

ACCOUNTING ETHICS AND THE PURPOSE OF A CODE

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THE PURPOSE OF ACCOUNTING

To measure the truth

THE PURPOSE OF ACCOUNTING ETHICS

To get accountants to do
the right thing. Period.

WHAT IS THE “RIGHT THING”?

Where did you get your
ethics?

CAN ETHICS BE TAUGHT?

Yes. I teach them.

Can they be learned?

WHEN DID YOU GET
YOUR ETHICS?

WHERE DID YOU GET
YOUR ETHICS?

WHAT IS YOUR
DOMINANT ETHIC?

The Philosophies

- Cultural Relativism
- Ethical Subjectivism
- Divine Command Theory
- Natural Law Theory
- Psychological Egoism
- Ethical Egoism
- Utilitarianism
- Deontology
- Social Contract Theory

WHAT SHOULD WE TEACH?

Ask the Experts

The Hasting Report:

Indoctrination is bad

Tolerance is good

IS INDOCTRINATION BAD?

What is Indoctrination? Definition:

Definition 1: Indoctrination

To instruct in a body of doctrine

Doctrine: An organized body of philosophical or theological thought

Definition 2: Indoctrination

To teach to accept a system of thought uncritically; to “brain-wash.”

What *Really* Matters? Doctrine over pedagogy

IS TOLERANCE GOOD?

It depends on what is being tolerated.

If the position is morally neutral,
then tolerate

If the position is morally wrong,
than do not.

THE VALUE OF A CODE

It articulates your values.

Positive Rendition

Negative Rendition

WHAT DOES EVERY CODE HAVE IN COMMON?

Character

Competence

Public Service

THE AICPA'S UNIQUE PRINCIPLE

Objectivity and Independence

Statistics Analogy

Objective: Freedom from bias

HOW TO OWN THE CODE

Be Holistic:

Connect your philosophy to the Code

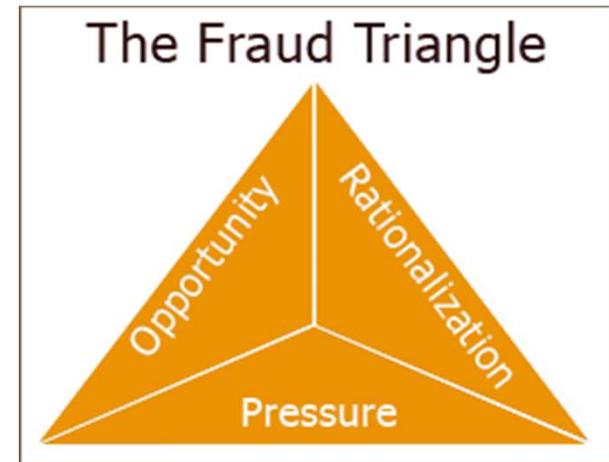
Right Action = Principle*Code

Example: Fraud Triangle

The Fraud Triangle

The Accidental Fraudster

- Incentive/pressure
 - Unsharable financial need
 - Presumably self-serving
 - Generally unobservable
- Perceived Opportunity
 - Little fear of getting caught
 - Violates a position of trust
- Rationalization
 - Morally defensible rationalization
 - Generally unobservable



HOW TO OWN THE CODE

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Right Action = Principle*Code

Example: Fraud Triangle

Membership is a choice