265. INS. AA 1-3

16 SECTION 16. Accy 1.003 (1) of the administrative code is amended to read:

17 Accy 1.003 (1) "Attest service" means any of the following, if performed or
18 intended to be performed in accordance with the statements incorporated under s.

19 Accy 1.205:

20 (a) An audit ~~or any other engagement~~ INS. AA 2-1 that is performed or intended to be
21 performed in accordance with the statements incorporated by reference in s. Accy
22 1.205 (1).

23 (b) A review INS. AA 2-2 of a financial statement that is performed or intended to be
24 performed in accordance with the statements incorporated by reference in s. Accy
25 1.205 (2).

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1 (c) An examination of prospective financial information ~~that is performed or~~
2 ~~intended to be performed in accordance with the statements incorporated by~~
3 ~~reference in s. Accy 1.205 (3).~~

4 **SECTION 17.** Accy 1.101 of the administrative code is amended to read:

5 **Accy 1.101 Independence standards.** The following independence
6 standards of the accounting profession are adopted by reference and shall be used
7 by certified public accountants in Wisconsin:

8 The Code of Professional Conduct ET Section 101, including Sections ET 101.01
9 through ET ~~101.16~~ 101.19, available on the Internet at
10 <http://www.aicpa.org/about/code/et101.htm#101-1>
<http://www.aicpa.org/Research/Standards/CodeofConduct/Pages/sec100.aspx>, as of
11 January 31, 2013, and published by the American Institute of Certified Public
12 Accountants in print form as AICPA Professional Standards Volume 2 ~~3~~, as of June
13 1, 2002 January 31, 2013. The printed volume is available at:

14
15 American Institute of Certified Public Accountants
16 1455 Pennsylvania Ave., NW 1211 Avenue of the Americas
17 Washington, DC 20004-1081 New York, NY 10036-8775

Note: Definitions of terms used in the independence standards, ET Section 101,
are included in ET Section 92 of the Code of Professional Conduct published by the
American Institute of Certified Public Accountants and available at on the Internet site
<http://www.aicpa.org/about/code/def92.htm> at
http://www.aicpa.org/Research/Standards/CodeofConduct/Pages/et_92.aspx and in the
same printed volume as ET Section 101. ~~Copies of the Standards described above are on~~
~~file in the offices of the Accounting Examining Board and the Legislative Reference~~
~~Bureau.~~

18 **SECTION 18.** Accy 1.205 (intro.), (1), (2) and (3) of the administrative code are
19 consolidated, renumbered Accy 1.205 and amended to read:

20 **Accy 1.205 Standards for auditing, accounting and review services,**
21 **and attestation engagements.** The following standards of the accounting and

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SECTION 18

1 ~~auditing profession shall be used by that~~ certified public accountants in Wisconsin:

2 ~~(1) The shall use are (1) the~~ Statements on Auditing Standards issued as of June 1,

3 2003 by the ~~Auditing Standards Board of the American Institute of Certified Public~~

4 ~~Accountants and published as AICPA Professional Standards, volume 1 by the~~

5 ~~American Institute of Certified Public Accountants, Inc., New York, New York are~~

6 ~~incorporated by reference into this section. (2) The, the~~ Statements on Standards

7 for Accounting and Review Services issued as of June 1, 2003 by the Accounting and

8 ~~Review Services Committee of the American Institute of Certified Public~~

9 ~~Accountants and published as AICPA Professional Standards, volume 2 by the~~

10 ~~American Institute of Certified Public Accountants, Inc., New York, New York are~~

11 ~~incorporated by reference into this section. (3) The, and the~~ Statements on

12 Standards for Attestation Engagements issued as of June 1, 2003, by the Auditing

13 ~~Standards Board, the Accounting and Review Services Committee, and the~~

14 ~~Consulting Services Executive Committee of the American Institute of Certified~~

15 ~~Public Accountants and, published as AICPA Professional Standards, volume 2 by~~

16 the American Institute of Certified Public Accountants, Inc., New York, New York is;

17 and (2) the auditing standards of the Public Company Accounting Oversight Board.

18 All of those Statements and Standards are incorporated by reference into this

19 section.

Note: Copies of the Statements described above may be purchased from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036-8775.

Note: Copies of the Statements described above are on file in the offices of the Accounting Examining Board and the Legislative Reference Bureau.

20 SECTION 19. Accy 9.01 (4) of the administrative code is repealed.

21 SECTION 20. Accy 9.06 of the administrative code is amended to read:

INS. AA2-3

INS. AA2-4



**ASSEMBLY AMENDMENT 1,
TO ASSEMBLY BILL 669**

January 24, 2014 – Offered by Representative KOYENGA.

1 At the locations indicated, amend the bill as follows:

AA1-1

2 1. Page 1, line 4: substitute "procedures," for "procedures and".

AA1-2

3 2. Page 1, line 5: after "accountants" insert ", and eligibility requirements to
4 sit for the licensure examination for certified public accountants".

AA1-3

5 3. Page 6, line 15: after that line insert:

6 SECTION 15m. 442.04 (5) (b) 4. of the statutes, as affected by 2013 Wisconsin
7 Act 114, is amended to read:

8 442.04 (5) (b) 4. Except as provided in s. 442.05, the person has successfully
9 passed an examination in such subjects affecting accountancy as the examining
10 board considers necessary. A person is not eligible to take the examination under this
11 subdivision unless the person has completed at least 120 semester hours under subd.

12 3.

13

(END)



State of Wisconsin
2013-2014 LEGISLATURE

CORRECTIONS IN:

**ASSEMBLY AMENDMENT 2,
TO ASSEMBLY BILL 669**

Prepared by the Legislative Reference Bureau
(March 31, 2014)

In enrolling, the following correction was made:

1. Page 2, line 22: delete "(intro)." and substitute "(intro.)".

(END)



**ASSEMBLY AMENDMENT 2,
TO ASSEMBLY BILL 669**

February 5, 2014 – Offered by Representative MARKLEIN.

1 At the locations indicated, amend the bill as follows:

2 1. Page 6, line 20: substitute “or any other engagement” for ~~“or any other~~
3 ~~engagement”~~.

4 2. Page 6, line 23: after “review” insert “or compilation”.

5 3. Page 8, line 20: before that line insert:

6 “SECTION 18m. Accy 9.01 (2) of the administrative code is amended to read:
7 Accy 9.01 (2) “Engagement review” means to ~~review~~ read the financial
8 statements and other information submitted by the reviewed firm or required under
9 applicable professional standards, and the accountant’s report on those statements
10 and that information, of a firm that performs at its highest level of service only
11 services under SSARS or services under the SSAE not included in a system review.
12 An engagement review is usually performed at a location other than the reviewed
13 firm’s office. In The objective of an engagement review, the reviewers are required

AA2-1

AA2-2

AA2-3

1 to review the financial statements and accompanying accountant's report for
 2 compliance with professional standards, and is to determine whether the firm's
 3 working paper documentation conforms engagements submitted for review conform
 4 to the requirements of the SSARS and SSAES that are applicable to these
 5 engagements applicable professional standards in all material respects."

AA 2-4

4. Page 8, line 20: after that line insert:

7 "SECTION 19c. Accy 9.01 (5) of the administrative code is amended to read:
 8 Accy 9.01 (5) "SAS" means statements the Statements on auditing standards
 9 Auditing Standards issued by the auditing standards board of the American
 10 Institute of Certified Public Accountants.

11 SECTION 19g. Accy 9.01 (6) of the administrative code is amended to read:
 12 Accy 9.01 (6) "SSAE" means the statements Statements on standards
 13 Standards for attestation engagements Attestation Engagements issued by the
 14 auditing standards board, the accounting and review services committee, and the
 15 consulting services executive committee of the American Institute of Certified Public
 16 Accountants.

17 SECTION 19n. Accy 9.01 (7) of the administrative code is amended to read:
 18 Accy 9.01 (7) "SSARS" means the statements Statements on standards
 19 Standards for ~~accounting~~ Accounting and ~~review services~~ Review Services issued by
 20 the accounting and review services committee of the American Institute of Certified
 21 Public Accountants.

(intro.)

22 SECTION 19r. Accy 9.01 (8) (intro.) of the administrative code is renumbered
 23 Accy 9.01 (8) and amended to read:

