



ACCOUNTING EXAMINING BOARD
Room 121A, 1400 E. Washington Avenue, Madison
Contact: Brittany Lewin (608) 266-2112
May 8, 2014

The following agenda describes the issues that the Board plans to consider at the meeting. At the time of the meeting, items may be removed from the agenda. Please consult the meeting minutes for a description of the actions of the Board.

AGENDA

9:00 A.M.

OPEN SESSION – CALL TO ORDER – ROLL CALL

- A. Adoption of Agenda (1-2)**
- B. Approval of Minutes of February 6, 2014 (3-9)**
- C. Recognition of Board Members
- D. Administrative Matters**
 - 1) Board Member Training – July 18, 2014
 - 2) Accounting and the Wisconsin Economy Report **(10-11)**
- E. Legislative and Administrative Rule Matters – Discussion and Consideration**
 - 1) **9:05 A.M. APPEARANCE – John Johnson, NASBA Director of Legislative and Governmental Affairs, and Suzanne Jolicoeur, AICPA Senior Manager of State Regulation and Legislation**
 - 2) General Rules Status Update, Chs. ACCY 1-9
 - 3) UAA Comparison Issues **(12-19)**
 - 4) Status of 2013 Wisconsin Act 210, Standards **(20-32)**
- F. Speaking Engagement(s), Travel, or Public Relation Request(s)**
 - 1) NASBA Eastern Regional Meeting **(33-40)**
- G. Items Added After Preparation of Agenda
 - 1) Introductions, Announcements and Recognition
 - 2) Presentations of Petition(s) for Summary Suspension
 - 3) Presentation of Proposed Stipulation(s), Final Decision(s) and Order(s)
 - 4) Presentation of Final Decisions
 - 5) Disciplinary Matters
 - 6) Executive Director Matters
 - 7) Education and Examination Matters
 - 8) Credentialing Matters

- 9) Practice Matters
- 10) Legislation/Administrative Rule Matters
- 11) Liaison Report(s)
- 12) Informational Item(s)
- 13) Speaking Engagement(s), Travel, or Public Relation Request(s)

H. Public Comments

CONVENE TO CLOSED SESSION to deliberate on cases following hearing § 19.85 (1) (a), Stats.; consider closing disciplinary investigations with administrative warning § 19.85 (1) (b), Stats, and 440.205, Stats., to consider individual histories or disciplinary data § 19.85 (1) (f), Stats.;; and, to confer with legal counsel § 19.85 (1) (g), Stats.)

I. **DLSC Matters**

- 1) Case Status Report (41)

J. **Credentialing Matters**

- 1) Application Reviews (42-44)

K. Deliberation of Items Received After Printing of the Agenda

- 1) Disciplinary Matters
- 2) Education and Examination Matters
- 3) Credentialing Matters
- 4) Monitoring Matters
- 5) Professional Assistance Procedure (PAP) Matters
- 6) Petition(s) for Summary Suspensions
- 7) Petition(s) for Extension of Time
- 8) Proposed Stipulations, Final Decisions and Orders
- 9) Administrative Warnings
- 10) Proposed Decisions
- 11) Matters Relating to Costs
- 12) Motions
- 13) Petitions for Rehearing
- 14) Formal Complaints
- 15) Case Closings
- 16) Appearances from Requests Received or Renewed

L. Consult with Legal Counsel

RECONVENE TO OPEN SESSION IMMEDIATELY FOLLOWING CLOSED SESSION

M. Vote on Items Considered or Deliberated Upon in Closed Session, if Voting is Appropriate

ADJOURNMENT

**ACCOUNTING EXAMINING BOARD
TELECONFERENCE
MEETING MINUTES
February 6, 2014**

PRESENT: Todd Craft, Gerald Denor, John Scheid, Glenn Michaelsen,
Marion Wozniak (Arrived 9:34 a.m.)

EXCUSED: Kathleen LaBrake, Steven Corbeille

STAFF: Brittany Lewin, Executive Director; Matthew Guidry, Bureau Assistant; and other
Department staff

CALL TO ORDER

The Board Chair called the meeting to order at 9:06 a.m. A quorum of four (4) members was confirmed.

ADOPTION OF AGENDA

MOTION: Glenn Michaelsen moved, seconded by Todd Craft, to adopt the agenda as published. Motion carried unanimously.

APPROVAL OF MINUTES

MOTION: Glenn Michaelsen moved, seconded by Todd Craft, to approve the minutes of November 21, 2013 as published. Motion carried unanimously.

ELECTION OF OFFICERS

CHAIR

NOMINATION: Todd Craft nominated John Scheid for the Office of Chair.

Executive Director Brittany Lewin called for nominations three (3) times.

John Scheid was elected as Chair.

VICE CHAIR

NOMINATION: John Scheid nominated Todd Craft for the Office of Vice Chair.

Executive Director Brittany Lewin called for nominations three (3) times.

Todd Craft was elected as Vice Chair.

SECRETARY

NOMINATION: Glenn Michaelson nominated Gerald Denor for the Office of Secretary.

Executive Director Brittany Lewin called for nominations three (3) times.

Gerald Denor was elected as Secretary.

MOTION: John Scheid moved, seconded by Glenn Michaelson, to acknowledge the following 2014 Officer Election Results. Motion carried unanimously.

| 2014 OFFICER ELECTION RESULTS | |
|-------------------------------|--------------|
| Board Chair | John Scheid |
| Vice Chair | Todd Craft |
| Secretary | Gerald Denor |

John Scheid assumes the role of Chair of the meeting.

Todd Craft assumes the role of Vice Chair of the meeting.

Gerald Denor assumes the role of Secretary of the meeting.

APPOINTMENT OF LIAISONS AND COMMITTEE MEMBERS

The Chair appoints the following members to:

| 2014 LIAISON APPOINTMENTS | |
|---|---|
| Credentialing Liaison(s) | Gerald Denor, (Alternate: Todd Craft) |
| DLSC Liaison(s) (including PAP and Monitoring) | Gerald Denor, (Alternate: Glenn Michaelsen) |

| 2014 SCREENING PANEL APPOINTMENTS | |
|-----------------------------------|---|
| January-December 2014 | John Scheid, Glenn Michaelsen, Todd Craft, Gerald Denor |

MOTION: John Scheid moved, seconded by Todd Craft, to acknowledge the appointments made by the chair as the 2014 Liaisons and Screening Panel. Motion carried unanimously.

DELEGATION OF AUTHORITY

MOTION: John Scheid moved, seconded by Gerald Denor, that the Board delegates authority to the Chair to sign documents on behalf of the Board. In order to carry out duties of the Board, the Chair has the ability to delegate this signature authority to the Board's Executive Director for purposes of facilitating the completion of assignments during or between meetings. Motion carried unanimously.

MOTION: Glenn Michaelsen moved, seconded by Todd Craft, in order to facilitate the completion of assignments between meetings, the Board delegates its authority by order of succession to the Chair, highest ranking officer, or longest serving member of the Board, to appoint liaisons to the Department where knowledge or experience in the profession is required to carry out the duties of the Board in accordance with the law. Motion carried unanimously.

MOTION: Glenn Michaelsen moved, seconded by Todd Craft, to adopt the "Roles and Authorities Delegated to the Monitoring Liaison and Department Monitor" document. Motion carried unanimously.

MOTION: John Scheid moved, seconded by Todd Craft, to delegate authority to the Credentialing Liaison(s) to address all issues related to credentialing matters. Motion carried unanimously.

LEGISLATIVE AND ADMINISTRATIVE RULE MATTERS

MOTION: Gerald Denor moved, seconded by Glenn Michaelsen, to delegate a subcommittee that will act as a rules committee of the whole in rule-making proceedings for Chapters ACCY 1-9 updates and to recognize John Scheid, Marion Wozniak, and Todd Craft as serving on the Rules Committee to facilitate the drafting of any Chapters ACCY 1-9 related rules. Motion carried unanimously.

CLOSED SESSION

MOTION: Gerald Denor moved seconded by John Scheid, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.); to consider licensure or certification of individuals (s. 19.85(1)(b), Stats.); to consider closing disciplinary investigations with administrative warnings (ss. 19.85 (1)(b), and 440.205, Stats.); to consider individual histories or disciplinary data (s. 19.85 (1)(f), Stats.); and to confer with legal counsel (s. 19.85(1)(g), Stats.). John Scheid read the language of the motion. The vote of each member was ascertained by voice vote. Roll Call Vote: Todd Craft – yes; Gerald Denor – yes, Glenn Michaelsen, - yes, Marion Wozniak - yes, and John Scheid – yes. Motion carried unanimously.

The meeting convened to Closed Session at 10:22 a.m.

RECONVENE TO OPEN SESSION

MOTION: John Scheid moved, seconded by Gerald Denor to reconvene into open session. Motion carried unanimously.

The meeting reconvened into Open Session at 10:49 a.m.

MOTION: John Scheid moved, seconded by Gerald Denor, to affirm all motions made in closed session. Motion carried unanimously.

STIPULATIONS, FINAL DECISIONS AND ORDERS

MOTION: Todd Craft moved, seconded by Gerald Denor, to accept the Findings of Fact, Conclusions of Law and Order in the matter of disciplinary proceedings against Mark J. Cash, DLSC case number 12ACC026. Motion carried unanimously.

MOTION: Gerald Denor moved, seconded by Glenn Michaelsen, to accept the Findings of Fact, Conclusions of Law and Order in the matter of disciplinary proceedings against Justin D. Salas, DLSC case number 13ACC003. Motion carried unanimously.

ORDERS FIXING COSTS

MOTION: Marion Wozniak moved, seconded by Gerald Denor, to adopt the Order Fixing Costs in the matter of disciplinary proceedings against David D. Rediger, Respondent – ORDER0002583/DLSC case number 11ACC004. Motion carried unanimously.

APPLICATION REVIEW

MOTION: Marion Wozniak moved, seconded by Gerald Denor, to approve the application of the applicants listed below for Certified Public Accountant Licensure once all requirements for licensure have been met. Motion carried unanimously.

| | | |
|-------------------------|-------------------------|----------------------------|
| 1. Barmore, Hannah L | 28. Mergen, Brittany A | 56. Austreng, Becky A |
| 2. Beld, Ryan J | 29. Moritz, Jeremy D | 57. Bakalars, Dustin E |
| 3. Cagney, Mitchell J | 30. Mueller, Kaitlyn C | 58. Bruner, Jason R |
| 4. Correll, Zachary E | 31. Mueller, Ryan M | 59. Christain, Michael J |
| 5. Demerath, Dominic J | 32. Mumm, Cassandra A | 60. Denton, Patti A |
| 6. Dixon, Ryan M | 33. Osgood, Laura | 61. Englehardt, Jessica M |
| 7. Duessing, Derek D | 34. Peach, Gwendolynn J | 62. Grubb, Jonathan A |
| 8. Fisher, Katherine M | 35. Perry, Robert A | 63. Hopkins, Judith K |
| 9. Gabor, Michael J | 36. Peterson, Michael J | 64. Kraemer, Derek B |
| 10. Gbewonyo, Barbara M | 37. Pfankuch, Daniel H | 65. Krzynski, Kassandra E |
| 11. Gresl, Brandon K | 38. Ray, Lorin R | 66. Medd, Bruce T |
| 12. Held, Amber R | 39. Redstorm, Kyle C | 67. Oetzel, Melinda S |
| 13. Heyerdahl, Matthew | 40. Schneider, Thomas J | 68. Proctor, Stacey |
| 14. Huebschen, Lynne H | 41. Schneider, Travis J | 69. Reimer, Ashley T |
| 15. Huset, Paul L | 42. Setzer, David M | 70. Schnettler, Kathleen M |
| 16. Johnson, Matthew D | 43. Simonis, Laura A | 71. Sutanto, Murtiyati |
| 17. Kalmuck, Travis | 44. Sjoreen, Lauren | 72. Sweeney, Sean C |
| 18. Katona, Zachary R | 45. Socha, Janice M | 73. Trione, David P |
| 19. Kenner, Michelle L | 46. Spaude, Nicholas P | 74. Wiese, Brian D |
| 20. Konz, Christopher M | 47. Templon, Megan E | 75. Reilly, Brendan |
| 21. Kren, Amy E | 48. Thome, Joshua C | 76. |
| 22. Kuehnel, Seth P | 49. Thompson, Ryan J | |
| 23. Kufeld, Daniel K | 50. Ticcioni, Steven T | |
| 24. Kurek, Cassandra R | 51. Uecker, Elizabeth A | |
| 25. Martineau, Scott D | 52. Waech, Jordan J | |
| 26. McCormick, Owen J | 53. Weiske, Shane R | |
| 27. McNeese, Kathryn J | 54. Woolgar, Nathan A | |
| | 55. Ausloos, David J | |

End of List of Approved Applicants

ADJOURNMENT

MOTION: Gerald Denor moved, seconded by Todd Craft, to adjourn the meeting.
Motion carried unanimously.

The meeting adjourned at 10:51 a.m.

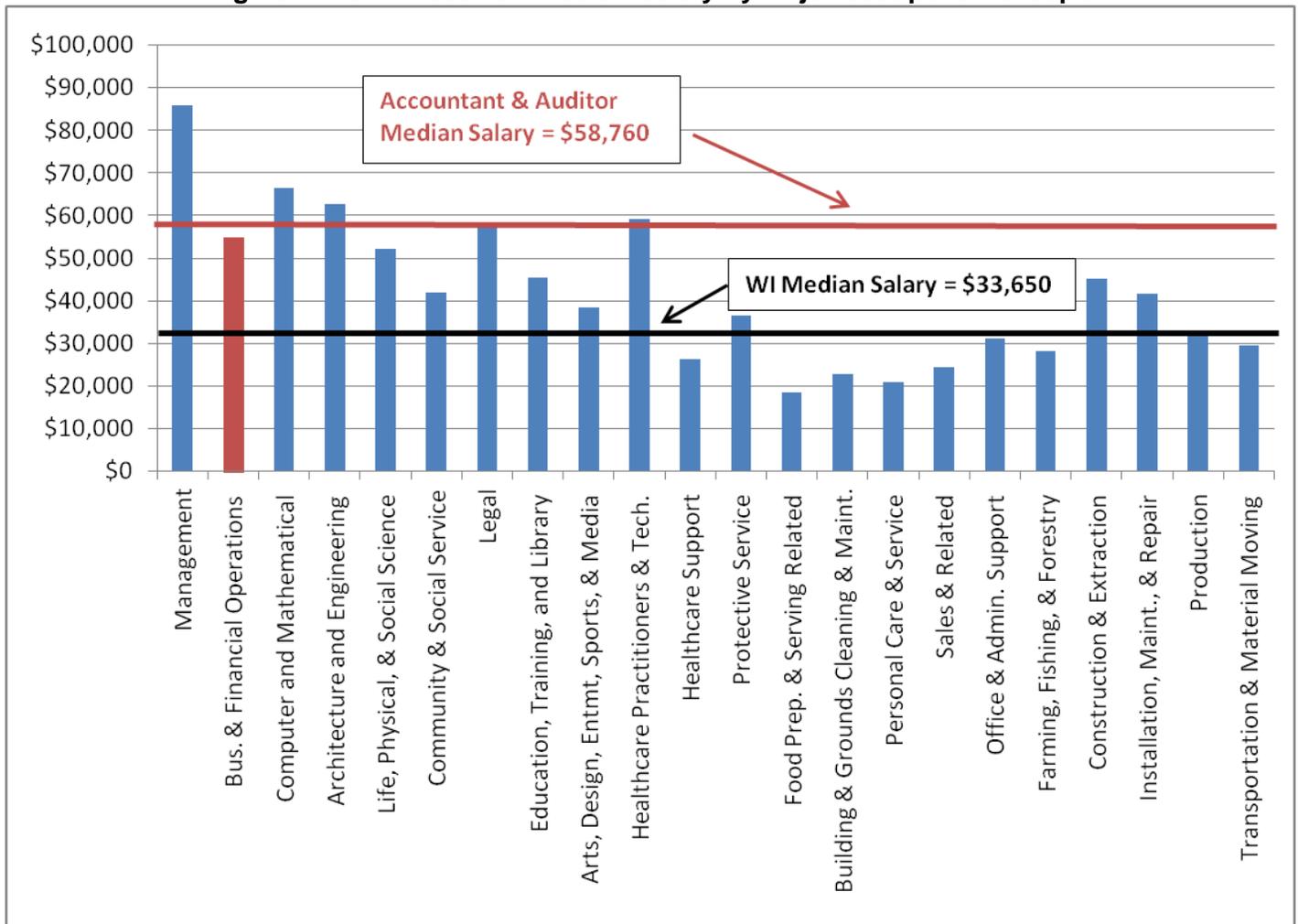
DRAFT



ACCOUNTING AND THE WISCONSIN ECONOMY

As of February 2014, over 14,000 certified public accountants (CPAs) credentialed by the Department of Safety and Professional Services (DPS) contributed to the Wisconsin economy. The Accounting Examining Board attached to DPS regulates CPAs and accounting establishments in Wisconsin. As shown in Figure 1, accountancy jobs tend to be relatively high paying. According to the United States Department of Labor, Bureau of Labor Statistics, Wisconsin accountants and auditors earn a median annual salary of \$58,760, roughly \$25,000 more than the overall state median salary. Accountants and auditors have a median annual salary greater than 16 of the major occupation groups.¹

Figure 1: 2012 Wisconsin Median Salary by Major Occupation Groups



Source: U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment Statistics Survey, May 2012

¹ These salary figures likely underestimate the average salary of DPS credentialed certified public accountants. Certified public accountants typically have higher earning potential than other accountants and auditors.



Accountant and auditor positions account for roughly 7 out of every 1,000 jobs in Wisconsin with employment most densely located near Madison and Milwaukee.² The Office of Economic Development of the Wisconsin Department of Workforce Development projects that accountant and auditor jobs will grow at a rate of 1.4% per year between 2010 and 2020 totaling 14.5% growth over the 10 year period.³

CPAs serve Wisconsin businesses in many ways that help these businesses grow and increase employment. Some of the 13,000+ licensed CPAs residing in Wisconsin perform audits of Wisconsin businesses' financial statements, providing lenders and business owners with the knowledge that the financial statements fairly reflect the financial condition of these businesses. Other CPAs provide tax advice and various types of general business consulting services to businesses that help them make the most well-informed business decisions regarding expansion and business processes.⁴

More than half of Wisconsin's CPAs are employed by all types of organizations and in all economic sectors as CFOs, controllers, accounting managers, and in other executive and accounting positions where they are responsible for designing, implementing, and supervising the accounting and reporting of billions of dollars of transactions throughout Wisconsin's economy.⁵

Organizations rely on CPAs for their analytical and critical thinking skills to gather and review many kinds of information that support their recommended strategic and tactical business decisions in many areas, including equipment and building purchases, borrowing and lending, product and service distribution, leveraging technology, and managing risk. CPAs are employed in virtually all publicly traded companies, and in the vast majority of businesses with more than \$10 million of annual revenue. Non-profit organizations and governmental entities also benefit from the expertise of CPAs who serve them as employees, independent consultants, and even as volunteers.⁶

In the United States, the total size of the public accounting market is estimated to be approximately \$93.7 billion comprising the following segments: Audit and Assurance at \$43.3 billion; Tax at \$33.2 billion; and Consulting/Other at \$17.2 billion.⁷ Researchers have estimated the economic impact multiplier of roughly 1.47 for accounting services resulting in a total accounting economic impact in the United States of between \$124 and \$152 billion.⁸

The Accounting Examining Board will continue to play a vital role in the Wisconsin economy through its regulation of this invaluable, lucrative, and growing occupation.

² Bureau of Labor Statistics. May 2012. "Occupational Employment Statistics Survey." U.S. Department of Labor. (Accessed February 21, 2014).

<http://www.bls.gov/oes/current/oes132011.htm>

³ Office of Economic Development. 2013. "Occupational Employment Projections." Wisconsin Department of Workforce Development. (Accessed February 21, 2014).

<http://worknet.wisconsin.gov/worknet/daoccpjrj.aspx?menuselection=da>

⁴ Wisconsin Institute of Certified Public Accountants, 2013. <http://www.wicpa.org/content/home.aspx>

⁵ Wisconsin Institute of Certified Public Accountants, 2013. <http://www.wicpa.org/content/home.aspx>

⁶ Wisconsin Institute of Certified Public Accountants, 2013. <http://www.wicpa.org/content/home.aspx>

⁷ IBISWorld. March 2014. "Accounting Services in the US: Market Research Report."

<http://www.ibisworld.com/industry/default.aspx?indid=1398>

⁸ Bureau of Economic Analysis

**State of Wisconsin
Department of Safety & Professional Services**

AGENDA REQUEST FORM

| | | | |
|--|--|--|--|
| 1) Name and Title of Person Submitting the Request: Jean MacCubbin, Admin. Rules Coordinator | | 2) Date When Request Submitted: 04/28/2014 <small>Items will be considered late if submitted after 4:30 p.m. and less than:</small> <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others | |
| 3) Name of Board, Committee, Council, Sections: Accounting Examining Board | | | |
| 4) Meeting Date: 20140508 | 5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 6) How should the item be titled on the agenda page? Legislation/Administrative Rule Matters—Discussion and Consideration 1. General Rules Status Update, chs. Accy 1-9 2. UAA Comparisons Issues 3. Status of 2013 Act 210, Standards | |
| 7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both | 8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input type="checkbox"/> No | 9) Name of Case Advisor(s), if required: | |
| 10) Describe the issue and action that should be addressed: 1. Discuss and Consider--General Rules Status Update, chs. Accy 1-9, including Rules Committee Plan 2. Review and Comment: UAA Comparisons Issues Chart; discuss rule revision plan 3. Status of Wisc. Act 210 (eff. 4/1/14; attached see revised chs. Accy 1 and 9 reflecting references to Standards (and repealing ch. ACCY 9A, appendix) | | | |
| 11) Authorization | | | |
| <i>Jean MacCubbin</i> | | <i>04/28/2014</i> | |
| Signature of person making this request | | Date | |
| Supervisor (if required) | | Date | |
| Executive Director signature (indicates approval to add post agenda deadline item to agenda) | | Date | |
| Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting. | | | |

Comparison of UAA (7/29/2011 edition) with ACCY 1 to 9

Link to UAA 7/29/2011 edition: <http://nasba.org/files/2011/09/2011-0729-UAA-Model-Rules-Revised-Corrected.pdf>

Link to ch. 442 Stats.: <http://docs.legis.wisconsin.gov/statutes/statutes/442.pdf>

Link to chs. ACCY 1-9 (open in .pdf format): <http://docs.legis.wisconsin.gov/code/toc/accy>

| Subject | UAA Section | Wisc. Stats. | ACCY 1-9 | Issue | Recommend to Adopt (whole or part) |
|---------------------------|-------------|---|-----------------|-------|--|
| Accounting Standards | 10-3(i) | 442.01 (1) Not subject to change; 2013 Act 210 | 1.203 | | A licensee shall not express an opinion on financial statements unless the licensee complies with the Statements of Financial Accounting Standards, together with those Accounting Research Bulletins and Accounting Principles Board Opinions which are not superseded by action of the FASB, including subsequent amendments and editions. |
| Other Technical Standards | | | 1.204 | | Integrity is a character trait demonstrated by acting honestly, candidly, and not knowingly misrepresenting facts, accommodating deceit, or subordinating ethical principles. Acting with integrity is essential to maintaining credibility and public trust. It incorporates both the spirit and substance in the application of the ethical and technical standards that govern the profession, or in the absence thereof, what is just and right. |
| Independent Standards | | Except for edition, not subject to change; 2013 Act 210 | 1.101 | | |
| Auditing Standards | 10-3 | 442.01 (1) (a) and (c) Not subject to change; 2013 Act 210 | 1.202 | | Refer to the attached UAA Model Rules |
| General Standards | 10-3 | | 1.201 | | Refer to the attached UAA Model Rules |
| Rules of Conduct | 10-4 | 442.01 (2) Hearing and | 1.001, 1.401 | | Refer to the attached UAA Model Rules |

Comparison UAA (Uniform Accountancy Act NASBA) and Wisc. Stats./Admin. Rules ACCY 1 to 9

| Subject | UAA Section | Wisc. Stats. | ACCY 1-9 | Issue | Recommend to Adopt (whole or part) |
|-------------|----------------|-------------------------------------|-------------|-------|---|
| | | effective date on adopted standards | | | |
| Work Papers | Section 19 UAA | 442.01 EB promulgates rules | 1.401(2)(a) | | <p>LICENSEES’ WORKING PAPERS; CLIENTS’ RECORDS</p> <p>(a) Subject to the provisions of Section 18, all statements, records, schedules, working papers, and memoranda made by a licensee or a partner, shareholder, officer, director, member, manager or employee of a licensee, incident to, or in the course of, rendering services to a client while a licensee except the reports submitted by the licensee to the client and except for records that are part of the client’s records, shall be and remain the property of the licensee in the absence of an express agreement between the licensee 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 one or more surviving partners, stockholders, members or new partners, new stockholders, or new members of the licensee, or any combined or merged firm or successor in interest to the licensee. Nothing in this Section should be construed as prohibiting any temporary transfer of workpapers or other material necessary in the course of carrying out peer reviews or as otherwise interfering with the disclosure of information pursuant to Section 18.</p> <p>(b) A licensee shall furnish to a client or former client, upon request and reasonable notice-(1) A copy of the licensee’s working papers, to the extent that such working papers include records that would ordinarily constitute part of the client’s records and are not otherwise available to the client; and (2) Any accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client’s premises or received for the client’s account; the licensee may make and retain copies of such documents of the client when they form the basis for work done by the licensee.</p> <p>(c) Nothing herein shall require a licensee to keep any workpaper beyond the period prescribed in any other applicable statute.</p> |

Comparison UAA (Uniform Accountancy Act NASBA) and Wisc. Stats./Admin. Rules ACCY 1 to 9

| Subject | UAA Section | Wisc. Stats. | ACCY 1-9 | Issue | Recommend to Adopt (whole or part) |
|--------------------------------|---|--|----------------------------|-------|--|
| Conflicts of Interest | 10-4 | 442.10 Disclosure | 1.404 | | Refer to the attached UAA Model Code of Conduct |
| Competence | | 442.04 Application qualifications 442.07 Use of title “CPA” | | | Competence is derived from a combination of education and experience. It begins with a mastery of the common body of knowledge, skills, and abilities, and requires a commitment to lifelong learning and professional improvement. A licensee should possess a level of competence, sound professional judgment, and proficiency to ensure that the quality of his or her activities meets the high level of professionalism required by these Principles. A licensee is responsible for assessing his or her own competence, which includes evaluating whether education, experience, and judgment are adequate for the responsibility assumed. A licensee should be competent in the performance of all professional activities, in whatever capacity performed, and comply with applicable professional standards. |
| Definitions | 3-1 and 5-1 in the model rules and Section 3 of the UAA | 442.001-.004 Attest, CPA and Peer Review are defined 442.001 (1) 442.02 (1m) 442.089 (1) | 1.003 (1), etc. | | The definition of “Attest” as presented in the Exposure Draft has been approved by both the NASBA & AICPA Boards. Link to that Exposure Draft: http://nasba.org/files/2013/07/Cover-and-Exp-Dft-UAA-Committee-Approved-Attest-Lang-7-12-13.pdf |
| Discipline | 11-2; 13-2 | | | | -Reporting convictions, judgments, and administrative proceedings. -Action by the Board |
| Education/pre-licensure | 5-1; 5-2; 5-3 | 442.04 | 3.055, 7.03-7.07 | | -Education Requirements – definitions -Education requirements -Applications for examination |
| Accredited Schools | 5-1(c) | | 3.04, 7.02- 7.035, 8.04 | | -Accreditation |
| Education/renewal | 5-1; 5-2; 5-3 | | 3.04 | | -Education Requirements – definitions -Education requirements -Applications for examination |

Comparison UAA (Uniform Accountancy Act NASBA) and Wisc. Stats./Admin. Rules ACCY 1 to 9

| Subject | UAA Section | Wisc. Stats. | ACCY 1-9 | Issue | Recommend to Adopt (whole or part) |
|---|--|--|-------------------------|-------|--|
| Ethics | 5-1(e) 5-2(d)(6) | | | | “Ethics” Business course in ethics |
| Exams, acceptable examination providers | 5-2(d)(2) 5-3 (a)(b)(c) 5-4; 5-5; 5-6; 6-7 | | 3.02-3.03, 3.05-3.11 | | |
| Experience Requirements | 6-2 6-3 | | 442.025 (5) (b) 5. | | -Experience required for initial certificate -Evidence of applicant’s experience |
| Endorsement | 6-9 Section 6 – UAA | 442.05 applicant establishes equivalence | 8.03-8.05 | | -International reciprocity -Foreign Accountants seeking reciprocity |
| Exposure | Draft 7/13 | | | | |
| Citizenship/residency | Section 5 – UAA | | 5.03 | | It may be noted that this provision contemplates that there will be no certificate requirements with respect to citizenship, age, or residency. A citizenship requirement would not be Constitutional; in view of the education requirement, a separate age requirement seems without utility; and in light of the desirability, explained in the introductory comments, of achieving maximum uniformity and reciprocity among the various states, a residency requirement seems not merely useless but counterproductive. |
| Fees | | 442.09 established by State Stats. | 1.032 | | |
| Foreign Candidates Endorsement | 6-3-6-4 UAA 6-5 – Rule 9-9 - Rule | 442.05 applicant establishes equivalence | | | -Certificates granted to holder of foreign designations -Issuance of certificate to holder of designation granted in foreign country -International reciprocity |
| Firm Mobility | Draft 1/17/2014 | | | | http://nasba.org/files/2013/10/Firm_Mobility_Exposure_Draft_101713.pdf |
| Firm mobility and | Exposure Draft | | | | http://nasba.org/files/2013/10/Firm_Mobility_Exposure_Draft_101713.pdf |

Comparison UAA (Uniform Accountancy Act NASBA) and Wisc. Stats./Admin. Rules ACCY 1 to 9

| Subject | UAA Section | Wisc. Stats. | ACCY 1-9 | Issue | Recommend to Adopt (whole or part) |
|----------------------------------|---|--|--------------------------------|-------|---|
| notification requirements | | | | | |
| Firm License | Article 7 | 442.087 (2) peer review for renewal of firm license 442.087 (3) requirements to conduct peer review | 4.02-4.037 | | |
| Firm Names | -Article 14 -14(i) of the UAA | 442.07 (3) firm name "CPAs" | 1.405, 4.07, 4.008, 4.01 | | |
| Firm Ownership | 7(g) of the UAA | 442.08 (2) (b) & (c) ownership interest, 50% hold CPA 442.08 (3) Board defines "ownership interest" | 4.07-4.037 | | Firms which fall out of compliance with the provisions of the section due to changes in firm ownership or personnel, after receiving or renewing a permit, shall take corrective action to bring the firm back into compliance as quickly as possible. The State Board may grant a reasonable period of time for a firm to take such corrective action. Failure to bring the firm back into compliance within a reasonable period as defined by the Board will result in the suspension or revocation of the firm permit. |
| Firms, Out-of-State & In-state | Article 7 7(a) - Rule | | 4.04-4.06 | | |
| Mutual Agreements, international | 6-9 | | | | International Reciprocity |
| Peer Review | 6-10 7-3 7-5 10-1(e)(7) 11-2(a)(1)(2) | 442.087 (1) 442.07 (4) | 9.02-9.06 | | -Peer Review for certificate holders who do not practice in a licensed firm -Successful completion of an approved Compliance Assurance Program -Submission of compliance assurance report to the Board -Grounds for enforcement action against licensee -Reporting convictions, judgments and administrative proceedings WICPA does Peer Review |

Comparison UAA (Uniform Accountancy Act NASBA) and Wisc. Stats./Admin. Rules ACCY 1 to 9

| Subject | UAA Section | Wisc. Stats. | ACCY 1-9 | Issue | Recommend to Adopt (whole or part) |
|----------------------------|--|---|----------|-------|--|
| Advertising | | | 1.402 | | |
| Attest (SSAE) | New 10/17/2013 | 442.087 (1) Stats. Define “peer review”, board establishes peer review requirements | | | The definition of “Attest” as presented in the Exposure Draft has been approved by both the NASBA & AICPA Boards. Link to that Exposure Draft: http://nasba.org/files/2013/07/Cover-and-Exp-Dft-UAA-Committee-Approved-Attest-Lang-7-12-13.pdf |
| Examinations | | | | | |
| Examining Board Duties | | 442.01 adopt standards; promulgate rules | | | |
| CPE Programs (AICPA/NASBA) | -6-2 of the Rules -6-3 of the Rules -6-4 of the Rules -6-5 of the Rules -6-6 of the Rules -6-8(b)(4) of the Rules -6-9 (c)(4) of the Rules -23-4 of the Rules -Appendix B of the UAA | | | | -Ethics Continuing Professional Education (CPE) -Continuing Professional Education (CPE) -CPE requirements for renewal for licensure -Programs qualifying for CPE Credit -CPE Records -International reciprocity -CPE requirements for practice privileges -AICPA/NASBA Statement on Standards for CPE Programs |
| Reinstatement Practices | 13-1 | 442.12 (1) (e) Discipline and additional educ. for reinstatement; draft text or agency template | | | Reinstatement after suspension or revocation |
| Responsibility to Clients | -4-2 -7-2; 7-3; 7-5 -10-4 (VI. | 442.11 (4) | 1.301 | | -Confidential Communication -Confidential Information |

Comparison UAA (Uniform Accountancy Act NASBA) and Wisc. Stats./Admin. Rules ACCY 1 to 9

| Subject | UAA Section | Wisc. Stats. | ACCY 1-9 | Issue | Recommend to Adopt (whole or part) |
|-------------|--|--|----------|-------|------------------------------------|
| | Principle: Confidentiality) 11-2 (c) | | | | |
| Suspensions | | 442.12 (1) (e), (f) and (g); sanctions, re- examination, cont. educ.; etc. | 1.406 | | |
| 5-11(b)(2) | | | | | Good moral Character |
| | | | | | |

State of Wisconsin



2013 Assembly Bill 669

Date of enactment: April 8, 2014
Date of publication*: April 9, 2014

2013 WISCONSIN ACT 210

AN ACT *to amend* 13.92 (4) (c), 13.92 (4) (d), 13.92 (4) (e), 13.92 (4) (f), 35.93 (2) (b) 4., 35.93 (2) (c) 1., 35.93 (3), 35.93 (3) (e) (intro.), 35.93 (3) (e) 1., 227.01 (13) (intro.), 227.11 (2) (intro.), 227.27 (2), 442.01 (2) and 442.04 (5) (b) 4.; and *to create* 13.92 (4) (bm) and 227.265 of the statutes; **relating to:** rule-making procedures, practice standards for certified public accountants, and eligibility requirements to sit for the licensure examination for certified public accountants.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 13.92 (4) (bm) of the statutes is created to read:

13.92 (4) (bm) If 2 or more rules filed under s. 227.20 or modified under s. 227.265 affect the same unit of the Wisconsin administrative code without taking cognizance of the effect thereon of the other rules and if the legislative reference bureau finds that there is no mutual inconsistency in the changes made by each such rule, the legislative reference bureau shall incorporate the changes made by each rule into the text of the unit and document the incorporation in a note to the unit. For each such incorporation, the legislative reference bureau shall include in a correction bill a provision formally validating the incorporation. Section 227.27 (2) is not affected by printing decisions made by the legislative reference bureau under this paragraph.

SECTION 2. 13.92 (4) (c) of the statutes is amended to read:

13.92 (4) (c) The legislative reference bureau may insert in the Wisconsin administrative code a note explaining any change made under par. (b) or (bm).

SECTION 3. 13.92 (4) (d) of the statutes is amended to read:

13.92 (4) (d) Sections 227.114, 227.116, 227.135, and 227.14 to 227.24 do not apply to any change made by the legislative reference bureau under par. (b) or (bm).

SECTION 4. 13.92 (4) (e) of the statutes is amended to read:

13.92 (4) (e) The legislative reference bureau shall prepare and keep on file a record of each change made under par. (b) or (bm).

SECTION 5. 13.92 (4) (f) of the statutes is amended to read:

13.92 (4) (f) The legislative reference bureau shall notify the agency involved of each change made under par. (b) or (bm).

SECTION 6. 35.93 (2) (b) 4. of the statutes, as affected by 2013 Wisconsin Act 20, is amended to read:

35.93 (2) (b) 4. Copies of all rules filed with the legislative reference bureau under s. 227.20 (1) or modified under s. 227.265 since the compilation of the preceding register, including emergency rules filed under s. 227.24 (3).

SECTION 7. 35.93 (2) (c) 1. of the statutes, as affected by 2013 Wisconsin Act 20, is amended to read:

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

35.93 (2) (c) 1. Each chapter of the Wisconsin administrative code that has been affected by rules filed with legislative reference bureau under s. 227.20 (1) or modified under s. 227.265, in accordance with sub. (3) (e) 1.

SECTION 8. 35.93 (3) of the statutes is amended to read:

35.93 (3) The legislative reference bureau shall compile and deliver to the department for printing copy for a register which shall contain all the rules filed under s. 227.20 or modified under s. 227.265 since the compilation of rules for the preceding issue of the register was made and those executive orders which are to be in effect for more than 90 days or an informative summary thereof. The complete register shall be compiled and published before the first day of each month and a notice section of the register shall be compiled and published before the 15th day of each month. Each issue of the register shall contain a title page with the name "Wisconsin administrative register", the number and date of the register, and a table of contents. Each page of the register shall also contain the date and number of the register of which it is a part in addition to the other necessary code titles and page numbers. The legislative reference bureau may include in the register such instructions or information as in the bureau's judgment will help the user to correctly make insertions and deletions in the code and to keep the code current.

SECTION 9. 35.93 (3) (e) (intro.) of the statutes, as affected by [2013 Wisconsin Act 20](#), is amended to read:

35.93 (3) (e) (intro.) The legislative reference bureau shall incorporate into the appropriate chapters of the Wisconsin administrative code each permanent rule filed with the legislative reference bureau under s. 227.20 (1) or modified under s. 227.265 and, for each chapter of the administrative code affected by a rule, do all of the following:

SECTION 10. 35.93 (3) (e) 1. of the statutes, as affected by [2013 Wisconsin Act 20](#), is amended to read:

35.93 (3) (e) 1. Publish the chapter in the appropriate end-of-month register in accordance with the filing deadline for publication established in the rules procedures manual published under s. 227.15 (7) ~~or~~, in an end-of-month register agreed to by the submitting agency and the legislative reference bureau, or, in the case of a rule modified under s. 227.265, in the end-of-month register for the month in which the bill modifying the rule is enacted.

SECTION 11. 227.01 (13) (intro.) of the statutes is amended to read:

227.01 (13) (intro.) "Rule" means a regulation, standard, statement of policy, or general order of general application which has the effect of law and which is issued by an agency to implement, interpret, or make specific legislation enforced or administered by the agency or to govern the organization or procedure of the agency. "Rule" includes a modification of a rule under s. 227.265.

"Rule" does not include, and s. 227.10 does not apply to, any action or inaction of an agency, whether it would otherwise meet the definition under this subsection, which:

SECTION 12. 227.11 (2) (intro.) of the statutes is amended to read:

227.11 (2) (intro.) Rule-making authority is expressly conferred on an agency as follows:

SECTION 13. 227.265 of the statutes is created to read:

227.265 Repeal or modification of rules. If a bill to repeal or modify a rule is enacted, the procedures under ss. 227.114 to 227.21 and 227.26 do not apply. Instead, the legislative reference bureau shall publish the repeal or modification in the Wisconsin administrative code and register as required under s. 35.93, and the repeal or modification shall take effect as provided in s. 227.22.

SECTION 14. 227.27 (2) of the statutes is amended to read:

227.27 (2) The code shall be prima facie evidence in all courts and proceedings as provided by s. 889.01, but this does not preclude reference to or, in case of a discrepancy, control over a rule filed with the legislative reference bureau ~~or the secretary of state~~ under s. 227.20 or modified under s. 227.265, and the certified copy of a rule shall also and in the same degree be prima facie evidence in all courts and proceedings.

SECTION 15. 442.01 (2) of the statutes is amended to read:

442.01 (2) ~~No~~ The examining board may not adopt a standard or rule relating to professional conduct or unethical practice ~~may be adopted~~ until the examining board has held a public hearing with reference thereto, subject to the rules promulgated under s. 440.03 (1). ~~No~~ 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 ~~any~~ a proposed 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.

SECTION 15m. 442.04 (5) (b) 4. of the statutes, as affected by [2013 Wisconsin Act 114](#), is amended to read:

442.04 (5) (b) 4. Except as provided in s. 442.05, the person has successfully passed an examination in such subjects affecting accountancy 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 under subd. 3.

SECTION 16. Accy 1.003 (1) of the administrative code is amended to read:

Accy 1.003 (1) "Attest service" means any of the following, if performed or intended to be performed in

accordance with the statements incorporated under s. Accy 1.205:

(a) An audit or any other engagement that is performed or intended to be performed in accordance with the statements incorporated by reference in s. Accy 1.205 (1).

(b) A review or compilation of a financial statement that is performed or intended to be performed in accordance with the statements incorporated by reference in s. Accy 1.205 (2).

(c) An examination of prospective financial information that is performed or intended to be performed in accordance with the statements incorporated by reference in s. Accy 1.205 (3).

SECTION 17. Accy 1.101 of the administrative code is amended to read:

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

The Code of Professional Conduct ET Section 101, including Sections ET 101.01 through ET ~~401.16~~ 101.19, available on the Internet at <http://www.aicpa.org/about/code/et101.htm#101-1> <http://www.aicpa.org/Research/Standards/CodeofConduct/Pages/sec100.aspx>, as of January 31, 2013, and published by the American Institute of Certified Public Accountants in print form as AICPA Professional Standards Volume 2 3, as of ~~June 1, 2002~~ January 31, 2013. The printed volume is available at:

American Institute of Certified Public Accountants
1455 Pennsylvania Ave., NW 1211 Avenue of the Americas
Washington, DC 20004-1081 New York, NY
10036-8775

Note: Definitions of terms used in the independence standards, ET Section 101, are included in ET Section 92 of the Code of Professional Conduct published by the American Institute of Certified Public Accountants and available at on the Internet site <http://www.aicpa.org/about/code/def92.htm> at http://www.aicpa.org/Research/Standards/CodeofConduct/Pages/et_92.aspx and in the same printed volume as ET Section 101. Copies of the Standards described above are on file in the offices of the Accounting Examining Board and the Legislative Reference Bureau.

SECTION 18. Accy 1.205 (intro.), (1), (2) and (3) of the administrative code are consolidated, renumbered Accy 1.205 and amended to read:

Accy 1.205 Standards for auditing, accounting and review services, and attestation engagements. The following standards of the accounting and auditing profession shall be used by that certified public accountants in Wisconsin: ~~(1) The shall use are (1) the~~ Statements on Auditing Standards issued as of June 1, 2003 by the Auditing Standards Board of the American Institute of Certified Public Accountants and published as AICPA Professional Standards, volume 1 by the American Insti-

tute of Certified Public Accountants, Inc., New York, New York are incorporated by reference into this section. ~~(2) The, the~~ Statements on Standards for Accounting and Review Services issued as of June 1, 2003 by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants and published as AICPA Professional Standards, volume 2 by the American Institute of Certified Public Accountants, Inc., New York, New York are incorporated by reference into this section. ~~(3) The, and the~~ Statements on Standards for Attestation Engagements issued as of June 1, 2003, 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 and, published as AICPA Professional Standards, volume 2 by the American Institute of Certified Public Accountants, Inc., New York, New York is; and (2) the auditing standards of the Public Company Accounting Oversight Board. All of those Statements and Standards are incorporated by reference into this section.

Note: Copies of the Statements described above may be purchased from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036-8775.

Note: Copies of the Statements described above are on file in the offices of the Accounting Examining Board and the Legislative Reference Bureau.

SECTION 18m. Accy 9.01 (2) of the administrative code is amended to read:

Accy 9.01 (2) "Engagement review" means to review 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. ~~An engagement review is usually performed at a location other than the reviewed firm's office. In~~ The objective of an engagement review, the reviewers are required to review the financial statements and accompanying accountant's report for compliance with professional standards, and is to determine whether the firm's working paper documentation conforms engagements submitted for review conform to the requirements of the SSARS and SSAES that are applicable to these engagements applicable professional standards in all material respects.

SECTION 19. Accy 9.01 (4) of the administrative code is repealed.

SECTION 19c. Accy 9.01 (5) of the administrative code is amended to read:

Accy 9.01 (5) "SAS" means statements the State- ments on auditing standards Auditing Standards issued by the auditing standards board of the American Institute of Certified Public Accountants.

SECTION 19g. Accy 9.01 (6) of the administrative code is amended to read:

Accy 9.01 (6) “SSAE” means the ~~statements~~ Statements on standards ~~Standards~~ Standards for attestation engagements ~~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.

SECTION 19n. Accy 9.01 (7) of the administrative code is amended to read:

Accy 9.01 (7) “SSARS” means the ~~statements~~ Statements on standards ~~Standards~~ Standards for accounting ~~Accounting~~ and ~~review services~~ Review Services issued by the accounting and review services committee of the American Institute of Certified Public Accountants.

SECTION 19r. Accy 9.01 (8) (intro.) of the administrative code is renumbered Accy 9.01 (8) and amended to read:

Accy 9.01 (8) “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. ~~System reviews are usually performed at the reviewed firm’s office, or audits of non-SEC issuers pursuant to the standards of the Public Company Accounting Oversight Board.~~ A system review is intended to provide the reviewer with a reasonable basis for expressing both of the following opinions during the period under 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 19w. Accy 9.01 (8) (a) and (b) of the administrative code are repealed.

SECTION 20. Accy 9.06 of the administrative code is amended to read:

Accy 9.06 Conducting a peer review. In conducting a peer review, a board-approved peer review program shall comply with requirements for performing system reviews, engagement reviews, and ~~report~~ any other reviews established under the “Standards for Performing and Reporting on Peer Reviews” issued by the American Institute of Certified Public Accountants, effective January 1, 2001, specifically identified in paragraphs 25–71, and reproduced in Appendix A to this chapter available on the Internet at <http://www.aicpa.org/Research/Standards/PeerReview/DownloadableDocuments/PeerReviewStandards.pdf>.

Note: Paragraphs 25–71 of these standards are included as Appendix A to this chapter and are also available from the Internet at <http://www.aicpa.org/members/div/practmon/stdstitled1.htm>

SECTION 21. Accy 9 Appendix A of the administrative code is repealed.

SECTION 22. Effective dates. This act takes effect on the day after publication, except as follows:

- (1) The treatment of section 35.93 (2) (b) 4. and (c) 1. and (3) (e) (intro.) and 1. of the statutes takes effect on January 1, 2015.

From: Hoesly, Bruce [Bruce.Hoesly@legis.wisconsin.gov]
Sent: Monday, April 14, 2014 9:09 AM
To: MacCubbin, Jean - DSPTS
Cc: Dodge, Tamara - LEGIS
Subject: Accy 1, 9

Attachments: chap accy001.pdf; chap accy009.pdf

The legislature modified the 2 attached Accy chapters in Act 210. These copies are provided for your reference. One thing I want to point out is that the Act adopts updated standards in sections Accy 1.101 and 1.205. It also eliminates the note that says the standards are on file at LRB and your office. However, the act does not eliminate the statutory requirement that the standards be on file so I think that requirement still applies.

227.21(2)(b)

(b) The attorney general shall consent to incorporation by reference only in a rule of limited public interest and in a case where the incorporated standards are readily available in published form or are available on optical disk or in another electronic format. Each rule containing an incorporation by reference shall state how the material incorporated may be obtained and, except as provided in s. 601.41 (3) (b), that the standards are on file at the offices of the agency and the legislative reference bureau.

Bruce J. Hoesly
Revising Attorney/Code Editor
Legislative Reference Bureau

Chapter Accy 1

RULES OF CONDUCT

Subchapter I — Applicability and Definitions

| | |
|------------|---|
| Accy 1.001 | Applicability of rules of conduct to certified public accountants. |
| Accy 1.002 | Applicability of rules of conduct to certified public accountants who have a significant influence over a CPA-related business or who advertise as a CPA. |
| Accy 1.003 | Definitions. |

Subchapter II — Independence, Integrity and Objectivity

| | |
|------------|----------------------------|
| Accy 1.101 | Independence standards. |
| Accy 1.102 | Integrity and objectivity. |

Subchapter III — Competence and Technical Standards

| | |
|------------|----------------------------|
| Accy 1.201 | General standards. |
| Accy 1.202 | Auditing standards. |
| Accy 1.203 | Accounting principles. |
| Accy 1.204 | Other technical standards. |

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|------------|--|
| Accy 1.205 | Standards for auditing, accounting and review services, and attestation engagements. |
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Subchapter IV — Responsibilities to Clients

| | |
|------------|---|
| Accy 1.301 | Confidential client information. |
| Accy 1.302 | Contingent fees, commissions and referral fees. |

Subchapter V — Other Responsibilities and Practices

| | |
|------------|---|
| Accy 1.401 | Acts discreditable. |
| Accy 1.402 | Advertising or other forms of solicitation. |
| Accy 1.404 | Incompatible occupations. |
| Accy 1.405 | Form of practice and name. |
| Accy 1.406 | Practice while suspended. |
| Accy 1.407 | Communications. |
| Accy 1.408 | Ownership requirements. |

Note: Chapter Accy 1 as it existed on June 30, 1974 was repealed and a new Chapter Accy 1 was created, Register, June, 1974, No. 222, effective July 1, 1974.

Subchapter I — Applicability and Definitions

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

(2) A certified public accountant may be held responsible for compliance with the rules of the examining board by any person associated with the certified public accountant in a firm who is either under his or her supervision or is a member of the firm.

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

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; correction made under s. 13.93 (2m) (b) 1., Stats., Register, March, 1993, No. 447; CR 03-071: r. and recr. Register May 2004 No. 581, eff. 6-1-04.

Accy 1.002 Applicability of rules of conduct to certified public accountants who have a significant influence over a CPA-related business or who advertise as a CPA. (1) A person licensed as a certified public accountant that has significant influence over a CPA-related business is considered to be practicing as a certified public accountant in the CPA-related business and all persons with ownership interest in the business shall follow the rules of the examining board in the operation of the CPA-related business.

(2) A person who operates a business and is licensed as a certified public accountant and who advertises or otherwise holds out as a certified public accountant shall follow the rules of the examining board in the operation of any business.

History: Cr. Register, June, 1982, No. 318, eff. 7-1-82; CR 03-071: r. and recr. Register May 2004 No. 581, eff. 6-1-04.

Accy 1.003 Definitions. As used in chs. Accy 1 to 9:

(1) "Attest service" means any of the following, if performed or intended to be performed in accordance with the statements incorporated under s. Accy 1.205:

- (a) An audit or any other engagement.
- (b) A review or compilation of a financial statement.
- (c) An examination of prospective financial information.

(2) "Audit" means an examination of financial statements of a person by a certified public accountant, conducted in accordance with generally accepted auditing standards, to determine whether, in the opinion of the certified public accountant, the statements

conform with generally accepted accounting principles or, if applicable, with another comprehensive basis of accounting.

(3) "Commission" means compensation, except a referral fee, for recommending or referring any product or service to be supplied by another person.

(4) "Compilation of a financial statement" means a presentation of information in the form of a financial statement that is the representation of any other person without the undertaking of the certified public accountant to express any assurance on the statement.

(5) "Contingent fee" means a fee established for the performance of any service according to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service.

(6) "CPA-related business" means a business that performs for clients any of the professional services related to accounting, tax, personal financial planning, or litigation support services or those services for which standards are established relating to audits, compilations and reviews of financial statements and examinations or compilations of prospective financial information.

(7) "Examination of prospective financial information" means an evaluation by a certified public accountant of a forecast or projection, the support underlying the assumptions in the forecast or projection, whether the presentation of the forecast or projection is in conformity with professional presentation guidelines, or, whether the assumptions in the forecast or projection provide a reasonable basis for the forecast or projection.

(8) "Firm" means a proprietorship, partnership, limited liability partnership, corporation, service corporation, or limited liability company.

(9) "Forecast" means a prospective financial statement that presents, to the best of the responsible party's knowledge and belief, an entity's expected financial position, results of operations, and changes in financial position or cash flows that are based on the responsible party's assumptions reflecting conditions it expects to exist and the course of action it expects to take.

(10) "Member of a firm" means a director, manager, employee, officer, owner, shareholder, principal, or partner of a firm.

(11) "Person" means any natural person, firm, association, or other legal entity.

(12) "Projection" means a prospective financial statement that presents, to the best of the responsible party's knowledge and belief, given one or more hypothetical assumptions, an entity's expected financial position, results of operations, and changes in

financial position or cash flows that are based on the responsible party's assumptions reflecting conditions it expects would exist and the course of action it expects would be taken given such hypothetical assumptions.

(13) "Referral fee" means compensation for recommending or referring any service of a certified public accountant to any person.

(14) "Review" means to perform an inquiry and analytical procedures that permit a certified public accountant to determine whether there is a reasonable basis for expressing limited assurance that there are no material modifications that should be made to financial statements in order for them to be in conformity with generally accepted accounting principles or, if applicable, with another comprehensive basis of accounting.

(15) "Significant influence" means the ability of an investor to exercise significant influence over operating and financial policies of an investee. The extent of ownership is not conclusive. Direct or indirect ownership of 20% or more of an investee creates a presumption that the investor has significant influence in an investee. Ownership of less than 20% of a CPA-related business creates a presumption that the certified public accountant does not have significant influence in the CPA-related business. An ability to exercise significant influence may be indicated in several ways: representation on the board of directors, participation in policy making processes, material intercompany transactions, interchange of managerial personnel, technological dependency, and the extent of ownership by an investor in relation to the concentration of other shareholdings.

Note: Examples of indications that an investor may be unable to exercise significant influence over the operating and financial policies of an investee include:

(a) Opposition by the investee, such as litigation or complaints to government regulatory authorities, challenges the investor's ability to exercise significant influence.

(b) The investor and investee sign an agreement under which the investor surrenders significant rights as a shareholder.

(c) Majority ownership of the investee is concentrated among a small group of shareholders who operate the investee without regard to the views of the investor.

(d) The investor needs or wants more financial information to apply the equity method than is available to the investee's other shareholders, for example, the investor wants quarterly financial information from an investee that publicly reports only annually, tries to obtain that information, and fails.

(e) The investor tries and fails to obtain representation on the investee's board of directors.

History: CR 03-071: (2) to (5), (7), (9), and (11) to (14) renum. from Accy 1.302 (1) (b) to (k) and am. (2), (4), (7), (11), (13) and (14), cr. (intro.), (1), (6), (8), (10) and (15), Register May 2004 No. 581, eff. 6-1-04; **2013 Wis. Act 210: am. (1) Register April 2014 No. 700, eff. 5-1-14.**

Subchapter II — Independence, Integrity and Objectivity

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

The Code of Professional Conduct ET Section 101, including Sections ET 101.01 through ET 101.19, available on the Internet at <http://www.aicpa.org/Research/Standards/CodeofConduct/Pages/sec100.aspx>, as of January 31, 2013, and published by the American Institute of Certified Public Accountants in print form as AICPA Professional Standards Volume 3, as of January 31, 2013. The printed volume is available at:

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

Note: Definitions of terms used in the independence standards, ET Section 101, are included in ET Section 92 of the Code of Professional Conduct published by the American Institute of Certified Public Accountants and available on the Internet at http://www.aicpa.org/Research/Standards/CodeofConduct/Pages/et_92.aspx and in the same printed volume as ET Section 101.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75; cr. (2) (d), Register, February, 1976, No. 242, eff. 4-1-76; cr. (2) (e), Register, January, 1977, No. 253, eff. 3-1-77; r. and recr. (1) and cr. (2) (f), Register, July, 1979, No. 283, eff. 9-1-79; r. and recr. (2) (a), am. (2) (d) 2, intro. and d., cr. (2) (g), Register, July, 1980, No. 295, eff. 8-1-80; corrections made under s. 13.93 (2m) (b) 1. and 5., Stats., Register, March, 1993, No. 447; CR

02-120: r. and recr. Register November 2003 No. 575, eff. 12-1-03; **2013 Wis. Act 210: am. Register April 2014 No. 700, eff. 5-1-14.**

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.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; corrections made under s. 13.93 (2m) (b) 5., Stats., Register, March 1993, No. 447; CR 03-071: am. Register May 2004 No. 581, eff. 6-1-04.

Subchapter III — Competence and Technical Standards

Accy 1.201 General standards. (1) All persons licensed to practice as a certified public accountant, as defined in the statutes, shall comply with the following general standards as interpreted by bodies designated by the American Institute of Certified Public Accountants Council, and must justify any departures therefrom.

(a) *Professional competence.* A certified public accountant shall undertake only those engagements which the certified public accountant or the firm can reasonably expect to complete with professional competence.

(b) *Due professional care.* A certified public accountant shall exercise due professional care in the performance of an engagement.

(c) *Planning and supervision.* A certified public accountant shall adequately plan and supervise an engagement.

(d) *Sufficient relevant data.* A certified public accountant shall obtain sufficient relative data to afford a reasonable basis for conclusions or recommendations in relation to an engagement.

(e) *Forecasts.* A certified public accountant shall not permit the certified public accountant's name to be used in conjunction with any forecast of future transactions in a manner which may lead to the belief that the certified public accountant vouches for the achievability of the forecast. This paragraph does not prohibit a certified public accountant from preparing, or assisting a client in the preparation of, forecasts of the results of future transactions. When a certified public accountant's name is associated with such forecasts, there shall be the presumption that such data may be used by parties other than the client. Therefore, full disclosure must be made of the sources of the information used and the major assumptions made in the preparation of the statements and analyses, and character of the work performed by the member, and the degree of the responsibility he or she is taking.

(2) Interpretations of s. Accy 1.201, not intended to be all-inclusive, are as follows:

(a) A certified public accountant who accepts a professional engagement implies that he or she has the necessary competence to complete the engagement according to professional standards, applying the certified public accountant's knowledge and skill with reasonable care and diligence, but the certified public accountant does not assume a responsibility for infallibility of knowledge or judgment.

(b) Competence in the practice of public accounting involves both the technical qualifications of the certified public accountant and his or her staff and the ability to supervise and evaluate the quality of the work performed. Competence relates both to knowledge of the profession's standards, techniques and the technical subject matter involved, and to the capability to exercise sound judgment in applying such knowledge to each engagement.

(c) The certified public accountant may have the knowledge required to complete an engagement professionally before undertaking it. In many cases, however, additional research or consulta-

tion with others may be necessary during the course of the engagement. This does not ordinarily represent a lack of competence, but rather is a normal part of the professional conduct of an engagement.

(d) However, if a certified public accountant is unable to gain sufficient competence through these means, he or she should suggest, in fairness to the client and the public, the engagement of someone competent to perform the needed service, either independently or as an associate.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75; r. and recr. (1) and am. (2) (a), Register, July, 1979, No. 283, eff. 9-1-79; (1) (e) renum. from Accy 1.204 (2) and am., Register, July, 1980, No. 295, eff. 8-1-80; corrections made under s. 13.93 (2m) (b) 1., Stats., Register, March, 1993, No. 447; CR 03-071: am. (1) (intro.) to (d) and (2) (a) to (d), r. and recr. (1) (e) Register May 2004 No. 581, eff. 6-1-04.

Accy 1.202 Auditing standards. 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 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.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, February, 1976, No. 242, eff. 4-1-76; r. and recr. (1) Register, July, 1979, No. 283, eff. 9-1-79; CR 03-071: renum. (1) to be Accy 1.202 and am., r. (2) Register May 2004 No. 581, eff. 6-1-04.

Accy 1.203 Accounting principles. (1) No person licensed to practice as a certified public accountant shall express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such statements contain any departure from an accounting principle promulgated by the body designated by the council of the American Institute of Certified Public Accountants to establish such principles which has a material effect on the statements taken as a whole, unless he or she can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading. In such cases the report must describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75; corrections made under s. 13.93 (2m) (b) 5., Stats., Register, March, 1993, No. 447; CR 03-071: renum. (1) to be Accy 1.203 and am., r. (2) Register May 2004 No. 581, eff. 6-1-04.

Accy 1.204 Other technical standards. A person licensed to practice as a certified public accountant shall comply with other technical standards promulgated by bodies designated by the American Institute of Certified Public Accountants Council to establish such standards, and departures must be justified by those who do not follow them.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75; r. and recr. (1), Register, July, 1979, No. 283, eff. 9-1-79; renum. (2) to be Accy 1.201 (1) (e), Register, July, 1980, No. 295, eff. 8-1-80; CR 03-071: am. Register May 2004 No. 581, eff. 6-1-04.

Accy 1.205 Standards for auditing, accounting and review services, and attestation engagements. The standards of the accounting and auditing profession that certified public accountants in Wisconsin shall use are (1) the Statements on Auditing Standards, the Statements on Standards for Accounting and Review Services, and the Statements on Standards for Attestation Engagements, published as AICPA Professional Standards by the American Institute of Certified Public Accountants, Inc.; and (2) the auditing standards of the Public Company Accounting Oversight Board. All of those Statements and Standards are incorporated by reference into this section.

Note: Copies of the Statements described above may be purchased from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036-8775.

History: CR 01-133: cr. Register October 2002 No. 562, eff. 11-1-02; CR 03-071: am. Register May 2004 No. 571, eff. 6-1-04; 2013 Wis. Act 210: consol. (intro.) to (3) and renum. Accy 1.205 and am. Register April 2014 No. 700, eff. 5-1-14.

Subchapter IV — Responsibilities to Clients

Accy 1.301 Confidential client information. (1) No person licensed to practice as a certified public accountant shall disclose any confidential information obtained in the course of a professional engagement except with the consent of the client or through the due process of law.

(2) This rule shall not be construed:

(a) To relieve such a person of the obligations under ss. Accy 1.202 and 1.203.

(b) To affect in any way compliance with a validly issued subpoena or summons enforceable by order of a court,

(c) To prohibit review of such a person's professional practices as a part of voluntary quality review under authorization of the American Institute of Certified Public Accountants or the Wisconsin Society of Certified Public Accountants, or

(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.

(3) Members of the ethics division and trial board of the American Institute of Certified Public Accountants and professional practice reviewers under American Institute of Certified Public Accountants authorization, or their state society counterparts, shall not disclose any confidential client information which comes to their attention from such persons in disciplinary proceedings or otherwise in carrying out their official responsibilities. However, this prohibition shall not restrict the exchange of information with an aforementioned duly constituted investigative or disciplinary body.

(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 section 561 of Statement on Auditing Standards No. 1, 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.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (4), Register, December, 1974, No. 228, eff. 1-1-75; corrections made under s. 13.93 (2m) (b) 5., Stats., Register, March, 1993, No. 447; CR 03-071: am. (1), (2) (a), (c), (d) and (3), cons. and renum. (4) (intro.) and (a) to be (4) and am. Register May 2004 No. 581, eff. 6-1-04.

Accy 1.302 Contingent fees, commissions and referral fees. (1) CONTINGENT FEES. Except as provided in sub.

(3), 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.

(2) CERTAIN CONTINGENT FEES PROHIBITED. No certified public accountant may receive a contingent fee from any person for whom the accountant performs attest services during the period of the attest services engagement or the period covered by any historical financial statements involved in the attest services.

(3) COMMISSIONS. Except as provided in sub. (5), 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.

(4) CERTAIN COMMISSIONS PROHIBITED. No certified public accountant may receive a commission from any person for whom the accountant performs attest services, or may receive a commission for any products or services sold to any person for whom the accountant performs attest services, during the period of the attest services or the period covered by any historical financial statement involved in the attest services.

(5) REFERRAL FEES. No certified public accountant may receive a referral fee unless all of the following apply:

(a) The certified public accountant who accepts the referral fee discloses to the client, in writing, at the time the referral is made, the amount of and reason for the referral fee.

(b) The certified public accountant who pays the referral fee discloses to the client, in writing, within 30 days after the referral is made, the amount of and reason for the referral fee.

(6) EXCEPTIONS. This section shall not prohibit payments for the purchase of an accounting practice or retirement payments to individuals formerly engaged in the practice of public accounting or payments to their heirs or estates.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; r. and recr. Register, February, 1990, No. 410, eff. 3-1-90; CR 03-071: r. (1) (intro.) and (a), renum. (1) (b) to (k) to be Accy 1.003 (2) to (14), renum (2) to (7) to be (1) to (6) and am. (1) to (5), Register May 2004 No. 581, eff. 6-1-04.

Subchapter V — Other Responsibilities and Practices

Accy 1.401 Acts discreditable. (1) No person licensed to practice as a certified public accountant, as defined in the statutes, shall commit an act discreditable to the profession.

(2) Interpretations of this section, not intended to be all-inclusive, are as follows:

(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 and need not be surrendered to the client. However, in some instances working papers will contain data which should properly be reflected in the client's books and records but which 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:

1. Worksheets in lieu of books of original entry (e.g., listings and distributions of cash receipts or cash disbursements on columnar working paper).

2. Worksheets in lieu of general ledger or subsidiary ledgers, such as accounts receivable, job cost and equipment ledgers, or similar depreciation records.

3. All adjusting and closing journal entries and supporting details. (If the supporting details are not fully set forth in the explanation of the journal entry, but are contained in analyses of accounts in the accountant's working papers, then copies of such analyses must be furnished to the client.)

4. Consolidating or combining journal entries and worksheets and supporting detail used in arriving at final figures incorporated in an end product such as financial statements or tax returns.

(b) *Working papers.* Any working papers developed by the certified public accountant incident to the performance of an

engagement which do not result in changes to the client's records or are not in themselves part of the records ordinarily maintained by such clients are considered to be solely "accountant's working papers" and are not the property of the client. For example, the certified public accountant may make extensive analyses of inventory or other accounts as part of the selective audit procedures. Even if such analyses have been prepared by client personnel at the request of the certified public accountant, they nevertheless are considered to be part of the accountant's working papers. Only to the extent such analyses result in changes to the client's records would the certified public accountant be required to furnish the details from the working papers in support of the journal entries recording such changes, unless the journal entries themselves contain all necessary details.

(c) *Duty discharged.* Once the certified public accountant has returned the client's records or furnished the copies of such records and/or 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.

(d) *Copies to the client.* If the certified public accountant has retained copies of a client's records already in possession of the client, the certified public accountant is not required to return such copies to the client.

(e) *Conviction of a crime.* Conviction of a crime the circumstances of which substantially relate to the practice of accounting is an act discreditable to the profession in violation of this section. As enumerated below, the board shall act as follows:

1. On conviction of a felony, the circumstances of which substantially relate to the practice of accounting the board will initiate charges in every instance.

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 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.

3. On conviction of a misdemeanor the circumstances of which substantially relate to the practice of accounting the board will review the circumstances and the nature of the act resulting in conviction. Each such situation will be considered by the board as an informal complaint. The minutes of the board will reflect the fact of review and the resulting disposition of the informal complaint. Such convictions that are professionally related and related to good moral character can be the basis for bringing formal charges and subsequent board action.

4. On conviction for failure to act with integrity and trustworthiness with information or property of others, the board will initiate charges in every instance.

(f) A certified public accountant shall notify the board in writing within 60 days after being convicted of a crime.

(g) *Receiving fees for services not performed.* The deliberate receipt and retention of a fee from a client for services not performed when the client has been given reason to believe that there should be performance, or the withholding of services and receiving a retainer or fee when the services agreed upon have knowingly been withheld, are acts discreditable to the profession. The amount or rate of charge for services is a contractual matter between the certified public accountant and the client, and except as related to the provision, the board does not have authority to set or regulate fees or for taking jurisdiction in such matters. The term "services not performed" means situations in which the actual work for which payment is received is not done.

(h) *Discrimination in employment practices.* Discrimination based on race, color, religion, sex, age or national origin in hiring,

promotion or salary practices is presumed to constitute an act discreditable to the profession in violation of this section.

History: Cr. Register June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, February, 1976, No. 242, eff. 4-1-76; am. (2) (b), Register, July, 1979, No. 283, eff. 9-1-79; renum. from Accy 1.501 and am. (2) (intro.) (a) and (b), cr. (2) (d) and (e), Register, July, 1980, No. 295, eff. 8-1-80; am. (2) (b) intro. and cr. (2) (b) 4., Register, April, 1981, No. 304, eff. 5-1-81; am. (2) (d), renum. (2) (e) to be Accy 1.402 (2) (e), Register, June, 1982, No. 318, eff. 7-1-82; cr. (2) (bm), Register, April, 1985, No. 352, 5-1-85; CR 03-071: am. (1), (2) (intro.) and (a) (intro.), cons. and renum. (2) (am) (intro.) and 1. to be (2) (b) and am., renum. (2) (an) to (d) to be (2) (c) to (h) and am. (2) (c) to (g) Register May 2004 No. 581, eff. 6-1-04.

Accy 1.402 Advertising or other forms of solicitation. No certified public accountant may advertise or solicit a client in a manner that is false, fraudulent, misleading or deceptive.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75; r. and recr. (2) (a), (g), (j) and (n), Register, February, 1976, No. 242, eff. 4-1-76; r. and recr. Register, July, 1978, No. 271, eff. 9-1-78; renum. from Accy 1.502 and am. (2) (intro.), Register, July, 1980, No. 295, eff. 8-1-80; am. (1) and (2) (c), (2) (e) renum. from Accy 1.401 (2) (e), Register, June, 1982, No. 318, eff. 7-1-82; r. and recr. Register, April, 1986, No. 364, eff. 5-1-86; CR 03-071: am. Register May 2004 No. 581, eff. 6-1-04.

Accy 1.404 Incompatible occupations. (1) A person who is engaged in practice as a certified public accountant, as defined in the statutes, shall not concurrently engage in any business or occupation which would create a conflict of interest rendering professional services.

(2) Interpretations of sub. (1) not intended to be all-inclusive, are as follows:

(a) Engaging concurrently with the practice of public accounting in any business or occupation inconsistent with the certified public accountant's responsibilities under the Wisconsin rules of conduct would constitute involvement in an incompatible occupation prohibited by sub. (1).

(b) The proscription in sub. (1) applies to any business or occupation which:

1. Detracts from the public image of the profession, as for example, on legal grounds, or involves conduct which would constitute an act discreditable to the profession.

2. Impairs the certified public accountant's objectivity in rendering professional services to clients.

3. Inherently involves responsibilities which are likely to conflict with the certified public accountant's responsibility to others arising out of the client-certified public accountant relationship.

(c) A conflict of interest exists when a certified public accountant or firm of such persons who are licensed to practice in Wisconsin becomes associated with or employed by a nonlicensed individual or firm offering accounting, tax, or consulting services, such as those customarily provided by certified public accountants, in a manner and with representation or implication that third parties could interpret or conclude that attest services are performed or offered by both the nonlicensed individual or firm and the certified public accountant. A conflict of interest also exists if the services of the licensed certified public accountant or firm of such persons can be influenced or decisions altered by the non-certified associate or employer.

(d) A conflict of interest exists when a certified public accountant who is not licensed permits his or her status as a certified public accountant to be used or publicized in a manner or situation that third parties could assume or conclude that attest services are being performed or offered by or through nonlicensed individuals or firms.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, February, 1976, No. 242, eff. 4-1-76; r. and recr. Register, July, 1978, No. 271, eff. 9-1-78; cr. (2), Register, July, 1979, No. 283, eff. 9-1-79; renum. from Accy 1.504, Register, July, 1980, No. 295, eff. 8-1-80; am. (2) (intro.) and (a), Register, April, 1981, No. 304, eff. 5-1-81; cr. (2) (c) and (d), Register, June, 1982, No. 318, eff. 7-1-82; am. (2) (b) 1., Register, April, 1985, No. 352, eff. 5-1-85; CR 03-071: am. (1) and (2) (a) to (d) Register May 2004 No. 581, eff. 6-1-04.

Accy 1.405 Form of practice and name. (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 is misleading as to the type of organization. However, names of one or more past partners or shareholders may be included in the firm name of a successor partnership or corporation. Also a partner or shareholder surviving the death or withdrawal of all other partners or shareholders may continue to practice under the partnership or corporation name for up to 2 years after becoming a sole practitioner or shareholder.

(2) No person or firm engaged in practice as a certified public accountant may use a business name or designation that is misleading as to the number of individuals with an equity in the firm. A sole proprietor may not use a name implying multiple ownership such as "& Co." or "& Company" or "& Associates," or "Firm" or "Associates" or "Company," and a firm with multiple ownership may not use the name so that multiple ownership is not disclosed. A firm with multiple ownership may not imply in the firm's name that there are owners of the firm in addition to those specifically mentioned in the firm's name when no additional owners exist.

(3) An interpretation of this section, not intended to be all-inclusive, is that a certified public accountant in the practice of public accounting may have a financial interest in a commercial corporation which performs for the public services of a type performed by certified public accountants and whose characteristics do not conform to resolutions of The Council of the American Institute of Certified Public Accountants, provided such interest is not material to the corporation's net worth, and the certified public accountant's interest in and relation to the corporation is solely that of an investor.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75; r. and recr. (1) (a), renum. (2) to be (3) and cr. (2), Register, February, 1976, No. 242, eff. 4-1-76; renum. from Accy 1.505 and am. (3) (intro.), Register, July, 1980, No. 295, eff. 8-1-80; am. (2) (intro.) and (a), Register, April, 1981, No. 304, eff. 5-1-81; am. (3) (a), Register, June, 1982, No. 318, eff. 7-1-82; am. (2), Register, July, 1983, No. 331, eff. 8-1-83; am. (1) (intro.) and (a), Register, January, 1985, No. 349, eff. 2-1-85; r. (1) (b), Register, February, 1990, No. 410, eff. 3-1-90; am. (1) (a), Register, February, 1992, No. 434, eff. 3-1-92; r. and recr. (1) (intro.), Register, May, 1994, No. 461, eff. 6-4-94; CR 03-071: cons. and renum. (1) (intro.), (a) to be (1) and (3) (intro.), (a) to be (3) and am., r. (1) (c), am. (2) Register May 2004 No. 581, eff. 6-1-04.

Accy 1.406 Practice while suspended. No person who is licensed to practice as a certified public accountant, who has been suspended, shall practice as a certified public accountant during the period of such suspension.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; renum. from Accy 1.506, Register, July, 1980, No. 295, eff. 8-1-80; CR 03-071: am. Register May 2004 No. 581, eff. 6-1-04.

Accy 1.407 Communications. A certified public accountant shall, when requested, respond to communications from the board within 30 days of the mailing of such communications by registered or certified mail.

History: Cr. Register, July, 1978, No. 271, eff. 9-1-78; renum. from Accy 1.507, Register, July, 1980, No. 295, eff. 8-1-80.

Accy 1.408 Ownership requirements. (1) In this section "ownership interest" means any equity or voting interest in a firm.

(2) An applicant for a license as a certified public accounting firm shall demonstrate that more than 50% 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) A firm applying for licensure meets the ownership requirement under sub. (2) in the following circumstances:

(a) If the applicant is a sole proprietorship and the owner holds a certificate and license to practice as a certified public accountant issued under the laws of this state.

(b) If the applicant is organized as a service corporation and more than 50% of the voting rights are held by individuals who are certified public accountants.

(c) If the applicant is organized as a business corporation and more than 50% of the voting rights are held by individuals who are certified public accountants.

(d) If the applicant is organized as a partnership or limited liability partnership and more than 50% of the voting rights are held by individuals who are certified public accountants.

(e) If the applicant is organized as a limited liability company and more than 50% of the voting rights are held by individuals

who are certified public accountants.

(4) An applicant firm with ownership characteristics other than those identified in sub. (3) may submit information about the ownership interests of all members of the firm to the board. The board may determine that more than 50% of the ownership interest of the firm is held by individuals who hold certificates or licenses to practice as a certified public accountant. In making this determination the board shall consider whether ownership interest of all members of the firm results in control and management of the firm by individuals who hold certificates or licenses to practice as a certified public accountant.

History: CR 02-052; cr. Register December 2002 No. 564, eff. 1-1-03.

Chapter Accy 9

PEER REVIEW

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Accy 9.01 Definitions. As used in this chapter:

(1) “Board-approved review program” means a program approved by the board to perform a peer review of a firm licensed by the board.

(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) “Peer review” means a process for a person who is 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.

(5) “SAS” means the Statements on Auditing Standards issued by the auditing standards board of the American Institute of Certified Public Accountants.

(6) “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.

(7) “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.

(8) “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.

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03; CR 03-071: r. (4), renum. (5) to (9) to be (4) to (8) Register May 2004 No. 581, eff. 6-1-04; 2013 Wis. Act 210: am. (2), r. (4), am. (5) to (7), renum. (8) (intro.) to (8) and am., r. (8) (a), (b) Register April 2014 No. 700, eff. 5-1-14.

Accy 9.02 Requirement for firm license renewal.

(1) After January 1, 2005, an application for renewal by a certified public accounting firm that provides or offers to provide attest services shall include a description of at least one peer review of the firm undergone through a peer review program approved by the board, or approved by a board that regulates certified public accountants in another state, within 3 years preceding the application for renewal. The description shall identify the board-ap-

proved peer review program, the outcome of the review and the year under review.

(2) A firm is exempt from the peer review requirements in this section if it does not offer or perform attest services as defined in s. 442.001 (1), Stats.

(3) A firm that has not offered or performed an attest service within the 3-year period preceding application for renewal shall notify the department at the time of renewal that it is exempt from the peer review requirements of this section because it has not offered or performed an attest service within the 3-year period. If a firm that has claimed the exemption in this section subsequently performs an attest service, it shall notify the board by letter that it is no longer exempt from the peer review requirement within 30 days after accepting the engagement for the attest service and that it agrees to undergo a peer review within 18 months after accepting the engagement.

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.

1. Does your firm audit SEC clients, including employer-sponsored plans required to file a form 11-K with the SEC?
2. 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?
 - Compilations of financial statements where “Selected Information—Substantially All Disclosures Required Are Not Included?”
 - Compilations of financial statements that omit substantially all disclosures?
 - Statements on Standards for Attestation Engagements (SSAE)?
 - 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)?

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.03 Reports from board-approved review programs. Each board-approved peer review program shall report the following to the board by December 1 of each even-numbered year:

(1) A list of the names, addresses and license numbers of all firms that have undergone peer review within the preceding 36 months.

(2) An evaluation of the effectiveness of the peer reviews.

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.04 List of board-approved review programs. The board shall maintain a list of board-approved review programs which shall be available to the public.

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.05 Board approval of reviewers. To be approved by the board as a board approved review program, a person seeking approval as a reviewer under a board-approved review program shall submit evidence as requested by the board showing that:

- (1) The program complies with s. Accy 9.06.

(2) The person performing evaluations under the program is or consists of individuals licensed to practice as CPAs in this state who have undergone at least one peer review.

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.06 Conducting a peer review. In conducting a peer review, a board-approved peer review program shall comply

with requirements for performing system reviews, engagement reviews, and any other reviews established under the “Standards for Performing and Reporting on Peer Reviews” issued by the American Institute of Certified Public Accountants, available on the Internet at <http://www.aicpa.org/Research/Standards/PeerReview/DownloadableDocuments/PeerReviewStandards.pdf>.

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03; 2013 Wis. Act 210: am. Register April 2014 No. 700, eff. 5-1-14.



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Eastern Regional Meeting – June 4-6, 2014



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Register Now!

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The Brown Hotel
 335 West Broadway Louisville, Kentucky 40202
 Phone: 502-583-1234
 Toll Free: 888-888-5252

Make Reservations

Room Rate: \$147 per night (plus 15.01% tax)
 Deadline: Friday, May 9, 2014

Registration Fees

| | |
|--|--------------|
| Attendee Registration: BEFORE May 9 | \$695 |
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National Association of State Boards of Accountancy

**2014 Regional Meetings
Tentative Agenda**

**June 3-6 – Louisville, KY
June 10-13 – St. Louis, MO**

Tuesday

6:00 – 8:00 p.m. **New Accountancy Board Member Reception**

Wednesday

7:30 – 8:30 a.m. **New Accountancy Board Member Breakfast**

8:30 a.m. – 2:30 p.m. **New Accountancy Board Member Orientation Program**

4:00 – 5:00 p.m. **Regional Meeting Registration**

6:00 – 8:00 p.m. **Welcome Reception**

Thursday

8:00 – 9:00 a.m. **BREAKFAST (All Welcome)**

9:00 – 9:20 a.m. **Welcome from Regional Directors (All Regions)**

9:20 – 9:30 a.m. **Welcome from Host Board**
Phillip M. Layne – East
Robert Helm – West

9:30 – 10:00 a.m. **Update from NASBA Leadership**
Carlos E. Johnson and Ken L. Bishop

10:00 – 10:30 a.m. **Changes in Compilation Standards**
Janice L. Gray and Chas McElroy

10:30 -10:45 a.m. **BREAK**

10:45 – 11:15 a.m. **Focus on Work Inactive CPAs Can Perform and Other UAA Issues (such as Whistleblowing)**
Kenneth R. Odom and Noel L. Allen

11:25 – 12:25 p.m. **Leadership Presentation - Questions and Answers (Carlos E. Johnson, Ken L. Bishop, Colleen K. Conrad, Walter C. Davenport, Gaylen R. Hansen)**
(2 Regions Meet – Regional Directors moderate with topic experts present.
SW and Central; Pacific and Mountain - Western
SE and Great Lakes; Middle Atlantic and NE - Eastern

Participation limited to Board of Accountancy members, staff and former Board of Accountancy members)

11:25 – 12:25 p.m. **Seminar for Other Attendees: Strengthening Relations with Boards – Key Issues for Those Not Affiliated with a State Board**
John Johnson

12:30 – 1:30 p.m. **LUNCH** - Assigned seating

1:35 – 2:20 p.m. **The Future of Practice Monitoring**
Susan S. Coffey and G. Alan Long

2:25 – 4:05 p.m. **Meet with Your Region**

- **West**

Raymond N. Johnson – Pacific

A. Carlos Barrera – Southwest

Douglas W. Skiles – Central

Richard N. Reisig – Mountain

- **East**

Jimmy E. Burkes – Southeast

John F. Dailey, Jr. – Northeast

Tyrone E. Dickerson – Middle Atlantic

W. Michael Fritz – Great Lakes

(Participation limited to Board of Accountancy members, staff and former Board of Accountancy members. Each Region will meet in a separate room with the Regional Director leading the discussion. Election of Nominating Committee Representatives in Pacific, Central, Southeast and Middle Atlantic Regions.)

2:25 – 3:25 p.m. **Seminar for Other Attendees: Working Together to Strengthen Accounting Education**
Alfonzo Alexander

4:15 – 4:30 p.m. **Raffle – Part I**

Friday

7:30 – 8:50 a.m. **Board of Accountancy Chairs' and Presidents' Breakfast Meeting**

7:30 – 8:50 a.m. **Board of Accountancy Executive Directors' Breakfast Meeting**

8:00 – 9:00 a.m. **BREAKFAST** (All Welcome)

9:00 – 9:15 a.m. **Report from Regional Breakouts** (A summation of Thursday's sessions)
Panel of All Western Regional Directors – Richard N. Reisig – Moderator
Panel of All Eastern Regional Directors – Jimmy L. Burkes – Moderator

9:15 – 9:45 a.m. **Legal Heads Up**
Noel L. Allen

9:45 - 10:00 a.m. **Bringing More Diversity into Boards of Accountancy – Tyrone E. Dickerson – East**
– Leonard R. Sanchez – West



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

Regional Meeting Scholarships

NASBA offers support to our members through current Board Member and New Board Member Orientation Scholarships for Regional Meetings. This year's meetings will be June 4-6 in Louisville, KY, (Eastern Regional) and June 11-13 in St. Louis, MO, (Western Regional).

Board Member Scholarships

NASBA scholarships are available to one current Board of Accountancy member if that Board would not otherwise be represented. To receive funding, a letter from the Board President/Chair must be submitted to Thomas Kenny, Director of Communications, at tkenny@nasba.org. Please indicate for which regional meeting the scholarship will be requested.

Board Scholarships include:

1. Waiver of the registration fee
2. Economy Airline travel
3. Three nights' lodging

Incidentals, such as meals, taxis, telephone, gratuities, etc. are not covered.

Every attempt should be made to make airline reservations at least 30 days prior to departure to get the best rates. To ensure reimbursement for hotel fees, reservations must be made by FRIDAY, MAY 2. Original receipts must be provided.

New Board Member Orientation Scholarships

Funding is available to Regional Meetings for all NEW board members appointed after June 1st of last year. To receive funding, a letter or email from the State Board President/Chair must be submit to Thomas Kenny, Director of Communications at tkenny@nasba.org. Please indicate which regional meeting will be attended.

New Board Member Orientation Scholarships include:

1. Waiver of the registration fee
2. Economy Airline travel
3. Four nights' lodging

Incidentals, such as meals, taxis, telephone, gratuities, etc. are not covered.

Every attempt should be made to make airline reservations at least 30 days prior to departure to get the best rates. To ensure reimbursement for hotel fees, reservations must be made by FRIDAY, MAY 2. Original receipts must be provided.

New board members are expected to actively participate in New Board Member Orientation. New board members who register for, but do not attend the orientation will be charged the registration fee and will not qualify to receive NASBA travel reimbursement.

If you have any questions about submitting your request for scholarship, please contact NASBA's Senior Meeting Planner Angela Layton, CMP, CMM at (615) 880-4241 or alayton@nasba.org.

Thank you and we hope to see you at one of our Regional meetings!



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Dear New Member,

Congratulations on your appointment and on your decision to protect the public in your jurisdiction! As a result of term limits, you have a limited amount of time to serve on your Board of Accountancy. With that in mind, it is extremely important for you to become involved in NASBA early in your term.

The New Board Member Orientation session is specifically designed to provide you with an opportunity to learn about NASBA's committees, leadership, resources, services and mission. Equally important, NASBA leadership will have the opportunity to meet you and learn about the skills, experience and ideas that you bring to the NASBA talent pool, as well as the ways NASBA can assist your Board of Accountancy.

We look forward to your participation in the orientation session as you network with new Board of Accountancy members from jurisdictions throughout the country. More importantly, we look forward to your future involvement in NASBA.

2014 NASBA New Board Member Orientation

Agenda

June 3-4 – Louisville

June 10-11 – St. Louis

Tuesday

6:00 – 8:00 pm New Member Reception and Dinner

Wednesday

7:30 – 8:30 a.m. New Board Member Orientation Breakfast

8:30 a.m. Welcome and Introductions

Regional Directors

- Greetings
- Introductions of all in attendance

8:50 a.m. NASBA's Mission and Voice

Carlos Johnson

- Mission
- Who Is NASBA?
- How Voice Delivered
- Committee Activities
- Getting Involved
- Defining Individual vs. Common Interest

9:10 a.m. The Strategic Plan

Ed Barnicott

- How Mission Carried to Activities

- 9:30 a.m. NASBA's Programs and Services
Ken L. Bishop and Colleen Conrad
- Overview of New and Ongoing Activities
 - Learn About NASBA Expertise
 - Resources to States
- 10:10 BREAK
- 10:30 a.m. "Not Quite Masterpiece Theatre"
Noel Allen and Regional Directors
- Humorous Skit About A Misguided Board
 - Questions
 - Do's and Don'ts
 - Board Member Responsibilities
- NOON LUNCH with your Regional Director (also in West with Center for the Public Trust Students)
- 1:00 p.m. Getting to Know You: What You Bring to NASBA and What You Need from NASBA *Regional Directors*
- Informal Small Group Discussion
 - Education and Exam
 - Licensing and Enforcement
 - Continuing Professional Education
 - Discovering New Members' Interests and Expertise
 - Current Issues
- 2:00 p.m. What You Can Expect to Receive from NASBA
NASBA Staff
- NASBA Publications
 - E-Mails
 - Free Communication Services
- 2:20 p.m. Final Opportunity for Questions
- 2:30 p.m. Adjournment