

ACCOUNTANCY EXAMINING BOARD[193A]

Adopted and Filed

Rulemaking related to peer review

The Accountancy Examining Board hereby rescinds Chapter 11, “Peer Review,” 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. Chapter 11 covers peer review, a function to occasionally review the work of licensees for quality assurance. This quality assurance helps provide the best possible services for Iowans.

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 7394C**. 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 11 and adopt the following **new** chapter in lieu thereof:

CHAPTER 11
PEER REVIEW

193A—11.1(542) Peer review obligations. As a condition of renewal for a CPA or an LPA who issues compilation reports other than through a CPA or an LPA firm that holds a permit to practice, and as a condition of permit renewal for LPA firms that issue compilation reports or CPA firms that provide attest services or issue compilation reports, the applicant shall submit certification of completion of a peer review issued pursuant to this chapter. Such review needs to be completed at the highest level of service provided by the firm or licensee. The performance of preparation services under SSARS 21 does not alone subject a firm or individual to peer review, although if a firm or individual is otherwise subject to peer review, the reviewer may include preparation services in the scope of practices reviewed.

193A—11.2(542) Three-year cycle. During the three-year period ending December 31 preceding the application for renewal of a certificate, license, or permit to practice, the individual licensee or firm shall have completed a peer review in accordance with this chapter. A peer review shall be completed no less often than once every three years.

193A—11.3(542) System of internal quality control. If the firm has not performed any attest or compilation services prior to the application for renewal, the firm will have in place a system of internal quality control prior to the commencement of an engagement including attest or compilation services and come into compliance with the peer review obligations within 18 months of completion of an engagement including attest or compilation services.

193A—11.4(542) Peer review programs that qualify. A firm's completion of a peer review program endorsed or supported by the AICPA, the National Society of Accountants or other substantially similar review programs in Iowa or other states approved by the board satisfies this chapter.

193A—11.5(542) Waiver of peer review. At the time of renewal, a licensee or firm may request a waiver from this chapter, as provided in Iowa Code sections 542.7(9) and 542.8(18).

193A—11.6(542) Submission of peer review reports. Unless the subject of a peer review timely objects in writing to the administering entity of the peer review program, the administering entity will make available to the board, within 30 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.

These rules are 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.