

## Duchek, Michael

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**From:** Potts, Crystal  
**Sent:** Wednesday, November 25, 2015 10:08 AM  
**To:** Duchek, Michael  
**Subject:** LRB 1813  
**Attachments:** Peer Review Provisions of Proposed Bill to Update Wisconsin Accountancy Administrative Code Provisions - IV (revised November 23 2015).docx

Mike—

I received feedback from multiple stakeholders and they have conveniently put their input into one Word document.

If it would be beneficial since this is a pretty complex issue, I'd be happy to set up a meeting sometime in December to work out any lingering details on this draft. Please let me know if you have any questions. Thanks to you and your colleagues for your hard work on this draft.

Happy Thanksgiving!

**Crystal L. Potts** | Chief of Staff | Office of State Senator Howard Marklein  
17<sup>th</sup> Senate District | 608-266-0703 | <http://legis.wisconsin.gov/senate/17/marklein>



**WICPA**  
**Proposed Legislation Updating Wisconsin Accountancy Administrative Code Provisions**  
**November 23, 2015**

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The language, below, from a proposed bill (LRB-1813/P4) relates to Peer Review provisions for CPAs. Proposed changes for consideration are redlined. The changes described in the prior summary dated November 4, 2015 remain relevant for November 23, 2015.

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Page 29

SECTION 82. Subchapter I of chapter Accy 6 [precedes Accy 6.001] of the administrative code is created to read:

CHAPTER ACCY 6  
SUBCHAPTER I

Page 30

AUTHORITY AND DEFINITIONS

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

Accy 6.002 Definitions. As used in this chapter:

(1) "~~Board-approved~~ Peer review program" means the ~~peer reviewer's entire~~ peer review process developed and maintained by the American Institute of CPAs (AICPA) and administered by the Wisconsin Institute of CPAs (WICPA) or administered by any other U.S. CPA licensing jurisdiction, as well as any other peer review program approved by the board, and ~~includes~~ the standards for administering, performing and reporting on peer reviews, oversight procedures, and training and related guidance materials. The AICPA Standards for Performing and Reporting on Peer Reviews are available on the Internet at <http://www.aicpa.org/Research/Standards/PeerReview/DownloadableDocuments/PeerReviewStandards.pdf>

\*\*\*\*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." See proposed changes above and below.

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

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

(4) "Peer review" means a ~~board-approved~~ study, appraisal, or review of one or more aspects of the ~~attest or compilation~~ work of a licensee of a registered firm in the practice of public accounting in accordance with a Peer Review Program, by a person or persons who hold licenses in this

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jurisdiction or another jurisdiction 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"? Yes, because the reference to the term "attest service(s)" as defined in the Administrative Code (rather than the statute) already includes a reference to "compilation" as well as a reference to peer review standards that define the term compilation. ("Compilation" as defined in AICPA "Compilation Standards" means specific services that reference AICPA Compilation Standards in a narrative Compilation Report). This is different than the layman's or dictionary definition of the term compilation that is simply a financial statement compiled from accounting records and does not include a narrative report that references AICPA Compilation Standards. A non-CPA may prepare financial statements under Wisconsin statutes and regulations, and may refer to the financial statements as a compilation, as long as the statements do not include a narrative report or a reference to AICPA Compilation Standards.)

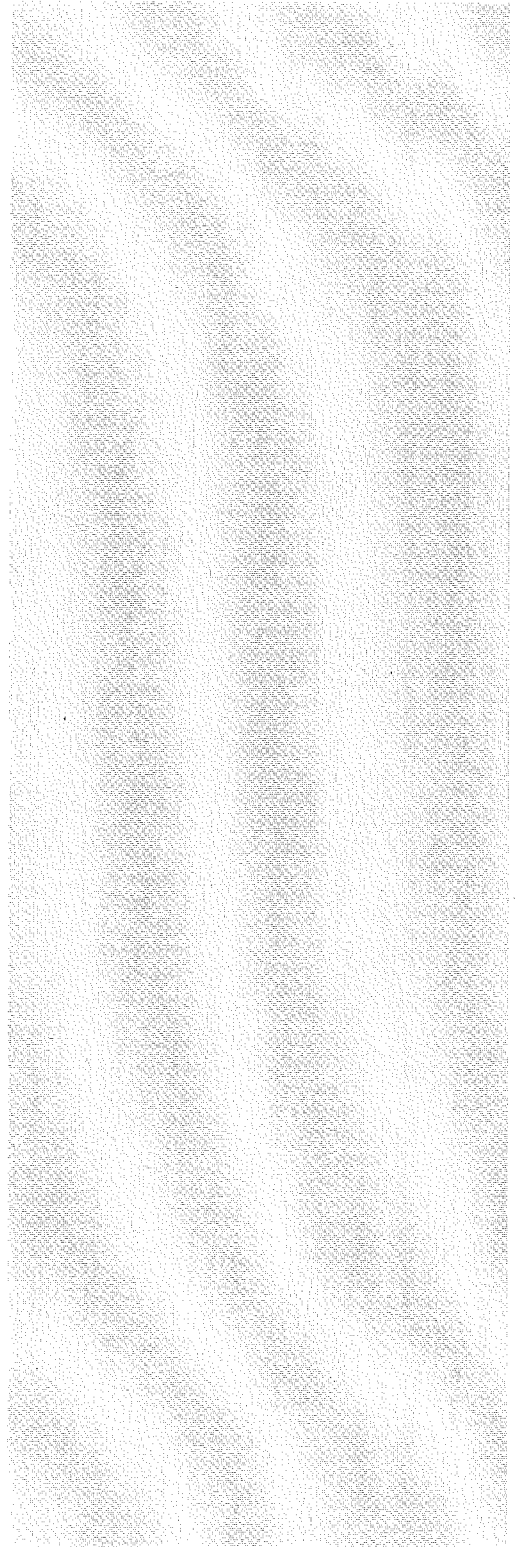
(5) "Peer review reports" means reports issued by the peer reviewer or peer reviewing firm in accordance with ~~board-approved~~ a ~~peer review standards~~ program and such program's peer review standards.

(6) "Peer review standards" means ~~board-approved~~ professional standards for administering, performing, and reporting on peer reviews under a peer review program.

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



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



## Duchek, Michael

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**From:** Potts, Crystal  
**Sent:** Tuesday, December 01, 2015 9:57 AM  
**To:** Duchek, Michael  
**Subject:** RE: LRB 1813  
**Attachments:** Note to Crystal Potts Regarding 2015 Accountancy Bill.docx

Mike—

I forgot to attach this second document. We went through multiple versions of these. Sorry about that!

Thanks,  
Crystal

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**From:** Duchek, Michael  
**Sent:** Monday, November 30, 2015 2:16 PM  
**To:** Potts, Crystal <Crystal.Potts@legis.wisconsin.gov>  
**Subject:** RE: LRB 1813

Hi Crystal,

Having looked at it now more closely, the document you attached appears to only address the part of the draft relating to peer review definitions. Was there any feedback made on the rest of the draft?

-Mike

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**From:** Potts, Crystal  
**Sent:** Wednesday, November 25, 2015 10:08 AM  
**To:** Duchek, Michael <[Michael.Duchek@legis.wisconsin.gov](mailto:Michael.Duchek@legis.wisconsin.gov)>  
**Subject:** LRB 1813

Mike—

I received feedback from multiple stakeholders and they have conveniently put their input into one Word document.

If it would be beneficial since this is a pretty complex issue, I'd be happy to set up a meeting sometime in December to work out any lingering details on this draft. Please let me know if you have any questions. Thanks to you and your colleagues for your hard work on this draft.

Happy Thanksgiving!

**Crystal L. Potts** | Chief of Staff | Office of State Senator Howard Marklein  
17<sup>th</sup> Senate District | 608-266-0703 | <http://legis.wisconsin.gov/senate/17/marklein>



Crystal,

Michael Duchek did an outstanding job refining the proposed legislation that incorporates recent complex model regulations into decades old regulations. His grammatical refinements clarify provisions, and his questions and observations were very helpful to me in further refining a few provisions.

Below is a summary of my suggested refinements, questions, and comments for Michael:

1. Section 1 - Retain the draft language in Statute Section 442.04(5)(b)(3) and not use the alternative "simpler approach" described in the note following line 3 on page 2.  
OK.
2. Section 2 - Consider renumbering Statute Section 442.04(5)(d) as 442.04(5)(c) to avoid confusion that might result from the repeal of current section 442.04(5)(c).  
Our long-standing practice for both the statutes and the administrative code is generally to avoid re-using numbering, because it could cause confusion for people who were used to the old numbering.
3. Section 6 (Note) and Section 109 - Do not add the term "compilation" to the statutory definition of "attest" in s. 442.001(1), since the statutory definition is used to determine whether an individual is considered to be in practice as a CPA under s. 442.01(1m)(drm), while the regulatory definition of attest in Accy 1.003(1)(b) is used for the more limited purpose of determining whether a CPA is subject to peer review requirements in new Accy 6.101 (Note), formerly Accy 9.02 (Note).  
OK.
4. Section 9 - I attended a public hearing on the draft rules several months ago that appeared to comply with the hearing requirements of s. 442.01(2). While I do not have personal knowledge regarding the consent of the Attorney General regarding incorporation of standards by reference, my experience with DSPS indicates that the statement referencing the incorporation of the rules by the Attorney General as explained in the rule document is accurate. It would not seem unreasonable to include an exemption from this requirement in the bill in the interest of being conservative with respect to processing.  
OK, I can add a nonstatutory provision at the end of the bill.
5. Section 10 - Consider the following language for clarification: "No person licensed to practice as a certified public accountant, as defined in the statutes, shall knowingly misrepresent facts, and nor 2) when engaged in the practice of public accounting, including the rendering of tax and management advisory services, shall subordinate his or her judgment to others."  
I can do something like this.

6. Section 15 - The language change regarding client records and accountant's workpapers is intended to more closely align with the Uniform Accountancy Act provisions in order to provide greater consistency among jurisdictions. The remaining related provisions appear to provide sufficient guidance for readers to determine that a licensee has an obligation to return a client's records or furnished copies and necessary supporting data.  
OK.

7. Section 18, page 11, line 11 (Note) - A network firm is referenced in model UAA rule 14-1 (c) and (d) with reference to the definition of network firm in the AICPA Code Of Professional Conduct which defined network in section 0.400.33 as follows:

Network. For purposes of the "Network and Network Firms" interpretation [1.220.010] of the

"Independence Rule" [1.200.001], a network is an association of entities that includes one or more firms that (a) cooperate for the purpose of enhancing the firms' capabilities to provide professional services and (b) share one or more of the following characteristics:

- a. The use of a common brand name, including common initials, as part of the firm name
  - b. Common control among the firms through ownership, management, or other means
  - c. Profits or costs, excluding costs of operating the association; costs of developing audit methodologies, manuals, and training courses; and other costs that are immaterial to the firm
  - d. A common business strategy that involves ongoing collaboration amongst the firms whereby the firms are responsible for implementing the association's strategy and are held accountable for performance pursuant to that strategy
  - e. A significant part of professional resources
  - f. Common quality control policies and procedures that firms are required to implement and that are monitored by the association
- A network may comprise a subset of entities within an association only if that subset of entities cooperates and shares one or more of the characteristics set forth in the preceding list.

A Network Firm is a firm or other entity that belongs to a network. This includes any entity (including another firm) that the network firm, by itself or through one or more of its owners, controls, is controlled by, or is under common control with.

The Board's adoption of the AICPA Code of Professional Conduct in Section 9 would appear to allow a reference in Section 18 to the definition of "Network" in such Code. It would appear that the reference to "association" would mean the Network. The language regarding "immaterial to the firm" is taken from the UAA model statute and

## Duchek, Michael

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**From:** Potts, Crystal  
**Sent:** Monday, December 14, 2015 3:26 PM  
**To:** Duchek, Michael  
**Subject:** RE: Accy draft

Mike—

I will pass these questions along to Dennis. Is it ok if I have him give you a call? These are pretty technical.

Thanks,  
Crystal

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**From:** Duchek, Michael  
**Sent:** Monday, December 14, 2015 2:45 PM  
**To:** Potts, Crystal <Crystal.Potts@legis.wisconsin.gov>  
**Subject:** Accy draft

Crystal,

I think I am near being done to be able to give you an updated draft, but I did have a few followup questions on peer review. I don't think we need another meeting or anything, but it might be good to talk about some of these over the phone with someone, as these questions are all sort of interrelated and that might be easier to talk through it rather than try to type a response to each one. But I attempted to list them out below:

*The proposed changes to the definition of "peer review program" reference the AIPCA peer review process administered by the WICPA or any other U.S. licensing jurisdiction. I have a few followup questions regarding this and other stuff regarding peer review:*

1. The changes reference a program that uses the AIPCA review process administered by the WICPA or any other U.S. licensing jurisdiction or another program approved by the board, but is the reference to the AIPCA standards redundant in that Accy 6.302 already would require use of those standards? Or is there a distinction that I am missing between what is in the proposed changes to the definition of "peer review program" and what is required under Accy 6.302? Would a peer review ever be conducted using standards *other than* the AIPCA standards?
2. The WICPA is not a "licensing jurisdiction," so I don't think it would be correct to say "any other U.S. licensing jurisdiction." Rather, wouldn't this be referring to whatever the equivalent of the WICPA would be in another state, right? If so, is there a more correct way to say this? Or does this mean any program approved by another state that uses the AIPCA standards?
3. Accy 6.101 (1) requires an applicant for renewal undergo "a peer review program approved by the board, or approved by a board that regulates certified public accountants in another state". Is the underscored language still correct (or is this essentially referring to the same thing that they were trying to get at with the changes to the definition?)? In other words, will *any peer review program approved by any other state's board suffice without having to be approved by our board*? \*\*\*If so, would a peer review program approved in another state have to comply with Accy 6.201, for instance?\*\*\*



4. Looking at the changes to the note after s. Accy 6.101 again, the changes requested add a number of things to the bulleted list. Are these things being added types of engagements per se, as asked by question 2? If not, I'm not sure these additions make sense here, or maybe they should be rephrased to speak in terms of engagements...

Let me know, thanks,

**Mike Duchek**  
**Legislative Attorney**  
**Wisconsin Legislative Reference Bureau**  
**(608) 266-0130**

## Duchek, Michael

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**From:** Potts, Crystal  
**Sent:** Wednesday, December 16, 2015 1:42 PM  
**To:** Duchek, Michael  
**Subject:** Accy Draft--One Additional Thing

Mike—

I spoke with Dennis this morning and he had one additional thing for the accy draft:

include the following additional note immediately following Accy 2.202(2):

“NOTES: The courses covering the subjects of advanced financial accounting, cost or managerial accounting, taxation, and auditing under s. Accy 2.202(1), would normally shall all be courses taken beyond the introduction level. A course will be considered advanced financial accounting if it covers one or more of the following topics: foreign currency transactions, partnerships, state and local governments, not-for-profit entities, consolidations, mergers and acquisitions, intercompany transactions, fraud investigations, accounting theory, and accounting research.”

Please let me or Dennis know if you have any questions.

Thanks,

**Crystal L. Potts** | Chief of Staff | Office of State Senator Howard Marklein  
17<sup>th</sup> Senate District | 608-266-0703 | <http://legis.wisconsin.gov/senate/17/marklein>



## Duchek, Michael

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**From:** Potts, Crystal  
**Sent:** Wednesday, December 16, 2015 2:26 PM  
**To:** Duchek, Michael  
**Subject:** FW: Accy draft  
**Attachments:** Peer Review Provisions of Proposed Bill to Update Wisconsin Accountancy Administrative Code Provisions - V (revised December 15, 2015).docx

**Importance:** High

Mike—

This is what Dennis sent to me yesterday. I asked him to give you a call on it as well.

Please let me know if you have any questions.

Thanks,  
Crystal

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**From:** Duchek, Michael  
**Sent:** Monday, December 14, 2015 2:45 PM  
**To:** Potts, Crystal <[Crystal.Potts@legis.wisconsin.gov](mailto:Crystal.Potts@legis.wisconsin.gov)>  
**Subject:** Accy draft

Crystal,

I think I am near being done to be able to give you an updated draft, but I did have a few followup questions on peer review. I don't think we need another meeting or anything, but it might be good to talk about some of these over the phone with someone, as these questions are all sort of interrelated and that might be easier to talk through it rather than try to type a response to each one. But I attempted to list them out below:

*The proposed changes to the definition of "peer review program" reference the AIPCA peer review process administered by the WICPA or any other U.S. licensing jurisdiction. I have a few followup questions regarding this and other stuff regarding peer review:*

1. The changes reference a program that uses the AIPCA review process administered by the WICPA or any other U.S. licensing jurisdiction or another program approved by the board, but is the reference to the AIPCA standards redundant in that Accy 6.302 already would require use of those standards? Or is there a distinction that I am missing between what is in the proposed changes to the definition of "peer review program" and what is required under Accy 6.302? Would a peer review ever be conducted using standards *other than* the AIPCA standards?

Since my conversation with the WICPA staff member who has managed the Peer Review Program for the State of Wisconsin for more than a decade confirmed that the AICPA Peer Review Program is the only such program in the U.S., and since this AICPA Program is specifically referenced in Section Accy 6.001(1), it would indeed seem that Section Accy 6.302 is redundant and could be removed entirely. This would also be consistent with the prior elimination in my prior recommendation to eliminating the reference to "Board-approved" Peer Review Program, since there is only one program (the AICPA Peer Review Program). In the unlikely event that some other organization were to establish a competing peer review program, the Accounting Examining Board could consider establishing rule changes to recognize

such a new program at that time. Since a peer review would never be conducted using standards other than the AICPA standards, it would be appropriate to eliminate Accy 6.302 in favor of the redlined Accy 6.001(1) in the attached document.

2. The WICPA is not a "licensing jurisdiction," so I don't think it would be correct to say "any other U.S. licensing jurisdiction." Rather, wouldn't this be referring to whatever the equivalent of the WICPA would be in another state, right? If so, is there a more correct way to say this? Or does this mean any program approved by another state that uses the AICPA standards?

Excellent point! A more appropriate reference would be something like: "...or administered by a peer review program administrator approved by a board that regulates certified public accountants in any other U.S. CPA licensing jurisdiction...." The attached updated redlined document reflects this suggested change.

3. Accy 6.101 (1) requires an applicant for renewal undergo "a peer review program approved by the board, or approved by a board that regulates certified public accountants in another state". Is the underscored language still correct (or is this essentially referring to the same thing that they were trying to get at with the changes to the definition)? In other words, will *any peer review program approved by any other state's board suffice without having to be approved by our board*? \*\*\*If so, would a peer review program approved in another state have to comply with Accy 6.201, for instance?\*\*\*

This is another great point. In order to maximize the consistency among the various Accy provisions that reference peer review, my suggestion would be to revise Section 6.101(1) to read as follows (also reflected at the end of the attached document):

**Accy 6.101 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 administrator, if administered by a peer review program administrator approved by a board that regulates certified public accountants in any other U.S. CPA licensing jurisdiction, the outcome of the review and the year under review.**

4. Looking at the changes to the note after s. Accy 6.101 again, the changes requested add a number of things to the bulleted list. Are these things being added types of engagements per se, as asked by question 2? If not, I'm not sure these additions make sense here, or maybe they should be rephrased to speak in terms of engagements...

The items that were added are types of engagements that will trigger the requirement for a CPA firm to undergo a peer review. My recollection is that we determined that Section Accy 6.101(2) would be most appropriately revised to read as follows, in recognition of the fact that Accy 1.003(1) includes a specific definition of attest that is different than the statutory definition of attest in S. 442.001(1) in order for the Code definition to be applied only to licensed CPAs for the primary purpose of requiring a peer 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.

Let me know, thanks,

**Mike Duchek**  
**Legislative Attorney**  
**Wisconsin Legislative Reference Bureau**  
**(608) 266-0130**

**WICPA**  
**Proposed Legislation Updating Wisconsin Accountancy Administrative Code Provisions**  
**December 15, 2015**

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The language, below, from a proposed bill (LRB-1813/P4) relates to Peer Review provisions for CPAs. Proposed changes for consideration are redlined. The changes from the prior summary dated November 23, 2015 are highlighted in yellow.

Page 29

SECTION 82. Subchapter I of chapter Accy 6 [precedes Accy 6.001] of the administrative code is created to read:

CHAPTER ACCY 6  
SUBCHAPTER I

Page 30

AUTHORITY AND DEFINITIONS

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

Accy 6.002 Definitions. As used in this chapter:

(1) ~~“Board-approved Peer review program”~~ means the ~~peer reviewer’s entire~~ peer review process developed and maintained by the American Institute of CPAs (AICPA) and administered by the Wisconsin Institute of CPAs (WICPA) or administered by a peer review program administrator approved by a board that regulates certified public accountants in any other U.S. CPA licensing jurisdiction, ~~as well as any other peer review program approved by the board,~~ and including the standards for administering, performing and reporting on peer reviews, oversight procedures, and training and related guidance materials. The AICPA Standards for Performing and Reporting on Peer Reviews are available on the Internet at <http://www.aicpa.org/Research/Standards/PeerReview/DownloadableDocuments/PeerReviewStandards.pdf>

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\*\*\*\*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.” See proposed changes above and below.

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

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

(4) "Peer review" means a ~~board-approved~~ study, appraisal, or review of one or more aspects of the attest ~~or compilation~~ work of a licensee of a registered firm in the practice of public accounting in accordance with a Peer Review Program, by a person or persons who hold licenses in this

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Page 31

jurisdiction or another jurisdiction 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"? Yes, because the reference to the term "attest service(s)" as defined in the Administrative Code (rather than the statute) already includes a reference to "compilation" as well as a reference to peer review standards that define the term compilation. ("Compilation" as defined in AICPA "Compilation Standards" means specific services that reference AICPA Compilation Standards in a narrative Compilation Report). This is different than the layman's or dictionary definition of the term compilation that is simply a financial statement compiled from accounting records and does not include a narrative report that references AICPA Compilation Standards. A non-CPA may prepare financial statements under Wisconsin statutes and regulations, and may refer to the financial statements as a compilation, as long as the statements do not include a narrative report or a reference to AICPA Compilation Standards.)

(5) "Peer review reports" means reports issued by the peer reviewer or peer reviewing firm in accordance with ~~board-approved a peer review standards~~ program and such program's peer review standards.

(6) "Peer review standards" means ~~board-approved~~ professional standards for administering, performing, and reporting on peer reviews under a peer review program.

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





Accy 6.101 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 administrator, if administered by a peer review program administrator approved by a board that regulates certified public accountants in any other U.S. CPA licensing jurisdiction, the outcome of the review and the year under review.
- (2) (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.

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**Subchapter III — Education**

**Accy 2.202 Education required for certification.** A candidate applying for a certificate to practice as a certified public accountant must, in the course of having completed the 150 semester hours of education have earned a baccalaureate or graduate degree from a business school or college of business that is accredited by an accrediting agency recognized by the secretary of the federal department of education and completed all of the following:

(1) At least 24 semester hours in accounting at the undergraduate level or 15 semester hours at the graduate level, or an equivalent combination, including at least one course in all each of the following subjects:

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- (a) Intermediate financial accounting.
- (b) Advanced financial accounting.
- (c) Cost or managerial accounting.
- (d) Ethics, unless completed under sub. (2) (f); Taxation.
- (e) Auditing.
- (f) Accounting information systems.

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

- (a) Economics.
- (b) Finance.
- (c) Marketing.
- (d) Management or organizational behavior.
- (e) Business law.
- (f) Ethics, unless completed under sub. (1) (d); Information Technology.

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**Accy 2.303 Education required for examination.** A candidate for the certified public accountant examination must complete 120 semester hours of education, including courses covering each of the subjects and the semester hours specified in ~~Accy 2.202(1)(a) through (e) and Accy 2.202(2).~~

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## Duchek, Michael

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**From:** WICPA - Dennis Tomorsky <DENNIS@wicpa.org>  
**Sent:** Wednesday, December 16, 2015 4:55 PM  
**To:** Duchek, Michael  
**Cc:** WICPA - Jessica Murphy; WICPA - Tammy Hofstede  
**Subject:** WICPA - Responses to inquiries regarding CPA peer review draft Code provisions

**Importance:** High

Mike,

In reviewing page 37 of the most recent bill draft and the language referencing statements of various standards, it would seem appropriate to me to precede the word "Statements" in each of those bullet point lines with the phrase "Engagements applying". This would change three of the lines on page 37 to read as follows:

Engagements applying Statements on Auditing Standards (SASs) – Audits?  
Engagements applying Statements on Standards for Accounting and Review Services (SSARS)?  
Engagements applying Statements on Standards for Attestation Engagements (SSAE)?

Since the WICPA Peer Review Manager is out of the office this afternoon, I was unable to consult with her in response to your question regarding the annual reporting of information to the board by the peer review administering entity. I did, however, review the provision you described and believe that it would not be practicable to interpret this provision as requiring the peer review administering entity of each of the 55 CPA licensing jurisdictions that have peer review programs that are administered by their respective state CPA society to submit these reports to Wisconsin's Accounting Examining Board. Since my understanding of the AICPA peer review standards is that they require such reports to be submitted to the board that regulates the CPA profession in each respective jurisdiction, it would appear appropriate for Accy 6.201 to be revised to read as follows:

**Accy 6.201 Reports from ~~board-approved~~ peer review programs.** Each ~~board-approved~~ The WICPA 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.

The above change recognizes that the WICPA is specified in the revised Code provisions as the only administering entity of the peer review program in Wisconsin, and relies on the AICPA Peer Review Standards with respect to the submission of these reports to the body that regulates the CPA profession in the respective state in which the CPA firm obtained its peer review. It is my recollection that this provision was intended to enable the board (through the DSPS staff) to compare the list from the WICPA of CPA firms that underwent a peer review to the list of CPA firms applying for firm licenses in order to confirm that none of the firms lied about undergoing a peer review on their firm license application forms. It is also my recollection that the DSPS has not previously performed this comparison due to limited staff resources. A practical alternative to achieve the comparison of firms claiming to have undergone peer reviews to the list of firms that actually did undergo peer reviews would be for the DSPS to provide the WICPA with a list of CPA firms that claimed to have undergone a peer review on their CPA firm license application, with the WICPA then comparing this list to the list of firms that actually underwent a peer review.

Please give me a call or email me tomorrow if you have any questions. These provisions are complex and far from intuitive. I am copying the WICPA Peer Review Manager, Jessica Murphy, on this email, and Jessica and I will talk tomorrow about the above information to confirm its accuracy.

Have a nice evening.

*Dennis*

**Dennis Tomorsky, CPA, JD, CGMA  
President and CEO**

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## Duchek, Michael

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**From:** WICPA - Dennis Tomorsky <DENNIS@wicpa.org>  
**Sent:** Thursday, December 17, 2015 11:53 AM  
**To:** Potts, Crystal  
**Cc:** Duchek, Michael  
**Subject:** FW: WICPA - Responses to inquiries regarding CPA peer review draft Code provisions

**Importance:** High

Hi Crystal,

Since I just realized that you were not copied on my email, below, to Mike Duchek, I am forwarding you a copy so that your files are complete.

Mike, please let me know if you have any questions.

*Dennis*

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**From:** WICPA - Dennis Tomorsky  
**Sent:** Wednesday, December 16, 2015 4:55 PM  
**To:** 'michael.duchek@legis.wisconsin.gov' <michael.duchek@legis.wisconsin.gov>  
**Cc:** WICPA - Jessica Murphy <jessica@wicpa.org>; 'WICPA - Tammy Hofstede (TAMMY@wicpa.org)' <TAMMY@wicpa.org>  
**Subject:** WICPA - Responses to inquiries regarding CPA peer review draft Code provisions  
**Importance:** High

Mike,

In reviewing page 37 of the most recent bill draft and the language referencing statements of various standards, it would seem appropriate to me to precede the word "Statements" in each of those bullet point lines with the phrase "Engagements applying". This would change three of the lines on page 37 to read as follows:

Engagements applying Statements on Auditing Standards (SASs) – Audits?  
Engagements applying Statements on Standards for Accounting and Review Services (SSARS)?  
Engagements applying Statements on Standards for Attestation Engagements (SSAE)?

Since the WICPA Peer Review Manager is out of the office this afternoon, I was unable to consult with her in response to your question regarding the annual reporting of information to the board by the peer review administering entity. I did, however, review the provision you described and believe that it would not be practicable to interpret this provision as

requiring the peer review administering entity of each of the 55 CPA licensing jurisdictions that have peer review programs that are administered by their respective state CPA society to submit these reports to Wisconsin's Accounting Examining Board. Since my understanding of the AICPA peer review standards is that they require such reports to be submitted to the board that regulates the CPA profession in each respective jurisdiction, it would appear appropriate for Accy 6.201 to be revised to read as follows:

**Accy 6.201 Reports from ~~board-approved peer review programs~~. Each ~~board-approved~~ The WICPA 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.

The above change recognizes that the WICPA is specified in the revised Code provisions as the only administering entity of the peer review program in Wisconsin, and relies on the AICPA Peer Review Standards with respect to the submission of these reports to the body that regulates the CPA profession in the respective state in which the CPA firm obtained its peer review. It is my recollection that this provision was intended to enable the board (through the DSPS staff) to compare the list from the WICPA of CPA firms that underwent a peer review to the list of CPA firms applying for firm licenses in order to confirm that none of the firms lied about undergoing a peer review on their firm license application forms. It is also my recollection that the DSPS has not previously performed this comparison due to limited staff resources. A practical alternative to achieve the comparison of firms claiming to have undergone peer reviews to the list of firms that actually did undergo peer reviews would be for the DSPS to provide the WICPA with a list of CPA firms that claimed to have undergone a peer review on their CPA firm license application, with the WICPA then comparing this list to the list of firms that actually underwent a peer review.

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## Duchek, Michael

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**From:** WICPA - Dennis Tomorsky <DENNIS@wicpa.org>  
**Sent:** Thursday, December 17, 2015 3:46 PM  
**To:** Duchek, Michael  
**Cc:** Potts, Crystal; WICPA - Jessica Murphy  
**Subject:** RE: WICPA - Responses to inquiries regarding CPA peer review draft Code provisions

Hi Mike,

Jessica informed me that the information I sent you yesterday was accurate. The change you indicated in green appears fine and consistent with our efforts to improve the grammar of the provisions.

You are correct in that Accy 6.202 and 6.301 would both no longer be needed. Jessica also confirmed that there is no need for 6.302, since the requirements recited there are included in the AICPA standards that are incorporated elsewhere.

Thanks again for your outstanding work in updating the language of these regulations in a manner that has resulted in provisions that are internally consistent and much easier to read and understand than prior regulations. It would be great if all statutes and regulations were the subject of your level of diligence and thoughtfulness.

I will be checking and responding emails while out of the office during the next week, so please let me know if you need anything else.

Have a Merry Christmas and a Happy New Year!

*Dennis*

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**From:** Duchek, Michael [mailto:Michael.Duchek@legis.wisconsin.gov]  
**Sent:** Thursday, December 17, 2015 2:25 PM  
**To:** WICPA - Dennis Tomorsky <DENNIS@wicpa.org>; Potts, Crystal <Crystal.Potts@legis.wisconsin.gov>  
**Subject:** RE: WICPA - Responses to inquiries regarding CPA peer review draft Code provisions

Thank you Dennis. I believe you were going to confirm for me whether there would be any changes to this from Jessica and whether anything more needed to be said regarding reporting. Otherwise, it looks good to me except see my one below I put in green which I think also needs to be addressed to be stated in terms of an engagement. Let me know if what I put in green is not OK/correct.

In addition, I think we discussed that Accy 6.202 and 6.301 would both no longer be needed. Correct? I think we also thought 6.302 might not be needed due to the reference to the AICPA standards in the definition, but please confirm as there are some additional references to things in 6.302 and I wasn't sure if those would be implied by the AICPA standards or not.

-Mike

---

**From:** WICPA - Dennis Tomorsky [mailto:DENNIS@wicpa.org]  
**Sent:** Thursday, December 17, 2015 11:53 AM  
**To:** Potts, Crystal <Crystal.Potts@legis.wisconsin.gov>  
**Cc:** Duchek, Michael <Michael.Duchek@legis.wisconsin.gov>  
**Subject:** FW: WICPA - Responses to inquiries regarding CPA peer review draft Code provisions  
**Importance:** High

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**To:** 'michael.duchek@legis.wisconsin.gov' <michael.duchek@legis.wisconsin.gov>  
**Cc:** WICPA - Jessica Murphy <jessica@wicpa.org>; 'WICPA - Tammy Hofstede (TAMMY@wicpa.org)' <TAMMY@wicpa.org>  
**Subject:** WICPA - Responses to inquiries regarding CPA peer review draft Code provisions  
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Engagements applying Statements on Standards for Accounting and Review Services (SSARS)?



Engagements applying Statements on Standards for Attestation Engagements (SSAE)?  
~~Or any requirement for work performed as subject to requirements of the AICPA peer review program.?~~

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