

193A—1.1 (542) Definitions. The following definitions shall be applicable 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.

“*Attest*” or “*attest service*” means providing any of the following services:

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

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

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

4. Any engagement to be performed in accordance with the auditing standards of the PCAOB.

The standards specified in the definition of “attest” are those standards adopted by the board, by rule, by reference to the standards developed for general application by the AICPA, the PCAOB, or other recognized national accountancy organization.

“*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 basis of accounting described in the report.

“*Board*” means the accountancy examining board established by Iowa Code section 542.4.

“*Bureau*” means the professional licensing and regulation bureau of the division of banking of the department of commerce.

“*Certificate*” means the certificate of a certified public accountant granted under Iowa Code section 542.6 or 542.19 or a certificate issued under prior corresponding law.

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

“*Commission*” means any form of compensation in a fixed or variable amount or percent received for selling, recommending or referring any product or service of another. “Commission” includes 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 presenting in the form of a financial statement information that is the representation of any other person without the undertaking to express any assurance on the statement.

“*Contingent fee*” means a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. “Contingent fee” does not mean a fee fixed by a court or other public authority or a fee related to any tax matter which is based upon the results of a judicial proceeding or the findings of a governmental agency.

“*CPA*” means certified public accountant.

“*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 location specified by the client as the address to which an attest or compilation service is directed, which may be a subunit or subsidiary of an entity or the principal office of an entity.

“*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 a certificate issued under Iowa Code section 542.6 or 542.19, a permit issued under Iowa Code section 542.7 or a license or permit issued under Iowa Code section 542.8 or a certificate, permit or license issued under corresponding prior law.

“*Licensed public accountant*” means a person licensed by the board pursuant to Iowa Code section 542.8 who does not hold a certificate as a certified public accountant under this chapter. A “licensed public accountant” is not authorized to perform attest services, but may offer to perform or perform for the public any of the following public accounting services:

1. Recording financial transactions in books of record.

2. Making adjustments of financial transactions in books of record.
3. Making trial balances from books of record.
4. Preparing internal verification and analysis of books or accounts of original entry.
5. Preparing financial statements, schedules, or reports.
6. Devising and installing systems or methods of bookkeeping, internal controls of financial data, or the recording of financial data.
7. Preparing compilations.

“Licensed public accounting firm” means a sole proprietorship, corporation, professional corporation, partnership, professional limited liability company, limited liability partnership or any other form of organization issued a permit to practice as a firm of licensed public accountants under Iowa Code section 542.8.

“Licensee” means the holder of a license.

“LPA” means licensed public accountant.

“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 National Association of State Boards of Accountancy.

“NSA” means the National Society of Accountants.

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

“Owner” means any person who has equity ownership interest in a CPA or LPA firm.

“PCAOB” means Public Company Accounting Oversight Board. The PCAOB is a private-sector, nonprofit corporation, created by the Sarbanes-Oxley Act of 2002, to oversee the auditors of public companies in order to protect the interests of investors and further the public interest.

“Peer review,” as used in Chapters 11 and 12 of these rules, means a study, appraisal, or review of one or more aspects of the professional work of a licensee or firm that issues attest or compilation reports, by a licensed person or persons not affiliated with the licensee or firm being reviewed. “Peer review” does not include a peer review conducted pursuant to Iowa Code chapter 272C in connection with a disciplinary investigation.

“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 performance or the offering to perform, by a person holding oneself out to the public as a certified public accountant or a licensed public accountant, one or more kinds of professional services involving the use of accounting, attest, or auditing skills, including the issuance of reports on financial statements, or of one or more kinds of management advisory, financial advisory, or consulting services, or the preparation of tax returns or the furnishing of advice on tax

matters. However, with respect to licensed public accountants, the “practice of public accounting” shall not include attest or auditing services or the rendering of an opinion attesting to the reliability of any representation embracing financial information.

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

“*Principal place of business*” means the primary location from which public accounting services are performed. A person or firm may only have one principal place of business at any one time. Persons who perform public accounting services at multiple or rotating locations, such as CPAs who perform attest services on assignment as needed in multiple jurisdictions, may designate as their principal place of business the location that most often serves as the person’s home base of operations.

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

“*Respondent*” means any person against whom a formal statement of charges has been filed or any person whose legal right provided for in Iowa Code chapter 542 shall be determined or affected.

“*Review*” means to perform inquiry and analytical procedures that permit a CPA to determine whether there is a reasonable basis for expressing limited assurance that there are no material modifications that should be made to financial statements in order for them to be in conformity with generally accepted accounting principles or, if applicable, with another comprehensive basis of accounting.

“*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 a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or Guam.

“*Substantial equivalency*” means a determination by the board that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination, and experience requirements contained in

these rules or that an individual licensee's education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements contained in Iowa Code section 542.6.

“Year;” when used in the context as a time measurement of experience in accounting work, means a period of 365 days.

This rule is intended to implement Iowa Code chapter 542.

[**ARC 7715B**, IAB 4/22/09, effective 7/1/09; **ARC 9483B**, IAB 5/4/11, effective 6/1/11; **ARC 9482B**, IAB 5/4/11, effective 6/8/11; **ARC 9676B**, IAB 8/10/11, effective 7/22/11; **ARC 0174C**, IAB 6/13/12, effective 7/18/12; **ARC 2152C**, IAB 9/30/15, effective 11/4/15]