El Camino College
COURSE OUTLINE OF RECORD – Official

Course Acronym:	BUS
Course Number:	169
Descriptive Title:	Accounting Ethics
Division:	Business
Department:	Accounting
Course Disciplines:	Accounting
Catalog Description:	This course surveys ethical challenges faced by preparers and auditors of financial statements. Topics include ethical theory, the history of ethical thought, fiduciary responsibilities in the accounting profession, financial statement fraud and legal obligations. The course will also examine case studies of ethical decision making under pressure from superiors and different stakeholders.
Prerequisite:	BUS 150 with minimum grade of C
Co-requisite:	
Recommended Preparation:	
Enrollment Limitation:	
Hours Lecture (per week):	3
Hours Laboratory (per week):	0
Outside Study Hours:	6
Total Course Hours:	54
Course Units:	3
Grading Method:	Letter Grade only
Credit Status:	Credit, degree applicable
Transfer CSU:	Yes
Effective Date:	
Transfer UC:	No
Effective Date:	
General Education: ECC	
Term:	
Other:	
CSU GE:	
Term:	
Other:	
IGETC:	
Term:	
Other:	

CalGETC:	
Term:	
Other:	
Student Learning Outcomes:	**SLO #1 History of Ethical Thought** To describe the theory and history of ethical thought and decision making. **SLO #2 Influences of Ethics** Explain how ethics influences corporate governance and professional judgment in accounting. **SLO #3 Legal, Regulatory and Professional Obligations** Identify the legal, regulatory and professional obligations of accountants and auditors.
Course Objectives:	1. Discuss the relationship between ethics, morals, values and legal obligations 2. Differentiate between moral philosophies and their effect on ethical reasoning in accounting 3. Explain how cognitive processes influence ethical decision making in accounting 4. Describe Kohlberg's stages of moral development 5. Explain the link between organizational ethics, individual ethics and corporate culture 6. Describe the causes of fraud, detection methods and preventive controls 7. Describe the rules of conduct that pertain to CPAs in business 8. Describe ethics rules for tax practice 9. Distinguish between the auditor responsibilities for detection of errors, fraud and illegal acts 10. Describe the legal, regulatory and professional obligations of auditors 11. Discuss legal liabilities under the Sarbanes-Oxley Act 12. Explain the provisions of the Foreign Corrupt Practices Act 13. Explain the components of the Fraud Triangle 14. Explain the motivation for earnings management and fraudulent financial reporting 15. Describe the characteristics of ethical leaders
Major Topics:	**I. Ethical Reasoning (6 hours, lecture)** A. Integrity B. Religious and Philosophical Foundations of Ethics C. The Language of Ethics D. Difference between Ethics and Morals E. Ethics and Laws F. Moral Relativism G. Student Cheating H. Social Media Ethics I. The Six Pillars of Character J. Regulation of the Accounting Profession K. AICPA Code of Conduct **II. Ethical Decision Making in Accounting (6 hours, lecture)** A. Behavioral Ethics B. Equity, Diversity, and Inclusion C. Kohlberg and the Cognitive Development D. Moral Reasoning and Moral Behavior E. Rest's Four-Component Model of Ethical Decision Making F. Ethical Behavior vs. Ethical Intent **III. Organizational Ethics and Corporate Governance (6 hours, lecture)**

	A. Characteristics of an Ethical Organization B. Organizational Influences on Ethical Decision Making C. Corporate Social Responsibilities D. Ethics in the Workplace E. Corporate Governance Structures and Relationships F. Whistleblowing **IV. Ethics and Professional Judgment in Accounting (6 hours, lecture)** A. Professional Judgment Framework B. Independence Considerations for Public Accountants C. Security and Exchange Commission (SEC) Actions on Auditor Independence D. American Institute of Certified Public Accountants (AICPA) Code E. AICPA Conceptual Framework for Businesses F. Rules for the Performance of Professional Services G. Ethics and Tax Services H. The Public Company Accounting Oversight Board (PCAOB) **V. Auditor Responsibilities for Fraud (6 hours, lecture)** A. Fraud in Financial Statements B. The Fraud Triangle C. Fraud Considerations and Risk Assessment D. Audit Report and Auditing Standards E. Internal Control Over Financial Reporting **VI. Legal, Regulatory, and Professional Obligations of Auditors (6 hours, lecture)** A. Legal Liability B. Statutory Liability C. Private Securities Litigation Reform Act D. Sarbanes-Oxley Act E. Foreign Corrupt Practices Act **VII. Earnings Management (6 hours, lecture)** A. Characteristics of Earnings Management B. Materiality Judgments C. SEC Enforcement in Financial Reporting and Disclosure D. Financial Shenanigans E. Financial Statement Restatements **VIII. Ethical Leadership in Accounting (6 hours, lecture)** A. Characteristics of Ethical Leadership B. Ethical Leadership in the Accounting Profession C. Personal Responsibility and Whistleblowing D. Responsible Leadership E. Ethical Leadership Competence **IX. Major Case Studies in Ethical Behavior (6 hours, lecture)** A. Case Study 1 - Auditor Responsibility When Client Management Commits Fraud B. Case Study 2 - Corporate Governance Failures C. Case Study 3 - Ethical Reasoning in Interpreting Accounting Rules and Regulations D. Case Study 4 - Earnings Management and Fraudulent Financial Reporting E. Case Study 5 - The Role of Internal Controls in Facilitating Ethical Behavior
Total Lecture Hours:	54
Total Laboratory Hours:	0
Total Hours:	54
A.1. Primary Methods of Evaluation (Part 1 - CCN courses only):	

A.2. Primary Method of Evaluation (Part 2 - all courses; choose one):	1) Substantial writing assignments
Typical Assignment Using Primary Method of Evaluation:	Discussion questions: 1. Is it ever appropriate to lie to someone? In one to two pages, explain why or why not using ethical reasoning. Give one example of when you believe lying might be justified. 2. In one to two pages, explain how theories about the world, other people, and ourselves influence ethical decision making.
Critical Thinking Assignment 1:	In 2012, Harvard forced dozens of students to leave in its largest cheating scandal in memory, but the institution would not address assertions that the blame rested partly with a professor and his teaching assistants. The issue is whether cheating is truly cheating when students collaborate with each other to find the right answer-in a take-home final exam. Using Josephson's Six Pillars of Character, which of the character traits (virtues) apply to the Harvard cheating scandal and how do they apply with respect to the actions of each of the stakeholders in this case? 2. Who is at fault for the cheating scandal? Is it the students, the teaching assistants, the professor, or the institution? Use ethical reasoning to support your answers.
Critical Thinking Assignment 2:	An auditor for a governmental agency concluded a contractor's accounting system was inadequate; her supervisor changed the opinion to adequate in order to minimize the audit hours on the job and make the process seem more efficient. Required: 1. Identify the ethical issues in the above situation. 2. What would be your ethical obligations if you were faced with this situation? 3. Would you go above your supervisor in this matter and bring your concerns to high-ups in the agency? Explain your answers in a one-page paper.
Other Evaluation Methods:	Essay Exams, Homework Problems, Multiple Choice, Objective Exam, Presentation, Quizzes, Reading Reports, Term or Other Papers, Written Homework
Instructional Methods:	Discussion, Group Activities, Lecture, Role play/simulation
If other:	
Work Outside of Class:	Answer questions, Problem solving activity, Required reading, Study, Written work (such as essay/composition/report/analysis/research)
If Other:	
Up-To-Date Representative Texts:	Mintz & Morris, <u>Ethical Obligations and Decision-making in Accounting</u>, McGraw Hill, 2025 Release
Alternative Texts:	
Required Supplementary Readings:	
Other Required Materials:	
Requisite:	Prerequisite
Category:	sequential
Requisite course(s): List both prerequisites	BUS 150

and corequisites in this box.	
Requisite and Matching skill(s):Bold the requisite skill. List the corresponding course objective under each skill(s).	**In order to recognize ethical dilemmas in the accounting profession, students must be able to interpret financial accounting concepts and terminology.** BUS 150 - Define accounting terminology. BUS 150 - Appraise the changing role of accountants in today's business. BUS 150 - Collaborate in a group environment to analyze ethical implications of business decisions.
Requisite Skill:	Prerequisite
Requisite Skill and Matching Skill(s): Bold the requisite skill(s). If applicable	
Requisite course:	
Requisite and Matching skill(s):Bold the requisite skill. List the corresponding course objective under each skill(s).	
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Enrollment Limitations and Category:	
Enrollment Limitations Impact:	
Course Created by:	Sidney A. Porter
Date:	03/03/2020
Original Board Approval Date:	
Last Reviewed and/or Revised by:	Sidney A. Porter
Date:	10/16/2025
Last Board Approval Date:	01/21/2026
Effective Term:	FA 2026