



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

April 20, 2017

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

Senate File 237, an Act relating to the practice of public accountants.

The above Senate File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry E. Branstad", written over a horizontal line.

Terry E. Branstad
Governor

cc: Secretary of the Senate
Clerk of the House



Senate File 237

AN ACT
RELATING TO THE PRACTICE OF PUBLIC ACCOUNTANTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 542.3, subsection 27, Code 2017, is amended to read as follows:

27. "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, or Guam.

Sec. 2. Section 542.6, subsection 1, paragraph b, Code 2017, is amended to read as follows:

b. The holder of a certificate issued under this section shall only provide attest services in a certified public

accounting firm that is issued a permit under section 542.7, or through a certified public accounting firm with a practice privilege under section 542.20.

Sec. 3. Section 542.7, subsection 1, paragraphs a and c, Code 2017, are amended to read as follows:

a. A firm must hold a permit issued under this section if ~~the firm performs attest services in this state or for clients having a home office in this state or~~ has an office in this state and uses the title "CPAs", "CPA firm", "certified public accountants", or "certified public accounting firm".

c. A firm that holds a permit issued under this chapter shall designate to the board the licensee or ~~person with a practice privilege under section 542.20~~ nonlicensee owner who is responsible for the proper licensure of the firm and the firm's compliance with all applicable laws and rules of this state. If such firm has one or more offices in this state, the firm shall designate to the board one or more persons who are licensed under this chapter who are responsible for the proper registration of each Iowa office of the firm and each office's compliance with all applicable laws and rules of this state.

Sec. 4. Section 542.8, subsection 12, paragraph b, subparagraph (2), Code 2017, is amended to read as follows:

(2) All nonlicensee owners are of good moral character and active participants in the firm or an affiliated entity.

Sec. 5. Section 542.8, subsection 12, paragraphs c and d, Code 2017, are amended to read as follows:

c. An individual licensee or person with a practice privilege under section 542.20 who is responsible for compilation services and signs or authorizes someone to sign the accountant's report ~~on the financial statements~~ on behalf of the firm shall meet the competency requirements set out in nationally recognized professional standards for such services.

d. An individual licensee or person with a practice privilege under section 542.20 who signs or authorizes someone to sign the accountant's report ~~on the financial statements~~ on behalf of the firm shall meet the competency requirements set out in nationally recognized professional standards for such services.

Sec. 6. Section 542.20, subsection 5, Code 2017, is amended to read as follows:

5. A certified public accounting firm that is licensed in the state of its principal place of business and is not required to hold an Iowa firm license under section 542.7 may practice in this state without a firm license under this chapter or notice to the board if the firm's practice in this state is performed by individuals who hold a license under this chapter or who practice in conformance with subsection 6, under the following conditions:

~~a.~~ a. The firm shall not perform attest services, other than review services, in Iowa or for a client having a home office in Iowa.

~~b.~~ a. The firm shall not have an office in Iowa which uses the title "CPAs", "CPA firm", "certified public accountants", or "certified public accounting firm".

~~c.~~ b. The firm may perform compilation or review services only if it complies with the ownership and peer review requirements of section 542.7.

~~d.~~ b. The firm shall not make any representation tending to falsely indicate that the firm is licensed under this chapter.

~~e.~~ c. The firm, upon a client's or prospective client's request, shall provide accurate information on the state or states of licensure, principal place of business, contact information, and manner in which licensure status can be verified.

~~f.~~ d. The firm shall comply with all professional standards, laws, and rules that apply to licensees performing the same professional services.

e. The firm shall comply with the ownership and peer review requirements of section 542.7.

Sec. 7. Section 542.20, subsection 6, paragraph c, Code 2017, is amended to read as follows:

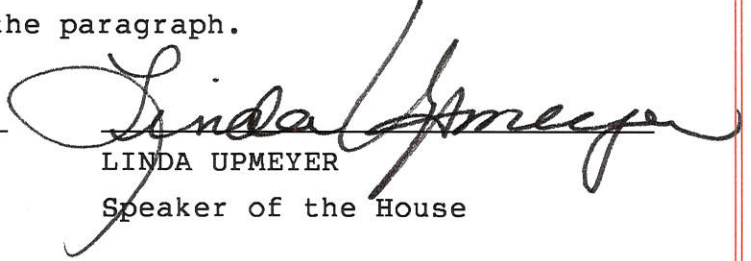
c. An individual who provides attest services, other than review services, in Iowa or for a client having a home office in Iowa must practice through a certified public accounting firm that is licensed under section 542.7, or through a certified public accounting firm that is validly licensed in the state of its principal place of business and complies with

the ownership and peer review requirements of section 542.7.

Sec. 8. Section 542.20, subsection 6, paragraph h, Code 2017, is amended by striking the paragraph.



JACK WHITVER
President of the Senate



LINDA UPMEYER
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 237, Eighty-seventh General Assembly.



W. CHARLES SMITHSON
Secretary of the Senate

Approved April 20, 2017



TERRY E. BRANSTAD
Governor