

RULES OF PROFESSIONAL CONDUCT
Pennsylvania Society of Tax & Accounting Practitioners

- 1.** A member shall not violate confidential relationships between himself and his client, or former client.
- 2.** A member shall not allow any person to practice in his name who is not in partnership with him or in his employ.
- 3.** Members of this Society shall not accept a commission from any person or client for whom the member offers or renders concurrently a professional service, where the professional service consists of an audit engagement or a review engagement (including the period of time covered by any historical financial statements involved while performing an audit or review engagement), nor accept a commission where the member performs a compilation of a financial statement when the member expects or reasonably might expect that a third party will use the financial statement and the member's compilation report or transmittal does not disclose a lack of independence.
- 4.** In expressing an opinion on representations in financial statements which he has examined, a member shall:
 - (a)** Disclose any material fact known to him which is not disclosed in the financial statements, but disclosure of which is necessary to make the financial statements not misleading; and
 - (b)** Report any material misstatement known to him appearing in the financial statement; and
 - (c)** Acquire sufficient information to warrant expression of an opinion, and shall not express any opinion unless sufficient information therefore is available, and
 - (d)** Direct attention to any material departure from generally accepted accounting principles, and disclose any material omissions of generally accepted auditing procedures applicable in the circumstances.
- 5.** A member shall not sign a report purporting to express his opinion as the result of examination of financial statements unless they have been examined by him, or a member of, or an employee of his firm.
- 6.** Professional service shall not be rendered or offered for a fee which shall be contingent upon the findings or results of such service. This rule does not apply to cases involving federal, state or other taxes, in which the findings are those of the tax authorities and not those of the accountant. Fees to be fixed by courts or other public authorities, which are therefore of an undetermined amount at the time when an engagement is undertaken, are not regarded as contingent fees within the meaning of this rule.
- 7.** A member shall not permit his name to be used in conjunction with an estimate of earnings contingent upon future transactions in a manner which may mislead to the belief that the accountant vouches for the accuracy of the forecast.
- 8.** A member shall not express his opinion on financial statements of any enterprise financed in whole or in part by public distribution of securities, if he owns or is committed to acquire a financial interest in the enterprise which is substantial whether in relation to its capital or to its own personal fortune, or if a member of his immediate family owns or is committed to acquire a substantial interest in the enterprise "unless in his report he disclosed such family interest". A member shall not express his opinion on financial statements which are used as a basis of credit if he owns or is committed to acquire a financial interest in the enterprise which is substantial either in relation to its capital or to his own personal fortune, or if a member of his immediate family

owns or is committed to acquire a substantial interest in the enterprise, unless in his report he discloses such a family interest.

9. A member shall not offer his professional services on a basis of competitive bid in any state, territory or the District of Columbia, if such bid would constitute a violation of any rule of the recognized professional societies of public accountants or the official board of accountancy in that state, territory, or district.

10. A member in practice as an individual may not use a firm name or plural term such as "and Company" or "and Associates" or any other designation indicating anything other than individual ownership.

11. A member who is engaged simultaneously in the public accounting and in another occupation must conduct his other occupation in such a manner as not to violate these rules of professional conduct.

12. A member who does not hold a valid license from the Pennsylvania State Board of Accountancy may not hold himself/herself out as a member of the Pennsylvania Society of Public Accountants.

13. All Active members shall be required to obtain a minimum of 24 hours of continuing professional education annually, or the minimum number of hours required for licensure status (Certified Public Accountants, Public Accountants or Enrolled Agents). All Associate members shall be required to obtain a minimum of 15 hours of continuing professional education annually. Both Active and Associate members must obtain 2 hours of ethics credits annually or 4 hours of ethics credits every two years. Credits must be obtained from a sponsor recognized by the IRS, NASBA or any State Board of Accountancy or in accordance with licensing requirements.