

Report From Agency

**STATE OF WISCONSIN
ACCOUNTING EXAMINING BOARD**

**IN THE MATTER OF RULEMAKING : REPORT TO THE LEGISLATURE
PROCEEDINGS BEFORE THE : CR 19-049
ACCOUNTING EXAMINING BOARD :**

I. THE PROPOSED RULE:

The proposed rule, including the analysis and text, is attached.

II. REFERENCE TO APPLICABLE FORMS:

N/A

III. FISCAL ESTIMATE AND EIA:

The Fiscal Estimate and EIA is attached.

IV. DETAILED STATEMENT EXPLAINING THE BASIS AND PURPOSE OF THE PROPOSED RULE, INCLUDING HOW THE PROPOSED RULE ADVANCES RELEVANT STATUTORY GOALS OR PURPOSES:

As required under s. 442.083 (2) (a), Stats., as created by 2017 Wisconsin Act 88 effective December 15, 2019, the proposed rules establish continuing education requirements for renewal of a license granted to individuals under ch. 442, Stats., to practice as a certified public accountant. The requirements will be effective beginning December 15, 2019, for the license renewal date occurring on December 15, 2021.

V. SUMMARY OF PUBLIC COMMENTS AND THE BOARD'S RESPONSES, EXPLANATION OF MODIFICATIONS TO PROPOSED RULES PROMPTED BY PUBLIC COMMENTS:

The Accounting Examining Board held a public hearing on June 7, 2019. Written comments were received from Tammy Hofstede on behalf of the Wisconsin Institute of Certified Public Accountants (WICPA) and Robert Burgardt on behalf of the Wisconsin Association of Accountants (WAA).

The comments from the WICPA suggest the following changes to the proposed rules:

- Replace the term “inactive certificate holders” with “non-licensees with a valid certificate.”
- Require a licensee who first obtains a license during the first year of a compliance period to complete one-half of the continuing professional education (CPE) credits required for a full compliance period, and provide the CPE requirements do not apply to a licensee who first obtains a license during the second year of a compliance period.
- Clarify that the number of CPE credits that may be claimed by an instructor, discussion leader, or speaker for preparation and presentation of a learning activity is

limited to 3 times the number of credits awarded to individuals attending or participating in the learning activity.

- Specify successful completion of a one credit semester university or college course is equal to 15 CPE credits and successful completion of a one credit quarter university or college course is equal to 10 CPE credits.
- Provide that CPE credits may not be claimed for time devoted to studying for or taking the CPA examination.

The Board believes the term “inactive certificate holders” is appropriate, thus it has not made the change in terminology suggested by the WICPA. All of the remaining changes suggested by the WICPA have been incorporated into the proposed rules.

The comments from the WAA express concern with allowing CPE credits to accrue in 5-minute increments, and with allowing CPE credits for serving on a professional board and for reading a book and writing a report. The comments also suggest the proposed rules be revised to require specific credentials for a facilitator that is registered as a sponsor of CPE.

The Board did not make changes to the rule in response to the WAA’s comments. The Board prefers the flexibility provided in the proposed rules, which will allow CPAs to obtain CPE through a variety of experiential learning. In addition, the Board is satisfied with the requirement in the proposed rules that a program sponsor and any individual presenting or supervising a formal learning activity have education and experience qualifications appropriate for the activity to enhance the competency of participants.

VI. RESPONSE TO LEGISLATIVE COUNCIL STAFF RECOMMENDATIONS:

All Legislative Council recommendations have been incorporated into the proposed rules.

VII. REPORT FROM THE SBRRB AND FINAL REGULATORY FLEXIBILITY ANALYSIS:

N/A