Standards for Tennessee CPAs

State Specific Ethics

TSBOA Executive Director Wendy Garvin
Course Outline

I. Introduction to Ethics
II. Purpose of the Board
III. License Requirements & Unlicensed Activity
IV. Continuing Professional Education
V. Peer Review & What’s New?
VI. Rules of Professional Conduct
VII. Complaint Process
VIII. Case Examples

“I took a course in ethics, but everything was contradicted by the course I took in accounting.”
INTRODUCTION

Standards for Tennessee CPAs
State Specific Ethics

Why Ethics?

- Maintain quality and productivity
- Ensures proper relationships with customers and vendors
- Boosts morale
- Promotes teamwork
Can Ethics be Taught?

Socrates vs Kohlberg

If people are good only because they fear punishment, and hope for reward, then we are a sorry lot indeed.” ~ Albert Einstein

Learning Ethics

Ethics problem solving strategies develop in your 20s & 30s.

Strategies are linked to an individual’s perception of society and his or her role in society.

The extent of changes is directly related to the number of years of formal education.

Deliberate attempts to influence awareness of ethical reasoning have been deemed effective.
Strong Ethics = Trust

• Relationships, both personal and business rely on trust:
  • Would you shop online if you did not trust the web?
  • Would you work for an employer you did not trust to pay you?
  • Would you let your child ride with an individual you did not trust?

Trust and Economics

"One of the most important lessons we can learn from an examination of economic life is that a nation’s well being as well as its ability to compete, is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in the society."

*Trust: The Social Virtues and the Creation of Prosperity*

By: Francis Fukuyama
Does ETHICS = LAW?

1. Yes
2. No
3. Depends

“Employees are charged with conducting their business affairs in accordance with the highest ethical standards. Moral as well as legal obligations will be fulfilled in a manner which will reflect pride on the Company’s name.”

Enron Ethics Policy
Legality

means living from the outside in.

Morality

is living from the inside out.

“What is law? Is it what is on the books, or what is actually enacted and obeyed in a society? Or is law what must be enacted and obeyed, whether or not it is on the books, if things are to go right?”
LAWS

Needs of People → Protect Affront to Morality → Specific yet Diverse in Different Societies → LAWS

And yet:
- Not all are ethical
- Laws have legalized slavery, segregation, sexism and apartheid

What are your goals?

Integrity

Any time integrity comes second in the list, then it is subject to sacrifice in situations when a choice must be made.

Think about it......

What Percentage of High School Students Cheat?

1. 10%
2. 20%
3. 50%
4. 75%
5. 100%
In a Wall Street Journal article, Psychology professor Steven Davis says that cheating by high school students has increased from about 20 percent in the 1940’s to 75 percent today.

Students say cheating in high school is for grades, cheating in college is for a career.
Board’s Purpose

- Protect the public
  - Ensuring professional competence
  - Assurance of financial statement presentation
- CPA Qualifications
- Enhance Communication with licensees
- Respond to Business and Technological Challenges

State Board of Accountancy

- 11 members
  - 9 CPAs
  - 1 Attorney
  - 1 Public member
- Appointed by the governor
- 3 year terms
Committee Structure

• Board committees:
  • Enforcement
  • Executive
  • Licensing
  • Laws and Rules

• Board meets quarterly
• Primary responsibility is to protect the public

Tennessee Accountancy Act

• The current accountancy law can be found in the Tennessee Code Annotated, Title 62: Professions, Business and Trade, Chapter 1

• The law can be found at Legal Resources from the Office of the State

• A link to the website: https://www.tn.gov/commerce/regboards/accountancy.html
Standards for Tennessee CPAs

State Specific Ethics

LICENSE REQUIREMENTS

License types

Individul

Firm
Firm Name Rules

• Names of owners/partners allowed
• Name cannot mislead
  • Structure of firm
  • Nature of services performed
  • Presence of CPAs on staff
• May not contain:
  • Names of suspended or revoked CPAs
  • Name of individual who is not a CPA

Firm Name Examples

- Patrick Andrews, CPA: Yes, if licensed CPA
- Andrews and Associates: Yes, if more than 1 CPA
- Andrews Audit Services: Yes, if service offered
- Red, White, and Blue Accounting: Only with Board approval
- Andrews, Jones and Disney CPAs: Yes, if all are CPA's
- Andrews and Jones CPAs PLLC: Yes, if a PLLC
Requirements for an Individual License

- The Four “E”s:
  - Education
  - Examination
  - Experience
  - Ethics

Tennessee Requirements to Practice

- CPE
- Biennial Renewal

Attent Services
- Active Permit
- Firm Registration

- Mobility
- Peer Review

Valid Certificate

Other
Mobility

Does mobility apply to you?

Where is your principal place of business?
TN

Where will you be performing services, either in person, or by mail, telephone or electronic means (target state)?
AK

What type of services will you perform? If you plan to perform services not listed below, please contact the state board of the target state for further information.
Audit or other engagement following SAS

Submit

Mobility Required every 3 years for firms performing attestation services

Peer Review

Required every 3 years for firms performing attestation services

Required for compilation, review or audit engagements

Approved programs: AICPA
“Attest” is defined as…

Tennessee Code Annotated, Section 62-1-103, states that attest means providing the following services:

- Audits Following SAS
- Reviews Following SSARS
- Examinations using SSAEs
- Any report prescribed by SASs, SSARSSs, or SSAEs

SSAE Attest Engagements

- Engagements (with certain exceptions) in which a certified public accountant is engaged to issue a report on subject matter that is the responsibility of another party.
- Agreed-Upon Procedures
- Financial Forecasts and Projections
- Reporting on Pro Forma Financial Information
- Compliance Attestation
- Management’s Discussion & Analysis
Consulting vs. Attestation

In an attest service, you are engaged to express an opinion regarding an assertion that is the responsibility of another party.

In a consulting service, you are engaged for the benefit of the client. The nature and scope is determined by the agreement between you and the client.

- Forensic Examination
- Expert Witness Services
- Valuation Services
- Divorce Engagements

The Complaint

- The Respondent firm performed an audit for the period ending December 31, 2012.
- The firm held an active license but was not enrolled in peer review.
- Respondent had indicated during renewal that the firm was enrolled.
The Response

Respondent admitted to having performed one audit in 2012 in conjunction with an IRS form 5500. He claimed to have forgotten about the audit during peer review registration.

The Result

The complaint was closed upon the signing of a consent order in which Respondent agreed to pay a civil penalty of $4,000.00.

The civil penalty was not paid and the Respondent's CPA license and Firm Permit were revoked.
Tennessee State Board of Accountancy
Rule 0020-05-.03, 3d

• A certificate holder who has been granted inactive status **may not** for compensation perform or offer to perform for the public, including the providing of accounting services from a licensed accounting firm, any of the following services:
  • any accounting or auditing services which involve **the issuance of reports** on financial statements;
  • any consulting engagement which would constitute the **attest function**;
  • furnishing **advice on tax matters**
Tennessee State Board of Accountancy
Rule 0020-05-.03, 3d

• A certificate holder who has been granted inactive status may perform the services set forth in (c) above if:
  • The services are provided without compensation to the certificate holder;
  • The services are performed solely for the certificate holder's employer and such employer is not a licensed accounting firm; or,
  • The certificate holder does not use the CPA or PA designation in association with his or her name while providing such lawful services.

Inactive License

Certificate holders who are granted inactive status by the board shall be required to place the word "inactive" adjacent to their CPA or PA designation when using such designation for any lawful purpose.
Can an inactive (over 65) licensee prepare tax returns and sign them as the preparer?

YES

When “CPA” Can and Cannot Be Used

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working for CPA firm</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Working in government or education</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Working for business (hired because CPA)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Owning a business that has nothing to do with CPA practice</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
When “CPA” Can and Cannot Be Used

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completing tax filings for others outside registered CPA firm</td>
<td>✓</td>
</tr>
<tr>
<td>Licensed in another state but living and providing CPA services in Tennessee (illegal)</td>
<td>✓</td>
</tr>
<tr>
<td>Any 3rd party attest work outside a registered CPA firm (illegal)</td>
<td>✓</td>
</tr>
</tbody>
</table>

Reinstatement

- Application
- Fee
- CPE
- Reinstatement
Reactivation

License Reactivation

- 80 Hours

Technical Hours:

- Accounting
- Ethics
- Attest
- Taxation
- Management

Address Change

- Change of address form is available online, http://tn.gov/content/dam/tn/commerce/documents/regboards/accountancy/forms/AccountChangeAddressCPA.pdf

- Should be filed with the Board within 30 days of the change
Name and Email Change

- Request for name change form is available online, https://www.tn.gov/commerce/regboards/accountancy/license-applicant-resources/forms-and-downloads.html
- A licensee may change their email address in the Board’s online renewal system.

Renewal

- Every 2 Years Based on License #
- $110 to the State Board
- Due December 31
- Non-renewed expire July 1
- Renew Online: core.tn.gov

Rules 0020-05-.03, 5 and 0020-05-.07, 1
Professional Privilege Tax

- Department of Revenue assesses and administers the Professional Privilege Tax
- Payment must be filed and paid online annually by June 1
- Failure to pay will prevent license renewal in the future
- For more information, visit http://tn.gov/commerce/regboards/accountancy/license-applicant-resources/professional-privilege-tax-information.html

Tennessee CPAs

<table>
<thead>
<tr>
<th>January 2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Active</strong></td>
<td>10,460</td>
</tr>
<tr>
<td><strong>Inactive</strong></td>
<td>3,838</td>
</tr>
<tr>
<td><strong>Retired 65</strong></td>
<td>1,105</td>
</tr>
<tr>
<td><strong>Revoked</strong></td>
<td>61</td>
</tr>
<tr>
<td><strong>Suspended</strong></td>
<td>4</td>
</tr>
<tr>
<td><strong>Probation</strong></td>
<td>2</td>
</tr>
</tbody>
</table>
61 Licenses Revoked!

- 2 Bank Accounts
- $8 Million in Deposits
- Broker committed Suicide

The Resolution

In a formal hearing, the Board unanimously ordered the following:

- Revocation of the Respondent’s CPA license.
- Assessment of a $110,000 civil penalty, as well as court costs and the costs of the investigation.
Standards for Tennessee CPAs

State Specific Ethics

CONTINUING PROFESSIONAL EDUCATION

"You undercooked the books and now half our accounting staff is out with salmonella poisoning!"

Copyright: Randy Glasbergen www.glasbergen.com
Retrieved from Cartoonstock.com
Continuing Education

- 80 approved hours every 2 years
- Minimum of 20 hours in each year
- 40 hours in technical subjects
  - 20 must be in attestation if performing attestation services
  - 20 must be in area of expertise if performing expert witness testimony
- 2 hours state specific ethics

Continuing Education

- Unless otherwise exempted by the board, CPE must be taught by NASBA approved vendors/instructors
- A maximum of 20% can be obtained from reading journals
- 10% of licensees are audited for CPE each year
- CPE Tracker
  - The Board also has a tracking system that is voluntary
  - Contact the Board for assistance logging in
CPE Limits

- Instructors and speakers receive three times the credit hours for the first presentation
- No more than 50% of instructor credit hours apply to requirements
- Reading professional journals – no more than 20% to total credits
- Successful completion of some certifying exams

The Complaint

CPA license was selected for audit of 2013-2014 CPE credits
- Licensee submitted certificates confirming 35 hours of CPE
  - 30 hours in 2013
  - 5 hours in 2014
- Licensee notified of failure to meet requirements and CPE due:
  - Remaining 45 hours
  - 16 penalty hours
  - Due 180 days from notification
- Licensee submitted an additional 18.5 hours by due date

Complaint opened for failure to submit all required hours.
The Response

The CPA responded that he had been busy working on an international merger project and did not have time to complete his CPE requirement.

The Result

The complaint was closed upon the Respondent signing a consent order and paying a civil penalty of $1,000.00.
## CPE Carryover

<table>
<thead>
<tr>
<th>Reporting Period 1</th>
<th>Reporting Period 2</th>
<th>Reporting Period 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1: earned 30 hours</td>
<td>Year 1: earned 20 hours</td>
<td>No carryover available because no extra hours earned in Period 2</td>
</tr>
<tr>
<td>Year 2: earned 60 hours</td>
<td>Year 2: earned 52 hours</td>
<td></td>
</tr>
<tr>
<td>Total of 90 hours in the reporting period</td>
<td>Total of 72 hours in reporting period</td>
<td></td>
</tr>
<tr>
<td>10 extra hours earned</td>
<td>Carry forward 8 hours from Period 1 to make up deficiency</td>
<td></td>
</tr>
</tbody>
</table>

### CPE extension possible?

**Rule 0020-05-.07**
Failure to Meet CPE Requirements
Rule 0020-05-.08

CAUTION
Assessed additional hours
Revocation of license

Which Sponsors Provide Approved CPE in Tennessee?

https://www.tn.gov/commerce/regboards/accountancy/license-applicant-resources/continuing-education.html
Home State Exemption

• What are my CPE requirements if I am a non-resident licensee?
  • Comply with resident state CPE

• No CPE requirements in resident state?
  • CPE requirements for Tennessee

• Ethics requirement
  • Non-resident state ethics if required
  • If no ethics requirement, must have Tennessee ethics course

CPE Audit

• 10% of licenses are randomly selected for an audit

• All documentation must be submitted for the reporting period

• Notification and instructions are received by mail and email

• All responses are submitted through core.tn.gov
State Specific Ethics

• Only one State Ethics course is approved by the State Board
• Course is available live and on-line
• Live presentations must be taught by Board approved SSE sponsors

https://www.tn.gov/commerce/regboards/accountancy/license-applicant-resources/continuing-education.html
Why do people sacrifice their integrity and act unethically?

Factors in Unethical Behavior

- Pressure to meet unrealistic business objectives
- Desire to further one’s career
- Protect livelihood
- Working in an environment with diminished morals or cynicism
- Improper training
Steps in Ethical Decision Making

Step 1
• Define all the facts and circumstances:
  • e.g. Who, what, where, when, and how?

Step 2
• Identify the people affected by the situation;
  • What are the stakeholders rights and obligations?

Step 3
• Identify the alternative decisions and consequences.

Step 4
• Make the Decision

Questions for Consideration in Ethical Decisions

• Are there legal concerns?
• Is it right? (If you know it’s wrong, don’t do it!)
• Does it comply with company values?
• Does it comply with the principles of your profession (for accountants, GAAP)?
• Would you be embarrassed by your decision if others knew about it?
• Who else is affected by this (others in the company, customers, etc.)?
Questions for Consideration in Ethical Decisions

- Are you willing to take sole responsibility for this decision?
- Is there another course of action that does not create an ethical dilemma?
- How will it look in the newspaper?
- Do you think a reasonable person would agree with your decision? (Ask an appropriate person.)

Ethics Codes
Tone at the Top

- Management must set the example.
- Management can influence the behavior and activities of their employees.
- Firms are required by the AICPA Quality Control Standards to set a proper quality tone at the top and ensure the firm follows relevant ethical guidelines.

Corporate Ethics Programs

- Communicate Corporate Values
- Describe Acceptable Behavior
- Provide Resources
- Include a Code of conduct
- Ethics Training
- Hotlines
- Ethics committee
Competence Includes…

Professional Competence

Due Professional Care

Planning & Supervision

Sufficient Relevant Data

Contingent Fees

Definition: A fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained.

Not Allowed For:
- Audit or Review of Financial Statements
- Compilation of a Financial Statement
- Examination of Prospective Financial Information
- Prepare an original or amended tax return

Excludes:
- Fees fixed by courts or public authorities
- Fees in tax matters
Contingent Fees Permitted For:

• Representing a client in connection with a revenue agent’s examination of a state income tax return
• Filing an amended federal or state income tax return claiming a tax refund based on a tax issue involving a different taxpayer
• Filing an amended federal or state income tax return for a refund exceeding a threshold
• Requesting a refund of overpayments of interest or penalties
• Protest to reduce property assessment value

Commission Rule

• Prohibited when the member or firm also performs the client’s:
  • Audit or review of financial statements
  • Compilation of a financial statement
  • Examination of prospective financial information

• Permitted commissions and referral fees must be disclosed
AICPA Code of Conduct

Your behavior
Rulings
Interpretation
Rules
Principles

AICPA Principles

1. Responsibilities
2. The Public Interest
3. Integrity
4. Objectivity and Independence
5. Due Care
6. Scope and Nature of Services
Responsibilities & Public Interest

Professional and Moral Judgment

Serve Public Trust in all Actions

Commitment to Professionalism

Principles: Integrity

Builds Trust

Completeness of Self

Wholeness

Cohesiveness

Purity
Principles: Objectivity

- CPA’s must be “impartial, intellectually honest, and free of conflicts of interest.”
- CPA’s must be candid and tell the truth regardless of discomfort.

Principles: Independence

- Without independence, objectivity becomes more difficult.
- Specific rules exist to define independence.
- Rules have specific applications in specific circumstances, but other times exist when specific guidance is not available.
- A narrow reading of specific rules designed to find a “loophole” violates the integrity requirements.
Recently Effective AICPA Ethics and Independence Requirements

• Members must be independent of certain affiliates of a financial statement attest client:
  • An entity that a financial statement attest client can control
  • An entity in which a financial statement attest client, or an entity controlled by the financial statement attest client has a direct financial interest that gives the client significant influence over such entity
  • An entity that controls a financial statement attest client when the financial statement attest client is material to such entity

Independence Safeguards

<table>
<thead>
<tr>
<th>Safeguards</th>
<th>Effectiveness of Safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Created by the profession, legislation, or regulation</td>
<td>• Facts and circumstances</td>
</tr>
<tr>
<td>• Safeguards implemented by the client</td>
<td>• Proper identification of threats</td>
</tr>
<tr>
<td>• Safeguards implemented by the firm</td>
<td>• Whether or not safeguard meets its objectives</td>
</tr>
</tbody>
</table>
Principles: Due Care

• Due professional care sets a high standard
• Competence and diligence are hallmarks of due care
  • Competence is a "mastery of the common body of knowledge" and "a commitment to learning and professional involvement"
  • "Diligence imposes the responsibility to render services promptly and carefully, to be thorough, and to observe applicable technical and ethical standards"

Principles: Scope and Nature

• Services must be consistent with our abilities.
• Judgment is required to determine the appropriate scope and nature of services consistent with professional standards.
• The scope and nature must be in compliance with the principles.
Pronouncements vs. Rulings

**PRONOUNCEMENTS**
- General guidelines that apply to all parties
- Broad in scope
- Convey the regulatory body’s intent for conduct

**RULINGS**
- Deal with specific circumstances
- Indicates how a particular pronouncement should be interpreted.

Interpretations

- Interpretations of the rules have also been issued to provide even more specific guidance.
- Interpretations are not adequate in some circumstances.
- Uncertainty requires the CPA to exercise professional judgment with ethical dilemmas.
Professional Ethics Executive Committee (PEEC)

- Uses conceptual framework to analyze independence issues and standards
- The framework is designed to evaluate a member’s relationship with a client
- Independence:
  - Independence of mind
  - Independence in appearance

7 Threat Categories

- Self review
- Advocacy
- Adverse interest
- Familiarity
- Undue influence
- Financial self-interest
- Management participation
Confidential Client Information

- Do not disclose
  - client information to a competitor
  - information from previous engagement
- In tax matters, spouses are considered one client even if undergoing a divorce
- Professional services for the benefit of another person or entity dictates the parties are considered separate clients

Sharing Client Information

- Obtain Consent:
  - when using a third-party service provider
- Disclosure of information not considered confidential is not subject to the rule
- Information pursuant to an enforceable subpoena or summons (Client notification is not required)
- Disclosure of client name is allowed as long as it is not related to confidential information such as financial problems or lawsuits
Discreditable Acts

- Discrimination and Harassment
- Solicitation or Disclosure of CPA Exam Q&A
- Failure to File a Tax Return or Pay a Tax Liability
- Negligence in Preparation of Financial Statements / Records
- Violating Governmental or Regulatory Agency Rules or Laws

Discreditable Acts, Continued

- Disclosure of Confidential Information
- False, Misleading, or Deceptive Acts in Marketing
- Deceptive use of the CPA Credential
Standards for Tennessee CPAs

State Specific Ethics

COMPLAINT PROCESS

Filing a Complaint

https://www.tn.gov/commerce/regboards/accountancy/consumer-resources/file-a-complaint.html
Complaint Response Form

https://www.tn.gov/commerce/contact-us/online-complaint-response-form.html

2017 Complaints

- Due Professional Care: 30%
- Non-Compliance CPE: 17%
- Non-Compliance Peer Review: 13%
- Fraud/Forgery/Deception: 10%
- Unlicensed Practice: 30%
Due Professional Care

Your client, Urban Publishing, for whom you’ve prepared corporate tax returns only, is planning to sell a portion of its publishing catalog to another publisher. The client has asked you to perform a valuation of the portion of the catalog they plan to sell. You will receive a flat fee for your services. You have never performed a music catalog valuation but you do possess a CVA designation.

Should you provide this service to your client? How do you ensure that due professional care is exercised?

Scenario Considerations

• EXCELLENCE:
  • Can you deliver services that best meet your client’s needs?
  • Is integrity or objectivity an issue?

• COMPETENCE:
  • Do you have the knowledge to complete the engagement?
  • If not, can you acquire that knowledge?
  • How might you acquire the knowledge?

• UNDERSTANDING & KNOWLEDGE:
  • Can you complete the engagement with relative ease?
  • Can you make quick, accurate and reasonable judgments?
Scenario Considerations, Cont.

- **DILIGENCE IN DISCHARGING RESPONSIBILITIES:**
  - Can engagement be completed in a timely manner?
  - Can you comply with ethical and technical standards?

- **PLANNING & SUPERVISION:**
  - Can you adequately plan the engagement?
  - Can you adequately supervise engagement?

Board Actions

- Close Complaint
- Letter of Warning
- Letter of Instruction
- Consent Orders
  - Civil Penalties
  - Additional CPE or Peer Review
  - Probation
  - Suspension
  - Revocation
- Informal Conference
- Formal Conference (Hearing)
Civil Penalty Basis

1. Whether the amount will be a substantial economic deterrent to the Respondent
2. The circumstances leading to the violation
3. The economic benefits gained by the Respondent as a result of non-compliance
4. The severity of the violation and the risk of harm to the public

The Complaint

The Complainant is another licensee who reported directly to the Respondent. She claims that the Respondent knew about a material misstatement in a reserve account ($1 million) that was not corrected because the division could not “take the hit to the P&L” in order to correct. The Complainant filed a “Whistleblower” complaint and Internal Audit investigated the allegation. The books were corrected but both the Complainant and Respondent were terminated.
The Response

- Respondent knew about the error several months before the Complainant brought it to her attention
  - Respondent stated her manager was terminated one month after informing manager
  - Respondent was promoted to manager
  - Respondent did not follow up ~ assumed former manager reported it
- Respondent stated the error was not intentional
- Never told the Complainant that she could not correct the books
- Respondent stated the Complainant was difficult to work with

The Documentation

- Only written document was the adjusting journal entry to correct the misstatement
- The company provided only limited assistance in the investigation
- The SEC was in the discovery phase of an investigation due to a complaint filed by the Complainant
- Complainant informed the investigator that the Respondent was having an affair with the GM and this is why the correction was not made
Disposition

You are the Board – What action should be taken?

1. Close the complaint. There is no evidence to support the complaint.
2. Letter of Caution- The Board believes that the Respondent acted inappropriately and perhaps fraudulently. However, there is not enough proof to go to a formal hearing.
3. Consent Order- requiring the Respondent to complete 8 hours of CPE on situational ethics
4. Revocation of the CPA's license
5. Move complaint to Litigation Monitoring awaiting SEC action

Standards for Tennessee CPAs

State Specific Ethics

QUESTIONS?
What do you do?

Your supervisor tells you that one of your staff members is among several employees to be laid off soon, but you are not to tell anyone. Meanwhile you hear that he plans to enroll his child in private school and the tuition is due.

What should you do?

What should you do?

You are preparing a tax return for one of your clients. You ask the client to provide you with the total amount of revenue received for the year. The client responds, “I only received 1099’s totaling $431,000, so that is all I want to report.”

What should you do?
Your firm is performing the annual audit for one of your largest clients. The client is concerned about a required disclosure you have included in the notes to the financial statements. They ask you to omit the disclosure.

What should you do?