

STATE OF WISCONSIN  
ACCOUNTING EXAMINING BOARD

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IN THE MATTER OF RULE-MAKING : ORDER OF THE  
PROCEEDINGS BEFORE THE : ACCOUNTING EXAMINING BOARD  
ACCOUNTING EXAMINING BOARD : ADOPTING RULES  
: (CLEARINGHOUSE RULE 02-120)

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ORDER

An order of the Accounting Examining Board to repeal and recreate Accy 1.101, relating to independence standards of the accounting profession.

Analysis prepared by the Department of Regulation and Licensing.

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ANALYSIS

Statutes authorizing promulgation: Wis. Stat. §§ 15.08 (5) (b), 227.11, 227.21 and 442.10 (3).

Statutes interpreted: Wis. Stat. § 442.10

Generally, a certified public accountant (CPA) is required to meet the standards of independence in order to perform certain professional services for clients, such as audits and reviews of financial statements. Wisconsin law and requirements of some federal agencies prohibit a certified public accountant and a CPA firm from expressing an opinion as an independent certified public accountant on financial statements of any enterprise unless the CPA and the firm are independent of the enterprise.

The rules of the Accounting Examining Board (Board) requiring independence in practice are repealed and recreated in this order. The Board's current independence rules are founded on independence rules of the American Institute of Certified Public Accountants (AICPA). The AICPA revised its code effective May 31, 2002 and this order adopts, by reference, the standards for independence recently adopted by the AICPA. The AICPA independence standards are identified as Code of Professional Conduct ET Section 101, including Sections ET 101.01 through ET 101.16. the standards are available on the Internet at <http://www.aicpa.org/about/code/et101.htm#101-1> and published by the AICPA in print form as *AICPA Professional Standards Volume 2 as of June 1, 2002*. The printed volume is available at:

American Institute of Certified Public Accountants  
1455 Pennsylvania Ave., NW  
Washington, DC 20004-1081

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TEXT OF RULE

SECTION 1 Accy 1.101 is repealed and recreated to read:

**Accy 1.101 Independence Standards.** The following independence standards of the accounting profession are adopted by reference and shall be used by certified public accountants in Wisconsin:

The Code of Professional Conduct ET Section 101, including Sections ET 101.01 through ET 101.16 available on the Internet at <http://www.aicpa.org/about/code/et101.htm#101-1> and published by the American Institute of Certified Public Accountants in print form as *AICPA Professional Standards Volume 2 as of June 1, 2002*. The printed volume is available at:

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Note: Copies of the Statements described above are on file in the offices of the Accounting Examining Board, the Secretary of State, and the Revisor of Statutes.

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(END OF TEXT OF RULE)

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The rules adopted in this order shall take effect on the first day of the month following publication in the Wisconsin administrative register, pursuant to Wis. Stat. § 227.22 (2) (intro.), or 60 days after its adoption of the Accounting Examining Board, pursuant to Wis. Stat. § 442.01 (2), whichever is later.

Dated \_\_\_\_\_

Agency \_\_\_\_\_

Norbert Johnson, Chairperson  
Accounting Examining Board

FISCAL ESTIMATE

The Department of Regulation and licensing will incur \$500 in costs for staff to print and distribute the rule change.

FINAL REGULATORY FLEXIBILITY ANALYSIS

These rules will have no significant economic impact on a substantial number of small businesses, as defined in s. 227.114 (1) (a), Wis. Stat.