

**ACCOUNTANCY EXAMINING BOARD[193A]**

**Adopted and Filed**

**Rulemaking related to definitions**

The Accountancy Examining Board hereby rescinds Chapter 1, “Definitions,” Iowa Administrative Code, and adopts a new chapter with the same title.

*Legal Authority for Rulemaking*

This rulemaking is adopted under the authority provided in Iowa Code section 542.4.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code chapter 542 and Executive Order 10 (January 10, 2023).

*Purpose and Summary*

These amendments implement changes recommended by Executive Order 10. This chapter includes definitions that will aid licensees, and the general public will have a better understanding of the remaining chapters of the Board.

*Public Comment and Changes to Rulemaking*

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on January 10, 2024, as **ARC 7384C**. Public hearings were held on January 30, 2024, and January 31, 2024, at 12:30 p.m. at 6200 Park Avenue, Des Moines, Iowa. No one attended the public hearings. No public comments were received. No changes from the Notice have been made.

*Adoption of Rulemaking*

This rulemaking was adopted by the Board on February 15, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa. No current fees are being changed, and no new fees are being imposed.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department of Inspections, Appeals, and Licensing for a waiver of the discretionary provisions, if any, pursuant to 481—Chapter 6.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

*Effective Date*

This rulemaking will become effective on April 10, 2024.

The following rulemaking action is adopted:

ITEM 1. Rescind 193A—Chapter 1 and adopt the following **new** chapter in lieu thereof:

CHAPTER 1  
DEFINITIONS

**193A—1.1(542) Definitions.** The following definitions apply to the rules of the board of accountancy.

“*Act*” means the Accountancy Act of 2001 as amended by 2008 Iowa Acts, chapter 1106.

“*AICPA*” means the American Institute of Certified Public Accountants.

“*AICPA Code of Professional Conduct*” means the AICPA code of professional conduct as amended through January 1, 2024.

“*Attest*” or “*attest service*” means the same as defined in Iowa Code section 542.3(1).

“*Attest engagement team*” means the team of individuals participating in attest service, including those who perform concurring and second partner reviews. The attest engagement team includes all employees and contractors retained by the firm who participate in attest service, irrespective of their functional classification.

“*Audit*” means the procedures performed in accordance with applicable auditing standards for the purpose of expressing or disclaiming an opinion on the fairness with which the historical financial or other information is presented in conformity with generally accepted accounting principles, another comprehensive basis of accounting, or a basis of accounting described in the report.

“*Board*” means the same as defined in Iowa Code section 542.3(2).

“*Certificate*” means the same as defined in Iowa Code section 542.3(3).

“*Client*” means the same as defined in Iowa Code section 542.3(6).

“*Commission*” means the same as defined in Iowa Code section 542.3(7) and includes any form of compensation in a fixed or variable amount or percentage received for selling, recommending or referring any product or service of another, including a referral fee.

“*Compensation*” means anything of value received by a CPA or LPA while practicing public accounting for selling, recommending or referring a product or service of another.

“*Compilation*” means the same as defined in Iowa Code section 542.3(8).

“*Contingent fee*” means the same as defined in Iowa Code section 542.3(9).

“*Certified public accountant*” or “*CPA*” means the same as defined in Iowa Code section 542.3(4).

“*Examination of prospective financial information*” means an evaluation by a CPA of a forecast or projection, the support underlying the assumptions in the forecast or projection, whether the presentation of the forecast or projection is in conformity with AICPA presentation guidelines, and whether the assumptions in the forecast or projection provide a reasonable basis for the projection or forecast.

“*FASB*” means the Financial Accounting Standards Board.

“*Financial statement*” means a presentation of financial data, including accompanying notes derived from accounting records and intended to communicate an entity’s economic resources or obligations at a point in time or the changes therein for a period of time in conformity with a comprehensive basis of accounting, but does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting documents.

“*Firm*” means a sole proprietorship, partnership, corporation, professional corporation, professional limited liability company, limited liability partnership or any other form of organization issued a permit to practice as a firm under Iowa Code section 542.7 or 542.8 or the office of the auditor of state, state of Iowa, when the auditor of state is a certified public accountant.

“*Forecast*” means prospective financial statements that present, to the best of the responsible party’s knowledge and belief, an entity’s expected financial position, results of operations, and changes in financial position or cash flows that are based on the responsible party’s assumptions reflecting conditions it expects to exist and the course of action it expects to take.

“*GASB*” means the Governmental Accounting Standards Board.  
“*Home office*” means the same as defined in Iowa Code section 542.3(10).  
“*IASB*” means International Accounting Standards Board.  
“*IFRS*” means International Financial Reporting Standards.  
“*IRS*” means the Internal Revenue Service, United States Department of the Treasury.  
“*License*” means the same as defined in Iowa Code section 542.3(11).  
“*Licensed public accountant*” or “*LPA*” means the same as defined in Iowa Code section 542.3(12).  
“*Licensed public accounting firm*” means the same as defined in Iowa Code section 542.3(13).  
“*Licensee*” means the same as defined in Iowa Code section 542.3(14).  
“*Managing partner,*” “*managing shareholder,*” or “*managing member*” means the designated individual with ultimate responsibility for the operation of a firm’s practice.  
“*NASBA*” means the same as defined in Iowa Code section 542.3(17).  
“*NSA*” means the National Society of Accountants.  
“*Office*” means the same as defined in Iowa Code section 542.3(18).  
“*Owner*” means any person who has equity ownership interest in a CPA or LPA firm.  
“*PCAOB*” means the Public Company Accounting Oversight Board created by the Sarbanes-Oxley Act of 2002.  
“*Peer review,*” as used in 193A—Chapters 11 and 12, means the same as defined in Iowa Code section 542.3(19).  
“*Person,*” unless the context indicates otherwise, means individuals, sole proprietorships, partnerships, corporations, limited liability companies, limited liability partnerships or other forms of entities.  
“*Person associated with a CPA or LPA*” means any owner, partner, shareholder, member, employee, assistant, or independent contractor of a CPA or LPA firm.  
“*Practice of public accounting*” means the same as defined in Iowa Code section 542.3(24).  
“*Practice privilege*” means the same as defined in Iowa Code section 542.3(25).  
“*Principal place of business*” means the same as defined in Iowa Code section 542.3(26).  
“*Projection*” means prospective financial statements that present, to the best of the responsible party’s knowledge and belief given one or more hypothetical assumptions, an entity’s expected financial position, results of operations, and changes in financial position or cash flows that are based on the responsible party’s assumptions reflecting conditions it expects would exist and the course of action it expects would be taken given such hypothetical assumptions.  
“*Report*” means the same as defined in Iowa Code section 542.3(27).  
“*Respondent*” means any person against whom a formal statement of charges has been filed.  
“*Review*” means the same as Iowa Code section 542.3(1) “a”(2).  
“*SAS*” means statements on auditing standards.  
“*SEC*” means the United States Securities and Exchange Commission.  
“*SSARS*” means the statements on standards for accounting and review services.  
“*State*” means the same as defined in Iowa Code section 542.3(28).  
“*Substantial equivalency*” means the same as defined in Iowa Code section 542.3(29).  
“*Year,*” when used in the context as a time measurement of experience in accounting work, means a period of 365 days.  
This rule is intended to implement Iowa Code chapter 542.

[Filed 2/15/24, effective 4/10/24]

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EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 3/6/24.