

2013 DRAFTING REQUEST

Assembly Amendment (AA-AB669)

Received:	2/4/2014	Received By:	mgallagh
Wanted:	As time permits	Same as LRB:	
For:	Howard Marklein (608) 266-7502	By/Representing:	Crystal
May Contact:		Drafter:	mgallagh
Subject:	Occupational Reg. - misc	Addl. Drafters:	
		Extra Copies:	

Submit via email: **YES**
 Requester's email: **Rep.Marklein@legis.wisconsin.gov**
 Carbon copy (CC) to: **michael.gallagher@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Changes to ACCY 9 definitions

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>
/1	mgallagh 2/5/2014	jdye 2/5/2014	jmurphy 2/4/2014	_____	srose 2/4/2014	srose 2/4/2014	
/2			rschluet 2/5/2014	_____	mbarman 2/5/2014	mbarman 2/5/2014	

FE Sent For:

<END>

2013 DRAFTING REQUEST

Assembly Amendment (AA-AB669)

Received: 2/4/2014 Received By: mgallagh
Wanted: As time permits Same as LRB:
For: Howard Marklein (608) 266-7502 By/Representing: Crystal
May Contact: Drafter: mgallagh
Subject: Occupational Reg. - misc Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Marklein@legis.wisconsin.gov
Carbon copy (CC) to: michael.gallagher@legis.wisconsin.gov

Pre Topic:

No specific pre topic given


Topic:

Changes to ACCY 9 definitions


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>
/1	mgallagh 2/4/2014	wjackson 2/4/2014	jmurphy 2/4/2014		srose 2/4/2014	srose 2/4/2014	

FE Sent For:

Handwritten notes:
2 2/5 jld jd

2/5/14

<END>

2013 DRAFTING REQUEST

Assembly Amendment (AA-AB669)

Received: 2/4/2014 Received By: mgallagh
 Wanted: As time permits Same as LRB:
 For: Howard Marklein (608) 266-7502 By/Representing: Crystal
 May Contact: Drafter: mgallagh
 Subject: Occupational Reg. - misc Addl. Drafters:
 Extra Copies:

Submit via email: YES
 Requester's email: Rep.Marklein@legis.wisconsin.gov
 Carbon copy (CC) to: michael.gallagher@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Changes to ACCY 9 definitions

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>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/1	mgallagh	1 wly 2/4					
----	----------	-----------	--	--	--	--	--

 Jim
 2/4

FE Sent For:

<END>

Gallagher, Michael

From: Potts, Crystal
Sent: Monday, February 03, 2014 10:05 AM
To: Gallagher, Michael
Cc: Potts, Crystal; VerVelde, Rachel
Subject: Amendment to AB 669
Attachments: Jan 30 2014 - Redline Recommended Changes to Wisconsin Administrative Code - Chapter Accy 9.docx

Mike:

I hope all is well with you.

I've attached a document with additional revisions to the accountancy code that we would like drafted in an amendment. If this could be done as soon as possible, it would be much appreciated. The bill will be up for an executive session this Thursday.

I'm sorry this is such short notice, but this was just brought to our attention on Friday.

As always, please let me know if you have any questions. I appreciate all your work on this.

Thanks,

Crystal Potts

Research Assistant
Committee Clerk, Assembly Committee on Ways & Means
Office of State Representative Howard Marklein
51st Assembly District
(608) 266-7502
Crystal.Potts@legis.wi.gov

Recommended updates to Wisconsin Administrative Code: Chapter Accy 9

Original Code: http://docs.legis.wisconsin.gov/code/admin_code/accy/9

Chapter Accy 9

PEER REVIEW

Accy 9.01 Definitions.

Accy 9.02 Requirement for firm license renewal.

Accy 9.03 Reports from board-approved review programs.

Accy 9.04 List of board-approved review programs.

Accy 9.05 Board approval of reviewers.

Accy 9.06 Conducting a peer review.

Accy 9.01 Definitions. As used in this chapter:

(1) "Board-approved review program" means a program approved by the board to perform a peer review of a firm licensed by the board.

(2) ~~"Engagement review" means to review a firm that performs only services under SSARS or services under the SSAE not included in a system review. An engagement review is usually performed at a location other than the reviewed firm's office. In an engagement review, the reviewers are required to review the financial statements and accompanying accountant's report for compliance with professional standards, and determine whether the firm's working paper documentation conforms to the requirements of the SSARS and SSAES that are applicable to these engagements in all material respects. An Engagement Review is for firms that are not required to have a System Review and only perform services under SSARS or services under the SSAEs not included in System Reviews as their highest level of service. The objective of an Engagement Review is to evaluate whether engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects. An Engagement Review consists of reading the financial statements or information submitted by the reviewed firm and the accountant's report thereon, together with certain background information and representations and the applicable documentation required by professional standards.~~

(3) "Peer review" means a process for a person who is licensed under this chapter to evaluate the professional competency of the members of a firm who are responsible for attest services provided by the firm or who sign or authorize another individual to sign accounting reports or financial statements on behalf of the firm.

~~(4) "Report review" means to review the financial statements submitted by the reviewed firm and the accountant's report thereon, together with certain background information and representations provided by the reviewed firm, including the firm's prior peer review report, and if applicable, letter of comment and letter of response. A report review does not include a review of the working papers prepared on the engagements submitted for review, tests of the firm's administrative or personnel files, interviews of selected firm personnel, or other procedures performed in a system or engagement review. A report review does not provide the reviewer with a basis for expressing any form of assurance on the firm's system of quality control for its accounting practice.~~

(54) "SAS" means ~~statements~~ Statements on auditing ~~auditing standards~~ Standards issued by the auditing standards board of the American Institute of Certified Public Accountants.

(65) "SSAE" means the ~~statements~~ Statements on standards ~~standards~~ Standards for attestation ~~attestation engagements~~ Engagements issued by the auditing standards board, the accounting and review services committee, and the consulting services executive committee of the American Institute of Certified Public Accountants.

(76) "SSARS" means the ~~statements~~ Statements on standards ~~standards~~ Standards for accounting ~~accounting and review~~ Accounting and review services ~~services~~ Services issued by the accounting and review services committee of the American Institute of Certified Public Accountants.

(87) "System review" means to review a firm that performs engagements under the SAS or examinations of prospective financial statements under the SSAE. System reviews are usually performed at the reviewed firm's office. A system review is intended to provide the reviewer with a reasonable basis for expressing both of the following opinions during the period under review:

(a) The reviewed firm's system of quality control for its accounting and auditing practice has been designed in accordance with applicable quality control standards.

(b) The reviewed firm's quality control policies and procedures were being complied with to provide the firm with reasonable assurance of conforming to professional standards.

A System Review includes determining whether the firm's system of quality control for its accounting and auditing practice is designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards, including SQCS No. 8, in all material respects. This type of review is for firms that perform engagements under the Statement on Auditing Standards (SASs), the Government Auditing Standards (Yellow Book), examinations under the Statement on Standards for Attestation Engagements (SSAEs), or audits of non-SEC issuers performed pursuant to the standards of the PCAOB as their highest level of service

Accy 9.02 Requirement for firm license renewal.

(1) After January 1, 2005, an application for renewal by a certified public accounting firm that provides or offers to provide attest services shall include a description of at least one peer review of the firm

undergone through a peer review program approved by the board, or approved by a board that regulates certified public accountants in another state, within 3 years preceding the application for renewal. The description shall identify the board-approved peer review program, the outcome of the review and the year under review.

(2) A firm is exempt from the peer review requirements in this section if it does not offer or perform attest services as defined in s. 442.001 (1), Stats.

(3) A firm that has not offered or performed an attest service within the 3-year period preceding application for renewal shall notify the department at the time of renewal that it is exempt from the peer review requirements of this section because it has not offered or performed an attest service within the 3-year period. If a firm that has claimed the exemption in this section subsequently performs an attest service, it **shall** notify the board by letter that it is no longer exempt from the peer review requirement within 30 days after accepting the engagement for the attest service and that it agrees to undergo a peer review within 18 months after accepting the engagement.

Note: The following questions are intended to assist firms in determining whether a peer review is required for renewal. An affirmative response to any part of any question means that a peer review is required. Caution: This list is not exclusive. Refer to the standards if in doubt.

1. Does your firm audit SEC clients, including employer-sponsored plans required to file a form 11-K with the SEC?

2. Does your firm currently perform the following types of engagements?

- Statements on Auditing Standards (SASs) - Audits?
- Agreed-upon procedures?
- Statements on Standards for Accounting and Review Services (SSARS)?
- Reviews of financial statements?
- Compilations of financial statements with disclosures?
- Compilations of financial statements where "Selected Information-Substantially All Disclosures Required Are Not Included?"
- Compilations of financial statements that omit substantially all disclosures?
- Statements on Standards for Attestation Engagements (SSAE)?
- Examinations of prospective financial statements under SAARS?
- Compilations of prospective financial statements under SAARS?
- Agreed-upon procedures of prospective financial statements?

- Examinations of written assertions?
- Reviews of written assertions?
- Agreed-upon procedures of written assertions?
- Engagements under Government Auditing Standards (Yellow Book)?

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.03 Reports from board-approved review programs. Each board-approved peer review program shall report the following to the board by December 1 of each even-numbered year:

- (1) A list of the names, addresses and license numbers of all firms that have undergone peer review within the preceding 36 months.
- (2) An evaluation of the effectiveness of the peer reviews.

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.05 ~~Board approval of reviewers. To be approved by the board as a board-approved review program, a~~ A person seeking approval as a reviewer under a board-approved review program shall submit evidence as requested by the board showing that:

- (1) ~~The program complies with s. Accy 9.06.~~ The reviewer requirements as set by the Peer Review Program Standards by the American Institute of Certified Public Accountants has been satisfied prior to performing a peer review.
- (2) ~~The person performing evaluations under the program is or consists of individuals licensed to practice as CPAs in this state who have undergone at least one peer review.~~

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.06 Conducting a peer review. In conducting a peer review, a board-approved peer review program shall comply with requirements for performing system reviews, engagement reviews and ~~report any other~~ reviews established under the "Standards for Performing and Reporting on Peer Reviews" issued by the American Institute of Certified Public Accountants, ~~effective January 1, 2001, specifically identified in paragraphs 25 - 71, and reproduced in Appendix A to this chapter.~~

~~Note: Paragraphs 25-71 of these standards are included as Appendix A to this chapter and are also available from the Internet at~~

~~<http://www.aicpa.org/Research/Standards/PeerReview/DownloadableDocuments/PeerReviewStandard.pdf>~~
~~<http://www.aicpa.org/members/div/practmon/stdstitledl.htm>~~

Gallagher, Michael

From: Potts, Crystal
Sent: Monday, February 03, 2014 3:56 PM
To: Gallagher, Michael
Cc: VerVelde, Rachel; Potts, Crystal
Subject: RE: Amendment to AB 669

Mike:

I hate to make another change to the amendment, but could we add the following change?

Page 6
Section 16
Accy 1.003
(b)

Please add the word "compilation" after the word "review". It should read: (b) A review or compilation of a financial statement.

Let me know if you have any questions.

Thanks,

Crystal Potts

Research Assistant
Committee Clerk, Assembly Committee on Ways & Means
Office of State Representative Howard Marklein
51st Assembly District
(608) 266-7502
Crystal.Potts@legis.wi.gov

From: Potts, Crystal
Sent: Monday, February 03, 2014 10:05 AM
To: Gallagher, Michael
Cc: Potts, Crystal; VerVelde, Rachel
Subject: Amendment to AB 669

Mike:

I hope all is well with you.

I've attached a document with additional revisions to the accountancy code that we would like drafted in an amendment. If this could be done as soon as possible, it would be much appreciated. The bill will be up for an executive session this Thursday.

I'm sorry this is such short notice, but this was just brought to our attention on Friday.

As always, please let me know if you have any questions. I appreciate all your work on this.

Thanks,

Crystal Potts

Research Assistant

Committee Clerk, Assembly Committee on Ways & Means

Office of State Representative Howard Marklein

51st Assembly District

(608) 266-7502

Crystal.Potts@legis.wi.gov



Thomson
=



LRBa1607/1
MPG:.....
WY

ASSEMBLY AMENDMENT,
TO ASSEMBLY BILL 669

D-Note

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

2 ✓ 1. Page 6, line 23: after "review" insert "or compilation".

3 ✓ 2. Page 8, line 20: before that line insert:

4 "SECTION 18m. Accy 9.01 (2) of the administrative code is amended to read:

5 Accy 9.01 (2) "Engagement review" means to review read the financial
6 statements and other information submitted by the reviewed firm or required under
7 applicable professional standards, and the accountant's report on those statements
8 and that information, of a firm that performs at its highest level of service only
9 services under SSARS or services under the SSAE not included in a system review.

10 ~~An engagement review is usually performed at a location other than the reviewed~~
11 ~~firm's office. In~~ The objective of an engagement review, the reviewers are required
12 ~~to review the financial statements and accompanying accountant's report for~~
13 ~~compliance with professional standards, and is to determine whether the firm's~~

1 ~~working paper documentation conforms~~ engagements submitted for review conform
2 ~~to the requirements of the SSARS and SSAES that are applicable to these~~
3 ~~engagements~~ applicable professional standards in all material respects.”.

4 ✓ **3.** Page 8, line 20: after that line insert:

5 “**SECTION 19c.** Accy 9.01 (5) of the administrative code is amended to read:

6 Accy 9.01 (5) “SAS” means statements the Statements on auditing Auditing
7 standards Standards issued by the auditing standards board of the American
8 Institute of Certified Public Accountants.

9 **SECTION 19g.** Accy 9.01 (6) of the administrative code is amended to read:

10 Accy 9.01 (6) “SSAE” means the statements the Statements on standards
11 Standards for attestation Attestations engagements Engagements issued by the
12 auditing standards board, the accounting and review services committee, and the
13 consulting services executive committee of the American Institute of Certified Public
14 Accountants.

15 **SECTION 19n.** Accy 9.01 (7) of the administrative code is amended to read:

16 Accy 9.01 (7) “SSARS” means the statements the Statements on standards
17 Standards for accounting Accounting and review services Review Services issued by
18 the accounting and review services committee of the American Institute of Certified
19 Public Accountants.

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

22 (X) Accy 9.01 (8) “System review” means to review a firm that, at the firm’s highest
23 level of service, performs engagements under the SAS or, examinations of
24 prospective financial statements under the SSAE. ~~System reviews are usually~~

1 ~~performed at the reviewed firm's office, or audits of non-SEC issuers pursuant to the~~
2 ~~standards of the Public Company Accounting Oversight Board. A system review is~~
3 ~~intended to provide the reviewer with a reasonable basis for expressing both of the~~
4 ~~following opinions during the period under review: includes determining whether~~
5 ~~the firm's system of quality control for its accounting and auditing practice is~~
6 ~~designed and enforced to provide the firm with reasonable assurance of performing~~
7 ~~and reporting in conformity with applicable professional standards, including the~~
8 ~~Statements on Quality Control Standards, No. 8, of the American Institute of~~
9 ~~Certified Public Accountants, in all material respects.~~ ✓

10 SECTION 19w. Accy 9.01 (8) (a) and (b) of the administrative code are repealed." ✓

11 (END)

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

LRBa1607/1dn

MPG:/:.....
wy

Date

Representative Marklein:

Please review this amendment carefully to ensure that it is consistent with your intent.

Rather than deleting and replacing the relevant definitions in Accy 9.01, I incorporated the material in the drafting instructions ^{with} ~~with~~ the existing definitions because portions of the material in the drafting instructions were consistent with the existing definitions. Please let me know if additional changes need to be made to the definitions in the draft.

✓
Please note that Accy 9.01 (4) is already repealed in 2013 AB 669. Therefore, I did not include that treatment from the drafting instructions in this amendment.

Please do not hesitate to contact me with any questions.

Thank you.

Michael Gallagher
Legislative Attorney
Phone: (608) 267-7511
E-mail: michael.gallagher@legis.wisconsin.gov

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

LRBa1607/1dn
MPG:wlj:jm

February 4, 2014

Representative Marklein:

Please review this amendment carefully to ensure that it is consistent with your intent.

Rather than deleting and replacing the relevant definitions in Accy 9.01, I incorporated the material in the drafting instructions with the existing definitions because portions of the material in the drafting instructions were consistent with the existing definitions. Please let me know if additional changes need to be made to the definitions in the draft.

Please note that Accy 9.01 (4) is already repealed in 2013 AB 669. Therefore, I did not include that treatment from the drafting instructions in this amendment.

Please do not hesitate to contact me with any questions.

Thank you.

Michael Gallagher
Legislative Attorney
Phone: (608) 267-7511
E-mail: michael.gallagher@legis.wisconsin.gov

Gallagher, Michael

From: Potts, Crystal
Sent: Tuesday, February 04, 2014 3:55 PM
To: Gallagher, Michael
Subject: FW: LRB 13a1607 Topic: Changes to ACCY 9 definitions
Attachments: LRB a1607_1.pdf; LRB a1607/1.pdf

Mike:

Could we get the following change made to the amendment?

1. Page 6, line 20: after "audit" eliminate the deletion of "or any other engagement".

In addition, lines 22 – 24 of the amendment should be revised to include the following highlighted language:

Page 2 line 22

Accy 9.01 (8) "System review" means to review a firm that, at the firm's highest level of service, performs engagements under the SAS, the Government Accounting Standards (Yellow Book), or examinations of prospective financial statements under the SSAE.

Then we are ready to go.

I will send the amendment jacket back. Let me know if you have any questions. I appreciate all your work on this.

Thanks,

Crystal Potts
Research Assistant
Committee Clerk, Assembly Committee on Ways & Means
Office of State Representative Howard Marklein
51st Assembly District
(608) 266-7502
Crystal.Potts@legis.wi.gov

From: LRB.Legal
Sent: Tuesday, February 04, 2014 2:35 PM
To: Rep.Marklein
Subject: LRB 13a1607 Topic: Changes to ACCY 9 definitions

The attached proposal has been jacketed for introduction.

A copy has also been sent to: michael.gallagher@legis.wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBa1607D
MPG:wlj:jm

NOW

ASSEMBLY AMENDMENT,
TO ASSEMBLY BILL 669

1/2

Ⓟ Ⓟ Page 6, line 20 substitute "or any other engagement" for "~~or any other engagement~~" strike

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

2 ~~#~~. Page 6, line 23: after "review" insert "or compilation".

3 ~~#~~. Page 8, line 20: before that line insert:

4 "SECTION 18m. Accy 9.01 (2) of the administrative code is amended to read:

5 Accy 9.01 (2) "Engagement review" means to review read the financial

6 statements and other information submitted by the reviewed firm or required under

7 applicable professional standards, and the accountant's report on those statements

8 and that information, of a firm that performs at its highest level of service only

9 services under SSARS or services under the SSAE not included in a system review.

10 ~~An engagement review is usually performed at a location other than the reviewed~~

11 ~~firm's office. In The objective of an engagement review, the reviewers are required~~

12 ~~to review the financial statements and accompanying accountant's report for~~

13 ~~compliance with professional standards, and is to determine whether the firm's~~

1 ~~working paper documentation conforms~~ engagements submitted for review conform
2 ~~to the requirements of the SSARS and SSAES that are applicable to these~~
3 ~~engagements applicable professional standards~~ in all material respects.”.

4 ~~#~~ Page 8, line 20: after that line insert:

5 “SECTION 19c. Accy 9.01 (5) of the administrative code is amended to read:

6 Accy 9.01 (5) “SAS” means ~~statements~~ the Statements on auditing standards
7 Auditing Standards issued by the auditing standards board of the American
8 Institute of Certified Public Accountants.

9 SECTION 19g. Accy 9.01 (6) of the administrative code is amended to read:

10 Accy 9.01 (6) “SSAE” means the ~~statements~~ Statements on standards
11 Standards for ~~attestation engagements~~ Attestation Engagements issued by the
12 auditing standards board, the accounting and review services committee, and the
13 consulting services executive committee of the American Institute of Certified Public
14 Accountants.

15 SECTION 19n. Accy 9.01 (7) of the administrative code is amended to read:

16 Accy 9.01 (7) “SSARS” means the ~~statements~~ Statements on standards
17 Standards for ~~accounting~~ Accounting and ~~review services~~ Review Services issued by
18 the accounting and review services committee of the American Institute of Certified
19 Public Accountants.

20 SECTION 19r. Accy 9.01 (8) (intro). of the administrative code is renumbered

21 Accy 9.01 (8) and amended to read:

22 Accy 9.01 (8) “System review” means to review a firm that, at the firm’s highest

23 level of service, performs engagements under the SAS ^{Plain?} ~~at~~ examinations of
24 prospective financial statements under the SSAE. ~~System reviews are usually~~

the Government Auditing Standards (Yellow Book)

1 ~~performed at the reviewed firm's office, or audits of non-SEC issuers pursuant to the~~
2 ~~standards of the Public Company Accounting Oversight Board. A system review is~~
3 ~~intended to provide the reviewer with a reasonable basis for expressing both of the~~
4 ~~following opinions during the period under review: includes determining whether~~
5 ~~the firm's system of quality control for its accounting and auditing practice is~~
6 ~~designed and enforced to provide the firm with reasonable assurance of performing~~
7 ~~and reporting in conformity with applicable professional standards, including the~~
8 ~~Statements on Quality Control Standards, No. 8, of the American Institute of~~
9 ~~Certified Public Accountants, in all material respects.~~

10 **SECTION 19w.** Accy 9.01 (8) (a) and (b) of the administrative code are repealed.”.

11 (END)