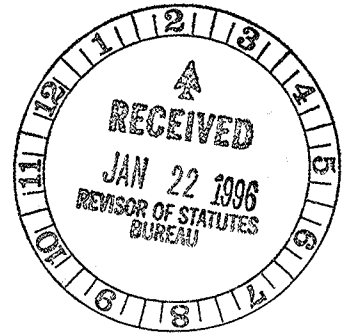


CERTIFICATE



**STATE OF WISCONSIN
DEPARTMENT OF REGULATION AND LICENSING**

TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Patricia Reuter, Director, Bureau of Business and Design Professions in the Wisconsin Department of Regulation and Licensing and custodian of the official records of the Accounting Examining Board, do hereby certify that the annexed rules were duly approved and adopted by the Accounting Examining Board on the 16th day of January, 1996.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the board at 1400 East Washington Avenue, Madison, Wisconsin this 16th day of January, 1996.

Patricia Reuter, Director, Bureau of Business and Design Professions, Department of Regulation and Licensing

STATE OF WISCONSIN
ACCOUNTING EXAMINING BOARD

IN THE MATTER OF RULE-MAKING : ORDER OF THE
PROCEEDINGS BEFORE THE : ACCOUNTING EXAMINING BOARD
ACCOUNTING EXAMINING BOARD : ADOPTING RULES
: (CLEARINGHOUSE RULE 95-138)

ORDER

An order of the Accounting Examining Board to repeal and recreate Accy 3.04 and 3.05; and to create Accy 3.055, 3.09 (1) (e) and (f), 3.11 and 4.035 relating to examinations, educational and graduation requirements, and late renewal.

Analysis prepared by the Department of Regulation and Licensing.

ANALYSIS

Statutes authorizing promulgation: ss. 15.08 (5) (b), 227.11 (2) and 440.08 (3), Stats.

Statutes interpreted: ss. 440.08 (3), 442.04 (4) and (5) and 442.08, Stats.

The proposed rule-making order of the Accounting Examining Board primarily relates to the certified public accountant examination (CPA examination) provided by the American Institute of Certified Public Accountants (AICPA). That examination is administered nationally through the AICPA and its successful completion is one of the requirements for obtaining a certificate and license to practice as a Certified Public Accountant in this state. One requirement for eligibility to sit for the CPA examination is that the candidate obtain a bachelor's or higher degree from an institution, with a resident major in accounting or its reasonable equivalent. (See, sec. 442.04 (4), Stats.; ch. Accy 7, Wis. Adm. Code.) The current rules of the board require that a candidate to take the CPA examination must have completed the required education and have graduated. The proposal would permit a candidate to take the CPA examination prior to actual graduation, if it is expected that graduation will occur within 45 days after the date of the CPA examination. The current rules of the board also authorize a candidate to take the CPA examination based upon the candidate's affirmative statement on the application that he or she has obtained the required education. The proposed rule-making order would modify the procedure by which a candidate's credentials are verified and make modifications to other related rules regarding the examination. Also, in an unrelated section, the proposal creates a provision addressing the requirements for renewing a license to practice as a certified public accountant which has previously expired.

SECTION 1 regards s. Accy 3.04, which provides the basic requirement for eligibility to take the CPA examination. Under the current rule, a candidate for the CPA examination must have actually graduated from college with a bachelor's or higher degree. The CPA examination, which is administered only in May and November each year, is given shortly prior to graduation

from some colleges in this state. Accordingly, such individuals are not permitted to take the CPA examination until approximately six months following graduation, solely due to the unfortunate timing of the CPA examination and some graduation dates. The proposal would permit an individual to sit for the CPA examination where graduation is anticipated to occur within 45 days after the examination date.

SECTION 2 alters the application procedure. Proposed s. Accy 3.05 would require that a candidate for admittance to the CPA examination submit at least 60 days prior to the date the CPA examination is to be administered, certified copies of transcripts reflecting the course work completed and the granting of a bachelor's or higher degree, or verification from an institution that graduation is expected to occur within 45 days after the CPA examination. The purpose for the change is to assure that the board has received independent documentation of a candidate's eligibility to sit for the examination, rather than granting admission based solely upon the applicant's representation of eligibility or own evaluation of his or her educational credentials.

This change in procedure is based upon the fact that beginning with its administration in May, 1996, the CPA examination will be "non disclosed"; meaning that the questions and answers to the examination will no longer be published or disclosed by the AICPA following its administration. In order to safeguard the security of the CPA examination content, it has been recommended by the AICPA that each state's CPA credentialing authority,

"...have rules and procedures to ensure that only candidates qualified to take the (CPA examination) can register and sit for it. Rules and procedures should require the verification of qualifications before a candidate can be permitted to register. Failure to do so will encourage unqualified test takers to take the (CPA examination), unnecessarily increasing the risk of a security breach." [From "INFORMATION FOR BOARDS OF ACCOUNTANCY, *Implementing the Non disclosed Uniform CPA Examination*, THIRD INSTALLMENT (April 26, 1995)", p. B-1].

An amendment to the board's rule to require a candidate to submit academic transcripts indicating possession of a bachelor's or higher degree, or verification of graduation within 45 days after the examination, rather than relying upon the mere representation to that effect, is necessary in order to meet the CPA examination security concerns regarding access to its contents by unqualified individuals.

The proposed rule would also require that the necessary documents be submitted to the board at least 60 days prior to the administration of the CPA examination. This filing deadline is necessary in order for board staff to evaluate the materials and make a determination as to whether or not the individual possesses the necessary academic qualifications to sit for the examination. It also will permit the applicant time to submit additional supportive materials in the event of deficient filings, as well as provide adequate time to resolve any questions regarding an applicant's eligibility to take the CPA examination.

In addition, the proposal repeals the current requirement that a notarized photograph of the applicant must be submitted with the application to take the CPA examination. In reviewing the

various security issues raised by virtue of the AICPA developing a non disclosed examination, the board noted that the notarized photograph requirement did not serve a valid security purpose, since the application is not present at the examination site at the time it is administered. Rather, the identity of the applicant is verified at the testing location through requiring the applicant to present identification with his or her photograph and signature. Accordingly, the board has repealed the requirement that a notarized photograph must be submitted with the application.

The proposal also provides that the application contain any request an applicant may have for an accommodation of a disability. This is in recognition of the Americans with Disabilities Act and the need to determine any necessary accommodations in order that appropriate arrangements may be made.

SECTION 3 creates s. Accy 3.055 to require candidates who were permitted to sit for the CPA examination based upon the expectation of graduation within 45 days after the examination, to verify that graduation did, in fact, occur. Candidates' scores upon the CPA examination will not be released until documentation of subsequent graduation is provided. Furthermore, if a candidate did not graduate as anticipated, the examination scores would be nullified.

SECTION 4 relates to attempting to assure that the CPA examination content will remain non disclosed and secure in order to protect the integrity and validity of future examinations as reliable indicators of the professional knowledge possessed by individual candidates. Sec. Accy 3.09 (1), lists conduct at the examination which is considered to constitute cheating upon the examination. The proposed additions would additionally specifically prohibit candidates from disclosing the nature or content of the examination or answers subsequent to the examination, and prohibit candidates from removing any examination materials or notes from the examination room.

SECTION 5 creates s. Accy 3.11 regarding the procedures by which an unsuccessful candidate upon either the CPA examination or the professional ethics examination may obtain a review of his or her examination. Subsection (1) provides that the candidate must contact the advisory grading service of the AICPA in order to obtain a review of the CPA examination. Subsection (2) refers to the professional ethics examination described within s. Accy 3.10, which is administered by board staff and consists of an open book examination addressing the specific Wisconsin statutes and rules governing the practice of public accounting. Among other things, the proposal would permit a candidate to review the professional ethics examination either in person or by telephone within 30 days after the results had been mailed to the candidate.

SECTION 6 relates to the requirements which must be met in order to renew a license as a Certified Public Accountant which has previously expired. Under sec. 440.08 (3), Stats., an expired license generally will be renewed upon payment of a late fee. However, if the license has not been renewed within 5 years after its renewal date, the board may by administrative rule require an examination or education, or both, prior to renewing the license. In cases involving a license which has not been renewed for 5 years or more, the intent of the proposed rule is to permit the board to review each applicant's individual circumstances in making a determination of what, if any, examination or education will be required. For example, some applicants for

renewal after a 5 year absence from practice as a licensed CPA may not have been practicing in an accounting related field during that time period. Under such circumstances, an examination or additional education, or both, may be necessary to assure that the applicant has sufficient currency of accounting knowledge to resume professional practice. However, there may be other individuals who continued to practice in accounting related areas which did not require a current license as a CPA in which to practice, and for whom a need for examination or additional education may be less extensive or unnecessary. The proposed rule is intended to provide the board with the appropriate flexibility to determine each situation according to the individual circumstances presented.

TEXT OF RULE

SECTION 1. Accy 3.04 is repealed and recreated to read:

Accy 3.04 EDUCATION. A candidate for the certified public accountant examination must possess a bachelor's or higher degree with a resident major in accounting, as defined in s. Accy 7.02 (3), or the reasonable equivalence of a resident major in accounting, as defined in s. Accy 7.03 (1), or reasonably expect to receive a degree with a resident major in accounting or its reasonable equivalence within 45 days following the date of examination.

SECTION 2. Accy 3.05 is repealed and recreated to read:

Accy 3.05 EXAMINATION APPLICATION. (1) A candidate for the certified public accountant examination shall apply on an application form provided by the board and file the application in the board office no later than 60 days prior to the examination date. The application shall be supported by all of the following:

- (a) The appropriate fee authorized in s. 440.05, Stats.
- (b) Proof of fulfilling the educational requirements, by submitting either:
 - 1. Certified copies of transcripts for all academic work completed at an institution, as defined in s. 442.04 (4) (a), Stats., at least one of which must reflect the award of a bachelor's or higher degree, if the candidate has graduated prior to filing the application.
 - 2. Verification from an institution, as defined in s. 442.04 (4) (a), Stats., that the candidate is expected to graduate with a resident major in accounting within 45 days following the examination date.
 - 3. Certified copies of transcripts for all academic work completed at an institution, as defined in s. 442.04 (4) (a), Stats., a list of all courses in which the candidate is currently enrolled, and verification from the institution that the candidate is expected to graduate within 45 days following the examination date, if the candidate expects to receive the reasonable equivalence of a resident major in accounting.

(c) Request for accommodation of disability, if applicable.

(2) The board shall notify a candidate of the examination site when the completed application has been accepted by the board.

(3) Applicants who have the educational requirements by the application deadline may apply to take the next scheduled examination, but no certified public accountant certificate may be issued until all other requirements are met.

Note: Application forms are available upon request to the board office located at 1400 East Washington Avenue, P.O. Box 8935, Madison, WI 53708.

SECTION 3. Accy 3.055 is created to read:

Accy 3.055 VERIFICATION OF GRADUATION AFTER EXAMINATION; RELEASE OR INVALIDATION OF EXAMINATION SCORES. (1) A candidate permitted to sit for the examination upon the basis of reasonably expecting to receive a bachelor's or higher degree with a resident major in accounting or the reasonable equivalence of a resident major in accounting within 45 days following the examination must submit certified copies of transcripts for all academic work completed at an institution, at least one of which must reflect the award of a bachelor's or higher degree, to the board office within 120 days following the date of the examination.

(2) The examination scores of a candidate who fails to submit the required documentation shall not be released until the required documentation is submitted.

(3) A candidate who fails to receive a bachelor's or higher degree with a resident major in accounting or the reasonable equivalence of a resident major in accounting within 45 days following the examination shall be deemed ineligible to have taken the examination, and the scores shall be deemed null and void.

SECTION 4. Accy 3.09 (1) (e) and (f) are created to read:

Accy 3.09 (1) (e) Divulging the nature or content of any examination question or answer to any individual or entity subsequent to the conclusion of the examination.

(f) Removing any examination materials, notes or other similar materials from the examination room.

SECTION 5. Accy 3.11 is created to read:

Accy 3.11 EXAMINATION REVIEW. (1) Applicants for the certified public accountant examination may request a review of their examination papers from the American institute of certified public accountants advisory grading service.

(2) An applicant who fails the professional ethics examination may request a review of the examination. The following conditions apply:

(a) The applicant shall file a written request to the board within 30 days of the date on which examination results were mailed and pay the fee under s. RL 4.05.

(b) Examination reviews are by appointment only and shall be limited to one hour.

(c) Reviews shall be conducted prior to the time an applicant applies to retake the examination.

(d) An applicant may review each failed examination only once.

(e) The examination may be reviewed by telephone. During a telephone review an applicant shall be provided with the statute or administrative code reference number and the topic of the test questions the applicant failed.

(f) An applicant may not be accompanied during the review by any person other than the proctors.

(g) Bound reference books shall be permitted in the review.

(h) Applicants may not remove any notes from the review. Notes shall be retained by the proctor.

(i) The proctor shall not respond to inquiries by the applicant regarding allegations of examination error.

SECTION 6. Accy 4.035 is created to read:

Accy 4.035 REQUIREMENTS FOR LATE RENEWAL; REINSTATEMENT. (1) An individual certified public accountant who files an application for renewal of a license within 5 years after the renewal date may be reinstated by filing with the board:

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

(b) The fee specified in s. 440.08 (2), Stats., plus the applicable late renewal fee as specified in s. 440.08 (3), Stats.

(2) An individual certified public accountant who files an application for renewal 5 years or more after the renewal date may be reinstated by filing with the board:

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

(b) The fee specified in s. 440.08 (2), Stats., plus the applicable late renewal fee as specified in s. 440.08 (3), Stats.

(c) Verification of successful completion of examinations specified in ch. Accy 3, or education specified in ch. Accy 7, or both, as the board may prescribe.

(END OF TEXT OF RULE)

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 s. 227.22 (2) (intro.), Stats., or 60 days after its adoption by the Accounting Examining Board, pursuant to s. 552.01 (2), Stats., whichever is later.

Dated

Jan. 16, 1996

Agency



Chairperson

Accounting Examining Board

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1/10/96

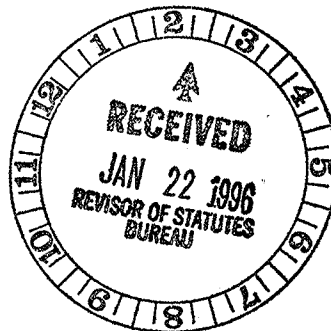
CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN

DATE: January 22, 1996

TO: Gary Poulson
Assistant Revisor of Statutes

FROM: Pamela A. Haack, Rules Center Coordinator
Department of Regulation and Licensing
Office of Administrative Rules



SUBJECT: Final Order Adopting Rules

Agency: ACCOUNTING EXAMINING BOARD

Attached is a copy and a certified copy of a final order adopting rules. Would you please publish these rules in the register.

Please stamp or sign a copy of this letter to acknowledge receipt.

Thank you.