



BEACON HILL
FINANCIAL EDUCATORS

51A Middle Street Newburyport MA 01950
Phone: 800-588-7039 Fax: 877-902-4284
contact@bhfe.com www.bhfe.com

COURSE INFORMATION

Course Title: *Ethics and Professional Conduct for Texas CPAs* #594822

Recommended CPE credit hours for this course:

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

CPA: 4

Texas State Board of Accountancy Sponsor Number: 009349

Beacon Hill Financial Educators is registered with the Texas State Board of Public Accountancy as a CPE sponsor. This registration does not constitute an endorsement by the Board as to the quality of our CPE program.

National Registry of CPE Sponsors ID Number: 107615.

Course Description

This course meets the four-hour Ethics CPE requirement for Texas CPAs and it is approved by the Texas State Board of Public Accountancy.

Ethics and Professional Conduct for Texas CPAs focuses on case studies applying the spirit and intent of the Texas State Board of Public Accountancy Rules of Professional Conduct and emphasizes ethical judgment and the ethical standards of the profession.

Course Content

Publication/Revision date: 2/8/2022

Author: Joseph P. Helstrom, CPA

Final Exam (online): Twenty questions

Program Delivery Method: Self-Study (NASBA QAS Self-Study/interactive)

Subject Codes/Field of Study

NASBA (CPA): Regulatory Ethics.

Course Level, Prerequisites, and Advance Preparation Requirements

Program Level: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: None

Advance Preparation: None

Instructions for Taking This Course

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Online Exam

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- A passing grade of at least **70%** is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

LEARNING OBJECTIVES

Upon completion of this course, you should be able to:

- Define ethics from an overall and professional perspective
- Describe the ethical standards contained in the Texas State Board of Public Accountancy Rules of Professional Conduct

Copyright © 2022 by
Mill Creek Publishing LLC
P.O. Box 611, Noblesville, IN 46061

All rights reserved. No part of this course may be reproduced in any form or by any means, without permission in writing from the publisher.

CONTENTS

Course Information.....	ii
Learning Objectives.....	iii
Contents.....	iv
Ethics Background.....	1
Morals	1
What is Ethics?	2
The Relationship of Morals and Ethics.....	2
Illustrative Examples of Ethics	4
Professional Ethics	6
Legal versus Ethical.....	6
Why Should We Study Professional Ethics?	7
Accounting Ethics.....	7
Ethical Core Foundations for CPAs.....	9
Other Ethical Foundations of the CPA Profession	10
Review Questions.....	12
Ethical Reasoning.....	13
Case Studies – Ethical Reasoning.....	13
Ethical Dilemmas.....	19
Preventative Measures to Avoid Ethical Violations.....	20
Case Studies of Notable Ethical Lapses.....	22
Bernard Madoff Investment Securities’ Auditor.....	22
Phar-Mor.....	25
Enron.....	26
Case Studies of Other Ethical Lapses	29
The Travel Expense Department.....	29
The Company with Excess Reserves	30
The Company with Undisclosed/Unrecorded Contingencies	31
The IRS Audit.....	32
Motivations of Ethical Lapses	33
Review Questions.....	35
The Texas State Board of Public Accountancy Rules of Professional Conduct.....	36
General Provisions	36
501.51 – Preamble and General Principles.....	36
501.52 – Definitions.....	36
501.53 – Applicability of Rules of Professional Conduct	37
Professional Standards.....	37
501.60 – Auditing Standards.....	37
501.61 – Accounting Principles.....	38
501.62 – Other Professional Standards	38
501.63 – Reporting Standards	39
Responsibilities to Clients	39
501.70 - Independence	39
501.71 – Receipt of Commission, Compensation or Other Benefit.....	45
501.72 – Contingency Fees	46
501.73 – Integrity and Objectivity	46

501.74 – Competence	47
501.75 – Confidential Client Communication	47
501.76 – Records and Work Papers	48
501.77 – Acting through Others	51
501.78 – Withdrawal or Resignation	51
Review Questions.....	52
Responsibilities to the Public	53
501.80 – Practice of Public Accountancy	53
501.81 – Firm License Requirements.....	53
501.82 – Advertising	53
501.83 – Firm Names	54
501.85 – Complaint Notice	54
Responsibilities to the Board/Profession.....	54
501.90 – Discreditable Acts	54
501.91 – Reportable Events.....	55
501.93 – Responses	55
501.94 – Mandatory Continuing Professional Education	56
Chapter 523 – Continuing Professional Education	56
Accountants Confidential Assistance Network.....	58
Review Questions.....	59
Glossary.....	60
Index.....	61
Answers to Review Questions.....	62