



State of Wisconsin  
2015 - 2016 LEGISLATURE

In 10-8  
Out 10-19

LRB-1813/PA  
MED/MPG:cjs  
↑

P4

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

Inserts  
to read

and modifying <sup>various</sup> administrative rules promulgated by the Accounting Examining Board relating to accounting

d-note

Reason

1 AN ACT to renumber 442.083; to amend 442.04 (5) (b) 4.; and to create 442.083  
2 (2) of the statutes; relating to: continuing education and examination  
3 requirements for certified public accountants.

**Analysis by the Legislative Reference Bureau**

g anal - prelim

Under current law, the Accounting Examining Board (board) licenses certified public accountants in Wisconsin. Current law does not contain specific continuing education requirements for certified public accountants licensed by the board. This bill requires the board to research the feasibility of rules establishing such continuing education requirements. The bill also specifies that the 120 credit hours required to sit for the accountant licensure exam must include course work in accounting and business subjects, as determined by the board.

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

Ins 1-4

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

4 SECTION 1. 442.04 (5) (b) 4. of the statutes is amended to read:  
5 442.04 (5) (b) 4. Except as provided in s. 442.05, the person has successfully  
6 passed an examination in such subjects affecting accountancy and business as the

1 examining board considers necessary. A person is not eligible to take the  
 2 examination under this subdivision unless the person has completed at least 120  
 3 semester hours under subd. 3. of education at an institution that include course work  
 4 in accounting and business subjects, as determined by the examining board.

\*\*\*\*NOTE: This does not change the requirement of 150 semester hours with an  
 accounting concentration under s. 442.04 (5) (b) 3. Please let me know if you want to affect  
 that requirement as well.

Ins 2-4

5 **SECTION 2. 442.083 of the statutes is renumbered 442.083 (1).**

6 **SECTION 3. 442.083 (2) of the statutes is created to read:**

Ins 2-6

7 **442.083 (2)** The <sup>accounting</sup> examining board shall research the feasibility of rules  
 8 establishing continuing education requirements for renewal of a license under s.

section

9 442.08 (1) of the statutes. Ins 2-9

10 (END)

Ins 2-9

2015-2016 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

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1 SECTION 1. 442.04 (5) (b) 3. of the statutes is amended to read:  
2 442.04 (5) (b) 3. The person has completed at least 150 semester hours of  
3 education ~~with an accounting concentration~~ at an institution that include course  
4 work in accounting and business subjects, as determined by the examining board,  
5 and has received a bachelor's or higher degree ~~with an accounting concentration from~~  
6 ~~an institution, except as provided in par. (e).~~

\*\*\*\*NOTE: I tried to mimic the language used in the /P3 version. OK? Also, I did not repeat language about accounting and business subjects in relation to the bachelor's degree because it didn't sound correct to say that a degree "included" certain kinds of courses (I think a degree is a degree, no?). Let me know if it's necessary to have language connecting the coursework to the bachelor's degree. A simpler approach might be to say "The person has received a bachelor's or higher degree that required at least 150 semester hours of education at an institution, which included course work in accounting and business subjects, as determined by the examining board."

History: 1975 c. 224; 1977 c. 219, 418; 1979 c. 337; 1981 c. 356, 380, 391; 1995 a. 333; 2001 a. 16; 2013 a. 21, 114, 210.

INSERT 2-4

7 SECTION 2. 442.04 (5) (c) of the statutes is repealed.

INSERT 2-6

8 SECTION 3. Nonstatutory provisions.

INSERT 2-9

9  
10 The board shall prepare a report describing its findings and recommendations,  
11 including a description of any suggested changes to the statutes or the board's rules,  
12 and shall submit the report to the legislature in the manner provided under section  
13 13.172 (3) of the statutes no later than December 31, 2016.

INSERT 2-9

14 SECTION 4. Accy 1.001 (1) of the administrative code is amended to read:

appropriate standing committees of the

chief clerk of each house of the legislature for distribution to the

xxxx Note: I provided that the board's findings would be sent to the appropriate standing committees. Let me know if you want something different.

skt

1 Accy 1.001 (1) Chapters Accy 1 to ~~9~~ 6 apply to a person who practices as a  
2 certified public accountant in this state.

3 SECTION 5. Accy 1.001 (3) of the administrative code is amended to read:

4 Accy 1.001 (3) A certified public accountant shall not permit others to carry out  
5 acts on his or her the accountant's behalf, either with or without compensation,  
6 which, if carried out by the certified public accountant, would violate chs. Accy 1 to  
7 ~~9~~ 6.

8 SECTION 6. Accy 1.003 (intro.) of the administrative code is amended to read:

9 Accy 1.003 Definitions. As used in chs. Accy 1 to ~~9~~ 6:

\*\*\*\*NOTE: 2013 Wisconsin Act 210 modified the code's definition of "attest service" such that the word "compilation" was added to s. Accy 1.003 (1) (b). Do you want to add the word "compilation" to the statutory definition of attest service (s. 442.001 (1) (b)) as well for consistency with this code definition? I think it would be best to do this if there is no reason not to since the code definition is otherwise modeled on the statutory one.

10 SECTION 7. Accy 1.003 (2<sup>m</sup>), (2<sup>r</sup>) and (7<sup>m</sup>) of the administrative code are  
11 created to read:

12 Accy 1.003 (2<sup>m</sup>) "Board" means the accounting examining board.

13 (2<sup>r</sup>) "Certified public accountant" or "CPA" means a person considered to be in  
14 practice as a certified public accountant under s. 442.02 (1<sup>m</sup>), Stats.

\*\*\*\*NOTE: I modified this slightly for consistency with the statute, as s. 442.02 (1<sup>m</sup>) is not actually a definition, but provides who is to be considered to be in practice as a certified public accountant. OK?

15 (7<sup>m</sup>) "Financial statements" means statements and footnotes related thereto  
16 that undertake to present an actual or anticipated financial position as of a point in  
17 time, or results of operations, cash flow, or changes in financial position for a period  
18 of time, in conformity with generally accepted accounting principles or another  
19 comprehensive basis of accounting. "Financial statements" does not include  
20 incidental financial data included in management advisory service reports to

1 support recommendations to a client; nor does it include tax returns and supporting  
2 schedules.

3 **SECTION 8.** Subchapter II (title) of chapter Accy 1 [precedes Accy 1.101] of the ✓  
4 administrative code is amended to read:

5 **CHAPTER ACCY 1**  
6 **SUBCHAPTER II**  
7 **INDEPENDENCE PROFESSIONAL** ✓  
8 **CONDUCT, INTEGRITY,**  
9 **AND OBJECTIVITY** ✓

10 **SECTION 9.** Accy 1.101 of the administrative code is repealed and recreated to  
11 read:

12 **Accy 1.101 Professional conduct.** (1) The board adopts by reference the  
13 “Code of Professional Conduct” published by the American Institute of Certified  
14 Public Accountants, effective as of December 15, 2014, except that references to  
15 “member” are replaced by “a person licensed to practice as a certified public  
16 accountant.”

17 (2) All definitions included in the American Institute of Certified Public  
18 Accountants’ Code of Professional Conduct shall apply only within that document.

\*\*\*\*NOTE: Are my changes here OK?

\*\*\*\*NOTE: As noted in the comments prepared by the Legislative Council staff,  
incorporation of standards by reference is only permitted if done in accordance with s.  
227.21, which requires the consent of the Attorney General. The rule document indicates  
this was complied with, correct? In addition, there is a statute, s. 442.01 (2), that governs ✓  
adoption of rules relating to professional conduct or unethical practice. Has the Board  
sought to comply with ~~this~~ requirements? If not, we could include an exemption from  
either requirement in the bill, just to foreclose any argument that the incorporation was  
invalid.

19 **Note:** The AICPA Code of Professional Conduct is available electronically at  
20 <http://pub.aicpa.org/codeofconduct/Ethics.aspx> or may be obtained from:

a.r. X

American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775

**SECTION 10.** Accy 1.102 of the administrative code is amended to read:

**Accy 1.102 Integrity and objectivity.** No person licensed to practice as a certified public accountant, as defined in the statutes, shall knowingly misrepresent facts, and when engaged in the practice of public accounting, including the rendering of tax and management advisory services, shall not subordinate his or her judgment to others. ~~In tax practice, a member may resolve doubt in favor of the client as long as there is reasonable support for that position.~~

ellw54-10  
\*\*\*\*NOTE: We now prefer to use the phrasing "may not" instead of "shall not." Let me know if you'd like me to change that here.

**SECTION 11.** Accy 1.201 (1) (intro.) of the administrative code is amended to read:

2  
1  
Accy 1.102 (1) (intro.) All persons licensed to practice as a certified public accountant, as defined in the statutes, shall comply with all of the following general standards as interpreted by bodies designated by the American Institute of Certified Public Accountants Council, and must justify any departures therefrom.;

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fix  
\*\*\*\*NOTE: I made this change, which matches the change in the SECTION 11, because the changes now call for a definition of CPA in the code. I also made a couple of technical changes. I would also suggest using the singular here ("accountant") instead of the plural, for consistency with the paragraphs that follow.

**SECTION 12.** Accy 1.202 of the administrative code is amended to read:

**Accy 1.202 Auditing standards.** A person licensed to practice as a certified public accountant shall not permit the certified public accountant's name to be associated with financial statements in such a manner as to imply that the certified public accountant is acting as an independent public accountant unless the certified

1 public accountant has complied with the applicable generally accepted auditing  
2 standards promulgated by the American Institute of Certified Public Accountants.  
3 Statements on auditing standards used by the American Institute of Certified Public  
4 Accountants auditing standards ~~executive committee~~ board are, for purposes of this  
5 ~~rule chapter~~, considered to be interpretations of the generally accepted auditing  
6 standards, and departures from such statements must be justified by those who do  
7 not follow them.

8 **SECTION 13.** Accy 1.301 (2) (d) and (4) of the administrative code are amended  
9 to read:

10 Accy 1.301 (2) (d) To preclude a certified public accountant from responding to  
11 an inquiry made by the Professional Ethics Division of the American Institute of  
12 Certified Public Accountants, by the duly constituted investigative or disciplinary  
13 body of a state society of certified public accountants, or under any state statutes or  
14 the standards of the Securities and Exchange Commission or the Public Company  
15 Accounting Oversight Board.

16 (4) The prohibition in sub. (1) against disclosure of confidential information  
17 obtained in the course of a professional engagement does not apply to disclosure of  
18 such information when required to properly discharge the certified public  
19 accountant's responsibility according to the profession's standards. The prohibition  
20 would not apply, for example, to disclosure, as required by AU-C section ~~561~~ 560 of  
21 Statement on Auditing Standards No. 1, of, regarding the subsequent discovery of  
22 facts existing at the date of the auditor's report which would have affected the  
23 auditor's report had the auditor been aware of such facts.

24 **SECTION 14.** Accy 1.302 (1) and (3) of the administrative code are amended to  
25 read:

1           Accy 1.302 (1) CONTINGENT FEES. Except as provided in sub. (3) (2), a certified  
 2 public accountant may charge a contingent fee provided the accountant and the  
 3 client make a contingent fee agreement in writing, signed by the client, which states  
 4 the method by which the fee is to be determined and describes all costs and expenses  
 5 to be charged to the client. Upon conclusion of the contingent fee matter, the  
 6 accountant shall provide the client with a written statement showing the fee and all  
 7 the costs and expenses charged to the client.

8           (3) COMMISSIONS. Except as provided in sub. (5) (4), a certified public  
 9 accountant may receive a commission provided that at the time the referral or  
 10 recommendation is made, the accountant informs the client in writing of the amount  
 11 and reason for the commission.

12           **SECTION 15.** Accy 1.401 (1) and (2) (a) (intro.), (c) and (e) 2. of the administrative  
 13 code are amended to read:

14           Accy 1.401 (1) No person licensed to practice as a certified public accountant,  
 15 ~~as defined in the statutes,~~ shall commit an act discreditable to the profession.

      \*\*\*\*NOTE: I made this change, which matches the change in the SECTION 11, because  
 the changes now call for a definition of CPA in the code.

16           (2) (a) *Client's records and accountant's workpapers.* (intro.) ~~Retention of client~~  
 17 ~~records after a demand is made for them is an act discreditable to the profession in~~  
 18 ~~violation of this section. It would be a violation of the code to retain a client's records~~  
 19 ~~to enforce payment. A certified public accountant's working papers are his or her the~~  
 20 ~~property of the certified public accountant and need not be surrendered to the client.~~  
 21 However, in some instances working papers will contain data which that should  
 22 properly be reflected in the client's books and records but which that for convenience  
 23 have not been duplicated therein, with the result that the client's records are

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1 incomplete. In such instances, the portion of the working papers containing such  
 2 data constitutes part of the client's records, and copies should be made available to  
 3 the client upon request. If a certified public accountant is engaged to perform certain  
 4 work for a client and the engagement is terminated prior to the completion of such  
 5 work, the certified public accountant is required to return or furnish copies of only  
 6 those records originally given to the certified public accountant by the client.  
 7 Examples of working papers that are considered to be the client's records would  
 8 include all of the following:

\*\*\*\*NOTE: As I think was noted in the Legislative Council comments, the change in the first two sentences was not described in the analysis for the proposed rule. I would also note that some of the other language seems to be written assuming that records must be returned to a client (see, e.g., par. (c), below, which refers to the "obligation"). With the first sentence struck, one is left to infer this instead of having it stated outright. I just thought I would note this as nothing in the rule analysis explained the intent of this change.

9 (c) *Duty discharged.* Once the certified public accountant has returned the  
 10 client's records or furnished the copies of such records ~~and/or~~ and necessary  
 11 supporting data, the obligation has been discharged in this regard and it is not  
 12 necessary to comply with any subsequent requests to again furnish such records.

13 (e) 2. On conviction for willful failure to file an income tax return or ~~other~~  
 14 another document ~~which,~~ that the certified public accountant as an individual is  
 15 required by law to file, for filing a false or fraudulent income tax return or other  
 16 document on his or her or a client's behalf, or for willful aiding in the preparation  
 17 ~~and/or~~ and presentation of a false or fraudulent income tax return of a client, or for  
 18 the willful making of a false representation in connection with the determination,  
 19 collection, or refund of any tax, whether it be in his or her own behalf or in behalf of  
 20 a client, the board will initiate charges in every instance.

\*\*\*\*NOTE: I made a few additional changes <sup>as proposed, or to "or"</sup> here for grammar. OK? Should "and/or" ~~be~~ be changed to "and" here? Using "and" suggests the person must aid in both the preparation and the presentation of a false return.

1           **SECTION 16.** Accy 1.401 (2) (f) of the administrative code is amended to read:  
 2           Accy 1.401 (2) (f) Notification of convictions. A certified public accountant shall  
 3 notify the board in writing within ~~60 days~~ 48 hours after being convicted of a crime.

      \*\*\*NOTE: This paragraph was missing a title (the other ones have them, so this one should too), so I added one. Let me know if you would like a different title.

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4           **SECTION 17.** Accy 1.404 (1) of the administrative code is amended to read:  
 5           Accy 1.404 (1) A person who is engaged in practice as a certified public  
 6 accountant, ~~as defined in the statutes,~~ shall not concurrently engage in any business  
 7 or occupation ~~which~~ that would create a conflict of interest rendering professional  
 8 services.

      \*\*\*NOTE: I made this change, which matches the change in the SECTION 11, because the changes now call for a definition of CPA in the code. Also, we now prefer to use the phrasing "may not" instead of "shall not." Let me know if you'd like me to change that here.

9           **SECTION 18.** Accy 1.405 of the administrative code is repealed and recreated  
 10 to read:

11           **Accy 1.405 Firm Names.** (1) An individual or firm may practice as a certified  
 12 public accountant in any form of business organization permitted by state law. No  
 13 person licensed to practice as a certified public accountant may practice under a firm  
 14 name that is misleading as to the type of organization. A misleading CPA Firm name  
 15 is any of the following:

      \*\*\*NOTE: In the first sentence, I changed the first two words to the singular form to agree with the use of the singular "certified public accountant." OK?

16           (a) A name that contains any representation that would be likely to cause a  
 17 reasonable person to misunderstand or be confused about the legal form of the firm,  
 18 or about who the owners or members of the firm are, such as a reference to a type of  
 19 organization or an abbreviation thereof that does not accurately reflect the form  
 20 under which the firm is organized, including any of the following:

1           1. A name that implies the existence of a corporation when the firm is not a  
2 corporation, such as through the use of the words "corporation," "incorporated,"  
3 "Ltd.," "professional corporation," or an abbreviation thereof as part of the firm name  
4 if the firm is not incorporated or is not a professional corporation.

5           2. A name that implies the existence of a partnership when there is not a  
6 partnership, such as by use of the term "partnership" or "limited liability  
7 partnership" or the abbreviation "LLP" if the firm is not such an entity.

8           3. A name that includes the name of an individual who is not a CPA if the title  
9 "CPAs" is included in the firm name.

10          4. A name that includes information about or indicates an association with  
11 persons who are not members of the firm, except as provided in subs. (3) and (4).

12          5. A name that includes the terms "& Company," "& Associate," or "Group," if  
13 the firm does not include, in addition to the named partner, shareholder, owner, or  
14 member, at least one other unnamed partner, shareholder, owner, member, or staff  
15 employee.

16          (b) A name that contains any representation that would be likely to cause a  
17 reasonable person to have a false or unjustified expectation of favorable results or  
18 capabilities, through the use of a false or unjustified statement of fact as to any  
19 material matter.

20          (c) A name that claims or implies the ability to influence a regulatory body or  
21 official.

22          (d) A name that includes the name of an owner whose license has been revoked  
23 for disciplinary reasons by the board, whereby the licensee has been prohibited from  
24 practicing public accountancy or prohibited from using the title CPA or holding  
25 himself or herself out as a certified public accountant.

1           (2) Any of the following is a permissible type of CPA firm name if it does not  
2 otherwise violate this subchapter:

      \*\*\*\*NOTE: I rewrote this a bit for grammar. OK?

3           (a) A firm name that includes the names of one or more former or present  
4 owners.

5           (b) A firm name that excludes the names of one or more former or present  
6 owners.

7           (c) A firm name that uses the CPA title as part of the firm name when all named  
8 individuals are owners of the firm who hold such title or are former owners who held  
9 such title at the time they ceased to be owners of the firm.

10          (d) A firm name that includes the name of a non-CPA owner if the CPA title  
11 is not a part of the firm name.

12          (3) A network firm may use a common brand name or share common initials  
13 as part of the firm name.

      \*\*\*\*NOTE: As noted in the Legislative Council comments, neither the term "network  
firm" nor "network" below appear to be defined. Our practice is usually to define terms of  
art such as this. Can such definitions be provided?

      \*\*\*\*NOTE: What does it mean to "share common initials"? Share with whom?  
Common to the network?

14          (4) A network firm may use the network name as the firm's name, provided that  
15 it also shares one or more of the following characteristics with other firms in the  
16 network:

17           (a) Common control, as defined by generally accepted accounting principles in  
18 the U.S., among the firms through ownership, management, or other means.

19           (b) Profits or costs, excluding costs of operating the association, costs  
20 developing audit methodologies, manuals and training courses, and other costs that  
21 are immaterial to the firm.

S and (e)

\*\*\*\*NOTE: To what does "the association" here and in part (c) refer? It's also not clear to me what costs "immaterial to the firm" means.

1 (c) A common business strategy that involves ongoing collaboration among the  
2 firms whereby the firms are responsible for implementing the association's strategy  
3 and are held accountable for performance pursuant to that strategy.

4 (d) A significant part of professional resources.

\*\*\*\*NOTE: As suggested in the Leg. Council comments, can this be further explained?

5 (e) Common quality control policies and procedures that participating firms are  
6 required to implement and that are monitored by the association.

\*\*\*\*NOTE: Is "participating firm" here synonymous with the term "network firm" used above?

7 **SECTION 19.** Chapter Accy 2 (title) of the administrative code is created to read:

8 **CHAPTER ACCY 2**

9 **INDIVIDUAL LICENSURE**

10 **SECTION 20.** Subchapter I (title) of chapter Accy 2 [precedes Accy 2.001] of the  
11 administrative code is created to read:

12 **CHAPTER ACCY 2**

13 **SUBCHAPTER I**

14 **AUTHORITY AND DEFINITIONS**

15 **SECTION 21.** Accy 2.001 of the administrative code is created to read:

16 **Accy 2.001 Authority.** The rules in this chapter are adopted under the  
17 authority in ss. 15.08 (5) (b), 227.11 (2), and 442.04, Stats.

18 **SECTION 22.** Accy 2.002 of the administrative code is created to read:

19 **Accy 2.002 Definitions.** In this chapter:

20 (1) "Accredited" means to be listed by an accrediting agency recognized by the  
21 secretary of the federal department of education on or after July 7, 2013.

\*\*\*\*NOTE: I'm not sure why a date is necessary here. Does it matter what date the school was accredited? The Legislative Council comments suggested this had to do with the effective date of 2013 Act 21, but I don't think that act said anything about what date the school had to be accredited.



\*\*\*\*NOTE: "Accredited" is an adjective that is just describing what it means to be accredited, so I removed the reference to a school, etc.. If you want to keep the reference to a school, the term should be changed to something like "accredited institution." OK?

1

**Note:** For a listing of accrediting agencies recognized by the secretary of the federal department of education, see [http://www2.ed.gov/admins/finaid/accred/accreditation\\_pg6.html](http://www2.ed.gov/admins/finaid/accred/accreditation_pg6.html).

(2) "Bachelor's degree" means a baccalaureate degree normally conferred by universities and colleges at the completion of at least a 4-year, full-time, academic-year program of study.

**Note:** Some students complete the 4-year bachelor's degree in less than 4 years by attending summer school or maximum course loads over a number of academic semesters.

**SECTION 23.** Subchapter II (title) of chapter Accy 2 [precedes Accy 2.101] of the administrative code is created to read:

**CHAPTER ACCY 2**  
**SUBCHAPTER II**  
**APPLICATION FOR CERTIFICATION**  
**OF INDIVIDUALS**

**SECTION 24.** Accy 2.101 (Note) of the administrative code is created to read:

**Accy 2.101** **Note:** Application forms are available upon request to the board's office at 1400 East Washington Avenue, P.O. Box 8935, Madison WI 53708-8935 or on the Internet at [www.dsps.wi.gov](http://www.dsps.wi.gov). An applicant with a disability will be provided reasonable accommodations.

NO  
B

\*\*\*\*NOTE: I changed "by email" here to "on the Internet" because a web site, and not an email address, was provided. OK?



1           (2) At least 24 semester hours in business courses other than accounting  
2 courses, at the undergraduate or graduate level, including at least one course in all  
3 of the following subjects:

      \*\*\*\*NOTE: For clarity, I said "at least one course in all of the following subjects" here.  
Please let me know if this was not the intent.

4           (a) Economics.

5           (b) Finance.

6           (c) Marketing.

7           (d) Management or organizational behavior.

8           (e) Business law.

9           (f) Ethics, unless completed under sub. (1) (d). ✓

10          **SECTION 28.** Accy 2.205 of the administrative code is created to read:

11          **Accy 2.205 Requirements for renewal and reinstatement of individual**  
12 **licenses. (1) RENEWAL BEFORE 5 YEARS.** An individual certified public accountant  
13 who files an application for renewal of a license within 5 years after the renewal date  
14 may renew his or her license by filing with the board all of the following:

15           (a) An application for renewal on a form prescribed by the department.

16           (b) The fee determined by the department under s. 440.03 (9) (a), Stats., and  
17 the applicable late renewal fee specified in s. 440.08 (3) (a), Stats. ✓

18          **(2) RENEWAL AFTER 5 YEARS.** An individual certified public accountant who files  
19 an application for renewal of a license 5 years or more after the renewal date may  
20 renew his or her license by filing with the board all of the following:

      \*\*\*\*NOTE: The language here had "may be renewed," which I changed to match sub.  
(1) as it didn't seem to make sense as written. Let me know if this was incorrect.

21           (a) An application for renewal on a form prescribed by the department.



1 (b) The fee determined by the department under s. 440.03 (9) (a), Stats., and  
2 the applicable late renewal fee specified in s. 440.08 (3) (a), Stats.

3 (c) Verification of successful completion of examinations specified in s. Accy  
4 2.301 or education specified in s. Accy 2.202 or both as may be prescribed by the  
5 board.

6 <sup>Stats.</sup> (3) REINSTATEMENT. Notwithstanding the board's authority under s. 442.12 (1)  
7 (g) to grant a hearing pursuant to an application in writing and notice, an individual  
8 certified public accountant who has a license with unmet disciplinary requirements  
9 and who has failed to renew the license within 5 years after the renewal date, or an  
10 individual whose license has been surrendered or revoked, may apply for  
11 reinstatement of his or her license. The request shall be in writing and be  
12 accompanied by all of the following:

- 13 (a) Evidence of the completion of the requirements under sub. (2) (c).
- 14 (b) Evidence of completion of disciplinary requirements, if applicable.
- 15 (c) Evidence of rehabilitation or change in circumstances warranting
- 16 reinstatement of the credential.

\*\*\*NOTE: Would such a person applying for reinstatement have to pay a fee?

\*\*\*NOTE: This language implies, but does not specifically state, that the board would grant reinstatement if the board was satisfied that the licensee had completed discipline and was rehabilitated. Do you want to make this more explicit that the board would grant a reinstatement if so satisfied?

17 **SECTION 29.** Accy 2.305 (1) (g) of the administrative code is created to read:  
18 Accy 2.305 (1) (g) Falsifying or misrepresenting educational credentials or  
19 other information required for admission to the examination.

20 **SECTION 30.** Subchapter IV (title) of chapter Accy 2 [precedes Accy 2.301] of the  
21 administrative code is created to read:

22 **CHAPTER ACCY 2**

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*material from  
moved from  
p. 15*

1

SUBCHAPTER IV

2

EXAMINATION

3

**SECTION 31.** Subchapter V (title) of chapter Accy 2 [precedes Accy 2.401] of the administrative code is created to read:

5

**CHAPTER ACCY 2**

6

SUBCHAPTER V

7

EXPERIENCE

8

**SECTION 32.** Accy 2.401 (2) of the administrative code is created to read:

9

Accy 2.401 (2) Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax, or related consulting skills.

12

**SECTION 33.** Chapter Accy 3 (title) of the administrative code is repealed and recreated to read:

14

**CHAPTER ACCY 3**

15

**ENDORSEMENT**

16

**SECTION 34.** Subchapter I (title) of chapter Accy 3 [precedes Accy 3.001] of the administrative code is created to read:

18

**CHAPTER ACCY 3**

19

SUBCHAPTER I

20

AUTHORITY AND DEFINITIONS

21

**SECTION 35.** Accy 3.01 of the administrative code is repealed.

22

**SECTION 36.** Accy 3.02 of the administrative code is renumbered Accy 2.301 and amended to read:

23

24

**Accy 2.301 Examination.** A candidate for <sup>a</sup>certified public accountant certificate shall successfully pass the certified public accountant examination set

25

1 forth in s. Accy 3.03 2.302 and the professional ethics examination set forth in s. Accy  
2 3.10 2.306.

3 **SECTION 37.** Accy 3.03 of the administrative code is renumbered Accy 2.302,  
4 and Accy 2.302 (1), as renumbered, is amended to read:

5 Accy 2.302 (1) The subjects covering the discipline of accounting in the certified  
6 public accountant examination shall be as provided ~~in the 4 sections of the by the~~  
7 board of examiners of the American ~~institute of certified public accountants uniform~~  
8 ~~certified public accountant examination~~ Institute of Certified Public Accountants  
9 Uniform Certified Public Accountant Examination. The passing grade on each  
10 section is 75 or higher.

\*\*\*\*NOTE: Is it correct that this should say "as provided by the... examination" and  
not "as provided in...?"

11 **SECTION 38.** Accy 3.03 (1) (Note) of the administrative code is repealed.

12 **SECTION 39.** Accy 3.04 of the administrative code is renumbered Accy 2.303 and  
13 amended to read:

14 **Accy 2.303 Education required for examination.** A candidate for the  
15 certified public accountant examination must ~~possess a bachelor's or higher degree~~  
16 ~~with a resident major in accounting, as defined in s. Accy 7.02 (3), or the reasonable~~  
17 ~~equivalence of a resident major in accounting, as defined in s. Accy 7.03 (1), or~~  
18 ~~reasonably expect to receive a degree with a resident major in accounting or its~~  
19 ~~reasonable equivalence within 45 days following the date of examination complete~~  
20 120 semester hours of education, including courses covering the subjects specified in  
21 [INSERT CORRECT CROSS-REFERENCE].

\*\*\*\*NOTE: The instructions had a reference to "courses covering the subjects  
specified in Accy 2.202(1)(1) through (c) and Accy 2.202(2)." I was unable to determine  
what this string of cross-references was intending to include. Please let me know what  
the intended cross-reference was.

1 SECTION 40. Accy 3.05 (1) (intro.) and (a) of the administrative code are  
2 renumbered Accy 2.101 (intro.) and (1), and Accy 2.101 (intro.), as renumbered, is  
3 amended to read: (title) and (title) and are

4 **Accy 2.101 Examination application Application.** (intro.) A candidate for  
5 ~~the certified public accountant examination applying for a certificate as a certified~~  
6 ~~public accountant~~ shall apply on an application form provided by the board and file  
7 the application in the board office no later than 60 days prior to the examination date.  
8 The application shall be supported by all of the following:

9 SECTION 41. Accy 3.05 (1) (b) (intro.) and 1. of the administrative code are  
10 consolidated, renumbered Accy 2.101 (2) and amended to read:

11 Accy 2.101 (2) Proof of fulfilling the educational requirements specified in s.  
12 Accy 2.202 and s. 442.04 (5), Stats., by submitting either: 1. Certified certified copies  
13 of transcripts for all academic work completed at an institution, as defined in s.  
14 442.04 (4) (a), Stats., at least one of s. 442.04 (5) (a), Stats., which must reflect the  
15 award of a bachelor's or higher degree, if the candidate has graduated prior to filing  
16 the application and the completion of 150 semester hours, including in courses  
17 covering the subjects specified in Accy 2.202.

\*\*\*NOTE: I tried to rephrase this slightly for readability. Let me know if these changes are not OK.

18 SECTION 42. Accy 3.05 (1) (b) 2. and 3. and (c), (2) and (3) of the administrative  
19 code are repealed.

20 SECTION 43. Accy 3.055 of the administrative code is repealed.

21 SECTION 44. Accy 3.06 of the administrative code is renumbered Accy 2.304,  
22 and Accy 2.304 (title), (1), (3) and (4), as renumbered, are amended to read:

(4) Sec#. RP; ~~2.304~~ Accy 3.05 (3) (Note).

(title)

no strike

5

no strike

1           **Accy 2.304** (title) ~~Examination~~ Candidates for examination. (1) A  
2 candidate shall be allowed to sit for each section of the uniform certified public  
3 accountant examination individually ~~and in any order~~.

4           (3) A candidate must pass all ~~4~~ sections of the uniform certified public  
5 accountant examination within a rolling 18-month period ~~which~~ that begins on the  
6 date that the first section is passed.

7           (4) If ~~all 4 sections~~ any section of the uniform certified public accountant  
8 examination ~~are~~ is not passed within the rolling 18-month period, credit for any  
9 section passed outside the 18-month period shall expire and that section shall be  
10 retaken.

11           **SECTION 45.** Accy 3.07 of the administrative code is repealed.

12           **SECTION 46.** Accy 3.08 of the administrative code is repealed.

13           **SECTION 47.** Accy 3.09 of the administrative code is renumbered Accy 2.305,  
14 and Accy 2.305 (1) (intro.), (a) to (d), (2) and (4), as renumbered, are amended to read:

15           Accy 2.305 (1) (intro.) Cheating on the certified public accountant examination  
16 is a serious breach of integrity and indicates a lack of good professional character.  
17 Cheating on an examination includes, ~~but is not limited to~~ any of the following:

18           (a) Communications concerning an examination being ~~written~~ taken between  
19 candidates inside or outside of the examination room, or copying another's answers.

20           (b) Communications concerning an examination being ~~written~~ taken with  
21 accomplices outside of the examination room.

22           (c) Substitution by a candidate of another person to sit in the examination room  
23 for the candidate and ~~write~~ take one or more of the examination questions or papers  
24 for the candidate.

\*\*\*\*NOTE: Do you want to strike "or papers" here too? It doesn't sound correct to say "take... papers."

1 (d) Reference to "crib notes," test books ~~or~~, other materials, or electronic media  
2 other than those provided to the candidate as part of the examination, inside or  
3 outside of the examination room during periods examinations are being ~~written~~  
4 taken.

\*\*\*\*NOTE: I think the "or" after test books should possibly be retained, as "other materials" seems to refer back to that. Alternatively, "electronic media" could be moved before "other materials."

5 (2) Penalties imposed by the board for cheating on the examination shall be  
6 related to the seriousness of the offense. Cheating ~~which~~ that was planned in  
7 advance is the most serious offense. Penalties may include the entering of a failing  
8 grade on all sections ~~written taken~~ for the examinations in which cheating occurred  
9 and suspension of the right to ~~write~~ take the next scheduled examination after the  
10 examination in which cheating occurred ~~or to the.~~ Penalties may also include  
11 entering of a failing grade on all sections ~~written taken~~ for the examinations in which  
12 cheating occurred and suspension of the right to ~~write for as many as the next 6~~  
13 ~~scheduled examinations after the examination in which cheating occurred~~ take the  
14 examination. Time within which conditional credit previously earned for passing  
15 part of the examination may be extended by board action in situations where  
16 penalties are levied, and by as long as the period of suspension.

11/15  
20-16

17 (4) Other jurisdictions to which a candidate may apply to ~~write~~ take the  
18 certified public accountant examination during a period of suspension of the right to  
19 ~~write~~ take the examination shall be notified of the penalty levied in Wisconsin.

20 SECTION 48. Accy 3.10 of the administrative code is renumbered Accy 2.306.

21 SECTION 49. Subchapter II (title) of chapter Accy 3 [precedes Accy 3.101] of the  
22 administrative code is created to read:

**CHAPTER ACCY 3**

**SUBCHAPTER II**

**CERTIFICATION BY ENDORSEMENT**

**SECTION 50.** Accy 3.11 of the administrative code is renumbered Accy 2.307, and Accy 2.307 (1), as renumbered, is amended to read:

Accy 2.307 (1) ~~Applicants~~ An applicant for <sup>the</sup> certified public accountant examination may request a review of ~~their examination papers from the American Institute of certified public accountants advisory grading service~~ his or her examination from the National Association of State Boards of Accountancy.

**SECTION 51.** Subchapter III (title) of chapter Accy 3 [precedes Accy 3.201] of the administrative code is created to read:

**CHAPTER ACCY 3**

**SUBCHAPTER III**

**FOREIGN ENDORSEMENT CANDIDATES**

**SECTION 52.** Chapter Accy 4 (title) of the administrative code is repealed and recreated to read:

**CHAPTER ACCY 4**

**ENFORCEMENT**

**SECTION 53.** Subchapter I of chapter Accy 4 [precedes Accy 4.001] of the administrative code is created to read:

**CHAPTER ACCY 4**

**SUBCHAPTER I**

**AUTHORITY**

**Accy 4.001 Authority.** The rules in this chapter are adopted pursuant to the authority in ss. 15.08 (5) (b), 227.11 (2) and 442.12, Stats.

✓

1           **SECTION 54.** Accy 4.01 of the administrative code is renumbered Accy 5.301.

2           **SECTION 55.** Accy 4.02 of the administrative code is renumbered Accy 5.101 and  
3 amended to read:

4           **Accy 5.101 Firm license.** A firm shall meet the ownership requirements of  
5 s. 442.08 (2) (c) 2., Stats., and be licensed as a certified public accountant if any  
6 member of the firm practices as a certified public accountant in Wisconsin ~~other than~~  
7 ~~on a temporary basis as described in s. 442.025 (4), Stats.~~ An individual licensed as  
8 a CPA may only provide attest services, as defined in s. 442.001 (1), Stats., in a CPA  
9 firm that has a firm license.

      \*\*\*\*NOTE: There is already a definition of "attest service" in the code (see s. Accy  
1.003 (1)). Is there a reason to cite to the statutory definition, which largely says the same  
thing (but see my note above)?

10          **SECTION 56.** Accy 4.03 of the administrative code is renumbered Accy 5.201.

11          **SECTION 57.** Accy 4.035 of the administrative code is repealed.

*fix  
component* →

12          **SECTION 58.** Accy 4.037 of the administrative code is renumbered Accy 5.102. *ye*

13          Accy 5.102 (3) (d) That the applicant has satisfied the peer review  
14 requirements in s. 442.087, Stats., and ch. Accy 9 6. ✓

15          **SECTION 59.** Accy 4.04 of the administrative code is renumbered Accy 5.302 and  
16 amended to read:

*↑ and Accy 5.102 (3) (d) ↑ as  
renumbered ↑ is amended to read:*

17          **Accy 5.302 Firms without office in this state.** Firms without a bona fide  
18 office in this state, as described in s. Accy 4.06 ~~5.303~~ (2), may be licensed if there is  
19 a licensed Wisconsin certified public accountant designated as the individual  
20 responsible for the firm's compliance with ch. 442, Stats., for the Wisconsin  
21 engagement or engagements.

22          **SECTION 60.** Accy 4.05 of the administrative code is renumbered Accy 5.402.

23          **SECTION 61.** Accy 4.06 of the administrative code is renumbered Accy 5.303.





1           (2) Knowingly making misleading, deceptive, or untrue representations in the  
2 performance of services.

3           (3) Using the CPA title or providing attest or compilation services in this state  
4 without a certificate or license or without properly qualifying to practice across state  
5 lines.

      ✓           \*\*\*\*NOTE: What are "compilation services"? The term is not defined. I would note  
that Accy 1.003 (1) (b) defines "attest service" to include a "review or compilation of a  
financial statement," and "compilation of a financial statement" is defined in s. Accy 1.003  
(4), so would it be sufficient to just say "attest services" here? ✓

6           (4) Using or attempting to use a certificate or license that has been suspended  
7 or revoked.

8           (5) Making any false, misleading, or deceptive statement in support of an  
9 application for a license filed by another person.

10          (6) Failing to comply with professional standards as to the attest or compilation  
11 competency requirements for those who supervise attest or compilation  
12 engagements and sign reports on financial statements or other compilation  
13 communications with respect to financial statements.

14          (7) Failing to comply with the applicable peer review requirements set out in  
15 ch. Accy 6. ✓

16          (8) Engaging in conduct reflecting adversely upon the licensee's fitness to  
17 perform services, including any of the following:

          \*\*\*\*NOTE: I changed "all" here and below to "any" because I think the intent is that  
any of these would be grounds. OK?

18          (a) Adjudication as mentally incompetent.

          \*\*\*\*NOTE: I would suggest listing this as a separate grounds, because being  
adjudged mentally incompetent isn't conduct per se, but would seem to be a *consequence*  
of conduct. Alternatively, I could change the intro. in sub. (8) to say "*as evinced by any*  
of the following," which I think would be even better.

19          (b) Incompetence, which includes any of the following:



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**SECTION 67.** Subchapter I (title) of chapter Accy 5 [precedes Accy 5.101] of the administrative code is created to read:

**CHAPTER ACCY 5**

**SUBCHAPTER I**

**APPLICATION FOR FIRM LICENSURE.**

**SECTION 68.** Accy 5.01 of the administrative code is renumbered Accy 2.401 (1) and amended to read:

**Accy 2.401** <sup>(title)</sup> **Review dates of candidate's experience.** (1) Following the

successful passing of the written each section of the uniform CPA examination and upon written request by a candidate, a candidate's experience shall be reviewed by the board. The written request shall include employer verification statements and information on experience to update the experience data already in the candidate's file. Such evaluation will determine whether the candidate qualifies at that time under the requirement of having at least one year of public accounting experience or its equivalent, the sufficiency of the experience or the equivalency to be judged by the examining board. The board shall inform the candidate if additional experience is needed. Upon gaining the required additional experience, the candidate shall notify the board and provide verification.

**SECTION 69.** Accy 5.02 of the administrative code is renumbered Accy 2.402.

**SECTION 70.** Accy 5.03 of the administrative code is renumbered Accy 2.403 and amended to read:

**Accy 2.403 Public accounting experience.** An individual must have at least one year of public accounting experience or its equivalent as determined by the board. Experience shall be acquired after the applicant has earned a degree described in s. 442.04 Stats., that qualifies the applicant to take the CPA

move to page 27

Material moved from page 26

1 examination 120 semester hours from an accredited college or university with a  
2 concentration in accounting. This experience must have been acquired within 5  
3 years after applying for the certification as a certified public accountant.

4 **SECTION 71.** Accy 5.04 of the administrative code is renumbered Accy 2.404.

5 **SECTION 72.** Accy 5.05 of the administrative code is renumbered Accy 2.405.

6 **SECTION 73.** Accy 5.06 of the administrative code is repealed.

7 **SECTION 74.** Accy 5.07 of the administrative code is renumbered Accy 2.406.

8 **SECTION 75.** Subchapter II (title) of chapter Accy 5 [precedes Accy 5.201] of the  
9 administrative code is created to read:

10 **CHAPTER ACCY 5**  
11 **SUBCHAPTER II**  
12 **SOLE PROPRIETOR**

13 **SECTION 76.** Subchapter III (title) of chapter Accy 5 [precedes Accy 5.301] of the  
14 administrative code is created to read:

15 **CHAPTER ACCY 5**  
16 **SUBCHAPTER III**  
17 **OFFICE**

18 **SECTION 77.** Subchapter IV (title) of chapter Accy 5 [precedes Accy 5.401] of the  
19 administrative code is created to read:

20 **CHAPTER ACCY 5**  
21 **SUBCHAPTER IV**  
22 **MEMBER**

23 **SECTION 78.** Accy 5.401 (1) (a) to (d) and (2) of the administrative code are  
24 created to read:

25 Accy 5.401 (1) (a) Formation of a new firm.

1 (b) Termination of a firm.

2 (c) Change in the management of any branch office in this state.

3 (d) Establishment of a new branch office or the closing or change of address of  
4 a branch office in this state.

5 (2) The board shall be notified by a firm in writing of any addition of a partner,  
6 member, manager or shareholder or the retirement, withdrawal or death of a  
7 partner, member, manager or shareholder as of January 1 of each year.

\*\*\*\*NOTE: As in the sub. (1) (intro.), I changed "is to be" to our more customary "shall be."

8 **SECTION 79.** Accy 5.403 of the administrative code is created to read:

9 **Accy 5.403 Internet practice.** A CPA firm offering or rendering professional  
10 services via an Internet site shall provide in the Internet site's homepage, a name,  
11 an address, and a principal state of licensure as a means for regulators and the public  
12 to contact a responsible licensee in charge at the firm regarding complaints,  
13 questions, or regulatory compliance.

\*\*\*\*NOTE: What does "regulatory compliance" here mean?

14 **SECTION 80.** Subchapter I of chapter Accy 6 [precedes Accy 6.001] of the  
15 administrative code is created to read:

16 **CHAPTER ACCY 6**

17 **SUBCHAPTER I**

18 **AUTHORITY AND DEFINITIONS**

19 **Accy 6.001 Authority.** The rules in this chapter are adopted pursuant to the  
20 authority in ss. 15.08 (5) (b), 227.11 (2) and 442.087 (3), Stats.

21 **Accy 6.002 Definitions.** As used in this chapter:

1 (1) "Board-approved review program" means the peer reviewer's entire peer  
2 review process, including the standards for administering performing and reporting  
3 on peer reviews, oversight procedures, and training and related guidance materials.

4 (2) "Engagement review" means a peer review in which the peer reviewer  
5 evaluates and reports on engagements submitted by a firm that performs at its  
6 highest level of service, only services under SSARS, or services under the SSAEs that  
7 are not included in a system review in order for the peer reviewer to determine  
8 whether the engagements submitted for review conform to applicable professional  
9 standards in all material respects.

10 (3) "PCAOB" means the Public Company Accounting Oversight Board that  
11 conducts firm inspection of certified public accounting firms' Securities and  
12 Exchange Commission issuer practices and other engagements subject to its  
13 inspection process.

14 (4) "Peer review" means a board-approved study, appraisal, or review of one  
15 or more aspects of the attest or compilation work of a licensee of a registered firm in  
16 the practice of public accounting, by a person or persons who hold licenses in this  
17 jurisdiction <sup>or another jurisdiction</sup> and who are not affiliated with the person or firm being reviewed.

\*\*\*\*NOTE: Would it be better here to use the defined term "attest service(s)" instead  
of "attest or compilation work"?

18 (5) "Peer review program" includes the entire peer review process, including  
19 the standards for administering, performing, and reporting on peer reviews,  
20 oversight procedures, training, and related guidance and materials.

21 (6) "Peer review reports" means reports issued by the peer reviewer or peer  
22 reviewing firm in accordance with board-approved peer review standards.

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29-3

2 (5) 3

1 (7) "Peer review standards" means board-approved professional standards for  
2 administering, performing, and reporting on peer reviews.

3 (8) "Peer reviewer" means a certified public accountant or accounting firm  
4 responsible for conducting the peer review holding a valid and active license to  
5 practice public accounting in good standing issued by this state or some other state who meets the peer reviewer  
6 requirements established in the board-approved peer review standards.

7 (9) "SAS" means the Statements on Auditing Standards issued by the auditing  
8 standards board of the American Institute of Certified Public Accountants.

9 (10) "SSAE" means the Statements on Standards for Attestation Engagements  
10 issued by the auditing standards board of the American Institute of Certified Public  
11 Accountants.

12 (11) "SSARS" means the Statements on Standards for Accounting and Review  
13 Services issued by the accounting and review services committee of the American  
14 Institute of Certified Public Accountants.

15 (12) "System review" means a peer review in which the peer reviewer  
16 determines whether the firm's system of quality control for its accounting and  
17 auditing practice is designed and compiled with to provide the firm with reasonable  
18 assurance of performing and reporting in conformity with applicable professional  
19 standards, including the Statements on Quality Control Standards, No. 8 of the  
20 American Institute of Certified Public Accountants, in all material respects for firms  
21 that at the firm's highest level of service, perform engagements under the SAS,  
22 Government Auditing Standards, examinations under the SSAEs, or pursuant to the  
23 standards of the PCAOB not subject to permanent inspection by the PCAOB.

\*\*\*\*NOTE: Please review my minor wording changes here.

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30-6





1 (3) Other good cause clearly outside of the control of the public accounting firm.

2 SECTION 85. Accy 6.304 of the administrative code is created to read:

3 **Accy 6.304 Firm structure changes.** In the event a firm is merged,  
4 otherwise combined, dissolved, or separated, the organization administering the  
5 peer review shall determine which firm <sup>(if any)</sup> is considered to be the succeeding firm. The  
6 succeeding firm shall retain its peer review status and the review due date.

7 SECTION 86. Chapter Accy 7 (title) of the administrative code is repealed.

8 SECTION 87. Accy 7.01 of the administrative code is repealed.

9 SECTION 88. Accy 7.02 of the administrative code is repealed.

10 SECTION 89. Accy 7.03 of the administrative code is repealed.

11 SECTION 90. Accy 7.035 (intro.) and (2) of the administrative code are  
12 consolidated, renumbered Accy 2.202 (intro.), and amended to read:

13 **Accy 2.202 Education required to take the examination for**  
14 **certification.** (intro.) A person may not take the examination leading to the  
15 candidate applying for a certificate to practice as a certified public accountant unless  
16 the person has, as part of must, in the course of having completed the 150 semester  
17 hours of education, met one of the following conditions: (2) ~~Earned~~ have earned a

18 baccalaureate or graduate degree from a business school or college of business that is accredited by  
19 an accrediting agency recognized by the ~~board~~ secretary of the federal department  
20 of education and completed at all of the following:

\*\*\*NOTE: I think this can just say "an accredited business school or college,"  
because there is already a definition for what "accredited" means included above. Also  
note that elsewhere, the phrase "accredited college or university" is used instead.

21 (1) At least 24 semester hours in accounting at the undergraduate level or 15  
22 semester hours at the graduate level, or an equivalent combination, including

1 ~~courses covering the subjects of financial accounting, auditing, U.S. taxation, and~~  
2 ~~management accounting. at least one course in all of the following subjects:~~

\*\*\*\*NOTE: For clarity, I said "at least one course in all of the following subjects" here.  
Please let me know if this was not the intent.

3 **SECTION 91.** Accy 7.04 (title) of the administrative code is renumbered Accy  
4 2.203 (title).

5 **SECTION 92.** Accy 7.04 (1) of the administrative code is renumbered Accy 2.203.

6 **SECTION 93.** Accy 7.04 (2) of the administrative code is repealed.

7 **SECTION 94.** Accy 7.05 of the administrative code is renumbered Accy 3.101,  
8 and Accy 3.101 (1) (c), as renumbered, is amended to read:

9 Accy 3.101 (1) (c) The applicant has been approved under s. Accy ~~8.05~~ 3.202. ✓

10 **SECTION 95.** Accy 7.06 of the administrative code is repealed.

11 **SECTION 96.** Accy 7.07 of the administrative code is renumbered Accy 2.204.

12 **SECTION 97.** Chapter Accy 8 (title) of the administrative code is repealed.

13 **SECTION 98.** Accy 8.01 (title) of the administrative code is renumbered Accy  
14 3.001 (title).

15 **SECTION 99.** Accy 8.01 (1) of the administrative code is renumbered Accy 3.001.

16 **SECTION 100.** Accy 8.02 of the administrative code is renumbered Accy 3.002.

17 **SECTION 101.** Accy 8.03 (title) and (1) to (6) of the administrative code are  
18 renumbered Accy (title) and 3.102 (1) to (5). ↑ (3) ↑ (4) ↑ (5) and

**NOTE TO EDITOR: Does this need to be more clear?**

19 **SECTION 102.** Accy 8.04 of the administrative code is renumbered Accy 3.201 (4) and  
20 and amended to read:

21 **Accy 3.201 Foreign candidates.** (1) Candidates holding certifications from  
22 foreign countries shall establish their qualifications for a certificate by endorsement  
23 as set forth in ss. Accy ~~8.02 and 8.03~~ 3.002 and 3.102, or in s. Accy ~~8.05~~ 3.202. ✓

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1           (2) Except as provided in s. Accy 8.05 3.202, education qualifications in foreign  
 2 countries are not comparable to those in Wisconsin. As no foreign school is accredited  
 3 by ~~the North Central Association of Colleges and Schools or its regional equivalent~~  
 4 an accrediting agency that is recognized by the secretary of the federal department  
 5 of education, evidence of acceptance without deficiency into a graduate program in  
 6 a school accredited by ~~the North Central Association of Colleges and Schools or its~~  
 7 ~~regional equivalent~~ an agency that is recognized by the secretary of the federal  
 8 department of education will be accepted as evidence of equivalence for a bachelor's  
 9 or higher degree. ~~The education acquired must constitute the reasonable~~  
 10 ~~equivalence of a resident major s set forth in s. Accy 7.03.~~

\*\*\*\*NOTE: The original rule provided that s. Accy 7.03 would be renumbered to Accy 2.201, but in the additional document, 7.03 was instead marked for repeal. Therefore, the cross-reference in the last sentence would now be invalid. So I struck that entire sentence. OK?

11           (3) Except as provided in s. Accy 8.05 3.202, examinations in foreign countries  
 12 have not been established as being comparable to those in the United States.  
 13 Candidates must establish at least minimum qualifications in United States  
 14 practice related to areas of business law, federal income taxes, generally accepted  
 15 auditing standards, and generally accepted accounting principles. The writing of  
 16 uniform certified public accountant examinations in these areas would be adequate  
 17 evidence, although other evidence may be accepted if validated.

18           (4) Except as provided in s. Accy 8.05 3.202, experience must include practice  
 19 using United States related techniques as noted in sub. (3). Experience will be  
 20 considered on its merit without restriction as to where it was acquired, so long as it  
 21 is relevant to United States practice.

22           **SECTION 103.** Accy 8.05 of the administrative code is renumbered Accy 3.202  
 23 and Accy 3.202 (2) (d), as renumbered, is amended to read:

1 Accy 3.202 (2) (d) The applicant has successfully completed the professional  
2 ethics examination in s. Accy 3.10 2.306.

3 SECTION 104. Chapter Accy 9 (title) of the administrative code is renumbered  
4 Chapter Accy 6 (title).

5 SECTION 105. Accy 9.01 of the administrative code is repealed.

6 SECTION 106. Accy 9.02 of the administrative code is renumbered Accy 6.101.

Accy  
6.101

\*\*\*\*NOTE: I would suggest striking, in sub. (2), the reference to the definition of  
attest services in the statutes since the code already has such a definition. OK?

7 SECTION 107. Accy 9.02 (Note) of the administrative code is renumbered Accy  
8 6.101 (Note) and amended to read:

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

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

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

**NOTE TO EDITOR: Add bullet points as in code.**

- 16 • Statements on Auditing Standards (SASs) – Audits?
- 17 • Agreed-upon procedures?
- 18 • Statements on Standards for Accounting and Review Services (SSARS)?
- 19 • Reviews of financial statements?
- 20 • Compilations of financial statements with disclosures?
- 21 • Compilations of financial statements where “Selected  
22 Information–Substantially All Disclosures Required Are Not Included?”
- 23 • Compilations of financial statements that omit substantially all disclosures?

- 1 • Statements on Standards for Attestation Engagements (SSAE)?
- 2 • International Financial Reporting Standards (IFRS) or International Auditing
- 3 Standards (IAS)?
- 4 • Examinations of prospective financial statements under SAARS?
- 5 • Compilations of prospective financial statements under SAARS?
- 6 • Agreed-upon procedures of prospective financial statements?
- 7 • Examinations of written assertions?
- 8 • Reviews of written assertions?
- 9 • Agreed-upon procedures of written assertions?
- 10 • Engagements under Government Auditing Standards (Yellow Book)?
- 11 • PCAOB Auditing Standards?
- 12 • PCAOB Attestation Standards?
- 13 • Or any requirement for work performed as subject to requirements of the
- 14 AICPA peer review program.

\*\*\*\*NOTE: Should this end with a question mark like the rest?

- 15 **SECTION 108.** Accy 9.03 of the administrative code is renumbered Accy 6.201.
- 16 **SECTION 109.** Accy 9.04 of the administrative code is renumbered Accy 6.202.
- 17 **SECTION 110.** Accy 9.05 of the administrative code is renumbered Accy 6.301,
- 18 and Accy 6.301 (1), as renumbered, is amended to read:
- 19 Accy 6.301 (1) The program complies with s. Accy 9.06 6.302.
- 20 **SECTION 111.** Accy 9.06 of the administrative code is renumbered Accy 6.302.

\*\*\*\*NOTE: I would suggest making the link to the Web site a note instead, as above. Agree?

21 **SECTION 112. Effective date.** <sup>S</sup> This act takes effect

on the day after publication, except as follows:

For comment →

fix component

of provisions of

1 (1) The treatments to the administrative code take effect on the first day of the  
2 third month following publication of this act in the Wisconsin Administrative  
3 Register.

4

3rd (END)

d-note

**2015-2016 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1813/P4insY  
MPG:wlj

**INSERT 4-10**

↓

This sentence uses a double negative ("No person... shall not"), which seems to technically result in a meaning that is the opposite of what is intended. Do you want to revise this sentence to avoid this construction? Also, we

**INSERT 20-16**

\*\*\*\*NOTE: What does the scored "take the examination" here mean? Does this mean one or more sections of the examination? Are we sure this isn't redundant since the previous section already referred to "suspension of the right to take the next scheduled examination...?"

**INSERT 29-3**

\*\*\*\*NOTE: It's unclear to me why the current definition in Accy 9 is being replaced with this one as opposed to just adding this material to the current definition. As written, this does not say that a "board-approved review program" has to actually be approved by the board. It also seems to be lacking a basic description of what a peer-review program is (compare with current s. Accy 9.01 (1)). Maybe what is in the current definition could be added to this definition and "means" here could be changed to "includes."

**INSERT 30-6**

\*\*\*\*NOTE: This uses "this state or some other state" while the definition of "peer review" uses "this jurisdiction or another jurisdiction." Is a distinction intended? Also I added "issued" here. Is that correct?

**INSERT 33-2**

1           **SECTION 1.** Accy 7.035 (1), (3), (4) and (5) of the administrative code are  
2 repealed.

\*\*\*\*NOTE: The Word document provided did not show sub. (5) as being repealed, but it appeared this was probably the intent. If not, please let me know.



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

LRB-1813/P4dn

MED:./

*State*

*gs*

Putting this together took some time due to the amount of renumbering involved and the fact that a Word document was submitted with additional changes that, I assumed, were supposed to supersede what was in the other document. I also had to address a number of cross-references and provisions not addressed in the proposed rule. Finally, I also reviewed the comments on the rule provided by the Leg. Council staff and tried to address or note their comments if they had not already been addressed. Given all of this, I would suggest reviewing the entire draft carefully and let me know if further changes are needed or if anything appears to have been missed or misinterpreted.

*a  
letting*

I also intend to have mock chapters produced to show how they would look as amended, which I can share and would also like to review myself. I may have additional thoughts or comments after doing that as well.

I am also happy to meet to discuss this draft in person if that would be of assistance.

Michael Duchek  
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(608) 266-0130  
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**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1813/P4dn  
MED:cjs

October 23, 2015

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