



ACCOUNTING RULES COMMITTEE of
ACCOUNTING EXAMINING BOARD
Room 121C, 1400 East Washington Avenue, Madison
Contact: Brittany Lewin (608) 261-2112
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 record of the actions of the Board.

AGENDA

11:00 A.M.

OPEN SESSION – CALL TO ORDER – ROLL CALL

A. Adoption of Agenda (1)

B. Legislative and Administrative Rule Matters – Discussion and Consideration

- 1) **Review Proposed Revisions to Chs ACCY 1-9 Relating to Rules, Comprehensive Update**
 - a) Review Proposed Chapter Reorganization (Table of Contents) **(2-4)**
 - b) Review UAA Comparison **(5-11)**
 - c) Review Proposed Rule Draft on Standards
 - d) Rule Draft Recommendations
 - e) Set Next Meeting Date and Assignments

C. Public Comments

ADJOURNMENT

**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: 5/1/2014 Items will be considered late if submitted after 4:30 p.m. and less than: <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 – Rules Subcommittee			
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? LEG ADMIN MATTERS 1. Discuss and Consider Revisions to chs. ACCY 1 -9, comprehensive Update	
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: <u>Discuss and Consider:</u> <ol style="list-style-type: none"> 1) Review Assignments from Previous Meeting 2) Review Proposed Chapter Reorganization (Table of Contents) 3) Review UAA Comparison and Action Plan 4) Set next meeting date and assignments <p>All items are contained in the Full Board Agenda Packet</p>			
11) <i>Jean MacCubbin</i>	Authorization		5/01/14
Signature of person making this request			Date

Ch. Accy 1 RULES OF CONDUCT FOR CPAs (title)

Subchapter I — Authority, Applicability, and Definitions (title)

Accy 1.001 Authority (title)

Accy 1.002 Applicability of rules of conduct to certified public accountants.

Accy 1.003 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 1.004 Definitions.

Subchapter II — Independence, Integrity, and Objectivity

Accy 1.101 Adoption of Independence standards. (title)

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.

~~Accy 1.205 Standards for auditing, accounting, and review services, and attestation engagements.~~

Accy 1.205 Adoption of professional standards. (title)

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

Ch. Accy 2 INDIVIDUAL LICENSURE (new chapter)

Subch. I Authority, Applicability, and Definitions

Subch. II APPLICATION FOR LICENSURE

Subch. II (Ch. Accy) EDUCATION

Accy 7.01 General.

Accy 7.02 Definitions.

Accy 7.03 Reasonable equivalence of a resident major in accounting.

Accy 7.035 Education required to take the examination.

Accy 7.04 Transfer of credit applicant.

Accy 7.05 Certificate by endorsement evaluation.

Accy 7.06 Public information.

Accy 7.07 Expiration of applications.

Accy 4.035 Requirements for late renewal of individual licenses; reinstatement. (title)

Subch. III (Ch. Accy 3) EXAMINATIONS

Accy 3.01 Authority.

Accy 3.02 Examinations.

Accy 3.03 Certified public accountant examination.

Accy 3.04 Education.

Accy 3.05 Examination application.

Accy 3.055 Verification of graduation after examination; release or invalidation of examination scores.

Accy 3.06 Examination.

Accy 3.07 Transition rules.

Accy 3.08 Examination grades of other states.

Accy 3.09 Cheating on examination.

Accy 3.10 Professional ethics examination.

Accy 3.11 Examination review.

Subch. IV (Ch. Accy 5) EXPERIENCE EVALUATIONS AND ENDORSEMENT QUALIFICATIONS (Ch. Accy 8)

- Accy 5.01 Review dates.
- Accy 5.02 Experience evaluation.
- Accy 5.03 Public accounting experience.
- Accy 5.04 Experience; general.
- Accy 5.05 Bookkeeping and elementary individual tax return preparation.
- Accy 5.06 Self-employment.
- Accy 5.07 Judgment.

- Accy 8.01 Authority and purpose.
- Accy 8.02 Substantial equivalence.
- Accy 8.03 Citizenship and residency.
- Accy 8.04 Foreign candidates.
- Accy 8.05 International mutual recognition agreement.

Subch. V ETHICS

Subch. VI RENEWAL AND REINSTATEMENT

Subch. VII FEES

Subch. VIII ? ENFORCEMENT

Ch. ACCY 3 Leave CHAPTER open for CPE?

Subch. I Subch. I Authority, Applicability, and Definitions

Ch. ACCY 4 FIRM LICENSURE AND PEER REVIEW (ch. ACCY 9)

Subch. I Authority, Applicability, and Definitions

- Accy 4.02 Firm license.

Subch. II APPLICATION FOR LICENSURE

(FIRM NAME?)

- Accy 4.037 Licensure application requirements for firms.

Subch. III SOLE PROPRIETOR

- Accy 4.03 Firm license required for sole proprietor.

Subch. IV MOBILITY (see UAA)

Subch. V OFFICE Wisc, out-of-state, no office

- Accy 4.015 More than one office.
- Accy 4.04 Firms without office in this state.
- Accy 4.06 Out-of-state firm with a bona fide office in Wisconsin but no resident partner or stockholder.

Subch. VI MEMBER

- Accy 4.07 Change in member of a firm

Subch. VII RENEWAL AND REINSTATEMENT

- Accy 4.035 Requirements for late renewal of individual licenses; reinstatement.

Subch. VIII FEES

- Accy 4.05 Fees.

Subch. IX PEER REVIEW (Ch. Accy 9) OR A STAND ALONE CHAPTER DEPENDING ON RESEARCH OF BEST PRACTICES

- Accy 9.01 Authority and definitions. (title)
- Accy 9.02 Requirement for firm license renewal.
- Accy 9.03 Reports from board-approved review programs.
- Accy 9.04 List of board-approved review programs.
- Accy 9.05 Board approval of reviewers.

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