

Professional Education Services, LP



Quality education offered by PES...

Ethics and Professional Conduct for Florida CPAs

Course #4805H/QAS4805H

Exam Packet



Professional Education Services, LP

The Professional's Choice for CPE. sm

4208 Douglas Blvd. • Suite 50 • Granite Bay, CA 95746

To Order: 1-800-998-5024 • Customer Service: 1-800-990-2731 • Fax: 916-791-4099

www.mypescpe.com • www.pescpe.com • www.pesqascpe.com • www.eacpe.com

ETHICS AND PROFESSIONAL CONDUCT FOR FLORIDA CPAs **(COURSE #4805H/QAS4805H)**

COURSE DESCRIPTION

This course is designed to meet the specific ethics requirements for the state of Florida. It addresses the rules of professional ethics for Florida CPAs, covers various ethical pronouncements and rulings, and IRS Circular 230. Uses the materials entitled *Ethics and Professional Conduct for Florida CPAs*. No prerequisites. Course level: Basic. Course #4805H/QAS4805H – 4 CPE hours.

LEARNING ASSIGNMENTS AND OBJECTIVES

As a result of studying each assignment, you should be able to meet the objectives listed below each individual assignment.

ASSIGNMENT	SUBJECT
-------------------	----------------

1	Chapter 1: The Value of Professional Codes of Ethics Chapter 2: The Code of Professional Conduct
----------	---

Study the course materials from 1-1 to 2-16
Complete the review questions at the end of each chapter
Answer the final exam questions 1 to 7

Objectives:

- To be able to discuss how professional codes of ethics protect consumers and promote the CPA profession
- To differentiate between the six guiding principles in the AICPA Code of Professional Conduct and the rules

ASSIGNMENT	SUBJECT
-------------------	----------------

2	Chapter 3: Florida Rules and Statutes Chapter 4: Ethics and the Tax Professional
----------	---

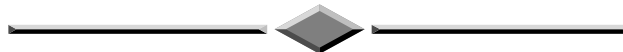
Study the course materials from 3-1 to 4-42
Complete the review questions at the end of each chapter
Answer the final exam questions 8 to 20

Objectives:

- To discuss the Florida Statutes and the Florida Board of Accountancy Rules
- To discuss the Internal Revenue Service Requirements as outlined in Circular 230

ASSIGNMENT

3	Complete the Answer Sheet and Course Evaluation and mail to PES for credit
----------	---



NOTICE

This course and test have been adapted from materials and information contained in materials entitled *Ethics and Professional Conduct for Florida CPAs* and any supplemental material provided. This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice.

© Professional Education Services, LP 2012

Program publication date 10/26/12

ETHICS AND PROFESSIONAL CONDUCT FOR FLORIDA CPAS (COURSE #4805H/QAS4805H) – EXAM OUTLINE

COURSE EXPIRATION DATE: Per AICPA and NASBA standards, this course must be completed within one year from the date of purchase.

TEST FORMAT: The following final exam, consisting of 20 multiple choice questions, is based specifically on the material included in this course. The answer sheet must be completed and returned to PES for CPE certification. You will find the answer sheet at the back of this exam packet so that you may easily remove it and use it while taking your test.

LICENSE RENEWAL INFORMATION: The Ethics and Professional Conduct for Florida CPAs course (#4805H/QAS4805H) qualifies for 4 CPE hours.

PROCESSING: Your exam will be graded promptly. **Whereas other PES courses require only a 70% passing score, the Florida State Board of Accountancy requires a score of 80% or better to pass this course.** When you pass, your certificate of completion will be mailed. If you do not pass, we will give you a courtesy call to inform you of this and then another answer sheet will be sent to you free of charge.

GRADING OPTIONS: Please choose only one of the following. There is no additional charge for any of these grading options. Make sure to fill out your answer sheet completely prior to submitting it.

- **ONLINE GRADING** –Visit our website at <http://www.mypescpe.com>. Login to your account (if you are a first-time user you must set up a new user account). Go to the “MY CPE” tab and click the “My CPE Exams in Progress” folder. If your exam is not already located in this folder, click “Add Exam Previously Purchased” and follow the instructions.
- **MAIL** – Your exam will be graded and your certificate of completion mailed to you the same day we receive it. Your certificate will be dated according to the **postmark date**; therefore, you do not need to overnight your exam. Please mail your answer sheet to:

Professional Education Services, LP
4208 Douglas Blvd., Ste 50
Granite Bay, CA 95746

- **FAX** – Your exam will be graded and you will be contacted either via phone or fax with your results within 4 business hours of receipt. A copy of your graded exam and certificate of completion will be mailed to you the same day we receive it. Your certificate will be dated according to the fax date. If you choose to fax your exam, please do not mail it. Your fax will serve as the original. Please refer to the attached answer sheet for further instructions on fax grading. Fax number (916) 791-4099.



***Thank you for using
Professional Education Services.
We appreciate your business!!***

ETHICS AND PROFESSIONAL CONDUCT FOR FLORIDA CPAS (COURSE #4805H/QAS4805H) – FINAL EXAM

The following questions are multiple choice. Please indicate your choice on the enclosed Answer Sheet.

1. Professional codes of ethics have been developed in order to:
 - a) protect consumers
 - b) promote the profession
 - c) both of the above
 - d) none of the above
2. Which of the following is not one of the Principles of the AICPA Code of Professional Conduct:
 - a) honesty
 - b) integrity
 - c) responsibilities
 - d) due care
3. Which of the following is not one of the bodies designated by the AICPA Council to promulgate accounting principles:
 - a) FASB
 - b) IASB
 - c) IRS
 - d) GASB
4. Rule 302 prohibits certain contingent fees. Which of the following is not considered a contingent fee:
 - a) performing a review where the CPA receives a fee based on 1% of gross sales
 - b) performing an audit under a five-year contract where the CPA receives an audit fee of 10% of net income
 - c) charging \$5,000 for a review of a new client's financial statements when existing clients are charged only \$3,000 for a similar review, since a first time review is generally more time consuming than a review in subsequent years
 - d) preparing an original income tax return for 20% of the refund, if any
5. Which of the following AICPA members can accept a commission from a client during the period the services identified are performed:
 - a) if the member did not personally participate in the audit of the client associated with the member's firm
 - b) if the member performed a review of the financial statements of the client, but disclosed the lack of independence
 - c) if the member performed a compilation of the financial statements of the client, but disclosed the lack of independence
 - d) if the member performed an examination of prospective financial information, but disclosed the lack of independence
6. Nash, Smith and Jones is a CPA firm. What percentage of the CPA owners of Nash, Smith and Jones must be members of the AICPA in order for the firm to designate itself "Members of the American Institute of Certified Public Accountants" (Rule 505-Form of Organization and Name):
 - a) 100%
 - b) 51%
 - c) 50%
 - d) 25%
7. The AICPA allows a CPA firm to be owned by a non-CPA if several guidelines are met; including which of the following (Rule 505):
 - a) 51% of the ownership must be held by CPAs
 - b) a non-CPA owner must be actively engaged in providing services to the firm's clients
 - c) a non-CPA owner may not hold him or herself out as a CPA
 - d) all of the above

8. Florida rules prohibit a CPA from paying or accepting a commission or referral fee in connection with which of the following services:
- a) any special procedures engagement resulting in an expression of an opinion when the services fall within the definitions set forth in Section 473.302(7)(a) and 473.322, F.S.
 - b) audit, review or compilation services
 - c) services for any prospective financial data including forecasts or projections
 - d) all of the above
9. Under Florida rules, "advertising" includes which of the following:
- a) paid newspaper ad
 - b) letterhead
 - c) business cards
 - d) any of the above
10. The maximum capitalization required under the Florida rules for a CPA firm is:
- a) \$10 million
 - b) \$5 million
 - c) \$2 million
 - d) \$1 million
11. Under Florida's independence rules, a firm's independence will be impaired with respect to an attest client if a partner or professional employee leaves the firm and is subsequently employed with that client in a key position unless a number of conditions are met, including:
- a) both the client and the firm consent to the move
 - b) that fact is clearly disclosed to shareholders of the client
 - c) the former partner or professional employee is not in a position to influence the accounting firm's operations or financial policies
 - d) any of the above
12. Under Florida's independence rules, unsecured loans that are not material to a licensee's net worth by an attest client to a licensee are grandfathered if, among other options:
- a) they were obtained from a financial institution under that institution's normal lending procedures, terms and requirements
 - b) after becoming a covered licensee they were kept current as to all terms at all times and those terms do not change in any manner not provided for in the original loan agreement
 - c) they were obtained from a financial institution prior to its becoming a client requiring independence
 - d) all of the above
13. Which of the following is a possible penalty for violating any of the Florida statutes:
- a) imposition of an administrative fine not to exceed \$5,000 for each count or separate offense
 - b) suspension or permanent revocation of a license
 - c) restriction of practice
 - d) any of the above
14. To be an owner of a Florida CPA firm, a non-CPA must:
- a) be domiciled in Florida
 - b) own at least 10 percent of the firm
 - c) be engaged in the business of the firm as their principal occupation
 - d) both b and c above
15. Circular 230 prescribes regulations governing the practice before the Internal Revenue Service. Which of the following is considered "practicing before the IRS":
- a) representing a member of your immediate family
 - b) a general partner representing the partnership
 - c) participating in rulemaking by submitting comments on the fairness of proposed regulations
 - d) none of the above

16. According to Circular 230, a practitioner may generally determine the rate and fee structure to charge clients. Which of the following methods is not permitted under Circular 230:
- a) fixed fees for specific routine services (e.g., \$150 for a Form 1040A)
 - b) a flat percentage fee based on the amount of refund on a Form 1040
 - c) hourly rates
 - d) a range of fees for particular services with a higher fee charged for more complex situations
17. Circular 230 provides rules regulating the conduct of tax practitioners when clients of a practitioner have conflicting interests. However, a practitioner may represent clients with conflicting interests in certain instances. Which of the following conditions must be met in order for a Circular 230 practitioner to represent clients with conflicting interests:
- a) the clients must have been clients of the practitioner prior to the conflict arising
 - b) the practitioner reasonably believes that he will be able to provide competent and diligent representation to each affected client
 - c) the clients must be aware of, but need not consent to, the conflict
 - d) the practitioner is charging each client for only one half of the time spent on the matter
18. According to Circular 230, a practitioner who prepares tax returns may do which of the following related to a check issued to a client by the government in respect of a federal tax liability:
- a) receive and endorse the check under any circumstances
 - b) receive and endorse the check if the taxpayer completes Form 2848, Power of Attorney and Declaration of Representative
 - c) receive, but not endorse the check if the taxpayer completes Form 2848, Power of Attorney and Declaration of Representative
 - d) neither receive nor endorse the check, even if the taxpayer completes Form 2848, Power of Attorney and Declaration of Representative
19. Section 10.33 outlines best practices for tax advisors. Which of the following is a “best practice” under Section 10.33:
- a) communicating in a way that might confuse the client in order to show how important the advisor is to the client
 - b) determining which facts are relevant
 - c) doing anything possible to place the client’s interests above those of the tax authorities
 - d) finding creative ways to hide deductions that would otherwise be hard to support when the client has indicated that they want to take the deduction
20. In preparing the tax return for Nash Plumbing, Inc., you notice a large deduction for “consulting services.” You ask your client to explain this deduction, and he explains it represents tuition paid for his son to attend college. You know that no 1099 or W-2 was issued for these services nor is any of this income reflected on your client’s personal tax return or his son’s. Your client states that “everyone” in this industry does this. This deduction is equivalent to 20% of the net income. Which of the following is correct regarding your ability to sign the tax return for Nash Plumbing, Inc. per Circular 230 (Section 10.34):
- a) you may sign the return since the return meets the “nonfrivolous standard”
 - b) the client’s assertion that the deduction is industry practice is frivolous. Accordingly, the position does not meet Section 10.34, and you may not sign the return
 - c) you may sign the return only if the deduction is clearly identified on the return as “consulting expense paid to son” or some similar disclosure
 - d) you may sign the return since everything on the return is the representation of the client

***Congratulations –
you’ve completed the exam!***

**ETHICS AND PROFESSIONAL CONDUCT FOR FLORIDA CPAS #4805H/QAS4805H (4 CPE hours) –
ANSWER SHEET (10/12)**

Important Note: For certification, this answer sheet must be completed and submitted to PES for grading within one year from the date of purchase. Please use black ink and print for quicker processing – thank you.

Name (as it appears on your license) _____

Address _____

City _____ State _____ Zip _____ Home ☐ Work ☐

Daytime Phone (____) _____ E-mail address (for online grading) _____

License Number _____ State _____ Expiration Date _____ CPA, CFP, EA (circle one)

If course was ordered by another party, please indicate name here: _____

GRADING OPTIONS – Please choose only ONE of the following:

- **ONLINE GRADING** – Visit our website at <http://www.mypescpe.com>.
 - Login to your account (if you are a first-time user, you must set up a new user account).
 - Go to the “**MY CPE**” tab and click the “**My CPE Exams in Progress**” folder.
 - If your exam is not already located in this folder, click “**Add Exam Previously Purchased**” and follow the instructions.
- **Mail** – Mail your exam to: PES, 4208 Douglas Blvd., Ste 50, Granite Bay, CA 95746
- **Fax** – Fax your exam to (916) 791-4099 and choose one of the following options:
Please: ☐ mail my results only or ☐ fax ☐ phone my results to: (____) _____

PLEASE INDICATE YOUR ANSWER BY FILLING IN THE APPROPRIATE CIRCLE

	A	B	C	D		A	B	C	D
1.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	11.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	12.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	13.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	14.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	15.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	16.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	17.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	18.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	19.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	20.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete the attached course evaluation – your opinion is extremely valuable.

Ethics and Professional Conduct for Florida CPAs #4805H/QAS4805H - Course Evaluation

Rate on a scale of 1-10 with 1 being poor and 10 being excellent.

1. The course met the course objectives described in the promotional material. _____
2. The course was up to date, held my interest, was timely, and effective. _____
3. The course materials were understandable, valuable, and suitable for a correspondence course. _____
4. The amount of advance knowledge and stated prerequisites were appropriate. _____
5. The completion time was appropriate for the number of credits allowed. _____
6. The course met my professional education needs. _____

Please answer the following questions – mark/rate any and all that may apply

1. How would you rate PES's ☐ order desk _____
☐ customer service _____
2. What can PES do to keep you as a valued customer?

3. Any other comments regarding this course or our company would be appreciated.

4. What other courses/subjects would you like to see PES offer in the future?



Mail to: Professional Education Services, LP
4208 Douglas Blvd., Ste 50, Granite Bay, CA 95746