

FILED APR 20 1971

State Sent 4/20

SENATE FILE 490

By WALSH
(Ellsworth, Skinner,
and Curtis)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the regulation of the practice of public
2 accounting; to enlarge the state board of accountancy; to
3 prescribe its powers and duties; and to provide penalties
4 for violations of the provisions of this Act.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1 Section 1. This Act may be cited as the "Public Accountancy
2 Act of 1972."

3 Sec. 2. 1. The board of accountancy shall consist of
4 five members, all of whom shall be certified public
5 accountants, and at least three of them shall be in active
6 practice as certified public accountants. The term "board"
7 as used in this Act means the board of accountancy created
8 by this section. Within sixty days after the effective date
9 of this Act, the governor shall appoint the members of the
10 board for terms as follows: One member for a term ending
11 June 30, 1973, one for a term ending June 30, 1974, one for
12 a term ending June 30, 1975, one for a term ending June 30,
13 1976, and one for a term ending June 30, 1977. Upon the
14 expiration of each of the terms and of each succeeding term,
15 a successor shall be appointed for a term of five years but
16 no person shall be eligible for two consecutive full five-
17 year terms of office. Vacancies occurring in the member-
18 ship of the board for any cause shall be filled by the governor
19 for the unexpired term. Appointment to fill an unexpired
20 term is not to be considered as a complete term.

21 2. The Iowa society of certified public accountants or
22 its managing board of directors shall submit each year to
23 the governor, a list containing the names of at least two
24 persons of recognized ability as a certified public accountant
25 for each board member to be appointed. The first list
26 submitted shall include the names of members of the board
27 appointed under section one hundred sixteen point one (116.1)
28 of the Code whose terms had not expired on the effective date
29 of this Act. The governor, in making appointments to the
30 board of accountancy for such profession, shall select for
31 said appointment or appointments one or more of the persons
32 so named.

33 Members of the board shall be citizens of the United States
34 and residents of this state who hold certified public
35 accountant certificates issued under the laws of this state.

1 A member of the board whose term is expired shall continue
2 to serve until his successor is appointed and qualified.

3 The governor shall remove from the board any member whose
4 certificate as a certified public accountant has been revoked
5 or suspended.

6 3. The board shall elect annually a chairman, a secretary,
7 and a treasurer from its members.

8 The board may adopt and amend from time to time, regulations
9 for the orderly conduct of its affairs, and for the
10 administration of this Act.

11 A majority of the board shall constitute a quorum for the
12 transaction of business.

13 The board shall keep records of its proceedings, and in
14 any proceeding in court, civil or criminal, arising out of
15 or founded upon any provision of this Act, copies of its
16 records certified as correct shall be admissible in evidence
17 to prove the contents of said records. The board shall have
18 printed and published for public distribution, in October
19 of each year, an annual register which shall contain the
20 names, arranged alphabetically by classifications, of all
21 persons, partnerships, and corporations registered under this
22 Act; the names of the members of the board; and such other
23 matters as may be deemed proper by the board. Copies of said
24 registers shall be mailed to each person, partnership and
25 corporation named.

26 The board may employ such personnel and arrange for such
27 assistance as it may require for the performance of its duties.

28 Each member of the board shall be paid a per diem as from
29 time to time set by the board in an amount not to exceed one
30 hundred dollars per day, or portion thereof, and shall be
31 reimbursed for his actual and necessary expenses incurred
32 in the discharge of his official duties.

33 4. All fees and other moneys received by the board,
34 pursuant to the provisions of this Act shall be kept in a
35 separate fund and expended solely for the purposes of this

1 Act.

2 No part of this special fund shall revert to the general
3 fund of this state.

4 The compensation provided by this Act and all expenses
5 incurred under this Act shall be paid from this special fund.

6 No compensation or expenses incurred under this Act shall
7 be a charge to the general fund of this state.

8 Any funds in the hands of the state board of accountancy
9 shall on the effective date of this Act, be immediately
10 transferred by the treasurer of state to the fund created
11 by this Act.

12 The treasurer of state shall on or before June thirtieth
13 in each year, pay all sums remaining after the payment of
14 the expenses authorized by this Act into the state treasury
15 to be there carried to the credit of and subject to withdrawal
16 by the board of accountancy.

17 Itemized accounts of the expenses of the board or its
18 members shall be audited by the auditor of state and allowed
19 by the state comptroller, and shall be paid from the fees
20 received under the provisions of this Act.

21 The board shall make a biennial report to the governor
22 of its proceedings, with an account of all moneys received
23 and disbursed, a list of the names of all practitioners whose
24 certificates or permits to practice that have been revoked
25 or suspended, and such other information as it may deem proper
26 or the governor requests.

27 5. The board may promulgate and amend rules of profes-
28 sional conduct appropriate to establishing and maintaining
29 high standards of integrity and dignity in the profession
30 of public accountancy. Rules shall be adopted relating to
31 the following matters:

32 a. Rules relating to the propriety of opinions on financial
33 statements by a certified public accountant or public
34 accountant who is not an independent.

35 b. Actions discreditable to the profession.

1 c. Rules relating to the professional confidences between
2 a certified public accountant or public accountant and his
3 client.

4 d. Contingent fees.

5 e. Rules relating to technical competence and the expres-
6 sion of opinions on financial statements.

7 f. Rules relative to the failure to disclose a material
8 fact known to the certified public accountant or public
9 accountant.

10 g. Rules relating to material misstatement known to the
11 certified public accountant or public accountant.

12 h. Rules relating to negligent conduct in the examination
13 or in making his report on the examination.

14 i. Rules relating to the failure to direct attention to
15 any material departure from generally accepted accounting
16 principles.

17 6. A certified public accountant or public accountant
18 shall not commit and shall not permit persons associated with
19 him or who are under his supervision to commit any of the
20 following acts:

21 a. Advertise his professional attainments or services.

22 b. Practice under a firm name which indicates a specialty
23 or is misleading as to type of organization.

24 c. Publish an announcement in a newspaper, magazine, or
25 similar medium.

26 d. List in a directory any information other than the
27 name, title, address, and telephone number of the person or
28 firm. The listing shall not appear in a box or other form
29 of display or in a type or style which differentiates it from
30 other listings in the same directory. Listing of the same
31 name in more than one place in a classified directory is
32 prohibited.

33 e. Endeavor, directly or indirectly, to obtain clients
34 by solicitation.

35 f. Pay a commission, brokerage, or other participation

1 in the fees or profits of professional work directly or in-
2 directly to the laity.

3 g. Directly or indirectly accept commission, brokerage,
4 or other participation in the fees, charges, or profits of
5 work recommended or turned over to the laity as incident to
6 services for clients.

7 h. Permit others to carry out on his behalf, either with
8 or without compensation, acts which, if carried out by him,
9 would place him in violation of board rules adopted pursuant
10 to this Act.

11 7. The board shall establish rules and regulations relative
12 to the conduct of public accounting in respect to the
13 enumerated items in subsections five (5) and six (6) of this
14 section, but such direction shall not be construed as a
15 limitation upon the rights of the board to make and adopt
16 any rules and regulations relating to the rules of conduct
17 of certified public accountants, or public accountants, which
18 are not specifically enumerated in this Act.

19 8. The board may issue further rules and regulations,
20 including but not limited to rules of professional conduct,
21 pertaining to corporations practicing public accounting, which
22 it deems consistent with or required by the public welfare.
23 Among other things, the board may prescribe regulations
24 governing the style, name, and title of such corporations
25 and governing the affiliation of such corporations with other
26 organizations.

27 No other regulation adopted by the board shall be in
28 conflict with the Iowa Professional Corporation Act.

29 Sec. 3. The certificate of "certified public accountant"
30 shall be granted by the board to any person who meets all
31 of the following requirements:

32 1. Is a resident of this state or has a place of business
33 in this state, or, as an employee, is regularly employed in
34 this state.

35 2. Has attained the age of twenty-one years.

1 3. Is of good moral character.

2 4. Has a baccalaureate degree conferred by a college or
3 university recognized by the board, with a concentration in
4 accounting, or what the board determines to be substantially
5 the equivalent of those requirements; or with a nonaccounting
6 concentration, supplemented by what the board determines to
7 be substantially the equivalent of an accounting concentration,
8 including related courses in other areas of business
9 administration.

10 5. Has passed a written examination in accounting and
11 auditing, and such related subjects as the board determines
12 to be appropriate.

13 None of the education requirements specified in subsection
14 four (4) of this section shall apply to a candidate who is
15 registered as a public accountant under section one hundred
16 sixteen point seven (116.7) of the Code, or who, within four
17 years from and after the effective date of this Act, fulfills
18 the requirements of section one hundred sixteen point nine
19 (116.9) of the Code, and takes the examination specified in
20 subsection five (5) of this section.

21 The board may, in its discretion, waive the educational
22 requirement for any candidate if it is satisfied from the
23 result of a special written series of examinations given the
24 candidate by the board to test his educational qualifications
25 that he is well equipped, educationally, as if he met the
26 applicable educational requirement specified in subsection
27 four (4) of this section. The board may provide by regulation
28 for the general scope of such examinations and may obtain
29 such advice and assistance as it deems appropriate to assist
30 it in preparing and grading such special examinations.

31 The examination described in subsection five (5) of this
32 section and the special examinations referred to in the
33 preceding paragraph shall be held by the board and shall take
34 place as often as the board shall determine to be desirable,
35 but the examination described in subsection five (5) of this

1 section shall be held not less frequently than once each year.

2 The board may make such use of all or any part of the
3 uniform certified public accountants' examination or advisory
4 grading service, or both, as it deems appropriate to assist
5 it in performing its duties under this Act.

6 The board may admit to the examination described in
7 subsection five (5) of this section any candidate who will
8 complete the educational requirements within one hundred
9 twenty days immediately following the date of the examination.

10 The board shall not report the results of the examination
11 until the candidate has met the educational requirements.

12 A candidate for the certificate of certified public
13 accountant who has successfully completed the examination
14 under subsection five (5) of this section shall have no status
15 as a certified public accountant unless and until he has the
16 requisite education whereupon he shall receive his certificate
17 as a certified public accountant.

18 The board may by regulation provide for granting a credit
19 to a candidate for his satisfactory completion of a written
20 examination in any one or more of the subjects specified in
21 subsection five (5) of this section given by the licensing
22 authority in any other state; provided that when he took the
23 examination in such other state, he was not a resident of
24 this state, had no place of business in this state, and, as
25 an employee, was not employed regularly in this state.

26 Such regulations shall include such requirements as the
27 board determines to be appropriate in order that any
28 examination approved as a basis for any such credit shall,
29 in the judgment of the board, be at least as thorough as that
30 included in the most recent examination given by the board
31 at the time of the granting of such credit.

32 The board may by regulation prescribe the terms and
33 conditions under which a candidate who passes the examination
34 in one or more of the subjects indicated in subsection five
35 (5) of this section may be reexamined in only the remaining

1 subjects, with credit for the subjects previously passed.

2 It may also provide by regulation for a reasonable waiting
3 period for a candidate's reexamination in a subject he has
4 failed.

5 Subject to the foregoing and such other regulations as
6 the board may adopt governing reexaminations, a candidate
7 shall be entitled to any number of reexaminations under
8 subsection five (5) of this section.

9 In general, the applicable educational requirement shall
10 be that specified above; but the board may provide by
11 regulations for exceptions to the general rule in order to
12 prevent what it determines to be undue hardship to candidates
13 resulting from changes in the educational requirements as
14 provided in subsection four (4) of this section.

15 The board shall charge each candidate a fee, to be
16 determined by the board, not in excess of one hundred dollars
17 for the initial examination provided for in subsection five
18 (5) of this section and not in excess of one hundred dollars
19 for any special examination for a waiver of the educational
20 requirements.

21 Fees for reexamination under subsection five (5) of this
22 section shall also be charged by the board in amounts
23 determined by it, but not in excess of twenty-five dollars
24 for each subject in which the candidate is reexamined.

25 The applicable fee shall be paid by the candidate at the
26 time he applies for examination or reexamination.

27 Any person who has received from the board a certificate
28 as a certified public accountant and who is currently
29 registered under section eight (8) of this Act, shall be
30 styled and known as a "certified public accountant", and may
31 also use the abbreviation "CPA".

32 Persons who, on the effective date of this Act, hold
33 certified public accountant certificates issued under the
34 laws of this state shall not be required to obtain additional
35 certificates under this Act, but shall otherwise be subject

1 to all provisions of this Act; and such certificates shall,
2 for all purposes, be considered certificates issued under
3 this Act, and subject to the provisions of this Act.

4 The board may, in its discretion, waive the examinations
5 under subsection five (5) of this section and may issue a
6 certificate as certified public accountant to any person
7 possessing the qualifications specified in subsections two
8 (2) and three (3) of this section, and what the board
9 determines to be substantially equivalent, of the applicable
10 qualifications under subsection four (4) of this section;
11 and who is the holder of a certificate as a certified public
12 accountant, then in full force and effect, issued under the
13 laws of any state, or is the holder of a certificate, license
14 or degree in a foreign country constituting a recognized
15 qualification for the practice of public accounting in such
16 country, comparable to that of a certified public accountant
17 of this state, which is then in full force and effect; or
18 who, as a holder of such certificate, license, or degree has
19 been in continuous practice of public accounting for at least
20 seven years. The term "state", when referring to a state
21 other than Iowa, means any state, territory, or insular
22 possession of the United States, or the District of Columbia.

23 Sec. 4. Any person, partnership, or corporation who is
24 a holder of a license as public accountant under section one
25 hundred sixteen point seven (116.7), subsection two (2) of
26 the Code may register with the board as a public accountant
27 within one hundred eighty days after the effective date of
28 this Act.

29 Sec. 5. The board may, in its discretion, permit the
30 registration of any person of good moral character who is
31 a holder in good standing of a certificate, license, or degree
32 in a foreign country constituting a recognized qualification
33 for the practice of public accounting in such country. A
34 person so registered shall use only the title under which
35 he is generally known in his own country, followed by the

1 name of the country from which he received his certificate,
2 license, or degree. The board shall charge a fee, not to
3 exceed one hundred dollars for registration under this Act.

4 Sec. 6. A partnership engaged in this state in the practice
5 of public accounting may register with the board as a
6 partnership of certified public accountants if it meets the
7 following requirements:

8 1. At least one general partner must be a certified public
9 accountant of this state having a permit to practice in good
10 standing.

11 2. Each partner must be a certified public accountant
12 of some state in good standing.

13 3. Each resident manager in charge of an office of a firm
14 in this state and each partner personally engaged within this
15 state in the practice of public accounting as a member of
16 the partnership must be a certified public accountant of this
17 state having a permit to practice in good standing.

18 A corporation organized for the practice of certified
19 public accounting shall register with the board as a
20 corporation of certified public accountants.

21 Application for such registration must be made upon the
22 affidavit of a general partner of such partnership or officer
23 of such corporation who is a certified public accountant of
24 this state having a current permit to practice.

25 The board shall in each case determine whether the applicant
26 is eligible for registration.

27 A partnership or corporation which is so registered and
28 which holds a permit issued under section eight (8) of this
29 Act may use the words "certified public accountant" or the
30 abbreviation "CPAs" in connection with its partnership or
31 corporation name.

32 Notification shall be given the board, within ninety days
33 after the admission or withdrawal of a partner from any
34 partnership so registered.

35 Sec. 7. Each office established or maintained in this

1 state for the practice of public accounting in this state
2 by a certified public accountant, or partnership or corporation
3 of certified public accountants, or by a public accountant
4 or a partnership of public accountants, or by one registered
5 under section five (5) of this Act shall be registered
6 biennially under this Act with the board, but no fee shall
7 be charged for such registration.

8 Each such office shall be under the direct supervision
9 of a resident manager who may be either a principal,
10 shareholder, or a staff employee holding a current permit
11 under section eight (8) of this Act; however, the title or
12 designation "certified public accountant" or the abbreviation
13 "CPA" shall not be used in connection with such office unless
14 such resident manager is the holder of a certificate as a
15 certified public accountant under section three (3) of this
16 Act, and a permit issued under section eight (8) of this Act,
17 both of which are in full force and effect.

18 Such resident manager may serve in such capacity at one
19 office only.

20 The board shall by regulation prescribe the procedure to
21 be followed in effecting such registration.

22 Sec. 8. 1. The certificate of certified public accountant
23 granted by the board under section three (3) of this Act and
24 the registration with the board as a public accountant under
25 section four (4) of this Act shall be renewed on July first
26 of the first odd-numbered year following the original grant
27 or registration and biennially thereafter. There shall be
28 a biennial renewal fee in the amount to be determined from
29 time to time by the board, not to exceed fifty dollars.

30 2. Permits to engage in the practice of public accounting
31 in this state shall be issued by the board to holders of the
32 certificate of certified public accountant in force and effect
33 as specified in subsection one (1) of this section, provided:

34 a. Persons who have taken the examination under chapter
35 one hundred sixteen (116) of the Code prior to the effective

1 date of this Act, shall be required to meet the requirement
2 of section one hundred sixteen point nine (116.9) of the Code
3 to obtain their permits to practice in this state, and shall
4 not be bound to the experience requirements of this Act; or

5 b. Such certificate holder shall have had at least two
6 years experience in the practice of public accounting; or
7 such certificate holder shall have had at least one years
8 experience in the practice of public accounting or equivalent
9 experience in industry, government, or college teaching accept-
10 able to the board and has a baccalaureate degree conferred
11 by a college or university recognized by the board and not
12 less than thirty hours additional study, his total educational
13 program to include an accounting concentration or its
14 equivalent and such related subjects as the board determines
15 to be appropriate; and

16 c. All offices of such certificate holder are maintained
17 and registered as required under section seven (7) of this
18 Act.

19 3. Permits to engage in the practice of public accounting
20 in this state shall also be issued by the board to persons,
21 partnerships, and corporations registered under sections four
22 (4), five (5), and six (6) of this Act if all offices of the
23 registrant are maintained and registered as required under
24 section seven (7) of this Act.

25 4. There shall be a biennial permit fee in an amount to
26 be determined, from time to time, by the board, not to exceed
27 one hundred dollars payable by certified public accountants
28 and public accountants engaged in the practice of professional
29 accountancy in this state. No fee shall be charged for the
30 renewal of a partnership permit to practice. All permits
31 shall expire on the last day of June of odd-numbered years
32 and may be renewed biennially for a period of two years.

33 5. No person, firm or corporation shall practice as a
34 certified public accountant or public accountant without a
35 permit.

1 6. The board shall prescribe continuing education re-
2 quirements for all certified public accountants holding permits
3 to engage in the practice of public accounting in this state
4 and compliance by such certified public accountants shall
5 be a condition precedent to the renewal of a permit to practice
6 under this section.

7 Sec. 9. After notice and hearing as provided in section
8 eleven (11) of this Act, the board may revoke, or may suspend
9 for a period not to exceed two years, any certificate issued
10 under section three (3) of this Act, or any registration
11 granted under section four (4) of this Act, or may revoke,
12 suspend, or refuse to renew any permit issued under section
13 eight (8) of this Act, or may censure the holder of any such
14 permit, for any one or any combination of the following causes:

15 1. Fraud or deceit in obtaining a certificate as a
16 certified public accountant, or in obtaining registration
17 under this Act, or in obtaining a permit to practice public
18 accounting under this Act.

19 2. Dishonesty, fraud, or gross negligence in the practice
20 of public accounting.

21 3. Violation of any of the provisions of section thirteen
22 (13) of this Act.

23 4. Violation of a rule of professional conduct promulgated
24 by the board under the authority granted by this Act.

25 5. Conviction of a felony under the laws of any state
26 or of the United States.

27 6. Engaging in any activity prohibited under section two
28 (2) of this Act or permitting persons associated with him
29 who are under his supervision to do so.

30 7. Conviction of any crime, an element of which is
31 dishonesty or fraud, under the laws of any state or of the
32 United States.

33 8. Cancellation, revocation, suspension, or refusal to
34 renew authority to practice as a certified public accountant
35 or a public accountant by any other state, for any cause other

1 than failure to pay appropriate fees in such other state.

2 9. Suspension or revocation of the right to practice
3 before any state or federal agency.

4 10. Failure of a certificate holder or registrant to
5 obtain a biennial renewal of his certificate or registration
6 under section eight (8), subsection one (1) of this Act.

7 11. Conduct discreditable to the public accounting
8 profession.

9 Sec. 10. After notice and hearing as provided in section
10 eleven (11) of this Act, the board shall revoke the
11 registration and permit to practice of a partnership or
12 corporation if at any time it does not have all the
13 qualifications prescribed by the section of this Act under
14 which it qualified for registration.

15 After notice and hearing as provided in section eleven
16 (11) of this Act the board may revoke or suspend the
17 registration of a partnership or corporation, or may revoke,
18 suspend, or refuse to renew its permit under section eight
19 (8) of this Act to practice or may censure the holder of any
20 such permit for any of the causes enumerated in section nine
21 (9) of this Act or for any of the following additional causes:

22 1. The revocation or suspension of the certificate or
23 registration or the revocation or suspension or refusal to
24 renew the permit to practice of any partner, officer, or
25 shareholder.

26 2. The cancellation, revocation, suspension, or refusal
27 to renew the authority of the partnership or corporation,
28 or any partner, officer, or shareholder thereof to practice
29 public accounting in any other state for any cause other than
30 failure to pay appropriate fees in such other state.

31 Sec. 11. 1. The board may initiate proceedings under
32 this Act either on its own motion or on the complaint of any
33 person.

34 2. A written notice stating the nature of the charge or
35 charges against the accused and the time and place of the

1 hearing before the board on such charges shall be served on
2 the accused not less than thirty days prior to the date of
3 hearing either personally or by mailing a copy by registered
4 mail to the address of the accused last known to the board.

5 3. If, after having been served with the notice of hearing
6 as provided for in this section, the accused fails to appear
7 at the hearing and defend, the board may proceed to hear
8 evidence against him and may enter such order as is justified
9 by the evidence, which order shall be final unless the accused
10 petitions for its review as provided in this section. However,
11 within thirty days from the date of any order, upon a showing
12 of good cause for failing to appear and defend, the board
13 may reopen said proceedings and may permit the accused to
14 submit evidence in his defense.

15 4. At any hearing the accused may appear in person and
16 by counsel, produce evidence and witnesses on his own behalf,
17 cross-examine witnesses, and examine such evidence as may
18 be produced against him. A corporation may be represented
19 before the board by counsel or by shareholder who is a
20 certified public accountant or public accountant of this state
21 in good standing. The accused shall be entitled, on
22 application to the board, to the issuance of subpoenas to
23 compel the attendance of witnesses on his behalf.

24 5. The board, or any member of the board, may issue
25 subpoenas to compel the attendance of witnesses and the
26 production of documents, and may administer oaths, take
27 testimony, hear proofs, and receive exhibits in evidence
28 in connection with or upon hearing under this Act.

29 In case of disobedience to a subpoena the board may invoke
30 the aid of any court of this state in requiring the attendance
31 and testimony of witnesses and the production of documentary
32 evidence.

33 6. The board shall not be bound by technical rules of
34 evidence.

35 7. A stenographic record of the hearings shall be kept

1 and a transcript thereof filed with the board.

2 8. At all hearings, the attorney general of this state,
3 or one of his assistants designated by him, or such other
4 legal counsel as may be employed, shall appear and represent
5 the board.

6 9. The decision of the board shall be by majority vote
7 of its members.

8 10. Anyone adversely affected by any order of the board
9 may obtain a review of that order by filing a written petition
10 for review with the district court within thirty days after
11 the entry of the order. The petition shall state the grounds
12 upon which the review is asked and shall pray that the order
13 of the board be modified or set aside in whole or in part.
14 A copy of the petition shall be immediately served upon any
15 member of the board and the board shall then certify and file
16 in the court a transcript of the record upon which the order
17 complained of was entered.

18 The case shall then be tried de novo on the record made
19 before the board, without the introduction of new or additional
20 evidence but the parties shall be permitted to file briefs
21 as in an ordinary case at law.

22 The court may affirm, modify, or set aside the board's
23 order in whole or in part, or may remand the case to the board
24 for further evidence, and may, in its discretion, stay the
25 effect of the board's order pending its determination of the
26 case.

27 The court's decision shall have the force and effect of
28 a decree in equity.

29 Sec. 12. Upon application in writing and after hearing
30 pursuant to notice, the board may issue a new certificate
31 to a certified public accountant whose certificate has been
32 revoked, or may permit the reregistration of anyone whose
33 registration has been revoked, or may reissue or modify the
34 suspension of any permit to practice public accounting which
35 has been revoked or suspended.

1 Sec. 13. 1. No person shall assume or use the title or
2 designation "certified public accountant" or the abbreviation
3 "CPA" or any other title, designation, words, letters,
4 abbreviation, sign, card, or device tending to indicate that
5 such person is a certified public accountant, unless such
6 person has received and holds a valid certificate as a
7 certified public accountant under section three (3) of this
8 Act. However, a foreign accountant who has registered under
9 the provisions of section five (5) of this Act may use the
10 title under which he is generally known in his country,
11 followed by the name of the country from which he received
12 his certificate, license, or degree.

13 2. No partnership or corporation shall assume or use the
14 title or designation "certified public accountant" or the
15 abbreviation "CPA" or any other title, designation, words,
16 letters, abbreviation, sign, card, or device tending to indi-
17 cate that such partnership or corporation is composed of cer-
18 tified public accountants unless such partnership or corpora-
19 tion is registered as a partnership of certified public ac-
20 countants under section six (6) of this Act, holds a current
21 permit issued under section eight (8) of this Act, and all
22 offices of such partnership or corporation in this state for
23 the practice of public accounting are maintained and are
24 registered as required under section seven (7) of this Act.

25 3. No person shall assume or use the title or designation
26 "public accountant" or any other title, designation, words,
27 letters, abbreviation, sign, card, or device tending to in-
28 dicate that such person is a public accountant, unless such
29 person is registered as a public accountant under section
30 four (4) of this Act, or unless such person has received a
31 certificate as a certified public accountant under section
32 three (3) of this Act.

33 4. No partnership or corporation shall assume or use the
34 title or designation "public accountant" or any other title,
35 designation, words, letters, abbreviation, sign, card, or

1 device tending to indicate that such partnership or corpora-
2 tion is composed of public accountants, unless such partner-
3 ship or corporation is registered as a partnership or corpo-
4 ration of public accountants under section four (4) of this
5 Act or as a partnership or corporation of certified public
6 accountants under section six (6) of this Act.

7 5. No person, partnership, or corporation shall assume
8 or use the title or designation "certified accountant", "char-
9 tered accountant", "enrolled accountant", "licensed account-
10 ant", "registered accountant", or any other title or designa-
11 tion likely to be confused with "certified public accountant"
12 or "public accountant" or any of the abbreviations "CA", "PA",
13 "EA", "RA", or "LA", or similar abbreviations, likely to be
14 confused with "CPA". However, a foreign accountant registered
15 under section five (5) of this Act may use the title under
16 which he is generally known in his country, followed by the
17 name of the country from which he received his certificate,
18 license, or degree.

19 6. No person shall sign or affix his name or any trade
20 or assumed name used by him in his profession or business,
21 with any wording indicating that he is an accountant or audi-
22 tor, or with any wording indicating that he has expert knowl-
23 edge in accounting or auditing, to any opinion or certificate
24 attesting in any way to the reliability of any representation
25 or estimate in regard to any person or organization embracing
26 either financial information or facts respecting compliance
27 with conditions established by law or contract, including
28 but not limited to statutes, ordinances, regulations, grants,
29 loans and appropriations, unless he holds a current permit
30 issued under section eight (8) of this Act, and all of his
31 offices in this state for the practice of public accounting
32 are maintained and registered under section seven (7) of this
33 Act. However, the provisions of this subsection shall not
34 prohibit any officer, employee, partner, or principal of any
35 organization from affixing his signature to any statement

1 or report in reference to the financial affairs of said or-
2 ganization with any wording designating the position, title
3 or office which he holds in said organization, nor shall the
4 provisions of this subsection prohibit any act of a public
5 official or public employee in the performance of his duties
6 as such.

7 7. No person shall sign or affix a partnership or cor-
8 poration name with any wording indicating that it is a part-
9 nership or corporation composed of accountants or auditors
10 or persons having expert knowledge in accounting or auditing,
11 to any opinion or certificate attesting in any way to the
12 reliability of any representation or estimate in regard to
13 any person or organization embracing financial information
14 or facts respecting compliance with conditions established
15 by law or contract, including but not limited to statutes,
16 ordinances, regulations, grants, loans and appropriations,
17 unless the partnership or corporation holds a current permit
18 issued under section eight (8) of this Act and all of its
19 offices in this state for the practice of certified public
20 accounting are maintained and registered as required under
21 section seven (7) of this Act.

22 8. No person, partnership, or corporation not holding
23 a current permit issued under section eight (8) of this Act,
24 shall hold himself or itself out to the public as an "ac-
25 countant" or "auditor" by use of either or both of such words
26 on any sign, card, letterhead, or in any advertisement or
27 directory, without indicating thereon or therein that such
28 person, partnership, or corporation does not hold such a per-
29 mit. However, this subsection shall not prohibit any officer,
30 employee, partner, or principal of any organization from de-
31 scribing himself by the position, title, or office he holds
32 in such organization, nor shall this subsection prohibit any
33 act of a public official or public employee in the performance
34 of his duties as such.

35 9. No person shall assume or use the title or designation

1 "certified public accountant" or "public accountant" in con-
2 junction with names indicating or implying that there is a
3 partnership or corporation or in conjunction with the desig-
4 nation "and company", or "and co." or a similar designation,
5 if in any such case, there is in fact no bona fide partner-
6 ship or corporation registered under section four (4) or six
7 (6) of this Act; however, a sole proprietor or partnership
8 lawfully using such title or designation on the effective
9 date of this Act, may continue to do so if he or it other-
10 wise complies with the provisions of this Act.

11 Sec. 14. Nothing contained in this Act shall prohibit
12 any person not a certified public accountant or public ac-
13 countant from serving as an employee of, or an assistant to,
14 a certified public accountant or public accountant or part-
15 nership or corporation composed of certified public account-
16 ants or public accountants holding a permit to practice is-
17 sued under section eight (8) of this Act or a foreign ac-
18 countant registered under section five (5) of this Act;
19 however, such employee or assistant shall not issue any ac-
20 counting or financial statement over his name.

21 Nothing contained in this Act shall prohibit a certified
22 public accountant of another state, or any accountant who
23 holds a certificate, degree, or license in a foreign country,
24 constituting a recognized qualification for the practice of
25 public accounting in such country, from temporarily and pe-
26 riodically practicing in this state, if he is conducting a
27 regular practice in such other state or foreign country;
28 however, such temporary practice shall be conducted in con-
29 formity with the requirements of this Act and the regulations
30 and rules promulgated by the board.

31 Sec. 15. Whenever in the judgment of the board any person
32 has engaged, or is about to engage, in any acts or practices
33 which constitute, or will constitute a violation of section
34 thirteen (13) of this Act, the board may make application
35 to the appropriate court for an order enjoining such acts

1 or practices, and upon a showing by the board that such per-
2 son has engaged, or is about to engage, in any such acts or
3 practices, an injunction, restraining order, or such other
4 order as may be appropriate shall be granted by such court
5 without bond.

6 Sec. 16. Any person who violates any provisions of sec-
7 tion thirteen (13) of this Act shall be guilty of a misde-
8 meanor and, upon conviction, shall be subject to a fine of
9 not more than five hundred dollars, or to imprisonment for
10 not more than one year, or to both such fine and imprison-
11 ment.

12 Whenever the board has reason to believe that any person
13 is liable to punishment under this section, it may certify
14 the facts to the attorney general of this state, or to the
15 county attorney of the county where the person maintains a
16 business office, who may, in his discretion, cause appropri-
17 ate charges to be filed.

18 Sec. 17. The display or uttering by a person of a card,
19 sign, advertisement, or other printed, engraved, or written
20 instrument or device, bearing a person's name in conjunction
21 with the words "certified public accountant" or "public
22 accountant" or any abbreviation thereof shall be competent
23 evidence in any action brought under section fifteen (15)
24 or sixteen (16) of this Act that the person whose name is
25 so displayed caused or procured the display or uttering of
26 such card, sign, advertisement, or other printed, engraved,
27 or written instrument or device, and that such person is
28 holding himself out to be a certified public accountant or
29 a public accountant registered under section eight (8) of
30 this Act.

31 In any such action evidence of the commission of a single
32 act prohibited by this Act shall be sufficient to justify
33 an injunction or a conviction without evidence of a general
34 course of conduct.

35 Sec. 18. All statements, records, schedules, working pa-

1 pers, and memoranda made by a certified public accountant
2 or public accountant incident to or in the course of profes-
3 sional service to clients by such accountant, except reports
4 submitted by a certified public accountant or public account-
5 ant to a client, shall be and remain the property of such
6 accountant in the absence of an express agreement between
7 such accountant and the client to the contrary.

8 No such statement, record, schedule, working paper, or
9 memoranda shall be sold, transferred, or bequeathed, without
10 the consent of the client or his personal representative or
11 assignee, to anyone other than one or more surviving partners
12 or new partners of such accountant or to his corporation.

13 Sec. 19. Sections one hundred sixteen point one (116.1),
14 one hundred sixteen point two (116.2), one hundred sixteen
15 point three (116.3), one hundred sixteen point four (116.4),
16 one hundred sixteen point five (116.5), one hundred sixteen
17 point six (116.6), one hundred sixteen point seven (116.7),
18 subsections one (1), three (3), four (4), five (5), and six
19 (6), one hundred sixteen point eight (116.8), one hundred
20 sixteen point ten (116.10), one hundred sixteen point eleven
21 (116.11), one hundred sixteen point twelve (116.12), one hun-
22 dred sixteen point thirteen (116.13), one hundred sixteen
23 point fourteen (116.14), one hundred sixteen point sixteen
24 (116.16), one hundred sixteen point seventeen (116.17), one
25 hundred sixteen point eighteen (116.18), one hundred sixteen
26 point nineteen (116.19), Code 1971, are hereby repealed.

27 Sec. 20. This Act shall take effect on September 1, 1972.

28 EXPLANATION

29 It is the purpose of this Act, to promote the dependabil-
30 ity of information which is used for guidance in financial
31 transactions or for accounting for or assessing the status
32 or performance of commercial and noncommercial enterprises,
33 whether public or private. The public interest requires that
34 persons attesting as experts in accountancy to the reliability
35 or fairness of presentation of such information be qualified

1 in fact to do so; that a public authority competent to pre-
2 scribe and assess the qualifications of public accountants
3 be established; and that the attestation of financial infor-
4 mation by persons professing expertise in accountancy be re-
5 served to persons who have demonstrated their ability and
6 fitness to observe and apply the standards of the accounting
7 profession. Further, this Act completely recodifies chap-
8 ter 116 relating to accountants. The original Act authoriz-
9 ing the licensing of certified public accountants was passed
10 in approximately 1921 and has not been materially altered
11 since that date. This Act expands the board of accountancy,
12 provides for the regulating of certified public accountants
13 practicing in this state and allows for the freer movement
14 of CPAs into this state. The Act further provides for con-
15 tinuing study and a Code of Ethics governing the profession.
16 This Act does not affect the licensing of public accountants
17 licensed under chapter 116 of the Code.

18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35