

THE AICPA CODE OF PROFESSIONAL CONDUCT

Protecting the Public Interest

The AICPA Code of Professional Conduct (AICPA Code) is a set of principles, rules and interpretations that guides CPAs in the performance of their professional responsibilities. For over 100 years, CPAs across the country have voluntarily adhered to the AICPA Code in recognition of the accounting profession's dedication to integrity, objectivity and independence.

A national effort is underway to encourage more state boards of accountancy to adopt the robust ethical standards in the AICPA Code. Twenty states and jurisdictions already have adopted the AICPA Code as a requirement for CPAs to practice in their states, and over 412,000 members adhere to the code as part of their AICPA membership. Nationwide adoption of the AICPA Code ensures that all CPAs — not just those who are AICPA members — adhere uniformly to these same robust ethical standards.



Benefits of the AICPA Code

- ▶ **Uniformity** — CPA mobility laws in 52 states and jurisdictions allow CPAs to serve their clients across state lines. Without uniform mandatory ethical standards, however, CPAs can find it hard to navigate inconsistent requirements across multiple states. Variations on ethical standards are confusing and costly to CPAs and firms that practice in multiple states, and these unnecessary costs are ultimately passed on to clients. Uniform ethical standards make it easier for CPAs to comply with regulations, thereby protecting the public and promoting sound business practices.
- ▶ **Conceptual Framework** — The revised AICPA Code provides additional guidance for CPAs not generally found in state board regulations, including a conceptual framework for how a CPA should proceed when there is no established guidance. Using a “threats and safeguards” approach, the AICPA Code provides CPAs a means to identify, evaluate and address threats to compliance with ethical standards. A CPA, however, may not use the conceptual framework to overcome any prohibition or requirement in the AICPA Code. This structure is vital to the public interest, as it is impractical, if not impossible, for state regulations to cover every possible ethical situation a CPA may need to address.
- ▶ **Relevancy** — The AICPA Code is constantly evaluated to ensure it remains relevant and addresses emerging ethical issues in the CPA profession. The AICPA’s Professional Ethics Executive Committee (PEEC) includes significant representation from state boards of accountancy as well as public members (non-CPAs) who provide the public interest perspective. The PEEC meets quarterly to monitor developments in the profession and to ensure the AICPA Code meets the needs of the public and today’s CPA profession through an open and deliberative ethics standard-setting process. Additionally, various PEEC task forces meet throughout each quarter to study ethical issues and present recommendations on standard-setting initiatives at each of the quarterly meetings.
- ▶ **Revised AICPA Code** — The PEEC recently restructured the Institute’s ethics standards to improve the AICPA Code, enabling members and others to apply the rules and reach correct conclusions more easily and intuitively. To achieve this, the PEEC organized the code by topic, edited it using consistent drafting and style conventions, incorporated a conceptual framework for members in public practice and in business, revised certain provisions to reflect this “conceptual framework” approach and, where applicable, referred to existing non-authoritative guidance to the relevant topic. Additionally, the AICPA Code is housed in a dynamic online platform that is easy to navigate, searchable and contains personalization features. The Code became effective Dec. 15, 2014.

The CPA profession has long been bound by a distinctive ethical code that is based on the fundamental principles of integrity, objectivity, independence, due care and serving the public interest. Many state boards already have adopted the AICPA Code as a reflection of their dedication to these values and their desire to promote consistency. For more information on the AICPA Code of Professional Conduct and what its adoption would mean to your state, please contact Mat Young, Vice President of State Regulatory and Legislative Affairs, at myoung@aicpa.org or **202.434.9273**.

