PICPA’s Code of Professional Conduct

About the PICPA’s Code of Professional Conduct

PICPA’s Code of Professional Conduct mirrors the AICPA Code of Professional Conduct with the exception of the following:

Sections included in the AICPA Code but not in the PICPA Code:

1.400.010 – Discrimination and Harassment in Employment Practices
1.400.070 – Confidential Information Obtained from Employment or Volunteer Activities
2.400.010 – Discrimination and Harassment in Employment Practices
2.400.070 – Confidential Information Obtained from Employment or Volunteer Activities
3.400.010 – Discrimination and Harassment in Employment Practices
3.400.070 – Confidential Information Obtained from Employment or Volunteer Activities

Section included in the PICPA Code but not in the AICPA Code:

ET 501 – 2 Failure to Cooperate in an Ethics Investigation.

Failure of a member to cooperate in an investigation by the Professional Ethics Committee by failure or refusal to make a substantive response to a letter of inquiry from the committee is an act discreditable to the profession in violation of Rule 501.

Changes Adopted June 2017

On June 25, the PICPA Board unanimously adopted the changes to the PICPA Code of Professional Conduct, effective August 31, 2017, that provide enhanced guidance to firms on transferring confidential client files in a sale, transfer, discontinuance, or acquisition of a practice, requires disclosure of commissions or referral fees to be in writing, enhances the confidentiality requirements, and incorporates several technical corrections. Those changes are consistent with the changes made by the AICPA’s Professional Ethics Executive Committee (PEEC) approved the following revisions to the AICPA Code of Professional Conduct (Code) in Oct. 2016. The PICPA’s Professional Ethics Committee deferred
approval of these changes pending the issuance by AICPA’s PEEC of a nonauthoritative guidance in the form of a Frequently Asked Question that clarifies that the interpretation on transfer of client files does not apply to firm mergers. This guidance was issued in May 2017.

The specific Code Changes are noted below.

- New interpretation “Transfer of Files and Return of Client Records in Sale, Transfer, Discontinuance, or Acquisition of a Practice” (ET sec. 1.400.205) under the “Acts Discreditable Rule” (ET sec. 1.400.001)
- New interpretation “Disclosure of Commissions and Referral Fees” (ET sec. 1.520.080) under the “Commissions and Referral Fees Rule” (ET sec. 1.520.001)
- Revised interpretation “Disclosing Client Information in Connection with a Review or Acquisition of the Member’s Practice” (ET sec. 1.700.050) under the “Confidential Client Information Rule” (ET sec. 1.700.001)
- Technical correction to paragraph .04 of the “Conflicts of Interest for Members in Public Practice Interpretation” (ET sec. 1.110) under the “Integrity and Objectivity Rule” (ET sec. 1.100.001)

Technical correction to “Unsolicited Financial Interest Interpretation” (ET sec. 1.240.020) under the “Independence Rule” (1.200.001).

Changes Adopted Dec. 2017

In Aug. 2017, the AICPA’s Professional Ethics Executive Committee (PEEC) approved revisions to the AICPA Code of Professional Conduct (Code) that include the following enhancements:

- Member should not allow pressure from others to result in a breach of the “Integrity and Objectivity Rule” and should not place pressure on others that the member knows, or has reason to believe, would result in the other individuals breaching the rules of the Code of Professional Conduct.
- Members responsible for recording, maintaining, preparing, approving, or presenting information to do so in accordance with the “Integrity and Objectivity Rule.”
- Providing hosting services results in the member maintaining the attest client’s internal control over its data or records. Accordingly, the management participation threat to the member’s
compliance with the “Independence Rule” [1.200.001] would not be at an acceptable level, and could not be reduced to an acceptable level by the application of safeguards, and independence would be impaired.

On Dec. 12, the PICPA Board unanimously adopt changes to the PICPA Code of Professional Conduct to reflect the changes to the AICPA Code of Professional Conduct with the following effective dates.

- Revised interpretation “Knowing Misrepresentations in the Preparation and Presentation of Information,” formerly “Knowing Misrepresentations in the Preparation of Financial Statements or Records” (ET sec. 2.130.010) under the “Integrity and Objectivity Rule” (ET sec. 2.100.001) – Effective Dec. 31, 2017.
- New interpretation “Pressure to Breach the Rules” (ET sec. 2.170.010) under the “Integrity and Objectivity Rule” (ET sec. 2.100.001) – Effective Dec. 31, 2017.

Questions regarding the Code of Professional Conduct and/or recent changes can be directed to ethics@picpa.org or call 215-496-9272.