

# **Ethics for Virginia CPAs**

---

**By Colleen Neuharth McClain, CPA**

# Table of Contents

---

<b>Chapter 1 – Ethics and Ethical Reasoning .....</b>	<b>1</b>
Learning Objectives.....	1
Introduction .....	1
Attitudes Toward Ethics.....	1
Ethical Reasoning and Accountants .....	3
Ethical Dilemmas in Accounting.....	5
Example .....	6
Solutions.....	6
Review Questions .....	7
Review Answers.....	8
<b>Chapter 2 – AICPA Code of Professional Conduct .....</b>	<b>9</b>
Learning Objectives.....	9
Introduction .....	9
Summaries of the Six Principles .....	11
Summaries of the Eleven Rules.....	12
AICPA’s Professional Ethics Executive Committee (PEEC)	
Proposed Revised and New Interpretations and Proposed	
Deletion of Ethics Rulings.....	20
Conceptual Framework – Threats and Safeguards Approach .....	21
Identifying Threats .....	21
Evaluating the Significance of a Threat .....	22
Ethical Conflicts Unrelated to Threats.....	24
Applying Threats and Safeguards Approach to Ethics Violation	
Cases .....	25
Case Studies of AICPA Ethics Violations*.....	26
1. The Case of the Almost Stolen Clients .....	26
2. The Case of the Harmless Mistakes .....	27
3. The Case of the Inadequate Accountant.....	29
Documentation.....	31
Review Questions .....	34
Review Answers.....	36
<b>Chapter 3 – Virginia Ethics.....</b>	<b>38</b>
Learning Objectives.....	38
Board of Accountancy (BOA) Regulations .....	38
Introduction .....	38
18VAC5-22-10. Definitions.....	38
18VAC5-22-20. Fees .....	41
18VAC5-22-30. Determining whether persons or entities to	
whom communications are made, or for whom services are	
provided, are located in Virginia .....	41

18VAC5-22-40. Determining whether a person who holds a Virginia license is providing services to the public using the CPA title or to an employer using the CPA title.....	42
18VAC5-22-50. Determining whether the principal place of business of a person using the CPA title, or of a firm, is in Virginia .....	42
18VAC5-22-60. Determining whether a college or university is an accredited institution.....	42
18VAC5-22-70. Education.....	43
18VAC5-22-80. Examination.....	43
18VAC5-22-90. Continuing professional education.....	44
18VAC5-22-100. Experience.....	47
18VAC5-22-110. Demonstrating that a person’s education, CPA examination, and experience are substantially equivalent to the requirements for obtaining a Virginia license .....	47
18VAC5-22-120. Supervision of firm personnel .....	48
18VAC5-22-130. Owners of firms who are not licensees .....	48
18VAC5-22-140. Persons who release or authorize the release of reports .....	48
18VAC5-22-150. Monitoring program and peer review .....	48
18VAC5-22-160. Confidential consent agreements .....	49
18VAC5-22-170. Communication between the board and licensees .....	49
Review Questions .....	50
Review Answers.....	51

<b>Appendix A – The Framework for Determining When a Holder of a Virginia License is Required to Obtain Continuing Professional Education .....</b>	<b>52</b>
---	-----------

<b>Appendix B – Actual BOA Enforcement Cases .....</b>	<b>60</b>
--	-----------

<b>Glossary .....</b>	<b>67</b>
-----------------------	-----------