

ACCT 208: ACCOUNTING ETHICS

Citrus College Course Outline of Record

| Heading | Value |
|-------------------------------|---|
| Effective Term: | Fall 2024 |
| Credits: | 4 |
| Total Contact Hours: | 72 |
| Lecture Hours : | 72 |
| Lab Hours: | 0 |
| Hours Arranged: | 0 |
| Outside of Class Hours: | 144 |
| Total Student Learning Hours: | 216 |
| Prerequisite: | ACCT 101 or ACCT 101H or equivalent course. |
| Transferable to CSU: | Yes |
| Transferable to UC: | No |
| Grading Method: | Standard Letter, Pass/No Pass |

Catalog Course Description

This course introduces students to professional ethics for the accounting profession from a business perspective in context of financial statement fraud and other types of occupational fraud. Topics include the nature of accounting, ethical theory, ethical behavior and decision-making in accounting. The course also explores organizational ethics and corporate governance, ethical leadership, legal liability and obligations of accounting professionals, rules and standards of professional practice for auditors, tax accountants, and management accountants. 72 lecture hours.

Course Objectives

- Explain how integrity enabled a CPA to with stand pressures and avoid subordination of judgement
- Discuss the relationship between one's values and ethics, and legal obligation.
- Differentiate between moral philosophies and their effect on ethical reasoning in accounting.
- Differentiate between equity, diversity and inclusion.
- Apply ethical reasoning methods and ethical decision-making models to a business and accounting related case study.
- Analyze the thought process involved in making decisions and taking ethical actions and how the cognitive process influences ethical decision making in accounting.
- Explain the link between organizational culture, climate, ethical leadership and ethical decision-making.
- Describe the link between organization ethics, individual ethics and corporate culture.
- Describe the causes of fraud, fraud detection methods and preventative controls.
- Discuss the scope and role of corporate governance systems in the ethical decision-making process and how Sarbanes-Oxley Act relates to corporate governance.
- Explain auditor independence and the threats and safeguard approach to independence.

- Describe the process to resolve ethical conflicts that may cause violations of the rules.
- Explain professional judgement in accounting and the framework for professional judgement.
- Outline the rules of conduct for CPAs, the AICPA code of conduct for professional services, the ethics rules in tax practice and the PCAOB independence and ethics rules.
- Differentiate between audit requirements for detecting errors, fraud and illegal acts.
- Discuss the legal, regulatory, and professional obligations for auditors.
- Discuss the motivation for earnings management, the role of materiality, and earnings management techniques.
- Identify the characteristics of ethical leaders, ethical leadership in the accounting profession, and the components of responsible leadership.
- Discuss the relationship between personal responsibility, professional role and whistleblowing.

Major Course Content

1. Ethical Reasoning: Implications for Accounting
2. Cognitive Processes and Ethical Decision Making in Accounting
3. Organizational Ethics and Corporate Governance
4. Ethics and Professional Judgment in Accounting
5. Fraud in Financial Statements and Auditor Responsibilities
6. Legal, Regulatory, and Professional Obligations of Auditor
7. Earnings Management
8. Ethical Leadership and Decision-Making in Accounting

Suggested Reading Other Than Required Textbook

Treasury Department, Circular No. 230 American Institute of CPAs, AICPA Code of Professional Conduct

Examples of Required Writing Assignments

Read Case 2-10 Worldcom in Chapter 2 on page 108.

Prepare a one-page, single-spaced paper addressing the following three questions: 1. Identify the stakeholders in the case and how the interest were affected by the fraud. 2. Do you think Betty Vinson, the company's former director was a victim of "motivated blindness"? 3. In relation to the discussion of ethical and moral development, discuss what you think Cynthia Cooper meant when she said " You don't have to be a bad person to make bad decisions."

Examples of Outside Assignments

Association of Certified Fraud Examiners <http://www.acfe.com/vid.aspx?id=4294974597> Watch "Fraud and the Tone at the Top" or read the transcript at http://www.acfe.com/uploadedFiles/ACFE_Website/Content/documents/ton-at-the-top-research.pdf

Answer the following questions: 1. Discuss the factors that lead to the MCI-Worldcom fraud. 2. Based on the video, what is your impression of MCI-Worldcom's organization culture? What was the "tone at the top" at MCI-Worldcom? 3. What were the ethical and professional issues in this case? 4. What were the legal issues?

Instruction Type(s)

Lecture, Online Education Lecture