

Ethics for Washington CPAs

2020 Edition

Table of Contents

Chapter 1 – Ethics and Ethical Reasoning	1
Learning Objectives	1
Introduction.....	1
Ethical Reasoning and Accountants.....	2
Conclusions and Implications.....	3
Ethical Dilemmas in Accounting	4
Case Study	4
Solutions.....	4
Perceptions of Ethics across Different Professions.....	4
Quotes on Ethics and Integrity	5
Review Questions.....	7
Review Answers	8
 Chapter 2 – Washington State Laws and Rules	 9
Learning Objectives	9
Introduction.....	9
The Washington State Board	9
Recent Changes to Laws, Rules and Policies in 2019	9
What are the authority for and the purpose of the board's rules?	10
What is the board's meeting schedule and how are officers elected?.....	11
How can I contact the board?.....	11
Do I need to notify the board if I change my address?	11
Must I respond to inquiries from the board?.....	12
What enforcement actions must be reported to the board?	12
What are the requirements concerning integrity and objectivity?.....	12
When is independence required?	13
What restrictions govern commissions, referral, and contingent fees?	15
What are the requirements concerning competence?.....	16
Compliance is required with which rules, regulations and professional standards?	16
Records and clients confidential information.....	17
Client records	18
What acts are considered discreditable?	20
What are the limitations on advertising and other forms of solicitation?.....	21
What are the limitations regarding individual and firm names?.....	21
Does the board authorize the use of any other titles or designations?	21
What are the allowable legal forms of organization and ownership requirements for a CPA firm?	22
What are the quality assurance review (QAR) requirements for licensed CPA firms?	23
Major Changes to CPE from the rule changes.....	26
Qualifying continuing professional education (CPE) activities	27
Reporting periods, carry-forward/back, and limitations on continuing professional education (CPE) credit.	28
Reporting continuing professional education (CPE) to the board	31
Continuing professional education (CPE) documentation requirements	31
What are the bases for the board to impose discipline?	31
Investigations.....	34
Review Questions.....	36
Review Answers	38
 Chapter 3 – AICPA Code of Professional Conduct.....	 41
Learning Objectives	41
Introduction.....	41
AICPA's Code of Professional Conduct.....	41
Applying Threats and Safeguards Approach to Ethics Violation Cases	45
Ethical Conflicts Unrelated to Threats	46

Table of Contents

Summaries of the Eleven Rules	46
1.100 – Integrity and Objectivity Rule	47
1.200 — Independence Rule.....	49
1.300 — General Standards Rule	50
1.310 — Compliance with Standards Rule	50
1.320 — Accounting Principle Rule.....	50
1.400 — Acts Discreditable Rule.....	51
1.510 — Contingent Fees Rule	53
1.520 — Commissions and Referral Fee Rule.....	54
1.600 — Advertising and Other Forms of Solicitation Rule.....	54
1.700 — Confidential Information Rule	55
1.800 — Form of Organization and Name Rule	55
Case Studies of AICPA Ethics Violations	55
The Case of the Almost Stolen Clients	55
The Case of the Harmless Mistakes.....	56
The Case of the Inadequate Accountant	58
Review Questions.....	60
Review Answers	61
Appendix.....	63
WAC 4-30-140 — Disciplinary authority and process.....	63
Additional AICPA Rule Information — Independence Rules.....	63
1.240 Financial Interests	63
Glossary.....	71
Index	75