Approved
02/10/05

ACCOUNTING EXAMINING BOARD MEETING
MINUTES
NOVEMBER 4, 2004

PRESENT: Jim Johnson, Roman Jungers II, Frederick Franklin, Karen Bindl, Lucretia Mattson and Thomas Kilkenny

STAFF PRESENT: Jerry Lowrie, Bureau Director, Dennis Schuh, Legal Counsel, Pat Schenck, Program Assistant, Jan Bobholz, Credentialing Supervisor, Kate Tucker, Credentialing Staff, and Division of Enforcement Staff

GUESTS: Arland D. Stone WAA
LeRoy Schmidt WICPA

CALL TO ORDER

Jim Johnson, Chair, called the meeting to order at 9:02 a.m. A quorum of six members was present.

Mr. Johnson introduced Mr. Dennis Schuh as the Boards new legal counsel. Introductions went around the table with each member giving a brief background on their professional experience

AGENDA

MOTION: Thomas Kilkenny moved, seconded by Roman Jungers, to approve the agenda as published. Motion carried unanimously.

MINUTES – AUGUST 19, 2004

Page 5 – Change address to 1400 for Thomas Kilkenny.
Page 7 – prior members.
Page 9 – Change last sentence to "Oklahoma, Ohio, and Virginia are three of a number of states that will allow individuals to come into their state by notification."
Page 9 – "Wisconsin is interested in allowing practice privileges with only the states that are substantially equivalent to Wisconsin."

MOTION: Roman Jungers moved, seconded by Lucretia Mattson, to approve the minutes of August 19, 2004 with amendments. Motion carried unanimously.

ADMINISTRATIVE REPORT, JERRY LOWRIE
BOARD ROSTER

Frederick Franklin – change address to: PO Box 18226, Milwaukee WI 53218-0226

2005 Meeting Dates

The Accounting Board requested that the January 27, 2005 meeting date be changed to February 10, 2005 and the July 21st date be moved to July 28, 2005.

Summary Reports on Pending Court Cases, Disciplinary Cases and Administrative Rules and Monthly Press Release of Disciplinary Orders

Noted.

Code Book Policy

Mr. Lowrie reported on the Departments new code book policy. The Department will no longer be printing hard copies of the statutes and administrative code books for the professions.

Customers will have three choices for getting the statutes and administrative codes:

1. Print statutes and administrative code from the Department's web site,
2. purchase a printed copy from Document Sales at a cost of $15.00 for the smallest books, $20.00 for the mid-sized books and $25.00 for the larger books, or
3. purchase the entire code book on CD from Document Sales for approximately $ 6.50.

These prices include shipping and handling.

Web Site FAQ's

Frequently asked questions are on the Departments web site. http://drl.wi.gov/index.htm

TRAVEL

NASBA's 97th Annual Meeting, Chicago IL October 17-20, 2004 - Report -Jim Johnson, Tom Kilkenny

Mr. Johnson, Tom Kilkenny and a former Accounting Board member Frank Probst attended NASBA's 97th Annual Meeting, in Chicago, IL on October 17-20, 2004.

A number of the speakers provided speeches or power point presentations. Issues and topics of discussion included:

- Accreditation
- AICPA Peer Review Program

- Curriculum Requirements
- Discipline Processes
- History, Costs, Sites, and Security of the CPA Examination and Pass/Fail Rates
- Is Outsourcing an Issue for State Boards
- Large Firm Inspections
- NASBA's Web Site Including Confidential Information
- Peer Review Update
- Professional Credential Services Mission
- Public and Private Companies
- Report from AICPA Board of Examiners
- Report from NASBA Examination Committee
- Report from the Bylaws Committee
- Signed Agreements with State Boards
- State Board Surveys
- State Peer Review Status
- Temporary Permits
- The NASBA/AICPAIQAB Process and Progress
- Undergraduate Education Outside of the Classroom, and
- Uniform Accountancy Act Committee Updates

LEGISLATIVE/ADMINISTRATIVE RULES

RL 4.01 Criminal Background Checks – Emergency Rule

Mr. Lowrie reported that the emergency rule is in response to federal public law which required authorization by state statute to continue the FBI's policy of honoring state requests for criminal background reports. The rule modifies the authority of the Department to conduct criminal background checks of applicants and requires rule making by the Department to conduct investigations whether an applicant for or holder of any credential issued by the Department has been charged with or convicted of a crime.

The emergency rule preserves the ability of the Department to continue its practice of conducting criminal background investigations of applicants and credential holders and eliminates the ability of the Department to exempt peace officers from the fingerprinting requirement for credentialing as a private detective or private security person.

As part of an investigation, the Department may require a credential holder to be photographed and fingerprinted. The Department may refer photographs and fingerprints so obtained to the Department of Justice for internal analysis or submission of the fingerprint cards to the Federal Bureau of Investigation for the purpose of verifying the identity of the persons fingerprinted and obtaining records of their criminal arrests and convictions.

PEER REVIEW

Post Card Mailing

Mr. Johnson reported that the Department mailed a post card to all active firms regarding the mandatory peer review requirement, which also alerted them to look to the Department's web site or to the WICPA for more specific information.

Mr. Schmidt reported on the responses WICPA received regarding the letter they mailed pertaining to the mandatory peer review requirement and stated that new firms will be able to complete a peer review in time to meet the licensure requirements.

Mr. Schuh will check on possible rule changes regarding the peer review requirements and report to the Board in February.

Discussion of PCAOB Confidentiality Agreement

Mr. Kilkenny led the discussion of PCAOB Confidentiality Agreement. NASBA is encouraging each state board to sign this agreement, which is necessary before the PCAOB will send the full inspection reports to the state board. The Board reviewed excerpts from the Sarbanes-Oxley Act, and the PCAOB's form of confidentiality agreement. PCAOB pursuant to the Sarbanes-Oxley Act of 2002 (SOX) has the authority to conduct inspections of CPA firms providing audit services to SEC registrants. Portions of the inspection reports will be public reports, other parts must remain confidential for at least a year and only released to the public if the subject CPA firm fails to adequately address criticisms and concerns raised in the confidential portions of the inspection reports to the PCAOB's satisfaction. The PCAOB has posted the non-confidential portions of the 2003 limited inspection reports on its web site.

PCAOB has completed its first round of firm inspections of the largest CPA firms and those firms have 30 days to respond to the reports. PCAOB is getting ready to submit the reports to the Securities and Exchange Commission (SEC) as well as to the appropriate Congressional oversight committees and state regulatory authorities. In compliance with SOX Section 104, the PCAOB is ready to send the more detailed reports to the accountancy board of every state in which an inspected firm is registered to practice. These reports will only be sent to those boards that will provide the confidentiality envisioned in SOX. PCAOB's legal counsel believes that SOX has the ability to preempt state law in those jurisdictions that have public records laws; however, the PCAOB urges state boards to check with their state Attorney General to ensure they can give the PCAOB the necessary written confirmation.

To make inspection reports available to state boards, the PCAOB in consultation with NASBA has developed the "Acknowledgement and Agreement". If a state board wishes to sign the Acknowledgement and Agreement, the appropriate person with the authority to bind the state board must execute it. The PCAOB may direct inspection reports be transmitted to a board official or an attorney for the state board.

State boards should carefully consider the confidentiality requirements established by federal laws and rules and reiterated in the Acknowledgement and Agreement. In particular, care must be taken to be sure that confidential information is not disclosed either pursuant to State Public Records Acts or State Open Meetings laws or through any discovery process in an administrative, civil, or criminal proceeding.

The Board discussed handling and use of confidential inspection reports at length. Procedures and policies will have to be established to insure confidentiality. Mr. Schuh will investigate how the Department can insure confidentiality of confidential inspection reports, including consultation with the State Attorney General's office, and will bring back to the Board in February.

TEMPORAY PRACTICE DISCUSSION

Discussion of Chapter 23 of the UAA
NASBA Teleconference Follow-up

Mr. Kilkenny updated the Board on the background of what led to an October 4 telephone call with NASBA. NASBA requests certain information from State Boards twice a year prior to the NASBA meetings. One of the questions on this year's form encouraged states to adopt UAA Rule 6-5(c). The UAA rule provides that a state should issue a CPA license based on reciprocity; i.e., based on an existing current license from another state, if the applicant is from a substantially equivalent state, unless that state does not require CPE. If the sate does not require CPE, Wisconsin is designated by NASBA as a substantially equivalent state; however, Wisconsin does not have a CPE requirement. As a result, this UAA provision appears to discriminate against Wisconsin license holders that seek a license in another state based on reciprocity.

Mr. Kilkenny reported that in response to this issue, he checked with a number of individuals from other states. He learned that some states are applying this rule to more than reciprocal licenses, and are applying this to practice privileges and that NASBA has not been discouraging this practice.

Jim Johnson, Tom Kilkenny, Jerry Lowrie and Dennis Schuh participated on a call in October with David Costello, NASBA President, Michael Weatherwax, incoming NASBA Chair, and John Peck, NASBA Regional Director. The NASBA representatives assured us that it was not encouraging states to put any additional hurdles to temporary practice privileges other than if the individual comes from a substantially equivalent state. Mr. Weatherwax indicated that if Wisconsin adopts rules that allows temporary practice privileges in Wisconsin for any licensed CPA's from substantially equivalent states based on Section 23 of UAA, he would work tirelessly on our behalf to help remove any barriers in which other states would not reciprocate for Wisconsin CPA's.

The provision in UAA only applies to reciprocal permanent licenses. NASBA's will work on the Wisconsin behalf to make sure other states are not adding additional requirements to

substantial equivalency. Mr. Johnson stated that NASBA has established a task force to help state boards work on temporary practice issues. Mr. Johnson also reported that he raised this issue at the state board chairs breakfast at the annual meeting, and Mr. Costello and Mr. Weatherwax both emphasized to the other states that they should allow practice privileges in their state based solely on whether the CPA has a license from a substantially equivalent state, and nothing else.

Mr. Kilkenny recommended that the Board continue to move forward in its effort to allow practice privileges in Wisconsin for CPA's validly licensed in substantially equivalent states, as he was optimistic that NASBA would strongly advocate that the other states allow Wisconsin CPA's practice privileges in other states despite Wisconsin's lack of a CPE requirement.

Wisconsin is the only jurisdiction of the 54 jurisdictions that does not require CPE. The Board discussed whether Wisconsin should require CPE to make it easier for Wisconsin candidates to obtain reciprocal licenses in other states that require CPE. Implementing CPE in Wisconsin may not be possible due to the Departments budget constraints, the cost of implementing CPE, lack of staff to approve providers and monitor CPE. The Board indicated that it may continue to review this matter from time to time.

Discussion of Chapter 442.025

Mr. Schuh reported that allowing individuals to come into Wisconsin temporarily by notification would require a statute change and discussed the possibility of adding this statute change to a package of legislative changes from the Department.

EXAMINATION/EDUCATION/APPLICATION ISSUES

Revision of Verification of Employment Form #127 – Kate Tucker

The Board reviewed Ms. Tucker's revision of Verification of Employment Form # 127. The Board agreed to not utilize this form to review a candidate's application for experience. The Board prefers to review the initial application.

Review of Application for Renewal of Firm License – Jan Bobholz

Jan Bobholz discussed the application for renewal of firm licenses (Form # 2348) with the Board. The Board reviewed the form and requested revisions for peer review.

Suggested revisions included:

- ACCY 9.02 requirements
- Add section for peer review and exemption from peer review
- Dates of peer review
- Description of at least one peer review
- Have you had a peer review, yes or no

- Identify the board-approved peer review program
- Is a peer review required? Yes, if at least six boxes are checked
- Last review, period that is being reviewed
- Make form consistent with the rules
- Outcome of the review
- Type of report received
- # 8. Does any person have any financial or voting rights who is not a CPA? Yes or No, if yes, then who is responsible?

Mr. Schuh and Jan Bobholz will revise the application for renewal of firm license and have WICPA review the form prior to bringing it to the Board in February.

CLASS 1 HEARINGS

Jeffrey D. Watt 11:00 a.m. (via telephone)

Jeffrey D. Watt conversed with the Board via telephone to provide additional information regarding education in support of his application for a credential.

John G. Cozad 11:30 a.m.

John Cozad appeared in person before the Board and provided the Board with additional education and experience information in support of his application for a credential.

Keita Shinoda

Keita Shinoda did not appear before the Board but submitted additional information for the Boards review in support of his application for a credential.

Shailaja Rajesh 12:30 p.m.

Shailaja Rajesh appeared in person before the Board and provided additional information on her education and experience for the Boards consideration in allowing her to sit for the CBT examination.

NASBA

UAA Rule Changes

The Board reviewed NASBA's UAA Rule changes.

State Board Report – August and September

Informational only.

BOARD MEMBER ACTIVITY
VISITORS COMMENTS
PRESENTATION OF PROPOSED STIPULATIONS BY DIVISION OF ENFORCEMENT

None.

CLOSED SESSION

MOTION: Roman Jungers moved, seconded by Thomas Kilkenny, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Motion carried by roll call vote: Jim Johnson-yes, Lucretia Mattson-yes, Roman Jungers II-yes, Thomas Kilkenny–yes, Karen Bindl-yes, Frederick Franklin-yes.

Open session recessed at 12:35 p.m.

RECONVENE TO OPEN SESSION

MOTION: Roman Jungers moved, seconded by Karen Bindl, to reconvene into open session at 1:10 p.m. Motion carried unanimously.

VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION, IF VOTING IS APPROPRIATE

MOTION: Thomas Kilkenny moved, seconded by Roman Jungers, to approve the thirty-five candidates that the Board approved on August 19, 2004 based on examination, transfer of credit from another state and endorsement of license from another state. Motion carried unanimously.

MOTION: Thomas Kilkenny moved, seconded by Karen Bindl, to approve Paul K. Goepfert Jr., Mary M. Pirozolli and Amy J. Wolff contingent upon receipt of passing scores for the ethics examination. Motion carried unanimously.

MOTION: Thomas Kilkenny moved, seconded by Karen Bindl, to approve Mary A. Rimple, Sarah E. Schleede and David M. Shane for registration as a certified public accountant. Motion carried unanimously.

MOTION: Thomas Kilkenny moved, seconded by Karen Bindl, to deny Michael Kresl based on not having one year public accounting experience or its equivalent. Motion carried unanimously.

APPLICATIONS REVIEWED ON NOVEMBER 4, 2004

The Board took the following action on applications. Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT

1. Approved – 35	Mau, Amanda M
Axness, Amy E	Mc Phail, Jean M
Beecher, Theran W	Mockler, Kelly M
Bierenger, Darlene R	Ong, Erin Ym
Bowling, John P	Poggemiller, Gary W
Brotski, Kevin H	Powers, Michael A
Brummel, Christine M	Radeztsky, Kristine R
Burrus, Sandra M	Rama, Tina M
Delvoye, Valerie B	Rozzi, Jamie A
Fonslow, Bridget L	Soule, Richard G
Gilhart, Brian F	Seaton, David A
Hartje, Lisa A	Taylor, Robert H
Kallembach, Kent, T	Thiel, Melissa, A
Kneiser, Robert C	Weiss, Jason D
Kuritz, Katharine A	Wolf, Jamie A
Larson, Bethany K	Rimple, Mary A
Luedke, Michael T	Shane, David M
Lukasik, Brian M	Schleede, Sarah E

2. Approved – (contingent upon receipt of passing ethics exam score)
Goepfert, Paul K Jr
Pirozolli, Mary M
Wolff, Amy J

3. Deny – 1 for Experience Shortage
Kresl, Michael F

MONITORING

None.

CASE CLOSING
03 ACC 015

MOTION: Roman Jungers moved, seconded by Thomas Kilkenny, to close case **03 ACC 015** for prosecutorial discretion (P5). Motion carried unanimously.

STIPULATIONS
ADMINISTRATIVE WARNINGS

None.

CLASS 1 HEARINGS

JEFFREY D. WATT

MOTION: Roman Jungers moved, seconded by Karen Bindl, to approve Jeffrey D. Watts application for registration as a certified public accountant. Lucretia Mattson and Frederick Franklin voted no. Motion carried.

JOHN G. COZAD

MOTION: Thomas Kilkenny moved, seconded by Karen Bindl, to approve John G. Cozad application for registration as a certified public accountant. Fred Franklin voted no. Motion carried.

KEITA SHINODA

MOTION: Lucretia Mattson moved, seconded by Karen Bindl, to deny Keita Shinoda's application for registration as a certified public accountant based on education shortage. Motion carried unanimously.

SHAILAJA RAJESH

MOTION: Karen Bindl moved, seconded by Roman Jungers, to approve Shailaja Rajesh's application to sit for the certified public accountant examination. Lucretia Mattson voted no. Motion carried.

REINSTATEMENT REQUESTS

None.

EXAMINATION ISSUES

Invalid Examination Score, Conditioning Problem – Kate Tucker

Kate Tucker met before the board regarding a candidate that was inadvertently approved to sit for an examination and had passed the examination. Staff was unaware of how many times the candidate had previously taken the examination. Candidate has passed all four parts of the examinations.

MOTION: Frederick Franklin moved, seconded by Karen Bindl, to approve Colleen M. Condit application for registration as a certified public accountant based on examination. Lucretia Mattson voted no. Motion carried unanimously.

NEW BUSINESS
SUCH OTHER MATTERS AS DEFINED BY LAW

None.

ADJOURNMENT

MOTION: Roman Jungers moved, seconded by Karen Bindl, to adjourn the meeting at 12:55 p.m. Motion carried unanimously.

NEXT MEETING: February 10, 2005