

Hamilton wong case essay



**ASSIGN
BUSTER**

1. If I were in Hamilton Wong's position, I would feel compelled to report every single one of my hours worked on the Willie & Loman audit. The practice of underreporting your hours or "eating time" as Wong called it, is highly unethical and can lead to many future problems in the workplace. Although it is something that commonly takes place, that does not mean it is any less unethical to do. The problems that you run into by doing this mostly involve future audits. The first problem is not being able to bill the client correctly, as they are paying much less than the work that they actually received from the firm.

It affects future audits because if you report that it took so many less hours than expected, this will be expected of your team in the future. Management will only budget the time that you reported for the next audit, making each subsequent audit harder and harder to complete within the budget given. This will only hurt you and your whole audit team in the future, so Hutchinson or Wong should not do it no matter what promotion is at stake. I believe that Hutchinson did behave unethically by underreporting her hours worked on the engagement so severely. Although she has made the situation better for herself by looking like the all star of the team, she has only hurt the team for future audits when they will keep receiving low budget times for audits. This is a very selfish decision that Hutchinson has made, making it highly unethical.

2. The key objectives of tracking hours worked by individual accounts or assignments on an audit engagement is to bill their clients on the work that has been done. This is done by keeping accurate record of the time worked on each account and the engagement as a whole. This also helps budget

time for future audits based on the amount of time that it took in previous years. This is of great help to management at the accounting firm planning the audit. The underreporting of time has many implications for individual auditors along with their colleagues and the quality of the audit. By underreporting hours, managers will not know the true hours worked to complete the audit, thus budgeting less time in the future making it harder on everyone on the audit team. By budgeting less time, this can cause everyone to be in a rush and make careless errors next time.

3. Accounting firms can take several measures to ensure that time budgets do not interfere with the successful completion of an audit. One way to do this is by budgeting time correctly based on past records, assuming they are correct and not underreported, as Hutchinson has done. By budgeting the correct time for everyone to complete the audit, it should come out without any errors caused by rushing to meet the deadline. Another way they can ensure that time is reported correctly is by instilling a good work ethic as part of their businesses culture. Make it known to employees that underreporting time is unethical and unacceptable in this firm. They can enforce this with punishment if an employee is caught doing so. They can also prevent the problem from happening by having workshops or seminars on ethical behavior when on an audit assignment.

4. Accounting firms can take several measures to reduce the likelihood that personal rivalries among auditors of the same rank will become dysfunctional. They can do this by instilling a non-competitive nature in their firm, making employees see that working together on an audit engagement as a team is far more beneficial than trying to do better than one of your

teammates. It is important to work as a team at all times and not let personal motivating factors and selfishness give way to the team or engagement becoming dysfunctional.

This can be a part of the mandatory seminars that first or second year employees must attend, as I touched upon in the answer to question 3. Also, incentives such as promotions and bonuses should not just be focused on personal performance. If one individual is soaring and performing at a high level, but is not engaging his or her team it will lead to an unsuccessful audit engagement. Incentives should also be based on a teamwork-based approach, as this will likely lead to the best quality audits that the firm can perform.

This should be a part of the firm's vision and clearly stated in something like their overall mission statement. If this is clear to all employees, it will hopefully tell them that the success of the entire firm is what is most important, not just their own personal success or how fast they can complete their own part.