

## Duchek, Michael

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**From:** WICPA - Dennis Tomorsky <DENNIS@wicpa.org>  
**Sent:** Tuesday, December 29, 2015 4:31 PM  
**To:** Duchek, Michael  
**Cc:** Potts, Crystal; WICPA - Jessica Murphy; WICPA - Tammy Hofstede; M.Alice O'Connor (aoc@constituencyservices.org)  
**Subject:** RE: Accy draft chapters  
**Attachments:** 15-1813\_P5dn - with WICPA notes.pdf; WICPA - Request for you to call your State Senator  
**Importance:** High

Mike,

You are amazing! Thanks very much for your hard work putting all these documents together. I hope to look over the documents within the next week and will promptly share any comments I have. My schedule has me out of the office several days during the next two weeks.

Attached is a copy of your note to the updated bill draft reflecting my brief comments expressing agreement with your recommendations.

Crystal, also attached is a draft email from me to a handful of WICPA members who are constituents of Senators serving on the Committee on Revenue, Financial Institutions, and Rural Issues requesting our members to call their Senators to express support for the bill. My thought at this point is to request WICPA Executive Relations Manager, Jessica Murphy, to refine and send this draft email to the office managing partner of the largest CPA firms located in each Senator's district sometime next week. Jessica, we can chat about options relating to this on January 4 or 5.

*Dennis*

**Dennis Tomorsky, CPA, JD, CGMA**  
**President and CEO**  
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**From:** Duchek, Michael [mailto:Michael.Duchek@legis.wisconsin.gov]  
**Sent:** Tuesday, December 29, 2015 3:56 PM  
**To:** Potts, Crystal <Crystal.Potts@legis.wisconsin.gov>  
**Cc:** WICPA - Dennis Tomorsky <DENNIS@wicpa.org>  
**Subject:** Accy draft chapters

As promised, I had one of our editors again prepare versions of the Accounting admin. code chapters as they would appear if LRB-1813/P5 became law as I did for the /P4 version.

In addition, also attached are documents that show the chapters with the differences between the /P4 changes and with the /P5 changes. Note that these documents are sort of hard to read and will pick up punctuation and other stuff that you can ignore, but Dennis asked for this so I did it (please also ignore any capitalization and history note changes). If there are any questions about this or need me to help translate these, let me know, but it should at least help to zone in on where changes were/were not made. I would also just note that in some cases we agreed to move a provision, and in that case you'll see it completely stricken out from its old location and then scored in in the new one – just something to be aware of.

I will go through them myself again as well.

Happy new year all,

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

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

LRB-1813/P5dn  
MED:wlj

December 23, 2015

To allow for quicker review I wanted to get this draft out as soon as possible. As with the previous version of the draft, I plan to have produced copies of what the code chapters would look like with the changes in the bill applied, in order to provide for easier review. I will also try to produce documents to compare those chapters to the ones produced for the last version. I will provide those to your office as soon as possible and review them myself as well. Please also note the following:

1. Section Accy 7.04 (1) (renumbered in the draft to s. Accy 2.203) appears to address transferring credit on sections of the CPA exam taken in other jurisdictions. As we discussed, we decided to leave the provision as is for the time being. However, reading it again, I believe the provision addresses transfer of sections of the CPA exam taken in other states and whether a person may carry credit for those sections over to Wisconsin. (I think the reference to "grades" may be referring to the scores received on those sections.) Specifically, s. Accy 2.203, as renumbered, requires that the exams be "passed in accordance with rules applicable to Wisconsin candidates"; I take this to mean that the other jurisdiction must require the same passing score and have other requirements that Wisconsin does for taking the exam. If you agree that this is what this provision is addressing and that it is still important to retain, I think it should go in the subchapter dealing with examinations, and not in the education subchapter. I would also note that current s. Accy 3.08, which is marked for repeal in the bill, seems to address the same topic.

Agreed. Consider moving to follow 2.307 as 2.308, and replacing "grades" with "scores".

2. I tried to revise s. Accy 4.101(8) as we discussed, but upon further review I came to the conclusion that this provision addresses two separate concepts: 1) engaging in conduct, such as incompetence, that reflects poorly on the licensee; and 2) having an impairing physical or mental condition. Instead of further trying to combine these two concepts into one, I thought it made sense to rewrite the language to instead delineate them as two distinct concepts. So I numbered them s. Accy 4.101 (8) and (9) and renumbered the subsequent provisions accordingly. Please let me know if you think further changes might be warranted or if you think these changes have made things worse or more unclear. Also, let me know if you think s. Accy 4.101 should also list as grounds for discipline a violation of any of rules, standards, or other laws that apply to CPAs.

Agreed.

3. I made a handful of other minor, nonsubstantive changes, including changing instances of the term "examining board" to "board" to conform to the bill's creation of the defined term "board." This sounds reasonable.

Michael Duchek  
Legislative Attorney  
(608) 266-0130  
michael.duchek@legis.wisconsin.gov

## Duchek, Michael

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**From:** Potts, Crystal  
**Sent:** Tuesday, January 05, 2016 12:47 PM  
**To:** Duchek, Michael  
**Cc:** dennis@wicpa.org  
**Subject:** LRB 1813/P5

Mike—

The only suggested change Dennis had from the P5 draft is below:

I noted only one item with respect to which a change would be appropriate to consider. The suggested change relates to a minor grammatical refinement to a note following Accy 6.101. In this regard, in order to be consistent with the recent addition of the phrase “Engagements applying” preceding various standards referenced in the note, it would be appropriate to consider also adding this phrase to the following bullet point in the note to Accy 6.101 so that the bulleted item reads as follows:

- “Engagements applying Statements on Standards for Attestation Engagements (SSAE).

Then we should be good to go to jacket.

Thank you, thank you, thank you!

Please let me or Dennis know if you have any questions. I have also cc'd Dennis on this email.

-Crystal

**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:** WICPA - Dennis Tomorsky <DENNIS@wicpa.org>  
**Sent:** Tuesday, January 05, 2016 4:00 PM  
**To:** Duchek, Michael; M.Alice O'Connor; Potts, Crystal  
**Cc:** Sen.Marklein; 'John Scheid (jsscheid1@gmail.com)'; WICPA - Jessica Murphy; Akers, Michael  
**Subject:** RE: Checking In  
**Attachments:** Combined Dec 2015 redlined updated regs.pdf

Mike,

I concur with Accy 2.203 being included in the Subchapter IV Examination subchapter rather than in the Subchapter III Education subchapter.

Thanks again for incorporating a logic and rational for the structure of this draft authority that I have rarely seen in my 25 years of practicing law. Perhaps if all legal authority were this clear, there would be a need for fewer lawyers!

*Dennis*

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**From:** Duchek, Michael [mailto:Michael.Duchek@legis.wisconsin.gov]  
**Sent:** Tuesday, January 5, 2016 3:17 PM  
**To:** M.Alice O'Connor <aoc@constituencyservices.org>; WICPA - Dennis Tomorsky <DENNIS@wicpa.org>; Potts, Crystal <Crystal.Potts@legis.wisconsin.gov>  
**Cc:** Sen.Marklein <Sen.Marklein@legis.wisconsin.gov>; 'John Scheid (jsscheid1@gmail.com)' <jsscheid1@gmail.com>; WICPA - Jessica Murphy <jessica@wicpa.org>; Akers, Michael <michael.akers@marquette.edu>  
**Subject:** RE: Checking In

Dennis,

My only other comment had been that I think the provision to be renumbered s. Accy 2.203 would seem to fit in the subchapter dealing with CPA exams (IV) and not subchapter III, which deals with education. If you wouldn't mind taking one more look at that, that'd be great.

-Mike

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**From:** M.Alice O'Connor [mailto:aoc@constituencyservices.org]  
**Sent:** Tuesday, January 05, 2016 1:00 PM  
**To:** WICPA - Dennis Tomorsky <DENNIS@wicpa.org>; Potts, Crystal <Crystal.Potts@legis.wisconsin.gov>  
**Cc:** Sen.Marklein <Sen.Marklein@legis.wisconsin.gov>; 'John Scheid (jsscheid1@gmail.com)' <jsscheid1@gmail.com>;



State of Wisconsin  
2015 - 2016 LEGISLATURE

In-L-6  
TODAY

LRB-1813/P5  
MED&MPG:cjs&wlj

Stays

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

D note

Minor changes

Cor Cat

1 **AN ACT to repeal** 442.04 (5) (c); and **to amend** 442.04 (5) (b) 3. and 442.04 (5)  
2 (b) 4. of the statutes; **relating to:** continuing education and examination  
3 requirements for certified public accountants and modifying various  
4 administrative rules promulgated by the Accounting Examining Board  
5 relating to accounting.

*Analysis by the Legislative Reference Bureau*

**OVERVIEW**

This bill 1) revises provisions in the statutes concerning educational requirements to become a certified public accountant, or CPA; 2) reorganizes and makes various revisions to the rules of the Accounting Examining Board, which issues CPA certificates and licenses; and 3) requires the board to study the feasibility of establishing continuing education requirements for CPAs.

**CHANGES TO STATUTES**

Current law provides that a CPA certificate may be granted only to a person who has completed at least 150 semester hours of education with an accounting concentration at an institution, except that if an applicant does not have an accounting concentration, the board may review other educational experience and grant the CPA certificate if it determines that such other experience provides the reasonable equivalence of an accounting concentration. This bill deletes the requirement that an applicant for a CPA certificate have an accounting

concentration at an institution or its reasonable equivalence and instead requires that an applicant for a CPA certificate have completed course work in accounting and business subjects, as determined by the board.

Current law does not contain specific continuing education requirements for CPAs licensed by the board. This bill requires the board to research the feasibility of rules establishing such continuing education requirements and to report its findings and recommendations to the legislature.

#### CHANGES TO RULES

The bill makes various substantive and organizational changes to administrative rules promulgated by the board, including all of the following:

1. Specifying the number of semester hours of and subjects in which a person must have completed course work in order to take a CPA exam or to receive a CPA certificate.

2. Revising provisions concerning peer reviews for CPA firms, including adding provisions regarding peer reviews in the case of firm structure changes and extensions for peer-review deadlines. The bill also repeals provisions regarding board approval of peer-review programs and instead lists qualifying peer-review programs, which are limited to the peer-review process developed and maintained by the American Institute of Certified Professional Accountants and administered by the Wisconsin Institute of Certified Professional Accountants or a corresponding administrator approved in another state.

3. Adopting by reference the most recent version of the American Institute of Certified Public Accountants' Code of Professional Conduct and establishing a list of grounds for discipline of a licensee.

4. Specifying what experience constitutes qualifying experience to be eligible for a CPA certificate. The bill also provides that experience must be obtained after completing 120 semester hours of qualifying education at an accredited institution.

5. Specifically prohibiting a CPA from providing attest services, except when in a licensed CPA firm.

6. Revising provisions concerning permissible CPA firm names, requiring notices for certain changes to CPA firms, and establishing requirements for CPA firms offering services via an Internet site.

7. Revising provisions concerning the CPA examination and repealing references to having an accounting major or its reasonable equivalence.

8. Repealing a provision concerning the release of reports by the board on statistical studies of CPA examination results.

9. Requiring that a CPA convicted of a crime notify the board within 48 hours after being convicted, instead of within 60 days.

10. Revising provisions concerning late renewal of licenses and reinstatement of surrendered or revoked licenses.



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

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

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).~~

7           **SECTION 2.** 442.04 (5) (b) 4. of the statutes is amended to read:

8           442.04 (5) (b) 4. Except as provided in s. 442.05, the person has successfully  
9 passed an examination in such subjects affecting accountancy and business as the  
10 examining board considers necessary. A person is not eligible to take the  
11 examination under this subdivision unless the person has completed at least 120  
12 semester hours ~~under subd. 3. of education at an institution that include course work~~  
13 in accounting and business subjects, as determined by the examining board.

14           **SECTION 3.** 442.04 (5) (c) of the statutes is repealed.

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

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

18           **SECTION 5.** Accy 1.001 (2) of the administrative code is amended to read:

19           Accy 1.001 (2) A certified public accountant may be held responsible for  
20 compliance with the rules of the ~~examining~~ board by any person associated with the

1 certified public accountant in a firm who is either under his or her supervision or is  
2 a member of the firm.

3 **SECTION 6.** 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 7.** Accy 1.002 (1) and (2) of the administrative code are amended to  
9 read:

10 Accy 1.002 (1) A person licensed as a certified public accountant that has  
11 significant influence over a CPA-related business is considered to be practicing as  
12 a certified public accountant in the CPA-related business and all persons with  
13 ownership interest in the business shall follow the rules of the ~~examining~~ board in  
14 the operation of the CPA-related business.

15 (2) A person who operates a business and is licensed as a certified public  
16 accountant and who advertises or otherwise holds out as a certified public  
17 accountant shall follow the rules of the ~~examining~~ board in the operation of any  
18 business.

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

20 **Accy 1.003 Definitions.** (intro.) As used in chs. Accy 1 to ~~9-6~~:

21 **SECTION 9.** Accy 1.003 (2m), (2r) and (7m) of the administrative code are  
22 created to read:

23 Accy 1.003 (2m) “Board” means the accounting examining board.

24 (2r) “Certified public accountant” or “CPA” means a person considered to be in  
25 practice as a certified public accountant under s. 442.02, Stats.



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

3           American Institute of Certified Public Accountants

4           1211 Avenue of the Americas

5           New York, NY 10036-8775

6           **SECTION 12.** Accy 1.102 of the administrative code is renumbered Accy 1.102  
7 (intro.) and amended to read:

8           **Accy 1.102 Integrity and objectivity.** (intro.) No person licensed to practice  
9 as a certified public accountant, ~~as defined in the statutes, shall knowingly~~ may do  
10 any of the following:

11           (1) Knowingly misrepresent facts, ~~and when.~~

12           (2) When engaged in the practice of public accounting, including the rendering  
13 of tax and management advisory services, ~~shall not~~ subordinate his or her judgment  
14 to others. ~~In tax practice, a member may resolve doubt in favor of the client as long~~  
15 ~~as there is reasonable support for that position.~~

16           **SECTION 13.** Accy 1.201 (1) (intro.) of the administrative code is amended to  
17 read:

18           Accy 1.201 (1) (intro.) ~~All persons~~ A person licensed to practice as a certified  
19 public accountant, ~~as defined in the statutes,~~ shall comply with all of the following  
20 general standards as interpreted by bodies designated by the American Institute of  
21 Certified Public Accountants Council, and must justify any departures therefrom.;

22           **SECTION 14.** Accy 1.202 of the administrative code is amended to read:

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

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

9 **SECTION 15.** Accy 1.301 (2) (d) and (4) of the administrative code are amended  
10 to read:

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

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

1           **SECTION 16.** Accy 1.302 (1) and (3) of the administrative code are amended to  
2 read:

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

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

14           **SECTION 17.** Accy 1.401 (1) and (2) (a) (intro.), (c) and (e) 2. of the administrative  
15 code are amended to read:

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

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

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:

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.

21 **SECTION 18.** Accy 1.401 (2) (f) of the administrative code is amended to read:

22 Accy 1.401 (2) (f) Notification of convictions. A certified public accountant shall  
23 notify the board in writing within ~~60 days~~ 48 hours after being convicted of a crime.

24 **SECTION 19.** Accy 1.404 (1) of the administrative code is amended to read:

1           Accy 1.404 (1) A person who is engaged in practice as a certified public  
2 accountant, ~~as defined in the statutes,~~ shall not concurrently engage in any business  
3 or occupation ~~which~~ that would create a conflict of interest rendering professional  
4 services.

5           **SECTION 20.** Accy 1.405 of the administrative code is repealed and recreated  
6 to read:

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

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

17           1. A name that implies the existence of a corporation when the firm is not a  
18 corporation, such as through the use of the words “corporation,” “incorporated,”  
19 “Ltd.,” “professional corporation,” or an abbreviation thereof as part of the firm name  
20 if the firm is not incorporated or is not a professional corporation.

21           2. A name that implies the existence of a partnership when there is not a  
22 partnership, such as by use of the term “partnership” or “limited liability  
23 partnership” or the abbreviation “LLP” if the firm is not such an entity.

24           3. A name that includes the name of an individual who is not a CPA if the title  
25 “CPAs” is included in the firm name.



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

3           5. A name that includes the terms “& Company,” “& Associate,” or “Group,” if  
4 the firm does not include, in addition to the named partner, shareholder, owner, or  
5 member, at least one other unnamed partner, shareholder, owner, member, or staff  
6 employee.

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (d) A significant part of professional resources.

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

19 **SECTION 21.** Chapter Accy 2 (title) of the administrative code is created to read:

20 **CHAPTER ACCY 2**

21 **INDIVIDUAL CERTIFICATION AND**

22 **LICENSURE**

23 **SECTION 22.** Subchapter I (title) of chapter Accy 2 [precedes Accy 2.001] of the  
24 administrative code is created to read:

25 **CHAPTER ACCY 2**

## 1 SUBCHAPTER I

## 2 AUTHORITY AND DEFINITIONS

3 **SECTION 23.** Accy 2.001 of the administrative code is created to read:4 **Accy 2.001 Authority.** The rules in this chapter are adopted under the  
5 authority in ss. 15.08 (5) (b), 227.11 (2), and 442.04, Stats.6 **SECTION 24.** Accy 2.002 of the administrative code is created to read:7 **Accy 2.002 Definitions.** In this chapter:8 (1) “Accredited” means to be listed by an accrediting agency recognized by the  
9 secretary of the federal department of education.10 **Note:** For a listing of accrediting agencies recognized by the secretary of the  
11 federal department of education, see12 [http://www2.ed.gov/admins/finaid/accred/accreditation\\_pg6.html](http://www2.ed.gov/admins/finaid/accred/accreditation_pg6.html).13 (2) “Bachelor’s degree” means a baccalaureate degree normally conferred by  
14 universities and colleges at the completion of at least a 4–year, full–time,  
15 academic–year program of study.16 **Note:** Some students complete the 4–year bachelor’s degree in less than 4 years  
17 by attending summer school or maximum course loads over a number of academic  
18 semesters.19 **SECTION 25.** Subchapter II (title) of chapter Accy 2 [precedes Accy 2.101] of the  
20 administrative code is created to read:21 **CHAPTER ACCY 2**22 **SUBCHAPTER II**23 **APPLICATION FOR CERTIFICATION**24 **OF INDIVIDUALS**25 **SECTION 26.** Accy 2.101 (Note) of the administrative code is created to read:



1 (f) Accounting information systems.

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

5 (a) Economics.

6 (b) Finance.

7 (c) Marketing.

8 (d) Management or organizational behavior.

9 (e) Business law.

10 (f) Information technology.

11 **Note:** The courses covering the subjects of advanced financial accounting, cost  
12 or managerial accounting, taxation, and auditing under s. Accy 2.202 (1), would  
13 generally be courses taken beyond the introduction level. A course would generally  
14 be considered advanced financial accounting if it covers one or more of the following  
15 topics: foreign currency transactions, partnerships, state and local governments,  
16 not-for-profit entities, consolidations, mergers and acquisitions, intercompany  
17 transactions, fraud investigations, accounting theory, and accounting research.

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

20 **CHAPTER ACCY 2**

21 **SUBCHAPTER IV**

22 **EXAMINATION**

23 **SECTION 31.** Accy 2.305 (1) (g) of the administrative code is created to read:

24 Accy 2.305 (1) (g) Falsifying or misrepresenting educational credentials or  
25 other information required for admission to the examination.



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

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

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

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

14 1. The materials and fee specified in sub. (2) (a) to (c).

15 2. Evidence of completion of disciplinary requirements, if applicable.

16 3. Evidence of rehabilitation or change in circumstances warranting  
17 reinstatement of the credential.

18 (b) The board shall grant reinstatement of a license following an application  
19 for reinstatement under par. (a) if the board determines the individual has satisfied  
20 the requirements under par. (a) 1. to 3. and the board determines reinstatement is  
21 warranted.

22 **SECTION 36.** Chapter Accy 3 (title) of the administrative code is repealed and  
23 recreated to read:

24 **CHAPTER ACCY 3**

25 **ENDORSEMENT**





1 ~~with a resident major in accounting, as defined in s. Accy 7.02 (3), or the reasonable~~  
2 ~~equivalence of a resident major in accounting, as defined in s. Accy 7.03 (1), or~~  
3 ~~reasonably expect to receive a degree with a resident major in accounting or its~~  
4 ~~reasonable equivalence within 45 days following the date of examination complete~~  
5 ~~120 semester hours of education, including courses covering each of the subjects and~~  
6 ~~the semester hours specified in s. Accy 2.202 (1) and (2).~~

7       **SECTION 43.** Accy 3.05 (title) and (1) (intro.) and (a) of the administrative code  
8 are renumbered Accy 2.101 (title), (intro.) and (1), and Accy 2.101 (title) and (intro.),  
9 as renumbered, are amended to read:

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

15       **SECTION 44.** Accy 3.05 (1) (b) (intro.) and 1. of the administrative code are  
16 consolidated, renumbered Accy 2.101 (2) and amended to read:

17       Accy 2.101 (2) Proof of fulfilling the educational requirements specified in s.  
18 ~~Accy 2.202 and s. 442.04 (5), Stats., by submitting either: 1. Certified certified copies~~  
19 of transcripts for all academic work completed at an institution, as defined in s.  
20 442.04 (5) (a), Stats., at least one of which must reflect the award of a bachelor's or  
21 higher degree, ~~if the candidate has graduated prior to filing the application and the~~  
22 ~~completion of 150 semester hours, including in courses covering each of the subjects~~  
23 ~~and the semester hours specified in s. Accy 2.202 (1) and (2).~~

24       **SECTION 45.** Accy 3.05 (1) (b) 2. and 3. and (c), (2) and (3) of the administrative  
25 code are repealed.

1           **SECTION 46.** Accy 3.05 (3) (Note) of the administrative code is repealed.

2           **SECTION 47.** Accy 3.055 of the administrative code is repealed.

3           **SECTION 48.** Accy 3.06 of the administrative code is renumbered Accy 2.304,  
4 and Accy 2.304 (title), (1), (3) and (4), as renumbered, are amended to read:

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

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

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

15           **SECTION 49.** Accy 3.07 of the administrative code is repealed.

16           **SECTION 50.** Accy 3.08 of the administrative code is repealed.

17           **SECTION 51.** Accy 3.09 of the administrative code is renumbered Accy 2.305,  
18 and Accy 2.305 (1) (intro.), (a) to (d), (2) and (4), as renumbered, are amended to read:

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

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

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

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

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

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

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

23 **SECTION 52.** Accy 3.10 of the administrative code is renumbered Accy 2.306.

24 **SECTION 53.** Subchapter II (title) of chapter Accy 3 [precedes Accy 3.101] of the  
25 administrative code is created to read:



1 SECTION 58. Accy 4.01 of the administrative code is renumbered Accy 5.301.

2 SECTION 59. 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.

10 SECTION 60. Accy 4.03 of the administrative code is renumbered Accy 5.201.

11 SECTION 61. Accy 4.035 of the administrative code is repealed.

12 SECTION 62. Accy 4.037 of the administrative code is renumbered Accy 5.102,  
13 and Accy 5.102 (3) (d), as renumbered, is amended to read:

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

16 SECTION 63. Accy 4.04 of the administrative code is renumbered Accy 5.302 and  
17 amended to read:

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

✓ 5.103.

X (23)

23 SECTION 64. Accy 4.05 of the administrative code is renumbered Accy 5.402.

24 SECTION 65. Accy 4.06 of the administrative code is renumbered Accy 5.303.



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

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

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

9           (8) Engaging in conduct reflecting adversely upon the licensee's fitness to  
10 perform services, including conduct constituting incompetence. In this subsection,  
11 "conduct constituting incompetence" includes gross negligence, recklessness, or  
12 repeated acts of negligence in the licensee's record of professional practice.

13           (9) Engaging in professional practice while having any condition, whether  
14 physical or mental, that endangers the public by impairing skill and care in  
15 providing professional services. Evidence of such a condition includes evidence that  
16 the person has been adjudicated as mentally incompetent.

17           (10) Presenting a license issued to another person as one's own.

18           (11) Concealing information regarding violations by other licensees when  
19 questioned or requested by the board.

20           (12) Willfully failing to file a report or record required by state or federal law;  
21 willfully impeding or obstructing the filing of such a report or record or inducing  
22 another person to impede or obstruct such filing by another person; or making or  
23 filing such a report or record that one knows to be false. A finding, adjudication,  
24 consent order, or conviction by a federal or state court, agency, or regulatory  
25 authority or by the Public Company Accounting Oversight Board that a licensee has

1 willfully failed to file a required report or record shall be prima facie evidence of a  
2 violation of this subsection.

3 (13) Having an active or stayed revocation or suspension of any occupational  
4 license or other privilege to practice any licensed occupation by or before any state,  
5 federal, foreign, or other licensing or regulatory authority, provided that the grounds  
6 for the revocation or suspension include wrongful conduct such as fraud, dishonesty,  
7 or deceit or any other conduct that evidences an unfitness of the applicant to practice  
8 public accountancy.

9 **SECTION 70.** Chapter Accy 5 (title) of the administrative code is repealed and  
10 recreated to read:

11 **CHAPTER ACCY 5**

12 **FIRM LICENSURE**

13 **SECTION 71.** Accy 5.01 (title) of the administrative code is renumbered Accy  
14 2.401 (title) and amended to read:

15 **Accy 2.401 (title) Review dates of candidate's experience.**

16 **SECTION 72.** Accy 5.01 of the administrative code is renumbered Accy 2.401 (1)  
17 and amended to read:

18 Accy 2.401 (1) Following the successful passing of ~~the written~~ each section of  
19 the uniform CPA examination and upon written request by a candidate, a candidate's  
20 experience shall be reviewed by the board. The written request shall include  
21 employer verification statements and information on experience to update the  
22 experience data already in the candidate's file. Such evaluation will determine  
23 whether the candidate qualifies at that time under the requirement of having at least  
24 one year of public accounting experience or its equivalent, the sufficiency of the  
25 experience or the equivalency to be judged by the ~~examining~~ board. The board shall



1 inform the candidate if additional experience is needed. Upon gaining the required  
2 additional experience, the candidate shall notify the board and provide verification.

3 **SECTION 73.** Accy 5.02 of the administrative code is renumbered Accy 2.402.

4 **SECTION 74.** Accy 5.03 of the administrative code is renumbered Accy 2.403 and  
5 amended to read:

6 **Accy 2.403 Public accounting experience.** An individual must have at  
7 least one year of public accounting experience or its equivalent as determined by the  
8 board. Experience shall be acquired after the applicant has earned ~~a degree~~  
9 ~~described in s. 442.04 Stats., that qualifies the applicant to take the CPA~~  
10 ~~examination~~ 120 semester hours of education from an accredited college or  
11 university, including courses covering each of the subjects and the semester hours  
12 specified in s. Accy 2.202 (1) and (2). This experience must have been acquired within  
13 5 years prior to applying for the certification as a certified public accountant.

14 **SECTION 75.** Accy 5.04 of the administrative code is renumbered Accy 2.404.

15 **SECTION 76.** Accy 5.05 of the administrative code is renumbered Accy 2.405.

16 **SECTION 77.** Accy 5.06 of the administrative code is repealed.

17 **SECTION 78.** Accy 5.07 of the administrative code is renumbered Accy 2.406.

18 **SECTION 79.** Subchapter I (title) of chapter Accy 5 [precedes Accy 5.101] of the  
19 administrative code is created to read:

20 **CHAPTER ACCY 5**

21 **SUBCHAPTER I**

22 **APPLICATION FOR FIRM LICENSURE**

23 **SECTION 80.** Subchapter II (title) of chapter Accy 5 [precedes Accy 5.201] of the  
24 administrative code is created to read:

25 **CHAPTER ACCY 5**

SUBCHAPTER II

SOLE PROPRIETOR

SECTION 81. Subchapter III (title) of chapter Accy 5 [precedes Accy 5.301] of the administrative code is created to read:

CHAPTER ACCY 5

SUBCHAPTER III

OFFICE

OFFICES; INTERNET PRACTICE

SECTION 82. Subchapter IV (title) of chapter Accy 5 [precedes Accy 5.401] of the administrative code is created to read:

CHAPTER ACCY 5

SUBCHAPTER IV

MEMBER

FIRM MEMBERS

SECTION 83. Accy 5.401 (1) (a) to (d) and (2) of the administrative code are created to read:

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

(b) Termination of a firm.

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

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

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

SECTION 84. Accy 5.403 of the administrative code is created to read:

Accy 5.403 Internet practice. A CPA firm offering or rendering professional services via an Internet site shall provide in the Internet site's homepage, a name,

move to

1 an address, and a principal state of licensure as a means for regulators and the public  
2 to contact a responsible licensee in charge at the firm regarding complaints,  
3 questions, or regulatory compliance.

4 **SECTION 85.** Subchapter I of chapter Accy 6 [precedes Accy 6.001] of the  
5 administrative code is created to read:

## 6 **CHAPTER ACCY 6**

### 7 **SUBCHAPTER I**

#### 8 **AUTHORITY AND DEFINITIONS**

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

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

12 (1) “Engagement review” means a peer review in which the peer reviewer  
13 evaluates and reports on engagements submitted by a firm that performs at its  
14 highest level of service, only services under SSARS, or services under the SSAE that  
15 are not included in a system review in order for the peer reviewer to determine  
16 whether the engagements submitted for review conform to applicable professional  
17 standards in all material respects.

18 (2) “PCAOB” means the Public Company Accounting Oversight Board that  
19 conducts firm inspection of certified public accounting firms’ Securities and  
20 Exchange Commission issuer practices and other engagements subject to its  
21 inspection process.

22 (3) “Peer review” means a study, appraisal, or review of one or more aspects of  
23 the attest services work of a licensee of a registered firm in the practice of public  
24 accounting, in accordance with a peer-review program, by a person or persons who

1 hold licenses in this jurisdiction or another jurisdiction and who are not affiliated  
2 with the person or firm being reviewed.

3 (4) (a) “Peer-review program” means the peer-review process developed and  
4 maintained by the American Institute of Certified Professional Accountants and  
5 administered by any of the following:

6 1. The Wisconsin Institute of Certified Professional Accountants.

7 2. A peer-review program administrator approved by a board that regulates  
8 certified public accountants in any other CPA licensing jurisdiction.

9 (b) “Peer-review program” includes the standards for administering,  
10 performing, and reporting on peer reviews, oversight procedures, and training and  
11 related guidance materials.

12 **Note:** The AICPA Standards for Performing and Reporting on Peer Reviews  
13 are available on the Internet at [http://www.aicpa.org/Research/Standards/Peer-  
14 Review/DownloadableDocuments/PeerReviewStandards.pdf](http://www.aicpa.org/Research/Standards/Peer-Review/DownloadableDocuments/PeerReviewStandards.pdf).

15 (5) “Peer-review reports” means reports issued by the peer reviewer or  
16 peer-reviewing firm in accordance with a peer-review program and that program’s  
17 peer-review standards.

18 (6) “Peer-review standards” means professional standards for administering,  
19 performing, and reporting on peer reviews under a peer-review program.

20 (7) “Peer reviewer” means a certified public accountant or accounting firm  
21 responsible for conducting the peer review holding a valid and active license to  
22 practice public accounting in good standing issued by this jurisdiction or another  
23 jurisdiction who meets the peer reviewer requirements established in the  
24 peer-review standards.



## 1 SUBCHAPTER III

## 2 REPORTS

3 SECTION 88. Subchapter IV (title) of chapter Accy 6 [precedes Accy 6.301] of the  
4 administrative code is created to read:

## 5 CHAPTER ACCY 6

## 6 SUBCHAPTER IV

## 7 CONDUCTING PEER REVIEWS

8 SECTION 89. Accy 6.303 of the administrative code is created to read:

9 **Accy 6.303 Extensions.** The organization administering the peer-review  
10 program may grant extensions for completing peer reviews as long as the  
11 organization is notified by the firm within 14 days prior to the due date of the peer  
12 review. Extensions may be granted for any of the following reasons:

13 (1) An adverse health condition, including an illness or injury.

14 (2) Military service.

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

16 SECTION 90. Accy 6.304 of the administrative code is created to read:

17 **Accy 6.304 Firm structure changes.** In the event a firm is merged,  
18 otherwise combined, dissolved, or separated, the organization administering the  
19 peer review shall determine which firm, if any, is considered to be the succeeding  
20 firm. The succeeding firm shall retain its peer review status and the review due date.

21 SECTION 91. Chapter Accy 7 (title) of the administrative code is repealed.

22 SECTION 92. Accy 7.01 of the administrative code is repealed.

23 SECTION 93. Accy 7.02 of the administrative code is repealed.

24 SECTION 94. Accy 7.03 of the administrative code is repealed.

1           **SECTION 95.** Accy 7.035 (intro.) and (2) of the administrative code are  
2 consolidated, renumbered Accy 2.202 (intro.) and amended to read:

3           **Accy 2.202 Education required to take the examination for**  
4 **certification.** (intro.) A person ~~may not take the examination leading to the~~  
5 ~~candidate applying for a certificate to practice as a certified public accountant unless~~  
6 ~~the person has, as part of~~ must, in the course of having completed the 150 semester  
7 hours of education, met one of the following conditions: ~~(2) Earned~~ have earned a  
8 baccalaureate or graduate degree from a ~~an accredited~~ business school or college of  
9 business ~~that is accredited by an accrediting agency recognized by the board and~~  
10 completed at all of the following:

11           (1) At least 24 semester hours in accounting at the undergraduate level or 15  
12 semester hours at the graduate level, or an equivalent combination, including  
13 ~~courses covering the subjects of financial accounting, auditing, U.S. taxation, and~~  
14 ~~management accounting.~~ at least one course in each of the following subjects:

15           **SECTION 96.** Accy 7.035 (1), (3), (4) and (5) of the administrative code are  
16 repealed.

17           **SECTION 97.** Accy 7.04 (title) of the administrative code is renumbered Accy  
18 <sup>e 2.308</sup> 2.203(title).

19           **SECTION 98.** Accy 7.04 (1) of the administrative code is renumbered Accy 2.203 ✓  
<sup>e 2.308</sup>

20           **SECTION 99.** Accy 7.04 (2) of the administrative code is repealed.

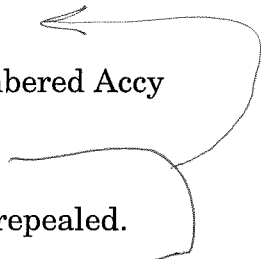
21           **SECTION 100.** Accy 7.05 of the administrative code is renumbered Accy 3.101,  
22 and Accy 3.101 (1) (c), as renumbered, is amended to read:

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

24           **SECTION 101.** Accy 7.06 of the administrative code is repealed.

25           **SECTION 102.** Accy 7.07 of the administrative code is renumbered Accy 2.102.

**SECTION 103**



1           **SECTION 103.** Accy 8.01 (title) of the administrative code is renumbered Accy  
2 3.001 (title).

3           **SECTION 104.** Chapter Accy 8 (title) of the administrative code is repealed.

4           **SECTION 105.** Accy 8.01 (1) of the administrative code is renumbered Accy  
5 3.001.

6           **SECTION 106.** Accy 8.02 of the administrative code is renumbered Accy 3.002.

7           **SECTION 107.** Accy 8.03 (title), (1), (3), (4), (5) and (6) of the administrative code  
8 are renumbered Accy 3.102 (title), (1), (2), (3), (4) and (5).

9           **SECTION 108.** Accy 8.04 of the administrative code is renumbered Accy 3.201  
10 and amended to read:

11           **Accy 3.201 Foreign candidates.** (1) Candidates holding certifications from  
12 foreign countries shall establish their qualifications for a certificate by endorsement  
13 as set forth in ss. ~~Accy 8.02 and 8.03~~ 3.002 and 3.102, or in s. ~~Accy 8.05~~ 3.202. <sup>plain</sup>

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

24           (3) Except as provided in s. ~~Accy 8.05~~ 3.202, examinations in foreign countries  
25 have not been established as being comparable to those in the United States.



1 Candidates must establish at least minimum qualifications in United States  
2 practice related to areas of business law, federal income taxes, generally accepted  
3 auditing standards, and generally accepted accounting principles. The writing<sup>taking</sup> of  
4 uniform certified public accountant examinations in these areas would be adequate  
5 evidence, although other evidence may be accepted if validated.

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

10 **SECTION 109.** Accy 8.05 of the administrative code is renumbered Accy 3.202,  
11 and Accy 3.202 (2) (d), as renumbered, is amended to read:

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

14 **SECTION 110.** Chapter Accy 9 (title) of the administrative code is renumbered  
15 Chapter Accy 6 (title).

16 **SECTION 111.** Accy 9.01 of the administrative code is repealed.

17 **SECTION 112.** Accy 9.02 (Note) of the administrative code is renumbered Accy  
18 6.101 (Note) and amended to read:

19 Accy 6.101 **Note:** The following questions are intended to assist firms in  
20 determining whether a peer review is required for renewal. An affirmative response  
21 to any part of any question means that a peer review is required. Caution: This list  
22 is not exclusive. Refer to the standards if in doubt.

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

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

- Engagements applying
- 1 • Statements on Auditing Standards (SASs) – Audits?
- 2 • Agreed-upon procedures?
- 3 • Engagements applying Statements on Standards for Accounting and Review Services (SSARS)?
- 4 • Reviews of financial statements?
- 5 • Compilations of financial statements with disclosures?
- 6 • Compilations of financial statements where “Selected
- 7 Information–Substantially All Disclosures Required Are Not Included?”
- 8 • Compilations of financial statements that omit substantially all disclosures?
- 9 • Engagements applying Statements on Standards for Attestation Engagements (SSAE)?
- 10 • Engagements applying International Financial Reporting Standards (IFRS)
- 11 or International Auditing Standards (IAS)?
- 12 • Examinations of prospective financial statements under SAARS?
- 13 • Compilations of prospective financial statements under SAARS?
- 14 • Agreed-upon procedures of prospective financial statements?
- 15 • Examinations of written assertions?
- 16 • Reviews of written assertions?
- 17 • Agreed-upon procedures of written assertions?
- 18 • Engagements under Government Auditing Standards (Yellow Book)?
- 19 • Engagements applying PCAOB Auditing Standards?
- 20 • Engagements applying PCAOB Attestation Standards?
- 21 • Work performed as subject to requirements of the AICPA peer-review
- 22 program?

23 SECTION 113. Accy 9.02 of the administrative code is renumbered Accy 6.101,  
24 and Accy 6.101 (1) and (2), as renumbered, are amended to read:

1           Accy 6.101 (1) ~~After January 1, 2005, an~~ An application for renewal by a  
2 certified public accounting firm that provides or offers to provide attest services shall  
3 include a description of at least one peer review of the firm undergone ~~through a peer~~  
4 ~~review program approved by the board, or approved by a board that regulates~~  
5 ~~certified public accountants in another state, within 3 years preceding the~~  
6 application for renewal. The description shall identify the ~~board-approved peer~~  
7 ~~review program~~ administrator, if administered by a peer-review program  
8 administrator approved by a board that regulates certified public accountants in any  
9 other CPA licensing jurisdiction, the outcome of the review, and the year under  
10 review.

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

13           **SECTION 114.** Accy 9.03 of the administrative code is renumbered Accy 6.201,  
14 and Accy 6.201 (intro.), as renumbered, is amended to read:

15           **Accy 6.201 Reports** ~~Report from board-approved review programs~~  
16 ~~peer-review program.~~ (intro.) ~~Each board-approved peer review~~ The  
17 peer-review program described under s. Accy 6.002 (4) (a) 1. shall report the  
18 following to the board by December 1 of each even-numbered year:

19           **SECTION 115.** Accy 9.04 of the administrative code is repealed.

20           **SECTION 116.** Accy 9.05 of the administrative code is repealed.

21           **SECTION 117.** Accy 9.06 of the administrative code is repealed.

22           **SECTION 118. Nonstatutory provisions.**

23           (1) The accounting examining board shall research the feasibility of rules  
24 establishing continuing education requirements for renewal of a license under  
25 section 442.08 (1) of the statutes. The board shall prepare a report describing its

1 findings and recommendations, including a description of any suggested changes to  
2 the statutes or the board's rules, and shall submit the report to the appropriate  
3 standing committees of the legislature in the manner provided under section 13.172  
4 (3) of the statutes no later than December 31, 2016.

5 (2) The requirements under sections 227.21 (2) (a) and 442.01 (2) of the statutes  
6 to obtain the consent of the attorney general and to hold a public hearing do not apply  
7 with respect to the enactment of this act.

8 **SECTION 119. Effective dates.** This act takes effect on the day after  
9 publication, except as follows:

10 (1) Notwithstanding section 227.265 of the statutes, the treatments of  
11 provisions of the administrative code take effect on the first day of the 3rd month  
12 following publication of this act in the Wisconsin Administrative Register.

13 (END)

D-note  
→

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

LRB-1813/1dn

MED:...

*Date*

*yjs*

*did not relate to firm members and*

*reviewed the draft and the mock chapters and*

*including the ones you requested*

Note that I made the following minor changes. Other than revising titles slightly for accuracy, no changes have been made to the text of any provision:

1. I moved s. Accy 5.403, which deals with firm internet practice, from subchapter IV (which deals with firm members) to subchapter III (which deals with offices), as it seemed more relevant there. I revised the title for subchapter III slightly to account for the change. ✓

2. I moved s. Accy 5.402, which deals with fees for licenses, from subchapter IV (which deals with firm members) to subchapter I (which deals with license applications), as it was more relevant there. ✓

*did not relate to firm members and*  
3. I moved s. Accy 2.203, which I believe deals with transfer of examination sections taken in other states, from subchapter III (which deals with education) to subchapter IV (which deals with the examination), as we discussed. ✓

4. I made the requested change to the bulleted list in the note at s. Accy 6.101, and made identical changes to two similarly worded items in the list. ✓

Michael Duchek  
Legislative Attorney  
(608) 266-0130  
michael.duchek@legis.wisconsin.gov

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

LRB-1813/1dn  
MED:cjs

January 6, 2016

Note that I reviewed the draft and the mock chapters and made the following minor changes, including the ones you requested. Other than revising titles slightly for accuracy, no changes have been made to the text of any provision:

1. I moved s. Accy 5.403, which deals with firm internet practice, from subchapter IV (which deals with firm members) to subchapter III (which deals with offices), as it did not relate to firm members and seemed more relevant there. I revised the title for subchapter III slightly to account for the change.
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