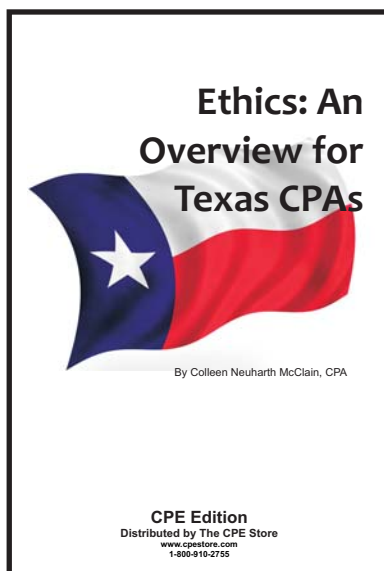


# **Ethics: An Overview for Texas CPAs**

## **Course Instructions and Final Examination**



**The CPE Store**  
**819 Village Square Drive**  
**Tomball, TX 77375**  
**1-800-910-2755**

# Ethics: An Overview for Texas CPAs

## Table of Contents

	<u>Page</u>
Course Objectives .....	3
Course Instructions .....	3
Final Examination .....	5

COPYRIGHT 2011 - The CPE Store - ALL RIGHTS RESERVED No portion of this material may be reprinted, reproduced, transmitted, stored in a retrieval system, or otherwise utilized, in any form or by any means, electronic or mechanical, including photocopying or recording, now existing or hereinafter invented, nor may any part of this course be used for teaching without written permission from the publisher and the author.

## **Course Objectives**

After completing this course, you will:

- Understand the purpose of studying ethics and be excited about the opportunity to improve your ethical reasoning abilities
- Understand the process of ethical reasoning and how to apply it when specific dilemmas occur
- Comprehend the core values of the CPA profession (integrity, objectivity and independence)
- Be familiar with the Texas Rules of Professional Conduct and enforcement actions that the Board has recently made to apply those rules
- Understand the case studies which are presented throughout the course to assist you in maintaining the highest standards of ethical conduct

## **Course Instructions**

To fully benefit from this course, please follow all of the steps below.

1. Read the text to get a good understanding of the material.
2. Answer the questions on the final examination.
4. When you have completed the final examination, record your answers on the answer sheet provided and submit it for grading. A score of 70% or better is required to pass. Please also complete the course evaluation that accompanied the course and submit it to us along with your answer sheet. Upon passing you will receive a Certificate of Completion stating that you have successfully completed the course and earned the continuing education credit.

## **Prerequisites and Advance Preparation**

No prerequisites or advance preparation are required for this course.

## **CPE Credit**

This course is recommended for 4 CPE credits.

## **Final Exam Grading**

- ▶ Online: Our fastest option, with instant results. Simply go to **www.cpestore.com** and click the link for online grading. Just follow the instructions from there. When you finish entering your answers, you'll receive instant test results and a Certificate of Completion to print.
- ▶ By Mail: Mail your test and course evaluation to us in the envelope provided. We grade the tests the day we receive them and mail the results and Certificate of Completion to you the following business day.
- ▶ By Fax: Please use this option only if you need fast turnaround (we want to keep this as a free service). Just fax your answer sheet to 1-281-255-4337. If you need us to fax the Certificate of Completion back to you, please provide us with your fax number and write "please fax back" on your answer sheet. If you don't need the Certificate faxed back, please write "no fax needed" on your answer sheet.

## **Refunds**

The CPE Store guarantees your satisfaction. If, for any reason, you are not completely satisfied with your purchase, return it to us unused within 30 days for a prompt refund, no questions asked. (Sorry, but shipping fees are not refundable.)

## **Customer Service**

The CPE Store holds itself to the highest standards. If we have not met your expectations, something is missing, or you just have a question please contact us at 1-800-910-2755 or [customerservice@cpestore.com](mailto:customerservice@cpestore.com).

## **About Our Courses**

The CPE Store's courses are developed to satisfy the continuing education requirements of the American Institute of Certified Public Accountants, each state's Board of Accountancy and the National Association of State Boards of Accountancy (NASBA). If your state requires registration of sponsors, our sponsor number will appear on your Certificate of Completion.

Our courses are designed to meet the continuing education requirements of accounting professionals. A great deal of care has been taken to ensure that the course material is both interesting and relevant to the practice of accounting. The information presented is, to the best of our knowledge, current and accurate. However, The CPE Store is not in the business of rendering legal, accounting or other professional advice and as such, the material presented in our courses is intended as an overview. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

**Ethics: An Overview for Texas CPAs**  
**4-Hour Course**

**Final Examination**

Answer each question on the accompanying answer sheet. A score of 70% or higher is required to pass the exam. If you score less than 70% on your first attempt, we will allow you to take the test a second time.

1. Which of the following ethical principles is defined as “the duty to do good both individually and for all”?
  - A. Autonomy
  - B. Beneficence
  - C. Veracity
  - D. Least harm
  
2. Which of the following is the philosophy that believes rules should be followed regardless of the consequences?
  - A. Veracity
  - B. Deontology
  - C. Utilitarianism
  - D. Teleological ethics
  
3. Which of the following is NOT one of the seven goals of accounting ethics education according to Stephen E. Loeb?
  - A. Meet continuing education requirements
  - B. Develop "a sense of moral obligation" or responsibility
  - C. "Set the stage for" a change in ethical behavior
  - D. Relate accounting education to moral issues
  
4. Which of the following is NOT one of the four steps Iris Stuart recommends taking when resolving ethical dilemmas?
  - A. Recognize that an ethical dilemma is occurring
  - B. Withdraw from the engagement
  - C. Identify the parties that would be interested in the outcome of the dilemma
  - D. Determine alternatives and evaluate the effect of each alternative on the interested parties
  
5. One of the most common reasons CPAs compromise their ethical values is due to which of the following?
  - A. Greed
  - B. Hunger
  - C. They are not getting paid enough
  - D. They have financial difficulties
  
6. Which of the following is NOT one of the core values of the CPA profession?
  - A. Objectivity
  - B. Integrity
  - C. Materiality
  - D. Independence
  
7. The Texas Rules of Professional Conduct require integrity and that a person in the performance of professional accounting services or professional accounting work shall be free of which of the following?
  - A. Facts
  - B. Independence
  - C. Conflicts of interest
  - D. Continuing education

**Final Exam**

8. The AICPA Code of Professional Conduct states that to maintain and broaden public confidence, members should perform all professional responsibilities with the highest sense of which of the following?
  - A. Profit
  - B. Integrity
  - C. Education
  - D. Credentials
  
9. Upholding integrity and objectivity values calls for avoiding both actual and apparent \_\_\_\_\_.
  - A. Errors
  - B. Skills
  - C. Materiality
  - D. Conflicts of interest
  
10. Applying the risk-based approach when determining independence generally means that when threats to independence are not at an acceptable level, which of the following must be applied to eliminate the threats or reduce them to an acceptable level?
  - A. Education
  - B. Safeguards
  - C. Impairment
  - D. Withdrawal
  
11. The Rules of Professional Conduct were promulgated to insure that the conduct and competitive practices of licensees serve the purposes of the Act and the best interest of which of the following?
  - A. Auditors
  - B. All CPAs
  - C. Students
  - D. The public
  
12. In general, a CPA or CPA firm may not receive a commission or contingency fee when the licensee or the licensee's firm also performs services for that client requiring which of the following?
  - A. A fee
  - B. Independence
  - C. Disclosure
  - D. Objectivity
  
13. The Texas Rules of Professional Conduct require that a CPA not undertake any engagement for the performance of professional services which he cannot reasonably expect to complete \_\_\_\_\_.
  - A. Without research
  - B. Without assistance
  - C. Within six months
  - D. With due professional competence
  
14. The Texas Rules of Professional Conduct require that documentation or working papers required by professional standards for attest services must be maintained in paper or electronic format by a CPA for a period of at least how many years from the date of any report issued in connection with the attest service, unless otherwise required by another regulatory body?
  - A. One
  - B. Three
  - C. Five
  - D. Ten
  
15. If for any reason a CPA's license is revoked, which of the following statements is true?
  - A. They can get their license reinstated after 3 years
  - B. They can get their license reinstated after 5 years
  - C. They may not continue to use the title or designation "certified public accountant"
  - D. They can refer to themselves as a CPA, but cannot use CPA on their business cards

16. Which of the following is NOT considered to be a discreditable act in the Texas Rules of Professional Conduct?
- A. Fraud
  - B. Making an error
  - C. Crimes involving alcohol
  - D. Crimes involving controlled substances
17. If a person is convicted of driving under the influence of alcohol, they must report this fact to the TSBPA \_\_\_\_\_.
- A. Within 7 days
  - B. Within 30 days
  - C. Within 60 days
  - D. When they renew their license
18. If a person receives a communication from the TSBPA requesting a response, the person generally has how many days to respond in writing?
- A. 7 days
  - B. 30 days
  - C. 60 days
  - D. 90 days
19. How many hours of continuing education must a Texas CPA complete in each three-year period?
- A. 20
  - B. 60
  - C. 90
  - D. 120
20. What is the minimum number of hours of continuing education a CPA must take each year?
- A. 10
  - B. 20
  - C. 30
  - D. 40

**Thank you for taking our course.  
We hope you enjoyed it.**



# Ethics: An Overview for Texas CPAs

Course Number: ETH202403

Qualifies for 4 hours of CPE credit

If you are mailing or faxing your test to us for grading, please fill in Member ID \_\_\_\_\_ and Validation number \_\_\_\_\_.

**Name as it should appear on your Certificate:**

Where should we send your results?

\_\_\_\_\_  
**License State(s):** \_\_\_\_\_

\_\_\_\_\_  
**License Number:** \_\_\_\_\_

\_\_\_\_\_  
**Date Course Completed:** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\* Answer each question A, B, C, or D as appropriate.

\* Be sure you are answering questions from the Final Examination, not from the Study Guide

\* **For instant online grading, go to [www.cpestore.com](http://www.cpestore.com) and click the link for Online Services**

- 1.
- 2.
- 3.
- 4.

- 5.
- 6.
- 7.
- 8.

- 9.
- 10.
- 11.
- 12.

- 13.
- 14.
- 15.
- 16.

- 17.
- 18.
- 19.
- 20.



**The CPE Store**  
 819 Village Square Drive  
 Tomball, TX 77375  
 Phone 1-800-910-2755  
 Fax 281-255-4337  
 www.cpestore.com

## Course Evaluation

Course # \_\_\_\_\_

Your Name \_\_\_\_\_

### About the Course

Were the stated learning objectives met?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely

If applicable, were prerequisite requirements appropriate and sufficient?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely     N/A

Was the text well-written, accurate and easy to understand?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely

Was the final exam well-written, accurate and easy to understand?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely

Were course materials relevant and did they contribute to the achievement of the learning objectives?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely

Was the time allotted to the learning activity appropriate?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely

If applicable, were the individual instructors effective?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely     N/A

### About the Service

Were you satisfied with the ordering process?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely

Were your course materials in good condition when they arrived?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely

Did you receive your materials in a timely manner?

- 1 - Not at all     2 - Marginally     3 - Somewhat     4 - Mostly     5 - Absolutely

### About You

What is your preferred method for completing your CPE?

- Textbook     PDF materials downloaded from the internet     Online courses     Live seminars

Would you like us to notify you by email of our weekly specials and new courses?

- No     Yes, my email address is \_\_\_\_\_     Already receiving

### Comments Please

Are there any particular topics you would like to see covered in a CPE course or any additional services you would like to see us provide? \_\_\_\_\_

Please provide any additional feedback, either positive or negative, regarding our products or our service: \_\_\_\_\_