

Accounting info systems – ethics case

Sociology, Ethics



Introduction:

This paper seeks to answer given questions relating to accounting information systems and ethics in employment.

Questions and Answers:

1. Does recording the transaction in the general journal rather than in the cash payments journal affect the amounts of cash and total expenses reported in the financial statements?

Yes. The recorded transaction in the general journal rather than in the cash payments journal affects the amounts of cash and total expenses reported in the financial statements. The journal entries will also be posted in the general ledger, which is the basis for the preparation of the trial balance. The trial balance will eventually be converted into balance sheet and income statements, which we call the financial statements.

The balance sheet will contain the current assets, of which one of the account titles is cash. In the transaction that happened, the cash in the balance sheet (Meigs & Meigs, 1995) will include 9,100 recorded amount in its balance.

1. Why did Grayson record these expenses in the general journal?

Grayson recorded these expenses in the general journal because he wanted to avoid review of the transaction by her boss. Case facts say " But Grayson approved the reimbursement because she owed Howard a favor. Grayson was aware that the company president reviews all expenses recorded in the

cash payments journal, so Grayson recorded Howard's wife expenses in the general journal..."

Grayson's purpose was to cover up the wrong committed, which is approving the reimbursement expenses of Howard. Such should not have been done in the first place because the travel and entertainment expenses seemed excessive as caused by taking Howard's wife along at company expense. Grayson only did the wrong thing because she happened to owe Howard a favor.

1. What is the ethical issue in this situation? What role does accounting play in this issue?

The ethical issue in the situation is the fact that Grayson committed professional irresponsibility of not being objective in the performance of his function as vice president of sales. She is bound to be fair to his employer by approving only the justified amount of reimbursement expenses.

By mixing her professional responsibility with her personal concerns, she committed breach of ethics, which deserve some sort of discipline. It shall not appear as overemphasizing to say that the Grayson's action also involved act of over- approving what is not proper, is not only simple negligence but could amount to fraud because of the wrong reason of doing the same, that is because she owed Howard a favor.

The action of Grayson, if put to a test, is unethical because she would not be happy to have what she has to appear on the front page of the newspaper as evidence by her cover up (University of Western Australia, 2006).

The role that accounting play as used by Grayson was to cover up an offense but as per earlier analysis, Grayson will see the folly of her poor decision making. Her lack of knowledge of accounting believing that she could be successful in her cover-up would also aggravate any penalty that would be meted her. For not knowing her accounting, she does not deserve to be vice president of sales of Elan, Inc. because she must also know numbers. Selling function requires one to know at what price products should be sold to earn the right profit.

Conclusion:

Poor judgment means poor decision making skills as shown by Grayson. Accounting is an art that is designed to provide information that must be accurate and verifiable. To use it for one's advantage by a non-accountant like Grayson will realize that it has also it's built in check and balance.

Reference:

University of Western Australia (2006), Code of Ethics & Code of Conduct,
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au/publications/code_of_ethics](http://www.hr.uwa.edu.au/publications/code_of_ethics), October 21, 2006.

Meigs & Meigs (1995), Financial Accounting, Eight Edition, McGraw-Hill, Inc.,
New York, USA