



ACCOUNTING RULES COMMITTEE of
ACCOUNTING EXAMINING BOARD
Teleconference Meeting
Room 199B, 1400 East Washington Avenue, Madison
Contact: Brittany Lewin (608) 261-2112
July 17, 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

9:00 A.M.

OPEN SESSION – CALL TO ORDER – ROLL CALL

A. Adoption of Agenda ()

B. Legislative and Administrative Rule Matters – Discussion and Consideration

1) Review Proposed Revisions to Chs ACCY 1-9 Relating to Rules, Comprehensive Update ()

C. Public Comments

ADJOURNMENT

Accy 9.01 Definitions. As used in this chapter:

(1) “Board-approved review program” means the Sponsoring Organization’s entire peer review process, including but not limited to the standards for administering, performing and reporting on peer reviews, oversight procedures, training, and related guidance materials.

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(2) “Engagement review” means a peer review where the peer reviewer evaluates and reports on whether engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects.

Deleted: program approved by the board to perform a peer review of a firm licensed by the board.

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(3) “PCAOB” means the Public Company Accounting Oversight Board that conducts firm inspections of certified public accounting firms’ SEC issuer practices and other engagements subject to its inspection process.

Deleted: to review a firm that performs 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 an engagement review, the reviewers are required to review the financial statements and accompanying accountant’s report for compliance with professional standards, and determine whether the firm’s working paper documentation conforms to the requirements of the SSARS and SSAES that are applicable to these engagements in all material respects.¶

(4) “Peer review” means a a board-approved study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee of a registered firm in the practice of public accounting, by a person or persons who hold licenses in this or another jurisdiction and who are not affiliated with the person or firm being reviewed.

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(5) “Peer Review Oversight Committee” means a Board established committee to oversee the peer review requirement

(6) “Peer Review Program” includes the Sponsoring Organization’s entire peer review process, including but not limited to the standards for administering, performing and reporting on peer reviews, oversight procedures, training, and related guidance and materials.

(7) “Peer Review Reports” are reports issued by the peer reviewer/reviewing firm in accordance with the Board-approved peer review standards

Deleted: 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.¶

(8) “Peer Review Standards” are Board-approved professional standards for administering, performing and reporting on peer reviews.

(9) “Peer Reviewer/Reviewing Firm” is a certified public accountant/accounting firm responsible for conducting the peer review holding a valid and active license to practice public accounting in good standing by this state or some other state who meets the peer reviewer requirements established in the Board-approved peer review standards

Deleted:) “Report review” means to review the financial statements submitted by the reviewed firm and the accountant’s report thereon, together with certain background information and representations provided by the reviewed firm, including the firm’s prior peer review report, and if applicable, letter of comment and letter of response. A report review does not include a review of the working papers prepared on the engagements submitted for review, tests of the firm’s administrative or personnel files, interviews of selected firm personnel, or other procedures performed in a system or engagement review. A report review does not provide the reviewer with a basis for expressing any form of assurance on the firm’s system of quality control for its accounting practice.¶

(10) “Report Acceptance Body (RAB)” is the Sponsoring Organization’s committee responsible for, but not limited to, the acceptance of peer review documents.

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(11) “Sponsoring Organization” means a Board-approved professional society, or other organization responsible for the facilitation and administration of peer reviews through use of its peer review program and peer review standards

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(12) “SAS” means statements on auditing standards issued by the auditing standards board of the American Institute of Certified Public Accountants.

(13) “SSAE” means the statements on standards for attestation engagements issued by the auditing standards board, of the American Institute of Certified Public Accountants.

Deleted: the accounting and review services committee, and the consulting services executive committee

(14) "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.

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(15) "System review" means a peer review intended to provide the peer reviewer with a reasonable basis for expressing an opinion on whether during the year under review:

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(a) The reviewed firm's system of quality control for its accounting and auditing practice has been designed in accordance with applicable quality control standards.

Deleted: to review a firm that performs engagements under the SAS or examinations of prospective financial statements under the SSAE. System reviews are usually performed at the reviewed firm's office. A system review is intended to provide the reviewer

(b) The reviewed firm's quality control policies and procedures were being complied with to provide the firm with reasonable assurance of performing and reporting conformity with applicable professional standards in all material respects.

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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.

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 (as defined currently) 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-approved 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. 2. Does your firm currently perform the following types of engagements?

Statements on Auditing Standards (SASs) - Audits?

Engagements under Government Auditing Standards (Yellow Book)?

Statements on Standards for Attestation Engagements (SSAE)? International

Auditing or Accounting Standards?

PCAOB Auditing Standards for non-issuers

PCAOB Attestation Standards for non-issuers

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

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

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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, and addresses, of all firms that have undergone peer review within the preceding 36 months.

(2) ▼

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 Approved Peer Review Sponsoring Organizations, Programs and Peer Review Standards

(1) The Board shall approve peer review Sponsoring Organizations, program(s) and standards.

(2) The Board adopts the American Institute of Certified Public Accountants (AICPA) as an approved Sponsoring Organization and its peer review program and the Wisconsin Institute of CPAs (WICPA) or its successor and other peer review programs administered by entities fully involved in the administration of the AICPA Peer Review Program. These organizations are not required to submit an application for approval to the Board. The Board may approve other peer review Sponsoring Organizations and programs.

(3) Any Board approved peer review program and any peer reviewer performing a peer review under this section shall utilize standards for performing and reporting on peer reviews by a recognized national accountancy organization whose standards are generally accepted by other regulatory authorities in the United States and are acceptable to the Board, including but not limited to the AICPA Standards for Performing and Reporting on Peer Reviews.

- Deleted:** Reviews of financial statements?¶
- Deleted:** of financial statements with disclosures?¶
- Deleted:** ¶
 Compilations of financial statements where "Selected Information-Substantially All Disclosures Required Are Not Included"?¶
 Compilations of financial statements that omit substantially all disclosures?
- Deleted:** Statements on Standards for Attestation Engagements (SSAE)?¶
- Deleted:** 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?
- Deleted:** Engagements under Government Auditing Standards (Yellow Book)?¶
- Deleted:** and license numbers
- Deleted:** An evaluation of the effectiveness of the peer reviews

(4) For an organization, not specifically identified in these Rules as Board-approved, to receive Board approval for its peer review program and standards, the organization must submit evidence to the satisfaction of the Board that the overall program and standards are at least equivalent to those of the AICPA Peer Review Program. At a minimum, the evidence shall include the standards, procedures, guidelines, oversight process, training materials and related documents used to administer, perform, and accept peer reviews. The Board has the authority to request any other documents/information from an organization about its peer review program in determining whether to grant approval.

(5) For public accounting firms required to be registered with and inspected by the Public Company Accounting Oversight Board (PCAOB), the Board approves the PCAOB's inspection process for reviewing practices subject to its authority (which are not included in the scope of peer review programs). Firms receiving inspections under the PCAOB are also required to meet the peer review requirements under a Board-approved peer review program that covers the portion of the public accounting firm's practice not subject to the PCAOB inspection process, should the firm have such a practice.

Accy 9.06 Peer Review Oversight Program

(1) The board may create a peer review oversight committee to provide oversight of the sponsoring organization in order to provide reasonable assurance that peer reviews are being administered, conducted, and reported on in accordance with the AICPA standards for performing and reporting on peer reviews.

(2) If formed, the Peer Review Oversight Committee:

(a) Shall be composed of at least three members;

(b) No committee member may be a current member of any state board of accountancy or one of its committees or perform any enforcement related work for regulatory or governmental bodies or state professional ethics committeea state board;

(c) At least two members shall have an active license to practice public accountancy in this state and shall have current experience in accounting and auditing;

(d) Each committee member in paragraph (c) above must have received a Peer Review report with a rating of pass on the most recently accepted Peer Review for his/her firm.

(f) A committee member may serve up to a three-year term, except that terms of those first appointed shall be arranged so that to the extent possible, an equal number of members will rotate off annually.

(g) The committee may fill vacancies occurring during a term for the unexpired term with members approved by the Board.

(h) Each committee member shall annually sign a confidentiality statement indicating they will not divulge any information to the Board that would identify any Firm, licensee, or peer reviewer/reviewing firm.

Accy 9.07 Peer Review Oversight Committee Responsibilities

(1) The Peer Review Oversight Committee shall review applications received from Sponsoring Organizations and recommend approval or disapproval of such applications.

(2) Oversight and verification. The Peer Review Oversight Committee shall conduct oversight of approved peer review programs to provide reasonable assurance that such programs are in compliance with the minimum standards for performing and reporting on peer reviews. The committee shall report to the Board any modifications to approved peer review programs and shall make recommendations regarding the continued approval of peer review programs.

(a) Oversight procedures to be performed by the Peer Review Oversight Committee may consist of but are not limited to the following activities:

(A) Visit the Sponsoring Organization of the approved peer review program;

(B) Review the Sponsoring Organization's procedures for administering the program;

(C) Meet with the Sponsoring Organization's RAB during consideration of peer review documents;

(D) Review the Sponsoring Organization's compliance with their programs and oversight.

(b) The Peer Review Oversight Committee shall verify that firms are in compliance with peer review requirements as follows:

(A) Verification may include review of the peer review report, the firm's response to the matters discussed in the peer review report, and the acceptance letter outlining any additional corrective or monitoring procedures, and the letter(s) signed by the Sponsoring Organization notifying the Firm that required actions have been appropriately completed.

Accy 9.08 Extensions.

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(1) The Board may accept extensions for completing peer reviews granted by Sponsoring Organizations provided the Board is notified by the firm within 14 days from the date of the letter from the Sponsoring Organization granting the extension. Ordinarily extensions are granted for the following reasons:

(a) Health;

(b) Military service; or

(c) Other good cause clearly outside of the control of the public accounting firm.

9.09 Firm Structure Changes

In the event a firm is merged, otherwise combined, dissolved, or separated, the sponsoring organization shall determine which firm is considered to be the succeeding firm. The succeeding firm shall retain its peer review status and the review due date.

Deleted: 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 report 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.¶

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/stdstilt edl.htm>¶

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

Subchapter I — Authority, Applicability, and Definitions

Accy 1.001 Authority. The authority to apply rules of conduct to certified public accounts is provided to the accounting examining board under ch. 442, Stats.

Accy 1.002 Applicability of rules of conduct to certified public accountants. (1) Chapters **Accy 1 to (4) subject to change**) 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) (might change)**

Accy 1.025 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.

Accy 1.003 Definitions. As used in **Accy 1 to 9 (subject to change) (3-1 and 5-1 UAA)**

(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. **(Also can use UAA Model Language)**

(3) "Board" means the accounting examining board

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

(5) "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.

(6) "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.

(7) "Certified public accountant" has the meaning given in s. 442.02 (1m), Stats.

(8) "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.

(9) "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.

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

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

(12) "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.

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

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

(15) "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.

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

(17) "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.

(18) "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, and 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.

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.

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.~~

Subchapter III — Competence and Technical Standards

Accy 1.201 General Standards. (Same language from current rule) 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 consultation 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.

Accy 1.202 Applicable standards. (Removed Accy 1.202, 1.203, and 1.204 replaced with UAA 10-3) (1) A person licensed to practice as a certified public accountant shall not permit the certified public accountant's name to be associated with financial statements in such a manner as to imply that the certified public accountant is acting as an independent public accountant unless the certified public accountant has complied with the applicable generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants. Statements on auditing standards used by the American Institute of Certified Public Accountants ~~auditing standards executive committee~~ auditing standards board are, for purposes of this rule, considered to be interpretations of the generally accepted auditing standards, and departures from such statements must be justified by those who do not follow them.

A licensee shall follow the standards, as applicable under the circumstances and at the time of the services. A licensee shall follow standards issued by other professional or governmental bodies including international standards setting bodies with which a licensee is required by law, regulation or the terms of engagement to comply. A licensee shall comply with all applicable standards, including the following:

- (a) A licensee shall not render services subject to the authority of the Securities Exchange Commission or Public Company Accounting Oversight Board (PCAOB) unless the licensee has complied with the applicable standards and rules adopted and approved by the PCAOB and SEC.
- (b) A licensee shall not render auditing services unless the licensee has complied with the applicable generally accepted auditing standards.
- (c) A licensee shall not render accounting and review services unless the licensee has complied with the standards for accounting and review services issued by the American Institute of Certified Public Accountants.
- (d) A licensee shall not permit the licensee's name to be associated with governmental financial statements for a client unless the licensee has complied with the standards for governmental accounting issued by the Government Accounting Standards Board.
- (e) A licensee shall not render attestation services unless the licensee has complied with the Statements on Standards for Attestation Engagements issued by the American Institute of Certified Public Accountants.
- (f) A licensee shall not render management consulting services unless the licensee has complied with the standards for management consulting services, including the definition of such services, issued by the AICPA.
- (g) A licensee shall not render services in the area of taxation unless the licensee has complied with the standards for tax services issued by the AICPA.
- (h) A licensee shall not permit the licensee's name to be used in conjunction with any forecast of future transactions in a manner which may lead to the belief that the licensee vouches for the achievability of the forecast, and shall not render services associated with prospective financial statements unless the licensee has complied with the standards for accountants' services on prospective financial information issued by the AICPA.
- (i) 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 Financial Accounting Standards Board (FASB).

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.
<http://www.aicpa.org/Publications/AuthoritativeStandards/Pages/Authoritative/Standards.aspx>.

Subchapter IV — Responsibilities to Clients

Accy 1.301 Confidential client information. (Same language from current rule)(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.

(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 or under the standards of the Securities and Exchange Commission or the Public Company Accounting Oversight Board.

(4) The prohibition in sub. (1) against disclosure of confidential information obtained in the course of a professional engagement does not apply to disclosure of such information when required to properly discharge the certified public accountant's

responsibility according to the profession's standards. The prohibition would not apply, for example, to disclosure, as required by AU- C section 560 of Statements on Auditing Standards, regarding the 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.

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.

Subchapter V — ~~Other Responsibilities and Practices~~ Acts Discreditable

Accy 1.401 Certain Acts. (1) ACTS DISCREDITABLE. 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. 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. (ASK THE RULES COMMITTEE IF THEY WANT TO KEEP THIS LANGUAGE)** 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.

(3) CONVICTIONS. 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:

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

(b) 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.

(c) 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.

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

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

(4) 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.

(5) 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.

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.

Accy 1.404 Incompatible occupations. 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 noncertified associate or employer.

(d) A conflict of interest exists when a certified public accountant that 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.

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 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. **(have a whole section 14 devoted to this)**

UAA 14-1 Firm Names. (1) A CPA Firm name may not be used unless such name has been registered with and approved by the Board. A misleading CPA Firm name is one of the following: **(Ask Suzanne and John about Rule 14-2 Safe harbor language Should it be used? Also have provisions under Accy1.405)**

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

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

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

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

4. Includes information about or indicates an association with persons who are not members of the firm.

5. Includes the terms "& Company", "& Associate", or "Group", but the firm does not include, in addition to the named partner, shareholder,

owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff employee.

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

(c) Claims or implies the ability to influence a regulatory body or official;

(d) Includes the name of an owner whose license has been revoked for disciplinary reasons by the Board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding himself out as a Certified Public Accountant.

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

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

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

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

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

(3) A network firm may not use a common brand name, or share common initials as part of the firm name.

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

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

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

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

(d) Significant part of professional resources.

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

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.

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.

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

Section 3. Accy 2 is created to read:

CHAPTER ACCY 2

INDIVIDUAL LICENSURE

Subch. I Authority and Definitions

Accy 2.001 Authority. The rules in this chapter are adopted pursuant to the authority in ss.442.03 ad 442.04, Stats.

Accy 2.002 Definitions.

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

Note: For a listing of accrediting agencies recognized by the secretary of the federal department of education, see http://www2.ed.gov/admins/finaid/accred/accreditation_pg6.html.

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

Note: It is possible to complete the 4-year bachelor's degree in less than 4 years. It is the completion of the course requirements of the degree to which the degree is conferred.

(3) **"Recognized accrediting agency" shall include accrediting agencies recognized by the U.S. Department of Education institution of higher education or any higher education program accredited by the U.S. Department of Education. (Jean's language)**

Note: For more information on U.S. DOE accrediting agencies and recognized institutions of higher learning, see: <http://ope.ed.gov/accreditation/>.

(4) "Resident major in accounting" means a course of study identified by a school or institution of higher learning listed by an accrediting agency recognized by the secretary of the federal department of education as a major in accounting. Where more than one course of accounting study is offered by a school, the course of study for public accounting shall be defined as a "resident major in accounting."

Subch. II Application for Certification. (Shawn's Language)

Accy 2.101 Application. (1) A candidate applying for a certificate as a certified public accountant shall apply on an application form provided by the board. The application shall include all of the following:

(a) The completed application form.

Note: Application forms are available upon request to the board's office at 1400 East Washington Avenue, P.O. Box 8935, Madison, Wisconsin 53708-8935. A qualified applicant with a disability shall be provided with reasonable accommodations.

(b) The required fee specified in s. 440.05, Stats.

(c) A statement relating to any pending criminal charge or conviction record subject to ss. 111.321, 111.322 and 111.335, Stats.

(d) Proof of fulfilling the educational requirements specified in s.442.04 (5) (b) 3. by submitting any one of the following:

1. Certified copies of transcripts for all academic work completed at an institution as defined in s. 442.04 (5) (a), Stats., at least one of which must reflect the award of a bachelor's or higher degree, if the candidate has graduated prior to filing the application.

2. Verification from an institution, as defined in s. 442.04 (5) (a), Stats., that the candidate is expected to graduate with a resident major in accounting within 60 days following the examination. (Should this language be used in light of Act 114) Ask Sharon

3. Certified copies of transcripts for all academic work completed at an institution, as defined in s.442.04 (5) (a), Stats., a list of all courses in which the candidate is currently enrolled, and verification from the institution that the candidate is expected to graduate **within 60 days following the examination date, if the candidate expects to receive the reasonable equivalence of a resident major in accounting**

(e) Evidence of the experience required by s. 442.04 (5) (b) 5., Stats.

(f) Evidence that the applicant has successfully passed all four parts of the certified public accountant examination.

~~**(2) Applicants who have the educational requirements by the application deadline may apply to take the next scheduled examination, but no certified public accountant certificate may be issued until all other requirements are met.**~~

Subch. III Education

Accy 7.03 Reasonable equivalence of a resident major in accounting. (1) The "reasonable equivalence of a resident major in accounting" for individuals without a resident major in accounting shall be considered "substantially equivalent" when all of the following are met:

(a) Two college-level courses in math or math at the level necessary for admission to the first course in calculus.

(b) Four of the 5 courses that follow: statistics, marketing, business finance, management or organizational behavior, computer science or computers in business.

(c) Two courses in principles of economics.

(d) At least one course in each of the following: introductory or principles of accounting, intermediate accounting or accounting theory, advanced accounting, cost accounting, auditing, income taxation, and business law.

(2) An applicant for a certificate as a certified public accountant shall submit to the board an official transcript or transcripts of all academic work completed evidencing the successful completion of the course work as specified in sub. (1). Course work may be accepted only if completed at a school or an institution of higher learning listed by an accrediting agency recognized by the secretary of the federal department of education.

(Jean's Language)

(3) Applicants shall be informed in writing by the board of educational equivalency or of program deficiencies. Applicants with educational deficiencies shall submit evidence of satisfactory completion of deficient course work prior to being granted a certificate.

Accy 7.035 Education required for certification. A candidate applying for a certificate as a certified public accountant must complete, as a part of the 150 semester hours of education, one of the following conditions: **(Shawn's Language)**

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

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

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

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

(b) At least 24 semester hours in business courses, other than accounting courses, at the undergraduate or graduate level covering the subjects of **business law, economics, management, marketing, finance, business communication, statistics, quantitative methods, information systems or technology, and ethics.** (UAA model rule language page 5-4)

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

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

(b) At least 24 semester hours in business courses, other than accounting courses, at the undergraduate or graduate level.

Note: In accounting, the courses covering the subjects of financial accounting, auditing, taxation, and management accounting under s. Accy 7.035 (3) (a) and (4) (a), would normally be all courses taken beyond the introduction level. (amend the note with correct citation.)

(5) Whether or not the person has 150 semester hours education, has graduated with a bachelor's or higher degree with a resident major in accounting, or its reasonable equivalence, prior to January 1, 2001.

Accy 7.04 Transfer of credit applicant. (1) Applicants who have passed all or part of the uniform certified public accountant examination in another jurisdiction but who have not yet received their certified public accountant certificate shall be able to transfer grades in subjects passed to Wisconsin provided that:

(a) Grades transferred must be certified to the board by the other jurisdiction and must be passed in accordance with rules applicable to Wisconsin candidates.

(b) Transfer of grades must be accepted by board action and the applicant notified in a manner similar to the action on grades for Wisconsin applicants.

(2) Applicants who do not meet the educational requirements to take the examination in Wisconsin must do so prior to being examined on any additional parts of the examination or advancing further toward the receipt of a Wisconsin certified public accountant certificate.

Accy 7.05 Certificate by endorsement evaluation. (1) An applicant may receive a certified public accountant certificate by endorsement if the applicant satisfies one of the following requirements:

(a) The applicant meets the Wisconsin requirements for the certified public accountant certificate existing at the time of the application.

(b) The applicant provides evidence satisfactory to the board that he or she meets all of the following requirements:

1. The applicant holds a current certificate as a certified public accountant issued by another state.

2. The applicant has passed the uniform certified public accountant examination.

3. The applicant has practiced in good standing for at least 5 years following initial licensure within the 10 years immediately preceding application under this section; or the applicant has practiced public accounting for at least 5 years following initial licensure and demonstrates that he or she has participated in a program of continuing professional education which is satisfactory to the board.

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

(2) Educational evaluations shall be made by the board, and shall consider all evidence in satisfaction of equivalent education as submitted by the applicant in accordance with s. 442.05, Stats.

Accy 7.07 Expiration of applications. If an applicant for a certificate to practice as a certified public accountant does not comply with a request for information related to his or her application within one year from the date the first request for information was made, the application expires. The applicant may file a new application if his or her application expires under this section.

Accy 4.035 Requirements for late renewal of individual licenses; reinstatement. (1) An individual certified public accountant who files an application for renewal of a license within 5 years after the renewal date may be reinstated by filing with the board:

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

(b) The fee specified in s. 440.08 (2), Stats., plus the applicable late renewal fee as specified in s. 440.08 (3), Stats.

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

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

(b) The fee specified in s. 440.08 (2), Stats., plus the applicable late renewal fee specified in s. 440.08 (3), Stats.

(c) Verification of successful completion of examinations specified in ch. Accy 3, or education specified in ch. Accy 7, or both as the board may prescribe.

(3) A licensee may not practice as a certified public accountant prior to being granted reinstatement of their license.

Subch. IV EXAMINATION

Accy 3.02 Examinations. A candidate for a certified public accountant certificate shall successfully pass the certified public accountant examination set forth in s. Accy 3.03 and the professional ethics examination set forth in s. Accy 3.10.

Accy 3.03 Certified public accountant examination. (1) The subjects covering the discipline of accounting in the certified public accountant examination shall be as provided ~~by in the 4 sections of the board of examiners of the American institute of certified public accountants uniform certified public accountant examination.~~ The passing grade on each section is 75 or higher.

(2) Examinations shall be graded by the board of examiners of the American institute of certified public accountants advisory grading service.

Accy 3.04 Education required for Examination. A candidate for the certified public accountant examination must complete 120 semester hours of education with an accounting concentration as specified in s. 442.04 (5) (b) 4., Stats., or the reasonable equivalence of an accounting concentration. **For purposes of this subsection an accounting concentration is defined as (Will this satisfy Act 210? Shawn's language) (ask the board whether they want to define accounting concentration) (possible definition accounting concentration means 75% of the required course work necessary to achieve a resident major in accounting)**

Accy 3.06 Candidates for Examination. (1) A candidate shall be allowed to sit for each section of the uniform certified public accountant examination individually and in any order.

(2) A candidate shall retain credit for any section passed for 18 months. A candidate may not retake a failed section within the same calendar quarter.

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

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

Accy 3.08 Examination grades of other states. A candidate for the C.P.A. certificate who becomes domiciled in this state, and who has acquired examination passing credits

under the uniform examination of another state, may apply for acceptance of those credits by this state, toward fulfillment of the requirements for a C.P.A. certificate in this state. The board may accept such credits if the candidate could have otherwise qualified as a candidate in this state. **(Matches UAA language in 5-7 (c))**

Accy 3.09 Cheating on examination. (1) Cheating on the certified public accountant examination is a serious breach of integrity and indicates a lack of good professional character. Cheating on an examination includes ~~but is not limited to:~~

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

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

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

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

(e) Divulging the nature or content of any examination question or answer to any individual or entity subsequent to the conclusion of the examination.

(f) Removing any examination materials, notes or other similar materials from the examination room.

(g) Falsifying or misrepresenting educational credentials or other information required for admission to the examination. (UAA language 5-9 (b) 5)

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

(3) If more than one candidate is involved in a connected offense of cheating on an examination, each candidate knowingly involved in the cheating is subject to penalties.

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

Accy 3.10 Professional ethics examination. 1) A candidate for a certified public accountant certificate shall successfully pass an open book professional ethics examination on statutes and rules governing the practice of public accounting in Wisconsin.

(2) The passing grade on the professional ethics examination is 80.

(3) A candidate who fails to achieve a passing score on the professional ethics examination is not eligible for reexamination for 30 days following notification of the failure. A candidate who fails to achieve a passing score upon reexamination is not eligible for another reexamination for 90 days following notification of the reexamination failure.

Accy 3.11 Examination review. (1) Applicants for the certified public accountant examination may request a review of their exam from the National Association of State Boards of Accountancy (NASBA).

(2) An applicant who fails the professional ethics examination may request a review of the examination. All of the ~~The~~ following conditions apply:

(a) The applicant shall file a written request to the board within 30 days of the date on which examination results were mailed and pay the fee under s. SPS 4.05.

(b) Examination reviews are by appointment only and shall be limited to one hour.

(c) Reviews shall be conducted prior to the time an applicant applies to retake the examination.

(d) An applicant may review each failed examination only once.

(e) The examination may be reviewed by telephone. During a telephone review an applicant shall be provided with the statute or administrative code reference number and the topic of the test questions the applicant failed.

(f) An applicant may not be accompanied during the review by any person other than the proctors.

(g) Bound reference books shall be permitted in the review.

(h) Applicants may not remove any notes from the review. Notes shall be retained by the proctor.

(i) The proctor shall not respond to inquiries by the applicant regarding allegations of examination error.

Subch. V EXPERIENCE EVALUATIONS AND ENDORSEMENT QUALIFICATIONS

Accy 5.01 ~~Review dates.~~ Review of Candidate's Experience. (1) Following the successful passing of the ~~written~~-uniform CPA examination and upon written request by a candidate, a candidate's experience shall be reviewed by the board. The written request shall include employer verification statements and information on experience to update the experience data already in the candidate's file. Such evaluation will determine whether the candidate qualifies at that time under the requirement of having at least one year of public accounting experience or its equivalent, the sufficiency of the experience or the equivalency to be judged by the examining board. The board shall inform the candidate if additional experience is needed. Upon gaining the required additional experience, the candidate shall notify the board and provide verification.

(2) Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills. **(UAA language 6-2 (a))**

Accy 5.02 Experience evaluation. (1) The board shall evaluate public accounting experience and equivalent experience at each regularly scheduled board meeting. Evaluations may be made at special meetings, but normally will not be scheduled at such meetings.

(2) The board shall review the candidate's experience on written request by the candidate. Among the areas of experience that may be considered by the board are the following:

(a) Experience in accounting in industry and government may be considered equivalent to public accounting when it requires high levels of knowledge, competence and judgment.

(b) Experience in teaching accounting may be considered equivalent to public accounting when it is at an advanced and specialized level of accounting. Courses taught in areas other than accounting do not qualify as public accounting experience.

(c) Experience in law may be considered equivalent to public accounting when it is at a level with responsibility for independent accounting decisions and requires high levels of accounting knowledge, competence and judgment.

Accy 5.03 Public accounting experience. An individual must have at least one year of public accounting experience or its equivalent as determined by the board. ~~Experience shall be acquired after the applicant has earned a degree as described in s. 442.04, Stats., that qualifies the applicant to take the CPA examination.~~

Accy 5.04 Experience; general.

(1) The nature and level of an employee's position or job title and position description is considered.

(2) Part-time employment can be counted proportionately, but normally is given little weight. If part-time employment is combined with full-time employment, the full-time employment is normally given the most weight.

(3) No more than one day of experience is allowed for any calendar day.

Accy 5.05 Bookkeeping and elementary individual tax return preparation.

Bookkeeping and elementary individual tax return preparation are generally not considered to be qualifying experience.

Accy 5.06 Self-employment. Self-employment must be fully documented by the candidate and presented in detail for board consideration. Candidates establishing such experience will normally be expected to appear in person before the board to establish his or her their qualifications.

Accy 5.07 Judgment. Experience evaluations are based on the judgment of the board.

Accy 8.02 Substantial equivalence. Substantial equivalence does not mean identical, rather it means equivalence in substance.

Accy 8.03 Citizenship and residency. (1) Candidates are not required to be citizens of the United States.

(3) Each candidate must qualify under Wisconsin requirements for education, experience, examination, good professional character, and professional ethics.

(4) Requirements are the same under s. 442.05, Stats., as s. 442.04, Stats., except that holders of certified public accountant certificates in good standing from other jurisdictions are permitted to qualify under experience requirements if they received their certified public accountant certificates prior to July 1, 1968, under the grandfather provisions applicable to Wisconsin candidates.

(5) Qualification under examination requirements in states with different conditional credit rules are evaluated and passed or denied based on merit for each candidate. Uniform certified public accountant examination grades are required except for candidates from states where the uniform examination had not yet been adopted at the time the individual wrote the examination. Such grades will be evaluated based on merit, and in conjunction with levels and amounts of experience.

(6) Qualification must be properly documented by the candidate with adequate evidence provided to the board.

SEE UAA 6-9) Accy 8.04 Foreign-trained candidates. (1) Candidates holding certifications from foreign countries shall establish their qualifications for a certificate by endorsement as set forth in ss. Accy 8.02 and 8.03, or in s. Accy 8.05.

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

(3) Except as provided in s. Accy 8.05, examinations in foreign countries have not been established as being comparable to those in the United States. Candidates must establish at least minimum qualifications in United States practice related to areas of business law, federal income taxes, generally accepted auditing standards, and generally accepted accounting principles. The writing of uniform certified public accountant examinations in these areas would be adequate evidence, although other evidence may be accepted if validated.

(4) Except as provided in s. Accy 8.05, experience must include practice using United States related techniques as noted in sub. (3). Experience will be considered on its merit without restriction as to where it was acquired, so long as it is relevant to United States practice. (Quez exam or (Uniform CPA exam and meet the experience requirement)

Candidates for the exam shall have their educational credentials evaluated by NASBA service a foreign credential evaluation service to determine equivalency to Wisconsin's educational requirements.

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

(a) "International qualification examination" means the examination prepared by the American institute of certified public accountants to test differences between the accounting standards used in the United States and the accounting standards used in other countries.

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

(b) "International qualifications appraisal board" means the entity jointly created by the national association of state boards of accountancy and the American institute of certified public accountants to evaluate whether a professional accounting credential

issued by a credentialing authority in a foreign country is substantially equivalent to the credentialing standards used in the United States.

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

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

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

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

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

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

SECTION 4. Accy 3 is created to read:

CHAPTER ACCY 3 ENFORCEMENT

Accy 3.01 Definitions. (UAA 10, 11, and 13)

- (1) "PCAOB" means the Public Company Accounting Oversight Board
- (2) "GASB" means Governmental Accounting Standards Board
- (3) "IRS" means the Internal Revenue Service
- (4) "SEC" means the Securities and Exchange Commission

Accy 3.02 Grounds for discipline. (1) Dishonesty, fraud, or deceit in obtaining a certificate or a license, including the submission to the board of any knowingly false or forged evidence in, or support of, an application or a certificate or license including cheating on an examination.

- (2) Making misleading, deceptive, or untrue representations in the performance of services.
- (3) Using the CPA title or providing attest or compilation services in this state without a certificate or license or without properly qualifying to practice across state lines.

- (4) Using or attempting to use a certificate or license which has been suspended or revoked.
- (5) Making any false, misleading, or deceptive statement, in support of an application for a license filed by another.
- (6) Failure to comply with professional standards as to the attest or compilation competency requirements for those who supervise attest or compilation engagements and sign reports on financial statements or other compilation communications with respect to financial statements.
- (7) Failure to comply with the applicable peer review requirements set out in **(peer review section)**
- (8) Conduct reflecting adversely upon the licensee's fitness to perform services including all of the following:
 - (a) Adjudication as mentally incompetent or any condition, whether physical or mental, that endangers the public by impairing skill and care in providing professional services.
 - (b) Incompetence.
- (9) Presenting as one's own a license issued to another.
- (10) Concealment of information regarding violations by other licensees when questioned or requested by the board.
- (11) Willfully failing to file a report or record required by state or federal law; willfully impeding or obstructing the filing of such a report or record, or inducing another person to impede or obstruct such filing by another; and the making or filing of such a report or record which one knows to be false. A finding, adjudication, consent order or conviction by a federal or state court, agency or regulatory authority or the PCAOB that a licensee has willfully failed to file a required report or record shall be prima facie evidence of a violation of this rule.

Accy 3.03 Reporting convictions, judgements, and administrative proceedings. (1) Licensees shall notify the board of all of the following within 30 days of occurrence:

- (a) Receipt of a peer review report where there was a finding of failure or a Public Company Accounting Oversight Board (PCAOB) firm inspection report containing criticisms of or identifying potential defects in the quality control systems.
- (b) Receipt of a second consecutive peer review report that is deficient

(c) Imposition upon the licensee of discipline, including, censure, reprimand, sanction, probation, civil penalty, fine, consent decree or order, suspension, revocation, or modification of a license, certificate, permit or practice rights by any of the following:

1. The Securities and exchange commission, PCAOB, or the IRS.
2. Another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy; or
3. Any other federal or state agency regarding the licensee's conduct while rendering professional services.
4. Any foreign authority or credentialing body that regulates the practice of accountancy.

(e) Notice of disciplinary charges filed by the SEC, PCAOB, IRS, or another state board of accountancy, or a federal or state taxing, insurance or securities regulatory authority, or foreign authority or credentialing body that regulates the practice of accountancy.

(f) Any judgment, award or settlement of a civil action or arbitration proceeding of \$150,000 or more in which the licensee was a party if the matter included allegations of gross negligence, violation of specific standards of practice, fraud, or misappropriation of funds in the practice of accounting; provided, however, licensed firms shall only notify the Board regarding civil judgments, settlements or arbitration awards directly involving the firm's practice of public accounting in this state.

(g) Criminal charges, deferred prosecution or conviction or plea of no contest to which the licensee is a defendant if the crime is either of the following:

1. Any felony under the laws of the United States or of any state of the United States or any foreign jurisdiction.
2. A misdemeanor if an essential element of the offense is dishonesty, deceit, or fraud.

(2) The licensee designated by each CPA firm pursuant to who is responsible for the proper registration of the firm shall report any matter reportable under this rule to which a non-licensee owner with a principal place of business in this state is a party.

(3) No application for reinstatement will be considered while the applicant is under sentence for any criminal offense, including any period during which the applicant is on court-imposed probation or parole.

Accy 3.03 Relief from disciplinary penalties. A person whose certificate or license has been revoked, suspended, or limited; or a firm whose license has been revoked, suspended, or limited may apply to the board for modification of the suspension, revocation, or limitation after completion of all requirements contained in the board's original order. (UAA 13-1)

(UAA 11-2 and 13-2) (UAA Language 11-2)

Section 5. Accy 4 is created to read:

CHAPTER ACCY 4 FIRM LICENSURE

Subch. I APPLICATION FOR LICENSURE

Accy 4.02 Firm license. A firm shall meet the ownership requirements of s. 442.08 (2) (c) 2., Stats., and be licensed as a certified public accountant if any member of the firm practices as a certified public accountant in Wisconsin other than on a temporary basis as described in s.442.025 (4), Stats. **An individual licensed as a CPA may only provide attest services as defined in s. 442.001 (1) in a CPA firm that has a firm license. (Does this belong here?)**

Accy 4.037 Licensure application requirements for firms. A firm that files an application for licensure shall submit an application that: **(1)** Identifies each office of the firm that is located in this state.

(2) If any person who holds an ownership interest in the firm is not a licensed certified public accountant, designates an individual licensed as a certified public accountant in Wisconsin as the individual responsible for the firm's compliance ch. 442, Stats.

(3) Demonstrates, to the satisfaction of the department, each of the following:

(a) That all attest services provided by the firm in this state are under the charge of an individual licensed as a certified public accountant.

(b) 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.

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

(d) That the applicant has satisfied the peer review requirements in s. 442.087, Stats., and ch. Accy 9.

Subch. III SOLE PROPRIETOR

Accy 4.03 Firm license required for sole proprietor. An individual practicing as a sole proprietor shall be licensed as an individual. One so licensed shall also be licensed as a firm.

Accy 5.01 Duty to Disclose. An individual entering into an engagement to provide professional services via a Web site pursuant to substantial equivalence shall disclose, via any such Web site, the state of the individual's principal place of business, license number and an address as a means for regulators and the public to contact the individual regarding complaints, questions or regulatory compliance. (UAA 23) **Ask John and Suzzanne if this is appropriate here.**

Accy 5.02 Practice in other states through substantial equivalence. As a pre-condition for the use of practice privileges in another jurisdiction, any licensee offering or rendering services in or to another jurisdiction pursuant to practice privileges based upon their license from this Board is deemed to have consented to the administrative jurisdiction of the other state board of accountancy. The failure of a licensee to cooperate in another state's board of accountancy's investigation shall be grounds for discipline by this Board. (UAA 23) **Ask John and Suzzanne if this is appropriate here.**

Subch. V OFFICE

Accy 4.01 More than one office. A firm with more than one office in Wisconsin is required to be licensed only once.

Accy 4.04 Firms without office in this state. Firms without a bona fide office in this state, as described in s. Accy 4.06 (2), may be licensed if there is a licensed Wisconsin certified public accountant designated as the individual responsible for the firm's compliance with ch. 442, Stats., for the Wisconsin engagement or engagements.

Accy 4.06 Out-of-state firm with a bona fide office in Wisconsin but no resident partner or stockholder. (1) Out-of-state firms with a bona fide Wisconsin office, as described in sub. (2), but with no Wisconsin resident member of a firm, may be licensed to practice in Wisconsin provided that there is a licensed Wisconsin certified public accountant designated as the individual responsible for the firm's compliance with ch. 442, Stats., and all of the members of the firm with responsibility for the Wisconsin office are licensed in Wisconsin.

(2) A bona fide office is one which has the following characteristics:

(a) *Office facilities.* Readily identifiable as the certified public accountant's separate office.

(b) *Supervision.* Work performed by or through the office is under the direct supervision of one or more certified public accountants.

(c) *Certified public accountant availability.* A certified public accountant is present in the office on a regular basis and frequently.

Subch. VI MEMBER

Accy 4.07 Change in member of a firm (UAA 7-2) (1) The board is to notified in writing of changes in the members of the firm or firm name or any of the following no later than 30 days after the change:

(a) Formation of a new firm.

(b) Termination of the firm.

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

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

(e) Issuance of the firm's first issued financial statements and accountant's Reports.

(2) Reorganizations, mergers, or comparable changes in which a new firm is created shall make application and the new firm licensed before practice can begin.

Subch. VII FEES

Accy 4.05 Fees. Fees shall be those specified in s. 440.05, Stats.

SECTION 6. Accy 5 is created to read:

CHAPTER ACCY 5 FIRM NAMES

UAA 14-1 Firm Names. (1) A CPA Firm name may not be used unless such name has been registered with and approved by the Board. A misleading CPA Firm name is one of the following: (Moved this language closer to **Accy 1.405**)

(a) Contains any representation that would be likely to cause a reasonable person to misunderstand or be confused about the legal form of the firm, or about who are the owners or members of the firm, such as a reference to a type of

organization or an abbreviation thereof which does not accurately reflect the form under which the firm is organized, for example:

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

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

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

4. Includes information about or indicates an association with persons who are not members of the firm.

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

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

(c) Claims or implies the ability to influence a regulatory body or official;

(d) Includes the name of an owner whose license has been revoked for disciplinary reasons by the Board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding himself out as a Certified Public Accountant.

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

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

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

(c) A firm name that uses the "CPA" title as part of the firm name when all named individuals are owners of the firm who hold such title or are former

owners who held such title at the time they ceased to be owners of the firm;

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

(3) A network firm may not use a common brand name, or share common initials as part of the firm name.

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

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

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

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

(d) Significant part of professional resources.

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

SECTION 7. Accy 9 is created to read:

CHAPTER ACCY 9 PEER REVIEW

Subch. I. Authority, Applicability, and Definitions

Accy 9.01 Definitions. (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.

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-approved 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)?

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.

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.

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.

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>

SECTION 7. EFFECTIVE DATE. The rules adopted in this order shall take effect on the first day of the third month following publication in the Wisconsin Administrative Register, pursuant to s. 227.22 (2) (intro.), Stats.

(END OF TEXT OF RULE)

Dated _____

Agency _____

Board Chairperson
Accounting Examining Board

The Fiscal Estimate and Economic Impact Analysis are attached.

Effect on small business:

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

OR

These proposed rules do have an economic impact on small businesses, as defined in s. 227.114 (1), Stats. and are submitted to the Small Business Regulatory Review Board for a determination on whether the rules will have a significant economic impact on a substantial number of small businesses. The Department's Regulatory Review Coordinator may be contacted by email at Tom.Engels@wisconsin.gov, or by calling (608) 266-8608

Agency contact person:

(Name), (Title), Department of Safety and Professional Services, Division of Policy Development, 1400 East Washington Avenue, Room 151, P.O. Box 8935, Madison, Wisconsin 53708; telephone 608-*; email at *@wisconsin.gov.

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

Comments may be submitted to (Name), (Title), Department of Safety and Professional Services, Division of Policy Development, 1400 East Washington Avenue, Room 151, P.O. Box 8366, Madison, WI 53708-8935, or by email to *@wisconsin.gov. Comments must be received on or before * to be included in the record of rule-making proceedings.

TEXT OF RULE

Exposure

Section 1. Accy 1, 3, 4, 5, and 7 to 9 are repealed.

Section 2. Accy 1 is created to read:

**CAPTER ACCY 1
RULES OF CONDUCT FOR
CERTIFIED PUBLIC ACCOUNTANTS**

STATE OF WISCONSIN
ACCOUNTING EXAMINING BOARD

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

PROPOSED ORDER

An order of the Accounting Examining Board to *

Analysis prepared by the Department of Safety and Professional Services.

ANALYSIS

Statutes interpreted:

Statutory authority:

Explanation of agency authority:

Related statute or rule:

Plain language analysis:

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

Comparison with rules in adjacent states:

Illinois:

Iowa:

Michigan:

Minnesota:

Summary of factual data and analytical methodologies:

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

Fiscal Estimate and Economic Impact Analysis: