

Syllabus

Course Overview

In this course, you will prepare to sit for American Institute of Certified Public Accountants' (AICPA) ethics exam. You will gain knowledge of the AICPA Code of Professional Ethics, its applicability, as well as various laws governing the practice of public accounting and corporate governance.

Course Competencies

(Read Only)

To successfully complete this course, you will be expected to:

- 1 Identify the tenets of the AICPA Code of Professional Conduct.
- 2 Recognize ethical issues involved in financial reporting.
- 3 Distinguish the differences between ethical and legal issues.
- 4 Communicate professionally according to the expectations of the field of accounting.

Course Prerequisites

There are no prerequisites for this course.

Syllabus >> Course Materials

Required

The materials listed below are required to complete the learning activities in this course.

Integrated Materials

Many of your required books are available via the VitalSource Bookshelf link in the courseroom, located in your Course Tools. Registered learners in a Resource Kit program can access these materials using the courseroom link on the Friday before the course start date. Some materials are available only in hard-copy format or by using an access code. For these materials, you will receive an email with further instructions for access. Visit the [Course Materials](#) page on Campus for more information.

Book

Mintz, S. M., & Morris, R. E. (2017). *Ethical obligations and decision making in accounting: Text and cases* (4th ed.). New York, NY: McGraw-Hill.
ISBN: 9781259543470.

External Resource

Please note that URLs change frequently. While the URLs were current when this course was designed, some may no longer be valid. If you cannot access a specific link, contact your instructor for an alternative URL. Permissions for the following links have been either granted or deemed appropriate for educational use at the time of course publication.

- American Institute of CPAs. (n.d.). [AICPA](http://www.aicpa.org/Pages/default.aspx). Retrieved from <http://www.aicpa.org/Pages/default.aspx>
- ET Now. (Producer). (n.d.). [Vineet Nayyar: PwC was actively colluding in Satyam scam \[Video\]](https://www.youtube.com/watch?v=o4f5YVU68PA) | [Transcript](#) Retrieved from <https://www.youtube.com/watch?v=o4f5YVU68PA>
- Gallagher, C. (Producer). (n.d.). [Motivational ethics: Positive choices for business success \[Video\]](https://www.youtube.com/watch?v=uYsrt-JS3fI) | [Transcript](#) Retrieved from <https://www.youtube.com/watch?v=uYsrt-JS3fI>
- Lipscomb University Graduate School of Business. (Producer). (n.d.). [Conversation With the Dean – Weston Smith \[Video\]](https://www.youtube.com/watch?v=gytOI7719S0) | [Transcript](#) Retrieved from <https://www.youtube.com/watch?v=gytOI7719S0>
- Shaffer, M. (Producer). (n.d.). [Bigger than Enron \[Video\]](http://topdocumentaryfilms.com/bigger-than-enron) | [Transcript](#) Retrieved from <http://topdocumentaryfilms.com/bigger-than-enron>
- Worldcom. (Producer). (n.d.). [Worldcom: Living Our Values: Responding Under Pressure \[Video\]](https://www.youtube.com/watch?v=hXSWAK0K5L4) | [Transcript](#) Retrieved from <https://www.youtube.com/watch?v=hXSWAK0K5L4>

Suggested

The following materials are recommended to provide you with a better understanding of the topics in this course. These materials are not required to complete the course, but they are aligned to course activities and assessments and are highly recommended for your use.

Optional

The following optional materials are offered to provide you with a better understanding of the topics in this course. These materials are not required to complete the course.

External Resource

Please note that URLs change frequently. While the URLs were current when this course was designed, some may no longer be valid. If you cannot access a specific link, contact your instructor for an alternative URL. Permissions for the following links have been either granted or deemed appropriate for educational use at the time of course publication.

- [Weston Smith](http://www.westonsmith.biz/). (n.d.). Retrieved from <http://www.westonsmith.biz/>

Unit 1 >> Rules, Applicability, and Definitions

Introduction

Accounting ethics and, more specifically, the underlying principles that form its foundation derive their basis from long-standing philosophical values. In terms of setting standards for ethical behavior, the accounting profession is self-regulated, regulated by the AICPA, and governed through various laws and agencies such as the Securities Exchange Commission (SEC), the Securities Act of 1934, and the Public Company Accounting Oversight Board (PCAOB). Collectively, the principles, laws, and various organizations govern the practice of accounting and determine its ethical standards. As an accounting practitioner, it is your responsibility to understand and comply with the applicable rules and regulations. Compliance with ethical standards forms the basis for public trust and confidence in the work that certified public accountants perform to serve the public interest.

Learning Activities

u01s1 - Studies

Readings

Use your *Ethical Obligations and Decision Making in Accounting* text to complete the following:

- Read Chapter 1, "Ethical Reasoning: Implications for Accounting," pages 1–60.
 - Read Case 1-6, "Capitalization Versus Expensing," page 55.
- In Chapter 4, "Ethics and Professional Judgment in Accounting," read:
 - "AICPA Code: Independence Considerations for Members in Public Practice;" pages 214–220.
 - "AICPA Code: Ethical Conflicts," pages 226–230.

- "Rules of Professional Practice," pages 235–245.

Use the Internet to visit [AICPA](#) Web site. Download the most recent PDF file of the AICPA Code of Professional Conduct and read pages 1–19 and 25–99.

Multimedia

Click **Independence – Reality and Appearance Are Both Important** to launch the presentation.

Course Resources

Independence – Reality and Appearance Are Both Important

u01a1 - Ethics in Accounting - Basis and Applicability

By successfully completing this assignment, you will demonstrate your proficiency in the following course competencies and assessment criteria:

- Competency 1: Identify the tenets of the AICPA Code of Professional Conduct.
 - Identify the principles that form the basis for the rules in the AICPA Code of Professional Conduct.
- Competency 3: Distinguish the differences between ethical and legal issues.
 - Distinguish between ethical rights and obligations from the perspective of accountants and auditors.
 - Examine the philosophical principles and values that have led to the formation of the concept of ethical behavior.
- Competency 4: Communicate professionally according to the expectations of the field of accounting.
 - Communicate in a manner that is professional and in accordance with the expectations of the field of accounting.

Assignment Instructions

As an accounting practitioner, it is your responsibility to understand and comply with the applicable rules and regulations.

Respond to the following questions from your course text. Your paper should be no less than 800 words and no longer than 1,200 words and be compliant with all APA composition and referencing requirements.

Chapter 1 Questions

These questions are on pages 43–45 of your course text:

- What is the relationship between the ethical obligation of honesty and truth telling?
- Is it ever proper not to tell someone something that he or she has an expectation of knowing? If so, describe under what circumstances this might be the case. How does this square with the rights theory?
- How would you distinguish between ethical rights and obligations from the perspective of accountants and auditors?

Chapter 4 Questions

These questions are on pages 254–255 of your course text:

- It has been said that independence is the cornerstone of the accounting profession. Explain what this means. How do auditors protect against impairments of independence?
- Assume that a CPA serves as an audit client's business consultant and performed each of the following services for the client. Discuss whether independence would be impaired in each instance and why.
 - Advising on how to structure its business transactions to obtain specific accounting treatment under gap.
 - Advising and directing the client in accounting treatment that the client employed for numerous complex accounting, apart from its audit of the client's financial statements.
 - Selecting the audit client's most senior accounting personnel by directly interviewing applicants for those positions.

Other Requirements

Your paper should meet the following requirements:

- **Written communication:** Written communication should be free of errors that detract from the overall message.

- **APA formatting:** Your paper should be formatted according to APA sixth edition style and formatting.
- **Length:** 3–5 typed and double-spaced pages.
- **Font and font size:** Times New Roman, 12 point.

Course Resources

APA Style and Format

u01d1 - Ethical Choices in the Real World

Read Case 1-6 on page 55 of your *Ethical Obligations and Decision Making in Accounting* text and discuss how you would respond to the two questions at the end of the case.

Response Guidelines

Read the posts of your peers and respond to at least two. Compare your post to those of your peers and note any differences. Explain why you agree or disagree with their views and analyses. Your responses are expected to be substantive in nature and should reference the assigned readings or other professional literature, as applicable, to support your views.

Course Resources

Undergraduate Discussion Participation Scoring Guide

u01q1 - Unit 1 Quiz - Part A

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 1 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 1 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

u01q2 - Unit 1 Quiz - Part B

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 1 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 1 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

Unit 2 >> Fraud in Financial Statements and Auditor Responsibilities

Introduction

When performing attest services in connection with expressing an opinion on a company's financial statements, you have a responsibility to comply with various standards related to the performance of your duties. Expressing an opinion on a company's financial statements is the principal activity that auditors provide to serve the public interest. Therefore, execution of these duties has to meet the highest standards established by the profession. These standards and requirements are based on generally accepted auditing standards (GAAS) and auditing standards (AS) of the PCAOB.

Learning Activities

u02s1 - Studies

Readings

Use your *Ethical Obligations and Decision Making in Accounting* text to complete the following:

- Read Chapter 5, "Fraud in Financial Statements and Auditor Responsibilities," pages 269–334.
 - Read Case 5-3, "Imperial Valley Community Bank" page 319.
 - Read Case 5-9, "Royal Ahold N.V.," page 331.
 - Read Case 5-10, "Groupon," page 334.

Multimedia

Use the Internet to watch Gallagher's video [Motivational Ethics: Positive Choices for Business Success](#) | [Transcript](#).

Click **Ethical Responsibility** to view the presentation.

Course Resources

Ethical Responsibility

u02a1 - Complying With Your Responsibilities as an Auditor

By successfully completing this assignment, you will demonstrate your proficiency in the following course competencies and assessment criteria:

- Competency 1: Identify the tenets of the AICPA Code of Professional Conduct.
 - Recognize the auditor's responsibility under the AICPA Code of Professional Conduct.
- Competency 2: Recognize ethical issues involved in financial reporting.
 - Assess the cause and nature of fraud, and the measures to identify them.
- Competency 3: Distinguish the differences between ethical and legal issues.
 - Identify the auditor's ethical and legal obligations.
- Competency 4: Communicate professionally according to the expectations of the field of accounting.
 - Communicate in a manner that is professional and in accordance with the expectations of the field of accounting.

Assignment Instructions

When performing attest services in connection with expressing an opinion on a company's financial statements, you have a responsibility to comply with various standards related to the performance of your duties. Expressing an opinion on a company's financial statements is the principal activity that

auditors provide to serve the public interest. Therefore, execution of these duties has to meet the highest tests established by the profession. These standards and requirements are based on GAAS in the PCAOB.

Respond to the following questions from your course text. Your paper should be no less than 800 words and no longer than 1,200 words and be compliant with all APA composition and referencing requirements.

Chapter 5 Questions

These questions are on pages 309–311 of your course text:

- What is the purpose of "risk assessment"? What are its objectives, and why is it important in assessing the likelihood that fraud may occur?
- Explain the content of each section of the audit report. Evaluate the importance of each section with respect to the users of financial reports.
- Distinguish between an auditor's responsibility to detect and report errors, illegal acts, and disclosure of such events.
- What are the auditor's responsibilities to communicate information to the audit committee under PCAOB standards? If the auditor discovers that the audit committee routinely ignores such communications especially when they are critical of management's use of GAAP and the financial statements, what steps might the auditor take at this point?

Other Requirements

Your paper should meet the following requirements:

- **Written communication:** Written communication should be free of errors that detract from the overall message.
- **APA formatting:** Your paper should be formatted according to APA sixth edition style and formatting.
- **Length:** 3–5 typed and double-spaced pages.
- **Font and font size:** Times New Roman, 12 point.

Course Resources

[APA Style and Format](#)

u02d1 - Internal Controls

Auditors only examine a fraction of the transactions for the period that their audit covers. As such, auditors rely on other mechanisms for assurance that material fraud does not exist in the financial statements. One of the key mechanisms is internal control. After watching the video *Motivational Ethics: Positive Choices for Business Success* from this unit's studies, discuss how you think simple internal controls would have deterred Chuck Gallagher. Have you ever been in a situation where deficient internal controls existed?

Response Guidelines

Read the posts of your peers and respond to at least two. Compare your post to those of your peers and note any differences. Explain why you agree or disagree with their views and analyses. Your responses are expected to be substantive in nature and should reference the assigned readings or other professional literature, as applicable, to support your views.

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

[Motivational Ethics: Positive Choices for Business Success | Transcript](#)

u02q1 - Unit 2 Quiz - Part A

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 2 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 2 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

u02q2 - Unit 2 Quiz - Part B

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 2 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 2 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

Unit 3 >> Attest Versus Non-Attest Services and Corporate Governance

Introduction

The majority of certified public accountants (CPAs) find themselves working outside of public accounting in various capacities within private industry or government. Within public accounting, they may also find themselves outside of the audit function, performing various consulting services not related to expressing an opinion on the company's financial statements. These are referred to as non-attest services. Whether in private industry or performing non-attest services, certified public accountants still have ethical responsibilities to the profession.

Learning Activities

u03s1 - Studies

Readings

Use your *Ethical Obligations and Decision Making in Accounting* text to complete the following:

- Read Chapter 3, "Organizational Ethics and Corporate Governance," pages 111–200.
 - Read Case 3-2, "Rite Aid Inventory Surplus Fraud," page 176.

Read pages 100–148 of the AICPA Code of Professional Conduct. You have downloaded this document in Unit 1 from [AICPA](#) Web site.

Use the Internet to complete the following:

- Watch the video [Conversation With the Dean – Weston Smith](#) | [Transcript](#) from Lipscomb College of Business.
- Watch the video [Worldcom: Living Our Values: Responding Under Pressure](#) | [Transcript](#) from Worldcom.

Multimedia

Click **You Were There – Corporate Governance** to view the presentation.

Optional – Readings

You may choose to explore the [Weston Smith](#) Web site.

Course Resources

You Were There – Corporate Governance

u03a1 - Corporate Governance and Other Non-Attest Services

By successfully completing this assignment, you will demonstrate your proficiency in the following course competencies and assessment criteria:

- Competency 1: Identify the tenets of the AICPA Code of Professional Conduct.
 - Recognize the rules in the AICPA Code of Professional Conduct related to corporate governance and other non-attest services.
- Competency 2: Recognize ethical issues involved in financial reporting.
 - Identify the principles and mechanisms for developing an effective corporate governance system.
- Competency 3: Distinguish the differences between ethical and legal issues.
 - Identify the applicable laws related to corporate governance and other non-attest services.
- Competency 4: Communicate professionally according to the expectations of the field of accounting.
 - Communicate in a manner that is professional and in accordance with the expectations of the field of accounting.

Assignment Instructions

The majority of certified public accountants (CPAs) find themselves working outside of public accounting in various capacities within private industry or government. Within public accounting, they may also find themselves outside of the audit function, performing various consulting services not related to expressing an opinion on the company's financial statements. These are referred to as non-attest services. Whether in private industry or performing non-attest services, CPAs still have ethical responsibilities to the profession.

Respond to the following questions from your course text. Your paper should be no less than 800 words and no longer than 1,200 words and be compliant with all APA composition and referencing requirements.

Chapter 3 Questions

These questions are on pages 163–165 of your course text:

- In her book *The Seven Signs of Ethical Collapse*, Jennings explains, "When an organization collapses ethically, it means that those in the organization have drifted into rationalizations and legalisms, and all for the purpose of getting the results they want and need at almost any cost." Discuss what you think Jennings meant by this statement.
- COSO explains the importance of the control environment to internal controls by stating it sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all aspects of internal control, providing discipline and culture. Explain what is meant by this statement.

Chapter 4 Questions

These questions are on pages 255–256 of your course text:

- Assume that the CPA firm of Giants and Jets LLP audits Knickerbocker systems Inc. (the Knicks). The controller for the Knicks happens to be a tax expert. During the current tax season, Giants and Jets LLP gets far behind in processing tax returns for wealthy clients. It does not want to approach clients asking permission to file for an extension to the April 15 deadline. One alternative is for the firm to hire the Knicks controller as a consultant just for the tax season. Discuss the ethical issues that should be considered by Giants and Jets before deciding whether to hire the controller of a client, including possible threats to independence.
- In recent years, the move by accounting firms to offshore tax and consulting work has grown and expanded into audit work. What are the ethical concerns that might be raised about the practice of electronically transmitting audit information to offshore centers like those in India that provide accounting professionals to audit U.S. corporations' financial statements?

Other Requirements

Your paper should meet the following requirements:

- **Written communication:** Written communication should be free of errors that detract from the overall message.
- **APA formatting:** Your paper should be formatted according to APA sixth edition style and formatting.
- **Length:** 3–5 typed and double-spaced pages.
- **Font and font size:** Times New Roman, 12 point.

Course Resources

[APA Style and Format](#)

u03d1 - Corporate Governance: Who's Sorry Now?

In today's world, corporate governance systems are an important aspect to any company, when not so long ago much less emphasis was placed on them. After viewing the videos *Conversation With the Dean – Weston Smith* and *Living Our Values: Responding Under Pressure* from this unit's studies, provide your thoughts on the following:

- Which one of these guys, if either, do you think is totally leveling with you?
- Which of today's corporate governance systems do you think would have made a difference in either case, since these were pre-Sarbanes Oxley?

Response Guidelines

Read the posts of your peers and respond to at least two. Compare your post to those of your peers and note any differences. Explain why you agree or disagree with their views and analyses. Your responses are expected to be substantive in nature and should reference the assigned readings or other professional literature, as applicable, to support your views.

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

[Worldcom: Living Our Values: Responding Under Pressure | Transcript](#)

[Conversation With the Dean – Weston Smith | Transcript](#)

u03q1 - Unit 3 Quiz - Part A

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 3 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 3 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

u03q2 - Unit 3 Quiz - Part B

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 3 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 3 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

Unit 4 >> Legal Regulatory and Professional Obligations of Auditors

Introduction

In addition to the AICPA Code of Professional Conduct and GAAS, auditors and accountants are also bound by various laws that have been passed over time. Failure to comply with the provisions of these laws has legal implications and also can affect the general public's impression of the profession. Therefore, auditors and accountants need to recognize these provisions in the execution of their duties.

Learning Activities

u04s1 - Studies

Readings

Use your *Ethical Obligations and Decision Making in Accounting* text to complete the following:

- Read Chapter 6, "Legal, Regulatory, and Professional Obligations of Auditors," pages 339–400.
 - Read Case 6-5, "Vertical Pharmaceuticals Inc., et.al. v. Deloitte & Touche LLP," page 390.
 - Read Case 6-8, "Con-way Inc.," page 395.

Use the Internet to watch Shaffer's video [Bigger Than Enron](#) | [Transcript](#). This video is about the collapse of Arthur Andersen.

Multimedia

Click **Legal and Regulatory** to view the presentation.

Course Resources

Legal and Regulatory

u04a1 - Legal, Regulatory, and Professional Obligations

By successfully completing this assignment, you will demonstrate your proficiency in the following course competencies and assessment criteria:

- Competency 1: Identify the tenets of the AICPA Code of Professional Conduct.
 - Recognize how the AICPA Code of Professional Conduct is related to the provisions contained in many of the laws.
- Competency 3: Distinguish the differences between ethical and legal issues.
 - Recognize the applicable laws and regulations applicable to your role as an auditor.

- Competency 4: Communicate professionally according to the expectations of the field of accounting.
 - Communicate in a manner that is professional and in accordance with the expectations of the field of accounting.

Assignment Instructions

In addition to the AICPA Code of Professional Conduct and GAAS, auditors and accountants are also bound by various laws that have been passed over time. Failure to comply with the provisions of these laws has legal implications and also can affect the general public's impression of the profession. Therefore, auditors and accountants need to recognize these provisions in the execution of their duties.

Respond to the following questions from your course text. Your paper should be no less than 800 words and no longer than 1,200 words and be compliant with all APA composition and referencing requirements.

Chapter 6 Questions

These questions are on pages 377–379 of your course text:

- Distinguish between common-law liability and statutory liability for auditors. What is the basis for the difference in liability?
- Explain the legal basis for a cause of action against an auditor. What are the defenses available to the auditor to rebut such charges? How does adherence to the ethical standards of the accounting profession relate to these defenses?
- Assume a U.S. company operates overseas and is approached by a foreign government's officials with a request to provide family members with company student internships. The company does business in that country with foreign customers and is negotiating for a contract with one such customer to provide services. Under what circumstances might such a request violate the FCPA?

Other Requirements

Your paper should meet the following requirements:

- **Written communication:** Written communication should be free of errors that detract from the overall message.
- **APA formatting:** Your paper should be formatted according to APA sixth edition style and formatting.
- **Length:** 3–5 typed and double-spaced pages.
- **Font and font size:** Times New Roman, 12 point.

Course Resources

[APA Style and Format](#)

u04d1 - Bigger Than Enron - Collapse of Arthur Andersen

After watching the video *Bigger Than Enron* from this unit's studies, discuss the following.

It appears from the video that Arthur Andersen was plagued by a number of scandals during the 1990s before the Enron scandal. It also appears that the SEC during this time had made several attempts to enact reforms that were thwarted by lobbyists, Congress, and the business itself. Given these circumstances and the fact that this was pre-Sarbanes Oxley, how much culpability is assigned to Arthur Andersen? Please explain your position.

Response Guidelines

Read the posts of your peers and respond to at least two. Compare your post to those of your peers and note any differences. Explain why you agree or disagree with their views and analyses. Your responses are expected to be substantive in nature and should reference the assigned readings or other professional literature, as applicable, to support your views.

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

[Bigger Than Enron | Transcript](#)

u04q1 - Unit 4 Quiz - Part A

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 4 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 4 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

u04q2 - Unit 4 Quiz - Part B

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 4 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 4 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

Unit 5 >> Compliance With International Standards

Introduction

Since more and more companies have international components, an understanding of international financial reporting standards (IFRS), international ethics, and the international environment are essential to executing your duties regarding international financial statements and audits.

Learning Activities

u05s1 - Studies

Readings

Use your *Ethical Obligations and Decision Making in Accounting* text to complete the following:

- Read Chapter 8, "Ethical Reasoning: Implications for Accounting," pages 503–546.
 - Read Case 8-3, "Parmalat: Europe's Enron," pages 534–538.
 - Read Case 8-5, "Krispy Kreme Doughnuts, Inc.," pages 542–543.

Use the Internet to watch the video [Vineet Nayyar: PwC Was Actively Colluding in Satyam Scam](#) | [Transcript](#) from ET Now.

Multimedia

Click **Compliance With International Standards** to view the presentation.

u05a1 - International Financial Reporting and Ethics

By successfully completing this assignment, you will demonstrate your proficiency in the following course competencies and assessment criteria:

- Competency 2: Recognize ethical issues involved in financial reporting.
 - Assess the cultural and social environment and the effect on ethical financial reporting for multinational entities.
- Competency 3: Distinguish the differences between ethical and legal issues.
 - Recognize the differences between IFRS and generally accepted accounting principles (GAAP) and where they are applicable.
- Competency 4: Communicate professionally according to the expectations of the field of accounting.
 - Communicate in a manner that is professional and in accordance with the expectations of the field of accounting.

Assignment Instructions

Since more and more companies have international components, an understanding of IFRS, international ethics, and the international environment are essential to executing your duties regarding international financial statements and audits.

Respond to the following questions from your course text. Your paper should be no less than 800 words and no longer than 1,200 words and be compliant with all APA composition and referencing requirements.

Chapter 8 Questions

These questions are on pages 526–527 of your course text:

- Audit firms are expected to establish and maintain a system of quality control. PCAOB inspections often cite the lack of quality controls as a deficiency of audit firms. What role does leadership play in developing the kind of quality control system that supports ethical decision making in audits?
- Explain how the circumstances under each of the following might reflect failed leadership by auditors and the audit firm:
 - Under-reporting of time on an engagement.
 - Premature sign-off on audit procedures.
 - Accepting weak client explanations for accounting.
- Moral legitimacy refers to the generalized perception or assumption of observers that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, and beliefs. Explain how moral legitimacy might be applied to assess the actions of audit firms.

Other Requirements

Your paper should meet the following requirements:

- **Written communication:** Written communication should be free of errors that detract from the overall message.
- **APA formatting:** Your paper should be formatted according to APA sixth edition style and formatting.
- **Length:** 3–5 typed and double-spaced pages.
- **Font and font size:** Times New Roman, 12 point.

Read Case 6-9 (p. 398), "Satyam: India's Enron," and watch the video *Vineet Nayar: PwC Was Actively Colluding in Satyam Scam* from this unit's studies.

Having a local-affiliated auditing firm helps to mitigate some of the challenges of auditing foreign companies such as having an intimate knowledge of local culture, customs, and legal and accounting practices. However, it also introduces a challenge related to adhering to and maintaining professional standards in an environment that transcends different cultural and legal systems. Since basic audit steps such as confirming bank statements were overlooked, do you think that peer review would solve this issue, or do you believe, as alleged in the video, that something more insidious was at work here?

Response Guidelines

Read the posts of your peers and respond to at least two. Compare your post to those of your peers and note any differences. Explain why you agree or disagree with their views and analyses. Your responses are expected to be substantive in nature and should reference the assigned readings or other professional literature, as applicable, to support your views.

Course Resources

Undergraduate Discussion Participation Scoring Guide

[Vineet Nayar: PwC Was Actively Colluding in Satyam Scam | Transcript](#)

u05q1 - Unit 5 Quiz - Part A

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 5 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 5 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

u05q2 - Unit 5 Quiz - Part B

The quizzes in this course will allow you to show your ability to retain the information you have learned. This quiz will test your knowledge of the Unit 5 material. Read the following instructions before taking the quiz. These instructions will be the same for most of the unit quizzes:

- You will only be able to access and take the quiz once. Do not access the quiz until you are ready to complete it. One way to prepare is to review the unit readings prior to starting the quiz.
- There is no time limit on the quiz.
- Please access and submit the quiz during this unit. **Note:** This quiz covers material from Unit 5 only.
- Once you have submitted your quiz, feedback for all the questions will be displayed. You may access the quiz to view the questions, but you cannot retake the quiz to change your grade.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.