

**Clearinghouse Rule 09-100**

STATE OF WISCONSIN  
ACCOUNTING EXAMINING BOARD

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IN THE MATTER OF RULE-MAKING : PROPOSED ORDER OF THE  
PROCEEDINGS BEFORE THE : ACCOUNTING EXAMINING BOARD  
ACCOUNTING EXAMINING BOARD : ADOPTING RULES  
: (CLEARINGHOUSE RULE 09- )

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PROPOSED ORDER

An order of the Accounting Examining Board to renumber and amend Accy 8.04 (intro.), (1), (2) and (3); and to create Accy 7.05 (1) (c) and 8.05, relating to granting certificates to applicants pursuant to an international mutual recognition agreement.

Analysis prepared by the Department of Regulation and Licensing.

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ANALYSIS

**Statutes interpreted:**

Section 442.05, Stats.

**Statutory authority:**

Sections 15.08 (5) (b), 227.11 and 442.01, Stats.

**Explanation of agency authority:**

The Accounting Examining Board is granted the authority to promulgate rules to grant certificates to applicants who are certified to practice under the laws of a foreign country.

**Related statute or rule:**

There are no other statutes or rules other than those listed above.

**Plain language analysis:**

This proposed rule-making order would enable the board to grant certified public accountant certificates and licenses to applicants who are certified to practice by a foreign credentialing authority that is a signatory to the International Mutual Recognition Agreement (MRA) that has been entered into by the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA).

SECTION 1 creates a provision that enables the board to grant a certificate to an applicant who meets the requirements under newly created s. Accy 8.05. Current rules allow candidates holding certifications from foreign countries to be granted a certificate by the Accounting Examining Board if they meet specified criteria.

SECTION 2 renumbers and amends existing provisions to make clear that certification through the MRA is an additional and separate route to certification for foreign candidates.

SECTION 3 creates a route to licensure for accountants who hold a credential from a foreign credentialing authority that is a signatory to the MRA. A foreign credentialing authority may not be a signatory to the MRA until the International Qualifications Appraisal Board (IQAB) has found that the requirements to obtain the foreign credential are substantially equivalent to the requirements used in the United States. The IQAB is jointly created by the NASBA and the AICPA. The MRA is currently being used by other states and a number of foreign credentialing authorities.

An applicant who has a credential from an authority that is a current signatory to the MRA must still meet other qualifications to receive a credential from this state. The applicant's credential must be in good standing and the applicant must pass the state professional ethics examination. The state examination covers state laws and professional standards of conduct. The applicant must have successfully completed the International Qualification Examination (IQEX). The IQEX is an examination prepared by the AICPA to test the applicant's knowledge of the differences between the accounting standards used in the United States and the accounting standards used in other countries. The IQEX covers ethics, professional and legal responsibilities, business law, uniform commercial code, federal taxation and accounting issues, business structure, accounting and reporting for governmental and not-for-profit organizations, and recent regulatory issues.

**Summary of, and comparison with, existing or proposed federal legislation:**

This is not an area which is regulated by federal law or subject to any proposed federal legislation. The standards for state licensure are regulated by each state.

**Comparison with rules in adjacent states:**

**Illinois:**

Educational standards for foreign applicants must be substantially equivalent to those in effect in the state and the applicant must have a license in the foreign country.

[www.idfpr.com](http://www.idfpr.com)

**Iowa:**

Specific educational requirements must be met or other requirements which the board determines are substantially equivalent.

[www.state.ia.us/government/com/prof/account/home.html](http://www.state.ia.us/government/com/prof/account/home.html)

**Michigan:**

Educational qualifications must be earned at an institution accredited by the North Central Association of Colleges and Schools or other equivalent education.

[www.michigan.gov/dleg](http://www.michigan.gov/dleg)

**Minnesota:**

Educational qualifications must be earned at an institution accredited by an accrediting agency listed with the United States Department of Education or approved by the board.

[www.boa.state.mn.us](http://www.boa.state.mn.us)

**Summary of factual data and analytical methodologies:**

As outlined above, current rules allow candidates holding certifications from foreign countries to be granted a certificate by the Accounting Examining Board if they meet specified criteria. Rule changes to ch. Accy 7 relating to certified public accountant education requirements and ch. Accy 8 relating to endorsement qualifications, will serve to clarify an additional and separate route to certification for foreign candidates.

**Analysis and supporting documents used to determine effect on small business or in preparation of economic report:**

This rule change will not affect or impact adversely small businesses.

Section 227.137, Stats., requires an “agency” to prepare an economic impact report before submitting the proposed rule-making order to the Wisconsin Legislative Council. The Department of Regulation and Licensing is not included as an “agency” in this section.

**Anticipated costs incurred by the private sector:**

The department finds that this rule has no significant fiscal effect on the private sector.

**Fiscal estimate:**

The department estimates that this rule will require staff time in the Division of Professional Credentialing and the Division of Management Services. The total one-time salary and fringe costs are estimated at \$2,865.

**Effect on small business:**

These proposed rules were reviewed and discussed by the department's Small Business Review Advisory Committee which determined that the rules will have no significant economic impact on a substantial number of small businesses, as defined in s. 227.114 (1), Stats. The Department's Regulatory Review Coordinator may be contacted by email at [hector.colon@wisconsin.gov](mailto:hector.colon@wisconsin.gov), or by calling 608-266-8608.

**Agency contact person:**

Pamela Haack, Paralegal, Department of Regulation and Licensing, 1400 East Washington Avenue, Room 152, P.O. Box 8935, Madison, Wisconsin 53708; telephone 608-266-0495; email at [pamela.haack@wisconsin.gov](mailto:pamela.haack@wisconsin.gov).

**Place where comments are to be submitted and deadline for submission:**

Comments may be submitted to Pamela Haack, Paralegal, Department of Regulation and Licensing, 1400 East Washington Avenue, Room 152, P.O. Box 8935, Madison, Wisconsin 53708-8935, or by email to [pamela.haack@wisconsin.gov](mailto:pamela.haack@wisconsin.gov). Comments must be received on or before December 10, 2009, to be included in the record of rule-making proceedings.

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TEXT OF RULE

SECTION 1. Accy 7.05 (1) (c) is created to read:

Accy 7.05 (1) (c) The applicant has been approved under s. Accy 8.05.

SECTION 2. Accy 8.04 (intro.), (1), (2) and (3) are renumbered Accy 8.04 (1), (2), (3) and (4) and are amended to read:

**Accy 8.04 Foreign candidates.** (1) Candidates holding certifications from foreign countries shall establish their qualifications for a certificate by endorsement as set forth in ss. Accy 8.02 and 8.03, or in s. Accy 8.05.

(2) ~~Education~~ Except as provided in s. Accy 8.05, education qualifications in foreign countries are not comparable to those in Wisconsin. As no foreign school is accredited by the North Central Association of Colleges and Schools or its regional equivalent, evidence of acceptance without deficiency into a graduate program in a school accredited by the North Central Association of Colleges and Schools or its regional equivalent will be accepted as evidence of equivalence for a bachelor's or higher degree. The education acquired must constitute the reasonable equivalence of a resident major in accounting as set forth in s. Accy 7.03

(3) ~~Examinations~~ Except as provided in s. Accy 8.05, examinations in foreign countries have not been established as being comparable to those in the United States. Candidates must establish at least minimum qualifications in United States practice related to areas of business law, federal income taxes, generally accepted

auditing standards, and generally accepted accounting principles. The writing of uniform certified public accountant examinations in these areas would be adequate evidence, although other evidence may be accepted if validated.

(4) ~~Experience~~ Except as provided in s. Accy 8.05, experience must include practice using United States related techniques as noted in sub. ~~(2)~~ (3). Experience will be considered on its merit without restriction as to where it was acquired, so long as it is relevant to United States practice.

SECTION 3. Accy 8.05 is created to read:

**Accy 8.05 International mutual recognition agreement.** (1) In this section:

(a) “International qualification examination” means the examination prepared by the American institute of CPAs to test differences between the accounting standards used in the United States and the accounting standards used in other countries.

Note: The international qualification examination covers ethics, professional and legal responsibilities, business law, uniform commercial code, federal taxation and accounting issues, business structure, accounting and reporting for governmental and not-for-profit organizations, and recent regulatory issues.

(b) “International qualifications appraisal board” means the entity jointly created by the national association of state boards of accountancy and the American institute of CPAs to evaluate whether a professional accounting credential issued by a credentialing authority in a foreign country is substantially equivalent to the credentialing standards used in the United States.

(c) “Mutual recognition agreement” means an agreement entered into by the national association of state boards of accountancy and the American institute of CPAs and a foreign credentialing authority, after the equivalence of the foreign credential has been determined by the international qualifications appraisal board.

(2) The board may grant a certificate to an applicant who holds a credential issued by a signatory to a mutual recognition agreement if the applicant submits evidence that he or she has met all of the following qualifications:

(a) The foreign authority that granted the credential is a signatory to a mutual recognition agreement in effect on the date of application.

(b) The applicant’s credential issued by a foreign credentialing authority is in good standing on the date of application.

(c) The applicant has successfully completed the international qualification examination.

(d) The applicant has successfully completed the professional ethics examination in s. Accy 3.10.

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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 s. 227.22 (2) (intro.), Stats.

Dated \_\_\_\_\_ Agency \_\_\_\_\_

Chairperson  
Accounting Examining Board

Accy 7.05, 8.04, 8.05 CR09- (Mutual recognition agreements) Draft to CH 10-21-09