

**193A—13.1 (542) Guiding interpretative principles.** The public places trust and confidence in CPAs and LPAs and the services they provide; consequently, licensees have a duty to conduct themselves in a manner that will be beneficial to the public and that fosters such trust and confidence. The rules of professional ethics and conduct identify seven fundamental principles of conduct that are intended to govern licensees' professional performance whether they are practicing in a CPA firm, LPA firm, industry, not-for-profit organization, or a government, education or other setting. These principles, with the exception of independence, apply to all services and activities performed by licensees in all aspects of their professional conduct. Independence is a unique principle that applies only to those professional services where it is required in accordance with professional standards. Users of the licensee's services draw confidence from the knowledge that the licensee is bound to a framework which requires continued dedication to professional excellence and commitment to ethical behavior that will not be subordinated to personal gain.

**13.1(1) Public interest.**

*a.* The grant of a license indicates that an individual has met the criteria established by Iowa Code chapter 542 and the board to perform services in a manner that protects the public interest. The licensee must, therefore, have a keen consciousness of the public interest. The public consists of clients, credit grantors, governments, employers, investors, the business and financial community, and others who use the services of licensees.

*b.* Because the licensee is seen as a representative of the profession by those who retain or use the licensee's services, the licensee shall avoid conduct that might conflict with the public interest or erode public respect for, and confidence in, the profession.

**13.1(2) Integrity.**

*a.* Integrity is a character trait demonstrated by acting honestly and candidly and by not knowingly misrepresenting facts, accommodating deceit, or subordinating ethical principles. Acting with integrity is essential to maintaining credibility and public trust.

*b.* A licensee shall act with integrity in the performance of all professional activities in whatever capacity performed.

**13.1(3) Objectivity.**

*a.* Objectivity is a distinguishing feature of the accounting profession and is critical to maintaining the public's trust and confidence. It is a state of mind that imposes the obligation to be impartial and free of bias that may result from conflicts of interest or subordination of judgment. Objectivity requires a licensee to exercise an appropriate level of professional skepticism in carrying out all professional activities.

*b.* A licensee shall maintain objectivity in the performance of all professional activities in whatever capacity performed.

**13.1(4) Due care.**

*a.* Due care imposes the obligation to perform professional activities with concern for the best interest of those for whom the activities are performed and consistent with the profession's responsibility to the public. It is essential to preserving the public's trust and confidence. Due care requires the licensee to discharge professional responsibilities with reasonable care and diligence and to adequately plan and supervise all professional activities for which the licensee is responsible.

*b.* A licensee shall act with due care in the performance of all professional activities in whatever capacity performed.

**13.1(5) Competence.**

*a.* Competence is derived from a combination of education and experience. It begins with a mastery of the common body of knowledge, skills, and abilities and requires a commitment to lifelong learning and professional improvement. A licensee shall possess a level of competence, sound professional judgment, and proficiency to ensure that the quality of the licensee's activities meets the high level of professionalism required by these principles.

*b.* A licensee shall be competent in the performance of all professional activities, in whatever capacity performed, and comply with applicable professional standards.

**13.1(6) Confidentiality.**

*a.* A licensee has an obligation to maintain and respect the confidentiality of information obtained in the performance of all professional activities. Maintaining such confidentiality is vital to the proper performance of the licensee's professional activities.

*b.* This obligation continues after the termination of the relationship between the licensee and the client or employer and extends to information obtained by the licensee in professional relationships with prospective clients and employers.

*c.* This principle shall not be construed to prohibit a licensee from disclosing information as required to meet professional, regulatory or other legal obligations.

**13.1(7) Independence.**

*a.* Independence, where required by professional standards, is essential to establishing and maintaining the public's faith and confidence in, and reliance on, information on which the licensee reported.

*b.* A licensee in the practice of public accounting shall be independent in fact and appearance when engaged to provide services where independence is required by professional standards. Independence in fact is the state of mind that permits a licensee to perform an attest service without being affected by influences that compromise professional judgment, thereby allowing the licensee to act with integrity and exercise objectivity and professional skepticism. Independence in appearance is the avoidance of circumstances that would cause a reasonable and informed third party, having knowledge of all relevant information, to conclude that the integrity, objectivity or professional skepticism of a licensee had been compromised.

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