

ACCOUNTANCY EXAMINING BOARD[193A]

Adopted and Filed

Rulemaking related to licensed public accounting firms

The Accountancy Examining Board hereby rescinds Chapter 8, “Licensed Public Accounting Firms,” Iowa Administrative Code, and adopts a new chapter with the same title.

Legal Authority for Rulemaking

This rulemaking is adopted under the authority provided in Iowa Code section 542.4.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code chapter 542 and Executive Order 10 (January 10, 2023).

Purpose and Summary

These amendments implement changes recommended by Executive Order 10. Chapter 8 offers information on how to acquire a Licensed Public Accounting (LPA) firm license in Iowa.

Public Comment and Changes to Rulemaking

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on January 10, 2024, as **ARC 7391C**. Public hearings were held on January 30, 2024, and January 31, 2024, at 12:30 p.m. at 6200 Park Avenue, Des Moines, Iowa. No one attended the public hearings. No public comments were received. No changes from the Notice have been made.

Adoption of Rulemaking

This rulemaking was adopted by the Board on February 15, 2024.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa. No current fees are being changed, and no new fees are being imposed.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department of Inspections, Appeals, and Licensing for a waiver of the discretionary provisions, if any, pursuant to 481—Chapter 6.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rulemaking will become effective on April 10, 2024.

The following rulemaking action is adopted:

ITEM 1. Rescind 193A—Chapter 8 and adopt the following **new** chapter in lieu thereof:

CHAPTER 8
LICENSED PUBLIC ACCOUNTING FIRMS

193A—8.1(542) Initial permit to practice.

8.1(1) A sole proprietorship, corporation, partnership, limited liability company, or any other form of organization may apply for a permit to practice under Iowa Code section 542.8.

8.1(2) The application may be completed and submitted through the online application process and provide sufficient information pursuant to Iowa Code section 542.8(12) or certificates issued by the board under Iowa Code section 542.6 or 542.19 or are eligible to practice under practice privilege pursuant to Iowa Code section 542.20, or otherwise hold a license or certificate to practice public accounting in another state. At least one owner has to be licensed under Iowa Code section 542.8.

8.1(3) The application will list the physical location and contact information for all offices within this state and the licensee in charge of each such office.

8.1(4) Fraud or deceit, by commission or omission, in obtaining a firm permit to practice is a ground for discipline, including permanent revocation of the firm’s permit to practice, the individual certificate of an Iowa LPA or CPA, or an individual’s practice privilege, as applicable to the entity or persons responsible.

8.1(5) An initial or renewal application for a firm permit to practice may be denied pursuant to Iowa Code section 542.8(12)“e.”

193A—8.2(542) Renewal procedures. The permit holder will submit an online renewal with the board by the June 30 deadline each year. Applications are deemed filed on the date of renewal.

193A—8.3(542) Failure to renew permit.

8.3(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 of 25 percent of the annual renewal fee.

8.3(2) If the firm fails to renew the permit within the 30-day grace period outlined in subrule 8.3(1), the permit will lapse and the firm may then apply for reinstatement in accordance with subrule 8.3(3). The firm is not authorized to practice as an LPA firm during the period of time that the permit is lapsed, including the 30-day grace period.

8.3(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 is needed in this context.

8.3(4) The board may find probable cause to file charges for unlicensed practice if the firm continues to offer services defined as the practice of accounting while using the title “LPAs” or “LPA firm” during the period of lapsed licensure.

193A—8.4(542) Notice to the board. A holder of or an applicant for a permit will notify the board in writing within 30 days in compliance with Iowa Code section 542.8(15).

193A—8.5(542) Noncompliance. A firm which, after receiving or renewing a permit, is not in compliance with Iowa Code section 542.8 as a result of a change in firm ownership or personnel will take corrective action to bring the firm back into compliance as quickly as possible or apply to modify or amend the permit. The board may grant a reasonable period of time, usually 90 days, for a firm to take such corrective action. Failure to comply within a reasonable period as deemed by the board will result in the suspension or revocation of the firm permit.

193A—8.6(542) Peer review obligations. Firm peer review is necessary pursuant to Iowa Code section 542.7(8).

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

[Filed 2/15/24, effective 4/10/24]

[Published 3/6/24]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 3/6/24.