

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]