

STATE OF WISCONSIN  
ACCOUNTING EXAMINING BOARD

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

An order of the Accounting Examining Board to repeal Accy 3.01, 3.03 (1) (Note), 3.05 (1) (b) 2. and 3. and (c) and (2) and (3), 3.055, 3.07, 3.08, 4.035, 5.06, 7.01, 7.027.035 (5), 7.04 (2), 7.06, chs. Accy 7 and 8 (titles) and Accy 9.01;

to renumber Accy 3.10, 4.01, 4.03, 4.037, 4.04, 4.05, 4.06, 4.07 (2), 5.02, 5.04 5.05, 5.07, 7.04 (1), 7.05, 8.01, 8.02, 8.03 (1) to (6), 8.05, ch. Accy 9 (title), Accy 9.02, 9.03, 9.04, 9.05, and 9.06;

to renumber and amend Accy 3.02, 3.03, 3.04, 3.05 (title), (1) (intro.) and (a), 3.06, 3.09, 3.11), 4.02, 4.07, 5.01, 5.03, 7.03, 7.035, 7.04, 8.04, and 9.02 (Note);

to consolidate, renumber and amend Accy 3.05 (1) (b) (intro.) and 1.;

to amend Accy. 1.001 (1) and (3) and ,1.003 (intro.), ch. Accy 1, subch II (title) Accy 1.102, 1.202, 1.301 (2) (d) and (4), 1.302 (1) and (3), 1.401 (2) (a), (2) (c) and (2) (e) 2.,

to repeal and recreate Accy 1.101, 1.401 (2) (f) and, 1.405;

to create Accy 1.003 (2m), (2r) and (7m), ch. Accy 2 (title), ch. Accy 2, subch. I (title), Accy 2.001 and 2.002, ch. Accy 2 subch. II, III, and IV (titles), Accy 2.101 (1) (Note), 2.101 (3), (4) and (5), 2.205, and 2.305(1) (g), ch. Accy 2, subch. V (title), Accy 2.401 (2), ch. Accy 3 (title), ch. Accy 3, subchs. I, II, and III (titles), ch. Accy 4 (title), ch. Accy 5 (title), subchs. I, II, III, IV (titles), Accy 5.401 (1) (a) to (d) and (2), and 5.403, ch. Accy 6, subch. I (title) Accy 6.001, 6.002, ch. Accy 6, subchs II, III, and IV (titles), Accy 6.303 and 6.304, relating to updating accounting practices and standards.

Analysis prepared by the Department of Safety and Professional Services.

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ANALYSIS

**Statutes interpreted:**

ss. 442.04, 442.05, 442.08, Stats.

**Statutory authority:**

ss. 15.08 (5) (b), 227.11 (2), 442.087 (3), Stats.

**Explanation of agency authority:**

Pursuant to ss. 15.08 (5) (b), and 227.11 (2) (a), Stats., the Accounting Examining Board (Board) is empowered by the legislature to promulgate rules that will provide guidance within the accounting profession and that interpret the statutes it enforces or administers. An express grant of rule writing authority with regard to peer review is found in Section 442.087 (3), Stats. The Board seeks to promulgate rules that will provide guidance within the profession with regards to the qualifications for certification and licensure, qualifications for examination, and requirements for peer review.

**Related statute or rule:**

None.

**Plain language analysis:**

The Accounting Examining Board undertook a comprehensive review of the rules governing accounting practice in Wisconsin. During the time the Board was conducting its review legislation passed that greatly impacted becoming a certified public accountant in Wisconsin. 2013 Wisconsin Act 21 affected the accreditation standard within the rules. Before Act 21, applicants for a certified public accountant certificate were to have received a bachelor's degree from an institution accredited by the Commission on Institution of Higher Education of the North Central Association of Colleges and Schools or its regional equivalence. 2013 Wisconsin Act 21 changed the accreditation standard to include institutions of higher education that are accredited by an accrediting agency recognized by the secretary of the federal Department of Education. The proposed rule would eliminate all references to the former accreditation body and update pertinent provisions with the new accreditation standard.

2013 Wisconsin Act 210 modified the qualifications for sitting for the accountancy exam. Before Act 210, individuals had to complete 150 semester hours of education and possess a baccalaureate degree or higher before taking the exam. Act 210 reduced the number of required semester hours of education from 150 to 120 semester hours and eliminated the baccalaureate or higher degree as a requirement to take the exam. The proposed rule will amend the affected provisions to implement this statutory change.

Lastly, the Board decided to adopt the American Institute of Certified Public Account's (AICPA) Code of Professional Conduct, and update the peer review chapter with new terms.

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

None.

**Comparison with rules in adjacent states:**

**Illinois:** Illinois requires 150 college or university semester hours with an accounting concentration to be admitted to take the certified public accountant examination. The 150 hours must include a baccalaureate or higher degree conferred by an academic institution acceptable to the Board. 225 ILL COMP. STAT. 450/3. The Board recognizes institutions of higher education accredited by a regional accrediting association recognized by the Council for Higher Education Accreditation or the U.S. Department of Education. The Board also recognizes business schools accredited by the Association of Advance Collegiate Schools of Business or the Association of Collegiate Business Schools and Programs. 23 Ill. Adm. Code 1400.90 (c) (2) (H).

**Iowa:** Qualifications for a certificate as a certified public accountant in Iowa includes completion of at least 150 semester hours of college level education and receiving a baccalaureate or higher degree by a college or university recognized by the Board. Iowa Code §542.5 (7). The Board recognizes institutions accredited by the American Assembly of Collegiate Schools of Business. 193A IAC 3.2. Other qualifications include one year of verified experience and successful completion of the uniform certified accountant's examination. 193A IAC 3.1.

**Michigan:** Certification requirements in Michigan include the completion of a least 150 semester hours of college education including a baccalaureate degree or higher with a concentration in accounting. Mich. Admin. Code r. 338.5116 (1). For purposes of accreditation the Board recognizes the North Central Association of Colleges and Schools Commission on Institutions of Higher Education. Mich. Admin. Code r. 338.5115. Qualifying experience for certification includes 2,000 hours of experience within a period of not less than one calendar year and not more than 5 calendar years. Mich. Admin. Code r. 338.5117 (1).

**Minnesota:** The requirements for certification include the completion of one year of experience and 150 semester hours or 225 quarter hours at a college or university accredited by a recognized accrediting agency listed with the United States Department of Education, or an equivalent accrediting association. Minn. Stat. §3261.03 Subd. 6 . Before taking the examination an applicant is required to have a "baccalaureate or higher degree, with a major in accounting or a major in business with accounting emphasis, or an equivalent education, from a college or university that is fully accredited by a recognized accrediting agency listed with the United States Department of Education or an equivalent accrediting association." Minn. Stat. §3261.03 Subd. 3.

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

The methodologies used in drafting the proposed rule include comparing 2013 Wisconsin Act 21 and 2013 Wisconsin Act 210 with current administrative rules concerning accounting practice, reviewing statutes and administrative code from neighboring states, and obtaining feedback from members of the Accounting Examining Board.

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

**Fiscal Estimate and Economic Impact Analysis:**

These proposed rules do not have an economic impact on small businesses, as defined in s. 227.114 (1), Stats. The Department's Regulatory Review Coordinator may be contacted by email at Tom.Engels@wisconsin.gov, or by calling (608) 266-8608.

**Effect on small business:**

These proposed rules do not have an economic impact on small businesses, as defined in s. 227.114 (1), Stats. The Department's Regulatory Review Coordinator may be contacted by email at Tom.Engels@wisconsin.gov, or by calling (608) 266-8608.

**Agency contact person:**

Shawn Leatherwood, Administrative Rules Coordinator, Department of Safety and Professional Services, Division of Policy Development, 1400 East Washington Avenue, Room 151, P.O. Box 8935, Madison, Wisconsin 53708; telephone 608-261-4438; email at Shancethea.L Leatherwood@wisconsin.gov.

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

Comments may be submitted to Shawn Leatherwood, Administrative Rules Coordinator Department of Safety and Professional Services, Division of Policy Development, 1400 East Washington Avenue, Room 151, P.O. Box 8366, Madison, WI 53708-8935, or by email to Shancethea.L Leatherwood@wisconsin.gov. Comments must be received on or before February 17, 2015 o be included in the record of rule-making proceedings.

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TEXT OF RULE

SECTION 1. Accy 1.001 (1) is amended to read:

**Accy 1.001 Applicability of rules of conduct to certified public accountants.** Chapters Accy 1 to 9 6 apply to a person who practices as a certified public accountant in this state.

SECTION 2. Accy 1.001 (3) is amended to read:

Accy 1.001 (3) A certified public accountant shall not permit others to carry out acts on ~~his or her~~ the accountant's behalf, either with or without compensation, which, if carried out by the certified public accountant, would violate chs. Accy 1 to 9 6.

SECTION 3. Accy 1.003 (intro.) is amended to read:

**Accy 1.003 Definitions.** As used in chs. Accy 1 to ~~9~~6.

SECTION 4. Accy 1.003 (2m), (2r), and (7m) are created to read:

Accy 1.003 (2m) “Board” means the accounting examining board.

Accy 1.003 (2r) “Certified public accountant” has the meaning given in s. 442.02 (1m), Stats.

Accy 1.003 (7m) “Financial statements” means statements and footnotes related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules.

SECTION 5. Subchapter II (title) in chapter Accy 1 is amended to read:

SUBCHAPTER II (title)  
~~INDEPENDENCE~~ PROFESSIONAL CONDUCT, INTEGRITY AND OBJECTIVITY

SECTION 6. Accy 1.101 is repealed and recreated to read:

**Accy 1.101 Professional conduct.** (1) The board adopts by reference the “Code of Professional Conduct” published by the American Institute of Certified Public Accountants, effective as of December 15, 2014, except that references to “member” are replaced by “a person licensed to practice as a certified public accountant.”

(2) All definitions included in the American Institute of Certified Public Accountants’ Code of Professional Conduct shall apply only to the document adopted by reference.

(3) The AICPA Code of Professional Conduct is available electronically at <http://pub.aicpa.org/codeofconduct/Ethics.aspx> or may be obtained from:

American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775

SECTION 7. Accy 1.102 is amended to read:

**Accy 1.102 Integrity and objectivity.** No person licensed to practice as a certified public accountant, as defined in the statutes, shall knowingly misrepresent facts, and when engaged in the practice of public accounting, including the rendering of tax and

management advisory services, shall not subordinate his or her judgment to others. ~~In tax practice, a member may resolve doubt in favor of the client as long as there is reasonable support for that position.~~

SECTION 8. Accy 1.202 is amended to read:

**Accy 1.202 Auditing standards.** (1) A person licensed to practice as a certified public accountant shall not permit the certified public accountant's name to be associated with financial statements in such a manner as to imply that the certified public accountant is acting as an independent public accountant unless the certified public accountant has complied with the applicable generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants. Statements on auditing standards used by the American Institute of Certified Public Accountants auditing standards ~~executive committee~~ board are, for purposes of this rule, considered to be interpretations of the generally accepted auditing standards, and departures from such statements must be justified by those who do not follow them.

SECTION 9. Accy 1.301 (2) (d), and (4) are amended to read:

Accy 1.301 (2) (d) To preclude a certified public accountant from responding to an inquiry made by the Professional Ethics Division of the American Institute of Certified Public Accountants, by the duly constituted investigative or disciplinary body of a state society of certified public accountants, or under any state statutes or under the standards of the Securities and Exchange Commission or the Public Company Accounting Oversight Board.

(4) The prohibition in sub. (1) against disclosure of confidential information obtained in the course of a professional engagement does not apply to disclosure of such information when required to properly discharge the certified public accountant's responsibility according to the profession's standards. The prohibition would not apply, for example, to disclosure, as required by AU-C section ~~564~~ 560 of Statement on Auditing Standards ~~No. 4, regarding the~~ of subsequent discovery of facts existing at the date of the auditor's report which would have affected the auditor's report had the auditor been aware of such facts.

SECTION 10. Accy 1.302 (1) and (3) are amended to read:

**Accy 1.302 (1) Contingent fees, commissions and referral fees.** (1) CONTINGENT FEES. Except as provided in sub. ~~(3)~~ (2), a certified public accountant may charge a contingent fee provided the accountant and the client make a contingent fee agreement in writing, signed by the client, which states the method by which the fee is to be determined and describes all costs and expenses to be charged to the client. Upon conclusion of the contingent fee matter, the accountant shall provide the client with a written statement showing the fee and all the costs and expenses charged to the client.

(3) COMMISSIONS. Except as provided in sub. ~~(5)~~(4) a certified public accountant may receive a commission provided that at the time the referral or recommendation is made, the accountant informs the client in writing of the amount and reason for the commission.

SECTION 11. Accy 1.401(2) (a), (2) (c) and (2) (e) 2. are amended to read:

Accy 1.401 (2) (a) *Client's records and accountant's workpapers.* ~~Retention of client records after a demand is made for them is an act discreditable to the profession in violation of this section. It would be a violation of the code to retain a client's records to enforce payment.~~ A certified public accountant's working papers ~~are his or her property~~ are the property of the certified public accountant ~~property~~ and need not be surrendered to the client. However, in some instances working papers will contain data ~~which~~ that should properly be reflected in the client's books and records but ~~which~~ that for convenience have not been duplicated therein, with the result that the client's records are incomplete. In such instances, the portion of the working papers containing such data constitutes part of the client's records, and copies should be made available to the client upon request. If a certified public accountant is engaged to perform certain work for a client and the engagement is terminated prior to the completion of such work, the certified public accountant is required to return or furnish copies of only those records originally given to the certified public accountant by the client. Examples of working papers that are considered to be the client's records would include:

(c) *Duty discharged.* Once the certified public accountant has returned the client's records or furnished the copies of such records ~~and/or~~ and necessary supporting data, the obligation has been discharged in this regard and it is not necessary to comply with any subsequent requests to again furnish such records.

(e) 2. On conviction for willful failure to file an income tax return or other document which, the certified public accountant as an individual is required by law to file, for filing a false or fraudulent income tax return or other document on his or her or a client's behalf, or for willful aiding in the preparation ~~and/or~~ and presentation of a false or fraudulent income tax return of a client, or the willful making of a false representation in connection with the determination, collection or refund of any tax, whether it be in his or her own behalf or in behalf of a client, the board will initiate charges in every instance.

SECTION 12. Accy. 1.401 (2) (f) is repealed and recreated to read:

Accy 1.401 (2) (f) A certified public accountant shall provide a 48-hour written notification to the board after being convicted of a crime.

SECTION 13. Accy 1.405 is repealed and recreated to read:

**Accy 1.405 Firm Names.** (1) Individuals or firms may practice as a certified public accountant in any form of business organization ~~form~~ permitted by state law. No person licensed to practice as a certified public accountant may practice under a firm name

which that is misleading as to the type of organization. A misleading CPA Firm name is one of the following:

(a) A name that contains any representation that would be likely to cause a reasonable person to misunderstand or be confused about the legal form of the firm, or about who are the owners or members of the firm, such as a reference to a type of organization or an abbreviation thereof which does not accurately reflect the form under which the firm is organized, for example:

1. The name implies the existence of a corporation when the firm is not a corporation such as through the use of the words "corporation", "incorporated", "Ltd.", "professional corporation", or an abbreviation thereof as part of the firm name if the firm is not incorporated or is not a professional corporation.

2. The name implies the existence of a partnership when there is not a partnership such as by use of the term "partnership" or "limited liability partnership" or the abbreviation "LLP" if the firm is not such an entity.

3. The name includes the name of an individual who is not a CPA if the title "CPAs" is included in the firm name.

4. The name includes information about or indicates an association with persons who are not members of the firm except as provided in subs. (3) and (4).

5. The name includes the terms "& Company," "& Associate," or "Group," but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff employee.

(b) A name that contains any representation that would be likely to cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities, through the use of a false or unjustified statement of fact as to any material matter.

(c) A name that claims or implies the ability to influence a regulatory body or official;

(d) A name that includes the name of an owner whose license has been revoked for disciplinary reasons by the board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding oneself out as a certified public accountant.

(2) As long as they do not violate this subchapter, all of the following are permissible types of CPA firm names:

(a) A firm name that includes the names of one or more former or present owners.



(b) A firm name that excludes the names of one or more former or present owners.

(c) A firm name that uses the CPA title as part of the firm name when all named individuals are owners of the firm who hold such title or are former owners who held such title at the time they ceased to be owners of the firm.

(d) A firm name that includes the name of a non-CPA owner if the CPA title is not a part of the firm name.

(3) A network firm may use a common brand name, or share common initials as part of the firm name.

(4) A network firm may use the network name as the firm's name provided it also shares one or more of the following characteristics with other firms in the network:

(a) Common control, as defined by generally accepted accounting principles in the U.S., among the firms through ownership, management, or other means.

(b) Profits or costs, excluding costs of operating the association, costs developing audit methodologies, manuals and training courses, and other costs that are immaterial to the firm.

(c) Common business strategy that involves ongoing collaboration amongst the firms whereby the firms are responsible for implementing the association's strategy and are held accountable for performance pursuant to that strategy.

(d) Significant part of professional resources.

(e) Common quality control policies and procedures that participating firms are required to implement and that are monitored by the association.

SECTION 14. Chapter Accy 2 (title) is created to read:

CHAPTER ACCY 2 (title)  
INDIVIDUAL LICENSURE

SECTION 15. Subchapter I (title) of chapter Accy 2 (precedes s. Accy 2.001) is created to read:

SUBCHAPTER I (title)  
AUTHORITY AND DEFINITIONS

SECTION 16. Accy 2.001 is created to read:

**Accy 2.001 Authority.** The rules in this chapter are adopted under the authority in ss. 15.08 (5) (b), 227.11 (2), and 442.04, Stats.

SECTION 17. Accy 2.002 is created to read:

**Accy 2.002 Definitions.** In this chapter:

(1) “Accredited” means a school or institution of higher learning listed by and accrediting agency recognized by the secretary of the federal department of education on or after July 5, 2013.

**Note:** For a listing of accrediting agencies recognized by the secretary of the federal department of education, see [http://www2.ed.gov/admins/finaid/accred/accreditation\\_pg6.html](http://www2.ed.gov/admins/finaid/accred/accreditation_pg6.html).

(2) “Bachelor’s degree” means a baccalaureate degree normally conferred by universities and colleges at the completion of at least a 4-year, full-time, academic-year program of study.

**Note:** Some students complete the 4-yr bachelor’s degree in less than 4 years by attending summer school or maximum course loads over a number of academic semesters.

SECTION 18. Subchapter II (title) of chapter Accy 2 (precedes s. Accy 2.101) is created to read:

SUBCHAPTER II (title)  
APPLICATION FOR CERTIFICATION OF INDIVIDUALS

SECTION 19. Accy 2.101 (Note) is created to read:

Note: Application forms are available upon request to the board’s office at 1400 East Washington Avenue, P.O. Box 8935, Madison WI 53708-8935 or by email at [www.dsps.wi.gov](http://www.dsps.wi.gov). An applicant with a disability will be provided reasonable accommodations.

SECTION 20. Accy 2.101 (3), (4) and (5) are created to read:

Accy 2.101 (3) Evidence of at least one year of public accounting experience or its equivalence as required by s. Accy 2.403 and s. 442.04 (5) (b) 5., Stats.

(4) Evidence that the applicant has successfully passed each section of the uniform certified public accountant examination.

(5) Successful completion of the open book professional ethics examination on statutes and rules governing the practice of public accounting in Wisconsin a set forth in Accy 2.306.

SECTION 21. Subchapter III (title) in chapter Accy 2 (precedes s. Accy 2.201) is created to read:

SUBCHAPTER III (title)  
EDUCATION

SECTION 22. Accy 2.205 is created to read:

**Accy 2.205 Requirements for renewal and reinstatement of individual licensees.**

(1) RENEWAL BEFORE 5 YEARS. An individual certified public accountant who files an application for renewal of a license within 5 years after the renewal date may renew his or her license by filing with the board all of the following:

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

(b) The fee under s. 440.05 (1) (a), Stats., plus the applicable late renewal fee as specified in s. 440.08 (3) (a), Stats.

(2) RENEWAL AFTER 5 YEARS OR MORE. An individual certified public accountant who files an application for renewal 5 years or more after the renewal date may be renewed by filing with the board all of the following:

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

(b) The fee determined by the Department under s. 440.05 (1) (a), Stats., plus the applicable late renewal fee specified in s. 440.08 (3), Stats.

(c) Verification of successful completion of examinations specified in s. Accy 2.301, or education specified in s. Accy 2.202 or both as may be prescribed by the board.

(3) REINSTATEMENT. An individual certified public accountant whose license has been surrendered or revoked or who has a license with unmet disciplinary requirements which has not been renewed within 5 years or more after the renewal date may be reinstated by filing with the board all of the following:

(a) Evidence of the completion of the requirements under sub. 2 (c).

(b) Evidence of completion of disciplinary requirements, if applicable.

(c) Evidence of rehabilitation or change in circumstances warranting reinstatement of the credential.

SECTION 23. Accy 2.305 (1)(g) is created to read:

**Accy 2.305** (1) (g) Falsifying or misrepresenting educational credentials or other information required for admission to the examination

SECTION 24. Subchapter IV (title) of chapter Accy 2 (precedes s. Accy 2.301) is created to read:

SUBCHAPTER IV (title)  
EXAMINATION

SECTION 25. Subchapter V (title) of chapter Accy 2 (precedes s. 2.401) is created to read:

SUBCHAPTER V  
EXPERIENCE

SECTION 26. Accy 2.401 (2) is created to read:

Accy 2.401 (2) Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or related consulting skills.

SECTION 27. Chapter Accy 3 (title) is repealed and recreated to read:

CHAPTER ACCY 3 (title)  
ENDORSEMENT

SECTION 28. Subchapter I (title) of chapter Accy 3 (precedes s. Accy 3.001) is created to read:

SUBCHAPTER I (title)  
AUTHORITY AND DEFINITIONS

SECTION 29. Accy 3.01 is repealed.

SECTION 30. Accy 3.02 is renumbered Accy 2.301 and amended to read:

**Accy 2.301 Examination.** A candidate for certified public accountant certificate shall successfully pass the certified public accountant examination set forth in ~~s. Accy 3.03~~ s. Accy 2.302 and the professional ethics examination set forth in ~~s. Accy 3.10~~ s. Accy 2.306.

SECTION 31. Accy 3.03 is renumbered Accy 2.302 and amended to read:

**Accy 2.302 Certified public accountant examination.** (1) The subjects covering the discipline of accounting in the certified public accountant examination shall be as

provided ~~in the 4 sections of the~~ by the board of examiners of the American institute of certified public accountants uniform certified public accountant examination. The passing grade on each section is 75 or higher.

SECTION 32. Accy 3.03 (1) (Note) is repealed.

SECTION 33. Accy 3.04 is renumbered Accy 2.303 and amended to read:

**Accy 2.303 Education required for examination.** 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~~ complete 120 semester hours of education which shall count towards the 150 semester hours of education required under ch. Accy 2.202

SECTION 34. Accy 3.05 (title), (1) (intro.) and (a) are renumbered Accy 2.101 (title), (intro.) and (1) and Accy 2.101 (title) and (intro.) as renumbered are amended to read:

**Accy 2.101 Examination Application.** A candidate ~~for the certified public accountant examination~~ applying for a certificate as a certified public accountant 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:

SECTION 35. Accy 3.05 (1) (b) (intro.) and 1. are consolidated, renumbered Accy 2.101 (2) and amended to read:

Accy 2.101 (2) Proof of fulfilling the educational requirements specified in s. 442.04 (5) by submitting either: certified copies of transcripts for all academic work completed at an institution as defined in ~~s. 442.04 (4) (a), Stats.~~ s. 442.04 (5) (a), Stats., at least one of which must reflect the award of a bachelor's or higher degree, with 150 semester hours in an accounting concentration or the reasonable equivalence of an accounting concentration as determined by the board ~~if the candidate has graduated prior to filing the application.~~

SECTION 36. Accy 3.05 (1) (b) 2. and 3. and (c) and (2) and (3) are repealed.

SECTION 37. Accy 3.055 is repealed.

SECTION 38. Accy 3.06 is renumbered Accy 2.304 and Accy 2.304 (title), (1), (3) and (4) as renumbered are amended to read:

**Accy 2.304 Examination Candidates for examination. (title)** (1) A candidate shall be allowed to sit for each section of the uniform certified public accountant examination individually ~~and in any order.~~

(3) A candidate must pass all ~~(4)~~ sections of the uniform certified public accountant examination within a rolling 18-month period ~~which~~ that begins on the date that the first section is passed.

(4) If ~~all 4 sections~~ any section of the uniform certified public accountant examination ~~are~~ is not passed within the rolling 18-month period, credit for any section passed outside the 18-month period shall expire and that section shall be retaken.

SECTION 39. Accy 3.07 and 3.08 are repealed.

SECTION 40. Accy 3.09 is renumbered Accy 2.305 and 2.305 (1) (intro.) (a) to (d), (2) and (4) as renumbered are amended to read:

**Accy 2.305 Cheating on examination.** (1) (intro.) Cheating on the certified public accountant examination is a serious breach of integrity and indicates a lack of good professional character. Cheating on an examination includes, ~~but is not limited to~~ the following:

(a) Communications concerning an examination being ~~written~~ taken between candidates inside or outside of the examination room, or copying another's answers.

(b) Communications concerning an examination being ~~written~~ taken with accomplices outside of the examination room.

(c) Substitution by a candidate of another person to sit in the examination room for the candidate and ~~write~~ take one or more of the examination questions or papers for the candidate.

(d) Reference to "crib notes," test books, ~~or~~ other materials, or electronic media other than that provided to the candidate as part of the examination, inside or outside of the examination room during periods examinations are being ~~written~~ taken.

(2) Penalties imposed by the board for cheating on the examination shall be related to the seriousness of the offense. Cheating which was planned in advance is the most serious offense. Penalties may include the entering of a failing grade on all sections ~~written~~ taken for the examinations in which cheating occurred and suspension of the right to ~~write~~ take the next scheduled examination after the examination in which cheating occurred. ~~or to the~~ Penalties may also include entering of a failing grade on all sections ~~written~~ taken for the examinations in which cheating occurred and suspension of the right to ~~write~~ take the examination ~~for as many as the next 6 scheduled examinations after the examination in which cheating occurred.~~ Time within which conditional credit previously earned for passing part of the examination may be extended by board action in situations where penalties are levied, and by as long as the period of suspension.

(4) Other jurisdictions to which a candidate may apply to ~~write~~ take the certified public accountant examination during a period of suspension of the right to ~~write~~ take the examination shall be notified of the penalty levied in Wisconsin.

SECTION 41. Accy 3.10 is renumbered Accy 2.306.

SECTION 42. Subchapter II (title) of chapter Accy 3 (precedes s. Accy 3.101) is created to read:

SUBCHAPTER II (title)  
CERTIFICATION BY ENDORSEMENT

SECTION 43. Accy 3.11 is renumbered Accy 2.307 and Accy 2.307 (1), as renumbered is amended to read:

**Accy 2.307 Examination review.** (1) Applicants for certified public accountant examination may request a review of their ~~examination papers from the American Institute of certified public accountants advisory grading service~~ examination from the National Association of State Boards of Accountancy.

SECTION 44. Subchapter III (title) of chapter Accy 3 (precedes s. Accy 3.201) is created to read:

SUBCHAPTER III  
FOREIGN ENDORSEMENT CANDIDATES

SECTION 45. Chapter Accy 4 (title) is repealed and recreated to read:

CHAPTER ACCY 4  
ENFORCEMENT

SECTION 46. Subchapters I and II of Chapter Accy 4 are created to read:

Subch. I AUTHORITY

**Accy 4.001 Authority.** The rules in this chapter are adopted pursuant to the authority in ss. 15.08 (5) (b), 227.11 (2) and 442.12, Stats.

Subch. II DISCIPLINE

**Accy 4.101 Grounds for discipline.** (1) Dishonesty, fraud, or deceit in obtaining a certificate or a license, including the submission to the board of any knowingly false or forged evidence in, or support of, an application for a certificate or license including cheating on an examination.

- (2) Knowingly making misleading, deceptive, or untrue representations in the performance of services.
- (3) Using the CPA title or providing attest or compilation services in this state without a certificate or license or without properly qualifying to practice across state lines.
- (4) Using or attempting to use a certificate or license which has been suspended or revoked.
- (5) Making any false, misleading, or deceptive statement, in support of an application for a license filed by another.
- (6) Failure to comply with professional standards as to the attest or compilation competency requirements for those who supervise attest or compilation engagements and sign reports on financial statements or other compilation communications with respect to financial statements.
- (7) Failure to comply with the applicable peer review requirements set out in Accy 6.
- (8) Conduct reflecting adversely upon the licensee's fitness to perform services including all of the following:
  - (a) Adjudication as mentally incompetent
  - (b) Incompetence, including all of the following
    1. Gross negligence, recklessness, or repeated acts of negligence in the licensee's record of professional practice.
    2. Any condition, whether physical or mental, that endangers the public by impairing skill and care in providing professional services.
- (9) Presenting as one's own a license issued to another.
- (10) Concealment of information regarding violations by other licensees when questioned or requested by the board.
- (11) Willfully failing to file a report or record required by state or federal law; willfully impeding or obstructing the filing of such a report or record, or inducing another person to impede or obstruct such filing by another; and the making or filing of such a report or record which one knows to be false. A finding, adjudication, consent order or conviction by a federal or state court, agency or regulatory authority or the Public Company Accounting Oversight Board that a licensee has willfully failed to file a required report or record shall be prima facie evidence of a violation of this section.



(12) Active or stayed revocation or suspension of any occupational license or other privilege to practice any licensed occupation by or before any state, federal, foreign or other licensing or regulatory authority, provided the grounds for the revocation or suspension include wrongful conduct such as fraud, dishonesty, or deceit or any other conduct which evidences an unfitness of the applicant to practice public accountancy.

SECTION 47. Accy 4.01 is renumbered Accy 5.301.

SECTION 48. Accy 4.02 is renumbered Accy 5.101 and as renumbered is amended to read:

**Accy 5.101 Firm license.** A firm shall meet the ownership requirements of s. 442.08 (2) (c) 2., Stats., and be licensed as a certified public accountant if any member of the firm practices as a certified public accountant in Wisconsin ~~other than on a temporary basis as described in s. 442.025 (4), Stats.~~ An individual licensed as a CPA may only provide attest services as defined in s. 442.001 (1), Stats., in a CPA firm that has a firm license.

SECTION 49. Accy 4.03 is renumbered Accy 5.201.

SECTION 50. Accy 4.035 is repealed.

SECTION 51. Accy 4.037 is renumbered Accy 5.102.

SECTION 52. Accy 4.04 is renumbered Accy 5.302.

SECTION 53. Accy 4.05 is renumbered Accy 5.402.

SECTION 54. Accy 4.06 is renumbered Accy 5.303.

SECTION 55. Accy 4.07 (1) is renumbered Accy 5.401 (1) (intro.) and amended to read:

**Accy. 5.401 Change in member of a firm.** (1) The board is to be notified in writing of changes in the member of the firm or firm name or any of the following no later than 30 days after the change.

SECTION 56. Accy 4.07 (2) is renumbered 5.401 (3).

SECTION 57. Chapter Accy 5 (title) is repealed and recreated to read:

CHAPTER ACCY 5 (title)  
FIRM LICENSURE

SECTION 58. Subchapter I (title) in chapter Accy 5 (precedes s. Accy 5.101) is created to read:

SUBCHAPTER I (title)

APPLICATION FOR FIRM LICENSURE

SECTION 59. Accy 5.01 is renumbered Accy 2.401 (1) and is amended to read:

**Accy 2.401 Review ~~dates of~~ candidate's experience.** (1) Following the successful passing of ~~the written~~ each section of the uniform CPA examination and upon written request by a candidate, a candidate's experience shall be reviewed by the board. The written request shall include employer verification statements and information on experience to update the experience data already in the candidate's file. Such evaluation will determine whether the candidate qualifies at that time under the requirement of having 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. The board shall inform the candidate if additional experience is needed. Upon gaining the required additional experience, the candidate shall notify the board and provide verification.

SECTION 60. Accy 5.02 is renumbered Accy 2.402.

SECTION 61. Accy 5.03 is renumbered Accy 2.403 and amended to read:

**Accy 2.403 Public accounting experience.** An individual must have at least one year of public accounting experience or its equivalent as determined by the board. Experience shall be acquired after the applicant has earned ~~a degree described in s. 442.04 Stats., that qualifies the applicant to take the CPA examination~~ 120 semester hours from an accredited college or university with a concentration in accounting. This experience must have been acquired within 5 years of applying for the certification as a certified public accountant.

SECTION 62. Accy 5.04 and 5.05 are renumbered Accy 2.404 and 2.405.

SECTION 63. Accy 5.06 is repealed.

SECTION 64. Accy 5.07 is renumbered Accy 2.406.

SECTION 65. Subchapter II (title) in chapter Accy 5 (precedes s. Accy 5.201) is created to read:

SUBCHAPTER II (title)  
SOLE PROPRIETOR

SECTION 66. Subchapter III (title) in chapter Accy 5 (precedes s. Accy 5.301) is created to read:

SUBCHAPTER III (title)  
OFFICE

SECTION 67. Subchapter IV (title) in chapter Accy 5 (precedes s. Accy 5.401) is created to read:

SUBCHAPTER IV

## MEMBER

SECTION 68. Accy 5.401 (1) (a) to (d) and (2) are created to read:

Accy 5.401 (1) (a) Formation of a new firm.

(b) Termination of a firm.

(c) Change in the management of any branch office in this state.

(d) Establishment of a new branch office or the closing or change of address of a branch office in this state.

(2) The board is to be notified in writing of any addition of a partner, member, manager or shareholder or the retirement, withdrawal or death of a partner, member, manager or shareholder as of January 1 of each year.

SECTION 69. Accy 5.403 is created to read:

**Accy 5.403 Internet practice.** A CPA firm offering or rendering professional services via a web site shall provide in the web site's homepage, a name, an address, and a principal state of licensure as a means for regulators and the public to contact a responsible licensee in charge at the firm regarding complaints, questions, or regulatory compliance.

SECTION 70. Subchapter I in chapter Accy 6 is created to read:

### SUBCHAPTER I (title) AUTHORITY AND DEFINITIONS

**Accy 6.001 Authority.** The rules in this chapter are adopted pursuant to the authority in ss. 15.08 (5) (b), 227.11 (2) and 442.087 (3), Stats.

**Accy 6.002 Definitions.** As used in this chapter

(1) "Board-approved review program" means the peer reviewer's entire peer review process, including the standards for administering performing and reporting on peer reviews, oversight procedures, training and related guidance materials.

(2) "Engagement review" means to read the financial statements and other information submitted by the reviewed firm or required under applicable professional standards, and the accountant's report on those statements and that information, of a firm that performs at its highest level of service only services under SSARS or services under the SSAE not included in a system review. The objective of an engagement review is to determine whether the engagements submitted for review conform to applicable professional standards in all material respects.

- (3) “PCAOB” means the Public Company Accounting Oversight Board that conducts firm inspection of certified public accounting firms’ Securities and Exchange Commission issuer practices and other engagements subject to its inspection process.
- (4) “Peer review” means a board-approved study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee of a registered firm in the practice of public accounting, by a person or persons who hold licenses in this jurisdiction and who are not affiliated with the person or firm being reviewed
- (5) “Peer review program” includes the entire peer review process, including the standards for administering, performing and reporting on peer reviews, oversight procedures, training, and related guidance and materials.
- (6) “Peer review reports” are reports issued by the peer reviewer or peer reviewing firm in accordance with board-approved peer review standards.
- (7) “Peer review standards” are board-approved professional standards for administering, performing and reporting on peer reviews.
- (8) “Peer reviewer” is a certified public accountant or accounting firm responsible for conducting the peer review holding a valid and active license to practice public accounting in good standing by this state who meets the peer reviewer requirements established in the board-approved peer review standards.
- (9) “SAS” means the Statements on Auditing Standards issued by the auditing standards board of the American Institute of Certified Public Accountants.
- (10) “SSAE” means 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.
- (11) “SSARS” means 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.
- (12) “System review” means to review a firm that, at the firm's highest level of service, performs engagements under the SAS or the Government Auditing Standards (Yellow Book), examinations of prospective financial statements under the SSAE, or audits of non-SEC issuers pursuant to the standards of the Public Company Accounting Oversight Board. A system review includes determining whether the firm's system of quality control for its accounting and auditing practice is designed and enforced to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards, including the Statements on Quality Control Standards, No. 8 of the American Institute of Certified Public Accountants in all material respects.

SECTION 71. Subchapter II (title) in chapter Accy 6 (precedes s. Accy 6.101) is created to read:

SUBCHAPTER II (title)  
FIRM RENEWAL

SECTION 72. Subchapter III (title) om chapter Accy 6 (precedes s. Accy 6.201) is created to read:

SUBCHAPTER III (title)  
REPORTS

SECTION 73. Subchapter IV (title) in chapter Accy 6 (precedes s. Accy 6.301) is created to read:

SUBCHAPTER IV (title)  
CONDUCTING PEER REVIEWS

SECTION 74. Accy 6.303 and Accy 6.304 are created to read:

**Accy 6.303 Extensions.** (1)The board may accept extensions for completing peer reviews as long as the board is notified by the firm within 14 days from the date of the letter from the sponsoring organization granting the extension. Extensions will be granted for the following reasons:

- (a) Health
- (b) Military services
- (c) Other good cause clearly outside of the control of the public

accounting firm.

**Accy 6.304 Firm structure changes.** In the event a firm is merged, otherwise combined, dissolved, or separated, the peer reviewer shall determine which firm is considered to be the succeeding firm. The succeeding firm shall retain its peer review status and the review due date.

SECTION 75. Chapter Accy 7 (title) and Accy 7.01, 7.02, 7.035 (5), and 7.04 (2) are repealed.

SECTION 76. Accy 7.06 is repealed.

SECTOIN 77. Accy 7.03 is renumbered Accy 2.201 and as renumbered Accy 2.201(2) is amended to read:

Accy 2.201 (2) An applicant for a certificate as a certified public accountant shall submit to the board an official transcript or transcripts of all academic work completed evidencing the awarding of a bachelor's or higher degree and a written request for an equivalency evaluation. Course work for equivalency may be accepted only if completed at an institution accredited by the North Central Association of Colleges and Schools or its regional equivalent—a school or institution listed by an accrediting agency recognized by the secretary of the federal department of education or if it could be transferred to an accredited institution for credit toward the institution's accounting major.

SECTION 78. Accy 7.035 is renumbered Accy 2.202 and Accy 2.202 (intro.), (1), (2), (3) intro.) and (a), (4) (a), and (Note) are amended to read:

**Accy 2.202 Education required to take the examination for certification.** A person ~~may not take the examination leading to the~~ candidate applying for a certificate to practice as a certified public accountant ~~unless the person has~~ must complete, as part of the 150 semester hours education, ~~met~~ one of the following conditions:

(1) Earned a graduate degree with a concentration in accounting from an accounting program or department that is accredited by ~~an accrediting agency recognized by the board~~ an accrediting agency recognized by the secretary of the federal department of education.

(2) Earned a graduate degree from a business school or college of business that is accredited by an accrediting agency recognized by the ~~board~~ secretary of the federal department of education and completed at least 24 semester hours in accounting at the undergraduate level or 15 semester hours at the graduate level, or an equivalent combination, including courses covering the subjects of financial accounting, auditing, U.S. taxation, and management accounting.

(3) Earned a baccalaureate degree with a major in accounting from a business school or college of business that is accredited by an accrediting agency recognized by the ~~board~~ secretary of the federal department of education including all of the following:

(a) At least 24 semester hours in accounting at the undergraduate or graduate level, including courses covering the subjects of financial accounting, auditing, U.S. taxation, business law, and management accounting.

(4) Having obtained the reasonable equivalent of an accounting concentration by having earned a baccalaureate or higher degree from an accredited educational institution including all of the following:

(a) At least 24 semester hours of accounting, including courses covering the subjects of financial accounting, auditing, U.S. taxation, and management accounting.

**Note:** In accounting, the courses covering the subjects of financial accounting, auditing, taxation, and management accounting under s. ~~Accy 7.035 (3) (a)~~

~~and (4) (a)~~ s. Accy 2.202 (3) (a) and (4) (a), would normally be all courses taken beyond the introduction level.

SECTION 79. Accy 7.04 (1) is renumbered Accy 2.203.

SECTION 80. Accy 7.05 is renumbered Accy 3.101.

SECTION 81. Accy 7.07 is renumbered Accy 2.204.

SECTION 82. Chapter Accy 8 (title) is repealed.

SECTION 83. Accy 8.01 is renumbered Accy 3.001.

SECTION 84. Accy 8.02 is renumbered Accy 3.002.

SECTION 85. Accy 8.03 (1) to (6) are renumbered Accy 3.102 (1) to (5).

SECTION 86. Accy 8.04 is renumbered Accy 3.201 and Accy 3.201 (2) as renumbered is amended to read:

**Accy 3.201 (2)** Except as provided in s. Accy 3.202, 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~~ an accrediting agency that is recognized by the secretary of the federal department of education, 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~~ an agency that is recognized by the secretary of the federal department of education 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~~ s. Accy 2.201.

SECTION 87. Accy 8.05 is renumbered Accy 3.202.

SECTION 88. Chapter Accy 9 (title) is renumbered Chapter Accy 6 (title)

SECTION 89. Accy 9.01 is repealed.

SECTION 90. Accy 9.02 is renumbered Accy 6.101.

SECTION 91. Accy 9.02 (Note) is renumbered Accy 6.101 (Note) and is amended to read:

Note: The following questions are intended to assist firms in determining whether a peer review is required for renewal. An affirmative response to any part of any question means that a peer review is required. Caution: This list is not exclusive. Refer to the standards if in doubt.

required Does your firm audit SEC clients, including employer-sponsored plans to file a form 11-K with the SEC?

Does your firm currently perform the following types of engagements?  
Statements on Auditing Standards (SASs) - Audits?

Agreed-upon procedures?

Statements on Standards for Accounting and Review Services (SSARS)?

Reviews of financial statements?

Compilations of financial statements with disclosures?

Substantially Compilations of financial statements where "Selected Information-  
All Disclosures Required Are Not Included?"

disclosures? Compilations of financial statements that omit substantially all

Statements on Standards for Attestation Engagements (SSAE)?

International Financial Reporting Standards (IFRS) or International  
Auditing Standards (IAS)?

Examinations of prospective financial statements under SAARS?

Compilations of prospective financial statements under SAARS?

Agreed-upon procedures of prospective financial statements?

Examinations of written assertions?

Reviews of written assertions?

Agreed-upon procedures of written assertions?

Engagements under Government Auditing Standards (Yellow Book)?

PCAOB Auditing Standards?

PCAOB Attestation Standards?

Or any requirement for work performed as subject to requirements of the  
AICPA peer review program.



SECTION 92. Accy 9.03 and 9.04 are renumbered Accy 6.201 and 6.202.

SECTION 93. Accy 9.05 and 9.06 are renumbered Accy 6.301 and 6.302.

SECTION 94. EFFECTIVE DATE. The rules adopted in this order shall take effect on the first day of the third month following publication in the Wisconsin Administrative Register, pursuant to s. 227.22 (2) (intro.), Stats.

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(END OF TEXT OF RULE)  
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Dated \_\_\_\_\_

Agency \_\_\_\_\_

Board Chairperson  
Accounting Examining Board