

Senate File 237 - Reprinted

SENATE FILE 237
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SSB 1033)

(As Amended and Passed by the Senate March 8, 2017)

A BILL FOR

- 1 An Act relating to the practice of public accountants.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 542.3, subsection 27, Code 2017, is
2 amended to read as follows:

3 27. "State" means a state of the United States, the District
4 of Columbia, Puerto Rico, the United States Virgin Islands, the
5 Commonwealth of the Northern Mariana Islands, or Guam.

6 Sec. 2. Section 542.6, subsection 1, paragraph b, Code 2017,
7 is amended to read as follows:

8 b. The holder of a certificate issued under this section
9 shall only provide attest services in a certified public
10 accounting firm that is issued a permit under section 542.7,
11 or through a certified public accounting firm with a practice
12 privilege under section 542.20.

13 Sec. 3. Section 542.7, subsection 1, paragraphs a and c,
14 Code 2017, are amended to read as follows:

15 a. A firm must hold a permit issued under this section if
16 the firm ~~performs attest services in this state or for clients~~
17 ~~having a home office in this state or~~ has an office in this
18 state and uses the title "CPAs", "CPA firm", "certified public
19 accountants", or "certified public accounting firm".

20 c. A firm that holds a permit issued under this chapter
21 shall designate to the board the licensee or ~~person with a~~
22 ~~practice privilege under section 542.20~~ nonlicensee owner who
23 is responsible for the proper licensure of the firm and the
24 firm's compliance with all applicable laws and rules of this
25 state. If such firm has one or more offices in this state, the
26 firm shall designate to the board one or more persons who are
27 licensed under this chapter who are responsible for the proper
28 registration of each Iowa office of the firm and each office's
29 compliance with all applicable laws and rules of this state.

30 Sec. 4. Section 542.8, subsection 12, paragraph b,
31 subparagraph (2), Code 2017, is amended to read as follows:

32 (2) All nonlicensee owners are of good moral character and
33 active participants in the firm or an affiliated entity.

34 Sec. 5. Section 542.8, subsection 12, paragraphs c and d,
35 Code 2017, are amended to read as follows:

1 *c.* An individual licensee or person with a practice
2 privilege under [section 542.20](#) who is responsible for
3 compilation services and signs or authorizes someone to sign
4 the accountant's report ~~on the financial statements~~ on behalf
5 of the firm shall meet the competency requirements set out in
6 nationally recognized professional standards for such services.

7 *d.* An individual licensee or person with a practice
8 privilege under [section 542.20](#) who signs or authorizes someone
9 to sign the accountant's report ~~on the financial statements~~ on
10 behalf of the firm shall meet the competency requirements set
11 out in nationally recognized professional standards for such
12 services.

13 Sec. 6. Section 542.20, subsection 5, Code 2017, is amended
14 to read as follows:

15 5. A certified public accounting firm that is licensed
16 in the state of its principal place of business and is not
17 required to hold an Iowa firm license under [section 542.7](#)
18 may practice in this state without a firm license under this
19 chapter or notice to the board if the firm's practice in this
20 state is performed by individuals who hold a license under this
21 chapter or who practice in conformance with [subsection 6](#), under
22 the following conditions:

23 ~~*a.* The firm shall not perform attest services, other than~~
24 ~~review services, in Iowa or for a client having a home office~~
25 ~~in Iowa.~~

26 ~~*b.*~~ *a.* The firm shall not have an office in Iowa which uses
27 the title "CPAs", "CPA firm", "certified public accountants",
28 or "certified public accounting firm".

29 ~~*c.* The firm may perform compilation or review services only~~
30 ~~if it complies with the ownership and peer review requirements~~
31 ~~of [section 542.7](#).~~

32 ~~*d.*~~ *b.* The firm shall not make any representation tending to
33 falsely indicate that the firm is licensed under [this chapter](#).

34 ~~*e.*~~ *c.* The firm, upon a client's or prospective client's
35 request, shall provide accurate information on the state or

1 states of licensure, principal place of business, contact
2 information, and manner in which licensure status can be
3 verified.

4 ~~f.~~ d. The firm shall comply with all professional
5 standards, laws, and rules that apply to licensees performing
6 the same professional services.

7 e. The firm shall comply with the ownership and peer review
8 requirements of section 542.7.

9 Sec. 7. Section 542.20, subsection 6, paragraph c, Code
10 2017, is amended to read as follows:

11 c. An individual who provides attest services, ~~other than~~
12 ~~review services,~~ in Iowa or for a client having a home office
13 in Iowa must practice through a certified public accounting
14 firm that is licensed under [section 542.7](#), or through a
15 certified public accounting firm that is validly licensed in
16 the state of its principal place of business and complies with
17 the ownership and peer review requirements of section 542.7.

18 Sec. 8. Section 542.20, subsection 6, paragraph h, Code
19 2017, is amended by striking the paragraph.