

**COURSE SYLLABUS
SANTA ROSA JUNIOR COLLEGE
ETHICS IN ACCOUNTING – BAD 120**

CLASS DATES 1/25/22 – 5/1/22

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Office: Online - Zoom

Office Hours: TH 3:00pm-4:00pm drop-in. No appointment necessary.

E-mail : jstevens@santarosa.edu *The best way to communicate with me is by e-mail.*

Online Classroom Meetings: TU 6:30pm – 8:00pm

Welcome to Ethics in Accounting. I look forward to having you in my virtual classroom. This is a very challenging and intellectually stimulating class due to the subject material, homework assignments, and examinations. Therefore, it is imperative that you keep up with the material and communicate with the class when you are experiencing any difficulty understanding the concepts covered in this course. This type of class is not for everyone; the online nature requires that you possess excellent time management skills, communication, analytical, and team building skills. Please do not hesitate to reach out if you have any questions.

Required Materials

Ethical Obligations & Decision-Making in Accounting, 5th Edition, ISBN: 9781259969461,
Author: Mintz, Publisher: McGraw-Hill Publisher, Copyright Year: 2020

NOTE: Connect access includes an eBook of the title. If you choose to rent the print copy of the textbook, you must also purchase Connect to access online materials

Catalog Description **BAD 120 – Ethics in Accounting (3 units)**

Study of professional ethics for accounting from a business perspective and historical point of view. Topics include the nature of accounting, ethical theory, ethical behavior, rules of ethical conduct, Code of Professional Conduct, American Institute of Certified Public Accountants (AICPA) standards and Internal Revenue Service (IRS) rules.

Student Learning Outcomes

Upon completion of the course, students will be able to:

1. Explain the history and function of ethics as it relates to the accounting profession.
2. Apply the AICPA Code of Professional Conduct, IRS rules and ethical dilemmas faced by CPA's in practice.
3. Describe the concept of independence, integrity and objectivity, revenue, matching and full disclosure principles, and how to exercise due care.

Learning Objectives

Students will be able to:

1. Discuss history and function of ethics.
2. Differentiate between the principal guidelines in the AICPA Code of Professional Conduct.
3. Apply the AICPA standards and the IRS rules to common ethical dilemmas faced by CPA's in practice.
4. Explain the ideals of Integrity, Independence, and Objectivity in relation to the work of an accountant.
5. Compare and contrast the three layers of failure to exercise due care.
6. Analyze the difference between being independent in appearance and independent in fact.
7. Define the revenue, matching and full-disclosure principles and explain why they are important to users of financial statements.

Course Objectives

Chapters 1 and 2

- Be familiar with the theoretical foundations of ethics and professionalism including the major philosophical ethical theories and ethical reasoning methods, theories of moral development, cognitive development processes, and virtue ethics.
- Understand the ethical principles underlying official sources of professional guidance for accountants and auditors including provisions of the AICPA and IMA codes of conduct.

Chapter 3

- Know how corporate governance systems influence the ethics of an organization including the creation of an ethical organization environment, effective internal control systems, and processes to deal with whistleblowing.

Chapter 4

- Understand how the rules of professional conduct set standards of behavior for CPAs and CMAs including the rules that govern behavior, especially the conceptual framework for independence and impairments of independence that pertain to audits conducted by CPAs.
- Understand the rules on integrity, objectivity, and due care that pertain to all professional services; confidentiality of client information and whistleblowing obligations, other responsibilities to clients and the public interest, ethics in tax service, and rules of the PCAOB.

Chapter 5

- Understand fraud risk assessment techniques that help to prevent and detect fraud and the role of the fraud triangle in analyzing fraud as it pertains to the misappropriation of assets, fraudulent financial reporting, and disclosure; be able to distinguish between errors, fraud and illegal acts and accountant's ethical responsibilities to detect and report such events; discuss fraud cases in accounting
- Review the contents of the audit report under the AICPA Clarity Project that reorganized generally accepted auditing standards; understand when unmodified and modified opinions should be issued and reporting requirements; critically analyze the language of

the audit report from the perspective of the users of the financial statements and the public interest; review selected audit standards of the AICPA and PCAOB.

Chapter 6

- Understand the legal, regulatory, and professional obligations of auditors under common law and statutory law; identify differences between legal and illegal insider trading and how it affects confidentiality requirements using actual illegal trading cases against auditors; know the provisions of the PSLRA including proportionate liability and reporting illegal acts and fraud to management and the audit committee; understand the provisions of Sarbanes-Oxley.

Chapter 7

- Understand different definitions of earnings management that pertain to its reporting effects and ethical implications (i.e., choice of alternative accounting techniques, smoothing net income), and the effects of earnings management on earnings quality; understand the rationale/justification of earnings management techniques used to affect earnings including the acceleration of revenue, delaying of expenses, impairment of assets, recording of liabilities, and the use of income smoothing techniques such as cookie jar reserves, channel stuffing, round-trip transactions, use of multiple elements to disguise revenues and the period of reporting, using accruals to manage/smooth earnings, the big bath theory; and examine actual fraud cases including Enron and WorldCom.

Chapter 8

- Understand the importance of ethical leadership in business and accounting
- Explain the different kinds of leadership and how it influences organization ethics
- Know how moral intensity and organizational culture influences ethical leadership in accounting
- Understand how ethical leadership influences accounting, auditing, and tax practice
- Explain how ethical leadership influences whistleblowing by accounting professionals

Getting Started

During the first week of class students are expected to purchase the textbook, read over the syllabus, register at the homework/exam Connect site (see “homework section” for URL) and get familiar with course layout, assignments, and due dates.

Homework

Students are expected to use Connect to access and submit homework assignments through the McGraw-Hill Learning Center. This code is included with the purchase of an e-book. If you purchased a print copy of the textbook, you are responsible for contacting the customer service center at the McGraw Hill site / Connect to see if you can buy the code separately. You **must** have this code in order to do the homework and take the exams. All students must register at this site within the first few days of class at the latest.

Assignment due dates are listed by each homework chapter via the Connect site and late homework will not be accepted. All homework assignments are due as scheduled on the Connect

site. Homework is worth a total of 80 points. There will be nine homework assignments worth 10 points each. The lowest score will be dropped. Use the "check your work" feature to see if you've done the problems correctly. You should also have multiple attempts to complete each assignment and question correctly. Watch the due dates though. All homework is due Monday by 10pm PST.

Once the homework deadline has passed, students will be able to view their homework and detailed answers/corrections will be provided! Link to homework site
<https://connect.mheducation.com/class/j-stevens-section-5518---spring-2022-srjc>

Quizzes

There will be quizzes on each chapter. These will consist of 5-15 questions. The top seven quizzes will be used to determine your grade (lowest one dropped). Each quiz is worth 10 points. See Connect site for due dates. You can only take the quiz one time, and once you start to take it, you must finish it within the time allotted. Once the quiz period closes (due date passes), the answers will be released. You should take the practice quiz each week before you take the graded quiz!

Examinations

The exams will consist of multiple-choice and essay questions. There will be a variable number of questions on each exam and students will be allowed three hours (180 consecutive minutes) to complete the exams. Once you have opened the exam, you must continue as you cannot stop and save your work and come back later to complete it. Each exam is worth of total of 75 points each. Both exams, the midterm and the final, are used in the calculation of your grade. Questions require calculations, judgments, interpretations, analysis, and in-depth understanding of the course concepts and applications. Exams are very challenging! You should make a detailed resource sheet from each chapter and plan to take the tests without the use of your textbook, as I find students who rely on this approach run out of time on the examinations! If you miss a test, you will be given a zero on this exam. Absolutely no makeup exams! Please watch the schedule carefully and plan accordingly. The exams are open for a few days to allow for greater flexibility, but once you start the test you must continue to finish it within the time allowed. I would encourage you to do the practice quizzes to help prepare for the exams too! Exams will be activated and available only on the dates listed below. Please schedule your time accordingly. Once the exam period closes, answers will be available for your viewing. Also, you MUST hit the submit button before the time expires as the program is not set up to automatically submit your assignments. Late exam submissions will not be accepted.

Examination Schedule

(Exam closes at 10pm on the last date listed)

Midterm Exam #1: tbd

Final Exam #2: tbd

All exams are used to calculate final grade

* A NOTE about essay questions: Non-multiple-choice questions on exams and quizzes are graded based on your ability to *define/describe concepts in the book, analyze ethical and accounting issues, and to use ethical reasoning in responding to questions*. You must demonstrate your knowledge of ethics.

Giving your opinion is not sufficient to get a good grade on exams. Show what you learned from class discussions. Demonstrate your ability to apply the concepts explained under the course learning objectives. Most important, you must mention the name of the concepts as part of your explanation. For example, if you are discussing utilitarianism, you should mention “Act Utilitarianism” and then explain how it works and “Rule Utilitarianism” and explain how it works. The names of the reasoning methods and the name of relevant concepts discussed are important.

Class Participation

During the semester class participation points can be earned by doing the following:

Class Attendance

Attendance will be taken at each class meeting and may affect your final course grade. Please note that Power Point slides with content from the lectures will be posted on Connect. I recommend you review these materials prior to coming to class.

Weekly discussions (50 pts max).

Your participation is important to the success of the course. I want to hear your opinions and share my views with you. Students should be posting to the chapter discussion forum for each chapter every week by the due date. Take the time to post at least one question or 2-3 comments/answers (min of 250 words) regarding the post by other students for each chapter each week except the week of the midterm and week of the final exam. You must post this during the time we are covering each specific chapter not after we have moved to the next chapter. This forum called "discussion", does not include any homework discussion, just discussion on the chapter content. *There is a separate forum for homework discussions between students for you guys to help each other out as needed and is optional.*

Grade Determination

Exams: 150 points total

Homework: 80 points total

Quizzes: 70 points total

Class Participation: 50 points total

Total Points = 350

Grading Scale:

Standard grade system used to determine final grades. 90% or higher of total possible class points= A, 80% or higher = B, etc. etc.

*No extra credit available unless added by the instructor

*Students are responsible for dropping themselves from the course if they chose not to continue

Summary Schedule of Weekly Assignments – See Canvas/Connect for More Details

Week ending on:

- 1 - Jan 25th: In Class - Administrative Details, Intros, Start CH1
- 2 – Feb 1st: In Class – Finish CH1, CH2
Homework Due CH1, Quiz CH1, Post CH1 Discussion
- 3 – Feb 8th: In Class – CH2 Review, CH3
Homework Due CH2, Quiz CH2, Post CH2 Discussion
- 4 - Feb 15th: In Class – CH 3 Continued
Homework Due CH 3, may post CH3 Discussion this week or next
- 5 - Feb 22nd: In Class – CH4
Homework Due CH3 Continued, Quiz CH3, Post CH3 Discussion
- 6 – Mar 1st: In Class – Finish any Chapters & Review for Midterm
Homework Due CH4, Quiz CH4, Post CH4 Discussion
- 7 – Mar 8th: Midterm Week! Study for exam and take the test before Friday Evening at Midnight
- 8 - Mar 15th: In Class – CH5
- 9 - Mar 22nd: Spring Break! No Class / Assignments
- 10 - Mar 29th: In Class – CH6
Homework Due CH5, Quiz CH5, Post CH5 Discussion
- 11 – Apr 5th: In Class – CH7
Homework Due CH6, Quiz CH6, Post CH6 Discussion
- 12 - Apr 12th : In Class – CH7 Continued, CH8
Homework Due CH7, Quiz CH7, Post CH7 Discussion
- 13 - Apr 19th: In Class – Finish Any Chapters, Prepare for Final Exam.
Homework Due CH8, Quiz CH8, Post CH8 Discussion
- 14 - Apr 26th: Final exam week! Complete by Friday evening at Midnight

Analyzing Ethics Cases

The process entails careful reading of the facts and making ethical judgments. Here is a general outline of the basic steps followed by the specifics.

1. Identify the Issues
 2. Outline the Options
 3. Construct Ethical Arguments
 4. Evaluate the Arguments
 5. Make a Decision
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Step 1: Identify the Issues

1. What are the major factual issues raised by this case?
 2. What are the major ethical issues raised by this case?
 3. What are the major accounting issues raised by this case?
 4. Who are the major stakeholders in this case? (Stakeholders refer to all individuals whose interest could be affected by the decision made in the case).
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Step 2: Outline the Options

1. What are the main alternative actions or policies that might be followed in responding to the ethical issues in this case?
 2. What are the major views on the ethical issues raised by this case?
 3. What facts are unknown or controverted that might be relevant to deciding this case (may require research to determine some facts).
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Step 3: Construct Ethical Arguments

1. Determine which of the ethical principles/standards apply to this case (i.e., moral development; egoism; virtue; deontology; teleology; justice)
2. Identify the accounting principles (i.e., ethics codes of conduct and GAAP) that can be invoked to support a conclusion as to what ought to be done ethically in this case or similar cases?

3. Determine whether the different ethical standards/accounting principles yield converging or diverging judgments about what ought to be done?
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Step 4: Evaluate the Arguments for each Option

1. Weigh the ethical reasons and arguments for each option in terms of their relative importance.
 2. Determine whether there are any unwarranted factual assumptions that need to be examined in each argument.
 3. Determine whether there are any unresolved conceptual issues in each argument.
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Step 5: Make a Decision

1. Decide which of the identified options you would recommend or judge to be the ethically best way to deal with the issue presented in this case based upon which option has the strongest ethical reasons behind it.
 2. Determine how a critic of your position might try to argue against it using other ethical reasons and present a rebuttal or counter-argument in defense of your judgment.
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