

## Table of Contents

<b>Introduction.....</b>	<b>1</b>
National Reforms and State Regulation.....	2
The Office of the Professions.....	2
Public Expectations of the CPA.....	3
Professional Misconduct.....	3
<b>Introduction Review Questions.....</b>	<b>5</b>
<b>Chapter 1 The Practice of Public Accounting.....</b>	<b>7</b>
Introduction .....	7
Section 7402. Practice of public accountancy and use of title “certified public accountant” or “public accountant”.....	7
Section 7401 Definition of practice of public accountancy .....	7
Section 7408 Special provisions .....	8
Mobility Legislation .....	11
<b>Chapter 1 Review Question.....</b>	<b>19</b>
<b>Chapter 2 Unprofessional Conduct .....</b>	<b>21</b>
Introduction .....	21
General Provisions: Section 29.1 .....	21
Records Request: Section 29.10(a)(8).....	24
Retention and Maintenance of Work Papers: Section 29.10(a)(11).....	24
Competency Requirements: Section 29.10(a)(13) .....	26
Failing to Maintain an Active Registration: Section 29.10(a)(14).....	27
Confidential Client Information: Section 29.10(c) .....	28
Reportable Events: Section 29.10(e).....	28
<b>Chapter 2 Review Questions .....</b>	<b>31</b>
<b>Chapter 3 Compensation Issues.....</b>	<b>33</b>
Introduction .....	33
Contingency Fees: Section 29.10(a)(6).....	33
Commissions and Referral Fees: Section 29.10(i) .....	33
<b>Chapter 3 Review Question.....</b>	<b>37</b>
<b>Chapter 4 The AICPA’s Code of Professional Conduct .....</b>	<b>39</b>
Introduction.....	39
Application of the AICPA Code.....	40
The Principles of Professional Conduct.....	40
The First Principle: Responsibilities .....	40
The Second Principle: The Public Interest .....	41
The Third Principle: Integrity .....	41
The Fourth Principle: Objectivity and Independence.....	42
The Fifth Principle: Due Care.....	42
The Sixth Principle: Scope and Nature of Services .....	43
The Conceptual Frameworks.....	45
Rules of Professional Conduct .....	46
The Integrity and Objectivity Rule .....	46

The Independence Rule .....	48
The General Standards Rule.....	49
The Compliance With Standards Rule.....	49
Applicable Standards.....	49
The Accounting Principles Rule.....	50
The Acts Discreditable Rule.....	51
The Contingent Fees and Commissions and Referral Fees Rule.....	53
The Advertising and Other Forms of Solicitation Rule .....	54
The Confidential Client Information Rule.....	54
The Form of Organization and Name Rule.....	55
<b>Chapter 4 Review Questions .....</b>	<b>57</b>
<b>Chapter 5 Independence .....</b>	<b>59</b>
Introduction.....	59
Covered Members and Covered Persons .....	60
Additional Circumstances Impairing Independence .....	61
Financial Restrictions Affecting Covered Members/Persons .....	61
Independence Rules Applicable to Covered Member’s/Person’s Immediate Family .....	62
Independence Rules Applicable to Covered Member’s/Person’s Close Family .....	64
Subsequent Employment With the Audit Client.....	65
“Cooling Off” Period.....	66
Nonattest Services .....	66
The SEC.....	66
The PCAOB.....	67
The AICPA.....	70
Miscellaneous Compensation Matters.....	72
Contingent Fees and Commissions .....	72
Unpaid Fees .....	72
Partner Compensation.....	73
Partner Rotation.....	73
<b>Chapter 5 Review Questions .....</b>	<b>75</b>
<b>Review Question Answers.....</b>	<b>77</b>
<b>Glossary .....</b>	<b>83</b>
<b>Index.....</b>	<b>89</b>
<b>Final Examination .....</b>	<b>91</b>