

# Code of professional ethics and conduct

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of Professional Ethics and Conduct s Introduction AICPA of professional ethics describes a collection of mentsthat were issued by America Institute of Certified Public Accountants. More importantly, the code of professional conduct outlines the CPA’s ethical and professional responsibilities for the AICPA members. The standards are related to the auditors’ independence, integrity and objectivity, general standards for accounting principles, responsibilities to clients and colleagues, and other responsibilities and practices. Inherently, violation of the code of professional conducts leads to the disciplinary measures. This paper analyses the disciplinary actions due to violation of rule 102, 201, 202 and 501 of the AICPA code of professional ethics. Rule 102; integrity and objectivity Mr. Robert Bassman of Troy, Michigan violated the code of ethics of professional conduct of AICPA, together with Michigan Association of CPAs, when he gave consent to the entry of an order instituting public administrative proceedings. Inherently, according to rule 102, of integrity and objectivity, an AICPA member is supposed to act at all times with integrity and objectivity while providing services to a client (Crawford & Loyd, 2008). The members is not supposed to knowingly misinterpret facts by making, permitting or directing another to make false as well as misleading entries in an entity’s record. Consequently, Bassman was suspended from appearing before SEC as an accountant, as well as from the membership of the Michigan association of CPAs and AICPA for two years. In addition, he was mandated to pay a disgorgement fee amounting to \$35, 000 (AICPA, n. d.). Mr. Bassman gave consent for the entry of an order instituting the public administrative proceedings, which indicates that he was aware of the situation. Subsequently, instituting the public administrative proceedings may translate to detrimental effects, <https://assignbuster.com/code-of-professional-ethics-and-conduct/>

which could be costly. Therefore, the disciplinary action adopted was worthwhile. Inherently, by AICPA instituting severe disciplinary measures to the members violating this rule will highly discourage the breach of the code of conduct (Fredrick, 2007). Rule 201; General standards Mr. Anding violated the AICPA code of conduct when he failed to exercise due professional care in his performance of professional services since he issued financial statements with his audit findings although they had inconsistencies in the net income statement. Moreover, in his opinion, he acknowledged that he audited 31st, December 1992 statements despite the fact that the statements indicated that they were not audited (AICPA, n. d.). The Code of Professional Conduct of the AICPA is required to comply with due professional care, as well as exercise due professional care while performing their professional services (Duska, 2011). This made his AICPA membership to be terminated after a denial of a request for review of decision by an ad hoc committee of joint trial board. Since Mr. Andings was also accused of violating rule 202, 203 and 501, then the disciplinary measure was right for him. His acts showed lack of professional ethics that can easily propagate gross mistakes. Therefore he deserved to be punished in that manner.

However, AICPA should ensure that all its members are well informed of the existing professional code of conducts, applicable professional standards together with the possible disciplinary action to reduce such cases of general standards. Rule 202; Compliance with standards Mr. Beck was charged for violating the rules of the Codes of Professional Conduct of the AICPA since he failed to supervise the planning as well as the conduct of the engagement.

That is did not only fail to participate in the initial planning meetings, but also he failed to plan audit staffing, neither did he determine audit

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procedures (AICPA, n. d.). In addition, Mr. Beck did not document details, together with audit procedure performed. The rules of the Codes of Professional Conduct of the AICPA requires its members who are performing auditing, review as well as other professional services to comply with standards promulgated by bodies designated by council (Duska, 2011). As a result, the discipline measures included suspension of his membership in AICPA and Kentucky society of CPA for a period of two years. He was also required to complete an 8-hour self study course, on professional ethics and achieve a minimum grade of 90 percent. Moreover, he was mandated to complete 40 hours of GAAP professional education courses for 12 months. Mr. Beck was also prohibited from performing peer reviews up to the time he will meet all directive outlined in the agreement. His name alongside the settlement agreement was to be published and ECA monitor its compliance. The training is supposed to enable Mr. Beck to be aware of the professional standards that are essential in his profession, and moreover, monitoring will ensure total adherence, and therefore minimize the chances of such mistake occurring. AICPA should make sure that there is enough monitoring system that will ensure that all its members comply with the professional standards (Fredrick, 2007). Rule 501; Act discreditable Stuart Becker violated rule 501 when he failed to take measures that will make sure that proper internal controls were instituted, consequently, this led to untimely filing of payroll tax returns, together with remittance of payroll taxes at the wrong time (AICPA, n. d.). It is expected that an AICPA member should comply with the applicable federal or state laws and regulations that will ensure timely filing tax returns of member firm together with remittance of payroll as well as other taxes. Failure to do this then the member will be considered to have

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committed an act that is discreditable to the profession. As a disciplinary measure, Mr. Becker's membership in AICPA and NYSSCPA was suspended for a period of two years. He was also required to complete an 8-hour self study course, on professional ethics and achieve a minimum grade of 90 percent. His name alongside the settlement agreement was to be published and ECA monitor its compliance. This discipline is relevant and enough to ensure that AICPA members will always ensure internal controls are in place. The training is supposed to give Mr. Becker the necessary skills to enforce the internal controls, and moreover, monitoring will ensure total adherence, and therefore minimize the chances of such mistake occurring (Fredrick, 2007). AICPA should make sure that there is enough monitoring system that will ensure that all its members comply with the professional standards.

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