

CHAPTER 1085

AUDITOR OF STATE, CERTIFIED PUBLIC ACCOUNTANTS, AND PEER REVIEW RECORDS

H.F. 2489

AN ACT relating to the auditor of state and including effective date and applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. NEW SECTION. **11.31A Auditor of state — divisions.**

1. The auditor of state shall adopt rules establishing divisions within the office of auditor of state. For each division within the office of auditor of state that is responsible for performing attest services as described in [section 542.3](#), the auditor of state shall appoint a deputy auditor of state that is a certified public accountant to lead that division.

2. If the auditor of state is not a certified public accountant licensed pursuant to [chapter 542](#), the auditor of state shall not sign an attest report issued by the office of auditor of state, but shall defer to the appropriate deputy auditor of state who meets the experience or competency requirements set out in nationally recognized professional standards for such services.

3. The auditor of state shall comply with all applicable rules of professional conduct adopted by the Iowa accountancy examining board pursuant to [section 542.4](#).

Sec. 2. [Section 542.3, subsection 20](#), Code 2022, is amended to read as follows:

20. “Peer review records” means a file, report, or other information relating to the professional competence of an applicant in the possession of a peer review team, or information concerning the peer review developed by a peer review team in the possession of an applicant. “Peer review records” includes peer review reports.

Sec. 3. [Section 542.3](#), Code 2022, is amended by adding the following new subsection:

NEW SUBSECTION. 20A. “Peer review reports” means a study, appraisal, or review of one or more aspects of a certified public accounting firm’s compliance with applicable accounting, auditing, and other attestation standards adopted by generally recognized standard-setting bodies.

Sec. 4. [Section 542.7, subsection 4](#), Code 2022, is amended to read as follows:

4. An applicant for initial issuance or renewal of a permit to practice as a certified public accounting firm is required to register each office of the firm within this state with the board and to show that all attest and compilation services rendered in this state are under the charge of a person holding a valid certificate issued under [section 542.6](#) or [542.19](#), or by another state if the holder has a practice privilege under [section 542.20](#). However, the requirements of this subsection shall not apply to the office of auditor of state if the auditor of state otherwise complies with the requirements of [section 11.31A](#) and this section.

Sec. 5. [Section 542.7, subsection 10](#), Code 2022, is amended to read as follows:

10. a. Peer review records are privileged and confidential, and are not subject to discovery, subpoena, or other means of legal compulsion. Peer review records are not admissible in evidence in a judicial, administrative, or arbitration proceeding. Unless the subject of a peer review timely objects in writing to the administering entity of the peer review program, the administering entity shall make available to the board within thirty days of the issuance of the peer review acceptance letter the final peer review report or such peer review records as are designated by the peer review program in which the administering entity participates. The subject of a peer review may voluntarily submit the final peer review report directly to the board. Information or documents discoverable from sources other than a peer review team do not become nondiscoverable from such other sources because they are made available to or are in the possession of a peer review team. Information or documents publicly available from the American institute of certified public accountants relating to quality or peer review are not privileged or confidential under [this subsection](#). A person or organization participating

in the peer review process shall not testify as to the findings, recommendations, evaluations, or opinions of a peer review team in a judicial, administrative, or arbitration proceeding.

b. However, notwithstanding any provision of [this subsection](#) to the contrary, peer review reports concerning the office of auditor of state shall be considered a public record pursuant to [chapter 22](#).

Sec. 6. **NEW SECTION. 542.7A Office of auditor of state.**

1. The office of auditor of state shall qualify as a certified public accounting firm subject to the requirements of [sections 11.31, 11.31A, and 542.7](#).

2. For purposes of [section 542.7](#), the auditor of state shall be deemed to be the owner of the office of auditor of state and the office of auditor of state shall be deemed to comply with the ownership requirements of [section 542.7](#) if the auditor of state is a certified public accountant or all divisions of the office of auditor of state performing attest services are led by a certified public accountant.

3. The provisions of [sections 542.9, 542.17, and 542.18](#) shall not apply to the office of auditor of state as a certified public accounting firm under [this chapter](#).

Sec. 7. **EFFECTIVE DATE.** This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 8. **RETROACTIVE APPLICABILITY.** This Act applies retroactively to July 1, 2002.

Approved May 23, 2022