

**Sec. 20-280-15c. Rules of conduct**

(a) **Independence.** A licensee shall be independent in the performance of professional services as required by standards promulgated by the AICPA. A licensee shall not express an opinion on financial statements of an enterprise in such a manner as to imply that he or she is acting as an independent public accountant with respect thereto unless he or she is independent with respect to such enterprise. Independence will be considered to be impaired if, for example:

(1) During the period of his or her professional engagement, or at the time of expressing his or her opinion, the licensee:

(A) Had or was committed to acquire any direct or material indirect financial interest in the enterprise; or was a trustee of any pension or profit-sharing trust of the enterprise, or was otherwise a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise;

(B) Had any joint closely-held business investment with the enterprise or any officer, director or principal stockholder thereof which was material in relation to the net worth of either the licensee or the enterprise; or

(C) Had any loan to or from the enterprise or any officer, director or principal stockholder thereof other than loans of the following kinds made by a financial institution under normal lending procedures, terms and requirements:

(i) Loans obtained by the licensee which are not material in relation to the net worth of the borrower;

(ii) Home mortgages; or

(iii) Other secured loans, except those secured solely by a guarantee of the licensee; or

(2) During the period covered by the financial statements, during the period of the professional engagement, or at the time of expressing an opinion, the licensee was connected with the enterprise as a promoter, underwriter or voting trustee, a director or officer or in any capacity equivalent to that of a member of management or of an employee.

(b) **Integrity and objectivity.** In the performance of any professional service, a licensee shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts, or subordinate his or her judgment to others. In tax practice, however, a licensee may resolve doubt in favor of his or her client as long as there is reasonable support for his or her position.

(c) **Incompatible occupations.** A licensee who is engaged in the practice of public accounting shall not concurrently engage in any business or occupation which would create a conflict of interest in rendering professional services.

(d) **General standards.** A licensee shall comply with the following standards and with any interpretations thereof by the AICPA:

(1) Professional Competence: Undertake only those professional services that the licensee or the licensee's firm can reasonably expect to be completed with professional competence;

(2) Due Professional Care: Exercise due professional care in the performance of professional services;

(3) Planning and Supervision: Adequately plan and supervise the performance of

professional services; and

(4) **Sufficient Relevant Data:** Obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

(e) **Professional conduct and standards.** The AICPA Code of Professional Conduct has been adopted by the Board of Accountancy as the Code of Professional Conduct. The Code of Professional Conduct, and any interpretations and ethical rulings by the AICPA, shall apply to all licensees and certificate holders, including those who are not members of the AICPA. The failure of any person to comply with the Code of Professional Conduct shall be grounds for discipline in accordance with section 20-281a of the Connecticut General Statutes. In the event there is any inconsistency between the Code of Professional Conduct and chapter 389 of the Connecticut General Statutes, the provisions of chapter 389 of the Connecticut General Statutes shall supersede such provisions of the Code of Professional Conduct.

(f) **Auditing standards.** A licensee shall not permit his or her name to be associated with financial statements in such a manner as to imply that such licensee is acting as an independent public accountant with respect to such financial statements unless he or she has complied with applicable generally accepted auditing standards. Statements on auditing standards issued by the American Institute of Certified Public Accountants, and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards, and departures therefrom shall be justified by those who do not follow them.

(g) **Accounting principles.** A licensee shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such financial statements contain any departure from such accounting principles which has a material effect on the financial statements taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances the financial statements would otherwise have been misleading. In such a case, the licensee's report shall describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement. For purposes of this rule, generally accepted accounting principles are considered to be defined by pronouncements issued by the financial accounting standards board and its predecessor entities and similar pronouncements issued by other entities having similar generally recognized authority.

(h) **Forecasts.** A licensee shall not in the performance of professional services permit his or her name to be used in conjunction with any forecast of future transactions in a manner which may reasonably lead to the belief that the licensee vouches for the achievability of the forecast.

(i) **Confidential client information.** A licensee shall not without the consent of his or her client disclose any confidential information pertaining to his or her client obtained in the course of performing professional services.

(1) This subdivision does not (A) relieve a licensee of any obligations under subsections (f) and (h), or (B) affect in any way a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of a court, or (C) prohibit disclosures in the course of a peer review of a licensee's professional services, or (D) preclude a licensee from responding to any inquiry made by the board or any investigative or disciplinary body

established by law or formally recognized by the board.

(2) Members of the board and professional practice reviewers shall not disclose any confidential client information which comes to their attention from licensees in disciplinary proceedings or otherwise in carrying out their responsibilities, except that they may furnish such information to an investigative or disciplinary body of the kind referred to in subdivision (1) of this subsection.

**(j) Records.**

(1) A licensee shall make available to a client, upon request, work papers which contain information not reflected in the client's original books and records, and without which the client's financial information is incomplete. Such information includes, but is not limited to, adjusting, closing, combining or consolidating journal entries and information normally contained in books of original entry and general ledgers or subsidiary ledgers. The licensee may require the payment of fees due with respect to the preparation of such information before such information is provided.

(2) A licensee shall comply with all professional standards for attest documentation applicable to particular engagements, including, but not limited to standards adopted by recognized standards setting bodies such as the PCAOB, the Comptroller General of the United States, and the Auditing Standards Board. If the applicable standards do not otherwise specify, the retention period for attest documentation shall be five years and shall be measured from the report date. If attest documentation is required to be kept for longer than provided in the applicable standards because of a pending board investigation or disciplinary action, attest documentation shall not be destroyed until the licensee has been notified in writing by the board of the closure of a board investigation or disciplinary proceeding.

(3) Once the licensee has complied with the provisions of this subsection, he or she need not comply with any subsequent requests to again provide that information.

**(k) Discreditable acts.** A licensee shall not commit any act that reflects adversely on his or her fitness to engage in the practice of public accountancy, including:

(1) Incompetence, including, but not limited to:

(A) Gross negligence, recklessness, or repeated acts of negligence in the licensee's record of professional practice; or

(B) Any condition, whether physical or mental, that endangers the public by impairing skill and care in providing professional services;

(2) Presenting a license of another as one's own;

(3) Concealment of information regarding violations by other licensees of Chapter 389 of the Connecticut General Statutes and the regulations promulgated thereunder when questioned or requested by the board;

(4) Willfully failing to file a report or record required by state or federal law; willfully impeding or obstructing the filing of such a report or record, or inducing another person to impede or obstruct such filing by another; and the making or filing of such a report or record which the licensee knows to be false. A finding, adjudication, consent order or conviction by a federal or state court, agency or regulatory authority or the PCAOB that a licensee has willfully failed to file a required report or record shall be prima facie evidence of a violation of this subdivision; or

(5) Willfully impeding or obstructing any lawful request of any state, federal or foreign agency.

(l) **Acting through others.** A licensee shall not permit others to carry out on his or her behalf, either with or without compensation, acts which, if carried out by the licensee, would place him or her in violation of the rules of conduct.

(m) **Advertising.** A licensee shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading or deceptive. A false, misleading or deceptive statement or claim includes, but is not limited to, a statement or claim which:

- (1) Contains a misrepresentation of fact;
- (2) Is intended or likely to create false or unjustified expectations of favorable results;
- (3) Implies educational or professional attainments or licensing recognition not supported in fact; or

(4) Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

(n) **Form of practice.** A licensee may practice public accountancy only in proprietorship, a partnership or a professional corporation, organized in accordance with chapter 594a of the Connecticut General Statutes, or other public or private entity, organized or existing under the laws of this state or any other state, or the federal government, including any federal corporation, or foreign entity.

(o) **Firm names.** A licensee shall not practice public accountancy under a firm name which is misleading. A misleading firm name is one which contains any representation that would be likely to cause a reasonable person to misunderstand or be confused about the legal form of the firm, or about who the owners or members of the firm are, such as a reference to a type of organization or an abbreviation thereof which does not accurately reflect the form under which the firm is organized, for example, implies the existence of a corporation when the firm is not a corporation. The names of one or more past partners, shareholders, or members may be included in the firm name of a partnership, corporation, limited liability company, or its successor. A partner, shareholder, or member surviving the death or withdrawal of all other partners, shareholders, or members may continue to practice under a firm name which includes the names of past partners, shareholders, or members for up to two years after becoming a sole proprietor.

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