

542.3 Definitions.

As used in [this chapter](#), unless the context otherwise requires:

1. a. “Attest” or “attest service” means providing any of the following services:

(1) An audit or other engagement to be performed in accordance with the statements on auditing standards.

(2) A review of a financial statement to be performed in accordance with the statements on standards for accounting and review services.

(3) Any engagement to be performed in accordance with the statements on standards for attestation engagements.

(4) Any engagement to be performed in accordance with the standards of the public company accounting oversight board.

b. The standards specified in [this subsection](#) are those standards adopted by the board, by rule, by reference to the standards developed for general application by the American institute of certified public accountants, the public company accounting oversight board, or other recognized national accountancy organization.

2. “Board” means the Iowa accountancy examining board established under [section 542.4](#) or its predecessor under prior law.

3. “Certificate” means a certificate as a certified public accountant issued under [section 542.6](#) or [542.19](#), or a certificate issued under corresponding prior law.

4. “Certified public accountant” means a person licensed by the board who holds a certificate issued under [this chapter](#) or corresponding prior law.

5. “Certified public accounting firm” means a sole proprietorship, a corporation, a partnership, a limited liability company, or any other form of organization issued a permit to practice as a firm of certified public accountants under [section 542.7](#).

6. “Client” means a person or entity that agrees with a licensee or licensee’s employer to receive a professional service.

7. “Commission” means a brokerage or other participation fee. “Commission” does not include a contingent fee.

8. “Compilation” means a service performed in accordance with statements on standards for accounting and review services and presented in the form of financial statements, which provides information that is the representation of management without undertaking to express any assurance on the statements.

9. “Contingent fee” means a fee established for the performance of a service pursuant to an arrangement under which a fee will not be charged unless a specified finding or result is attained, or under which the amount of the fee is otherwise dependent upon the finding or result of such service. “Contingent fee” does not mean a fee fixed by a court or other public authority, or a fee related to any tax matter which is based upon the results of a judicial proceeding or the findings of a governmental agency.

10. “Home office” is the location specified by the client as the address to which an attest or compilation service is directed, which may be a subunit or subsidiary or an entity or the principal office of an entity, as the board may further define by rule.

11. “License” means a certificate issued under [section 542.6](#) or [542.19](#), a permit issued under [section 542.7](#), or a license issued under [section 542.8](#); or a certificate, permit, or license issued under corresponding prior law.

12. a. “Licensed public accountant” means a person licensed by the board who does not hold a certificate as a certified public accountant under [this chapter](#), and who offers to perform or performs for the public any of the following services:

(1) Records financial transactions in books of record.

(2) Makes adjustments of financial transactions in books of record.

(3) Makes trial balances from books of record.

(4) Prepares internal verification and analysis of books or accounts of original entry.

(5) Prepares financial statements, schedules, or reports.

(6) Devises and installs systems or methods of bookkeeping, internal controls of financial data, or the recording of financial data.

(7) Prepares compilations.

b. Nothing contained in this definition or elsewhere in [this chapter](#) shall be construed to permit a licensed public accountant to give an opinion attesting to the reliability of any representation embracing financial information.

13. “*Licensed public accounting firm*” means a sole proprietorship, a corporation, a partnership, a limited liability company, or any other form of organization issued a permit to practice as a firm of licensed public accountants under [section 542.8](#).

14. “*Licensee*” means the holder of a license.

15. “*Manager*” means a manager of a limited liability company.

16. “*Member*” means a member of a limited liability company.

17. “*NASBA*” means the national association of state boards of accountancy.

18. “*Office*” means any Iowa workplace identified or advertised to the general public as a location where public accounting services are performed.

19. “*Peer review*” means a study, appraisal, or review of one or more aspects of the professional work of a licensee or firm that performs attest or compilation services, by a licensed person or persons who are not affiliated with the licensee or firm being reviewed. “*Peer review*” does not include a peer review conducted pursuant to [chapter 272C](#) in connection with a disciplinary investigation.

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.

21. “*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.

22. “*Peer review team*” means a person or organization participating in the peer review function, but does not include the board.

23. “*Permit*” means a permit to practice as either a certified public accounting firm issued under [section 542.7](#) or licensed public accounting firm under [section 542.8](#) or under corresponding provisions of prior law.

24. “*Practice of public accounting*” means the performance or the offering to perform, by a person holding oneself out to the public as a certified public accountant or a licensed public accountant, one or more kinds of professional services involving the use of accounting, attest, or auditing skills, including the issuance of reports on financial statements, or of one or more kinds of management advisory, financial advisory, or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. However, with respect to licensed public accountants, the “*practice of public accounting*” shall not include attest or auditing services or the rendering of an opinion attesting to the reliability of any representation embracing financial information.

25. “*Practice privilege*” means an authorization to practice public accounting in Iowa or for clients with a home office in Iowa without licensure under [this chapter](#), as provided in [section 542.20](#).

26. “*Principal place of business*” means the primary location from which public accounting services are performed, as the board may further define by rule. A person or firm may only have one principal place of business at any one time.

27. “*Report*”, when used with reference to any attest or compilation services, means a report, opinion, or other form of a writing that states or implies assurance as to the reliability of the attested information or compiled financial statements and that includes or is accompanied by a statement or implication that the person or firm issuing the report has special knowledge or competence in accounting or auditing. Such statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. “*Report*” includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply a positive assurance as to the reliability of the attested information or compiled financial statements referred to or special knowledge or competence on the part of the person or firm issuing the language, and any

other form of language that is conventionally understood to imply such assurance or such special knowledge or competence.

28. “*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.

29. “*Substantial equivalency*” is a determination by the board that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination, and experience requirements contained in [this chapter](#) or that an individual licensee’s education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements contained in [this chapter](#).

[2001 Acts, ch 55, §3, 38; 2008 Acts, ch 1106, §1 – 4, 15; 2011 Acts, ch 127, §50, 89; 2015 Acts, ch 13, §2; 2017 Acts, ch 78, §1; 2022 Acts, ch 1085, §2, 3, 7, 8](#)

Referred to in [§11.31A, 542.8](#)

2022 amendment to subsection 20 applies retroactively to July 1, 2002; 2022 Acts, ch 1085, §8

Subsection 21 applies retroactively to July 1, 2002; 2022 Acts, ch 1085, §8