

**CHAPTER 4701-9
PROFESSIONAL ETHICS-TECHNICAL STANDARDS**

4701-9-01 Integrity and objectivity.

- (A) An Ohio permit holder shall maintain integrity and objectivity, shall not knowingly misrepresent facts, shall be free of conflicts of interest and shall not subordinate to others any professional judgment.
- (B) If an Ohio permit holder has a conflict of interest between the interest of a client or employer and another person, but the Ohio permit holder believes that professional services can be performed with objectivity, this rule shall not prohibit the performance of professional services by the Ohio permit holder if the conflict of interest is disclosed to, and consent is obtained from, such client or employer and the other person.
- (C) Disagreements over the application of acceptable alternatives permitted by the professional standards defined in Chapter 4701-9 of the Administrative Code do not result in any subordination of professional judgment.

HISTORY: Effective Dates 1/17/75, 1/1/99, 8/5/99, 10/22/04, 8/25/05

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.03

Rule amplifies: RC 4701.03

119.032 review date: 8/25/2010

4701-9-02 General standards.

- (A) An Ohio permit holder shall only undertake a public accounting engagement that can reasonably be expected by the Ohio permit holder or the Ohio permit holder's registered firm to be completed with professional competence.
- (B) An Ohio permit holder shall exercise due professional care in the practice of public accounting, including the adequate planning and supervision of all professional activities for which the Ohio permit holder is responsible.
- (C) An Ohio permit holder shall obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed with respect to the Ohio permit holder's practice of public accounting.

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4701-9-03 Generally accepted auditing standards.

- (A) An Ohio permit holder shall be associated with audited financial statements only if the Ohio permit holder has complied with the applicable generally accepted auditing standards defined in paragraph (B), (C), or (D) of this rule, as applicable.
- (B) Generally accepted auditing standards applicable to audits of public companies required to register with the Securities and Exchange Commission are defined as "Auditing and Related Professional Practice Standards" issued by the Public Company Accounting Oversight Board and published on that agency's website (www.pcaobus.org).
- (C) Generally accepted auditing standards applicable to federal agencies or entities receiving significant federal financial assistance are defined as "Government Auditing Standards" issued by the "Comptroller General of the United States" and published on the "Government Accountability Office" website (www.gao.gov).
- (D) Generally accepted auditing standards for all entities except those specified in paragraph (B) or (C) of this rule are defined as "Statements on Auditing Standards" issued by the American Institute of Certified Public Accountants and published on that organization's website (www.aicpa.org).

HISTORY: Effective Dates 1/17/75, 9/1/78, 1/1/99, 8/5/99, 10/22/04, 8/25/05

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Rule amplifies: RC 4701.03

119.032 review date: 8/25/2010

4701-9-04 Generally accepted accounting principles.

(A) An Ohio permit holder may not express an opinion or state affirmatively that financial statements or associated financial data of any entity are presented in conformity with generally accepted accounting principles, or express any negative assurance that such statements or data are in conformity with generally accepted accounting principles in all material respects, unless the financial statements and data are presented in conformity with generally accepted accounting principles applicable to both the entity under examination and to the particular engagement. Generally accepted accounting principles, including the pronouncements defined in paragraph (D), (E), or (F) of this rule, and the hierarchy of their application, are defined in the "Statements of Financial Accounting Standards" issued by the "Financial Accounting Standards Board" and published on that organization's website (www.fasb.org).

(B) If the financial statements or associated data in paragraph (A) of this rule contain any departure from the pronouncements defined in paragraph (D), (E), or (F) of this rule, as applicable, that has a material effect on the financial statements and data, taken as a whole, then the Ohio permit holder cannot express an opinion on the financial statements and data unless the Ohio permit holder follows the procedure defined in paragraph (C) of this rule.

(C) If the Ohio permit holder can demonstrate that adherence to the pronouncements defined in paragraph (D), (E), or (F) of this rule, as applicable, would result in misleading financial statements or data due to unusual circumstances, the Ohio permit holder's report must describe the departure from the pronouncements, the approximate effects thereof if practicable, and the reasons why compliance with the pronouncements would result in misleading financial statements or data.

(D) The primary authoritative source of generally accepted accounting principles for non-governmental entities are defined as "Original Pronouncements: Accounting Standards" and "Current Text: Accounting Standards" issued by the "Financial Accounting Standards Board" and published on that organization's website (www.fasb.org).

(E) The primary authoritative source of generally accepted accounting principles for state and local government entities are defined as "Original Pronouncements: Governmental Accounting and Financial Reporting Standards" and "Codification of Governmental Accounting and Reporting Standards" published by the Governmental Accounting Standards Board as of June 30, 2008.

(F) The primary authoritative source of generally accepted accounting principles for federal government entities are defined as "Original Pronouncements: Statements of Federal Financial Accounting Concepts and Standards" and "Current Text: Statements of Federal Financial Accounting Standards" issued by the "Federal Accounting Standards Advisory Board" and published on that agency's website (www.fasab.gov).

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4701-9-05 Attestation standards.

(A) The term "attest engagement," for the purposes of this rule, is defined as one in which an Ohio permit holder is engaged to issue or does issue an examination report, a review report, or an agreed-upon-procedures report on subject matter, or an assertion about subject matter other than financial statements, that is the responsibility of another party.

(B) An Ohio permit holder shall not be associated with any attest engagement, defined in paragraph (A) of this rule, unless the Ohio permit holder has complied with the applicable standards for attestation engagements defined in paragraph (C) or (D) of this rule, as applicable.

(C) Attestation standards for government agencies or entities receiving significant federal financial assistance are defined in the "Government Auditing Standards" issued by the "Comptroller General of the United States" and published on the "Government Accountability Office" website (www.gao.gov).

(D) Attestation standards for all entities except those specified in paragraph (C) of this rule are defined as "Statements on Standards for Attestation Engagements" issued by the American Institute of Certified Public Accountants and published on that organization's website (www.aicpa.org).

(E) Examples of attest engagements include financial forecasts and projections, reports on pro forma financial information, reports on an entity's internal control over financial reporting, compliance attestations, "WebTrust" examinations, "SysTrust" examinations, and examinations or reviews of a management's discussion and analysis presentation prepared in accordance with the rules and regulations adopted by the Securities and Exchange Commission. The above examples are not intended to be all-inclusive.

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Rule amplifies: RC 4701.03

119.032 review date: 8/25/2010

4701-9-06 Accounting and review services standards.

(A) An Ohio permit holder who is in the practice of public accounting shall be associated with unaudited financial statements only if the Ohio permit holder has complied with the applicable standards for accounting and review services defined in paragraph (B) of this rule.

(B) Accounting and review services standards are defined as "Statements on Standards for Accounting and Review Services" issued by the American Institute of Certified Public Accountants" and published on that organization's website (www.aicpa.org).

HISTORY: Effective Dates 11/17/86, 1/1/99, 8/5/99, 10/22/04, 7/27/06, 9/14/07

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Rule amplifies: RC 4701.03

119.032 review date: 9/14/2012

4701-9-07 Government accounting and auditing standards. (Rescinded 10-22-04)

4701-9-08 Consulting standards.

(A) An Ohio permit holder shall be associated with a consulting engagement only if the Ohio permit holder has complied with the applicable standards for consulting services defined in paragraph (B) of this rule.

(B) Consulting services standards are defined as "Statements on Standards for Consulting Services" issued by the American Institute of Certified Public Accountants (AICPA)," and published on that organization's website (www.aicpa.org).

HISTORY: Effective Dates 6/1/04, 10/22/04, 7/27/06, 9/14/07

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119.032 review date: 9/14/2012

4701-9-09 Tax services standards.

(A) An Ohio permit holder shall be associated with the preparation of tax returns or the furnishing of advice on tax matters only if the Ohio permit holder has complied with the applicable standards for consulting services defined in paragraph (B) of this rule.

(B) Tax services standards are defined as "Statements on Standards for Tax Services" issued by the "American Institute of Certified Public Accountants" and published on that organization's website (www.aicpa.org).

HISTORY: Effective Dates 6/1/04, 10/22/04, 8/25/05

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Rule amplifies: RC 4701.03

119.032 review date: 8/25/2010

4701-9-10 Quality control standards.

(A) A registered firm that performs accounting and auditing services in accordance with the professional standards defined in Chapter 4701-9 of the Administrative Code shall comply with the applicable standards for quality control defined in paragraph (B) of this rule.

(B) Quality control standards are defined as "Statements on Quality Control Standards" issued by the "American Institute of Certified Public Accountants (AICPA)" and published on that organization's website (www.aicpa.org).

HISTORY: Effective Dates 6/1/04, 10/22/04, 8/25/05

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Rule amplifies: RC 4701.03

119.032 review date: 8/25/2010

CHAPTER 4701-11
PROFESSIONAL ETHICS-BEHAVIORAL STANDARDS

4701-11-01 Independence.

(A) An Ohio permit holder shall be independent in the performance of audits of public companies as required by applicable standards issued by the "Securities and Exchange Commission" and published on that agency's website (www.sec.gov).

(B) An Ohio permit holder shall be independent in the performance of professional services for government agencies and entities receiving significant federal financial assistance as required by applicable standards issued by the Comptroller General of the United States and published on the "Government Accountability Office" website (www.gao.gov).

(C) An Ohio permit holder shall be independent in the performance of professional services other than those referenced in paragraph (A) or (B) of this rule as required by the "Code of Professional Conduct" issued by the American Institute of Certified Public Accountants and published on that organization's website (www.aicpa.org).

HISTORY: Effective Dates 1/17/75, 9/19/94, 8/5/99, 10/22/04, 9/14/07

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.03

Rule amplifies: RC 4701.03

119.032 review date: 9/14/2012

4701-11-02 Confidential client information.

(A) An Ohio permit holder shall not disclose any confidential information obtained in the course of a professional engagement except with the consent of the client.

(B) This rule shall not be construed:

(1) To relieve an Ohio permit holder of the obligation to comply with Chapter 4701-9 of the Administrative Code,

(2) To affect in any way the compliance with a validly issued subpoena or summons enforceable by order of a court,

(3) To prohibit review of the professional practice of an Ohio permit holder as part of a quality review, or

(4) To preclude an Ohio permit holder from responding to any inquiry made by the professional ethics committee or trial board of a professional accounting organization of which the Ohio permit holder is a member, by a duly constituted investigative or disciplinary body of a state CPA society, or under state statutes.

(C) Members of the accountancy board, a professional accounting organization ethics committee or trial board described in paragraph (B)(4) of this rule, as well as professional practice reviewers, shall not disclose any confidential client information which comes to their attention in disciplinary proceedings or otherwise in carrying out their official responsibilities. However, this prohibition shall not restrict the exchange of information with an aforementioned duly constituted investigative or disciplinary body.

HISTORY: Effective Dates 1/17/75, 9/22/93, 1/1/99, 8/5/99, 10/22/04

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.03

Rule amplifies: RC 4701.03

119.032 review date: 10/22/2009

4701-11-03 Contingent fees.

(A) An Ohio permit holder or registered firm shall not:

(1) Practice public accounting for a contingent fee for, or receive such a fee from, a client for whom any of the following professional engagements are performed:

(a) An audit or review of a financial statement.

(b) A compilation of a financial statement when the Ohio permit holder expects, or reasonably might expect, that a third party may use the financial statement and if the Ohio permit holder's compilation report does not disclose a lack of independence.

(c) A report in accordance with the attestation standards defined in rule 4701-9-05 of the Administrative Code.

(2) Prepare an original or amended tax return or claim for a tax refund for a contingent fee.

(B) The prohibitions outlined in paragraph (A)(1) of this rule apply during the period in which the Ohio permit holder or the Ohio permit holder's registered firm is engaged to perform any of the services described in paragraphs (A)(1)(a), (A)(1)(b), or (A)(1)(c) of this rule, as well as during any period covered by any historical or prospective financial statements associated with those services.

(C) A contingent fee is a fee established for the performance of any service pursuant to an agreement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. However, an Ohio permit holder's fees may vary depending, for example, on the complexity of the services rendered.

(D) Fees are not regarded as being contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.

HISTORY: Effective Dates 1/17/75, 11/3/93, 8/5/99, 10/22/04

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119.032 review date: 10/22/2009

4701-11-04 Commissions and referral fees.

(A) An Ohio permit holder shall not, for a commission, recommend or refer to a client any product or service, nor shall the Ohio permit holder, for a commission, recommend or refer any product or service to be supplied by a client, nor shall the Ohio permit holder receive a commission when the Ohio permit holder or the Ohio permit holder's registered firm concurrently performs for that client any of the following professional services:

(1) An audit or review of a financial statement.

(2) A compilation of a financial statement when the Ohio permit holder expects, or reasonably might expect, that a third party may use the financial statement where the Ohio permit holder's compilation report does not disclose a lack of independence.

(3) An attestation engagement defined in rule 4701-9-05 of the Administrative Code.

(B) This rule shall not prohibit payments for the purchase of an accounting practice or retirement payments to individuals formerly engaged in the practice of public accounting or payments to their heirs or estates.

(C) The prohibitions outlined in paragraph (A) of this rule apply during the period in which the Ohio permit holder is engaged to perform any of the services described in paragraph (A) of this rule as well as during any period covered by any historical financial statements involved with those services.

(D) An Ohio permit holder who is not prohibited by this rule from performing services for or receiving a commission from a client and who is paid or expects to be paid a commission by the client shall disclose that fact to any person or entity to whom the Ohio permit holder recommends or refers a product or service to which the commission relates.

(E) Any Ohio permit holder who accepts a referral fee for recommending or referring any services of an Ohio permit holder to any person or entity or who pays a referral fee to obtain a client shall disclose such acceptance or payment to the client.

(F) A commission is compensation for recommending or referring any product or service to be supplied by another person. A referral fee is compensation for recommending or referring any service of an Ohio permit holder to any person.

HISTORY: Effective Dates 1/17/75, 11/3/93, 8/5/99, 10/22/04

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.03

Rule amplifies: RC 4701.03

119.032 review date: 10/22/2009

4701-11-05 Form of practice and name.

- (A) An Ohio permit holder may practice public accounting, whether as an owner or employee, only in the form of a sole proprietorship, a partnership, limited liability company, professional association, corporation, or other legal entity whose characteristics conform to the Revised Code and rules of the board.
- (B) A public accounting firm shall not practice under a name that is misleading to the public with respect to either the size of the firm or the type of services rendered.
- (C) Names of one or more retired or deceased partners, shareholders, or members may be included in the registered firm name of a successor public accounting firm.
- (D) A public accounting firm that uses a fictitious name must register that name with the board.

HISTORY: Effective Dates 1/17/75, 9/1/78, 9/19/94, 8/5/99, 10/22/04, 9/14/07

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.03

Rule amplifies: RC 4701.03

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4701-11-06 Retention of client records.

- (A) If a client makes a written request for records from a registered firm or Ohio permit holder, the registered firm or Ohio permit holder shall comply with the request within thirty days after receipt of the request. The thirty-day deadline may be extended by the board if the registered firm or Ohio permit holder requests an extension of time in accordance with paragraph (I) of this rule.
- (B) A client's records are any accounting or other records belonging to the client that were provided to the registered firm or Ohio permit holder by or on behalf of the client, as well as records defined in paragraph (E) of this rule as client records.
- (C) The workpapers of the registered firm or Ohio permit holder include, but are not limited to, the following:
- (1) The registered firm's or Ohio permit holder's notes or memos regarding the engagement;
 - (2) Records kept by the registered firm or Ohio permit holder of procedures applied, tests performed, information obtained, and pertinent conclusions reached in the engagement;
 - (3) Analyses and schedules prepared by the client at the registered firm's or Ohio permit holder's request, and;
 - (4) Audit programs, audit analyses and memoranda, letters of confirmation and representation, abstracts of company documents, and schedules or commentaries either prepared or obtained by the registered firm or Ohio permit holder.
- (D) Workpapers may also be in the form of data stored on discs, tapes, films, or any media other than paper. Workpapers are considered to be the registered firm's or Ohio permit holder's property. In the event of a dispute between the registered firm or Ohio permit holder and the client concerning records, the board will determine whether or not a document may be classified either as an Ohio permit holder's or registered firm's workpaper, or as a client record.
- (E) Workpapers may contain information that is not reflected in the client's books and records, with the result that the client's financial information is incomplete. These records are defined as client records, and may include but are not limited to:
- (1) Adjusting, closing, combining or consolidating journal entries;
 - (2) Depreciation and amortization schedules, including tax carryforward information; and
 - (3) Information normally contained in books of original entry, as well as general ledgers and subsidiary ledgers.
- (F) If the registered firm or Ohio permit holder has converted client information onto computer files for use with the registered firm's or Ohio permit holder's software and the registered firm or Ohio permit holder has not been paid for professional services rendered, then the registered firm or Ohio permit holder is under no obligation to provide the client with electronic files or a copy of any software. If the client has paid the registered firm or Ohio permit holder for professional services rendered, then the registered firm or Ohio permit holder must provide a copy of all relevant electronic data files to the client.
- (G) If the registered firm or Ohio permit holder has provided the information described in paragraph (B) or (E) of this rule to the client, then the registered firm or Ohio permit holder need not comply with further client requests for the same information.

(H) The registered firm or Ohio permit holder may demand that agreed-upon fees be paid prior to providing any information described in paragraph (E) of this rule if there is an engagement letter or other documented understanding prepared prior to the engagement and communicated to the client that states the specific fee payment arrangements for providing such information.

(I) In the event of a dispute between the client and a registered firm or Ohio permit holder over the return of records described in paragraph (E) of this rule, the registered firm or Ohio permit holder may request an extension of the deadline specified in paragraph (A) of this rule in order to mediate the dispute. This request must be filed within thirty days of the date the records retention complaint is filed with the board. The mediation must be conducted before a mediator mutually agreeable to and selected by the parties, and must be completed within sixty days of the date the complaint is filed with the board. The mediator may be the executive director of the board or a designee if the parties agree. If either party is dissatisfied with the recommendations of the mediator, that party may request a hearing before the board.

HISTORY: Effective Dates 4/27/92, 4/28/97, 3/29/99, 8/5/99, 10/22/04, 8/25/05, 7/31/08

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Rule amplifies: RC 4701.03

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4701-11-07 Board communications.

(A) All official communications from the board are mailed to a person's last address of record as maintained by the board. All persons will be considered by the board to have received such official communications, to be aware of the contents of such official communications, and to be responsible for any actions required of them by such official communications. If a person notifies the board in writing of a failure to receive the official communication, the board will resend the official communication to the person. The board will not extend any deadlines nor abate any penalties unless it feels appropriate circumstances exist.

(B) Any change in a person's name or address must be made to the board in writing.

(C) Official communications that require a response, unless otherwise specifically designated by the board, shall require a response within fifteen business days. A business day is defined as any day, Monday through Friday excluding state holidays, that the board office is open.

(D) The board will not be responsible for any delays in communications or in the filing of any other documents or fees submitted by or on behalf of a person which are caused by any third party, whether it be an individual or an organization.

(E) For purposes of this rule, "person" shall have the same meaning as in division (T) of section 4701.01 of the Revised Code.

HISTORY: Effective Dates 4/27/92, 8/5/99, 10/22/04

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Rule amplifies: RC 4701.03

119.032 review date: 10/22/2009

4701-11-08 Incompatible occupations. (Rescinded 10-22-04)

4701-11-09 Acts discreditable.

(A) Section 4701.03 of the Revised Code provides that the board may promulgate rules consistent with the goal of maintaining a high standard of integrity and dignity in the accounting profession.

(B) This rule applies to acts by a person holding an Ohio permit, Ohio registration, CPA certificate, PA registration, or firm registration, by a person holding a foreign certificate whose activities are regulated by the board, or by an owner of a public accounting firm equity interest who does not hold an Ohio permit, Ohio registration, CPA certificate, PA registration, foreign certificate, or firm registration.

(C) The following acts by a person defined in paragraph (B) of this rule are determined by the board as conduct discreditable to the accounting profession as stated in division (A)(10) of section 4701.16 of the Revised Code:

- (1) Using deceptive representations in connection with the performance of services;
 - (2) Representing that services are of a particular standard when they are not;
 - (3) Promoting one's professional services or registered firm in any manner which is inconsistent with upholding a high standard of integrity and dignity in the accounting profession, including, but not limited to:
 - (a) Misrepresenting facts or failing to disclose relevant facts.
 - (b) Creating false or unjustified expectation of favorable results.
 - (c) Implying abilities not supported by valid educational background, professional attainments, or licensing recognition.
 - (d) Implying the ability to influence improperly any court, tribunal or other public body or official.
 - (4) Engaging in any deceptive trade practice prohibited by law.
 - (5) Committing fraud or deceit in the act of verifying a CPA candidate's experience in accordance with paragraph (C) of rule 4701-7-05 of the Administrative Code, or making any false statement with respect to such verification.
 - (6) Holding out to the public that an accounting credential issued in a foreign country is in good standing if that credential has been suspended or revoked under the laws of the foreign country.
 - (7) Being convicted of a felony or any crime involving dishonesty or fraud under the laws of a foreign country.
 - (8) Failing to follow specialized professional engagement requirements of governmental bodies, commissions, or other regulatory agencies.
 - (9) Assuming responsibility for, associating with, or preparing materially false or misleading financial statements, associated financial data, or accounting entries.
 - (10) Failing to file a tax return or failing to remit taxes collected on behalf of others in a timely manner.
- (D) The examples in paragraph (C) of this rule are not intended to be all-inclusive.

HISTORY: Effective Dates 8/15/77, 7/19/90, 11/5/92, 12/13/94, 8/3/98, 8/5/99, 10/22/04

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4701-11-10 Application of ethics rules to non-CPA owners.

Pursuant to division (D)(8) of section 4701.04 of the Revised Code, a person who owns an equity interest in a public accounting firm, but does not hold an Ohio permit or a foreign certificate, shall be subject to the provisions of Chapter 4701-9 and Chapter 4701-11 of the Administrative Code as though the person held an Ohio permit or a foreign certificate.

HISTORY: Effective Dates 8/5/99, 10/22/04

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