

CHAPTER 442

ACCOUNTING EXAMINING BOARD

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Cross-reference: See definitions in s. 440.01.

Cross-reference: See also *Accy.*, Wis. adm. code.

442.001 Definitions. In this chapter:

(1) “Attest service” means any of the following:

(a) An audit or any other engagement that is performed or intended to be performed in accordance with rules promulgated under s. 442.01 (1) (a).

(b) A review of a financial statement that is performed or intended to be performed in accordance with rules promulgated under s. 442.01 (1) (b).

(c) An examination of prospective financial information that is performed or intended to be performed in accordance with rules promulgated under s. 442.01 (1) (c).

(3) “Examining board” means the accounting examining board.

(4) “Firm” means a proprietorship, partnership, limited liability partnership, corporation, service corporation, or limited liability company.

(5) “Member of a firm” means a director, manager, employee, officer, owner, shareholder, principal, or partner of a firm.

History: 1999 a. 85 s. 86; 2001 a. 16.

442.01 Examining board; duties. (1) The examining board shall promulgate rules that adopt by reference all of the following:

(a) The statements on auditing standards issued by the Auditing Standards Board of the American Institute of Certified Public Accountants.

(b) The statements on standards for accounting and review services issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants.

(c) The statements on standards for attestation engagements issued by the Auditing Standards Board, the Accounting and Review Services Committee, and the Consulting Services Executive Committee of the American Institute of Certified Public Accountants.

(2) The examining board may not adopt a standard or rule relating to professional conduct or unethical practice until the examining board has held a public hearing with reference thereto, subject to the rules promulgated under s. 440.03 (1). Except for a rule modified under s. 227.265, no rule or standard shall become effective until 60 days after its adoption by the examining board. Any person who has appeared at the public hearing and filed written protest against a proposed standard or rule may, upon the adoption of such standard or rule by the examining board, obtain a review thereof under ch. 227. Thereafter every person practicing as a certified public accountant in the state shall be governed and controlled by the rules and standards prescribed by the examining board, including any modifications under s. 227.265.

(3) The examining board shall record its proceedings.

(4) The examining board shall participate in data-sharing programs operated or otherwise sponsored by the National Association of State Boards of Accountancy and shall share information or data regarding persons currently or previously licensed under this chapter as needed in order to participate in those programs. Except as otherwise provided by the examining board by rule, information or data obtained by the board through such a program is not subject to the right of inspection and copying under s. 19.35 (1).

History: 1977 c. 418; 1981 c. 356; 1983 a. 27; 1991 a. 39; 1999 a. 85; 2001 a. 16; 2013 a. 210; 2017 a. 88.

Cross-reference: See also *Accy.*, Wis. adm. code.

442.02 Certified public accountant, definition. (1m) A person shall be considered to be in practice as a certified public accountant, within the meaning and intent of this chapter, if any of the following conditions is met:

(a) The person holds himself or herself out to the public in any manner as one skilled in the knowledge, science, and practice of accounting, and as qualified and ready to render professional service therein as a certified public accountant for compensation.

(b) The person maintains an office for the transaction of business as a certified public accountant or, except as an employee of a certified public accountant, practices accounting, as distinguished from bookkeeping, for more than one employer.

(c) The person offers to prospective clients to perform for compensation, or performs on behalf of clients for compensation, professional services that involve or require an audit of financial transactions and accounting records.

(d) The person prepares for clients reports of audits, balance sheets, and other financial, accounting and related schedules, exhibits, statements or reports that are to be used for publication or for credit purposes, or are to be filed with a court of law or with any other governmental agency, or for any other purpose.

(dm) The person provides or offers to provide an attest service.

(e) The person, in general or as an incident to such work, renders professional assistance to clients for compensation in any or all matters relating to accounting procedure and the recording and presentation of financial facts.

(f) The person signs or affixes his or her name or any trade or assumed name used by the person in his or her business or profession to an opinion or certificate attesting to the reliability of any representation or estimate in regard to any person or organization embracing financial information, financial transactions or accounting records.

(5m) Subsection (1m) (f) does not prohibit any officer, employee, partner, or principal of any organization from affixing his or her signature to any statement or report in reference to the affairs of that organization with any wording designating the position, title, or office that he or she holds in that organization.

(6) Every member of a firm who, as a member of the firm, does any of the things enumerated in sub. (1m) (a) to (f), shall be considered to be in practice as a certified public accountant.

History: 1979 c. 162 ss. 7, 38 (7), (9); 1999 a. 85; 2001 a. 16.

442.025 Applicability. This chapter does not require a certificate or license under this chapter for any of the following:

(1) Persons employed by a certified public accountant or firm licensed under this chapter to serve as accountants in various capacities, as needed, if all of the following conditions are met:

(a) The employees serving as accountants work under the control and supervision of certified public accountants.

(b) The employees serving as accountants do not issue any statements or reports over their own names except office reports to their employer that are customary.

(c) The employees serving as accountants are not in any manner held out to the public as certified public accountants.

(2) A practicing attorney, who, in connection with his or her professional work renders any accounting service.

(3) A person employed by more than one person for the purpose of keeping books, making trial balances, or statements, and preparing reports, if all of the following requirements are met:

(a) The reports described in this subsection are not used or issued by the employers as having been prepared by a certified public accountant.

(b) The persons employed as described in this subsection do not do any of the things enumerated in s. 442.02 (1m) (f) except as authorized under s. 442.02 (5m).

(4) (a) A person who meets all of the following conditions:

1. The person's principal place of business or residence is not in this state.

2. The person holds a valid certified public accountant certificate or license from another state that the National Association of State Boards of Accountancy National Qualification Appraisal Service has verified to be in substantial equivalence with the certified public accountant licensure requirements of the American Institute of Certified Public Accountants/ National Association of State Boards of Accountancy Uniform Accountancy Act, or the person obtains verification from the National Association of State Boards of Accountancy National Qualification Appraisal Service that his or her individual qualifications are substantially equivalent to the certified public accountant licensure requirements of the American Institute of Certified Public Accountants/ National Association of State Boards of Accountancy Uniform Accountancy Act.

(b) Any person who enters this state to practice as a certified public accountant under this subsection agrees to all of the following:

1. That he or she is under the personal and subject matter jurisdiction of the examining board and he or she may be disciplined under s. 442.12.

2. That he or she will comply with this chapter and rules promulgated by the examining board.

3. That the examining board of the state that issued his or her license may act as his or her agent for the purpose of receiving process in any legal action or proceeding by the examining board.

(5) A public official or public employee in performing his or her duties.

(6) A person who performs services involving the use of accounting skills, including management advisory services, the preparation of tax returns, and the preparation of financial statements without issuing reports on the statements.

(7) A person who prepares financial statements and issues information thereon that does not purport to be in compliance with the statement on standards for accounting and review services issued by the American Institute of Certified Public Accountants.

History: 2001 a. 16 ss. 3606rd to 3606rL; 2005 a. 214.

442.03 Licenses required. No person may lawfully practice in this state as a certified public accountant either in the person's own name, or under an assumed name, or as a member of a firm, unless the person has been granted by the examining board a certificate as a certified public accountant, and unless the person and firm have complied with all of the provisions of this chapter, including licensure.

History: 1977 c. 29; 1981 c. 356; 1991 a. 39; 2001 a. 16.

442.04 Certified public accountants; qualifications.

(1) The examining board shall grant a certificate as a certified public accountant to all persons who become entitled thereto under this section and s. 442.05. A certificate is permanent unless revoked and not subject to periodic renewal.

(2) The examining board shall hold an examination at least once each year at a time and place determined by the examining board.

(5) (a) In this subsection, "institution" means an institution of higher education accredited by an accrediting agency that is recognized by the secretary of the federal department of education.

(b) The examining board may not grant a certificate as a certified public accountant to any person other than a person who satisfies all of the following conditions:

1. The person is 18 years of age or older.

2. The person does not have an arrest or conviction record, subject to ss. 111.321, 111.322, and 111.335.

3. The person has, except as provided in sub. (6), completed at least 150 semester hours of education at an institution that include course work in accounting and business subjects, as determined by the examining board, and has received a bachelor's or higher degree.

4. Except as provided in s. 442.05, the person has successfully passed an examination in such subjects affecting accountancy and business as the examining board considers necessary. A person is not eligible to take the examination under this subdivision unless the person has completed at least 120 semester hours of education at an institution that include course work in accounting and business subjects, as determined by the examining board.

5. The person has at least one year of public accounting experience or its equivalent, the sufficiency of the experience or the equivalency to be judged by the examining board.

(d) The examining board shall ensure that evaluation procedures and examinations under this subsection are nondiscriminatory, relate directly to accountancy, and are designed to measure only the ability to perform competently as an accountant. The examining board may use the examination service provided by the American Institute of Certified Public Accountants.

(6) The examining board may promulgate rules pursuant to which the examining board may, in its discretion and on a case-by-case basis, do all of the following:

(a) Consider certain military training and service of a veteran, as defined in s. 45.01 (12), who was honorably discharged to be substantially equivalent to semester hours of education completed at an institution.

(b) Apply training and service described in par. (a) to satisfy a portion of the 150 semester hours required under sub. (5) (b) 3.

History: 1975 c. 224; 1977 c. 219, 418; 1979 c. 337; 1981 c. 356, 380, 391; 1995 a. 333; 2001 a. 16; 2013 a. 21, 114, 210; 2015 a. 217; 2017 a. 88; 2021 a. 12.

Cross-reference: See also chs. Accy 2 and 3, Wis. adm. code.

442.05 Certification by endorsement. The examining board may grant a certificate to any applicant who is the holder of a certificate or license to practice as a certified public accountant issued under the laws of any other state or foreign country. The applicant must also establish his or her substantial equivalence of the qualifications required under s. 442.04. The sufficiency of the substantial equivalence shall be judged by the examining board. Upon denial of a certificate under this subsection the examining board shall notify the applicant in writing of the decision, stating the reason for denial and that the applicant has the right to a hear-

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ing if a written request is filed with the examining board within 30 days after the notice of denial. Service of the notice of denial may be made by mail addressed to the applicant at the latest address filed by the applicant in writing with the examining board. Service by mail is complete on the date of mailing.

History: 1975 c. 318; 1981 c. 356.

Cross-reference: See also ch. [Accy 3](#), Wis. adm. code.

442.07 Requirements for practice as certified public accountant. (1) Any person who has been issued a certificate of the person's qualifications to practice as a certified public accountant, shall be styled and known as a "certified public accountant" and no other person shall assume to use such title or the abbreviation "C.P.A." or any other word, words, letters, or figures to indicate that the person using the same is a certified public accountant. The terms "chartered accountant" and "certified accountant" and the abbreviation "C.A." are specifically prohibited to such other persons as being prima facie misleading to the public.

(3) Any firm that is entitled to practice as certified public accountants in this state or any other state and every resident member of the firm who is a certified public accountant of this state, after registering the firm name with the examining board, may use the designation "certified public accountants" in connection with the firm name.

History: 1977 c. 29; 1981 c. 356; 1991 a. 316; 2001 a. 16.

442.08 Licensure. (1) The department shall issue a license to an individual who holds an unrevoked certificate as a certified public accountant, submits an application for the license on a form provided by the department, and pays the initial credential fee determined by the department under s. 440.03 (9) (a).

(2) The department shall issue a license to a firm that submits an application for the license on a form provided by the department, pays the initial credential fee determined by the department under s. 440.03 (9) (a), and does each of the following:

- (a) Identifies each office of the firm that is located in this state.
- (b) If any person who holds an ownership interest in the firm is not licensed under sub. (1), designates an individual licensed under sub. (1) as the individual responsible for the firm's compliance with this chapter.
- (c) Demonstrates, to the satisfaction of the department, each of the following:

1. That all attest services provided by the firm in this state are under the charge of an individual licensed under sub. (1).

2. That more than 50 percent of the ownership interest of the firm is held by individuals who hold certificates or licenses to practice as a certified public accountant issued under the laws of any state or foreign country.

3. That each person who holds an ownership interest in the firm, and who does not hold a certificate or license to practice as a certified public accountant, is an individual who actively participates in the firm or an affiliated entity.

Cross-reference: See also ch. [Accy 5](#), Wis. adm. code.

(3) The examining board shall promulgate rules that define "ownership interest" for purposes of sub. (2) and for determining the percentage of a person's ownership interest in a firm. In promulgating the rules, the examining board shall consider the financial interests and voting rights of all members of a firm.

History: 1977 c. 29; 1981 c. 356; 1991 a. 39; 2001 a. 16; 2007 a. 20.

442.083 Renewal; continuing education. (1) The renewal dates for licenses issued under this chapter are specified under s. 440.08 (2) (a), and the renewal fees for such licenses are determined by the department under s. 440.03 (9) (a). The department may not renew a license issued to a firm unless, at the time of renewal, the firm satisfies the requirements under s. 442.08 (2) and demonstrates, to the satisfaction of the department, that the firm has complied with the requirements under s. 442.087.

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(2) (a) The examining board shall promulgate rules establishing continuing education requirements for renewal of licenses granted to individuals under this chapter. The rules promulgated under this paragraph may not require an individual to complete more than 80 continuing education credits during the 2-year period immediately preceding the renewal date specified under s. 440.08 (2) (a).

(b) For continuing education credits that are earned based on the amount of time spent participating in an eligible learning activity, one credit shall be earned for every 50 minutes spent engaging in the eligible activity. One-tenth of a credit may be earned for every 5 minutes spent participating in an eligible activity.

(c) Up to one-half of the amount of continuing education credits required by rule under par. (a) may be completed by informal, self-directed learning activities, including reading, teaching, researching, serving on a board or committee, viewing a video, listening to an audio recording, or participating in other experiential learning activities that are determined by the board to be relevant to competency to practice as a certified public accountant.

History: 2001 a. 16; 2007 a. 20; 2017 a. 88.

442.087 Peer review. (1) **DEFINITION.** In this section, "peer review" means a process for a person licensed under this chapter to evaluate the professional competency of the members of a firm who are responsible for attest services provided by the firm or who sign or authorize another individual to sign accounting reports or financial statements on behalf of the firm.

(2) **RENEWAL OF FIRM LICENSES.** After January 1, 2005, the department may not renew the license of a firm unless, at least once every 3 years, the firm undergoes the peer review that is specified in the rules promulgated under sub. (3) and that is conducted by a person, approved by the examining board under the rules, who is not affiliated with the firm or members of the firm undergoing review.

(3) **RULES.** The examining board shall promulgate rules that describe the peer review required to renew a firm's license under sub. (2). The rules shall include requirements for the examining board to approve one or more persons to conduct the peer reviews. The rules shall also require each person approved by the examining board to conduct peer reviews to periodically report to the examining board on the effectiveness of the peer reviews conducted by the person and to provide the examining board with a listing of all firms that have undergone peer review conducted by the person.

(4) **CONFIDENTIALITY.** Except as provided in sub. (5), a person approved by the examining board to conduct peer reviews may not disclose to any person, including the examining board or the department, any information obtained or document produced during the course of or as a result of a review unless the firm undergoing the review consents to the disclosure.

(5) **PEER REVIEW DOCUMENTS.** (a) The examining board may require a certified public accountant or firm to provide any of the following peer review documents to the examining board:

1. A peer review report.
2. Any letter of response to a peer review report.
3. An acceptance letter.
4. A letter signed by the reviewed firm accepting the peer review documents with the understanding that the firm agrees to take certain actions.
5. A letter notifying the reviewed firm that certain required actions have been completed.

(b) A certified public accountant or firm may comply with a directive under par. (a) by doing any of the following within 45 days after the date of the directive:

1. Submitting the requested documents to the examining board, either by mail or electronically.
2. Allowing the peer review program administrator to make the documents available to the examining board through the Facil-

itated State Board Access program operated by the American Institute of Certified Public Accountants.

(c) The examining board may make documents submitted to the examining board under par. (b) 1. available to the Facilitated State Board Access program operated by the American Institute of Certified Public Accountants.

(d) Except as otherwise provided by the examining board by rule, information or data obtained by the board through the Facilitated State Board Access program is not subject to the right of inspection and copying under s. 19.35 (1).

History: 2001 a. 16, 104; 2017 a. 88.

Cross-reference: See also ch. Accy 6, Wis. adm. code.

442.09 Fees. The fees for examination and licenses granted under this chapter are specified in s. 440.05. The fee for renewal of such licenses is determined by the department under s. 440.03 (9) (a).

History: 1971 c. 125; 1977 c. 29; 1991 a. 39; 2007 a. 20.

442.10 Disclosure of interest in entity reported on.

(1) Whenever any person, as a certified public accountant, signs or certifies any report, schedule, or statement relative to the affairs of any corporation, association, or partnership in which the person is financially interested or by which the person is regularly engaged as an officer or employee, the signature or certification shall be accompanied by a specific statement setting forth the fact that the person is financially interested in or is an officer or regular employee of the corporation, association, or partnership. If the person is both financially interested and an officer or regular employee, the statement shall cover both financial interest and employment. In the case of a firm signing or certifying as described in this subsection, the interest of any of its members shall be disclosed.

(2) Notwithstanding sub. (1), no person licensed under this chapter, and no firm of which the person is a member, may express an opinion as an independent certified public accountant on financial statements of any enterprise unless the person and the firm are independent of the enterprise. The requirement for independence under this subsection also extends to the spouse of such a person and to other relatives having a financial or business relationship with the enterprise which, in the opinion of the examining board, may impair independence.

(3) The examining board may make and enforce all necessary rules relative to this section and may determine the particular phraseology necessary to carry sub. (1) into effect.

History: 1977 c. 264; 1993 a. 490; 2001 a. 16.

442.11 Penalties. Whoever does any of the following may, for each offense, be fined not more than \$500, or imprisoned in the county jail for not more than one year, or both:

(1) Uses any term other than certified public accountant or the abbreviation C. P. A. to indicate that he or she is a certified public accountant with a specially granted title.

(2) While practicing under an assumed name, or as a member of a firm, other than a firm with a name that is registered under s. 442.07 (3), announces, either in writing or by printing, that the assumed name or firm is practicing as a certified public accountant.

(5) Holds himself or herself out to the public as a certified public accountant or assumes to practice as a certified public accountant unless he or she has been granted a certificate as a certified public accountant from the examining board.

(7) Practices as a certified public accountant after his or her certificate has been revoked.

(8) As an individual or member of a firm, practices or permits the firm to practice as a certified public accountant unless a license has been secured for the current licensure period.

(9) Sells, buys, gives, or obtains an alleged certificate as a certified public accountant or a license in any manner other than that provided for by this chapter.

(10) Attempts to practice as a certified public accountant under the guise of a certificate not granted by the examining board or under cover of a certificate obtained illegally or fraudulently.

(11) Certifies to any false or fraudulent report, certificate, exhibit, schedule or statement.

(12) Attempts by any subterfuge to evade the provisions of this chapter while practicing as a certified public accountant.

(13) As an individual or member of a firm, permits to be announced by printed or written statement that any report, certificate, exhibit, schedule, or statement has been prepared by or under supervision of a certified public accountant when the person who prepared the report, certificate, exhibit, schedule, or statement was not a certified public accountant.

History: 1977 c. 29, 418; 1979 c. 162 s. 38 (4), (7), (9); 1981 c. 356; 1999 a. 85; 2001 a. 16.

442.115 Enforcement actions for violations of this chapter. (1) If it appears upon complaint to the examining board by any person, or it is known to the examining board, that any person has violated this chapter, the examining board may investigate, subject to the rules promulgated under s. 440.03 (1).

The district attorney of the county in which violations of this chapter are known or alleged to have occurred shall promptly investigate complaints, from any source, of violations of this chapter and prosecute if the facts warrant. Upon request from the examining board, and when the facts warrant, the appropriate district attorney shall promptly seek an injunction against any person who is violating this chapter.

(2) If the district attorney fails or refuses to act within a time that the examining board considers reasonable, the examining board may request the attorney general to institute a prosecution or to seek an injunction for violation of this chapter.

(3) If a person has engaged, or is about to engage, in an act or practice that constitutes, or will constitute, a violation of this chapter, the examining board in its own right or on behalf of an individual complainant may apply to the appropriate court for an order enjoining the act or practice. Upon a showing by the examining board or the complainant that the person has engaged, or is about to engage, in any act or practice in violation of this chapter, the court may grant an injunction, restraining order or other appropriate order without bond.

History: 1999 a. 85 ss. 95, 96.

442.12 Disciplinary action. (1) Subject to the rules promulgated under s. 440.03 (1), the examining board may do any of the following:

(a) Make investigations and conduct hearings.

(b) Revoke, limit, or suspend for a definite period any certificate, license, or practice privilege, or officially reprimand the holder, if it finds that the holder has violated this chapter or any duly promulgated standard or rule of practice or for any other sufficient cause.

(c) In the case of a firm, revoke, limit, or suspend the license of the firm, or reprimand it, if it is found that any member of the firm has been guilty of such act or omission as would be cause for revoking, limiting, or suspending a certificate or license to the person as an individual or for reprimanding the person.

(d) Impose a period of probation under specified conditions, whether or not in conjunction with other sanctions.

(e) Require additional professional education or training, or reexamination, or any combination, as a condition precedent to the reinstatement of a license or of any privilege, or as a condition precedent to the termination of any suspension.

(f) Suspend a license until further order of the examining board or for a specified period for failure to comply with an order of the examining board imposing disciplinary sanctions.

(g) Upon application in writing and after hearing pursuant to notice, issue a new license to a licensee whose license has been revoked, reinstate a revoked certificate or modify the suspension of any license or certificate which has been suspended. This sub-

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section does not apply to a license or certificate that is suspended under s. 440.13 (2) (c) or that is revoked under s. 440.12.

(2m) A person who is licensed or certified under this chapter who practices as a certified public accountant in another state is subject to disciplinary action by the examining board under this section for an act committed in the other state that would subject the person to disciplinary action in the other state.

(3m) The examining board shall investigate and may take disciplinary action under sub. (1) against a person licensed or certified in this state upon receipt of a complaint by the examining board of accountancy of another state against that person.

History: 1977 c. 187, 418; 1981 c. 356; 1997 a. 191, 237; 2001 a. 16; 2005 a. 214.

Cross-reference: See also ch. Accy 4, Wis. adm. code.

442.13 Ownership of accountant's working papers.

All statements, records, schedules, working papers, and memoranda made by a certified public accountant incident to or in the course of professional service to clients by a certified public accountant, except reports submitted by a certified public accountant to a client, shall be and remain the property of the certified public accountant, in the absence of an express agreement between the certified public accountant and the client to the contrary. No such statement, record, schedule, working paper, or memorandum shall be sold, transferred, or bequeathed, without the consent of the client or the client's personal representative or assignee, to anyone other than any member of the firm of the certified public accountant.

History: 1991 a. 316; 2001 a. 16.