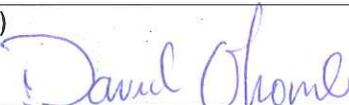
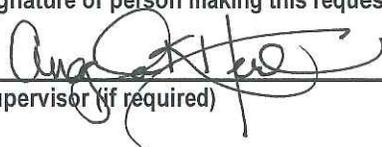


**State of Wisconsin
Department of Safety & Professional Services**

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: David Okonski		2) Date When Request Submitted: 4/11/13 Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Accounting Examining Board			
4) Meeting Date: 4/11/13	5) Attachments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	6) How should the item be titled on the agenda page? Delegation of authority for credentialing matters	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? If yes, who is appearing? <input checked="" type="checkbox"/> Yes by David Okonski (name) <input type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: To reinstate a CPA license expired more than 5 years, the Division of Professional Credential Processing requires applicants to complete 1 hr of continuing education for each month the credential has been expired, not to exceed 80 hours. The applicant has 2 years from the date of application to meet the requirement. If the applicant completes at least 40 hours of CE, DPCP will renew the license. If the applicant does not complete the remainder of the CE within two years, DPCP will inactivate the license. There is no longer any record that the board delegated the authority to DPCP for either of these actions. I request that the board make the following motions: 1) The Division of Professional Credential Processing has the authority to require applicants who wish to reinstate a credential that has been expired 5 years or more to complete 1 hour of CE for each month the credential has been expired, not to exceed 80 hours, and 2) The applicant must complete all CE required before the Division of Professional Credential Processing will reinstate the credential, OR 2) The Division of Professional Credential Processing will reinstate a CPA credential if the applicant completes no less than 40 hours of CE, but DPCP has the authority to inactivate the license of a CPA who does not complete the remaining CE within two years of application for reinstatement.			
11) Authorization			
Signature of person making this request 		Date 4-1-13	
Supervisor (if required) 		Date 4/2/13	
Bureau Director signature (indicates approval to add post agenda deadline item to agenda) Date			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Michelle Krisher Investigator/Department Monitor		2) Date When Request Submitted: 04/03/2013	
		Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Accounting Examining Board			
4) Meeting Date: 04/11/2013	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Discussion of delegated authority to Department Monitor	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? If yes, who is appearing? <input checked="" type="checkbox"/> Yes Michelle Krisher <input type="checkbox"/> No	9) Name of Case Advisor(s), if required: NA	
10) Describe the issue and action that should be addressed: Discuss new model language and proposed delegated authorities for Monitoring Liaison and Department Monitor.			
11) Authorization			
<i>Michelle J. Krisher</i>		04/03/2013	
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda) Date			
Directions for including supporting documents:			
1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

New Model Language

Violation of any of the terms of this Order may be construed as conduct imperiling public health, safety and welfare and may result in a summary suspension of Respondent's license. The Board, in its discretion, may in the alternative impose additional conditions and limitations or other additional discipline for a violation of any of the terms of this Order. *(If the order includes costs, forfeitures or continuing education add the next clause)* In the event Respondent fails to timely submit (payment of the costs or payment of the forfeiture as ordered or fails to comply with the ordered continuing education) as set forth above, the Respondent's license (#) may, in the discretion of the board or its designee, be SUSPENDED, without further notice or hearing, until Respondent has complied with (payment of the costs or forfeiture or completion of the continuing education).

Delegated Authority Request

1. Requesting delegated authority to suspend per the above language (based on the board liaison's recommendation) and to draft/issue the Order.
2. Requesting delegated authority to remove suspension once the continuing education/forfeitures/costs requirement (which the suspension was issued) is completed and to draft/issue the Order.
3. Requesting delegated authority to issue order removing limitation for the licensees whose orders state the limitation shall be removed upon completion of the continuing education and to draft/issue the Order.

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Dave Carlson		2) Date When Request Submitted: 4/3/13	
		Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Accounting Examining Board			
4) Meeting Date: 4/11/13	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Right the Rules Project-Report From Kim Tredinnick	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Kim Tredinnick will provide a report on his appearance before the Assembly Ways and Means Committee regarding the Right the Rules project.			
11) Authorization			
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda)			
Date			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			



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Testimony before the Assembly Committee on Ways and Means

**Kim L. Tredinnick, CPA
Acting Chair, Wisconsin Accounting Examining Board
April 4, 2013**

Good morning Chairman Marklein and members of the Assembly Committee on Ways and Means. Thank you for this opportunity to testify this morning related to the Wisconsin Statutes and the Wisconsin Administrative Code related to the practice of public accounting in the State of Wisconsin.

My name is Kim Tredinnick. I am a resident of the Village of DeForest, in Dane County. I am a licensed CPA in Wisconsin. I work for Baker Tilly Virchow Krause, LLP (Baker Tilly) in our Madison office. Baker Tilly is the largest CPA firm headquartered in Wisconsin and is the 17th largest CPA firm in the country with nearly 1,400 employees. I have been a partner with Baker Tilly since 1978 and have been involved in the audit and quality side of our practice my entire career. As part of my responsibilities at Baker Tilly, I have been responsible for monitoring the firm's compliance with the various rules and regulations that govern the practice of public accounting on both the state and national level.

I am also currently a member of the Wisconsin Accounting Examining Board (AEB or the "Board") and have been since July 2006. I have been the vice-chair of the Board for the last three years and am currently the Acting Chair as of this March due to recent turnover in membership on the Board. The AEB is responsible for overseeing the nearly 14,000 licensed CPAs in the State of Wisconsin. The Board presently consists of seven board members. Five members are CPAs, and two members

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represent the public. While not on the Board at the time, I have previously assisted the AEB in updating their rules in the early 2000s.

In addition to my service on the AEB, I have also been actively involved in the profession on a national level, serving on numerous committees of the American Institute of CPA's (AICPA) (our national trade association) dealing primarily with accounting, auditing and quality issues in the profession. I currently serve on the AICPA's Auditing Standards Board, which is the senior AICPA committee responsible for establishing auditing standards followed by all CPA's in conducting audits of non-SEC companies throughout the United States.

In addition, I presently serve on the Board of Directors of the National Association of State Boards of Accountancy (NASBA). The mission of NASBA is to serve the needs of the 55 state and jurisdictional boards of accountancy in the United States. NASBA represents the public interest as related to the practice of public accounting as compared to the AICPA which is a membership organization that represents the interests of the profession. NASBA also administers the CPA Exam, which many of you have probably heard of, on behalf of almost all of the states in the nation. I currently serve as the chair of the audit committee for NASBA, which handles in excess of \$80 million in funds per year.

While the AICPA and NASBA serve different constituents, they do work together on various projects of interest to the accounting profession as a whole, including the Uniform Accountancy Act that I will further discuss later on.

As you are probably aware, CPAs are licensed on a state by state basis. While licensed on an individual state basis, we are also subject to and required to comply with numerous rules, regulations and standards established by other organizations including the Securities and Exchange Commission

(SEC), the Public Company Accounting Oversight Board (PCAOB), the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB), the International Accounting Standards Board (IASB) the American Institute of CPAs (AICPA), the Government Accountability Office (GAO), the Department of Labor (DOL) and the Department of Housing and Urban Development (HUD), and numerous other banking and federal regulators. On a state level, in addition to the rules of the Wisconsin Department of Safety and Professional Services (DSPS), under which the Wisconsin Accounting Examining Board is housed, we are subject to rules established by other state agencies including the Wisconsin Department of Financial Institutions, the Office of the Commissioner of Insurance, the Department of Public Instruction, and the Department of Health Services to name a few.

Finally, when we conduct engagements in other states, we are subject to the various rules and regulations of practice in that state. With the recent passing of mobility rules in every state in the nation, practicing across state lines has become much easier.

The practice of public accounting in Wisconsin is governed primarily by Chapter 442 of the Wisconsin Statutes – *Accounting Examining Board* and the Accy Section of the Wisconsin Administrative Rules.

The Accy rules are composed of seven chapters, including:

1. Rules of Conduct
2. Examinations
3. Firm Licenses
4. Experience
5. Education
6. Endorsement

7. Peer Review

I am here today to talk about the Wisconsin Legislature's *Right the Rules* project as it relates to the Accounting Examining Board. My understanding is that the *Right the Rules* project is a top to bottom project to review the approximately 1,800 different sets of rules that govern business in the State of Wisconsin. This review is intended to identify rules that are out-of-date, unnecessary, duplicative, and otherwise make business more difficult than need be.

I believe this project is very timely related to the Accounting Examining Board. I am not aware that our rules have had a comprehensive review and updating in over 10 years. In fact, many of the rules that govern the practice of accounting in Wisconsin include references to standards that have been changed substantially in the last 10 years.

As you may be aware, when a state board incorporates standards established by another organization into the board's rules, the Board is required to adopt those rules as of a specific date. My understanding is that this is required because, if it were not, the State would be automatically adopting changes in the rules of another organization every time that organization adopts new rules without any consideration of the changes by the state board.

This leads to an obvious problem of constantly updating the effective date of rules incorporated into the Administrative Rules, which does not always happen.

For example, there are several rules included in the Administrative Code governing the Accounting Examining Board that cite rules as of January 1, 2002 or other similar dates. In most cases, these rules have been substantially revised by the organizations referred to in the Administrative Code in the last ten years, and if the CPA were to follow the rules that are referenced in the Administrative

Rules for the practice of public accounting, the CPA would be in violation of professional standards that they are required to practice under.

Inclusion of the date of adoption of various standards established by other organizations is confusing enough. Trying to even find a hard copy of those standards in today's electronic environment is next to impossible.

Following are several cases in point:

- Accy 9.06 regarding the performance of peer reviews in the State of Wisconsin references the "Standards for Performing and Reporting on Peer Reviews" issued by the AICPA effective January 1, 2001. Those standards were substantially re-written and effective January 1, 2009 and eliminated certain documents that are referred to in the 2001 standards.
- Accy 1.205(1) references the Statements on Auditing Standards issued as of June 1, 2003 by the Auditing Standards Board of the AICPA as the rules to be followed to conduct an audit engagement. These auditing standards have all been re-written and are effective for periods beginning after December 15, 2011.
- Accy 1.205(2) references Statements on Standards for Accounting and Review Services issued on June 1, 2003 by the Accounting and Review Services Committee of the AICPA as the appropriate guidance for conducting reviews and compilations of financial statements in Wisconsin. These rules have been completely re-written and re-issued effective for periods ending on or after December 15, 2010.
- Accy 1.205(3) dealing with Statements on Standards for Attestation engagements, the reference date is standards issued by the AICPA as of June 1, 2003. While these standards

have not been totally re-written, they are in the process of being totally re-written as we speak.

In addition, there have been significant changes to these standards in certain areas.

- Accy 1.101 Independence Standards, references standards issued by the AICPA as of June 1, 2002. While these standards have not been totally rewritten, there have been some major additions to these standards that are not incorporated into the Wisconsin Rules including such topics as:
 - Impact of share-based compensation on independence
 - Financial Relationships, including the definition of Financial Interests
 - Definitions of Networks of CPA firms, including guidance on appropriate firm names
 - Definition of affiliates to firm clients and the application of independence rules to affiliates of firm clients
 - Permitted employment with client educational institutions

Accy 1.101 references the Washington DC office of the AICPA as the place to go to obtain copies of the referenced AICPA Code of Professional Conduct. The Washington DC office of the AICPA is primarily a lobbying office and is not the office that deals with standard setting and library issues. The AICPA's office in New York City is the main office of the AICPA that would have access to any resource materials.

Finally, the Professional Ethics Executive Committee of the AICPA has a major project dealing with the codification of the AICPA's Code of Professional Conduct, including our independence rules, that will substantially re-write the Code of Professional Conduct that is referenced in Accy 1.101 and render those rules even further out of date. The AICPA plans to issue an Exposure Draft on the new

rules in April 2013, with a comment period ending on August 15, 2013. An effective date for the new AICPA Code of Conduct would most likely be sometime in 2014 or 2015.

As mentioned above, the AICPA and NASBA do coordinate on various projects that are deemed to be in the public interest and the interest of the profession.

At the top of the list of those joint projects is the Uniform Accountancy Act Committee, which is made up of joint representatives from the AICPA and NASBA. This is a standing committee that periodically makes changes and updates to its model Uniform Accountancy Act which the AICPA and NASBA encourages states to consider when they are making changes to their statutes. The Uniform Accountancy Act may be adopted in whole or in part by individual states. In addition, certain provisions may be adopted verbatim, or changed as deemed appropriate by state legislatures. The current version of the Model Act, Version Six, runs a svelte 70 plus pages including comments, but excluding three appendices.

In addition, NASBA develops Model Rules for consideration in conjunction with the Uniform Accountancy Act for states to consider. The current version of the Model Rules runs another 52 pages including an index.

The volume of these model statutes and rules probably runs counterproductive to the Wisconsin Legislature's goal of trying to reduce and simplify the number of rules that businesses need to be familiar with.

However, it would probably be worthwhile to conduct a comparison of these model rules to Wisconsin's statutes and rules governing the practice of public accounting to identify areas where

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language may be simplified and or clarified and also to identify other areas that should be included in our statutes and rules.

In addition, because each state has its own statutes and rules governing the practice of public accounting, it is beneficial to minimize the differences between states so that practitioners do not need to become familiar with differences in practice between states.

For example, our firm is licensed to practice in approximately 30 different states. When various issues come up as to how certain matters may impact our firm, we sometimes need to research the rules for all of these states as to what each state may require.

Minimizing the differences between states, such by adopting the Uniform Accountancy Act and related Model Rules, makes practice simpler for our practitioners.

In addition, when issues do come up, most practitioners will turn to standards adopted by the AICPA or federal government agencies to find an answer, rather than turning first to Wisconsin's Statutes and Rules. It almost becomes an afterthought to give consideration as to whether Wisconsin's rules or statutes might differ from what the AICPA requires. This opens the door for a practitioner to be unintentionally out of compliance with Wisconsin's rules when they have researched compliance with the AICPA's rules. For this reason, it is important for Wisconsin's rules to parallel the rules of the AICPA and other standards as much as possible, facilitating practice in Wisconsin and inadvertent non-compliance by our practitioners.

Attached, as an Appendix to my comments, is a list of specific suggested changes that were identified by a previous AEB chair. While not substantive, they would clean up some matters currently included in the Administrative Code related to the AEB.

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A thorough review and updating of the statutes and rules governing the practice of public accounting in Wisconsin would be a very worthwhile effort. However, to do it correctly, and complete a thorough review of the existing statutes and rules and comparisons to the Uniform Accountancy Act and related Model Rules would be a significant, time consuming project. At a minimum, our rules need to be updated to change various dates referred to in the rules to the appropriate versions of the current referenced standards of the American Institute of CPAs as noted above. Other changes to the rules and statutes could be completed on an incremental basis.

Thank you for the opportunity to appear before the Committee and offer my thoughts on the need for revision to the Statutes and Rules that govern the practice of public accounting in the State of Wisconsin.

My contact information follows:

Kim L. Tredinnick, CPA, Partner
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Tom Kilkenny

Accounting code book review

November 2011

References to AICPA Code of Professional Conduct that are out of date. For referencing purposes, we also need to monitor the codification project to make sure we properly reference the AICPA code. Here are the references I noted:

Accy 1.101 – Code of Professional Conduct

1.205

1.301 (4)

9.06 – Peer Review (the latest is effective 1-1-2009, and I suggest deleting the reference to paragraph numbers)

Other comments:

Accy 1.102 – Second sentence – dealing with integrity and objectivity. “In tax practice, a member may resolve doubt in favor of the client as long as there is reasonable support for that position.”

Why is this sentence needed?

Accy 1.202

Needs an update because audits are also performed in accordance with PCAOB standards, international auditing standards, government auditing standards, auditing standards of another country, etc. Perhaps this can make clear that services can also be rendered in accordance with other standards promulgated by applicable government agencies or professional bodies and those rules should be followed. In addition, the standard makes reference to the AICPA’s auditing standards executive committee, whereas the correct reference is to the AICPA’s Auditing Standards Board.

Accy 1.203

Not sure why this is needed. This is perhaps the opportunity to state that audits or reviews of financial statements prepared in accordance with standards other than US GAAP (for example, IFRS or a regulatory basis of accounting) are also subject to WI rules.

1.204

Instead of limiting this to bodies designated by AICPA, I think this should be more general

1.205

Other than out of date AICPA references, this works for services conducted in accordance with AICPA standards, but does not address attest services performed in accordance with other standards such as the PCAOB's standards.

1.301 2(d) expand to include the SEC and the PCAOB.

1.301 (3) First sentence, I do not know how we can tell the AICPA trial board members what they can and cannot do, they are not under our jurisdiction, so not sure what this is accomplishing. It seems like we can delete that.

1.302 Since contingent fees, commissions and referral fees are all addressed in the AICPA's code of ethics (cannot charge a contingent fee or obtain referral fees or commissions if the CPA provides attest services to the client), and those are substantively consistent with what is here, we should consider deleting all of 1.302. But, there may be an issue because those are in a different part of the code of ethics than the portions of the code that we incorporate by reference under Accy 1.101.

1.401(f) Is it clear to CPA's what the definition of "crime" is? Should we be more specific?

1.405 firm name—I suggest we update this entire section consistent with NASBA's recent recommendations on firm names.

3.07 I think this is no longer relevant and can be deleted (deals with the transition from the paper based CPA exam to the computer based CPA exam that has been in place for several years).

3.11 1st sentence-- I think this process has changed, and exam takers must contact NASBA (not the AICPA) and pay a fee to have their exam score reviewed. Info is on NASBA web site. In any event, we should delete the term "examination papers" since it is a computer based exam.

4.02 To clear up a lot of questions that we get, I suggest adding a sentence here or somewhere else that says that an individual licensed as a CPA may only provide attest services as defined at 442.001 (1) in a CPA firm that has a firm license.

4.07 Regarding notification to the board of any changes in the members of the firm or firm name no later than 30 days after the change. This is not practical and I am guessing compliance has been close to zero percent, for the rule that says the board shall be notified every time there is a change in members of the firm. I suggest changing this to say only to notify the board when there is a name change.

5.01 delete the word "written" from CPA exam.

5.03 second sentence--based on NASBA recommendation from a few years ago to promote uniformity, we should see if the board believes we should change this and delete this requirement.

7.06 I do not think we are doing this, suggest we delete 7.06. (Release by the Board of statistical studies of test results of each CPA examination by subject and school.)

8.03 Citizenship and Residency - I think this whole section can potentially be updated to be more consistent with the UAA and mobility. In the UAA, a licensed CPA from a substantially equivalent state does not need to go through all the detail of education requirements, work experience, etc. Those more rigorous steps are only for applicants from jurisdictions that are not substantially equivalent. In any event, I do not understand the reference to the 1968 grandfathering.