



**Licensing Statistics**

The number of active licensees as of October 6, 2000, is:

Certified Public Accountants	11,040
Accounting Firms	369

**New Credential Holder Query**

Be sure to check out the Department's new credential holder query feature on the Internet. You will find it at <http://www.drl.state.wi.us>.

By accessing this site you will be able to verify whether an individual or business entity holds or has held a license in any of the professions regulated by the Department.

**SEC Proposes Rulemaking on Auditor Independence**

In July 2000, the SEC proposed a new rule that would restrict the nonaudit services that an auditor could provide to an SEC registrant or client. The SEC requested comments on the proposed rule and held public hearings in September. The proposed rule has been highly controversial, eliciting strong reactions both in favor of and opposed to the proposed rule. The proposed rule, comment letters and public testimony are available at the SEC's website: <http://www.sec.gov>.

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**WISCONSIN ACCOUNTING EXAMINING BOARD**

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**Board Members**

- Frank Probst, Chair (Brookfield)
- Sharon Hamilton, Vice Chair (Racine)
- Roman Jungers II, Secretary (Waupaca)
- Frederick Franklin (Milwaukee)
- Norbert "Jim" Johnson (Milton)
- Thomas Kilkenny (Milwaukee)
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**Administrative Staff:**

Alfred J. Hall, Jr., Bureau Director

**Executive Staff:**

- Marlene A. Cummings, Secretary
- William Conway, Deputy Secretary
- Myra Shelton, Executive

**Highlights from the July, 2000 NASBA State Board Report**

At the invitation of SEC Chairman, Arthur Levitt, members of NASBA's Litigation Response and Assistance Committee and the legal counsel of several state boards met with high-ranking SEC executives on June 12 in the SEC's office in Washington, DC. The primary focus of the meeting was the SEC's Look Back Agreement, under which the Big Five and several other major accounting firms had agreed to each retain independent counsel to oversee a review to identify independence violations. Such violations relate to ownership of prohibited financial interests in the audit clients of the SEC during a period of at least nine months, ending March 31, 2000. In exchange for undergoing these reviews, the firms were promised a safe harbor from SEC enforcement and certain other staff actions, except in situations involving serious violations, such as when a firm itself or senior persons working on an audit own stock in an audit client. Firms will disclose violations discovered in their reviews to the SEC and to the audit committees of their clients; however, the filings of the firms' clients would be unaffected by reported violations.

In Chairman Levitt's letter of invitation to the June 12 meeting that was sent to NASBA Chair Dennis Spackman, he stated, "As you have discussed with the Commission's Chief Accountant, Lynn Turner, there are a number of projects currently underway that directly impact our common goal. They include: strengthening the self-regulation of the profession, modernizing the independence rules, and addressing firms' past independence violations and deficiencies in quality control standards. The purpose of the meeting would be to discuss these important ongoing projects and how we can continue to work closely together with NASBA and the States."

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Participants at the meeting felt it was in line with the SEC's promise to the firms participating in the agreement that the SEC would encourage the state boards to observe the safe harbor parameters set out in the agreement. The safe harbor does not cover violations that the SEC's staff were informed of prior to the commencement of the Look Back program, nor does it cover violations that took place during the review period ending March 31, 2000, that the SEC is informed of after the completion of the program. The participating firms are also to design and implement systems, procedures and internal controls previously specified by the SEC's Chief Accountant. All firms that practice before the SEC were invited to participate in the program, which began on June 15, 2000.

Those representing the state boards who attended the June 12 meeting included: K. Michael Conaway (TX), David Costello, Michael Daggett (AZ), Michael Kozik (CT), Jeffrey Martin (CA), Carol Rives (OR), Felecia Rotellini (AZ), Mr. Spackman and Martha Willis (FL). From the SEC, participants included Chairman Levitt, Chief Accountant Turner, Director of the Division of Enforcement Richard Walker and General Counsel David Becker.

In his letter, Mr. Levitt commended the state boards for having "a tradition of sharing with the Securities and Exchange Commission the goal of protecting the public interest by working to preserve the integrity and independence of the accounting profession. With this goal in mind, we believe our mutual cooperation and communication are vital."

Following the meeting, Messrs. Spackman and Costello sent a letter to Mr. Levitt promising to put together a team of individuals from the state boards who will explore what might be done to expedite sharing of information among the boards and the SEC while conserving resources of all the organizations.

#### **1999 Saw Bulge In Number of CPA Candidates**

[The following article is taken from the September 2000 NASBA State Board Report (a digest of current developments affecting state accountancy regulations).]

The total number of candidates taking the Uniform PA Examination in 1999 was the highest since 1994, but still was 12 percent lower than the number taking the examination in 1990, the all-time high for participation, reports NASBA's newly published *Candidate Performance on the Uniform PCA Examination – 2000 Edition*. In 1999, the total number of first-time candidates was 47,183 and the number of repeat candidates was 79,587. While this represents a 22.3% increase in first-time candidates from 1998, there was only a 1.6% increase in repeat candidates from 1998.

"The implementation of the 150-hour educational requirement, scheduled to peak in 2000 and 2001, has had a major impact on the number of candidates and passing percentages," writes Park E. Leathers, Ph.D., CPA, in his commentary on the statistics. "These two effects are inversely related. As the date for imposition of these requirements approaches, candidates who cannot meet the

new educational standard rush to get into the examination system. This increase in first-time candidates (which is offset by a decrease at the succeeding examination) tends to be accompanied by lower percentages of candidates with advanced degrees and by lower passing percentages in the jurisdictions experiencing the influx of candidates."

According to the NASBA report, the schools with the highest passing percentages for 20 or more first-time candidates without advanced degrees passing all parts taken were: For May 1999 – University of Wisconsin-Whitewater (48.8%); Illinois Wesleyan University (42.9) John Carroll University (39.1); University of South Florida (38.1); Florida Atlantic University (37.5); University of Illinois-Urbana (36.8); University of Iowa (35.5); University of Northern Iowa (35.5); University of Notre Dame (33.7) and University of Nevada-Las Vegas (33.3). For November 1999 – University of North Florida (52.2); College of William and Mary (45.7) Florida Atlantic University (39.7); University of Richmond (39.4); University of Wisconsin-Whitewater (38.3); University of Wisconsin-Oshkosh (38.1); Georgetown University (36.4); University of Illinois-Springfield (35.0); University of Wisconsin-LaCrosse (34.5) and St. Cloud State University (34.3).

Schools with the highest percentage of students with advanced degrees passing all subjects taken were: For May 1999 – Wake Forest University \*88.0%); University of Virginia (70.6); Manchester College (66.7); University of Wisconsin-Milwaukee (63.6); University of Florida (62.5); Florida International University (58.8); Brigham Young University (57.1); Florida State University (57.1); University of Missouri-Columbia (57.1) and University of Georgia (50.0). For November 1999 – University of Virginia (66.7); University of Georgia (60.0); University of South Florida (60.0); University of Wisconsin-Madison (55.6); Florida State University (53.8); University of Central Florida (53.3); Ohio University (45.5); University of Texas-Austin (44.4); Brigham Young University (44.0) and Florida International University (42.9)

The statistics reveal that a substantial proportion of the candidate body has received preparation outside the formal education system. The 2000 edition of the NASBA study finds, "First-time 1999 candidates who had a coaching course were 59% more likely to pass the AUDIT (auditing) Examination in 1999 and 63% more likely to pass the LPR (business law and professional responsibilities) examination, in comparison to candidates with no coaching course."

Copies of the 180-page book, *CPA Candidate Performance on the Uniform CPA Examination – 2000 Edition*, have been sent to all state boards. The statistics are prepared with the help of the state boards of accountancy, which distribute to each examination candidate a questionnaire requesting biographic and demographic information. Completed questionnaires are sent by the boards to NASBA at the conclusion of each May and November examination. Included in the resulting book are 13 tabular reports for each examination, covering performance of first-time candidates by jurisdiction, SAT scores and ACT scores, semester hours of accounting and supplementary study,

plus a school index with total candidates for each college and university and the percentage passing each part of the examination. Copies are available for \$115 plus shipping. To place an order, call 616-880-4200. Selected prior years' editions are also available.

### 150-Hour Requirement Update

Effective January 1, 2001, all examination candidates leading to the certificate to practice as a certified public accountant must meet the "150 semester hour" education requirement. All candidates, who graduated with a bachelor's or higher degree with a resident major in accounting, or its reasonable equivalence, before January 1, 2001, will not have to meet the new requirement. The rule language for the requirement is as follows.

### Accy 7.035 Education Requirement

Pursuant to *s. 442.04 (4), Stats.*, after December 31, 2000, a person may not take the examination leading to the certificate to practice as a certified public accountant unless the person has, as part of the 150 semester hours education, met one of the following conditions:

(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 board.

(2) Earned a graduate degree from a business school or college of business that is accredited by an accrediting agency recognized by the board 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 board 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.

(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.

(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.

### Examination Statistics

NEW CANDIDATES PASSING ALL PARTS OF CPA EXAMINATION (TEN YEAR HISTORY)				
WISCONSIN			NATIONAL	
DATE	CAND. #	% PASS	CAND. #	% PASS
MAY 1990	235/67	28.3	24,706	20.3
NOV. 1990	564/167	29.6	23,101	20.7
MAY 1991	250/52	20.8	23,695	18.2
NOV. 1991	524/141	26.9	30,068	17.6
MAY 1992	277/84	30.3	29,541	22.9
NOV. 1992	530/168	31.7	34,714	21.0
MAY 1993	282/68	24.1	25,445	19.4
NOV. 1993	527/144	27.3	28,538	17.8
MAY 1994	292/67	23.0	20,213	17.6
NOV. 1994	557/157	28.2	25,885	15.5
MAY 1995	279/65	23.3	19,639	17.0
NOV. 1995	544/150	27.6	23,688	17.0
MAY 1996	254/49	19.3	19,331	15.5
NOV. 1996	475/162	34.1	23,589	16.3
MAY 1997	310/86	27.7%	18,748	15.1
NOV. 1997	488/130	26.6%	26,926	12.5
MAY 1998	287/70	24.4%	15,858	16.1
NOV. 1998	507/141	27.8	22,715	16.2
MAY 1999	286/88	30.8%	18,001	17.4
NOV. 1999	491/122	24.8%	29,182	13.7
MAY 2000	284/87	30.6%		
<b>CUM.</b>	<b>8230/2263 (590-500)</b>	<b>27.5</b>	<b>483,583 (590-1199)</b>	<b>17.4</b>

WISCONSIN CPA EXAM RESULTS BY SCHOOL MAY 2000 (NEW CANDIDATES PASSING ALL PARTS)			
SCHOOL	# Cand.	# Pass	% Pass
Alverno	0	-	-
Card. Stri	1	0	0
Carroll	2	2	100
Carthage	4	1	25
Concordia	1	0	0
Edgewood	2	1	50
Lakeland	26	6	23
Marian	1	0	0
Marquette	30	6	20
Mt Mary	2	0	0
Mt Senario	0	-	-
Northland	0	-	-
St Norbert	1	1	100
Silver Lk	1	0	0
UW-Eau C	6	2	33
UW-GB	10	1	10
UW-LaC	3	1	33
UW-Mad	39	20	51
UW-Mil	49	11	22
UW-Osh	9	2	22
UW-Park	4	0	0
UW-Plat	2	0	0
UW-River	1	1	100
UW-Ste Pt	3	2	67
UW-Super	1	0	0
UW-White	47	23	49
Viterbo	1	0	0
Other WI School	7	3	43
Adj. State	11	3	27
Other State	12	2	17
Multiple Schools	5	0	0
All Schools	284	87	30.6

PASSING RATES BY SECTION FOR MAY 2000 CPA EXAMINATION (%sec500.doc)			
SECTION	# CANDIDATES	# PASSING	% PASSING
LPR	536	215	40.1
AUDIT	534	189	35.4
ARE	558	224	40.1
FARE	561	211	37.6
1 <sup>st</sup> Pass All Sections	284	87	30.6

Department of Regulation and Licensing  
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P.O. Box 8935  
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The Division of Business Licensure & Regulation has a menu telephone system which is designed to more efficiently direct the caller to the appropriate section. The telephone number for staff is:

**(608) 266-5511**

After dialing this number you are asked to press 1, 2, 3 or 4. For the following requests, please press extension numbers as noted:

- Application Forms** **Ext. 11**
- Complaints Against Licensees** **Ext. 12**
- Application Processing & Requirements** **Ext. 42**
- Whether A Person Is Registered** **Ext. 442**
- Fax Number** **(608) 267-3816**

**Verifications**

Requests for verifications of license, sent to other states must be in writing. **The cost is \$10.** Please make out check or money order to the Department of Regulation and Licensing.

**Dates to Remember**

- Board Meetings:
- 2001: January 19, March 16, May 18, August 17, October 19, December 14
- Exams: May 2-3, 2001  
November 7-8, 2001  
Deadline: 60 days before exam

**Visit the Department’s Web Site**

[www.drl.state.wi.us/](http://www.drl.state.wi.us/)  
For our new “Online Verification of Credential Holders” click on the “Credential Holder Query” button.  
Copies of the Regulatory Digest are on the Web.  
Send comments to [dorl@drl.state.wi.us](mailto:dorl@drl.state.wi.us)

**Wisconsin Statutes and Code**

Copies of the “Wisconsin Statutes and Administrative Codes For the Accounting Examining Board” may be ordered from the Department.  
Include your name, address, county and a check payable to the Department of Regulation and Licensing in the amount of \$5.28. The latest edition is dated March 1999.

**Change of Name or Address?**

Please photocopy the mailing label of this digest, make changes in name or address, and return it to the Department. Confirmation of changes is not automatically provided.

**SECTION 440.11, WIS. STATS., ALLOWS FOR A \$50 PENALTY TO BE IMPOSED WHEN CHANGES ARE NOT REPORTED WITHIN 30 DAYS.**

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