

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).

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**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).

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

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