

ACTG 76: ETHICS IN ACCOUNTING

Foothill College Course Outline of Record

Heading	Value
Units:	5
Hours:	5 lecture per week (60 total per quarter)
Prerequisite:	ACTG 1A.
Advisory:	Elementary Algebra or equivalent; demonstrated proficiency in English by placement via multiple measures OR through an equivalent placement process OR completion of ESLL 125 & ESLL 249.
Degree & Credit Status:	Degree-Applicable Credit Course
Foothill GE:	Non-GE
Transferable:	CSU
Grade Type:	Letter Grade (Request for Pass/No Pass)
Repeatability:	Not Repeatable

Student Learning Outcomes

- Explain the function of ethics as it relates to the accounting profession.
- Apply the AICPA Code of Professional Conduct, IRS rules and GAAP to ethical dilemmas faced by CPAs in practice.

Description

Study of professional ethics for accounting from a business perspective in context of financial statement frauds, such as Enron. Topics include nature of accounting, ethical behavior in accounting, ethical theory, rules of the code of conduct, ethics of tax accounting and ethics of the auditing function.

Course Objectives

The student will be able to:

- Discuss the history and function of ethics.
- Differentiate between the six guiding principles in the AICPA Code of Professional Conduct.
- Apply the AICPA standards and the IRS rules to common ethical dilemmas faced by CPAs in practice.
- Explain the ideals of integrity, independence and objectivity in relation to the distinctive work of an accountant.
- Compare and contrast the three layers of failure to exercise due care.
- Describe the difference between being independent in appearance and independent in fact.
- Define the revenue recognition and matching principles and explain why they are important to users of financial statements.
- Explain the full disclosure principle under GAAP and illustrate why it's important to users of financial statements.

Course Content

- Principal types of ethical theory
 - Function of ethics

- Ethics and morals
- AICPA Code of Professional Conduct Ethical Theories
 - Accounting as a profession
 - Professional codes of conduct
 - Protecting consumers
 - Protecting the profession
 - Principal virtues of an accountant
 - Guiding principles in the AICPA Code of Professional Conduct
 - Differences between the principles, rules and interpretations
 - Rules regarding specific actions common to the CPA community
 - Integrity and objectivity
 - Lapses in integrity and objectivity in internal accounting and outside auditing
 - Enron, Worldcom, Sunbeam, Madoff
 - Independence
 - Significance to the audit profession
 - Professionalism and professional due care
 - Ordinary negligence
 - Gross negligence
 - Fraud
 - Revenue recognition and matching principles
 - Violations of the revenue recognition principle
 - Violations of the matching principle
 - Other accounting improprieties
 - Common violations and complaints against CPAs
 - Corporate responsibility laws
 - Internal Revenue Service Circular 230
 - AICPA guidance on tax practice
 - AICPA guidance for management accountants
 - Promulgations by the Institute of Management Accountants (IMA)

Lab Content

Not applicable.

Special Facilities and/or Equipment

- Access to a computer lab and Excel software.
- When taught online as a distance learning section, students and faculty need ongoing and continuous Internet and email access.

Method(s) of Evaluation

The student will demonstrate proficiency by examinations, quizzes, homework assignments, written reports, group activities and discussions.

Method(s) of Instruction

- Lecture in class or electronic discussions
- Group work
- Case studies

Representative Text(s) and Other Materials

Mintz, Steven M., and Roselyn E. Morris. Ethical Obligations and Decision Making in Accounting. 4th ed. McGraw-Hill, 2016. ISBN 978-1-259-54347-0

Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments

- A. Reading of AICPA Code of Conduct
- B. Written case studies on ethics in accounting
- C. Reading of articles on Internet related to ethical dilemmas in accounting
- D. Reading of fair value issues in accounting
- E. Reading of IRS Circular 230

Discipline(s)

Accounting