



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2001 Assembly Bill 345**

**Assembly Substitute  
Amendment 1**

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2001 Assembly Bill 345 makes numerous changes to current law relating to the regulation of certified public accountants (CPAs) and accounting firms.

*Assembly Substitute Amendment 1* makes three primary changes to the bill, which are described below:

1. Under current law, all of the shareholders of a CPA service corporation must be CPAs and the service corporation must certify in its annual report that each shareholder, director and officer is licensed, certified, registered or otherwise legally authorized to render the same professional or other personal service in this state. Assembly Bill 345 authorizes CPA firms to have as shareholders, directors or officers, persons who are not certified as CPAs so long as more than 50% of the shareholders are CPAs.

*Assembly Substitute Amendment 1* modifies the annual reporting requirements under current law to recognize the bill's authorization of nonCPA shareholders, directors or officers.

2. Assembly Bill 345 makes reference to various accounting and auditing standards issued by the American Institute of Certified Public Accountants (AICPA). *Assembly Substitute Amendment 1* requires the Accounting Examining Board to promulgate rules that adopt those standards by reference. The board must promulgate rules adopting the following:

- a. The statements on auditing standards issued by the Auditing Standards Board of the AICPA.
- b. The statements on standards for accounting and review services issued by the Accounting and Review Services Committee of the AICPA.
- c. 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 AICPA.

3. Under Assembly Bill 345, compilation services may only be carried out by, or under the charge of, a person issued a certificate as a CPA. Generally, the bill defines “compilation service” as a service that is performed in accordance with the statements on standards for accounting and review services issued by the AICPA; consists of presenting, in the form of financial statements, information that is the representation of the management of the business that has requested the service; and is provided without expressing any assurance on the financial statements.

*Assembly Substitute Amendment 1* deletes the definition of the term “compilation service” and deletes any reference to compilation service in the bill.

Assembly Substitute Amendment 1 was recommended for adoption by the Assembly Committee on Labor and Workforce Development on a vote of Ayes, 7, Noes, 0, on May 23, 2001. The bill was recommended for passage, as amended, by the committee on a vote of Ayes, 7, Noes, 0, on the same date.

Assembly Substitute Amendment 1 was adopted, and the bill, as amended, passed the Assembly on a voice vote on June 12, 2001.

RJC:rv;jal:ksm;ksm