Valuing Familiarity at the Expense of Ethics

Name

Institute name

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AICPA is one of the leading organization for accountants in the United States of America. The AICPA received the main draft of its Code of Professional Conduct barely a century prior. Its long history has molded the present form of the Code into a robust model that explain the accounting regulations which are used to govern and oversee their authorized professionals. It is used as a formal standard in 20 states of the USA, which has been somewhat received by the board of accountancy in the other 12 states of the country. Indeed, in some states like California, which have not followed yet the AICPA Code, the member of accountants of AICPA willfully consent as the part of the profession-wide struggle to keep up the most noteworthy standards of professional and ethical practices. Many accountants in both the public and private sectors, working either in small or large corporations usually face ethical issues throughout their professional career. Being accountants we are responsible for all the internal and external stakeholders of the organization, and we are considered to perform our work with due carefulness. The auditors can be both internal and external. The internal auditors are generally on the trail of a misrepresentation subsequent to seeing at least one extortion indicators. These incorporate surprising or baffling fluctuations in accounts and records; sporadic activities in the real money procedure; high staff turnover; deficient segregation of duties; absence of supporting documentation for the journal entries or different changes in the accounting entries; and over the end of year-end or quarter-end changes and adjustments. Many are amazed by the most widely recognized impostor, the trustworthy staff. Tragically, usually for good individuals to settle on poor decisions dependent on the situation. This paper will look at the frauds which were submitted by a confided in an employee. Rich, the manager was allowed the chance to commit extortion on account of the absence of internal controls. We will analyze those stakeholders that are legitimately engaged with this fraud case including the internal auditors that found the extortion.

The paper will likewise discuss the numerous ethical and moral conflicts that are engaged with this case. Internal auditors must pursue rules and guidelines that are sketched out in the AICA Professional Code of Conduct. We will talk about the internal auditor’s obligations, duties, and dangers that identify with the Professional Code of Conduct and if any of part of the set of accepted rules was disregarded. While there are numerous methods for misrepresentation anticipation, a great place to begin is taking care of your inner controls. The internal auditor is in charge of alleviating risk and purposing safeguards to ensure the firm’s resources. These risks are uncovered through Risk-Based Internal Auditing that assesses the risk, recognize chance and right the risk through legitimate controls. In spite of the fact that the reinforcing of inner controls has demonstrated to limit the loss of assets in the company, these conventions must be trailed by all staff to avert frauds.

The ethical decisions of the internal auditors are fundamentally framed by the principles, strategies, and decisions of an association. These things play a key role in framing the ethical choices of the auditors advances a report's fairness. He can choose these things whether the last articulation of the organization coordinates the cash flows and other transactions. For this reason strategy for collections is utilized as any misrepresentation in the transaction is hard to discover and the administration can misuse the timings of changing of a specific transaction (Rabin, 2005). The moral practices of unique accounting are there essentially to assist the external auditors with increasing their productivity and accuracy in finding any fake demonstration. It is troublesome for individuals who separate between earning management and the misrepresentation. For an external auditor, it is important to have the capacity to separate the minor hairline variation between the two. The outside auditor can carry out the responsibility of seeing if it was a misrepresentation or a financial blunder which brought about the misfortune. Furthermore, so as to stop what's to come misrepresentation he ought to have the capacity to discover the approach of the false individual. What's more, to have the outside examiners work at their best the controllers ought to give them the best direction data and help them the way they can do (Kassem, 2012). After the acknowledgment of significant frauds of accountings like Enron, what's more, WorldCom in 2002, an improved arrangement of codes and principles was required to stay away from this. Significant gatherings like financial specialists, lenders, officials, and workforce paid heed to such emergency (Gherai and Balaciu, 2011).

According to the AICPA principles 0.300.020 Responsibilities principle. The accounting professional should work sensitive professional and moral judgment in all the practices. In the case of Rich, the internal auditor and the HR department did not follow their responsibility principles. The internal auditor had a relation with Rich and he gave him favor due to the familiarity threat. The internal auditor was trusting him and due to the relationship, he was not taking strict actions. Rebecca the CPA qualified to work as a bookkeeper was also avoiding to follow sensitive professional and moral decision regarding the excessive return and refunds. The responsibility principle was not followed by the HR department in the placement of Rebecca under the supervision of Rich. Rebecca was silent while observing different fraudulent activities quietly which is unethical. The CPA Ms. Rebecca was the daughter in law of Mr. Rich and she had been offered to provide child allowance so her baby food and other necessities. She was the bookkeeper and all the records were with her but still, she remained silent. She preferred her personal interest over the organizational interests. Even she knows the ethical standards and other accounting principles but for her interest was prior in her weeks. HR department, in this case, was highly irresponsible and avoided their professional responsibilities. Even the Dean of the students did not follow his ethical responsibilities because he was involved in the promotion of Rich as a Book store manager. It provided a lot of losses to the organization at the end when the auditor properly inspected the whole case. There was the loss of millions of dollars because of the mismanagement, nepotism, and the lack of responsibilities by all the stakeholders. Rich was also given the responsibility to communicate with the Booker’s Inc. they purchase the books which are not used by the university professors. So the university management is totally responsible for the losses and mismanagement. The professional members of AICPA perform an important role in society because of the rules and the requirements of the body. The members are responsible to cooperate with one another to improve the art of accounting, maintain the public confidence, and the stakeholder's confidence. The professional accountants who are the members American Institute of Certified Public Accountants required to maintain the traditions of the profession. In the case of Rich, the internal auditor was the professional accountant but he didn't follow what was expected as per standard. While Rebecca was professional CPA and was working there as a bookkeeper though she knew the standards of AICPA still she didn't show her responsibilities and favor her father-in-law. The dean of the students is also equally responsibilities for such losses. He along with HR department decided to promote Rich to the managerial position and avoid the proper HR standards for recruitment.

The Public Interest (Code: 0.300.030), according to this code of conduct the members of AICPA should accept the responsibility to perform in such a way to serve their public, achieve the public trust, and exhibit the promise to professionalism. The professional accountants and the members of IACPA should keep the interest of its clients such as the credit grantors, employers, business and financial community, government, and financial community. In this case, the university staff doesn't violate any external stakeholders' interest. However, their internal interests were not up to the mark. Externally they communicated with financial institutions for loan and finalized a decision with one of the banks. The bank asked for financial reports of the organization which disclosed many fraudulent activities.

The third principle of professional conduct is the integrity principle with its code number 0.300.40. According to this principle to maintain the confidence of the public, the member accountants should perform all the responsibilities with the highest integrity. For financial recognition, integrity is an essential element. The member should be candid with the confidentiality of the clients. The member should be honest and loyal toward the organization and with its clients. In this case, there is no such evidence of a violation of this principle throughout the case. The case was based on internal mismanagement. However, there was some mismanagement with the refunds of the returned sold items. The organization had done certain mismanagement with the refunds and there were some fraudulent activities by one of the employees. While the other employees were indirectly involved because they supported Rich in his promotion and other matters. Integrity is usually measured in terms of what is the right things, in the absence of specific guidance and rules. The form and the spirit of ethical standards are observed in integrity principles. In this case, the mismanagement and unethical practices were the Rich being the manager book store and the manager textbook. Peter was the representative of Booker's inc. Peter was the friend of Rich and he paid directly in cash instead of checks to Rich. There were no ethical considerations and integrity in the organization and with its partners. There were no proper records of all the cash received by the university because Rich used his personal approach and did a corruption. He also paid her daughter in law the child care expenses, because she was not disclosing Rich's reality to the world. Rich had planned everything really well and the HR department, internal auditor, and the deans of the students were unaware of the overall scenario. The ethical standards were totally violated and there was no integrity in these situations.

Objectivity and independence principle is the professional conduct of ethics for accountants members of AICPA. According to the objectivity and independence, the member accountants should maintain the objectivity and every action should be free of personal interests. In public practices, the member should be independent when providing audit services and attestation services. The objectivity is being logical and there is no biasedness and false assumption regarding any situations. The objectivity ensures that the decision is made according to facts and figures. Objectivity also means that the person is intellectually right and free of all the conflicts of interest. In public practices, the maintaining objectivity and independence for the members require the constant assessment of public responsibility and client relationship. In case of the university the auditor and the bookkeeper were not objective and independence because of Rich's experience, position, and their relationship with Rich which compelled them to behave according to their perceptions and did not disclose the fraudulent activities of Rich. There was no stakeholder who would be candid, objective, and straight forward. Being an objective is an essential virtue of a good auditor and professional accountant. The auditor always takes decision according to the evidence, if there is no evidence it means there is something suspicious and fraudulent activities have been done. The auditor, in this case, was relative of Rich, so he was not being objective, he was favoring Rich by being nice and soft with him. Not only Rich was guilty but all the stakeholders in this case discussed were guilty, busy, and biased throughout your life.

Finally, we will discuss the scope and nature of the services principle. According to this principle, a member accountant in public practice should observe the rules of the code of professional conduct in finding out the scope and nature of services being provided. The interest of the public requires a set of services from the member accountant which is dependent on the client's nature and the scope. It also depends on the nature of the member and the scope of his experience, expertise, and other practices. The integrity required the services and public trust because the people are the active stakeholders of the accountant. The objectivity and independence need the member's requirement like you. Due care means that all the services which are provided to competence and diligence. There should be no hard and fast rules at all which can develop to assist the member accountants to reach these judgments. There should be a strong control of internal quality in order to ensure these services are completely and strongly supervised. The members should be determined to their individual judgment, the scope and the nature of the members. The members should be assessed according to their individual judgments. To see whether the activity is consistently occurring according to their role as a professional accountant. The scope and nature check all the activities and the roles of an accountant in the organization and society. The accountant is not only limited to a limited back end task to do some entries and other small services. The ethical consideration is the most important scope and nature of the accountant. Every activity should be confined to ethics such as fairness, honesty, truthfulness, and much more. The ethical considerations also require to broaden the activities and the scope of the person and improve the quality of work in the organization. In the case of Rich, the internal auditor was not following the scope and the nature of the services. The scope and nature of services discuss the considerations of all the accountant's activities which should be discussed thoroughly.

**Stakeholders**

A stakeholder is the concerned groups of people that uphold the company to survive, and they are influenced or they can influence the company's activities. For this situation the partners are the store manager Mr. Rich, he is the one that has submitted the fraud. The HR office is an essential stakeholder because they had taken the decision to promote Rich on this position without going for a detailed process of hiring. The Dean of Students who screens the book store operations is also an active stakeholder, and he was actively involved in the hiring process of Rich. The internal auditor is another stakeholder since he was the person who found the extortion. Booker's Inc. is a partner they are the ones that work the repurchase program. Peter Justen works for Booker Inc. as a delegate he is the one that conveys the commission check and he is one of the potential stakeholders. Rich’s daughter-in-law Rebecca was the CPA working as a bookkeeper. She didn’t ask her father-in-law the reasons to cash so many checks for the refunds to the students for the return of sold books. She wondered why the rate of refunds is higher but she didn’t ask Rich because she did not want to displease her husband. According to the ethical rules of conduct, the internal audit and activities of the organization should be done with honesty, responsibilities, and diligence (Pages-Code of Ethics, 2019). In this case, Rich is doing unethical activities through his daughter-in-law. While Rebecca is also not loyal to the organization, it is her responsibility to ask Rich about the increasing refunds and losses of the organization. The profit of the organization is based on the sales while the excessive refunds of the sales return cause potential losses to the organization. There are many standards of ethics and code of conducts for every profession to ensure the practices in the organization are based on ethics and morality. The threat of Rich was the familiarity threat for the organization because he preferred his interest over the organization interest. The profit of the organization was adversely affected due to the activities of Rich. Familiarity threat is the close person terms of a member of the audit team and the employee of the company who prefers self-interest, intimidation and the familiarity threats to the fairness and objectivity. The reason is that the audit team member may not be sympathetic towards them and skeptical towards the associated employee.

Another stakeholder is the HR department which did not follow the rules for the recruitment of staff. There are many relatives like Rich and Rebecca working in the same department. This is against the anti-nepotism laws. According to the laws employees cannot be hired, promoted, and transferred within the reporting relationship with another relative (Ho et al., 2015). HR department violated this law for their hidden interest which caused problems for the organization. Such practices from a responsible manager are unethical. The threat of the HR department is ethical threats because it disallows the HR staff to perform its duty and follow the code of ethics to protect the interest of the business. It affected the work environment of the organization and causes problems to it. The lack of honesty and fairness from the HR department, in this case, occurred when they didn't follow the standard HR practices and promoted Rich to the Bookstore Manager position. This caused an inappropriate placement of a person which was led the organization to losses in terms of the intensive refund payments. According to Merchat and White (2017) to serve the organization with the best organizational interest means the implementation of business strategy in the best possible ways. It interpreted another perspective of the ethical consideration at the workplace. They proposed the management control system (MCS) which refers to the system used by managers to ensure the constant practices for the achievement of the organization's strategies and objectives. Here both the ethics and the MSC are involved in the managerial decisions regarding what employees are supposed to do and ensuring these are strictly implemented. Their research was based on the ethics in accounting and the management system control.

To align the behavior of employees with the values of management, there are a number of professions and ethical standards to be followed. The behaviors of these professionals are subjected to these standards and reviewed as required by the compliance committees. Violation of these standards is subjected to penalties which can be served as loss of license and may be the expulsion from the organization. Professional standards are important for the members of these professional bodies to execute these standards fully. To provide external control system about their members the professional bodies also contribute to the member firm's internal management control system. For instance, the statement of ethical professional practices Institute of Management Accountants (IMA) introduced the ways how management accountants will resolve the ethical conflicts. Any mismanagement and fraud observed by the employees should be communicated with their immediate supervisor, and if needed they can communicate with the higher management as well. According to IMA (2016), the communication of these unethical and illegal problems to higher authorities are not engaged by the organization will not be considered appropriate, until there is clear evidence of a violation of laws. The professional standards are expected to decrease the costs of MCS and have other positive outcomes that help the organization to achieve its strategic objectives. However, it is noticed in many cases that still the organizations are not getting full benefits from these professional standards though these are followed by the employees of the member firms. In certain situations, the professional standards have limited effects due to the hindering employees working in their organization for shorter interests of the organization. Being a member of internal audit I am responsible to properly investigate the financial statements and the bank reconciliation record.

As Pam Becker, in this case, is the accounts receivable clerk mismanaged some entries, there were several retail products received from major suppliers which do not appear on the bank statements. I reviewed the reconciliation for the past quarter. I contacted the bookstore manager Rich Martin who is my stepson, however, I didn't inform the organization regarding this relationship with Rich. According to the ethical standards, it is a familiarity threat for the organization. When the auditor and employee have a relationship and the auditor does not disclose his misconduct within the organization. The relationship of the internal auditor and the concerned manager can affect the fairness of audit. It is also unethical practices to hide the relationship between two employees within the organization. If there are many relatives in the organization they could violate the interest of the organization and the self-interest's threat can occur. The familiarity threat occurs when the auditor has sympathy with a client because of their close relationship with each other. The reason may be a close friendship or relationship between the auditor and the concerned employee. The auditor may trust friends and relatives that they will follow the standards and will not go for a detailed review of their work. The chances of familiarity threat also arise with long relation of the auditors with other colleagues. With time a relationship builds with some of the employees which can intentionally or unintentionally cause biases in the audit process. For ensuring fairness in the audit process the company should keep the auditor's office away from the access of other employees and they should not socialize too much. The term relative refers to the blood relation or by marriage association of two-person within the organization. People who live together in a domestic partnership or with the children who are adopted. During the hiring process, it should be considered by the HR manager that the process is free of discrimination. A candidate will be hired by the organization until he or she is the best fit for that position. The referrals form the employees may be accepted, however, their influence in the HR decision will not be accepted.

Moreover, two blood relatives should not work in the same department because they may harm organizational interest and prefer their personal interest. The relatives should not be in the supervisory and reporting relationship with each other. The employees should not be transferred, hired, and promoted inside the reporting relationship with their relatives. The relatives should not favor or talk about their promotion and other issues. Ethical consideration should be followed and the standard rules of the CPA, AICPA, and other accounting professional bodies should be strictly followed. Ethics is the difference between right and wrong in all the practices of the company. If two employees working in an organization and they are in reporting a relationship with each other become relatives in some ways during their employment, one of the two must be transferred to another department according to the laws. The process of transfer will be free of discrimination and based on the employee and employer consent. The laws followed by the HR department are the management laws while the auditors and accountants follow the laws set by accounting professional bodies.

Here we will discuss the role of Peter Justin one of the representative of the company named Booker. He was also the member if Rich's bowling league which indicates that they both are closed friends. So Peter usually delivered checks directly to Rich. This informal relationship also caused such a dramatic loss to the organization. Peter paid directly cash to Rich which was not shown in any accounts of the company. The problem here is the unethical practices of both the employees. Both are harming their organization by providing and receiving cash without checks which is professionally unethical and unlawful. The organization has found that its lost amount has been very high and would be hard to recover fully. The threat of this kind of activity is an adverse interest threat which the auditors and other company. They do not consider the needs and requirements of the organization, rather they prefer their problems and interests. Another threat of this problem is the familiarity because Peter and Rich have become a close friend so they prefer their personal interests over the professional and organizational interests.

**Ethics and IACPA Safeguard**

There are several components of the AICPA codes regarding the proper and ethical practices of accounting. Which will be discussed in the following paragraphs.

Accountants who act with trustworthiness and in satisfaction of their commitment to the public to give sound, moral administration additionally serve the best advantages of their customers and their managers. Integrity and trustworthiness is the quality that enrolls the open trust and the benchmark that tests each choice. Serving customers with uprightness imply being straightforward and real inside the requirements of the bookkeeper's expert commitments to keep up a customer's privacy. Respectability likewise implies that individuals must not subordinate administration and the open trust to individual addition. The standards perceive that uprightness can suffer notwithstanding oversights or contrasts of supposition, however, evaporates when expert demonstrations with misleading or subordinates center moral standards to narrow minded thought processes. Bookkeepers secured by the AICPA Code are committed to acquiring adequate applicable information to help a sensible reason for ends or proposals. By and by this regularly expects bookkeepers to burrow profound, make troublesome inquiries, and investigate issues from inventive points. The AICPA's theory is that objectivity is a perspective that loans an incentive to a bookkeeper's work for customers. Objectivity is a distinctive component of the calling. It forces a commitment to be fair, mentally genuine, and free of irreconcilable circumstances. In like manner, the Code expects bookkeepers to be autonomous, blocking connections that may seem to debilitate an expert's objectivity. The Code expects experts to circumspectly hold fast to the calling's specialized and moral norms, ceaselessly improve their capability and the nature of their administrations, and release their expert obligation to the best of their capacities.

Recognizing and assessing threats to autonomy—Identify and assess dangers, both separately and in the total, on the grounds that threats can cumulatively affect a part's autonomy. Where dangers are recognized, however, because of the kinds of threats and their potential impacts, such threats are viewed as at a satisfactory level (that is, it isn't sensible to expect that the threats would bargain proficient judgment), the thought of protections isn't required. Whenever distinguished threats are not viewed as at an adequate level, shields ought to be considered as depicted in passage .05b. deciding if defends as of now dispose of or adequately moderate recognized threats and whether dangers that have not yet been moderated can be disposed of or adequately relieved by shields— Diverse shields can relieve or dispense with various kinds of threats, and one protect can moderate or dispose of a few kinds of dangers all the while. At the point when dangers are adequately relieved by safeguard, threats ' capability to bargain proficient judgment is diminished to an adequate dimension. A warning has been adequately alleviated by protections if, after utilization of the shields, it isn't sensible to expect that the danger would bargain proficient judgment.c. In the event that no protections are accessible to dispose of an inadmissible risk or decrease it to a worthy dimension, freedom would be considered weakened.

The viability of a defendant relies upon numerous elements, including those recorded here:

a. The realities and conditions are explicit to a specific circumstance

b. The correct recognizable proof of a threats

c. Regardless of whether the protection is reasonably intended to meet its goals

d. The gathering or gatherings that will be liable to the protect

e. How the to defend is connected

f. The consistency with which the defendant is connected

g. Who applies the defend

There are three general classifications of power if the safeguards. The general significance of a defendant relies upon its suitability in light of the certainties and conditions.

a. Safeguards made by the calling, enactment, or guideline

b. Safeguards executed by the bear witness to the customer.

c. Safeguards executed by the firm, including arrangements and methods to actualize proficient and administrative prerequisites.

The University had redistributed the tasks of the course reading repurchase program to Booker's, Inc., a little firm out of Baltimore. Rich was accountable for taking care of all connections with Booker's, Inc. Toward the finish of every buyback period, Booker's, Inc.wrote a commission check to the college for enabling them to lead the program on grounds. Dwindle Justen, one of Booker's agents who was additionally on Rich's bowling alliance, hand conveyed the checks directly to Rich.

Luckily, Rich's most loved girl in-law Rebecca Knownott, CPA worked in the business office of the college. The mother of a youthful kid, Rebecca functioned as a clerk despite the fact that she was a CPA since she would not like to work past 40 hours of the week, which is regularly expected of CPAs. Rebecca never addressed Rich when he requested that her money the checks, asserting he required the money to pay discounts to understudies for sales returns. Despite the fact that Rebecca asked why the book shop would have such huge numbers of discounts, she never scrutinized her dad-in-law since it would disappoint her significant other and Rich was paying the childcare costs for her girl Tabitha.

Examples of different defend inside every classification are exhibited in the accompanying sections. The precedents are not expected to be comprehensive and, on the other hand, the instances of protections executed by the confirm customer and inside the company's very own frameworks and techniques may not all be available in each example. What's more, the threats might be adequately relieved through the use of different protections not explicitly distinguished thus. After a careful examination, the internal auditor group verified that the vast majority of the cash stolen by Richie from course book repurchase programs. Usually, practice for course reading affiliates to touch base on grounds two times every year (toward the finish of each fall and spring semester) to pay discount costs to repurchase course readings employees and book shops never again need. In his situation as the course book administrator, Rich exploited this chance. What remains a riddle is the way Rich could have gathered $80,000 from what ordinarily offers to ascend to a little amount of cash. Actually the safeguard was nowhere in the organization every person tried to do support and facilitate the person who was involved in frauds. The fraudulent activities were supported by those employees who were supposed to stop corruption. To identify the fraudulent activities are the primary function and duty of the internal auditors, and it has not been performing to staff in the organization. As a whole the story is about the organization and its professional accountants dealing with different issues faced by the organization. There was the loss of millions of dollars because of the mismanagement, nepotism, and the lack of responsibilities by all the stakeholders. Rich was also given the responsibility to communicate with the Booker's Inc. they purchase the books which are not used by the university professors. So the university management is totally responsible for the losses and mismanagement. The professional members of AICPA perform an important role in society because of the rules and the requirements of the body. The ethical decisions of the internal auditors are fundamentally framed by the principles, strategies and decisions of an association (Brands & Lange, 2016). These things play a key role in framing the ethical choices of the auditors advances a report's fairness. He can choose these things whether the last articulation of the organization coordinates the cash flows and other transactions. For this reason strategy for collections is utilized as any misrepresentation in the transaction is hard to discover and the administration can misuse the timings of changing of a specific transaction.

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| Stakeholder | Interest | Mismanagement |
| Rich | The Book Store Manager. The main fraudulent person who misused his power and authorities | The management of Rich was good for his own interests. He violated the laws and standards set by AICPA. |
| Internal Auditor | Rich' s stepfather, however, he did not disclose it with the organization. | He trusted Rich and did not check the transactions. The role of the internal auditor is to minimize the risk of management and other changes. |
| HR department | HR department promoted Rich to the book store manager position. To avoid the formal process of hiring and induction of new manager, Rich has granted additional task without increasing his salary | HR department did not process the formal procedure and requirements of the vacant position. The department took a risk on Rich without assessment and interviewing him for this position. |
| The Dean | Dean was interested to save cost, so the additional responsibility was given to Rich. He was not from the field of management so he does not know the consequences. | He tried to save the cost of the organization by not hiring a new manager at this position. Rich accepted this offer as an extra burden with no increment in salary. Which is questionable. |
| Rebecca | She was interested in her baby allowance, and she didn’t want to displease her husband | Rich was facilitated by not telling anyone else regarding the excessive stages. |
| Peter Justin | The representative of the booker and member of Rich’s team. | Provided cash without checks and no proper record for a long time. He was the crime partner of Rich throughout the time. The role of Peter Justin one of the representative of the company named Booker. He was also the member if Rich's bowling league which indicates that they both are closed friends. So Peter usually delivered checks directly to Rich. This informal relationship also caused such a dramatic loss to the organization. Peter paid directly cash to Rich which was not shown in any accounts of the company. The problem here is the unethical practices of both the employees. Both are harming their organization by providing and receiving cash without checks which is professionally unethical and unlawful. |

Accounting is generating information which is used for future decision making. If the information is true and trustworthy a decision made will be right, and no ethical issues will arise. However, false information can harm the organization and lead the organization to severe loss. The collection and sharing of information with others in the ethical right. Fairness and unbiasedness in transactions are essential because of the trust of the public is built. There are many reasons which divert the employees from the right path. The conflict of interest is one of the major reasons that can harm the organization to a great extent. The behaviors of these professionals are subjected to these standards and reviewed as required by the compliance committees. Violation of these standards is subjected to penalties which can be served as loss of license and may be the expulsion from the organization. Professional standards are important for the members of these professional bodies to execute these standards fully. To provide external control system about their members the professional bodies also contribute to the member firm's internal management control system. For instance, the statement of ethical professional practices Institute of Management Accountants (IMA) introduced the ways how management accountants will resolve the ethical conflicts. Any mismanagement and fraud observed by the employees should be communicated with their immediate supervisor, and if needed they can communicate with the higher management as well. According to IMA (2016), the communication of these unethical and illegal problems to higher authorities are not engaged by the organization will not be considered appropriate, until there is clear evidence of a violation of laws.

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Appendices

**Stakeholders:**

Rich Martin

HR department

Deans of the Students

Pam Becker

Peter Justin

Rebecca Knownott

**Ethical Conflicts**

Adverse interest threat

ii. Advocacy threat

iii. Familiarity threat

iv. Self-interest threat

v. Anti-nepotism law