

# **Ethics for Washington CPAs**

---

2024 Edition

# Table of Contents

---

|   |           |
|---|-----------|
| <b>Chapter 1 – Ethics and Ethical Reasoning</b> .....                     | <b>1</b>  |
| Learning Objectives .....   | 1         |
| Introduction.....   | 1         |
| Ethics Concepts.....  | 1         |
| Relationship Between Morals and Ethics.....                               | 1         |
| Causes of Unethical Behavior .....  | 2         |
| Reasoning Process.....  | 3         |
| Approaches to Ethical Behavior .....                                      | 3         |
| Corporate Ethical Development Model .....                                 | 4         |
| Review Questions.....   | 6         |
| Review Answers .....  | 7         |
| <br>  |           |
| <b>Chapter 2 – Washington State Laws and Rules</b> .....                  | <b>9</b>  |
| Learning Objectives .....   | 9         |
| Introduction.....   | 9         |
| Washington State Board of Accountancy .....                               | 9         |
| Role and Authority .....  | 9         |
| Board Rule Making .....   | 10        |
| Board Administration.....   | 13        |
| Board Meetings and Officers.....  | 13        |
| Board Contact.....  | 13        |
| Rules Governing Proceedings.....  | 14        |
| Communication Requirements .....  | 14        |
| Change of Address .....   | 15        |
| Board Inquires .....  | 16        |
| Reinforcement Actions Reporting.....                                      | 16        |
| Ethics and Prohibited Practices.....                                      | 16        |
| Integrity and Objectivity.....  | 17        |
| Independence.....   | 17        |
| Contingent Fees .....   | 17        |
| Commission and Referral Fees.....   | 18        |
| General Standards.....  | 19        |
| Professional Standards.....   | 19        |
| Confidential Client Information .....                                     | 20        |
| Acts Discreditable .....  | 20        |
| Advertising and Other Forms of Solicitation.....                          | 20        |
| Individual and Firm Names.....  | 20        |
| Firm Licensing Requirements.....  | 22        |
| In-State and Out-of-State Firm Licensing Requirements.....                | 22        |
| Continuing Competency.....  | 23        |
| QAR Requirements.....   | 23        |
| Qualifying CPE Activities.....  | 26        |
| Reporting Periods, Carry-Forward/Back, and Limitations on CPE Credit..... | 27        |
| CPE Requirements .....  | 28        |
| Reporting CPE.....  | 29        |
| CPE Documentation Requirements.....                                       | 30        |
| Investigations, Discipline and Enforcement .....                          | 30        |
| Disciplinary Authority and Process .....                                  | 31        |
| Bases for the Board to Impose Discipline .....                            | 31        |
| Review Questions.....   | 35        |
| Review Answers .....  | 37        |
| <br>  |           |
| <b>Chapter 3 – AICPA Code of Professional Conduct</b> .....               | <b>39</b> |
| Learning Objectives .....   | 39        |
| Introduction.....   | 39        |

## Table of Contents

|  |           |
|--|-----------|
| Code Structure .....   | 39        |
| Principles of Professional Conduct.....  | 39        |
| Ethical Decision-Making Conceptual Framework.....                                      | 41        |
| Rules of Conduct .....   | 45        |
| 1.100 – Integrity and Objectivity Rule .....   | 46        |
| 1.110 – Conflicts of Interest.....   | 46        |
| 1.120 – Gifts and Entertainment.....   | 47        |
| 1.130 – Preparing and Reporting Information .....                                      | 47        |
| 1.140 – Client Advocacy .....  | 47        |
| 1.150 – Use of a Third-Party Service Provider.....                                     | 48        |
| 1.200 – Independence Rule .....  | 48        |
| 1.220 – Accounting Firms .....   | 48        |
| 1.228 – Engagement Contractual Terms .....   | 49        |
| 1.230 – Fees.....  | 49        |
| 1.240 – Financial Interests .....  | 49        |
| 1.260 – Loans, Leases, and Guarantees.....   | 50        |
| 1.265 – Business Relationships .....   | 51        |
| 1.270 – Family Relationships with Attest Client .....                                  | 51        |
| 1.275 – Current Employment or Association with an Attest Client.....                   | 51        |
| 1.277 – Former Employment or Association with Attest Client .....                      | 52        |
| 1.279 – Consideration or Subsequent Employment or Association with Attest Client ..... | 52        |
| 1.290 – Actual or Threatened Litigation.....   | 52        |
| 1.295 – Nonattest Services .....   | 52        |
| 1.298 – Breach of an Independence.....   | 56        |
| 1.300 – General Standards .....  | 56        |
| 1.310 – Compliance with Standards Rule.....  | 57        |
| 1.320 – Accounting Principles Rule.....  | 57        |
| 1.400 – Acts Discreditable .....   | 57        |
| 1.510 – Contingent Fees.....   | 60        |
| 1.520 – Commissions and Referral Fees.....   | 61        |
| 1.600 – Advertising and Other Forms of Solicitation Rule .....                         | 61        |
| 1.700 – Confidential Information.....  | 62        |
| 1.800 – Form of Organization and Name Rule.....  | 63        |
| Review Questions.....  | 65        |
| Review Answers .....   | 66        |
| <b>Appendix.....</b>   | <b>69</b> |
| Appendix I: Washington Practice Privilege .....  | 69        |
| Appendix II: Summary of CPE Requirements .....   | 69        |
| Appendix III: Conceptual Framework Worksheet .....                                     | 71        |
| Appendix IV: Conflicts of Interest Situations .....                                    | 73        |
| Appendix V: Ethics Violation Situations .....  | 73        |
| <b>Glossary.....</b>   | <b>77</b> |
| <b>Index .....</b>   | <b>81</b> |