

**Professional Education Services, LP**



*Quality education offered by PES...*

# **California Ethics – Regulatory Review Course**

**Course #4015**

**Exam Packet**



**Professional Education Services, LP**

*The Professional's Choice for CPE. <sup>sm</sup>*

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](http://www.mypescpe.com) • [www.pescpe.com](http://www.pescpe.com) • [www.pesqascpe.com](http://www.pesqascpe.com) • [www.eacpe.com](http://www.eacpe.com)

**CALIFORNIA ETHICS – REGULATORY REVIEW COURSE**  
**(COURSE #4015)**

**COURSE DESCRIPTION**

This course satisfies California's 2-hour regulatory review course requirement. CPAs must generally complete this course once every six years on the same cycle as the prior eight-hour Professional Conduct and Ethics course. This course is required in addition to the four CPE hours per cycle requirement for general ethics. Uses the materials entitled *California Ethics - Regulatory Review Course*. No prerequisites. Course level: Basic. Course #4015 – 2 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.*

<b>ASSIGNMENT</b>	<b>SUBJECT</b>
-------------------	----------------

<b>1</b>	<b>California Accountancy Act Board of Accountancy Rules and Regulations The Enforcement Division</b>
----------	---

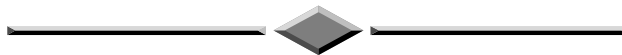
Study the course materials from pages 1-1 to 3-9  
Complete the review questions at the end of each chapter  
Answer the exam questions 1 to 10

**Objectives:**

- To discuss recent disciplinary actions by the Board of Accountancy for violations of the accountancy statutes
- To recognize the types of disciplinary issues often encountered by CPAs practicing public accountancy in California
- To identify how to avoid violations and complaints

## **ASSIGNMENT**

**2                      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 the materials entitled *California Ethics - Regulatory Review Course* 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 2010**

Program publication date 9/21/10

## CALIFORNIA ETHICS – REGULATORY REVIEW COURSE (COURSE #4015) – 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 10 true/false and/or 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 California Ethics – Regulatory Review Course (#4015) qualifies for 2 CPE hours.

**PROCESSING:** Your exam will be graded promptly. **Whereas other PES courses require only a 70% passing score, the California State Board of Accountancy requires a score of 90% 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!!***

## **CALIFORNIA ETHICS – REGULATORY REVIEW COURSE (COURSE #4015) – FINAL EXAM**

**The following questions are either true or false and/or multiple choice. Please indicate your choice on the enclosed Answer Sheet.**

1. Bob Jones is licensed by the IRS as an enrolled agent. Bob wishes to enhance his “yellow pages” listing by adding descriptive language. Under the California Accountancy Act, which of the following would Bob be able to advertise (B&PC §5058):
  - a) Bob Jones, E.A.
  - b) Bob Jones, Registered Accountant
  - c) Bob Jones, P.A.
  - d) Bob Jones, Licensed Accountant
2. Bob Jones, CPA was convicted of a felony unrelated to the practice of public accountancy. When must Bob Jones report this conviction to the Board of Accountancy (B&PC sec. 5063):
  - a) never; there are no requirements to report criminal convictions to the Board
  - b) never; although there are requirements to report accounting related criminal convictions to the Board, there is no requirement to report convictions that are unrelated to the practice of accounting
  - c) a felony conviction must be reported to the Board within 30 days
  - d) all convictions must be reported to Board within 45 days after sentencing
3. In general, no confidential information obtained by a licensee, in his or her professional capacity, concerning a client or prospective client shall be disclosed by the licensee without the written permission of the client or prospective client. In which of the following instances may confidential information be lawfully disclosed ((B&PC sec. 5063.3):
  - a) the licensee discovers a material error in the client’s tax return filed two years ago
  - b) the licensee believes that a client is hiding income
  - c) the licensee is complying with a court issued subpoena
  - d) the licensee believes the release of the information will not harm the client
4. Fred Jones was issued his CPA license on August 18, 1986. Fred was born on October 15, 1962. Fred renewed his license prior to its expiration on October 31, 2002. Fred again renewed his license prior to its new expiration date of October 31, 2004. Fred then promptly left the profession and ignored all Board correspondence including license renewal requests. Fred did not complete any continuing education after October 31, 2004. When will Fred’s license to practice expire (B&PC §5070.5):
  - a) August 31, 2004
  - b) October 31, 2004
  - c) October 15, 2006
  - d) October 31, 2006
5. Assume the same facts as Question 4 above. When would Fred’s license be canceled such that it could not be renewed, restored or reinstated without Board approval (B&PC §5070.7):
  - a) midnight October 31, 2006
  - b) midnight November 1, 2006
  - c) midnight October 31, 2009
  - d) midnight October 31, 2011
6. Bob Jones was issued a CPA license on April 7, 1985. Bob’s original license expired January 31, 1987. Bob completed a timely renewal and has remained licensed ever since. On December 15, 2009 Bob moved and began working out of his home as a sole practitioner. When must Bob report his address change to the Board of Accountancy (Article 1 Section 3):
  - a) not later than January 14, 2010 – 30 days after the move
  - b) not later than January 31, 2010 – the end of the month following the move
  - c) not later than January 31, 2010 – Bob’s next license renewal date
  - d) never; Bob is not required to report any address change

7. Section 50 requires licensees in public practice to provide notice to the licensees' clients of the fact that the licensee is licensed by the California Board of Accountancy. Which of the following would likely not satisfy this requirement:

- a) doing nothing, knowing that clients can check a licensee's status on the Board's website
- b) displaying the certificate of licensure in the office where the licensee provides service
- c) providing each client with a written statement to be signed by the client that states that the licensee is licensed by the California Board of Accountancy
- d) sending a written notice via e-mail to each client with the required information

8. According to Section 52, a licensee shall respond to any inquiry by the Board or its appointed representatives within \_\_\_\_\_ days.

- a) 10
- b) 30
- c) 45
- d) not applicable, although a licensee must respond to the Board, there is no time requirement or deadline

9. Bob Jones has filed for inactive status. Which of the following is true regarding Bob's status (Article 12 Section 80):

- a) Bob Jones may still engage in the practice of public accountancy
- b) Bob Jones may not use the CPA designation on his business cards with the title of "controller" of a manufacturing company unless he also includes the word "inactive" immediately after the CPA designation
- c) Bob Jones cannot ever convert to active status
- d) Bob Jones is not required to pay a renewal fee

10. The CBA has an active enforcement program with discipline up to and including license revocation. Each year approximately \_\_\_\_\_ CPAs have their license revoked by the Board.

- a) 2
- b) 15
- c) 45
- d) 95

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

**CALIFORNIA ETHICS – REGULATORY REVIEW COURSE #4015 (2 CPE hours) –  
ANSWER SHEET (9/10)**

**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, PA, 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"/>	6.	<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"/>	7.	<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"/>	8.	<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"/>	9.	<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"/>	10.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

**California Ethics – Regulatory Review Course #4015 - 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**