

# ACCOUNTANCY EXAMINING BOARD[193A]

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CHAPTER 1  
DEFINITIONS

[Prior to 7/13/88, see Accountancy, Board of[10]]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**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.

[ARC 7677C, IAB 3/6/24, effective 4/10/24]

This rule is intended to implement Iowa Code chapter 542.

[Filed and effective September 22, 1975 under ch 17A, C '73]

[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]

[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]

[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]

[Filed emergency 5/19/94—published 6/8/94, effective 5/19/94]

[Filed 7/11/97, Notice 4/23/97—published 7/30/97, effective 9/3/97]

[Filed 4/30/99, Notice 3/24/99—published 5/19/99, effective 6/23/99]

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 1/19/05, Notice 12/8/04—published 2/16/05, effective 3/23/05]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed Emergency ARC 9483B, IAB 5/4/11, effective 6/1/11][Filed ARC 9482B (Notice ARC 9370B,

IAB 2/23/11), IAB 5/4/11, effective 6/8/11]

[Filed Emergency ARC 9676B, IAB 8/10/11, effective 7/22/11]

[Filed ARC 0174C (Notice ARC 9980B, IAB 1/25/12), IAB 6/13/12, effective 7/18/12]  
[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]  
[Filed ARC 3422C (Notice ARC 3224C, IAB 8/2/17), IAB 10/25/17, effective 11/29/17]  
[Filed ARC 7677C (Notice ARC 7384C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 2  
ORGANIZATION AND ADMINISTRATION

[Prior to 7/13/88, see Accountancy, Board of[10]]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—2.1(542) Description.**

**2.1(1)** The accountancy examining board administers and enforces the provisions of Iowa Code chapter 542 with regard to the practice of accountancy in the state.

**2.1(2)** The primary mission of the board is to protect the public interest.

[ARC 7678C, IAB 3/6/24, effective 4/10/24]

**193A—2.2(542) Advisory committees.** The board chair may appoint advisory committees composed of board members to make recommendations on matters within the board's jurisdiction.

[ARC 7678C, IAB 3/6/24, effective 4/10/24]

**193A—2.3(542) Annual meeting.** At the first board meeting scheduled after April 30 of each year (the annual meeting), the board will elect a chair and vice-chair to serve until their successors are elected.

[ARC 7678C, IAB 3/6/24, effective 4/10/24]

**193A—2.4(542) Other meetings.** Other meetings throughout the year may be established by the chairperson, by board resolution, or by a request of a majority of board members.

[ARC 7678C, IAB 3/6/24, effective 4/10/24]

**193A—2.5(542) Board administrator's duties.** The board administrator's duties include the following:

**2.5(1)** Ensuring that complete records are kept of all applications for examination and registration; all certificates, licenses and permits granted; and all necessary information in regard thereto. The board administrator is the lawful custodian of the board records.

**2.5(2)** Determining when the prerequisites for licensure have been satisfied with regard to issuance of certificates, licenses or registrations.

**2.5(3)** Submitting to the board any questionable application.

**2.5(4)** Keeping accurate minutes of board meetings.

**2.5(5)** Keeping a list of persons issued certificates as certified public accountants, persons issued licenses as licensed public accountants, and all firms issued permits to practice.

**2.5(6)** Performing such additional administrative duties as assigned.

[ARC 7678C, IAB 3/6/24, effective 4/10/24]

**193A—2.6(542) Disclosure of confidential information.**

**2.6(1)** Persons who take the examination may consent to the publication of their names on a list of passing candidates.

**2.6(2)** Information relating to the examination results, including the specific grades by subject matter, may only be given to the person who took the examination, except that the board may:

*a.* Disclose the specific grades by subject matter to the regulatory authority of any other state or foreign country in connection with the candidate's application for a reciprocal certificate or license from the other state or foreign country, but only if requested by the applicant.

*b.* Disclose the specific grades by subject matter to educational institutions, professional organizations, or others, provided the names of the persons taking the examination are not provided in conjunction with the scores.

[ARC 7678C, IAB 3/6/24, effective 4/10/24]

**193A—2.7(17A,21,22,272C,542) Uniform rules.** Administrative and procedural rules can be found in rules of the professional licensing and regulation bureau[193].

[ARC 7678C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 17A, 21, 22, 272C and 542.

[Filed and effective 9/22/75 under ch 17A, C '73]

[Filed 6/24/76, Notice 5/17/76—published 7/12/76, effective 8/16/76]  
[Filed 10/9/80, Notice 9/3/80—published 10/29/80, effective 12/3/80]  
[Filed 2/8/82, Notice 12/9/81—published 3/3/82, effective 4/7/82]  
[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]  
[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]  
[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]  
[Filed 4/30/99, Notice 3/24/99—published 5/19/99, effective 6/23/99]  
[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]  
[Filed 9/13/02, Notice 8/7/02—published 10/2/02, effective 11/6/02]  
[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]  
[Filed ARC 2719C (Notice ARC 2598C, IAB 6/22/16), IAB 9/28/16, effective 11/2/16]  
[Filed ARC 6123C (Notice ARC 5989C, IAB 10/20/21), IAB 1/12/22, effective 2/16/22]  
[Filed ARC 7678C (Notice ARC 7385C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]

CHAPTER 3  
CERTIFICATION OF CPAs

[Prior to 7/13/88, see Accountancy, Board of[10]]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—3.1(542) Qualifications for a certificate as a certified public accountant.**

**3.1(1)** A person who meets the qualifications of Iowa Code section 542.5 and this chapter and applies pursuant to Iowa Code section 542.6 may be granted a certificate as a certified public accountant.

**3.1(2)** An application may be denied if the applicant is in violation of any of the requirements of Iowa Code chapter 542, prior enforcement proceedings under 193A—Chapter 17, or Iowa Code section 272C.15.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.2(542) Colleges or universities recognized by the board.** Pursuant to Iowa Code section 542.5(7), the board recognizes educational institutions accredited by the Association to Advance Collegiate Schools of Business and the regional accrediting bodies listed in the Accredited Institutions of Postsecondary Education as published on January 1, 2024.

This rule is intended to implement Iowa Code section 542.5.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.3(542) Accounting concentration.**

**3.3(1)** A candidate will be deemed to have met the educational requirement if, as part of the 150 semester hours of education as outlined in Iowa Code section 542.5, the candidate has met one of the following four conditions:

*a.* Earned a graduate degree with a concentration in accounting from a program that is accredited in accounting by an accrediting agency recognized by the board.

*b.* Earned a graduate degree in business from a program that is accredited in business by an accrediting agency recognized by the board and completed at least 24 semester hours in accounting, including courses covering the subjects of financial accounting, auditing, taxation, and management accounting. Such accounting hours exclude elementary accounting or principles of accounting, internships or life experience.

*c.* Earned a baccalaureate degree in business or accounting from a program that is accredited in business by an accrediting agency recognized by the board and completed at least 24 semester hours in accounting courses covering the subjects of financial accounting, auditing, taxation, and management accounting. Such accounting hours exclude elementary accounting or principles of accounting, internships or life experience.

*d.* Earned a baccalaureate or higher degree and completed the following hours from an accredited institution recognized by the board:

(1) At least 24 semester hours in accounting courses above elementary accounting or principles of accounting covering the subjects of financial accounting, auditing, taxation, and management accounting, not including internships or life experience; and

(2) At least 24 additional semester hours in business-related courses, not including internships or life experience. Elementary accounting hours that do not qualify under subparagraph 3.3(1)“d”(1) may apply toward business-related courses.

Quarter hours will be accepted in lieu of semester hours at a 3:2 ratio; that is, three quarter hours are equivalent to two semester hours. Internships and life experience hours may apply toward the total required 150 hours.

**3.3(2)** The board will consider correspondence study and study in other schools not meeting the above requirements on an individual basis if the candidate can provide evidence that such study would be acceptable for credit by a college or university recognized by the board; provided, however, that at least 18 of the required hours in accounting and at least 16 of the required hours in business-related subjects are obtained from a college or university recognized by the board.

**3.3(3)** The applicant needs to have an official transcript of credit issued by a recognized institution sent by the institution to the board's test administrator at the time of application in order for the applicant's claimed college or university credits to be confirmed.

**3.3(4)** Graduates of foreign colleges or universities will have their education evaluated by a foreign credentials evaluation advisory service specified by the board.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.4(542) Examination applications.**

**3.4(1)** An individual desiring to take the certified public accountant examination as an initial candidate should apply to the board's test administrator. Only a complete application will be considered. A complete application includes a completed application form, the designated fee, and all applicable college transcripts.

**3.4(2)** To be eligible to apply for the examination, a candidate needs to fulfill the requirements of rule 193A—3.3(542). A candidate may apply for the examination before the educational requirements are met pursuant to Iowa Code section 542.5(9).

**3.4(3)** A candidate whose application is denied under subrule 3.1(2) may be denied admittance to the examination by the board.

**3.4(4)** A candidate may be considered as a reexamination applicant regardless of whether or not the candidate sat for the examination once initially approved. Reexamination applicants may apply to the board's test administrator.

**3.4(5)** A nonrefundable proctoring fee will be collected from a candidate who wishes to be proctored in Iowa.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.5(542) Content and grading of the examination.**

**3.5(1)** The board may use the Uniform Certified Public Accountant Examination prepared by the American Institute of Certified Public Accountants or another nationally recognized organization under a plan of cooperation with the boards of all states and territories of the United States.

**3.5(2)** The board may also make use of the advisory grading service provided by the American Institute of Certified Public Accountants or another nationally recognized organization under a plan of cooperation with the boards of all states and territories of the United States.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.6(542) Conditional requirements.**

**3.6(1)** Effective with the implementation of the computer-based examination, a candidate may take the test subjects individually and in any order. Except as provided in rule 193A—3.7(542), credit for any subjects passed will be valid for 30 months from the actual date initial credit is earned, without the candidate having to attain a minimum score on any failed subject(s) and without regard to whether the candidate sat for any other subjects. The candidate needs to pass all four subjects of the examination within a rolling 30-month period that begins on the date initial credit is earned, which is calculated on the date the examination administrator provides scores to the boards, the candidate, or both. If all four subjects are not passed within the 30-month period, credit for any subject taken outside the 30-month period will expire.

**3.6(2)** A candidate will be deemed to have passed the examination once the candidate holds, at the same time, valid credit for passing each of the four subjects of the examination. For purposes of this rule, credit for passing a subject of the examination is valid from the actual date of the testing event for that subject, regardless of the date the candidate actually received notice of the passing score.

This rule is intended to implement Iowa Code section 542.5.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.7(542) Extension of conditional status.**

**3.7(1)** The time limit within which a candidate needs to pass all subjects under these rules will not include any period during which the candidate was serving in the armed forces of the United States. This exception does not apply if the candidate takes an examination while so serving. The board may extend the time limit in particular instances on a case-by-case basis.

**3.7(2)** The time limit within which a candidate needs to pass all subjects under these rules may be extended for hardship cases, such as when the applicant for the examination is prevented from attending for such reasons as unexpected illness, verified by a medical doctor, or a death in the family, verified in writing.

**3.7(3)** The time limit within which a candidate needs to pass all subjects under these rules may be extended if circumstances occur that prevent the score from an examination from reaching the candidate in a reasonable period of time. Such circumstances would allow the candidate the opportunity to retake a failed subject.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.8(542) Transfer of credit from another jurisdiction.** A candidate requesting transfer of grades from any other jurisdiction will be subject to the same provisions of these rules as an Iowa candidate, provided that the examination given by the licensing authority in the other state was an examination approved by the Iowa board.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.9(542) Examination procedures.** At the examination, a candidate needs to provide evidence of identification and comply with the requirements of the examination administrator.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.10(542) Conduct of the examination.**

**3.10(1)** Any individual who subverts or attempts to subvert the examination process may, at the discretion of the board, have the individual's examination scores declared invalid for the purpose of certification in Iowa, be barred from accountancy licensing and certification examinations in Iowa, or be subject to the imposition of other sanctions the board deems appropriate.

**3.10(2)** Individuals are subject to the conduct rules and regulations of the examination administrator.

**3.10(3)** Any examination candidate who wishes to appeal a decision of the board under this rule may request a contested case hearing. The request for hearing needs to be in writing, briefly describe the basis for the appeal, and be filed in the board's office within 30 days of the date of the board decision being appealed. Any hearing requested under this subrule will be governed by the rules applicable to contested case hearings under 193—Chapter 7.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.11(542) Refunding of examination fees.** Examination fees will not be refunded except in hardship cases, such as when the candidate for the examination is prevented from attending for such reasons as unexpected illness, verified by a medical doctor, a death in the family, or a call to active military service, in which case 50 percent of the fee may be returned. Written documentation including evidence of the hardship will be provided to the board's test administrator.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.12(542) Experience for certificate.**

**3.12(1)** One year of experience will consist of full- or part-time employment that extends over a period of no less than one year and no more than three years and includes no fewer than 2,000 hours of performance of services outlined in Iowa Code section 542.5(12). Experience may be gained in more than one employment situation, including an internship.

**3.12(2)** An applicant seeking qualification as an attest CPA will have, at a minimum, two years of experience, as described in 193A—subrule 6.2(1).

**3.12(3)** All experience will be verified by a licensee with direct supervisory control over the applicant or by a licensee who can attest that the experience gained by the applicant meets the requirements of Iowa Code section 542.5(12) if the applicant is not supervised by a licensee.

**3.12(4)** Teaching experience will be in the employment of an institution of higher education and will include teaching a minimum of 24 semester hours of accounting courses for which the course participants receive credit on an official transcript. Teaching of noncredit continuing education courses will not qualify under this rule.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.13(542) Ethics course and examination.** A successful candidate will need to pass an examination covering the code of ethical conduct prior to issuance of the certificate.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.14(542) Obtaining the certificate.**

**3.14(1)** A candidate who successfully passes the examination, completes the ethics course and examination and meets the obligations of rule 193A—3.1(542) needs to apply for the certificate on the board's website. An applicant for a certificate may be denied the certificate for reasons outlined in subrule 3.4(3) regardless of when the incident occurred.

**3.14(2)** If the candidate does not file an application for a certificate within three years of passing the examination, the candidate needs to comply with the basic continuing education obligations outlined in rule 193A—10.5(542) prior to filing an application. The continuing education hours need to include a minimum of eight hours of continuing education every three years devoted to financial statement presentation, such as courses covering the statements on standards for accounting and review services (SSARS) and accounting and auditing updates.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

**193A—3.15(542) Use of title.**

**3.15(1)** Only a person who holds an active, unexpired certificate and who complies with the requirements of 193A—Chapters 5 and 10 or a person lawfully exercising a practice privilege under Iowa Code section 542.20 may use or assume the title “certified public accountant” or the abbreviation “CPA” or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a certified public accountant.

**3.15(2)** Rules regarding the use of the title “CPA” in a firm name are found in the AICPA Code of Professional Conduct as adopted by reference in 193A—Chapter 13.

[ARC 7679C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapter 542 and section 10A.506.

[Filed and effective September 22, 1975]

[Filed 9/27/78, Notice 8/23/78—published 10/18/78, effective 11/22/78]

[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]

[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]

[Filed 12/30/92, Notice 10/28/92—published 1/20/93, effective 2/24/93]

[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]

[Filed 12/30/94, Notice 10/12/94—published 1/18/95, effective 2/22/95]

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 1/30/04, Notice 12/24/03—published 2/18/04, effective 3/24/04]

[Filed 1/19/05, Notice 12/8/04—published 2/16/05, effective 3/23/05]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 9482B (Notice ARC 9370B, IAB 2/23/11), IAB 5/4/11, effective 6/8/11]

[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]

[Filed ARC 3230C (Notice ARC 3019C, IAB 4/12/17), IAB 8/2/17, effective 9/6/17]

[Filed ARC 4243C (Notice ARC 3988C, IAB 9/12/18), IAB 1/16/19, effective 2/20/19]

[Filed ARC 4657C (Notice ARC 4507C, IAB 6/19/19), IAB 9/11/19, effective 10/16/19]

[Filed ARC 5562C (Notice ARC 5357C, IAB 12/30/20), IAB 4/21/21, effective 5/26/21]

[Filed ARC 6123C (Notice ARC 5989C, IAB 10/20/21), IAB 1/12/22, effective 2/16/22]

[Filed ARC 7679C (Notice ARC 7386C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]

CHAPTER 4  
LICENSURE OF LPAs

[Prior to 7/13/88, see Accountancy, Board of[10]]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—4.1(542) Qualifications for a license as a licensed public accountant.**

**4.1(1)** A person who meets the qualifications and applies subject to Iowa Code section 542.8 may be granted a license as a licensed public accountant.

**4.1(2)** An application may be denied if the applicant is in violation of any of the requirements of Iowa Code chapter 542, prior enforcement proceedings under 193A—Chapter 17, or Iowa Code section 272C.15.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.2(542) Examination application.**

**4.2(1)** An individual desiring to take the examination to qualify for a license as a licensed public accountant should apply to the board's test administrator.

**4.2(2)** To be eligible to take the examination, the applicant needs to meet the conditions of Iowa Code section 542.8(1) "b" at the time of filing the application.

**4.2(3)** A candidate whose application is denied under subrule 4.1(2) may be denied admittance to the examination by the board.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.3(542) Major in accounting.** In determining whether the conditions in Iowa Code section 542.8(1) "b"(2) as to a major in accounting have been met, the board will follow the provisions associated with a concentration in accounting outlined in rule 193A—3.3(542).

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.4(542) Transcripts needed.** In order for an applicant's claim to college or university credits to be confirmed, the applicant needs to have an official transcript of credit issued by a recognized institution sent by the institution to the board's test administrator at the time of application.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.5** Reserved.

**193A—4.6(542) Content and grading of the examination.**

**4.6(1)** The board may use the examination prepared by the Accreditation Council for Accountancy and Taxation, without questions regarding auditing or attest functions.

**4.6(2)** The board may use the grading services provided by the Accreditation Council for Accountancy and Taxation.

**4.6(3)** Absent a showing of good cause, the board will accept the passing grade established by the Accreditation Council for Accountancy and Taxation.

**4.6(4)** Alternatively, an applicant may satisfy the examination obligations of this rule by passing the Financial Accounting and Reporting and Regulation sections of the CPA examination provided by the AICPA.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.7(542) Conditional requirements.** Effective with the implementation of the computer-based examination, a candidate may take the required test subjects individually and in any order. Except as provided in rule 193A—3.7(542), credit for any subjects passed will be valid for 18 months from the actual date the candidate sat for the subject, without the candidate having to attain a minimum score on any failed subject(s) and without regard to whether the candidate sat for any other subjects. The candidate needs to pass both subjects of the examination within a rolling 18-month period that begins on the date that the first

subject is passed. If both subjects are not passed within the 18-month period, credit for any subject taken outside the 18-month period will expire.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.8(542) Examination procedures.** The examination procedures to be followed by a candidate for the certified public accountants' examination as outlined in rule 193A—3.8(542) apply to a licensed public accountant examination candidate.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.9(542) Refunding of examination fees.** Examination fees will not be refunded except as provided by the rules concerning the refunding of examination fees to an examination candidate for a certified public accountant certificate outlined in rule 193A—3.10(542).

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.10(542) Credit for an examination taken in another state.** A candidate who has partially passed an examination in another state will be given credit for the part or parts passed, provided the candidate meets the conditioning requirements of the board and further provided the examination given by the licensing authority in the other state was an examination that complies with rule 193A—4.7(542).

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.11(542) Experience for license.**

**4.11(1)** One year of experience will consist of full- or part-time employment that extends over a period of no less than one year and no more than three years and includes no fewer than 2,000 hours of performance of services outlined in Iowa Code section 542.8(8). Experience may be gained in more than one employment situation, including an internship.

**4.11(2)** All experience will be verified by a licensee with direct supervisory control over the applicant or by a licensee who can attest that the experience gained by the applicant meets the conditions of subrule 4.12(1) if the applicant is not supervised by a licensee.

**4.11(3)** Teaching experience needs to be in the employment of an institution of higher education and needs to include teaching a minimum of 24 semester hours of accounting courses for which the course participants will receive credit on an official transcript. Teaching of noncredit continuing education courses will not qualify under this rule.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.12(542) Ethics course and examination.** A successful candidate will need to pass an examination covering the code of ethical conduct prior to issuance of the license.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.13(542) Statements on standards for accounting and review services (SSARS) education.** An LPA license applicant needs to complete a minimum of eight hours of continuing education devoted to statements on standards for accounting and review services (SSARS) prior to issuance of the license.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.14(542) Obtaining the license.** A candidate who successfully passes the examination and completes conditions outlined in rules 193A—4.12(542), 193A—4.13(542) and 193A—4.14(542) may apply for licensure on the board's website. An applicant is obligated to list on the application all states in which the applicant has applied for or holds a certificate, license or permit and will also list any past denial, revocation, suspension, refusal to renew, or voluntary surrender to avoid disciplinary action of a certificate, license or permit. An applicant will notify the board in writing within 30 days after the occurrence of any issuance, denial, revocation, suspension, refusal to renew, or voluntary surrender to avoid disciplinary action of a certificate, license or permit by another state. An applicant for licensure may be denied the license for reasons outlined in subrule 4.1(2) regardless of when the incident occurred.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.15(542) Licensure by reciprocity.**

**4.15(1)** Iowa Code section 542.8 examination obligations will be waived for an applicant who has passed a comparable examination administered by another state if the examination was prepared and graded by the Board of Examiners of the American Institute of Certified Public Accountants or the Accreditation Council for Accountancy and Taxation.

**4.15(2)** A person desiring a license as a licensed public accountant in this state on the basis of a licensed public accountant license issued by another state needs to apply on the board's website. The burden is on the applicant to obtain information satisfactory to the board that the applicant's license in such other state is in full force and effect and that the conditions for obtaining such license were substantially equivalent to those of this state to obtain a license as a licensed public accountant.

**4.15(3)** An applicant needs to list on the application all states in which the applicant has applied for or holds a certificate, license or permit and needs to also list any past denial, revocation, suspension, refusal to renew or voluntary surrender to avoid disciplinary action of a certificate, license, or permit. An applicant needs to notify the board in writing within 30 days after the occurrence of any issuance, denial, revocation, suspension, refusal to renew or voluntary surrender to avoid disciplinary action of a certificate, license or permit by another state.

**4.15(4)** An applicant needs to affirm that all information provided on the form is accurate. Providing false information will be considered prima facie evidence of a violation of Iowa Code chapter 542. A nonrefundable application fee will be charged to each applicant.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

**193A—4.16(542) Use of title.** Only a person holding a license as a licensed public accountant may use or assume the title "licensed public accountant" or the abbreviation "LPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a licensed public accountant.

[ARC 7680C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code section 542.8.

[Filed and effective September 22, 1975]

[Filed 9/27/78, Notice 8/23/78—published 10/18/78, effective 11/22/78]

[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]

[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]

[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 1/19/05, Notice 12/8/04—published 2/16/05, effective 3/23/05]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 4243C (Notice ARC 3988C, IAB 9/12/18), IAB 1/16/19, effective 2/20/19]

[Filed ARC 5562C (Notice ARC 5357C, IAB 12/30/20), IAB 4/21/21, effective 5/26/21]

[Filed ARC 6123C (Notice ARC 5989C, IAB 10/20/21), IAB 1/12/22, effective 2/16/22]

[Filed ARC 7680C (Notice ARC 7387C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 5  
LICENSURE STATUS AND RENEWAL OF CERTIFICATES AND LICENSES

[Prior to 7/13/88, see Accountancy, Board of[10]]

[Prior to 5/1/02, see 193A—Chapter 6]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—5.1(542) Licensure status and practice privilege.**

**5.1(1)** Licenses issued by the board pursuant to Iowa Code section 542.6, 542.8, or 542.19, or any other applicable law or rule, may be in active, inactive, or lapsed status, as follows:

*a.* An initial license is issued in active status with an expiration date. Maintaining active status is conditioned on periodic renewal as provided in rule 193A—5.3(542). Completion of sufficient continuing education as provided in 193A—Chapter 10 is a prerequisite to renewal in active status.

*b.* A license may be renewed in inactive status as provided in rule 193A—5.7(272C,542) if the licensee does not satisfy the continuing education obligations for renewal in active status. A renewal license issued in inactive status lapses if not timely renewed pursuant to rule 193A—5.3(542). An inactive license may be reinstated to active status at any time pursuant to subrule 5.7(7).

*c.* An active or inactive license that is not timely renewed lapses. A lapsed license may be reinstated to active or inactive status at any time pursuant to subrule 5.4(3).

**5.1(2)** Practicing public accounting in Iowa or for a client with a home office in Iowa while holding an inactive or lapsed license is a ground for discipline under Iowa Code section 542.10 and may also or alternatively provide grounds for the regulatory actions described in Iowa Code section 542.14.

**5.1(3)** Out-of-state individuals holding an inactive or lapsed Iowa CPA certificate and out-of-state individuals to whom an Iowa CPA certificate has never been issued under Iowa Code chapter 542 or prior law may exercise a practice privilege under Iowa Code section 542.20 if they hold an active CPA certificate in the jurisdiction in which they maintain their principal place of business and otherwise satisfy all of the conditions described in Iowa Code section 542.20 and 193A—Chapter 20.

**5.1(4)** Exercising a practice privilege in Iowa or for a client with a home office in Iowa while holding an inactive or lapsed Iowa CPA certificate places a special burden on the individual to ensure that the public is informed about the individual's licensure status in Iowa and in the jurisdiction of active licensure, as provided in 193A—paragraphs 20.8(2)“*b*” and 20.8(3)“*b*.” As a practical matter, an individual's failure to clarify licensure status in Iowa and in the jurisdiction of the individual's principal place of business may confuse the public. However, the public may consult CPAVerify, a comprehensive national data bank, to verify an individual's licensure in another jurisdiction. CPAVerify may be accessed at [www.cpaverify.org](http://www.cpaverify.org). A client contacting the board or consulting the board's website will be informed of the individual's licensure status in Iowa.

[ARC 7681C, IAB 3/6/24, effective 4/10/24]

**193A—5.2(542) Notices.**

**5.2(1)** The board typically sends, by electronic means, a notice to licensees in the May preceding license expiration, but neither the failure of the board to send nor a licensee's failure to receive a renewal notice excuses the obligation to timely renew a license.

**5.2(2)** A licensee needs to notify the board within 30 days of any change of address or firm affiliation.

[ARC 7681C, IAB 3/6/24, effective 4/10/24]

**193A—5.3(542) Renewal procedures.**

**5.3(1)** Licenses expire on June 30 of each year. Licensees will submit electronic online renewal application by the deadline in the renewal year. An application is deemed filed on the date of electronic renewal. An annual renewal fee will be charged.

**5.3(2)** Applicants for renewal are obligated to disclose on the application all background and character information requested by the board including, but not limited to:

*a.* All states or foreign jurisdictions in which the applicant has applied for or holds a CPA certificate or license, an LPA license, or a substantially equivalent designation from a foreign country;

*b.* Any past denial, revocation, suspension, or refusal to renew a CPA certificate, license or permit to practice or LPA license; voluntary surrender of a CPA certificate, license or permit or LPA license to resolve or avoid disciplinary action; or similar actions concerning a substantially equivalent foreign designation;

*c.* Any other form of discipline or other penalty imposed against a CPA certificate, license or permit, LPA license, or a substantially equivalent foreign designation, or a practice privilege;

*d.* The conviction of any crime; and

*e.* The revocation of a professional license of any kind in this or any other jurisdiction.

**5.3(3)** A licensee who performs compilation services for the public other than through a certified public accounting or licensed public accounting firm needs to submit a certification of completion of a peer review conducted in accordance with 193A—Chapter 11 no less often than once every three years.

**5.3(4)** Within the meaning of Iowa Code section 17A.18(2), a timely and sufficient renewal application needs to be:

*a.* Received by the board in electronic form on or before the date the license is set to expire or lapse;

*b.* Certified as accurate through the online renewal process;

*c.* Fully completed, including continuing education, if applicable; and

*d.* Accompanied with the proper fee. Attempted financial transactions that result in payment of anything less than the proper fee will result in application rejection.

**5.3(5)** The administrative processing of an application to renew an existing license does not prevent the board from subsequently commencing a contested case to challenge the licensee's qualifications for continued licensure if grounds exist to do so.

**5.3(6)** If grounds exist to deny a timely and sufficient application to renew, the board will send written notification to the applicant by certified mail, return receipt requested. Grounds may exist to deny an application to renew if, for instance, the licensee failed to meet the continuing education obligations. If the basis for denial is pending disciplinary action or disciplinary investigation, which is reasonably expected to culminate in disciplinary action, the board shall proceed as provided in 193—Chapter 7. If the basis for denial is not related to a pending or imminent disciplinary action, the applicant may contest the board's decision as provided in 193—subrule 7.39(1).

**5.3(7)** When a licensee appears to be in violation of mandatory continuing education under 193A—Chapter 10, the board may, in lieu of proceeding to a contested case hearing on the denial of a renewal application as provided in rule 193—7.39(546,272C), offer a licensee the opportunity to renew in inactive status or to sign a consent order. While the terms of the consent order will be tailored to the specific circumstances at issue, the consent order will typically impose a penalty, depending on the severity of the violation; establish deadlines for compliance; and may impose additional educational obligations on the licensee. A licensee is free to accept or reject the offer. If the offer of settlement is accepted, the licensee will be issued a renewed license and will be subject to disciplinary action if the terms of the consent order are not complied with. If the offer of settlement is rejected, the matter will be set for hearing, if timely requested by the applicant pursuant to 193—subrule 7.39(1). A licensee who falsely reports continuing education to the board may be subject to additional sanctions including, when appropriate, suspension or revocation.

**5.3(8)** A certificate or license holder who continues to practice public accounting as a CPA or an LPA in Iowa after the certificate or license has expired may be subject to disciplinary action. Such unauthorized activity may also be grounds to deny a licensee's application for reinstatement.

[ARC 7681C, IAB 3/6/24, effective 4/10/24]

#### **193A—5.4(542) Failure to renew.**

**5.4(1)** A license or certificate holder who fails to renew the certificate or license by the expiration date, but does so within 30 days following its expiration date, will be assessed a penalty as provided in rule 193A—12.1(542).

**5.4(2)** If the holder fails to renew the certificate or license within the 30-day grace period, the certificate or license will lapse. The licensee is not authorized to practice during the period of time that the certificate or license is lapsed, including the 30-day grace period.

**5.4(3)** The board may reinstate a lapsed certificate or license upon the applicant's submission of an application to reinstate and completion of all of the following:

- a. Paying a penalty as provided in rule 193A—12.1(542);
- b. Paying the current renewal fee;
- c. Providing evidence of completed continuing education outlined in rule 193A—10.5(542), if the licensee wishes to reinstate to active status; and
- d. Providing a written statement outlining the professional activities of the applicant during the period in which the applicant's license was lapsed describing all services performed that constitute the practice of accounting including, but not limited to, those professional practice activities described in subrule 5.9(2). The applicant will also be obligated to state whether the applicant exercised a practice privilege in the period during which the license was lapsed and, if so, the jurisdiction of the applicant's principal place of business and status of out-of-state licensure.

**5.4(4)** A licensee holding a lapsed CPA certificate is not authorized to perform attest or compilation services or to otherwise practice public accounting using the title "CPA" in Iowa or for a client with a home office in Iowa. A licensee holding a lapsed LPA license is not authorized to perform compilation services or to otherwise practice public accounting in Iowa using the title "LPA." A licensee holding a lapsed CPA certificate or LPA license may not use the title "CPA" or "LPA" in any context unless the licensee discloses that the certificate or license has lapsed. Additionally, a person holding a lapsed Iowa CPA certificate and who is actively licensed as a CPA in another jurisdiction in which the person maintains the principal place of business may be eligible to exercise a practice privilege pursuant to Iowa Code section 542.20 and 193A—Chapter 20.

**5.4(5)** Practicing public accounting on a lapsed license is a ground for discipline. The board may find probable cause to file charges if the individual continues to offer services defined as the practice of public accounting while using the title "CPA" or "LPA" during the period of lapsed licensure. In addition to the disciplinary sanctions described in rule 193A—16.3(272C,542), individuals found to have practiced public accounting on a lapsed license will be obligated to notify clients upon such terms as the board orders.

[ARC 7681C, IAB 3/6/24, effective 4/10/24]

**193A—5.5(272C,542) Certificates and licenses—property of the board.** Every certificate or license granted by the board will, while it remains in the possession of the holder, be preserved by the holder but always remain the property of the board. In the event that the certificate or license is revoked or suspended, or is not renewed in the manner prescribed by Iowa Code chapter 542 or 272C, the licensee will, on demand, deliver the certificate or license by the holder to the board. However, a person is entitled to retain possession of a lapsed certificate or license that has not been revoked, suspended or voluntarily surrendered in a disciplinary action as long as the person complies with all provisions of Iowa Code sections 542.10 and 542.13. A lapsed certificate or license may be reinstated to active or inactive status at any time pursuant to subrule 5.4(3).

[ARC 7681C, IAB 3/6/24, effective 4/10/24]

**193A—5.6(542) Licensee's continuing duty to report.** An active or inactive licensee has a duty to notify the board in writing of the licensee's conviction of a crime within 30 days of the date of conviction. "Conviction" is defined in Iowa Code section 542.5(2). Licensees also have a duty to notify the board in writing within 30 days of the date of any issuance, denial, revocation, or suspension of a certificate, license or permit by another state.

[ARC 7681C, IAB 3/6/24, effective 4/10/24]

**193A—5.7(272C,542) Inactive status.**

**5.7(1) General purpose.** This rule establishes a procedure under which a person issued a certificate as a certified public accountant or a license as a licensed public accountant may apply to the board for licensure in inactive status. Inactive licensure under this rule is available to a certificate or license holder who is not engaged in Iowa or for a client with a home office in Iowa in any practice of public accounting. A person eligible for inactive status may, as an alternative, allow the person's certificate or license to lapse.

**5.7(2) Eligibility.** A person holding a lapsed or active certificate or license that has not been revoked or suspended may apply to renew in inactive status through the online application process if the person is not engaged in the state of Iowa or for clients with a home office in Iowa in any practice regulated by the board, including:

- a. Supervising or performing any attest services, such as audits, reviews or agreed-upon procedures (which may only be performed by a CPA within a CPA firm that holds a permit to practice);
- b. Supervising or performing compilation services or otherwise issuing compilation reports (which may only be performed by a CPA or LPA); or
- c. Performing any accounting, tax, consulting, or financial or managerial advisory services for any client, business, employer, government body, or other entity while holding oneself out as a CPA or an LPA or otherwise using titles regulated by Iowa Code section 542.13.

**5.7(3) Affirmation.** The application form will contain a statement in which the applicant affirms that the applicant will not engage in any of the practices in Iowa listed in subrule 5.7(2) without first complying with all rules governing reinstatement to active status. A person in inactive status may reinstate to active status at any time pursuant to subrule 5.7(7).

**5.7(4) Renewal.** A person licensed in inactive status may renew the person's certificate or license on the schedule described in rule 193A—5.1(542). Such person is exempt from the continuing education provisions under 193A—Chapter 10 and will be charged a reduced renewal fee as provided in rule 193A—12.1(542). An inactive certificate or license lapses if not timely renewed.

**5.7(5) Permitted practices.** A person may, while registered as inactive, perform for a client, business, employer, government body, or other entity those accounting, tax, consulting, or financial or managerial advisory services that may lawfully be performed by a person to whom a certificate or license has never been issued as long as the person does not in connection with such services use the title “CPA” or “LPA,” or any other title regulated under Iowa law for use only by CPAs or LPAs in Iowa Code section 542.13 (with or without additional designations such as “inactive”). Regulated titles may only be used by active CPAs or LPAs who are subject to continuing education under 193A—Chapter 10 to ensure that the use of such titles is consistently associated with the maintenance of competency through continuing education. Additionally, individuals who are actively licensed as CPAs in another jurisdiction in which they maintain their principal place of business may be eligible to exercise a practice privilege pursuant to Iowa Code section 542.20 and 193A—Chapter 20.

**5.7(6) Unauthorized practices.** A person who, while licensed in inactive status, engages in any of the practices described in subrule 5.7(2) or violates any provision of rule 193A—14.2(17A,272C,542) is subject to disciplinary action. A person in inactive status is not authorized to verify the experience of an applicant for a CPA certificate under Iowa Code section 542.5(12) or an applicant for an LPA license under Iowa Code section 542.8(8).

**5.7(7) Reinstatement to active status.** A person licensed in inactive status needs to, prior to engaging in any of the practices in Iowa listed in subrule 5.7(2) or for a client with a home office in Iowa, apply to the board to reinstate to active status. Such person will be obligated to pay the applicable renewal fee for active status, but is given credit for renewal fees previously paid for inactive status if the person applies for reinstatement at a date other than the person's regular renewal date. Such person will be obligated to demonstrate compliance with all applicable continuing education and peer review obligations. A person who has engaged in the practice of public accounting as an active licensee of another jurisdiction while licensed as inactive in Iowa will be deemed to have satisfied the continuing education obligations for reinstatement if the person demonstrates that the person has satisfied substantially equivalent continuing education in the other jurisdiction.

**5.7(8) Retired status.** A person holding an inactive license who does not reasonably expect to return to the workforce in the practice of public accounting due to bona fide retirement or disability may use the title “CPA, retired” or “LPA, retired,” as applicable, in the context of non-income-producing personal activities. These designations may only be used during a period of bona fide retirement or disability.

[ARC 7681C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 272C and 542 and section 10A.506.

[Filed and effective September 22, 1975, under 17A, C '73]

[Filed 10/9/80, Notice 9/3/80—published 10/29/80, effective 12/3/80]

[Filed 2/8/82, Notice 12/23/81—published 3/3/82, effective 4/7/82]  
[Filed emergency 6/16/82—published 7/7/82, effective 6/18/82]  
[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]  
[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]  
[Filed 7/11/97, Notice 4/23/97—published 7/30/97, effective 9/3/97]  
[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]  
[Filed 7/18/02, Notice 6/12/02—published 8/7/02, effective 9/11/02]  
[Filed 1/19/05, Notice 12/8/04—published 2/16/05, effective 3/23/05]  
[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]  
[Filed Emergency ARC 8691B, IAB 4/21/10, effective 3/26/10]  
[Filed ARC 9482B (Notice ARC 9370B, IAB 2/23/11), IAB 5/4/11, effective 6/8/11]  
[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]  
[Filed ARC 4243C (Notice ARC 3988C, IAB 9/12/18), IAB 1/16/19, effective 2/20/19]  
[Filed ARC 5562C (Notice ARC 5357C, IAB 12/30/20), IAB 4/21/21, effective 5/26/21]  
[Filed ARC 7681C (Notice ARC 7388C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 6  
ATTEST AND COMPILATION SERVICES

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—6.1(542) Who may perform attest services.**

**6.1(1)** Only a CPA may perform audit, review, or other attest services as defined in Iowa Code section 542.3(1).

**6.1(2)** Only an actively licensed attest-certified Iowa CPA or an out-of-state licensee exercising a practice privilege under Iowa Code section 542.20 may perform attest services in Iowa or for a client with a home office in Iowa. CPAs are cautioned, however, that a government body or a client may obligate that an individual be licensed in Iowa as a condition of performing attest services in Iowa or for a client with a home office in Iowa, whether or not the individual may otherwise satisfy the conditions for a practice privilege. Iowa licensure as a certified public accountant is a precondition, for example, to perform certain audit services described in Iowa Code chapter 11.

**6.1(3)** CPAs performing attest services, whether the CPAs are certified in Iowa or exercising a practice privilege, may only do so in a CPA firm that holds a permit to practice pursuant to Iowa Code section 542.7 or in an out-of-state CPA firm exercising a practice privilege in compliance with Iowa Code section 542.20(5) and 542.20(6) and associated rules and the peer review and ownership provisions of Iowa Code section 542.7.

**6.1(4)** CPAs who are responsible for supervising attest services for a CPA firm or who sign or authorize someone to sign the accountant's report on behalf of a CPA firm are obligated to satisfy the experience or competency obligations established by nationally recognized professional standards that are applicable to the attest services performed.

[ARC 7682C, IAB 3/6/24, effective 4/10/24]

**193A—6.2(542) Necessary attest experience.**

**6.2(1)** A CPA who is responsible for supervising attest services or who signs or authorizes someone to sign the accountant's report on behalf of a firm is obligated to have two years of full-time or part-time equivalent experience that extends over a period of no less than two years and includes no fewer than 4,000 hours, including at least 2,000 hours providing attest services under the supervision of one or more CPAs responsible for supervising attest services on behalf of a CPA firm that holds a permit to practice in Iowa or an equivalent form of CPA firm licensure in another jurisdiction.

**6.2(2)** Experience needs to include all of the following:

*a.* Experience in applying a variety of attest procedures and techniques to the usual and customary financial transactions recorded in accounting records.

*b.* Experience in the preparation of attest working papers covering the examination of the accounts usually found in accounting records.

*c.* Experience in the planning of the program of attest work, including the selection of the procedures to be followed.

*d.* Experience in the preparation of written explanations and comments on the findings of the examinations and on the content of the accounting records.

*e.* Experience in the preparation and analysis of reports and financial statements together with explanations and notes thereon.

**6.2(3)** Attest experience is verified by the applicant and by a CPA who supervised the applicant or, if a supervising CPA is unavailable, by a CPA or CPA firm with sufficient factual documentation to verify the applicant's attest qualification.

**6.2(4)** Any applicant or CPA who has been requested to submit to the board evidence of an applicant's attest experience and has refused to do so will, upon request by the board, explain in writing or in person the basis for the refusal. The board may obligate any applicant or CPA who furnished the evidence of an applicant's experience to substantiate the information provided. An applicant may be obligated to appear before the board to supplement or verify evidence of experience. The board may inspect documentation relating to an applicant's claimed experience.

[ARC 7682C, IAB 3/6/24, effective 4/10/24]

### **193A—6.3(542) Attest qualification.**

**6.3(1)** Attest qualification is necessary before a CPA may perform attest services in Iowa or for a client with a home office in Iowa. “Attest qualification” or “attest qualified” means that the CPA has satisfied the experience obligations of rule 193A—6.2(542).

**6.3(2)** All CPAs who held an individual permit to practice in Iowa at any point prior to July 1, 2002, are deemed to be attest qualified. Under Iowa law prior to July 1, 2002, CPAs were only issued an individual permit to practice if they verified their qualification to perform attest services. Individual permits to practice were discontinued under Iowa law effective July 1, 2002.

**6.3(3)** CPAs who did not hold a permit to practice prior to July 1, 2002, may attain or establish attest qualification as follows:

*a.* Applicants may apply for attest qualification when initially applying for a certificate as an Iowa CPA under Iowa Code section 542.6 or when applying for reciprocal Iowa certification under Iowa Code section 542.19 or any other applicable law or rule.

*b.* Iowa CPA certificate holders may apply for attest qualification at any time at which they are qualified to do so.

*c.* Out-of-state CPAs performing attest services while exercising a practice privilege under Iowa Code section 542.20 do not have to individually apply to the board for attest qualification. However, if:

(1) CPAs perform attest services in an Iowa CPA firm, the Iowa CPA firm will affirm when applying for an initial or renewal firm permit to practice that the CPAs who supervise attest services for the firm or who sign or authorize someone to sign the accountant’s report on behalf of the firm, as such attest services are or will in the following year be performed in Iowa or for a client with a home office in Iowa, have been qualified to perform attest services in Iowa or another jurisdiction.

(2) CPAs perform attest services through an out-of-state CPA firm exercising a practice privilege, the out-of-state CPA firm will affirm upon request from the board that the CPAs who supervise attest services for the firm or who sign or authorize someone to sign the accountant’s report on behalf of the firm, as such attest services are or will in the following year be performed in Iowa or for a client with a home office in Iowa, have been qualified to perform attest services in Iowa or another jurisdiction.

[ARC 7682C, IAB 3/6/24, effective 4/10/24]

### **193A—6.4(542) Compilation services.**

**6.4(1)** Only a CPA licensed by the board under Iowa Code section 542.6 or 542.19 or any other applicable law or rule; an LPA licensed by the board under Iowa Code section 542.8 or any other applicable law or rule; or a person exercising a practice privilege under Iowa Code section 542.20 may issue a report in standard form upon a compilation of financial information or otherwise provide compilation services in Iowa or for a client with a home office in Iowa.

**6.4(2)** An individual described in subrule 6.4(1) may perform compilation services through a CPA firm that holds a permit to practice under Iowa Code section 542.7, an LPA firm that holds a permit to practice under Iowa Code section 542.8, a CPA firm exercising a practice privilege under Iowa Code section 542.20, or, if both the individual and business comply with Iowa Code section 542.13(13), through any other form of business.

**6.4(3)** All individuals described in subrule 6.4(1) who are responsible for supervising compilation services or who will sign or authorize someone to sign the accountant’s compilation report on financial statements, as such compilation services will be performed in Iowa or for a client with a home office in Iowa, are obligated to comply with the nationally recognized professional standards that are applicable to compilation services, including SSARS.

**6.4(4)** All individuals described in subrule 6.4(1) will satisfy peer review obligations individually or through the peer review of a CPA or LPA firm holding a permit to practice pursuant to Iowa Code section 542.7 or 542.8 or a CPA firm exercising a practice privilege under Iowa Code section 542.20.

[ARC 7682C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapter 542.

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]  
[Filed ARC 0413C (Notice ARC 0254C, IAB 8/8/12), IAB 10/31/12, effective 12/5/12]  
[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]  
[Filed ARC 3422C (Notice ARC 3224C, IAB 8/2/17), IAB 10/25/17, effective 11/29/17]  
[Filed ARC 5562C (Notice ARC 5357C, IAB 12/30/20), IAB 4/21/21, effective 5/26/21]  
[Filed ARC 6123C (Notice ARC 5989C, IAB 10/20/21), IAB 1/12/22, effective 2/16/22]  
[Filed ARC 7682C (Notice ARC 7389C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 7  
CERTIFIED PUBLIC ACCOUNTING FIRMS

[Prior to 5/1/02, see 193A—Chapter 8]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—7.1(542) When licensure is needed.**

**7.1(1)** Except as provided in 193A—Chapter 21, a sole proprietorship, corporation, partnership, limited liability company, or any other form of organization is obligated to apply for a permit to practice as a firm of certified public accountants pursuant to Iowa Code section 542.7.

**7.1(2)** A firm that is not subject to subrule 7.1(1) may practice public accounting in Iowa in accordance with Iowa Code section 542.7(1)“b.”

**7.1(3)** Unless individual Iowa licensure is needed by a government body or a client, the public accounting services provided by a CPA firm holding an Iowa permit to practice may be performed in Iowa or for a client with a home office in Iowa by Iowa CPAs or wholly by persons exercising a practice privilege under Iowa Code section 542.20.

**7.1(4)** A CPA firm issued a permit to practice by the board is accountable to the board and subject to discipline by the board for the acts of its owners or other agents, pursuant to 193A—subrule 14.2(4), whether or not such persons are individually licensed by the board.

[ARC 7683C, IAB 3/6/24, effective 4/10/24]

**193A—7.2(542) Application process.**

**7.2(1)** All applications are submitted through the board’s online application process. The board will only process fully completed applications accompanied by the proper fee. Each application fee is nonrefundable.

**7.2(2)** An initial or renewal application for a firm permit to practice may be denied:

- a. Pursuant to Iowa Code section 542.7(3)“f”;
- b. Based on the firm’s failure to comply with Iowa Code section 542.7 or a failure to sustain the simple majority of ownership obligations of Iowa Code section 542.7(3); or
- c. Based on a regulatory or disciplinary action or, to the extent applicable and subject to the limitations and processes set forth at Iowa Code section 272C.15 and corresponding implementing rules located at 193—Chapter 15, a criminal conviction described in subrules 7.3(14) and 7.3(15) against any of the firm’s licensed or unlicensed owners.

[ARC 7683C, IAB 3/6/24, effective 4/10/24]

**193A—7.3(542) Application contents.** Applicants for a firm permit to practice will provide information requested by the board, including:

**7.3(1)** The lawful name of the firm.

**7.3(2)** The legal form and jurisdiction of the firm’s organization.

**7.3(3)** Contact information for the principal place of business of the firm and each Iowa office.

**7.3(4)** All jurisdictions in which the firm is licensed or has applied for licensure.

**7.3(5)** The names, licensure, and contact information for all persons responsible for supervising attest and compilation service or responsible for the proper licensure of the firm.

**7.3(6)** The highest level of public accounting services offered by the firm, such as compilation or attest.

**7.3(7)** Evidence of satisfactory completion of the last firm peer review, when applicable.

**7.3(8)** Sufficient information from which the board can determine that a simple majority of owners hold a CPA certificate under Iowa Code section 542.6 or 542.19 or hold a CPA certificate in another state and are eligible to exercise a practice privilege under Iowa Code section 542.20. The board reserves the right to request at any time a full list of owners, or a targeted sublist, such as a list of those persons who perform services from an Iowa office or those who perform attest or compilation services in Iowa or for a client with a home office in Iowa.

**7.3(9)** The affirmation described in 193A—paragraph 6.3(3)“c.”

**7.3(10)** Affirmation that all CPAs who are responsible for supervising attest services for the CPA firm or who sign or authorize someone to sign the accountant's report on behalf of the CPA firm satisfy the experience or competency standards established by nationally recognized professional standards.

**7.3(11)** Affirmation that all CPAs or LPAs who are responsible for supervising compilation services or who sign or authorize someone to sign the accountant's compilation report on behalf of the firm comply with nationally recognized professional standards that are applicable to the compilation services performed in Iowa or for a client with a home office in Iowa.

**7.3(12)** Affirmation that all nonlicensee owners are active participants in the firm or affiliated entity.

**7.3(13)** Affirmation that the firm and its licensed or unlicensed owners will comply with all applicable Iowa laws and rules, including rules of professional conduct, when practicing in Iowa or for a client with a home office in Iowa.

**7.3(14)** Details of any past denial, cancellation, revocation, suspension, refusal to renew, or voluntary surrender of a professional license of any kind, authority to practice, or practice privilege by the board or another state agency in any jurisdiction, a federal agency, or the PCAOB, regarding the firm and the firm's current owners (e.g., partners, shareholders, or members).

**7.3(15)** Details of any past felony conviction or the conviction of any crime, any element of which is dishonesty or fraud, as provided in Iowa Code section 542.5(2), under the laws of any state or the United States, regarding the firm and the firm's current owners (e.g., partners, shareholders, or members).

[ARC 7683C, IAB 3/6/24, effective 4/10/24]

#### **193A—7.4(542) Renewal procedures.**

**7.4(1)** The permit holder will submit an electronic online renewal by the June 30 deadline each year. Applications are deemed filed on the date of electronic renewal.

**7.4(2)** The permit holder will list on the renewal application all states in which the applicant has applied for or holds a permit as a certified public accounting firm and list any past denial, revocation, suspension, refusal to renew or voluntary surrender to avoid disciplinary action of a permit to practice or practice privilege. Renewal applications include such additional information as the board needs, including all of the information described in rule 193A—7.3(542).

**7.4(3)** Within the meaning of Iowa Code chapters 17A, 272C and 542, a timely and sufficient renewal application will be:

- a. Received by the board in electronic form on or before June 30;
- b. Certified as accurate through the online renewal process;
- c. Fully completed and accompanied with the proper fee. The fee will be deemed improper if, for instance, the amount is incorrect, the fee was not included with the application, the credit card number provided by the applicant is incorrect, the date of expiration of a credit card is omitted or incorrect, the attempted credit card transaction is rejected, or the applicant's check is returned for insufficient funds or a closed account.

[ARC 7683C, IAB 3/6/24, effective 4/10/24]

#### **193A—7.5(542) Failure to renew permit.**

**7.5(1)** A firm that fails to renew the permit by the expiration date, but does so within 30 days following the expiration date, will be assessed a penalty as provided in rule 193A—12.1(542).

**7.5(2)** If the firm fails to renew the permit within the 30-day grace period outlined in rule 193A—7.6(542), the permit will lapse and the firm will need to reinstate in accordance with rule 193A—7.7(542). The firm is not authorized to practice during the period of time that the permit is lapsed, including the 30-day grace period.

**7.5(3)** The board may reinstate the permit upon payment of the proper renewal fee and a penalty as provided in rule 193A—12.1(542). A written statement outlining the firm's professional activities during the period of lapsed licensure, including a list of Iowa clients and the services performed, is also needed.

**7.5(4)** The board may find probable cause to file charges for unlicensed practice if the firm engaged in any activity that obligates licensure pursuant to subrule 7.1(1) during the period of lapsed licensure. In addition to the disciplinary sanctions described in rule 193A—16.3(272C,542), firms found to have

practiced public accounting in violation of subrule 7.1(1) on a lapsed license will notify clients upon such terms as the board orders.

[ARC 7683C, IAB 3/6/24, effective 4/10/24]

**193A—7.6(542) Notice to the board.** A holder of or applicant for a permit shall notify the board in writing within 30 days of an occurrence described in Iowa Code section 542.7(6).

[ARC 7683C, IAB 3/6/24, effective 4/10/24]

**193A—7.7(542) Noncompliance.** The board may grant a reasonable period of time, usually 90 days, for a firm to take such corrective action pursuant to Iowa Code section 542.7(7).

[ARC 7683C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 17A, 272C and 542 and section 10A.506.

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 1/19/05, Notice 12/8/04—published 2/16/05, effective 3/23/05]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 9482B (Notice ARC 9370B, IAB 2/23/11), IAB 5/4/11, effective 6/8/11]

[Filed ARC 0413C (Notice ARC 0254C, IAB 8/8/12), IAB 10/31/12, effective 12/5/12]

[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]

[Filed ARC 3422C (Notice ARC 3224C, IAB 8/2/17), IAB 10/25/17, effective 11/29/17]

[Filed ARC 4243C (Notice ARC 3988C, IAB 9/12/18), IAB 1/16/19, effective 2/20/19]

[Filed ARC 5562C (Notice ARC 5357C, IAB 12/30/20), IAB 4/21/21, effective 5/26/21]

[Filed ARC 7683C (Notice ARC 7390C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 8  
LICENSED PUBLIC ACCOUNTING FIRMS

[Prior to 7/13/88, see Accountancy, Board of[10]]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—8.1(542) Initial permit to practice.**

**8.1(1)** A sole proprietorship, corporation, partnership, limited liability company, or any other form of organization may apply for a permit to practice under Iowa Code section 542.8.

**8.1(2)** The application may be completed and submitted through the online application process and provide sufficient information pursuant to Iowa Code section 542.8(12) or certificates issued by the board under Iowa Code section 542.6 or 542.19 or are eligible to practice under practice privilege pursuant to Iowa Code section 542.20, or otherwise hold a license or certificate to practice public accounting in another state. At least one owner has to be licensed under Iowa Code section 542.8.

**8.1(3)** The application will list the physical location and contact information for all offices within this state and the licensee in charge of each such office.

**8.1(4)** Fraud or deceit, by commission or omission, in obtaining a firm permit to practice is a ground for discipline, including permanent revocation of the firm's permit to practice, the individual certificate of an Iowa LPA or CPA, or an individual's practice privilege, as applicable to the entity or persons responsible.

**8.1(5)** An initial or renewal application for a firm permit to practice may be denied pursuant to Iowa Code section 542.8(12)“e.”

[ARC 7684C, IAB 3/6/24, effective 4/10/24]

**193A—8.2(542) Renewal procedures.** The permit holder will submit an online renewal with the board by the June 30 deadline each year. Applications are deemed filed on the date of renewal.

[ARC 7684C, IAB 3/6/24, effective 4/10/24]

**193A—8.3(542) Failure to renew permit.**

**8.3(1)** A firm that fails to renew the permit by the expiration date, but does so within 30 days following the expiration date, will be assessed a penalty of 25 percent of the annual renewal fee.

**8.3(2)** If the firm fails to renew the permit within the 30-day grace period outlined in subrule 8.3(1), the permit will lapse and the firm may then apply for reinstatement in accordance with subrule 8.3(3). The firm is not authorized to practice as an LPA firm during the period of time that the permit is lapsed, including the 30-day grace period.

**8.3(3)** The board may reinstate the permit upon payment of the proper renewal fee and a penalty as provided in rule 193A—12.1(542). A written statement outlining the firm's professional activities during the period of lapsed licensure is needed in this context.

**8.3(4)** The board may find probable cause to file charges for unlicensed practice if the firm continues to offer services defined as the practice of accounting while using the title “LPAs” or “LPA firm” during the period of lapsed licensure.

[ARC 7684C, IAB 3/6/24, effective 4/10/24]

**193A—8.4(542) Notice to the board.** A holder of or an applicant for a permit will notify the board in writing within 30 days in compliance with Iowa Code section 542.8(15).

[ARC 7684C, IAB 3/6/24, effective 4/10/24]

**193A—8.5(542) Noncompliance.** A firm which, after receiving or renewing a permit, is not in compliance with Iowa Code section 542.8 as a result of a change in firm ownership or personnel will take corrective action to bring the firm back into compliance as quickly as possible or apply to modify or amend the permit. The board may grant a reasonable period of time, usually 90 days, for a firm to take such corrective action. Failure to comply within a reasonable period as deemed by the board will result in the suspension or revocation of the firm permit.

[ARC 7684C, IAB 3/6/24, effective 4/10/24]

**193A—8.6(542) Peer review obligations.** Firm peer review is necessary pursuant to Iowa Code section 542.7(8).

[ARC 7684C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 17A, 272C and 542 and section 10A.506.

[Filed and effective September 22, 1975 under ch 17A, C'73]

[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]

[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]

[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]

[Filed 7/11/97, Notice 4/23/97—published 7/30/97, effective 9/3/97]

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 1/19/05, Notice 12/8/04—published 2/16/05, effective 3/23/05]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]

[Filed ARC 3422C (Notice ARC 3224C, IAB 8/2/17), IAB 10/25/17, effective 11/29/17]

[Filed ARC 4243C (Notice ARC 3988C, IAB 9/12/18), IAB 1/16/19, effective 2/20/19]

[Filed ARC 5562C (Notice ARC 5357C, IAB 12/30/20), IAB 4/21/21, effective 5/26/21]

[Filed ARC 7684C (Notice ARC 7391C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]

CHAPTER 9  
RECIPROCITY AND SUBSTANTIAL EQUIVALENCY

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—9.1(542) Iowa CPA certificate necessary.** A person who holds a certificate or license to practice as a CPA in another state or a substantially equivalent designation from a foreign jurisdiction may apply to the board for an Iowa CPA certificate and has to do so if the person plans to establish the person's principal place of business as a CPA in Iowa.

[ARC 7685C, IAB 3/6/24, effective 4/10/24]

**193A—9.2(542) Application forms.** Application forms may only be completed and submitted through the online application process. An applicant will attest that all information provided on the form is true and accurate. An application may be denied based on a false statement of material fact. A nonrefundable fee will be charged to each applicant as provided in 193A—Chapter 12.

[ARC 7685C, IAB 3/6/24, effective 4/10/24]

**193A—9.3(542) Background and character.**

**9.3(1)** An applicant for a CPA certificate under this chapter will disclose on the application all background and character information requested by the board including, but not limited to:

- a.* All states or foreign jurisdictions in which the applicant has applied for or holds a CPA certificate or license, or a substantially equivalent designation from a foreign country;
- b.* Any past denial, revocation, suspension, or refusal to renew a CPA certificate, license or permit to practice, or voluntary surrender of a CPA certificate, license or permit to resolve or avoid disciplinary action, or similar actions concerning a substantially equivalent foreign designation;
- c.* Any other form of discipline imposed against the holder of a CPA certificate, license or permit, or a substantially equivalent foreign designation;
- d.* The conviction of any felony or any crime described in Iowa Code section 542.5(2);
- e.* The revocation of a professional license of any kind in this or any other jurisdiction; and
- f.* Such additional information as the board may request to determine if grounds exist to deny certification under 193A—subrule 3.1(2).

**9.3(2)** The board may deny an application based on prior discipline imposed against the holder of a CPA certificate, license or permit, or a substantially equivalent foreign designation, or on any of the grounds listed in 193A—subrule 3.1(2).

[ARC 7685C, IAB 3/6/24, effective 4/10/24]

**193A—9.4(542) Verification of state licensure.** An applicant holding a CPA certificate or license from another state or states will submit verification that the applicant's CPA certificate or license is valid and in good standing in the state in which the applicant's principal place of business is located. An applicant applying for a CPA certificate under the substantial equivalency provisions of Iowa Code section 542.19(1) "a" and paragraph 9.5(1)"a" may attach a letter of good standing to the application. Such letter of good standing will be prepared by the state in which the applicant's principal place of business is located and be dated within six months of the date of the application. To expedite the application process, the board will accept verification from another state's board by facsimile or email. The board reserves the right to request an original verification document directly from another state board.

[ARC 7685C, IAB 3/6/24, effective 4/10/24]

**193A—9.5(542) Qualifications for a CPA certificate.**

**9.5(1)** A person who holds in good standing a valid CPA certificate or license from another state is deemed qualified for an Iowa CPA certificate if the person satisfies one of the following three conditions:

- a.* *Substantially equivalent state.* The licensing standards on education, examination and experience of the state that issued the applicant's CPA certificate or license were, at the time of licensure, comparable or superior to the education, examination and experience obligations of Iowa Code chapter 542 in effect at the time the application is filed in Iowa. The board may accept the determination of substantial equivalency

made by the National Association of State Boards of Accountancy or may make an independent determination of substantial equivalency.

*b. Individual substantial equivalency.* The applicant's individual qualifications on education, examination and experience are comparable or superior to the education, examination and experience obligations of Iowa Code chapter 542 in effect at the time the application is filed in Iowa.

*c. "Four-in-ten rule."* The applicant satisfies all of the following:

(1) The applicant passed the examination necessary for issuance of the applicant's certificate or license with grades that would have been passing grades at the time in this state.

(2) The applicant has had at least four years of experience within the ten years immediately preceding the application that occurred after the applicant passed the examination upon which the CPA certificate or license was based and that in the board's opinion is substantially equivalent to the obligations set forth in Iowa Code section 542.5(12).

(3) If the applicant's CPA certificate or license was issued more than four years prior to the filing of the application in this state, the applicant has fulfilled the continuing professional education mandates as described in Iowa Code section 542.6(3) and 193A—Chapter 10.

**9.5(2)** A person who holds in good standing a certificate, license or designation from a foreign authority that is substantially equivalent to an Iowa CPA certificate is deemed qualified for an Iowa CPA certificate if the person satisfies all of the provisions of Iowa Code section 542.19(3). The burden is on the applicant to demonstrate that such certificate, license or foreign designation is in full force and effect and that the prerequisites for that certificate, license or foreign designation are comparable or superior to those needed for a CPA certificate in this state. Original verification from the foreign authority that issued the certificate, license or designation is needed to demonstrate that such certificate, license or designation is valid and in good standing. If the applicant cannot establish comparable or superior qualifications, the applicant will need to pass the Uniform Certified Public Accountant Examination designed to test the applicant's knowledge of practice in this state and country. If the applicant is a Canadian Chartered Accountant, Australian Chartered Accountant, Ireland Chartered Accountant, Mexico Contador Público Certificado (CPC), New Zealand Chartered Accountant, Scottish Chartered Accountant, or South African Chartered Accountant, the applicant may be obligated to take the International Qualification Examination (IQEX) in lieu of the uniform certified public accountant examination.

**9.5(3)** An applicant seeking an Iowa CPA certificate based on the provisions of paragraph 9.5(1) "b," paragraph 9.5(1) "c," or subrule 9.5(2) will submit such supporting information on education, examination or experience as the board deems reasonable to determine whether the applicant qualifies for licensure in Iowa.

[ARC 7685C, IAB 3/6/24, effective 4/10/24]

**193A—9.6(542) Continuing obligations.** A person issued a CPA certificate under this chapter is subject to all laws and rules governing persons holding CPA certificates issued in this state including, without limitation, those concerning continuing education, peer review, and notification of crimes and professional discipline. However, a person issued a CPA certificate under this chapter who maintains the principal place of business in a different state and who maintains in good standing a valid CPA certificate or license in that state is deemed to have satisfied the continuing education and peer review obligations described in 193A—Chapters 10 and 11 if the person satisfies similar obligations in the state in which the principal place of business is located.

[ARC 7685C, IAB 3/6/24, effective 4/10/24]

**193A—9.7(542) Expedited application processing.** A person applying for a CPA certificate under the substantial equivalency provisions of Iowa Code section 542.19(1) "a" often desires expedited application processing to facilitate cross-border practice. Applications by such persons are especially suitable for rapid processing given the substantially equivalent standards previously enforced in another state. Unless such application reveals grounds to deny the application under subrule 9.3(2), the board is otherwise aware of such grounds, or the application is unaccompanied by the proper fee, the board's administrator will approve an application that qualifies under Iowa Code section 542.19(1) "a" as rapidly as feasible and deem the

effective date of approval to practice in Iowa to be the date the board received the completed application with timely letter of good standing in a substantially equivalent state.

[ARC 7685C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code section 542.19.

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 9/13/02, Notice 8/7/02—published 10/2/02, effective 11/6/02]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 2719C (Notice ARC 2598C, IAB 6/22/16), IAB 9/28/16, effective 11/2/16]

[Filed ARC 4243C (Notice ARC 3988C, IAB 9/12/18), IAB 1/16/19, effective 2/20/19]

[Filed ARC 6123C (Notice ARC 5989C, IAB 10/20/21), IAB 1/12/22, effective 2/16/22]

[Filed ARC 7685C (Notice ARC 7392C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 10  
CONTINUING EDUCATION  
[Prior to 7/13/88, see Accountancy, Board of[10]]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—10.1(542) Scope.** The right to use the title “Certified Public Accountant” and “Licensed Public Accountant” is regulated in the public interest and imposes a duty on accounting professionals to maintain public confidence and current knowledge, skills, and abilities in all areas of services. CPAs and LPAs have to accept and fulfill their ethical responsibilities to the public and the profession regardless of their fields of employment.

**10.1(1)** The development of professional competence involves a continued commitment to learning and professional improvement. A CPA and an LPA performing professional services need to have a broad range of knowledge, skills and abilities. A program that promotes professional competence in the practice of accountancy is defined as one that refers to the process, methods, or principles of accounting or is directly related to the CPA’s and LPA’s employment and is above the level of the CPA’s and LPA’s current knowledge.

**10.1(2)** Acceptable subjects for continuing professional education include accounting, assurance/auditing, consulting services, specialized knowledge and applications, management, taxation, and ethics. Other subjects, including nontechnical professional skills, may be approved by the board if they maintain or improve CPAs’ and LPAs’ competence in their current employment.

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

**193A—10.2(542) Definitions.** The following definitions apply to the rules of this chapter.

“*Continuing professional education (CPE)*” means education that is acquired by a licensee in order to maintain, improve, or expand skills and knowledge present at initial licensure or to develop new and relevant skills and knowledge.

“*Firm meeting*” means a formally arranged gathering/assembly of staff or management groups or both to inform them of administrative matters.

“*Formal program*” means a structured learning activity based on clearly defined learning objectives and outcomes that articulate achievable knowledge, skills and abilities.

“*In-house or on-site training*” means a formally organized professional educational program sponsored by the employer.

“*Live instruction*” means an educational program delivered in a classroom setting or through videoconferencing whereby the instructor and student carry out essential tasks while together. Examples include distance learning and webcasts.

“*Nontechnical professional skills*” means formal programs of learning that contribute to the professional competence of a certificate holder or license holder in fields of study that indirectly relate to the holder’s field of business. “Nontechnical professional skills” includes, but is not limited to, the following programs or courses:

1. Communication;
2. Interpersonal management;
3. Leadership and personal development;
4. Client and public relations;
5. Practice development;
6. Marketing;
7. Motivational and behavioral; and
8. Speed reading and memory building.

“*Qualified instructor*” means an individual whose training and experience adequately prepares the individual to carry out specified training assignments.

“*Self-study*” means a computer-generated program or written materials or exercises intended for self-study that do not include simultaneous interaction with an instructor but do include tests transmitted to the provider for review and grading.

“*Technical professional skills*” means formal programs of learning that contribute to the professional competence of a certificate holder or license holder in fields of study that directly relate to the holder’s field of business. “Technical professional skills” includes, but is not limited to, the following programs or courses:

1. Auditing standards or procedures;
2. Compilation and review of financial statements;
3. Financial statement preparation and disclosures;
4. Attestation standards and procedures;
5. Projection and forecast standards or procedures;
6. Accounting and auditing;
7. Management advisory services;
8. Personal financial planning;
9. Taxation;
10. Management information systems;
11. Budgeting and cost analysis;
12. Asset management;
13. Professional ethics;
14. Specialized areas of industry;
15. Human resource management;
16. Economics;
17. Business law;
18. Mathematics, statistics and quantitative applications in business;
19. Business management and organization;
20. General computer skills, computer software training, information technology planning and management;
21. Operations management, inventory, and production; and
22. Negotiation or dispute resolution.

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

**193A—10.3(542) Applicability.** Completion of continuing professional education is a condition precedent to the renewal of the certificate or license.

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

**193A—10.4(542) Cost of continuing professional education.** All costs of completing continuing professional education are the responsibility of the certificate holder or license holder wishing to maintain registration in this state.

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

**193A—10.5(542) Basic continuing professional education.**

**10.5(1)** Except as provided in subrules 10.5(2) through 10.5(7), an applicant for renewal will have completed 120 hours of qualifying continuing professional education during the three-year period ending on the December 31 or June 30 preceding the July 1 renewal date of the certificate or license. The following conditions apply:

- a. On each renewal, a CPA or LPA self-selects December 31 or June 30 as the date by which continuing education will be completed in order to be eligible to renew the certificate or license.
- b. A CPA or LPA applying to renew a certificate or license may declare a continuing education deadline of December 31 in one renewal cycle and a continuing education deadline of June 30 in a subsequent renewal cycle, and vice versa.
- c. Licensees need to maintain continuing education records in a manner that corresponds with the self-selected continuing education deadline of December 31 or June 30.
- d. When declaring a June 30 continuing education deadline, licensees should be cautious to ensure that the continuing education is fully completed on or prior to the date the renewal application is submitted to the board.

e. Licensees who renew with penalty during the 30-day grace period following June 30 need to declare either December 31 or June 30 as the continuing education deadline. The deadline cannot be extended beyond June 30.

**10.5(2)** At the first annual renewal date of July 1 that is less than 12 months from the date of filing of the initial application for the certificate or license, the certificate holder or license holder is not required to report continuing professional education.

**10.5(3)** At the annual renewal date of July 1 that is 12 months or more than 12 months, but less than 24 months, from the date of filing of the initial application for the certificate or license, the certificate holder or license holder will report 40 hours of continuing professional education earned in the one-year period ending December 31 or June 30 prior to the July 1 renewal date.

**10.5(4)** At the annual renewal date of July 1 that is 24 months or more than 24 months, but less than 36 months, from the date of filing of the initial application for the certificate or license, the certificate holder or license holder will report 80 hours of continuing professional education earned in the two-year period ending December 31 or June 30 prior to the July 1 renewal date.

**10.5(5)** A licensee is deemed to have completed continuing education under this rule if, for the period that the licensee is a resident of another state or district having a continuing professional education obligation, the licensee met the resident state's mandatory continuing professional education.

**10.5(6)** The board may make exceptions for reasons of individual hardship including health, certified by a medical doctor, military service, foreign residency, retirement, or other good cause. No exceptions may be made solely because of age. Applicants entitled to a full or partial exception under the provisions of Iowa Code section 272C.2(4) for active military service or government service outside of the United States may request an exception by submitting acceptable documentation as applicable to the exception requested. Applicants seeking an exception on other grounds of undue hardship can submit an application for waiver as provided in 193—Chapter 5.

**10.5(7)** Licensees who apply to reinstate a lapsed or inactive certificate or license to active status pursuant to 193A—subrule 5.6(3) or 5.9(7) need to satisfy 120 hours of continuing professional education earned in the preceding three-year period prior to the date of the application, including all mandatory education described in rule 193A—10.7(542). Once the certificate or license is reinstated, the continuing education obligations apply at each subsequent renewal. The 120-hour obligation described in this subrule is modified as needed to incorporate the phase-in schedule for initial licensees described in subrules 10.5(2) through 10.5(4).

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

**193A—10.6(542) Measurement standards.** The following standards will be used to measure the hours of credit to be given for qualifying continuing professional education programs completed by individual applicants:

**10.6(1)** Credit is measured with one 50-minute period equaling one contact hour of credit. Half-hour credits may be allowed (equal to not less than 25 minutes) after the first hour of credit has been earned.

**10.6(2)** Only class hours or the equivalent, and not student hours devoted to preparation, will be counted.

**10.6(3)** Credit expressed as continuing education units (CEUs) will be counted as ten contact hours for each continuing professional education unit. (0.1 CEU = 1 CPE)

**10.6(4)** Service as lecturer or discussion leader of continuing professional education programs will be counted to the extent that this service contributes to the applicant's professional competence.

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

**193A—10.7(542) Mandatory education.**

**10.7(1)** Every CPA certificate holder or LPA license holder who is responsible for supervising compilation services or who signs or authorizes someone to sign the accountant's compilation report on behalf of a firm will complete, as a condition of certificate or license renewal, a minimum of eight hours of continuing professional education devoted to financial statement presentation, such as courses covering the statements on standards for accounting and review services (SSARS) and accounting and auditing updates. The financial statement presentation continuing education has to be completed within the three-year period

ending on the December 31 or June 30 preceding the application for certificate or license renewal. For credit to be claimed for a course covering multiple topics, a minimum of one hour as outlined in subrule 10.6(1) has to be devoted to financial statement presentation. For example, if a seminar or presentation is conducted for a total of four hours and only one hour is devoted to financial statement presentation, then only one hour may be claimed toward satisfaction of this subrule.

**10.7(2)** Every CPA certificate holder or LPA license holder needs to complete a minimum of four hours of continuing education devoted to ethics and rules of professional conduct during the three-year period ending December 31 or June 30, prior to the July 1 annual renewal date. For a course to qualify to satisfy this subrule, the course description will clearly outline the subject matter covered as professional or business ethics. If credit is to be claimed for a course covering multiple topics, a minimum of one hour as outlined in rule 193A—10.6(542), measurement standards, specifically in subrule 10.6(1), needs to be devoted to business or professional ethics. For example, if a seminar or presentation is conducted for a total of four hours and only one hour is devoted to business or professional ethics, then only one hour may be claimed toward satisfaction of this subrule. Ethics courses, which are defined as courses dealing with regulatory and behavioral ethics, are limited to courses on the following:

- a.* Professional standards;
- b.* Licenses and renewals;
- c.* SEC oversight;
- d.* Competence;
- e.* Acts discreditable;
- f.* Advertising and other forms of solicitation;
- g.* Independence;
- h.* Integrity and objectivity;
- i.* Confidential client information;
- j.* Contingent fees;
- k.* Commissions;
- l.* Conflicts of interest;
- m.* Full disclosure;
- n.* Malpractice;
- o.* Record retention;
- p.* Professional conduct;
- q.* Ethical practice in business;
- r.* Personal ethics;
- s.* Ethical decision making; and
- t.* Corporate ethics and risk management as these topics relate to malpractice and relate solely to the practice of certified public accounting.

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

### **193A—10.8(542) Programs that qualify and CPE limitations.**

**10.8(1)** The overriding consideration in determining whether a specific program qualifies as acceptable continuing education is that it be a formal program of learning that contributes directly to the professional competence of an individual certified or licensed in this state. It will be left to each individual certificate holder or license holder to determine the technical or nontechnical professional skills courses of study to be pursued. Thus, the auditor may study accounting and auditing, the tax practitioner may study taxes, and the management advisory services practitioner may study subjects related to such practice. Job-related continuing professional education qualifies as acceptable provided the courses selected from nontechnical professional skills contribute to the professional competence of the certificate holder or license holder.

**10.8(2)** Program standards have to include the following:

- a.* Learning activities based on clearly defined, relevant learning objectives and outcomes that clearly articulate the knowledge, skills, and abilities that can be achieved by participants.
- b.* Learning activities developed in a manner consistent with the prerequisite education, experience, and advanced preparation of the participants.

*c.* Activities, materials, and delivery systems that are current, technically accurate, and effectively designed. Providers, sponsors, or contractors that are competent in the subject matter. Competence may be demonstrated through practical experience or education.

*d.* Learning programs that are reviewed by qualified persons other than those who develop the program to ensure that the program is technically accurate and current and addresses the stated learning objectives. This standard is waived for single presentations such as lectures that are given once.

**10.8(3)** Continuing professional education programs will qualify only if:

*a.* An outline of the program is prepared in advance and preserved.

*b.* The program is at least one hour (50-minute period) in length.

*c.* The program is conducted by a qualified instructor, discussion leader or lecturer. A qualified instructor, discussion leader or lecturer is anyone whose background, training, education or experience makes it appropriate for that person to lead a discussion on the subject matter of the particular program.

*d.* A record of attendance or certification of completion or transcript is maintained.

**10.8(4)** The following programs are deemed to qualify provided all other criteria of this rule are met:

*a.* Professional development programs of recognized national and state accounting organizations.

*b.* Technical sessions at meetings of recognized national and state accounting organizations and their chapters.

*c.* Formally organized in-house or on-site educational programs provided by the certificate holder's or license holder's employer.

*d.* Distance learning programs or group study webcast programs.

*e.* University or college courses meet the continuing professional education obligations of those attending. Each semester hour is equal to 15 contact hours of credit. Each quarter hour is equal to 10 contact hours of credit.

*f.* Technical or nontechnical sessions offered by employers in business and industry, as well as firms of certified public accountants.

**10.8(5)** Formal correspondence and formal self-study programs contributing directly to the professional competence of an individual that obligate the licensee to register and provide evidence of satisfactory completion will be considered for credit. The amount of credit to be allowed for correspondence and formal self-study programs (including tested study programs) will be recommended by the program sponsor and based upon appropriate "field tests" and will not exceed 50 percent of the renewal obligation. A licensee claiming credit for correspondence or formal self-study courses will obtain evidence of satisfactory completion of the course from the program sponsor. Credit will be allowed in the renewal period in which the course is completed.

**10.8(6)** Credit may be allowed for self-study programs on the basis of one hour of credit for each 50 minutes spent on the self-study program if the developer of such programs is approved by either the national continuing professional education registry or by the NASBA continuing education registry and the program sponsor has not designated the amount of credit to be claimed for completing the course of study. The licensee has to estimate the equivalent number of hours and justify the amount of hours claimed. The maximum credit will not exceed 50 percent of the renewal obligation. Credit will be allowed in the renewal period in which the course is completed.

**10.8(7)** The credit allowed an instructor, discussion leader, or speaker will be on the basis of two hours for subject preparation for each hour of teaching. Credit for teaching college or university coursework may be claimed for courses taught above the elementary accounting or principles of accounting level. Repetitious presentations will not be considered. The maximum credit for such preparation and teaching will not exceed 50 percent of the renewal period obligation.

**10.8(8)** Credit may be awarded for published articles and books. The amount of credit so awarded will be determined by the board. Credit may be allowed for published articles and books provided they contribute to the professional competence of the licensee. Credit for preparation of such publications may be given on a self-declaration basis up to 25 percent of the renewal period obligation. In exceptional circumstances, a licensee may request additional credit by submitting the article(s) or book(s) to the board with an explanation of the circumstances that the licensee believes justify additional credit.

**10.8(9)** Credit may be allowed for the successful completion of professional examinations as detailed below. Credit is calculated at the rate of five times the length of each examination, which is presumed to include all preparation time, claimed in the calendar year of the examination, and limited to 50 percent of the total renewal obligation.

- a. Certified Management Accountant/CMA.
- b. Certified Information Systems Auditor/CISA.
- c. Certified Information Technology Professional/CITP.
- d. Certified Financial Planner/CFP.
- e. Enrolled Agent/EA.
- f. Certified Governmental Financial Manager/CGFM.
- g. Certified Government Auditing Professional/CGAP.
- h. Certified Internal Auditor/CIA.
- i. Accredited Business Valuation/ABV.
- j. Certified Financial Forensics/CFE.
- k. Certified Valuation Analyst/CVA.
- l. Certified Insolvency & Restructuring Advisor/CIRA.
- m. Forensic Certified Public Accountant/FCPA.
- n. Certified Fraud Examiner/CFE.
- o. Certified Business Analyst/CBA.
- p. Certified Trust and Financial Advisor/CTFA.
- q. Chartered Financial Analyst/CFA.
- r. Registered Representative, Series 6 and 7 and other examinations.
- s. Registered Investment Advisor/RIA.
- t. Certified Forensic Accountant/CrFA.
- u. Personal Financial Specialist/PFS.
- v. Chartered Life Underwriter/CLU.
- w. Fellow of the Society of Actuaries/FSA.
- x. Chartered Property & Casualty Underwriter/CPCU.
- y. Fellow Life Management Institute/FLMI.
- z. Other similar examinations approved by the board.

**10.8(10)** Firm meetings for staff or management groups for the purpose of administrative and firm matters do not meet the standards set forth in subrule 10.8(1).

**10.8(11)** Dinner, luncheon and breakfast meetings of recognized organizations may qualify if they meet the appropriate provisions and are limited to 25 percent of the total renewal criteria if the individual meeting is no more than two hours long.

**10.8(12)** Continuing professional education taken in nontechnical skills area as defined in rule 193A—10.2(542) is limited to 50 percent of the total renewal obligation.

**10.8(13)** The board may look to recognized state or national accounting organizations for assistance in interpreting the acceptability of and credit to be allowed for individual courses.

**10.8(14)** The right is specifically reserved to the board to approve or deny credit for continuing professional education claimed under these rules.

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

### **193A—10.9(542) Controls and reporting.**

**10.9(1)** An applicant for renewal may be requested to provide, in such manner, including but not limited to the online renewal process, and at such time as set forth by the board, verification and documentation setting forth the continuing professional education in which the licensee has participated. The board may allow for attestation that the licensee has completed continuing education in lieu of providing a listing. If the applicant for renewal is requested to provide a listing of the continuing professional education completed, the documentation will include:

- a. School, firm or organization conducting the course and contact information.
- b. Location of course.
- c. Title of course or description of content.

- d. Principal instructor.
  - e. Dates attended.
  - f. Hours claimed.
  - g. Certificate of completion.
  - h. Name of participant.
  - i. Course field of study.
  - j. Type of instruction or delivery method.
  - k. Amount of CPE recommended.
  - l. Verification by CPE program sponsor representative.
- Canceled checks and registration forms are not proof of attendance.

**10.9(2)** The board may request sponsors of courses to furnish an attendance record, a certification of completion or any other information the board deems essential for administration of these continuing professional education rules.

**10.9(3)** The board will verify, on a test basis, information submitted by licensees. If an application for renewal is not approved, the applicant will be so notified and may be granted a period of time by the board in which to correct the deficiencies noted.

**10.9(4)** Primary responsibilities for documenting the continuing education compliance is with the licensee, and such documentation has to be retained for a period of three years subsequent to submission of the report claiming the credit. (More information can be found in 193A—subrule 14.3(1) and Iowa Code section 542.10(1)“a,” which provides for permanent revocation based on fraud or deceit in procuring a license.) Satisfaction of the obligations, including retention of attendance records, certification of completion records, and written outlines, may be accomplished as follows:

- a. For courses taken for scholastic credit in accredited universities and colleges (state, community, or private) or high school districts, evidence of satisfactory completion of the course will be sufficient; for noncredit courses taken, a statement of the hours of attendance, signed by the instructor, will be obtained by the licensee.
- b. For correspondence and formal independent self-study courses, written evidence or a certificate of completion from the sponsor or course provider will be obtained by the licensee.
- c. In all other instances, the licensee will maintain a record of the information as listed in subrule 10.8(3).

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

**193A—10.10(542) Grounds for discipline.** A licensee or an applicant is subject to discipline, including permanent revocation, if the licensee or applicant provides false information to the board in connection with an application to renew or reinstate a certificate or license. A licensee or an applicant is also subject to discipline if the licensee or applicant is unable to document the continuing professional education hours reported to the board in connection with an audit or other request for documentation. False information of this nature will subject the licensee or applicant to discipline whether the false information was supplied intentionally or with reckless disregard for the truth or accuracy of the number of hours claimed. Licensees and applicants are accordingly cautioned to supply the board with accurate continuing professional education information.

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

**193A—10.11(272C,542) Alternative continuing education cycles authorized.**

**10.11(1) Purpose.** For a variety of reasons, some CPAs and LPAs may wish to complete their continuing education on a three-year cycle ending on a date other than December 31. By way of illustration, some licensees may prefer to take courses on particular substantive topics that are not always offered at the same time each year. Some licensees may wish to schedule continuing education to comply with the differing obligations of multiple jurisdictions. This rule is intended to authorize a more flexible time frame within which continuing education may be satisfied. This rule does not alter any other requirement of this chapter.

**10.11(2) Declaration may vary by renewal cycle.** A CPA or LPA applying to renew a certificate or license may declare a continuing education deadline of December 31 in one renewal cycle and a continuing

education deadline of June 30 in a subsequent renewal cycle, and vice versa. Licensees are expected to maintain continuing education records in a manner that complies with the self-selected declaration in any particular renewal cycle.

[ARC 7686C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 272C and 542.

[Filed and effective September 22, 1975 under 17A, C '73]

[Filed 9/27/78, Notice 8/23/78—published 10/18/78, effective 11/22/78]

[Filed 2/8/82, Notice 12/23/81—published 3/3/82, effective 4/7/82]

[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]

[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]

[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 7/18/02, Notice 6/12/02—published 8/7/02, effective 9/11/02]

[Filed 1/19/05, Notice 12/8/04—published 2/16/05, effective 3/23/05]

[Filed 5/10/06, Notice 1/18/06—published 6/7/06, effective 7/12/06]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 9002B (Notice ARC 8835B, IAB 6/16/10), IAB 8/11/10, effective 1/1/11]

[Filed ARC 0558C (Notice ARC 0459C, IAB 11/14/12), IAB 1/9/13, effective 2/13/13]

[Filed ARC 1360C (Notice ARC 1284C, IAB 1/8/14), IAB 3/5/14, effective 4/9/14]

[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]

[Filed ARC 3422C (Notice ARC 3224C, IAB 8/2/17), IAB 10/25/17, effective 11/29/17]

[Filed ARC 4243C (Notice ARC 3988C, IAB 9/12/18), IAB 1/16/19, effective 2/20/19]

[Filed ARC 6123C (Notice ARC 5989C, IAB 10/20/21), IAB 1/12/22, effective 2/16/22]

[Filed ARC 7686C (Notice ARC 7393C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]

CHAPTER 11  
PEER REVIEW

[Prior to 5/1/02, see 193A—Chapter 17]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**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.

[ARC 7687C, IAB 3/6/24, effective 4/10/24]

**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.

[ARC 7687C, IAB 3/6/24, effective 4/10/24]

**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.

[ARC 7687C, IAB 3/6/24, effective 4/10/24]

**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.

[ARC 7687C, IAB 3/6/24, effective 4/10/24]

**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).

[ARC 7687C, IAB 3/6/24, effective 4/10/24]

**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.

[ARC 7687C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapter 542.

[Filed 12/30/92, Notice 10/28/92—published 1/20/93, effective 2/24/93]

[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]

[Filed ARC 7687C (Notice ARC 7394C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 12  
FEES

[Prior to 7/13/88, see Accountancy, Board of[10]]  
[Prior to 5/1/02, see 193A—Chapter 14]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—12.1(542) Fees.** The following is a schedule of the fees for examinations, certificates, licenses, permits and renewals adopted by the board:

Initial CPA examination application:	
Paid directly to CPA examination services	not to exceed \$1,500
Reexamination:	
Paid directly to CPA examination services	not to exceed \$1,500
Original issuance of CPA certificate or LPA license by examination (fee includes wall certificate)	\$100
Original issuance of CPA certificate by reciprocity or substantial equivalency	\$100
CPA wall certificate or LPA license issued by reciprocity or substantial equivalency	\$50
Replacement of lost or destroyed wall CPA certificate or LPA license	\$50
Original issuance of attest qualification	\$100
Annual renewal of CPA certificate or LPA license—active status	\$100
Late renewal of CPA certificate or LPA license within 30-day grace period (July 1 to July 30)—active status	\$25
Annual renewal of CPA certificate or LPA license—inactive status	\$50
Late renewal of CPA certificate or LPA license within 30-day grace period (July 1 to July 30)—inactive status	\$10
Original issuance of firm permit to practice	\$100
Annual renewal of firm permit to practice	\$100
Reinstatement of lapsed CPA certificate or LPA license	\$100 + renewal fee + \$25 per month of expired registration
Reinstatement of lapsed firm permit to practice	\$100 + renewal fee + \$25 per month of expired registration
Interstate Transfer Form	\$25
License predetermination fee	\$25

[ARC 7688C, IAB 3/6/24, effective 4/10/24]

**193A—12.2(542) Reinstatement.**

**12.2(1)** *Reinstatement of a lapsed CPA certificate or LPA license.* The fee for the reinstatement of a lapsed CPA certificate or LPA license is \$100 plus the renewal fee plus \$25 per month of expired registration up to a maximum of \$1,000.

**12.2(2)** *Reinstatement of lapsed firm permit to practice.* The fee for the reinstatement of a lapsed CPA or LPA firm permit to practice for applications is \$100 plus the renewal fee plus \$25 per month of expired registration up to a maximum of \$1,000.

**12.2(3)** *Applicants for reinstatement.* All applicants for reinstatement will be assessed the \$100 reinstatement fee. The \$25 per month penalty fee described in subrules 12.2(1) and 12.2(2) will not be assessed if the applicant for reinstatement did not, during the period of lapse, engage in any acts or practices for which an active CPA certificate, LPA license, or firm permit to practice as a CPA or LPA firm is necessary in Iowa. Falsely claiming an exemption from the monthly penalty fee is a ground for discipline; in addition, other grounds for discipline may arise from practicing on a lapsed certificate, license or permit to practice.

[ARC 7688C, IAB 3/6/24, effective 4/10/24]

**193A—12.3(542) Prorating of certain fees.** Fees for the issuance of an original CPA certificate or LPA license, pursuant to rule 193A—5.3(542), or the issuance of an initial permit to practice to a CPA or LPA firm, pursuant to rule 193A—7.1(542), will not be prorated.

[ARC 7688C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapter 542.

[Filed and effective September 22, 1975 under ch 17A, C '73]

[Filed 2/2/79, Notice 12/27/78—published 2/21/79, effective 3/28/79]

[Filed emergency 3/9/79—published 4/4/79, effective 3/9/79]

[Filed 2/12/81, Notice 10/29/80—published 3/4/81, effective 4/8/81]

[Filed 2/8/82, Notice 12/9/81—published 3/3/82, effective 4/7/82]

[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]

[Filed 3/30/89, Notice 2/8/89—published 4/19/89, effective 5/24/89]

[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]

[Filed 12/30/92, Notice 10/28/92—published 1/20/93, effective 2/24/93]

[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 7/18/02, Notice 6/12/02—published 8/7/02, effective 9/11/02]

[Filed 1/30/04, Notice 12/24/03—published 2/18/04, effective 3/24/04]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 8866B (Notice ARC 8616B, IAB 3/24/10), IAB 6/30/10, effective 8/4/10]

[Filed ARC 8867B (Notice ARC 8617B, IAB 3/24/10), IAB 6/30/10, effective 8/4/10]

[Filed ARC 9040B (Notice ARC 8868B, IAB 6/30/10), IAB 9/8/10, effective 10/13/10]

[Filed ARC 9123B (Notice ARC 8988B, IAB 8/11/10), IAB 10/6/10, effective 11/10/10]

[Filed ARC 9327B (Notice ARC 9202B, IAB 11/3/10), IAB 1/12/11, effective 2/16/11]

[Filed ARC 0174C (Notice ARC 9980B, IAB 1/25/12), IAB 6/13/12, effective 7/18/12]

[Filed ARC 5562C (Notice ARC 5357C, IAB 12/30/20), IAB 4/21/21, effective 5/26/21]

[Filed ARC 7688C (Notice ARC 7395C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]

CHAPTER 13  
RULES OF PROFESSIONAL ETHICS AND CONDUCT

[Prior to 5/1/02, see 193A—Chapter 11]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—13.1(542) Applicability.**

**13.1(1)** The AICPA Code of Professional Conduct is based upon the premise that the reliance of the public in general and of the business community in particular on sound financial reporting and on the implication of professional competence inherent in the authorized use of a board-regulated title relating to the practice of public accountancy imposes on persons engaged in such practice certain obligations both to their clients and to the public. These obligations, which the rules of professional ethics and conduct are intended to enforce where necessary, include the obligation to maintain independence of thought and action and a continued commitment to learning and professional improvement, to observe applicable generally accepted accounting principles and generally accepted auditing standards, to promote the public interest through sound and informative financial reporting, to hold the affairs of clients in confidence, and to maintain high standards of personal conduct in all professional activities in whatever capacity performed.

**13.1(2)** In addition to the rules specifically enumerated herein, and only to the extent applicable to certificate holders' and licensees' respective scope of practice, all certificate holders and licensees are obligated to comply with the AICPA Code of Professional Conduct. In the event of a conflict or inconsistency between the AICPA Code of Professional Conduct and rules specifically enumerated herein, the rules specifically enumerated herein prevail.

**13.1(3)** The rules of professional ethics and conduct apply to all professional services performed by all CPAs and LPAs, whether or not they are engaged in the practice of public accountancy, except where the wording of a rule clearly indicates that the applicability is specifically limited to the practice of public accountancy.

**13.1(4)** A CPA or an LPA engaged in the practice of public accountancy outside the United States will not be subject to discipline by the board for departing, with respect to such foreign practice, from any of the board's rules of professional ethics and conduct, so long as the CPA's or LPA's conduct is in accordance with the standards of professional conduct applicable to the practice of public accountancy in the country in which the CPA or LPA is practicing. However, even in such a case, if a CPA's or an LPA's name is associated with financial statements in such manner as to imply that the CPA or LPA is acting as an independent public accountant and under circumstances that would entitle the reader of the financial statement to assume that United States practices are followed, the CPA or LPA will comply with applicable generally accepted engagement standards and applicable generally accepted accounting principles.

**13.1(5)** A CPA or an LPA may be held responsible for compliance with the rules of professional ethics and conduct by all persons associated with the accountant in the practice of public accounting who are either under the accountant's supervision or are licensees, partners or shareholders in the accountant's practice.

**13.1(6)** CPAs and CPA firms exercising a practice privilege in Iowa or for a client with a home office in Iowa are subject to the professional standards set forth in this chapter.

**13.1(7)** These rules complement the grounds for discipline set out in 193A—Chapter 14.

[ARC 7689C, IAB 3/6/24, effective 4/10/24]

**193A—13.2(542) Rules applicable to all CPAs and LPAs.**

**13.2(1)** *Cooperation with board inquiry.* A CPA or an LPA will, when requested, respond to communications from the board within 30 days.

**13.2(2)** *Reporting convictions, judgments, and disciplinary actions.* In addition to any other reporting obligations in Iowa Code chapter 542 or these rules, a CPA or an LPA needs to notify the board within 30 days of:

*a.* Imposition upon the CPA or LPA of discipline including, but not limited to, censure, reprimand, sanction, probation, civil penalty, fine, consent decree or order, or suspension, revocation or modification of a license, certificate, permit or practice rights by:

- (1) The SEC, PCAOB, or IRS (by the Director of Practice); or
  - (2) Another state board of accountancy for cause other than failure to pay a professional fee by the due date or failure to complete continuing education obligations by another state board of accountancy; or
  - (3) Any other federal or state agency regarding the CPA's or LPA's conduct while rendering professional services; or
  - (4) Any foreign authority or credentialing body that regulates the practice of accountancy;
- b.* Occurrence of any matter reportable by the CPA or LPA to the PCAOB pursuant to the Sarbanes-Oxley Act, Section 102(b)(2)(f) as amended to December 29, 2022, and PCAOB rules and forms adopted pursuant thereto;
- c.* Any judgment, award or settlement of a civil action or arbitration proceeding in which the CPA or LPA was a party if the matter included allegations of gross negligence, violation of specific standards of practice, fraud, or misappropriation of funds in the practice of accounting; provided, however, licensed firms will notify the board regarding civil judgments, settlements or arbitration awards directly involving the firm's practice of public accounting in this state; or
- d.* Criminal charges, deferred prosecution or conviction or plea of no contest to which the CPA or LPA is a defendant if the crime is:

- (1) Any felony under the laws of the United States or any state of the United States or any foreign jurisdiction; or
- (2) Any crime, including a misdemeanor, if an essential element of the offense is dishonesty, deceit or fraud, as more fully described in Iowa Code section 542.5(2).

**13.2(3)** *Firm's duty to report.* Each firm will designate a CPA or an LPA as responsible for firm licensure or office registration and responsible for reporting any matter reportable under this rule.

**13.2(4)** *Solicitation or disclosure of CPA examination questions and answers.* A CPA or an LPA who solicits or knowingly discloses a Uniform Certified Public Accountant Examination question(s) or answer(s) without the written authorization of the AICPA has committed an act discreditable to the profession.

**13.2(5)** *Falsely reporting continuing professional education (CPE).* A CPA or an LPA has committed an act discreditable to the profession when the CPA or LPA falsely reports CPE credits to the board.

[ARC 7689C, IAB 3/6/24, effective 4/10/24]

### **193A—13.3(542) Rules applicable to CPAs and LPAs who use the titles in offering or rendering products or services to clients.**

#### **13.3(1)** *Use of title.*

*a. Certified public accountant.* Only a person who holds an active, unexpired certificate and who complies with 193A—Chapter 5, Licensure Status and Renewal of Certificates and Licenses, and 193A—Chapter 10, Continuing Education, or a person lawfully exercising a practice privilege under Iowa Code section 542.20 may use or assume the title “certified public accountant” or the abbreviation “CPA” or any other title, designation, word(s), letter(s), abbreviation(s), sign, card, or device indicating that such person is a certified public accountant.

*b. Licensed public accountant.* Only a person holding a license as a licensed public accountant may use or assume the title “licensed public accountant” or the abbreviation “LPA” or any other title, designation, word(s), letter(s), abbreviation(s), sign, card, or device indicating that such person is a licensed public accountant.

#### **13.3(2)** *Forms of practice.*

*a. Certified public accountant firms.* A sole proprietorship, corporation, partnership, limited liability company, or any other form of organization has to apply for a permit to practice under Iowa Code section 542.7 and these rules as a firm of certified public accountants in order to use the title “CPAs” or “CPA firm,” as more fully described in 193A—Chapter 7.

*b. Licensed public accounting firms.* A sole proprietorship, corporation, partnership, limited liability company, or any other form of organization has to apply for a permit to practice under Iowa Code section 542.8 and these rules as a firm of licensed public accountants in order to use the title “LPAs” or “LPA firm,” as more fully described in 193A—Chapter 8.

**13.3(3) *Acting through others.*** A CPA or an LPA is obligated to not allow others to carry out on the CPA's or LPA's behalf, either with or without compensation, acts which, if carried out by the CPA or LPA, would violate the rules of professional ethics and conduct.

[ARC 7689C, IAB 3/6/24, effective 4/10/24]

**193A—13.4(542) Audit, review and other attest services.**

**13.4(1) *Practice privilege.*** All audit, review, and other attest services performed in Iowa or for a client with a home office in Iowa has to be performed through a CPA firm that holds an active Iowa firm permit to practice or through an out-of-state CPA firm exercising a practice privilege in compliance with Iowa Code section 542.20(5) and 542.20(6) and associated rules and the peer review and ownership provisions of Iowa Code section 542.7. Unless Iowa certification is specifically mandated by a governmental body or client, the individual CPAs performing such attest services may either hold an active Iowa CPA certificate or exercise a practice privilege as more fully described in Iowa Code section 542.20. LPAs and LPA firms are not authorized to perform attest services.

**13.4(2)** Reserved.

[ARC 7689C, IAB 3/6/24, effective 4/10/24]

**193A—13.5(542) Compilation.**

**13.5(1) *Who can perform.*** Only a CPA licensed under Iowa Code section 542.6 or 542.19, or any other applicable law or rule; an LPA licensed under Iowa Code section 542.8, or any other applicable law or rule; or a CPA exercising a practice privilege under Iowa Code section 542.20 may issue a report in standard form upon a compilation of financial information or otherwise provide compilation services in Iowa or for a client with a home office in Iowa. (More information can be found in rule 193A—6.4(542).)

**13.5(2) *Peer review.*** All individuals described in 193A—subrule 6.4(1) will satisfy peer review obligations, individually or through a peer review of a CPA or an LPA firm holding a permit to practice pursuant to Iowa Code section 542.7 or 542.8 or a CPA firm exercising a practice privilege under Iowa Code section 542.20.

[ARC 7689C, IAB 3/6/24, effective 4/10/24]

**193A—13.6(542) Rules applicable to tax practice.** CPAs, LPAs, and persons who are not CPAs or LPAs may perform tax services in Iowa. The rules of professional ethics and conduct in this chapter apply to any CPA or LPA who is licensed in Iowa and to any CPA exercising a practice privilege in Iowa whenever such person informs the client or prospective client that the person is a CPA or an LPA. Clients may be so informed in a number of ways, including oral or written representations, the display of a CPA certificate or LPA license, or use of the CPA or LPA title in advertising, telephone or Internet directories, letterhead, business cards or email.

[ARC 7689C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 272C and 542.

[Filed and effective 9/22/75 under 17A, C '73]

[Filed 9/27/78, Notice 8/23/78—published 10/18/78, effective 11/22/78]

[Filed 10/9/80, Notice 9/3/80—published 10/29/80, effective 12/3/80]

[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]

[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]

[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]

[Filed 7/11/97, Notice 4/23/97—published 7/30/97, effective 9/3/97]

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 9/13/02, Notice 8/7/02—published 10/2/02, effective 11/6/02]

[Filed 1/19/05, Notice 12/8/04—published 2/16/05, effective 3/23/05]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 9003B (Notice ARC 8836B, IAB 6/16/10), IAB 8/11/10, effective 1/1/11]

[Filed ARC 0174C (Notice ARC 9980B, IAB 1/25/12), IAB 6/13/12, effective 7/18/12]

[Filed ARC 0413C (Notice ARC 0254C, IAB 8/8/12), IAB 10/31/12, effective 12/5/12]

[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]

[Filed ARC 3230C (Notice ARC 3019C, IAB 4/12/17), IAB 8/2/17, effective 9/6/17]  
[Filed ARC 3422C (Notice ARC 3224C, IAB 8/2/17), IAB 10/25/17, effective 11/29/17]  
[Filed ARC 5562C (Notice ARC 5357C, IAB 12/30/20), IAB 4/21/21, effective 5/26/21]  
[Filed ARC 7689C (Notice ARC 7396C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]

CHAPTER 14  
DISCIPLINARY AUTHORITY AND GROUNDS FOR DISCIPLINE

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—14.1(17A,272C,542) Disciplinary authority.** The board exercises disciplinary authority for the protection and well-being of those persons who rely on licensed individuals and firms for the performance of public accounting services within this state or for clients in this state. To perform these functions, the board is broadly vested with authority to review and investigate alleged acts or omissions of licensees, determine whether disciplinary proceedings are warranted, initiate and prosecute disciplinary proceedings, establish standards of professional conduct, and impose discipline, as authorized under Iowa law.

[ARC 7690C, IAB 3/6/24, effective 4/10/24]

**193A—14.2(17A,272C,542) Disciplinary policy.**

**14.2(1)** The board's disciplinary policy rests upon the premise that the reliance of the public in general and of the business community in particular on sound financial reporting, and on the implication of professional competence inherent in the authorized use of a licensee's regulated title relating to the practice of public accountancy, imposes on persons and firms engaged in such practice certain obligations both to their clients and to the public. These obligations include the obligation to maintain independence of thought and action; to strive continuously to improve one's professional skills; to observe, where applicable, generally accepted accounting principles, generally accepted auditing standards, and similar principles and standards; to promote sound and informative financial reporting; to hold the affairs of clients in confidence; and to maintain high standards of personal conduct in all matters affecting one's fitness to practice public accountancy.

**14.2(2)** The public interest dictates that persons professing special competence in accountancy have demonstrated their qualifications to do so, and that persons who have not demonstrated and maintained such qualifications not be permitted to represent themselves as having such special competence; that the conduct of persons licensed as having special competence in accountancy be regulated in all aspects of their professional work; and that the use of titles that have a capacity or tendency to deceive the public as to the status or competence of the persons using such titles not be permitted.

**14.2(3)** A CPA or LPA firm is subject to discipline for its own violations of Iowa Code chapter 542 and administrative rules and the violations of the firm's CPAs, LPAs, nonlicensee owners, persons acting or purporting to act under a practice privilege, and others performing professional services on the firm's behalf. Whether a CPA or LPA firm will be charged based on the acts of such individuals will depend on the circumstances. Among the factors the board will consider are whether the firm took reasonable steps to prevent the violation, whether the violation was or could have been discovered by the firm upon reasonable inquiry, what steps the firm took upon discovering the violation, whether the acts or omissions involved licensees of the board or were committed by persons who are not individually licensed by the board, the nature of the services at issue, and whether the violations are isolated matters or more systemic to the firm's performance.

[ARC 7690C, IAB 3/6/24, effective 4/10/24]

**193A—14.3(17A,272C,542) Grounds for discipline.** The board may initiate disciplinary action against a CPA, an LPA, or a firm of CPAs or LPAs that holds an active, inactive or lapsed certificate, license or permit to practice on any of the following grounds:

**14.3(1)** *Fraud or deceit in procuring a license.* Fraud or deceit in procuring or attempting to procure an initial, reciprocal, renewal, or reinstated certificate, license, or permit to practice includes any intentional perversion of the truth when submitting an application to the board, or when submitting information in support of another's application to the board, including:

*a.* False representation of a material fact, whether by word or by conduct, by false or misleading allegation, or by concealment of that which should have been disclosed.

b. Attempting to file or filing with the board any false or forged record or document, such as a college transcript, diploma or degree, examination report, verification of licensure, continuing education certificate, or verification of peer review.

c. Failing or refusing to provide complete information in response to a question on an application.

d. Reporting information, such as satisfaction of continuing education, peer review, or attest qualification, in a false manner through overt deceit or with reckless disregard for the truth or accuracy of the information asserted.

e. Otherwise participating in any form of fraud or misrepresentation by act or omission.

**14.3(2) Professional incompetence.** Professional incompetence includes, but is not limited to:

a. A substantial lack of knowledge or ability to discharge professional obligations within the practice of public accounting.

b. A substantial deviation from the standards of learning or skill ordinarily possessed and applied by other practitioners in the state of Iowa acting in the same or similar circumstances.

c. A failure to exercise the degree of care ordinarily exercised by the average practitioner acting in the same or similar circumstances.

d. Failure to conform to the minimum standards of acceptable and prevailing practice of public accounting in this state.

e. A willful, repeated, or material deviation from generally accepted engagement standards, generally accepted accounting standards, generally accepted auditing standards, or any other nationally recognized standard applicable to the public accounting services at issue.

f. Any other act or omission that demonstrates an inability to safely practice in a manner protective of the public's interest.

**14.3(3) Deceptive practices.** Deceptive practices are grounds for discipline, whether or not actual injury is established, and include:

a. Knowingly making misleading, deceptive, untrue or fraudulent representations in the practice of public accounting.

b. Use of untruthful or improbable statements in advertisements. Use of untruthful or improbable statements in advertisements includes, but is not limited to, an action by a licensee in making information or intention known to the public that is false, deceptive, misleading or promoted through fraud or misrepresentation.

c. Acceptance of any fee by fraud or misrepresentation.

d. Falsification of business or client records.

e. Submission of false or misleading reports or information to the board including information supplied in an audit of continuing education, reports submitted as a condition of probation, or any reports identified in this rule or 193A—Chapter 18.

f. Knowingly presenting as one's own a certificate or certificate number, license or license number, permit or permit number, or signature, when the above belongs to another or a fictitious licensee; or otherwise falsely impersonating a person holding a CPA certificate, an LPA license, or a permit to practice as a firm of CPAs or LPAs.

g. Representing oneself as a CPA, LPA, CPA firm, or LPA firm when the certificate, license, or permit to practice has been suspended, revoked, surrendered, or placed on inactive status, or has lapsed, except as allowed under Iowa Code section 542.20.

h. Fraud in representations as to skill or ability.

**14.3(4) Unethical, harmful or detrimental conduct.** Licensees engaging in unethical conduct or practices harmful or detrimental to the public may be disciplined whether or not injury is established. Behaviors and conduct that are unethical, harmful or detrimental to the public may include, but are not limited to, the following actions:

a. Verbal or physical abuse, or improper sexual contact, if such behavior occurs within the practice of public accounting or if such behavior otherwise provides a reasonable basis for the board to conclude that such behavior within the practice of public accounting would place the public at risk.

b. A violation of a rule of professional conduct relating to improper conflicts of interest, or lack of integrity, objectivity or independence, as provided in the AICPA Code of Professional Conduct.

c. A violation of a provision of Iowa Code section 542.13, or aiding or abetting any unlawful activity for which a civil penalty can be imposed under Iowa Code sections 542.13 and 542.14.

**14.3(5) *Lack of proper qualifications.*** Lack of proper qualifications includes, but is not limited to:

a. Continuing to practice as a CPA or LPA without satisfying the continuing education necessary for certificate or license renewal.

b. Continuing to perform attest services or compilation services without timely completion of peer review.

c. Performing attest services as an individual without proper certification or attest qualification, or without acting through a CPA firm holding a permit to practice pursuant to Iowa Code section 542.7 or exercising a practice privilege pursuant to Iowa Code section 542.20.

d. Performing attest services as a firm without holding a permit to practice pursuant to Iowa Code section 542.7 or exercising a practice privilege pursuant to Iowa Code section 542.20, or without ensuring that the individuals responsible for supervising attest services or signing or authorizing someone to sign the accountant's report are attest-qualified, hold the necessary certification or are eligible to exercise a practice privilege, or otherwise performing attest services in a manner inconsistent with Iowa Code chapter 542 or the rules of the board.

e. Habitual intoxication or addiction to the use of drugs, or impairment that adversely affects the CPA's or LPA's ability to practice in a safe and competent manner.

f. Any act, conduct, or condition, including lack of education or experience and careless or intentional acts or omissions, that demonstrates a lack of qualifications that are necessary to ensure a high standard of professional care as provided in Iowa Code section 272C.3(2) "b," or that impairs a practitioner's ability to safely and skillfully practice the profession.

**14.3(6) *Negligence in the practice of public accounting.*** Negligence in the practice of public accounting includes the following acts, practices, or omissions, whether or not injury results:

a. Failure or refusal without good cause to exercise reasonable diligence in the practice of public accounting.

b. Failure to exercise due care including negligent delegation of duties in the practice of public accounting.

c. Neglect of contractual or other duties to a client.

**14.3(7) *Professional misconduct.*** Professional misconduct includes, but is not limited to, the following:

a. Violation of a generally accepted engagement standard, generally accepted accounting standard, generally accepted auditing standard, or any other nationally recognized standard applicable to the public accounting services at issue, as provided in rule 193A—13.4(542), or any other violation of a provision of the AICPA Code of Professional Conduct.

b. Violation of a regulation or law of this state, another state, the United States, or the PCAOB in the practice of public accounting.

c. Engaging in any conduct that subverts or attempts to subvert a board investigation of a licensed or unlicensed firm, individual, or other entity, or failure to fully cooperate with a disciplinary investigation of a licensee or with an investigation of firms, individuals or other entities that are not licensed by the board, including, without limitation, failure to comply with a subpoena issued by the board or to respond to a board inquiry within 30 days.

d. Revocation, suspension, or other disciplinary action taken against a licensee or person or firm exercising a practice privilege by a licensing authority of this state or another state, territory, or country. A stay by an appellate court does not negate the obligation to report such incidents to the board; however, if such disciplinary action is overturned or reversed by a court of last resort, discipline by the board based solely on such action will be vacated.

e. Suspension or revocation of the right to practice before any state or federal agency, or the PCAOB.

f. Violating Iowa Code section 542.17.

g. Violating Iowa Code section 542.18.

h. Violating or aiding and abetting another's violation of Iowa Code section 542.13 or 542.20.

*i.* Violating the terms of an initial agreement with the Iowa professionals review committee or violation of the terms of an impaired practitioner recovery contract with the Iowa professionals review committee.

*j.* Violating a practice privilege afforded to an Iowa licensee in another state.

*k.* Engaging in the practice of public accounting on a lapsed or inactive certificate, license or permit when the acts or practices obligate active Iowa licensure and, in the case of a firm, allowing such acts or practices by firm CPAs or LPAs.

**14.3(8)** *Willful or repeated violations.* The willful or repeated violation or disregard of any provision of Iowa Code chapter 272C or 542 or any administrative rule adopted by the board in the administration or enforcement of such chapters.

**14.3(9)** *Failure to report.*

*a.* Failure by a CPA firm to timely report as provided in rule 193A—7.7(542).

*b.* Failure of an LPA firm to timely report as provided in rule 193A—8.5(542).

*c.* Failure to timely report judgments and settlements and reportable violations by others as provided in 193A—Chapter 18.

*d.* Failure to report in writing to the board any issuance, denial, revocation, or suspension of a license by another state, or the voluntary surrender of a license to resolve a pending disciplinary investigation or action, within 30 calendar days of the licensing authority's final action.

*e.* Failure to report the conviction of any felony, or a crime described in Iowa Code section 542.5(2), within 30 calendar days of the conviction.

*f.* Failure to report to the board a change in the licensee's physical or mailing address within 30 calendar days of the change.

*g.* Failure to report as provided in 193A—subrule 13.4(3) or as otherwise required in the AICPA Code of Professional Conduct.

**14.3(10)** *Failure to comply with board order.* Failure to comply with the terms of a board order or the terms of a settlement agreement or consent order, or other decision imposing discipline.

**14.3(11)** *Conviction of a crime.* Conviction of any crime described in Iowa Code section 542.5(2) and as limited by Iowa Code section 272C.10(5) is grounds for denial, revocation, or suspension of a license. "Conviction" includes any plea of guilty or nolo contendere, including Alford pleas, or finding of guilt whether or not judgment or sentence is deferred, withheld, not entered, or suspended, and whether or not the conviction is on appeal. If such conviction is overturned or reversed by a court of last resort, discipline by the board based solely on the conviction is vacated.

**14.3(12)** *Conduct discreditable to the accounting profession.* Conduct discreditable to the accounting profession includes any act or practice that diminishes the public's confidence in the profession, impairs the credibility of the profession, or otherwise compromises the public's trust. While it is not possible to list all conduct that is discreditable to the accounting profession, the following list provides an illustrative range of acts or practices that are implicated:

*a.* Dishonesty in business or financial affairs, or a pattern of fiscal irresponsibility.

*b.* Placement on the sex offender registry.

*c.* Securities fraud or violation of the Iowa consumer fraud Act.

*d.* Willful or repeated failure to timely file tax returns or other tax documents.

*e.* False testimony in a court or administrative proceeding, or affidavit, or otherwise under oath.

*f.* Providing false or misleading information to a financial institution or governmental body or official.

*g.* Stating or implying an ability to improperly influence a government agency or official, or attempting to do so through deception, bribery or other unlawful means.

*h.* Violation of a breach of fiduciary duty when acting in the capacity of a trustee, conservator, or other fiduciary, or as the professional advisor to a fiduciary.

*i.* Any violation of Iowa Code chapter 542 or administrative rules that involves dishonesty, bad faith, or unethical behavior.

[ARC 7690C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 17A, 272C and 542 and section 546.10.

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]  
[Filed ARC 2152C (Notice ARC 2058C, IAB 7/8/15), IAB 9/30/15, effective 11/4/15]  
[Filed ARC 3230C (Notice ARC 3019C, IAB 4/12/17), IAB 8/2/17, effective 9/6/17]  
[Filed ARC 3422C (Notice ARC 3224C, IAB 8/2/17), IAB 10/25/17, effective 11/29/17]  
[Filed ARC 5562C (Notice ARC 5357C, IAB 12/30/20), IAB 4/21/21, effective 5/26/21]  
[Filed ARC 7690C (Notice ARC 7397C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 15  
DISCIPLINARY INVESTIGATIONS

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—15.1(17A,272C,542) Initiation of disciplinary investigations.** The board may initiate a licensee disciplinary investigation upon the board's receipt of information suggesting that a licensee may have violated a law or rule enforced by the board which, if true, would constitute grounds for licensee discipline. The board may also review the publicly available work product of licensees on a general or random basis to determine whether reasonable grounds exist to initiate disciplinary proceedings or to conduct a more specific investigation.

[ARC 7691C, IAB 3/6/24, effective 4/10/24]

**193A—15.2(17A,272C,542) Conflict of interest.** If the subject of a complaint is a member of the board, or if a member of the board has a conflict of interest in any disciplinary matter before the board, that member will abstain from participation in any consideration of the complaint and from participation in any disciplinary hearing that may result from the complaint.

[ARC 7691C, IAB 3/6/24, effective 4/10/24]

**193A—15.3(272C,542) Complaints.** Written complaints may be submitted by any means and by anyone.

**15.3(1) Contents of a written complaint.** Written complaints may be submitted through the online complaint process. Written complaints, whether submitted on a board complaint form or in other written medium, will contain the following information:

- a. The full name, address, and telephone number of the complainant (person complaining).
- b. The full name, address, and telephone number of the respondent (licensee against whom the complaint is filed).
- c. A statement of the facts and circumstances giving rise to the complaint, including a description of the alleged acts or omissions that the complainant believes demonstrate that the respondent has violated or is violating laws or rules enforced by the board.
- d. If known, citations to the laws or rules allegedly violated by the respondent.
- e. Evidentiary supporting documentation.
- f. Steps, if any, taken by the complainant to resolve the dispute with the respondent prior to filing a complaint.

**15.3(2) Immunity.** As provided by Iowa Code section 272C.8, a person is not civilly liable as a result of filing a report or complaint with the board unless such act is done with malice, nor may an employee be dismissed from employment or discriminated against by an employer for filing such a report or complaint.

**15.3(3) Role of complainant.** The role of the complainant in the disciplinary process is limited to providing the board with factual information relative to the complaint. A complainant is not party to any disciplinary proceeding that may be initiated by the board.

**15.3(4) Role of the board.** The board does not act as an arbiter of disputes between private parties, nor does the board initiate disciplinary proceedings to advance the private interest of any person or party. The role of the board in the disciplinary process is to protect the public by investigating complaints and initiating disciplinary proceedings in appropriate cases. The board possesses sole decision-making authority throughout the disciplinary process, including the authority to determine whether a case will be investigated, the manner of the investigation, whether a disciplinary proceeding will be initiated, and the appropriate licensee discipline to be imposed, if any.

**15.3(5) Initial complaint review.** All written complaints received by the board are initially reviewed by the board's administrator to determine whether the complaint allegations fall within the board's investigatory jurisdiction and whether the facts presented, if true, would constitute a basis for licensee disciplinary action. Complaints that are clearly outside the board's jurisdiction, which clearly do not allege facts upon which disciplinary action would be based, or which are frivolous, will be referred by the board administrator to the board for closure at the next scheduled board meeting.

[ARC 7691C, IAB 3/6/24, effective 4/10/24]

**193A—15.4(272C,542) Case numbers.** Complaint files are tracked by a case numbering system. Once a case file number is assigned to a complaint, all persons communicating with the board regarding that complaint are encouraged to include the case file number to facilitate accurate records and prompt response.

[ARC 7691C, IAB 3/6/24, effective 4/10/24]

**193A—15.5(272C,542) Confidentiality of complaint and investigative information.**

**15.5(1) General provisions.** All complaint and investigative information received or created by the board is privileged and confidential pursuant to Iowa Code section 272C.6(4). Such information will not be released to any person except as provided in that section and this rule.

**15.5(2) Confidentiality of PCAOB information and records.**

a. The PCAOB was created by the Sarbanes-Oxley Act of 2002 (the Act) as a nonprofit corporation under the laws of the District of Columbia. The duties of the PCAOB include the registration of public accounting firms that prepare audit reports for public companies; the promulgation of rules (as approved by the SEC) for auditing, quality control, ethics, independence and other standards relating to the preparation of audit reports; the inspection of registered public accounting firms; the investigation of alleged standards violations; and the imposition of appropriate sanctions following disciplinary proceedings.

b. Pursuant to Section 105(b)(5)(A) of the Act and PCAOB rules, PCAOB investigatory information and records are confidential and privileged and are exempt from disclosure under the federal Freedom of Information Act. PCAOB, in its discretion, may share such information and records, along with the nonpublic sections of inspection reports, with state regulatory authorities as necessary to accomplish the purposes of the Act or to protect investors. As provided in Section 105(b)(5)(B) of the Act, state regulatory authorities also maintain such information and records as confidential and privileged, and the board will maintain that information as confidential.

**15.5(3) Disclosure to the subject of the investigation.**

a. *Legal authority.* Pursuant to Iowa Code section 10A.506, the board may supply to a licensee who is the subject of a disciplinary complaint or investigation, prior to the initiation of a disciplinary proceeding, all or such parts of a disciplinary complaint, disciplinary or investigatory file, report, or other information as the board in its sole discretion believes would aid the investigation or resolution of the matter.

b. *General rule.* As a matter of general policy, the board will not disclose confidential complaint and investigative information to a licensee except as permitted by Iowa Code section 272C.6(4). Disclosure of a complainant's identity in advance of the filing of formal disciplinary charges, for instance, may adversely affect a complainant's willingness to file a complaint with the board.

c. *Exceptions to general rule.* The board may exercise its discretion to release information to a licensee that would otherwise be confidential under Iowa Code section 272C.6(4) under narrow circumstances, including but not limited to the following:

(1) Following a board determination that probable cause exists to file disciplinary charges against a licensee and prior to the issuance of the notice of hearing, the board may provide the licensee with a peer review or investigative report or expert opinions, as reasonably needed for the licensee to assess the merits of a settlement proposal.

(2) The board may release to a licensee who is the subject of a board-initiated investigation, including investigations initiated following the board's receipt of an anonymous complaint, such records or information as may aid the investigation or resolution of the matter.

(3) The board may release information from a peer review or consultant's report when the soliciting of the licensee's position will aid in making the probable cause determination and such disclosure can be made to the licensee without revealing identifying information regarding the complainant, peer reviewer or consultant.

[ARC 7691C, IAB 3/6/24, effective 4/10/24]

**193A—15.6(17A,272C,542) Subpoena authority.** Pursuant to Iowa Code sections 17A.13(1), 272C.6(3) and 542.11(1), the board is authorized in connection with a disciplinary investigation to issue subpoenas to compel witnesses to testify or persons to produce books, papers, records and any other real evidence,

whether or not privileged or confidential under law, which the board deems necessary as evidence in connection with a disciplinary proceeding or relevant to the decision of whether to initiate a disciplinary proceeding. Board procedures concerning investigative subpoenas are set forth in 193—Chapter 6.  
[ARC 7691C, IAB 3/6/24, effective 4/10/24]

**193A—15.7(17A,272C,542) Informal discussion.** If the board considers it advisable, or if requested by the affected licensee, the board may grant the licensee an opportunity to appear for a voluntary informal discussion of the facts and circumstances of an alleged violation, subject to the provisions of this rule.

**15.7(1)** An informal discussion is intended to provide a licensee an opportunity to share the licensee's side of a complaint in an informal setting before the board determines whether probable cause exists to initiate a disciplinary proceeding. A licensee may attend an informal discussion but is not compelled to do so. Because disciplinary investigations are confidential, a licensee is not permitted to bring persons other than legal counsel to an informal discussion. Where an allegation is made against a firm, the firm may be represented by a managing partner, member or other firm representative.

**15.7(2)** Unless disqualification is waived by the licensee, board members or staff who personally investigate a disciplinary complaint are disqualified from making decisions or assisting the decision makers at a later formal hearing. Because board members generally rely upon investigators, peer review committees, or expert consultants to conduct investigations, the issue rarely arises. An informal discussion, however, is a form of investigation because it is conducted in a question and answer format. In order to preserve the ability of all board members to participate in board decision making and to receive the advice of staff, a licensee who desires to attend an informal discussion waives the right to seek disqualification of a board member or staff based solely on the board member's or staff's participation in an informal discussion. A licensee would not be waiving the right to seek disqualification on any other ground. By electing to attend an informal discussion, a licensee accordingly agrees that participating board members or staff are not disqualified from acting as a presiding officer in a later contested case proceeding or from advising the decision maker.

**15.7(3)** Because an informal discussion constitutes a part of the board's investigation of a pending disciplinary case, the facts discussed at the informal discussion may be considered by the board in the event the matter proceeds to a contested case hearing and those facts are independently introduced into evidence.

**15.7(4)** The board may propose a consent order at the time of the informal discussion. If the licensee agrees to a consent order, a statement of charges is filed simultaneously with the consent order as provided in rule 193—7.4(17A,272C).

[ARC 7691C, IAB 3/6/24, effective 4/10/24]

**193A—15.8(17A,272C,542) Closing complaint files.**

**15.8(1)** *Grounds for closing.* The board may close a complaint file, with or without prior investigation. Given the broad scope of matters about which members of the public may have complaints, it is not possible to catalog all possible reasons why the board may close a complaint file.

**15.8(2)** *Closing orders.* The board's administrator may enter an order stating the basis for the board's decision to close a complaint file. If entered, the order will not contain the identity of the complainant or the respondent and will not disclose confidential complaint or investigative information.

If entered, a closing order will be indexed by case number and is a public record pursuant to Iowa Code section 17A.3(1) "d." A copy of the order may be mailed to the complainant, if any, and to the respondent. The board's decision whether or not to pursue an investigation, to institute disciplinary proceedings, or to close a file is not subject to judicial review.

**15.8(3)** *Cautionary letters.* The board may issue a confidential letter of caution to a licensee when a complaint file is closed that informally cautions or educates the licensee about matters that could form the basis for disciplinary action in the future if corrective action is not taken by the licensee. Informal cautionary letters do not constitute disciplinary action, but the board may take such letters into consideration in the future if a licensee continues a practice about which the licensee has been cautioned.

**15.8(4)** *Reopening closed complaint files.* The board may reopen a closed complaint file if additional information arises after closure that provides a basis to reassess the merits of the initial complaint.

[ARC 7691C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 17A, 272C and 542.

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed 9/13/02, Notice 8/7/02—published 10/2/02, effective 11/6/02]

[Filed 1/19/05, Notice 12/8/04—published 2/16/05, effective 3/23/05]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 4243C (Notice ARC 3988C, IAB 9/12/18), IAB 1/16/19, effective 2/20/19]

[Filed ARC 7691C (Notice ARC 7398C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]

CHAPTER 16  
DISCIPLINARY PROCEEDINGS

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—16.1(17A,272C,542) Initiation of disciplinary proceedings.** Disciplinary proceedings may be initiated only by the affirmative vote of a majority of a quorum of the board at a public meeting. Board members who are disqualified will be excluded in determining whether a quorum exists. If, for example, two members of the board are disqualified, four members of the board constitutes a quorum of the remaining six board members for purposes of voting on the case in which the two members are disqualified. When three or more members of the board are disqualified or otherwise unavailable for any reason, the administrator may request the special appointment of one or more substitute board members pursuant to Iowa Code section 17A.11(5).

[ARC 7692C, IAB 3/6/24, effective 4/10/24]

**193A—16.2(17A,272C,542) Disciplinary contested case procedures.** Unless in conflict with a provision of Iowa Code chapter 542 or board rules in this chapter, all of the procedures set forth in 193—Chapter 7 apply to disciplinary contested cases initiated by the board.

[ARC 7692C, IAB 3/6/24, effective 4/10/24]

**193A—16.3(272C,542) Disciplinary sanctions.**

**16.3(1) *Type of sanctions.*** The board has the authority to impose the following disciplinary sanctions:

*a.* Revoke a license issued by the board. In the event of a revocation, the licensee is not allowed to remain a member, partner or shareholder of a business entity if the law dictates that all members, partners or shareholders of such an entity be actively involved.

*b.* Suspend a license issued by the board. A CPA or LPA who is under suspension will refrain, during the period of the suspension, from all facets of the ordinary practice of public accounting.

*c.* Revoke or suspend the privilege to engage in one or more areas of the practice of public accounting.

*d.* Impose a period of probation. As a condition to a period of probation, the board may impose terms and conditions deemed appropriate by the board, which may include, but are not limited to, the following:

(1) The board may order the licensee to undergo a quality review or desk review under the board's supervision. The licensee will select, subject to approval by the board, a CPA, an LPA, or a firm of CPAs or LPAs. The review cost will be paid by the licensee. The board will be furnished a copy of the report issued by the reviewing party and may order remedial actions or education as a result of the report findings.

(2) The board may order the licensee to enter into an agreement with a CPA, an LPA, or a firm of CPAs or LPAs to obtain a preissuance review of any audits, compilations, or reviews issued by the licensee or other public accounting services performed during the probationary period. The agreement will be preapproved by the board. The board may order the licensee to report regularly concerning the preissuance reviews conducted pursuant to the agreement. Any cost incurred in obtaining preissuance review will be paid by the licensee.

(3) The board may order the licensee to undergo a substance abuse evaluation and such care and treatment appropriate under the circumstances.

*e.* Specify that a designated amount of continuing education be taken in specific subjects and may specify the time period for completing these courses. The board may also specify whether that continuing education be in addition to the continuing education routinely necessary for license renewal. The board may also specify that additional continuing education be a condition for the termination of any suspension or reinstatement of a certificate, permit, license, or registration. The board may also specify that current reference materials be obtained and maintained.

*f.* Obligate the licensee to undergo reexamination, using one or more parts of the CPA or LPA examination given to candidates for the CPA certificate or the LPA license.

*g.* Impose civil penalties pursuant to Iowa Code section 542.14(2).

*h.* Issue a reprimand.

i. Order the licensee to alter a professional practice or refrain from engaging in a particular act or practice in the future, notify clients of unlicensed or unprofessional conduct, or take such other remedial measures that are appropriate under the public interest and circumstances of the infraction.

j. Order such alternative discipline as is allowed by law.

**16.3(2) *Imposing discipline.*** Discipline may be imposed against a licensee only by the affirmative vote of a majority of the members of the board who are not disqualified.

**16.3(3) *Voluntary surrender.*** The board may accept the voluntary surrender of a license to resolve a pending disciplinary contested case or pending disciplinary investigation. The board will not accept a voluntary surrender of a license to resolve a pending disciplinary investigation unless a statement of charges is filed along with the order accepting the voluntary surrender. Such a voluntary surrender is considered disciplinary action and will be published in the same manner as is applicable to any other form of disciplinary order.

**16.3(4) *Client notification.*** Whenever a license is revoked, suspended, under probation, or voluntarily surrendered under this chapter, the licensee will:

a. Within 30 days of receipt of the board's final order, notify in writing all clients of the fact that the license has been revoked, suspended or voluntarily surrendered or that the licensee is under probation and the subject of compliance terms imposed by the board; for example, the licensee may agree to discontinue governmental audits while the licensee's license is under probation. Such notice will advise the client to obtain alternative professional services, unless probationary compliance terms at issue would not impact the public accounting services provided for that client;

b. Within 30 days of receipt of the board's final order, file with the board copies of the notices sent pursuant to paragraph 16.3(4) "a." Compliance with this paragraph is a condition precedent for an application for reinstatement.

[ARC 7692C, IAB 3/6/24, effective 4/10/24]

**193A—16.4(272C,542) Notification of decisions.** The board will notify NASBA of disciplinary action taken against an Iowa licensee.

[ARC 7692C, IAB 3/6/24, effective 4/10/24]

**193A—16.5(272C,542) Reinstatement.**

**16.5(1)** The term "reinstatement" as used in this rule and in rule 193—7.38(17A,272C) includes the reinstatement of a suspended license, the modification or removal of a probationary limitation on a licensee's practice, the issuance of a license following the denial of an application to renew a license, and the issuance of a new license following the revocation or voluntary surrender of a license.

**16.5(2)** Any person whose license has been revoked, suspended or placed under probation by the board, or who has voluntarily surrendered a license to conclude a disciplinary investigation or proceeding, or whose application to renew a license has been denied may apply to the board to modify or terminate the suspension, issue or reissue the license, or modify or remove the probationary limitations of practice in accordance with Iowa Code section 542.12, rule 193—7.38(17A,272C), the provisions of this rule, and the terms of the order of revocation, suspension or probation, denial of license renewal, or acceptance of voluntary license surrender.

**16.5(3)** If the applicable order did not establish terms upon which the licensee may apply for reinstatement, an initial application for reinstatement may be made after at least one year has elapsed from the date of the order that revoked, suspended or placed under probation the license, denied license renewal, or accepted a voluntary surrender.

**16.5(4)** All proceedings for reinstatement are initiated by the respondent and subject to the procedures set forth in rule 193—7.38(17A,272C). In addition, the board may grant an applicant's request to appear informally before the board prior to the issuance of a notice of hearing on the application if the applicant requests an informal appearance in the application and agrees not to seek to disqualify on the ground of personal investigation the board members or staff before whom the applicant appears.

**16.5(5)** An order granting an application for reinstatement may impose such terms and conditions as the board deems desirable, which may include one or more of the types of disciplinary sanctions described in rule 193A—16.3(272C,542).

**16.5(6)** The board will not grant an application for reinstatement when the initial order that revoked, suspended or placed under probation the license; denied license renewal; or accepted a voluntary surrender was based on a criminal conviction and the applicant cannot demonstrate to the board's satisfaction that:

- a.* All the terms of the sentencing or other criminal order have been fully satisfied;
- b.* The applicant has been released from confinement and any applicable probation or parole; and
- c.* Restitution has been made or is reasonably in the process of being made to any victims of the crime.

[ARC 7692C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 17A, 272C, and 542.

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 7692C (Notice ARC 7399C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 17  
ENFORCEMENT PROCEEDINGS AGAINST NONLICENSEES

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—17.1(542) Civil penalties against nonlicensees.** The board may order compliance with Iowa Code chapter 542 and board rules, revoke a practice privilege, and impose civil penalties by order against a firm, other entity, or individual that is not licensed by the board pursuant to Iowa Code chapter 542 based on the unlawful practices specified in Iowa Code sections 542.13 and 542.20. In addition to the procedures set forth in Iowa Code section 542.14, this chapter applies.

[ARC 7693C, IAB 3/6/24, effective 4/10/24]

**193A—17.2(17A,542) Investigations.** The board is authorized by Iowa Code section 17A.13(1) and Iowa Code section 542.11 to conduct such investigations as are needed to determine whether grounds exist to impose civil penalties against a nonlicensee. Such investigations will conform to the procedures outlined in 193A—Chapter 15. Complaint and investigatory files concerning nonlicensees are not confidential except as may be provided in Iowa Code chapter 22.

[ARC 7693C, IAB 3/6/24, effective 4/10/24]

**193A—17.3(17A,542) Notice of intent to impose civil penalties.** The notice of the board's intent to issue an order to enforce compliance with Iowa Code chapter 542 and board rules and to impose a civil penalty will be served upon the nonlicensee by certified mail, return receipt requested, or personal service in accordance with Iowa Rule of Civil Procedure 1.305. Alternatively, the nonlicensee may accept service personally or through authorized counsel. The notice will include the following:

1. A statement of the legal authority and jurisdiction under which the proposed civil penalty would be imposed.
2. Reference to the particular sections of the statutes and rules involved.
3. A short, plain statement of the alleged unlawful practices.
4. The dollar amount of the proposed civil penalty, the nature of the intended order to enforce compliance with Iowa Code chapter 542 and board rules, and whether a practice privilege will be revoked.
5. Notice of the nonlicensee's right to a hearing and the time frame in which hearing can be requested.
6. The address to send a written request for hearing.

[ARC 7693C, IAB 3/6/24, effective 4/10/24]

**193A—17.4(17A,542) Request for hearing.**

**17.4(1)** Nonlicensees have 30 days to request a hearing. The 30-day time frame begins on the date the notice is mailed if served through certified mail to the last-known address, or 30 days from the date of service if service is accepted or made in accordance with Iowa Rule of Civil Procedure 1.305. A request for hearing has to be in writing and is deemed made on the date of the nonmetered United States Postal Service postmark or the date of personal service.

**17.4(2)** If a request for hearing is not timely made, the board chairperson or the chairperson's designee may issue an order imposing the civil penalty, revoking the practice privilege, and requiring compliance with Iowa Code chapter 542 and board rules, as described in the notice. The order may be mailed by regular first-class mail or served in the same manner as the notice of intent to impose civil penalty.

**17.4(3)** If a request for hearing is timely made, the board will issue a notice of hearing and conduct a hearing in the same manner as applicable to disciplinary cases against licensees.

**17.4(4)** A nonlicensee may waive the right to hearing and all attendant rights and enter into a consent order imposing a civil penalty, revoking the practice privilege, and requiring compliance with Iowa Code chapter 542 and board rules at any stage of the proceeding upon mutual consent of the board.

**17.4(5)** The notice of intent to issue an order and the order are public records available for inspection and copying in accordance with Iowa Code chapter 22. Hearings are open to the public.

[ARC 7693C, IAB 3/6/24, effective 4/10/24]

**193A—17.5(542) “Safe harbor” language.** Persons who do not hold a CPA certificate or LPA license, firms that do not hold a CPA or LPA firm permit to practice, or individuals or firms that are ineligible to exercise a practice privilege cannot use in any statement relating to the financial affairs of a person or entity language that is conventionally used by CPAs or LPAs in reports on financial statements. Pursuant to Iowa Code section 542.13(8), such persons or firms may use the following “safe harbor” language:

“I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management (owners). I (we) have not audited, reviewed or compiled the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.”

[ARC 7693C, IAB 3/6/24, effective 4/10/24]

**193A—17.6(542) Enforcement options.** The board may also pursue other enforcement as provided in Iowa Code sections 542.14(8), 542.14(9) and 542.15.

[ARC 7693C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 17A and 542.

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 7693C (Notice ARC 7400C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]

CHAPTER 18  
LICENSEES' DUTY TO REPORT

[Prior to 5/1/02, see 193A—Chapter 15]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—18.1(272C,542) Reporting acts or omissions committed by licensees.**

**18.1(1)** An individual or firm licensed by the board has a duty to report under Iowa Code section 272C.9(2). The failure to perform an engagement for a client in accordance with professional standards may demonstrate a lack of qualifications by a licensee or firm. These professional standards are set forth in 193A—Chapter 13.

**18.1(2)** When a licensee observes an act or omission referenced in subrule 18.1(1), the licensee is obligated to report the violation in writing to the board office, setting forth the name of the licensee alleged to have committed the violation and the rule(s) violated, together with a copy of all material that evidences the violation.

[ARC 7694C, IAB 3/6/24, effective 4/10/24]

**193A—18.2(272C,542) Reporting judgments and settlements alleging malpractice.**

**18.2(1)** Licensees have a duty to report under Iowa Code section 272C.9(3). For the purposes of this rule, malpractice actions brought against a firm licensed by the board will be deemed to have been brought against both the firm and the firm's owners (e.g., partners, shareholders, or members) who performed the services that led to the malpractice action.

**18.2(2)** When a licensee is a party to an adverse judgment resulting from a professional malpractice action or is a party to a settlement of a claim resulting from an allegation of malpractice, the licensee has an obligation to file a report in writing forwarded to the board office, setting forth the name and address of the client, the date the claim was originally made, a brief description of the circumstances precipitating the claim and a copy of the judgment or settlement agreement resulting from the claim.

[ARC 7694C, IAB 3/6/24, effective 4/10/24]

**193A—18.3(272C,542) Timely reporting.** The reports under this chapter are to be forwarded to the board within 30 days from the initial receipt of the information giving rise to the reporting obligation.

[ARC 7694C, IAB 3/6/24, effective 4/10/24]

**193A—18.4(272C,542) Failure to make reports.** The board may initiate a disciplinary proceeding against any licensee who fails to make a timely report under this chapter.

[ARC 7694C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code chapters 272C and 542.

[Filed 9/27/78, Notice 8/23/78—published 10/18/78, effective 11/22/78]

[Filed 6/22/88, Notice 3/9/88—published 7/13/88, effective 8/17/88]

[Filed 8/1/91, Notice 5/15/91—published 8/21/91, effective 9/25/91]

[Filed 12/10/91, Notice 10/30/91—published 1/8/92, effective 2/12/92]

[Filed 12/17/93, Notice 10/13/93—published 1/5/94, effective 2/9/94]

[Filed 4/12/02, Notice 3/6/02—published 5/1/02, effective 7/1/02]

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 6123C (Notice ARC 5989C, IAB 10/20/21), IAB 1/12/22, effective 2/16/22]

[Filed ARC 7694C (Notice ARC 7401C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]



CHAPTER 19  
TRANSITION RULES  
Rescinded IAB 4/22/09, effective 7/1/09



CHAPTER 20  
PRACTICE PRIVILEGE FOR OUT-OF-STATE CERTIFIED PUBLIC ACCOUNTANTS

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—20.1(542) Overview and timing.** Out-of-state certified public accountants who maintain their principal place of business in a jurisdiction other than Iowa may practice public accounting in Iowa or for clients with a home office in Iowa without Iowa licensure if all of the conditions of Iowa Code section 542.20 and this chapter are satisfied.

[ARC 7695C, IAB 3/6/24, effective 4/10/24]

**193A—20.2(542) Out-of-state licensure status.** The practice privilege described in Iowa Code section 542.20 applies to individuals who are licensed to practice as certified public accountants in the jurisdiction in which their principal place of business is located for those periods of time in which all of the following conditions are satisfied:

**20.2(1)** The out-of-state license is valid, in good standing, and active. The practice privilege ceases if the out-of-state license expires in the jurisdiction of the individual's principal place of business.

**20.2(2)** The individual meets the criteria for substantial equivalency reciprocity, as provided in Iowa Code section 542.19(1)"a," "b," or "c" and rule 193A—9.5(542).

**20.2(3)** The license authorizes in the individual's principal place of business all of the public accounting services the individual performs or offers to perform in Iowa or for clients with a home office in Iowa.

[ARC 7695C, IAB 3/6/24, effective 4/10/24]

**193A—20.3(542) When Iowa licensure may be necessary.**

**20.3(1)** The auditor of state, the department of agriculture and land stewardship, another governmental official or body, or a client may mandate that an individual be licensed in Iowa as a condition of performing public accounting services in Iowa or for a client with a home office in Iowa, whether or not the individual may otherwise satisfy the conditions for a practice privilege. Iowa licensure as a certified public accountant is necessary, for example, to perform certain audit services described in Iowa Code chapter 11.

**20.3(2)** Iowa licensure is necessary if an individual has an office in Iowa at which the individual uses the title "CPA," unless the individual satisfies the conditions for a practice privilege and one of the following is true:

*a.* The Iowa office is the office of an Iowa CPA or LPA firm that holds a permit to practice under Iowa Code section 542.7 or 542.8, and the individual provides public accounting services through that firm.

*b.* The Iowa office is the office of a business entity that is not obligated to hold a firm permit to practice under Iowa Code section 542.7 or 542.8, and the individual provides public accounting services through that business entity.

**20.3(3)** Iowa licensure is necessary if an individual moves the individual's principal place of business to Iowa and is otherwise obligated to be licensed under Iowa Code chapter 542. The board's streamlined application process for reciprocal licensure is described in Iowa Code section 542.19 and 193A—Chapter 9.

[ARC 7695C, IAB 3/6/24, effective 4/10/24]

**193A—20.4(542) Individuals ineligible for a practice privilege.**

**20.4(1)** The practice privilege described in Iowa Code section 542.20 is not applicable if:

*a.* The individual has been convicted of a felony under the laws of any jurisdiction.

*b.* The individual has been convicted of any crime under the laws of any jurisdiction if an element of the crime involves dishonesty or fraud, such as forgery, embezzlement, obtaining money under false pretenses, theft, extortion, conspiracy to defraud, or similar offense, as more fully described in Iowa Code section 542.5(2).

c. The individual's license to practice public accounting has been suspended, revoked, or otherwise disciplined by a licensing authority in this or another state, territory, or country, for any cause other than failure to pay appropriate fees. "Disciplined" includes the voluntary surrender of a license to resolve a pending disciplinary investigation or proceeding in Iowa or another jurisdiction.

d. The individual's right to practice public accounting before any state or federal agency, or the PCAOB, has been suspended or revoked.

e. The individual has applied for licensure as a certified public accountant in Iowa or another jurisdiction and the application has been denied.

f. Civil penalties have been imposed against the individual pursuant to Iowa Code section 542.14.

g. The individual's authority to exercise a practice privilege has been revoked in Iowa or another jurisdiction.

**20.4(2)** Individuals precluded from exercising a practice privilege under this rule may apply for licensure in Iowa if otherwise qualified. The board will determine when an application is submitted whether the criminal or disciplinary history or other regulatory action provides a ground to deny licensure.

[ARC 7695C, IAB 3/6/24, effective 4/10/24]

**193A—20.5(542) Attest and compilation services.** Individuals providing compilation services in Iowa or for a client with a home office in Iowa need to comply with the peer review provisions of Iowa Code section 542.6(6) or provide such services through a CPA or LPA firm, or a substantially equivalent firm that holds a valid license in the firm's principal place of business and that complies with the peer review and ownership provisions of Iowa Code section 542.7 or 542.8.

[ARC 7695C, IAB 3/6/24, effective 4/10/24]

**193A—20.6(542) Rights and duties.**

**20.6(1)** Individuals who satisfy the conditions for a practice privilege may practice public accounting in Iowa or for a client with a home office in Iowa in person or by telephone, mail, or electronic means without licensure under Iowa Code chapter 542 or notice to the board.

**20.6(2)** Individuals lawfully practicing public accounting under a practice privilege may use the title "CPA" as long as they do not have an office in Iowa, except as provided in subrule 20.3(2).

**20.6(3)** Individuals practicing public accounting in Iowa or for a client with a home office in Iowa while exercising a practice privilege are subject to all of the following provisions:

a. Practice privilege practitioners are not allowed to make any representation tending to falsely indicate that the individuals are licensed under Iowa Code chapter 542. Such individuals may truthfully identify themselves as licensed in any jurisdiction in which they hold a valid, active, unexpired license to practice as a certified public accountant. For example, a practice privilege practitioner could not use the title "Iowa CPA" or otherwise state or imply licensure in Iowa, but, if true, the individual could use a title such as "CPA, licensed in Texas" or "Florida CPA." Such individuals could also truthfully state that they are CPAs practicing under a practice privilege.

b. Practice privilege practitioners will provide, upon a client's or prospective client's request, accurate information on the state or states of licensure, principal place of business, contact information, and manner in which licensure status can be verified.

c. Practice privilege practitioners will comply with all professional standards, laws, and rules that apply to licensees performing the same professional services.

**20.6(4)** As a condition of exercising the practice privilege provided in Iowa Code section 542.20, the individual:

a. Consents to the personal and subject matter jurisdiction and regulatory authority of the board including, but not limited to, the board's jurisdiction to revoke the practice privilege or otherwise take action under Iowa Code section 542.14 for any violation of Iowa Code chapter 542 or board rules;

b. Appoints the regulatory body of the state that issued the license in the individual's principal place of business as the agent upon whom process may be served in any action or proceeding by the board against the individual;

c. Agrees to supply the board, upon the board's request and without subpoena, such information or records licensees are similarly obligated to provide the board under Iowa Code chapter 542, including but not limited to the information described in Iowa Code section 542.20(7) "c"; and

d. Agrees to promptly cease offering or providing public accounting services in Iowa or for a client with a home office in Iowa if the license in the individual's principal place of business expires or is otherwise no longer in good standing, or if any of the conditions for exercising the practice privilege are no longer satisfied, or if the board revokes the practice privilege.

[ARC 7695C, IAB 3/6/24, effective 4/10/24]

### **193A—20.7(542) Penalties.**

**20.7(1)** Individuals purporting to practice public accounting under a practice privilege who are ineligible to exercise a practice privilege or who fail to satisfy the conditions for exercising a practice privilege are subject to all of the penalties that apply to unlicensed persons, including the criminal, administrative, and civil penalties described in Iowa Code sections 542.14 and 542.15.

**20.7(2)** If an individual acting or purporting to act under a practice privilege engages in any act or practice that does or may in the future violate Iowa Code chapter 542 or board rules, the board may take any or all of the following actions, as applicable:

a. Apply to the district court for an injunction, restraining order, or other order, pursuant to Iowa Code section 542.14(1);

b. Issue an order to require compliance with Iowa Code chapter 542 or board rules and impose a civil penalty pursuant to Iowa Code section 542.14;

c. Deny the subsequent license application of the violator or the violator's firm, pursuant to Iowa Code section 542.20(4) "a" and "b";

d. Refer the complaint or other relevant information to the jurisdiction that issued a license to the alleged violator; and

e. Take disciplinary action against the individual pursuant to Iowa Code section 542.10 if the individual holds an inactive or lapsed Iowa license.

**20.7(3)** Complaints filed with the board alleging violations by individuals who are not licensed by the board, including those acting or purporting to act under a practice privilege, are not confidential under Iowa Code section 272C.6(4) and will not be treated as confidential unless otherwise provided in Iowa Code chapter 22 or other applicable law.

**20.7(4)** Persons filing complaints with the board against individuals acting or purporting to act under a practice privilege should provide as much information as possible to assist the board in locating the individual and in determining whether the individual is licensed in any jurisdiction.

[ARC 7695C, IAB 3/6/24, effective 4/10/24]

### **193A—20.8(542) Relationship between Iowa licensure and the exercise of a practice privilege.**

**20.8(1)** *Active Iowa licensees.* An Iowa licensee holding an active CPA certificate is treated for all purposes as an Iowa licensee and is not subject to the provisions of Iowa Code section 542.20.

**20.8(2)** *Inactive Iowa licensees.* An Iowa licensee holding an inactive CPA certificate is precluded by Iowa Code section 542.6(3) and rule 193A—5.9(272C,542) from performing attest or compilation services or using the title "CPA" while performing public accounting services in Iowa or for a client with a home office in Iowa. The practice of an inactive CPA is restricted because the continuing education necessary to renew in active status does not apply to those renewing in inactive status. Some individuals holding an inactive Iowa CPA certificate may, however, hold an active CPA certificate in another jurisdiction in which they maintain their principal place of business and satisfy continuing education obligations. Such individuals may have maintained an inactive Iowa CPA certificate solely to facilitate reinstatement to active status when active Iowa licensure is necessary in their practice. The following provisions apply to inactive Iowa licensees who may wish to exercise a practice privilege:

a. In a disciplinary investigation or proceeding in which an inactive Iowa licensee is alleged to have improperly used the title "CPA" or otherwise practiced public accounting on an inactive license, the board will consider whether the inactive licensee, at the time of the events at issue, satisfied the conditions for a

practice privilege under Iowa Code section 542.20 and complied with all rules applicable to the exercise of a practice privilege.

*b.* The individual will take care to avoid public confusion about licensure status as provided in 193A—subrule 5.1(6).

*c.* Violations of Iowa laws or rules by an individual holding an inactive Iowa CPA certificate will be prosecuted as disciplinary proceedings against a licensee under Iowa Code section 542.10 and, when appropriate under the factual circumstances, may also or alternatively be enforced under the provisions of Iowa Code sections 542.14 and 542.15.

**20.8(3)** *Lapsed Iowa licensees.* An Iowa licensee holding a lapsed Iowa CPA certificate is not authorized to perform attest or compilation services or to otherwise practice public accounting using the title “CPA” in Iowa or for a client with a home office in Iowa. A lapsed licensee is subject to discipline for practicing on a lapsed license or representing oneself as a “CPA” in any context unless the licensee truthfully discloses that the certificate has lapsed. Some individuals holding lapsed Iowa CPA certificates may, however, hold active CPA certificates in another jurisdiction in which the individuals maintain their principal place of business. Such individuals may have intentionally allowed their Iowa CPA certificates to lapse because the individuals no longer need an active Iowa license in their practice. The following provisions apply to lapsed Iowa licensees who may wish to exercise a practice privilege:

*a.* In a disciplinary investigation or proceeding in which a lapsed Iowa licensee is alleged to have improperly used the title “CPA” or otherwise practiced public accounting on a lapsed license, the board will consider whether the lapsed licensee, at the time of the events at issue, satisfied the conditions for a practice privilege under Iowa Code section 542.20 and complied with all rules applicable to the exercise of a practice privilege.

*b.* The individual will take care to avoid public confusion about licensure status as provided in 193A—subrule 5.1(6).

*c.* Violations of Iowa laws or rules by an individual holding a lapsed Iowa CPA certificate will be prosecuted as disciplinary proceedings against a licensee under Iowa Code section 542.10 and, when appropriate under the factual circumstances, may also or alternatively be prosecuted under the provisions of Iowa Code sections 542.14 and 542.15.

**20.8(4)** *Former Iowa licensees.* An individual who held an Iowa CPA certificate at one time whose Iowa CPA certificate has been revoked or surrendered in connection with a disciplinary investigation or proceeding is barred from performing attest or compilation services or using the title “CPA” whether or not such individual may otherwise qualify for a practice privilege.

*a.* The former Iowa licensees described in this subrule are ineligible to exercise the practice privilege described in Iowa Code section 542.20.

*b.* Violations of Iowa Code chapter 542 or board rules by former Iowa licensees are subject to the criminal, civil and administrative remedies described in Iowa Code sections 542.14 and 542.15, and may also be prosecuted as disciplinary proceedings under Iowa Code section 542.10 if the license remains subject to reinstatement under Iowa Code section 542.12.

[ARC 7695C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code section 542.20.

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 0413C (Notice ARC 0254C, IAB 8/8/12), IAB 10/31/12, effective 12/5/12]

[Filed ARC 3422C (Notice ARC 3224C, IAB 8/2/17), IAB 10/25/17, effective 11/29/17]

[Filed ARC 7695C (Notice ARC 7402C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]

CHAPTER 21  
PRACTICE PRIVILEGE FOR OUT-OF-STATE CERTIFIED PUBLIC ACCOUNTING FIRMS

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/10/29

**193A—21.1(542) Overview and timing.** Out-of-state certified public accounting firms that maintain their principal place of business in a jurisdiction other than Iowa may practice public accounting in Iowa or for clients with a home office in Iowa without Iowa licensure if all of the conditions of Iowa Code section 542.20 and this chapter are satisfied.

[ARC 7696C, IAB 3/6/24, effective 4/10/24]

**193A—21.2(542) Out-of-state licensure status.** The practice privilege described in Iowa Code section 542.20 applies to certified public accounting firms that are licensed to practice as certified public accounting firms in the jurisdiction in which their principal place of business is located for those periods of time in which all of the following conditions are satisfied:

**21.2(1)** The out-of-state license is valid, in good standing, and active. The practice privilege ceases if the out-of-state license expires in the jurisdiction of the firm's principal place of business.

**21.2(2)** The out-of-state license is substantially equivalent to a permit to practice issued under Iowa Code section 542.7.

**21.2(3)** The license authorizes in the firm's principal place of business all of the public accounting services the firm performs or offers to perform in Iowa or for clients with a home office in Iowa.

**21.2(4)** The public accounting services offered in Iowa or for clients with a home office in Iowa that are obligated under Iowa law to be performed by a CPA are performed by a person holding a certificate issued under Iowa Code section 542.6 or 542.19, or by a person exercising a practice privilege pursuant to Iowa Code section 542.20 and 193A—Chapter 20.

[ARC 7696C, IAB 3/6/24, effective 4/10/24]

**193A—21.3(542) When Iowa licensure may be necessary.**

**21.3(1)** The auditor of state, the department of agriculture and land stewardship, another governmental official or body, or a client may mandate that a firm be licensed in Iowa as a condition of performing public accounting services in Iowa or for a client with a home office in Iowa, whether or not the firm may otherwise satisfy the conditions for a practice privilege. Iowa licensure as a certified public accounting firm is necessary, for example, to perform certain audit services described in Iowa Code chapter 11.

**21.3(2)** Iowa licensure is necessary if the firm has one or more offices in Iowa at which the firm uses the title "CPAs," "CPA firm," "certified public accountants," or "certified public accounting firm."

[ARC 7696C, IAB 3/6/24, effective 4/10/24]

**193A—21.4(542) CPA firms, revocation of practice privilege.**

**21.4(1)** The board may revoke the practice privilege in accordance with Iowa Code section 542.20.

**21.4(2)** Firms precluded from exercising a practice privilege under this rule may apply for licensure in Iowa if otherwise qualified. The board will determine when an application is submitted whether the criminal or disciplinary history or other regulatory action against the firm or against any of the firm's owners (e.g., partners, shareholders, or members) provides a ground to deny licensure.

[ARC 7696C, IAB 3/6/24, effective 4/10/24]

**193A—21.5(542) Attest and compilation services.** Unless otherwise obligated by rule 193A—21.3(542), attest and compilation services may be performed by an out-of-state CPA firm exercising a practice privilege as long as the out-of-state firm is validly licensed in the state of its principal place of business, complies with Iowa Code section 542.20(5) and 542.20(6) and associated rules, and complies with the peer review and ownership provisions of Iowa Code section 542.7.

[ARC 7696C, IAB 3/6/24, effective 4/10/24]

**193A—21.6(542) Rights and duties.**

**21.6(1)** CPA firms that satisfy the conditions for a practice privilege may practice public accounting in Iowa or for a client with a home office in Iowa in person, or by telephone, mail, or electronic means without licensure under Iowa Code chapter 542 or notice to the board.

**21.6(2)** CPA firms lawfully practicing public accounting under a practice privilege may use the title “CPAs,” “CPA firm,” “certified public accountants,” or “certified public accounting firm.”

**21.6(3)** CPA firms practicing public accounting in Iowa or for a client with a home office in Iowa while exercising a practice privilege are subject to all of the following provisions:

*a.* Practice privilege firms are not allowed to make any representation tending to falsely indicate that the firm is licensed under Iowa Code chapter 542. Such firms may truthfully identify themselves as licensed in any jurisdiction in which the firm holds a valid, active, unexpired license to practice as a certified public accounting firm. For example, a practice privilege firm could not use the title “Iowa CPAs” or “Iowa CPA firm” or otherwise state or imply licensure in Iowa, but, if true, the firm could use a title such as “CPA firm, licensed in Texas” or “Florida CPAs.” Such firm could also truthfully state that the firm is practicing in Iowa under a practice privilege.

*b.* Practice privilege firms will provide, upon a client’s or prospective client’s request, accurate information on the state or states of licensure, principal place of business, contact information, and manner in which licensure status can be verified.

*c.* Practice privilege firms will comply with all professional standards, laws, and rules that apply to licensed firms performing the same professional services.

**21.6(4)** As a condition of exercising the practice privilege provided in Iowa Code section 542.20, the firm:

*a.* Consents to the personal and subject matter jurisdiction and regulatory authority of the board including, but not limited to, the board’s jurisdiction to revoke the practice privilege or otherwise take action under Iowa Code section 542.14 for any violation of Iowa Code chapter 542 or board rules;

*b.* Appoints the regulatory body of the state that issued the license in the firm’s principal place of business as the agent upon whom process may be served in any action or proceeding by the board against the firm;

*c.* Agrees to supply the board, upon the board’s request and without subpoena, such information or records that licensed firms are similarly obligated to provide the board under Iowa Code chapter 542, including but not limited to the information described in Iowa Code section 542.20(7) “c,” and rule 193A—7.3(542); and

*d.* Agrees to promptly cease offering or providing public accounting services in Iowa or for a client with a home office in Iowa if the license in the firm’s principal place of business expires or is otherwise no longer in good standing, or if any of the conditions for exercising the practice privilege are no longer satisfied, or if the board revokes the practice privilege.

[ARC 7696C, IAB 3/6/24, effective 4/10/24]

**193A—21.7(542) Penalties.**

**21.7(1)** Firms purporting to practice public accounting under a practice privilege that are ineligible to exercise a practice privilege or that fail to satisfy the conditions for exercising a practice privilege are subject to all of the penalties that apply to unlicensed firms, including the criminal, administrative, and civil penalties described in Iowa Code sections 542.14 and 542.15.

**21.7(2)** If a firm acting or purporting to act under a practice privilege engages in any act or practice that does or may in the future violate Iowa Code chapter 542 or board rules, the board may take any or all of the following actions, as applicable:

*a.* Apply to the district court for an injunction, restraining order, or other order, pursuant to Iowa Code section 542.14(1);

*b.* Issue an order mandating compliance with Iowa Code chapter 542 or board rules and impose a civil penalty pursuant to Iowa Code section 542.14;

*c.* Deny the subsequent license application of the violator or, to the extent responsible for the violation, any of the firm’s owners (e.g., partners, shareholders, or members), pursuant to Iowa Code section 542.20(4) “a” and “b”;

d. Refer the complaint or other relevant information to a jurisdiction that issued a license to the alleged violator; and

e. Take disciplinary action against the firm or, to the extent responsible for the violation, any of the firm's owners (e.g., partners, shareholders, or members), pursuant to Iowa Code section 542.10, if the firm or individual holds an inactive or lapsed Iowa license.

**21.7(3)** Complaints filed with the board alleging violations by firms that are not licensed by the board, including those acting or purporting to act under a practice privilege, are not confidential under Iowa Code section 272C.6(4) and will not be treated as confidential unless otherwise provided in Iowa Code chapter 22 or other applicable law.

**21.7(4)** Persons filing complaints with the board against firms acting or purporting to act under a practice privilege should provide as much information as possible to assist the board in locating the firm and the individuals allegedly responsible for the acts or omissions causing the complaint, and in determining whether the firm or any responsible individual is licensed in any jurisdiction.

[ARC 7696C, IAB 3/6/24, effective 4/10/24]

**193A—21.8(542) Relationship between Iowa licensure and the exercise of a practice privilege.**

**21.8(1)** *Active Iowa licensees.* An Iowa CPA firm holding an active permit to practice under Iowa Code section 542.7 will be treated for all purposes as an Iowa licensee and is not subject to the provisions of Iowa Code section 542.20.

**21.8(2)** *Lapsed Iowa licensees.* An Iowa CPA firm holding a lapsed permit to practice under Iowa Code section 542.7 is not authorized to perform attest or compilation services or to otherwise practice public accounting using the title “CPAs,” “CPA firm,” “certified public accountants,” or “certified public accounting firm” unless the firm is eligible to exercise a practice privilege under Iowa Code section 542.20. The following provisions apply to firms holding a lapsed Iowa permit to practice when exercising a practice privilege:

a. In a disciplinary investigation or proceeding alleging unlicensed practice or improper use of title, the board will consider whether the lapsed licensee, at the time of the events at issue, satisfied the conditions for a practice privilege under Iowa Code section 542.20 and complied with all rules applicable to the exercise of a practice privilege.

b. The firm will take reasonable steps to avoid public confusion over licensure status.

c. Violations of Iowa laws or rules by a firm holding a lapsed permit to practice will be prosecuted as disciplinary proceedings against a licensee under Iowa Code section 542.10 and, when appropriate under the factual circumstances, may also or alternatively be prosecuted under the provisions of Iowa Code sections 542.14 and 542.15.

**21.8(3)** *Former Iowa licensees.* A CPA firm that held an Iowa permit to practice at one time that has been revoked or surrendered in connection with a disciplinary investigation or proceeding is barred from performing any act or practice for which Iowa firm licensure is necessary and is further ineligible to exercise the practice privilege described in Iowa Code section 542.20. Violations of Iowa Code chapter 542 or board rules by such a firm are subject to the criminal, civil and administrative remedies described in Iowa Code sections 542.14 and 542.15, and may also be prosecuted as disciplinary proceedings under Iowa Code section 542.10 if the license remains subject to reinstatement under 193A—subrule 7.6(3).

[ARC 7696C, IAB 3/6/24, effective 4/10/24]

These rules are intended to implement Iowa Code section 542.20.

[Filed ARC 7715B (Notice ARC 7484B, IAB 1/14/09), IAB 4/22/09, effective 7/1/09]

[Filed ARC 0413C (Notice ARC 0254C, IAB 8/8/12), IAB 10/31/12, effective 12/5/12]

[Filed ARC 3422C (Notice ARC 3224C, IAB 8/2/17), IAB 10/25/17, effective 11/29/17]

[Filed ARC 7696C (Notice ARC 7403C, IAB 1/10/24), IAB 3/6/24, effective 4/10/24]