

Civil Engineering FE CBT Exam

Knowledge: Ethics and Professional Practice with 8 Example Problems

Contents

1 Codes of Ethics - Frameworks & Hierarchy	2
1.1 Philosophical Ethical Theories in Engineering	2
1.2 Professional Obligations and Conflict Resolution	2
1.3 The NSPE Code of Ethics: Fundamental Canons	2
1.4 Detailed Ethical Rules of Practice	3
1.5 Ethical Decision Matrix	3
2 Professional Liability - Law, Torts & Negligence	4
2.1 Legal Framework: Contract Law vs. Tort Law	4
2.2 The Three Branches of Tort Law	4
2.3 Proving Professional Negligence	4
2.4 Professional Liability Insurance Policies	4
3 Licensure - State Board Legal Regulations.....	5
3.1 The Licensure Pathway & Legal Authority	5
3.2 The Professional Seal & Plan Stamping Violations	5
3.3 Rules for Direct Supervisory Control	5
3.4 Continuing Professional Competency (CPC)	5
3.5 Moonlighting & Multi-Jurisdictional Practice	5
4 Contracts and Contract Law - Formations & Terms.....	6
4.1 Definition and Purpose of Contracts	6
4.2 The Six Essential Elements of a Valid Contract	6
4.3 Latin Terminology & Key Contractual Clauses	6
4.4 Breaches of Contract & Mitigation of Damages	6
5 Example Problems and Solutions (8 Problems)	7

1 Codes of Ethics - Frameworks & Hierarchy

1.1 Philosophical Ethical Theories in Engineering

Professional engineering ethics is governed primarily by applicable laws, licensure rules, and professional codes of ethics. Philosophical theories can help engineers analyze difficult choices, but no single theory is designated by NCEES or NSPE as the foundational framework for engineering practice.

- Utilitarianism: Evaluates actions by their consequences and seeks the greatest overall net benefit while considering harms and risks.
- Deontology (Duty Ethics): Evaluates actions according to duties, rules, and obligations, even when another action might produce better consequences.
- Virtue Ethics: Focuses on professional character traits such as honesty, integrity, fairness, prudence, and trustworthiness.

1.2 Professional Obligations and Conflict Resolution

When professional duties conflict, apply the governing code of ethics, law, and licensure rules to the facts. The clearest controlling principle in the NSPE Code is that engineers shall hold paramount the safety, health, and welfare of the public. Other duties include practicing only within areas of competence, issuing objective and truthful statements, acting as faithful agents or trustees for employers and clients, avoiding deceptive acts, and conducting professional work honorably and lawfully.

These obligations should not be treated as an official seven-level ranking. Public safety is paramount, while the remaining duties must be evaluated with the applicable law, contract, professional code, and facts.

Core FE Ethics Principles

Public safety, health, and welfare	Paramount professional duty.
Competence	Accept and perform work only in areas of qualification.
Truthfulness	Public statements must be objective and truthful.
Employer/client duties	Act faithfully while complying with public-safety and legal obligations.
Integrity and conflicts	Avoid deceptive acts and disclose conflicts that could influence judgment.

1.3 The NSPE Code of Ethics: Fundamental Canons

The National Society of Professional Engineers (NSPE) Code of Ethics mandates six **Fundamental Canons**. Engineers, in the fulfillment of their professional duties, **shall**:

1. Hold paramount the safety, health, and welfare of the public.
2. Perform services only in the areas of their competence.
3. Issue public statements only in an objective and truthful manner.
4. Act for each employer or client as faithful agents or trustees.
5. Avoid deceptive acts (e.g., misrepresenting qualifications or falsification of credentials).
6. Conduct themselves honorably, responsibly, ethically, and lawfully so as to enhance the honor, reputation, and usefulness of the profession.

1.4 Detailed Ethical Rules of Practice

- **Public Safety Overrides Client Directives:** If an engineer's professional judgment is overruled under circumstances where the safety, health, or welfare of the public is endangered, the engineer **must** notify their employer or client and such other authority as may be appropriate (e.g., city building official).
- **Competence & Sealing:** Engineers shall undertake assignments only when qualified by education or experience in the specific technical fields involved. Engineers may sign and seal documents covering entire projects provided each technical segment is signed/sealed by the qualified licensee who prepared it, or under direct supervision.
- **Conflicts of Interest:** Engineers must disclose all known or potential conflicts of interest that could influence or appear to influence their judgment.
- **Compensation & Gratuitous Gifts:** Engineers shall not accept financial or other considerations (bribes, kickbacks, lavish gifts) from material or equipment suppliers in exchange for specifying their products.
- **Contingency Fees:** Engineers shall not request, propose, or accept a commission or fee on a contingent basis if their professional judgment may be compromised.

NSPE CODE VS. NCEES MODEL RULES

NSPE Code of Ethics: Ethical guidelines issued by a professional society. Advisory in nature, enforced via society membership revocation.

NCEES Model Rules of Professional Conduct: Proposed rules for jurisdictional adoption. They have legal force only to the extent adopted in the governing jurisdiction.

1.5 Ethical Decision Matrix

Scenario	Ethical Violation	Required Action
Client asks engineer to omit soil test results showing settlement.	Fraud / Danger to Public Safety (Canon 1 & 3).	Refuse omission; report to authority if overruled.
Supplier offers all-expenses paid vacation for specifying concrete mix.	Illegal Kickback / Conflict of Interest (Canon 4 & 5).	Decline offer immediately; maintain impartiality.
Engineer asked to design high-voltage grid without electrical training.	Practicing Outside Competence (Canon 2).	Decline technical assignment; refer to qualified PE.

2 Professional Liability - Law, Torts & Negligence

2.1 Legal Framework: Contract Law vs. Tort Law

Engineers face liability through two distinct branches of civil law:

- **Contractual Liability:** Arises from a breach of explicit written or oral promises between privity parties.
- **Tort Liability:** Arises from a civil wrong (independent of contract) where a professional breaches a legal duty owed to others, causing injury, loss, or property damage.

2.2 The Three Branches of Tort Law

1. **Intentional Torts:** Deliberate actions causing harm (e.g., fraud, misrepresentation, trespass).
2. **Strict Liability:** Liability imposed without proving fault or negligence, applied to inherently hazardous activities (e.g., blasting operations, hazardous waste handling).
3. **Negligence:** Unintentional breach of a standard of care resulting in foreseeable damage.

2.3 Proving Professional Negligence

To succeed in a legal malpractice or negligence lawsuit against an engineer, a plaintiff must prove all four elements by a preponderance of evidence:

$$\text{Negligence} \iff \text{Duty} \wedge \text{Breach (Standard of Care)} \wedge \text{Causation} \wedge \text{Damages} \quad (3)$$

Element	Legal Definition & Engineering Application
1. Duty of Care	A legal obligation requiring the engineer to adhere to a standard of reasonable care while performing services. Established via contract or the Proximity Principle (foreseeable third parties).
2. Breach of Duty	Failure to meet the applicable Standard of Care . The standard is defined as the degree of skill, care, and diligence ordinarily exercised by reputable engineers practicing in the same locality under similar circumstances.
3. Causation	The breach was both the Cause-in-Fact (“But-for” cause) and the Proximate Cause (foreseeable direct cause) of the injury: $C_{\text{proximate}} \implies \text{Foreseeability}$.
4. Damages	Actual, quantifiable physical injury, financial loss, or property damage suffered by the plaintiff.

2.4 Professional Liability Insurance Policies

- **Claims-Made Policy:** Coverage depends on claim/report timing, retroactive date, prior knowledge, exclusions, and other terms.
- **Occurrence Policy:** Coverage is triggered by a covered occurrence during the policy period, subject to the policy terms.

$$\text{Claims-made: qualifying claim/report.} \quad \text{Occurrence: qualifying occurrence.} \quad (4)$$

3 Licensure - State Board Legal Regulations

3.1 The Licensure Pathway & Legal Authority

Engineering licensure in the United States is regulated at the state level under statutory law (the State Engineering Practice Act). State Boards of Registration possess the legal authority to grant licenses, enforce administrative codes, conduct disciplinary hearings, and issue fines or revocations.

Step	Milestone	Statutory Legal Requirements
1	Education	Common route: ABET-accredited degree; alternatives depend on the board.
2	FE Examination	Pass FE exam; apply for board-issued EI/EIT status if required.
3	Experience	Qualifying experience, often four years; board rules govern.
4	PE Examination	Pass PE exam; complete board approval before licensure.

3.2 The Professional Seal & Plan Stamping Violations

A PE seal attests to responsible charge and compliance with governing board rules. Lawful adoption of existing work, where allowed, requires competent review and satisfaction of those rules.

DEFINITION: PLAN STAMPING (ILLEGAL ACT)

Plan Stamping: Sealing work without the responsible charge, supervision, or competent review required by the governing board is improper. Permitted adoption of existing work must meet that board's requirements.

Legal Consequences: Board discipline, fines, suspension, revocation, or other sanctions depend on the governing law and facts; no universal mandatory penalty applies.

3.3 Rules for Direct Supervisory Control

To legally seal work prepared by subordinates or technicians, the PE must maintain:

1. Direct physical or virtual supervision of design work as it progresses.
2. Personal knowledge of all technical decisions, design criteria, and calculations.
3. Complete authority to modify, reject, or approve any portion of the work.

3.4 Continuing Professional Competency (CPC)

Most state boards mandate Continuing Professional Competency (CPC) to maintain active licensure:

Hours, ethics content, cycle, and exemptions: governing board rules. (5)

3.5 Moonlighting & Multi-Jurisdictional Practice

- **Moonlighting:** Avoid conflicts, disclose outside work, and obtain employer consent when required. Insurance and multi-jurisdiction practice requirements depend on applicable rules.
- **Practice in Other States:** A PE license in State A does not grant legal authorization to practice or represent oneself as a PE in State B. Reciprocity/comity must be formally granted by State B's board prior to practicing or sealing work in State B.

4 Contracts and Contract Law - Formations & Terms

4.1 Definition and Purpose of Contracts

A contract is an agreement between two or more competent parties containing enforceable promises supported by legal consideration. In civil engineering, contracts establish scope, fee structures, risk allocation, and schedule deadlines.

4.2 The Six Essential Elements of a Valid Contract

All six elements **must** exist simultaneously for a contract to be legally binding and enforceable in court:

$$\text{Valid Contract} \iff \text{Offer} + \text{Acceptance} + \text{Consideration} + \text{Capacity} + \text{Legality} + \text{Mutual Intent} \quad (6)$$

No.	Contract Element	Legal Definition & Engineering Requirement
1	Offer	An explicit proposal by one party to perform or refrain from performing a specified act (e.g., engineering design bid).
2	Acceptance	Unconditional agreement to the exact terms of the offer (the “mirror image rule”). Counter-offers void original offers.
3	Consideration	A bargained-for exchange of value (Q_{val}). Fees, money, or promises exchanged: $C_{\text{client}}(\$) \rightleftharpoons C_{\text{engineer}}(\text{services})$.
4	Legal Capacity	Both parties must possess legal competence (sound mind, legal age, authorized corporate officers).
5	Legality of Purpose	The objective of the contract must be legal (e.g., contracts for illegal construction or bribing officials are void).
6	Mutual Intent	A “meeting of the minds” (<i>consensus ad idem</i>) regarding scope and essential terms.

4.3 Latin Terminology & Key Contractual Clauses

- **Privity of Contract:** Parties ordinarily enforce contractual rights, with recognized exceptions such as qualifying intended third-party beneficiaries.
- **Force Majeure:** Relief for qualifying events depends on the contract clause, required notice, causation, and governing law.
- **Quid Pro Quo:** “Something for something” — the mutual exchange of consideration.
- Retroactive-law terminology: “Ex post facto” is principally a constitutional criminal-law term, not a standard contract doctrine. For FE contract questions, focus on enforceability and damages.

4.4 Breaches of Contract & Mitigation of Damages

When a party breaches a contract, courts award financial damages to place the non-breaching party in the economic position they would have occupied had performance occurred:

- **General Damages:** Direct financial losses resulting directly from the breach.
- **Consequential Damages:** Indirect losses (e.g., lost rental income due to delayed completion) that were **foreseeable** at contract formation.
- **Liquidated Damages:** Enforceability generally requires a reasonable estimate of difficult-to-quantify loss, rather than a punitive amount; governing law controls.
- **Duty to Mitigate:** Non-breaching party must take reasonable steps to minimize financial losses:

$$D_{\text{recoverable}} = D_{\text{total}} - D_{\text{avoidable}} \quad (7)$$

5 Example Problems and Solutions

Problem 1: Ethical Conflict & Public Welfare

A licensed structural engineer performs a structural evaluation of an existing commercial parking garage. The engineer discovers severe diagonal tension cracking in several main concrete transfer girders, indicating imminent structural collapse risk under full live load. The building owner instructs the engineer to keep the findings confidential so the property can be sold without costly repairs. What is the engineer's mandatory ethical obligation?

- A. Maintain client confidentiality as a faithful agent and take no further action.
- B. Notify the owner in writing and promptly notify the appropriate public authority of the imminent danger.
- C. Quietly contact prospective buyers to warn them about the structural deficiency.
- D. Resign from the assignment without notifying any third parties or municipal authorities.

Solution

Step 1: Public safety is paramount. NSPE does not prescribe the numbered ranking shown in the earlier solution.

Step 2: Apply the public-danger rule. When professional judgment is overruled in circumstances endangering life or property, notify the employer/client and the appropriate authority. Imminent collapse requires prompt action; do not wait for the owner to refuse corrective work.

Step 3: Evaluate the choices. A and D leave the danger unaddressed. C alone is not an adequate coordinated response. A necessary public warning is not inherently unethical. Revised B best states the required notification.

Correct Answer: B

Problem 2: Gifts & Supplier Relations

A civil design firm is preparing technical specifications for a municipal wastewater treatment expansion project. An equipment sales representative offers the project manager two passes to a premier 3-day golf resort valued at \$2,500, stating, "This is a routine courtesy for considering our aeration pumps." The design firm has not yet finalized the pump supplier. How must the engineer handle this offer?

- A. Accept the passes if the engineer honestly believes the aeration pumps represent the best technical choice for the municipality.
- B. Accept the passes only after fully disclosing the gift in writing to the municipality's city council.
- C. Decline the passes immediately because accepting valuable gifts from suppliers creates a conflict of interest and violates ethical canons.
- D. Accept the passes but donate them to a local charitable organization to eliminate personal gain.

Solution

Step 1: Identify the ethical rule. NSPE Professional Obligations §III.5.a prohibits financial or other considerations from material or equipment suppliers for specifying their products. The outside-agent rule in §II.4.c also applies.

Step 2: Evaluate conflict of interest. Accepting a \$2,500 gift while actively writing project specifications compromises (or creates the clear appearance of compromising) professional impartiality.

Step 3: Conclude action. Disclosure or charitable donation does not remove the ethical prohibition. Whether a gift is also illegal depends on applicable law.

Correct Answer: C

Problem 3: Negligence & Standard of Care

A geotechnical engineer designs a shallow foundation using 100-ft boring spacing. An undetected localized compressible pocket later causes settlement. Expert testimony establishes that the **investigation and design as a whole**, including responses to site conditions and warning signs, met the reasonable professional standard of care. Is the engineer negligent?

- A. Yes, because strict liability applies to all foundation structural settlement cases.
- B. Yes, because the engineer failed to detect the soft clay pocket.
- C. No, because the engineer adhered to the standard of care ordinarily exercised by reputable professionals in that locality.
- D. No, because geotechnical engineers are legally immune from civil tort claims.

Solution

Step 1: Define standard of care. Perfection is NOT required by law. The legal standard of care for engineers is defined as exercising the skill and learning ordinary to reputable members of the profession practicing in the same locality under similar conditions.

Step 2: Evaluate breach. Customary spacing alone is not conclusive. The strengthened facts establish reasonable care for the investigation and design as a whole, so no breach is shown.

Step 3: Conclude liability. Without a breach of duty, a negligence claim fails (0 breach $\implies$ 0 liability). Strict liability does not apply to routine geotechnical design.

Correct Answer: C

Problem 4: Insurance Policy Mechanics

A civil engineering firm maintained a **claims-made** professional liability policy with Insurance Company X from January 1, 2022 through December 31, 2023. On January 1, 2024, the firm switched to a **claims-made** policy with Insurance Company Y. A structural calculation error occurred in June 2023 during the design of a retaining wall. The retaining wall tilted in March 2024, and the owner filed a formal legal claim against the firm in May 2024. Which insurance policy covers the claim?

- A. Company X, because the error occurred during Company X's policy period.
- B. Company Y, because the claim was reported while Company Y's policy was in effect (assuming valid prior acts coverage).
- C. Both Company X and Company Y share equal liability under joint coverage rules.
- D. Neither policy, because the design error and legal claim occurred in different calendar years.

Solution

Step 1: Differentiate policy mechanics.

Claims-Made Policy : Triggered by the date the claim is **filed/reported** ($t_{\text{claim}} = \text{May 2024}$)

Occurrence policy: covered occurrence during its policy period, subject to terms.

Step 2: Apply dates to Company Y policy. The claim was filed in May 2024, during Company Y's active policy term. Under claims-made terms, Company Y provides coverage (provided there is no gap in prior-acts coverage).

Correct Answer: B

Problem 5: Seal Usage & Direct Supervision

An Engineering Intern (EIT) working at a consulting firm completes a complex hydrological runoff calculation and culvert design for a commercial development site. The EIT's direct supervisor, a licensed PE, was out of the office on medical leave during the entire project and did not review the calculations or design drawings. Deadline pressure requires submitting plans to the county today. The branch manager, who is also a licensed PE but has no background in hydrology, signs and seals the plans after a 5-minute visual scan. Is the branch manager's action legal?

- A. Yes, because any licensed PE in the firm can seal work performed by an EIT employed by the same company.
- B. Yes, provided the EIT guarantees the technical accuracy of the hydrological calculations in writing.
- C. No, because sealing plans without exercising direct supervisory control and technical review constitutes illegal plan stamping.
- D. No, because EITs are legally prohibited from performing hydrological calculations.

Solution

Step 1: Identify responsible charge. Applicable board rules govern supervision and lawful adoption of work. A cursory scan without competent technical review does not establish responsible charge.

Step 2: Evaluate branch manager's review. A 5-minute visual scan by a manager without hydrology background does not meet the legal threshold of direct supervision or technical competence.

Step 3: Identify the violation. This action constitutes illegal **plan stamping**, subjecting the branch manager to license revocation and board fines.

Correct Answer: C

Problem 6: Licensure Status & Public Representation

An engineer successfully passes the 8-hour NCEES PE exam in April. In May, while awaiting official state board application approval and assignment of a license number, the engineer orders business cards reading "Jane Doe, P.E., Structural Engineer" and submits a fee proposal using that title. Which statement correctly describes the engineer's status?

- A. The engineer is legally authorized to use the P.E. title immediately upon passing the NCEES examination.
- B. The engineer is guilty of misrepresenting licensure status because the PE license has not been officially granted by the state board.
- C. The engineer may use the P.E. title only if accompanied by the phrase "License Pending."
- D. The engineer is exempt from board rules because business cards are considered private commercial speech.

Solution

Step 1: Distinguish examination from licensure. Passing the NCEES PE exam is a prerequisite, but does **not** grant the legal right to practice or use the title "Professional Engineer."

Step 2: Board authorization rule. Legal licensure occurs only when the State Board formally reviews experience credentials, approves the application, and issues a license registration number.

Step 3: Evaluate violation. Representing oneself as a P.E. prior to official board issuance constitutes unlawful misrepresentation and illegal practice.

Correct Answer: B

Problem 7: Contract Formation & Consideration

A civil contractor verbally tells a land developer, “I will excavate your 5-acre site for \$50,000 next month.” The developer replies, “I accept your offer, but I will only pay \$40,000.” The contractor says nothing further and does not perform the excavation work. The developer sues the contractor for breach of contract. Will the developer win the lawsuit?

- A. Yes, because an oral contract was formed the moment the contractor made the initial offer.
- B. Yes, because excavation contracts do not require written documentation.
- C. No, because the developer’s response modified the price, creating a counter-offer that rejected the original offer.
- D. No, because contractors are exempt from breach of contract claims under common law.

Solution

Step 1: Apply the Mirror Image Rule. Under contract law, acceptance must be unconditional and match the exact terms of the offer.

Step 2: Analyze response. Modifying the price from \$50,000 to \$40,000 acts as a **rejection** of the original offer and simultaneously creates a **counter-offer**.

Step 3: Evaluate contractor stance. The contractor never accepted the \$40,000 counter-offer. Therefore, no meeting of minds occurred, no contract was formed, and no breach occurred.

Correct Answer: C

Problem 8: Liquidated Damages vs. Penalties

A \$100 million municipal contract specifies \$2,000 per day in liquidated delay damages. Assume governing law permits the clause and the amount reasonably estimates anticipated inspection and detour losses that were difficult to quantify when contracting. A contractor-caused delay lasts 15 days. Is the clause enforceable on these facts?

- A. No, because liquidated damages clauses are illegal in municipal public works contracts.
- B. No, because \$2,000 per day is excessive regardless of actual costs.
- C. Yes, because the fee was a reasonable pre-estimate of actual anticipated damages at the time of contract formation.
- D. Yes, because municipal governments have absolute statutory power to impose punitive fines.

Solution

Step 1: Differentiate liquidated damages from penalties.

Enforceable Liquidated Damages : $D_{\text{liq}} \approx \text{Reasonable pre-estimate of anticipated loss}$

An unreasonable punitive amount is a penalty; actual loss alone is not decisive.

Step 2: Evaluate the clause. The \$100 million project value does not by itself establish validity. The prompt states that the amount reasonably estimates losses difficult to quantify when contracting.

Step 3: Enforceable damages. Under the stated validity assumptions, $D = 15(\$2,000) = \$30,000$. **Correct Answer: C**