A Proposal for an Ethics Class for the Master of Accountancy Program at the University Of Tennessee, Knoxville

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INTRODUCTION

The objective of this research is to propose that the Master of Accountancy Program at the University of Tennessee, Knoxville (UT) add a three hour ethics course to its curriculum. While matriculating in UT's undergraduate accounting program, students today will only have one general ethics course that does not cover some main issues in today's accounting world. Even if students matriculating in the MAcc program had an ethics course as undergraduates, it is highly unlikely that the course was specific to what they will do in their careers. This paper proposes that UT should add a required accounting ethics course completed during the Master of Accountancy program. An accounting course on ethics is something that this University and its students need and deserve.

The first section of this paper presents the reasons why this University and others like it need an accounting ethics course at the master's level. It reviews many recent scandals in the accounting world, which include many examples of fraud and unethical behavior that have occurred in the past ten years. It also includes some accounting controversies that have occurred in the recent past. This includes some examples specific to the world of audit, where accounting firms are being sued for their inaccurate audit reports. It will then look at whether companies would like for a class like this to be included even if it reduces some of the other accounting education. Finally, many statistics and graphical representations are presented to show why students at universities today are in dire need of an accounting ethics class. Many statistics show that students nationwide are not leaving their universities with the ethics education they need to survive in the accounting world.

The next part of this paper reviews the dissertation, “The Impact of the Sarbanes-Oxley Act on Ethics in the Accounting Curriculum: A Survey of Accounting Faculty in Colleges and Universities in the United States” by Nancy C. Fallon. This dissertation studies whether implementation of the Sarbanes-Oxley Act has had an effect on ethics in the undergraduate accounting curriculum. Fallon attempts to answer six main questions in her study to get a greater understanding on what effect has happened across America.

Next, this paper details whether accounting ethics can be taught. This shows both sides of the argument as there is a lot of debate on this topic. This paper argues that accounting ethics can and should be taught. This paper will also look at whether other universities are including an ethics accounting course and how they teach it. This includes a look at some of the top graduate programs in accounting and how they include ethics if they do.

The final section of this paper presents a proposal for what an accounting ethics course should look like at The University of Tennessee. This attempts to answer many questions about how UT could add a class like this to its curriculum and also how the class should be taught. There will be a description of the course and also some goals for the course. This will advocate the idea that a specific accounting ethics class in the Master of Accountancy Program is feasible and worth the cost of adding it.

WHY ETHICS IS NEEDED IN A GRADUATE LEVEL ACCOUNTING EDUCATION

Ethics has always been an important subject discussed in the world of accounting. It is something that is barely covered during a student’s time at UT compared to other topics, yet it is the one topic that can be most costly if employees do not know and understand it. This has

been shown many times in the past ten years through accounting scandals that have cost huge corporations millions, if not billions, of dollars.

The Accounting Degree Review has released an article detailing the ten worst accounting scandals of all time. It is shocking to see the amounts that companies have lost and the actions that the perpetrators thought they could get away with. The entities involved in these scandals include: Waste Management, Enron, World Com, Tyco, Health South, Freddie Mac, AIG, Lehman Brothers, Bernie Madoff, and Saytam ("The Top 10 Worst"). The ways that these entities tried to fraudulently report their financial statements involved simple earnings management maneuvers that could easily have been caught and stopped. The ways that they achieved these results in their financial statements were through extending the useful life of Property, Plant, and Equipment, keeping debts off the balance sheet, inappropriately capitalizing rather than expensing certain costs, making up numbers, and misstating earnings, among other things ("The Top 10 Worst"). The penalties that resulted from these actions were enormous. One of the worst was when Enron lost $74 billion, and the CEO was sentenced to twenty-four years in prison ("The Top 10 Worst"). Another huge penalty was levied on Tyco when it was forced to pay investors $2.92 billion and its CEO was sentenced to eight to twenty-five years in prison ("The Top 10 Worst"). While it is unknown what the ethical background of these people was, the exposure to a class on ethics may have been something that these powerful people needed but never received in their education. It is definitely not possible to stop everyone from engaging in unethical behavior, but a course in accounting ethics is something that is worth it if it is able to stop even a few of the many smaller accounting

scandals that occur regularly. Later this paper discusses why an accounting ethics course could have prevented some of these extreme actions.

Another noteworthy point is that students have become less ethical over the past 100 years. Steve and Conan Albrecht and Ned Hill argue this point while using table 1 presented below (Albrecht, Albrecht, and Hill p. 31).

TABLE 1: INCREASE IN CHEATING				
Type of cheating	**Year**	**Percentage**	**Year**	**Percentage**
College students who admitted cheating in high school	1940	20%	2002	75-98% (several different studies)
Self-reported cheating	1983	11%	1993	49%
Believe cheating is common	1940	20%	1997	88%
Used cheat sheets	1969	34%	1989	68%
Let others copy their work	1969	59%	1989	98%
Willing to lie to get a job	2000	28%	2002	39%
Students who had stolen	2000	35%	2002	38%
Source: Sharma 2004, Presidential Task Force 2001, Linn 2000				

As can be seen from the table, the percentage of college students who admitted cheating in high school has increased considerably (Albrecht, Albrecht, and Hill 2006). Also, the percentage of students who believe cheating is common has more than quadrupled (Albrecht, Albrecht, and Hill 2006). Also, as of 1998, 67% of CFO respondents have stated that they have been asked to misrepresent the books (Albrecht, Albrecht, and Hill 2006). It's the combination of these numbers that can make it seem very dangerous to send graduate students into the "real world" without a required accounting ethics course. If something is not done to help students learn that cheating and copying other people's work are unacceptable, then the next generation of students could be set up to make important mistakes in the accounting profession. This is something that the UT should not want to risk. When students graduate from the MAcc at UT, this degree is with them for the rest of their careers. If one of these students gets involved in an

accounting scandal, people could begin to question the ethical background that they received from the college they attended. If UT implements a class on ethics in the MAcc program, the university will at least know that it has tried its best to keep the accounting world as ethically sound as possible.

Review of Nancy C. Fallon's Dissertation on the Impact Sarbanes-Oxley Had on Accounting Education

The next part of this paper looks at a study by Nancy Fallon in 2005 on the effect of the Sarbanes-Oxley Act on the accounting curriculum. Her study attempts to answer six main questions. The questions that this paper addresses include: Has the amount of time faculty spend covering ethics increased post Sarbanes-Oxley? Have faculty perceptions concerning the coverage of ethics in the accounting curriculum changed since the passage of Sarbanes-Oxley? What methods do faculty use to teach ethics and how do they rate the effectiveness of these methods? What problems do faculty face when including ethics in the accounting curriculum? (Fallon 2005). This paper looks at the data that she obtained and uses this important data to explain why an ethics course at the graduate level of education is something that could be useful at UT.

When Sarbanes-Oxley was enacted in 2002, it was one of the most important pieces of accounting legislation put into effect of all-time. Since then, the study of accounting ethics has changed. One would think that it would lead to an increase in ethics courses in the accounting curriculum of undergraduate students. This is what Nancy Fallon sought to find out in her 2005 study. Fallon sent out a questionnaire to accounting faculty at universities and colleges to get data for her study (Fallon 2010). After obtaining her data, she compared it to other studies of

this same nature that were done before 2002's SOX Act (Fallon 2005). For the purpose of this paper, her results will be compared with the most recent other study that she compared her results to, which was reported in 1993.

Fallon asked faculty how many hours they spent covering ethics in their classes (Fallon 2005). This question, along with many other questions, was broken down into five typical accounting areas: Auditing, Cost Managerial, Financial, Tax, and Systems (Fallon 2005). When considered together the average time spent in all five areas of accounting was 3.74 hours, up from 3.1 hours in the 1993 study (Fallon 2005). The average time spent in Auditing courses was the most at 7.05 hours, up from 4.54 hours in the 1993 study (Fallon 2005). Also, classes that include more than three hours of ethical instruction were up to 39% from 24% in 1993 (Fallon 2005). These all show significant increases in the hours spent discussing ethics, but it is still only a minimal amount of time spent on ethics compared to what a full course could provide. From experience and from discussing the subject with current and past students, these numbers seem to match reasonably well with what students experience at UT. The increase shows that these colleges and universities are recognizing that ethics is a bigger part of an accounting education than they first thought, but it is still only a small step in the right direction of a much bigger focus on ethics. A full three hour course as part of the MAcc program would provide forty-five hours of ethical instruction that could make up for the insufficient undergraduate study of ethics that is occurring at most colleges.

A second part of Nancy Fallon's study that this paper will consider is how the professors that she asked believe an accounting ethics course should be taught. She asked the professors to tell her different ways that they taught ethics and to rate how effective each of the ways was

in teaching students ethical behavior (Fallon 2005). The ways of teaching it in order of most effective first were: case studies, class discussion, guest speakers, lecture, code of ethics, and research papers (Fallon 2005).Case studies, class discussion and guest speakers were rated most effective by a considerable margin over the methods rated below them (Fallon 2005). This information can be very useful in developing the foundation for a course on ethics. The development of a course for the University of Tennessee will be discussed later with this information included in the process of developing it.

A final goal of Fallon's study that this paper considers is some of the problems that universities and colleges face in implementing an accounting ethics course. The main reasons were a lack of time, a belief that the course is not appropriate, a lack of materials, and a belief that ethics could not be taught (Fallon 2005). Lack of time can be fixed by including the class as part of graduate level instead of undergraduate. While pursuing their undergraduate degree, students already have a full schedule and at times are unsure about what their major will be. Implementing an ethics class at this level of education would be tough and something that students may not respond well to. A difficult decision comes when deciding what class this three hour course would replace. A specific class will not be identified to replace, but this paper intends to make a strong enough case for an ethics class to allow accounting faculty who make curriculum decisions to see that a class like this, if taught properly, could have more value than some classes currently required. To dispute the second reason that a course is not appropriate one can look at all accounting scandals that have occurred in just the past year and see that it is still a significant problem. An accounting degree, whether it's a masters or bachelors, is something very powerful that must be earned in part by developing ethical

behavior. This learning must be demonstrated through a full course such as one suggested in this paper and not merely by passing an open book exam such as what is required as part of the CPA exam.

Lack of materials for an ethics course may have been a problem in 2005, but there is an abundant amount of resources through which to teach accounting ethics in 2013. There are hundreds of accounting ethics books available and even many that are mainly based on learning through case studies. Professors also, in most cases, will have had experience in the accounting world and can tell the students about their experiences and prepare students for how to deal with these situations. This would be true at UT as it has some great accounting faculty who all have experience in many different facets of the accounting world. The final problem, that ethics cannot be taught, will be discussed later in this paper by examining both sides of the argument. This is a topic that has been written about numerous times and there is much debate, but it seems that the consensus is that it can be taught.

One last problem was that the professors today have little incentive to include ethics in their classes (Fallon 2005). Fallon found that 82% of professors say they are not rewarded or recognized at all for teaching ethics (Fallon 2005). This could be an important reason why professors do not include ethics in their curricula or courses. Ethics is not always fun to teach. When applying this information to how UT could include an ethics course, it makes one think that any professor who is asked to teach this course deserves consideration for some form of recognition if a certain number of students pass a standardized accounting ethics exam. This could be in the form of a monetary bonus or even something as simple as instituting an award that goes to the professor who teaches their students ethics most effectively. Those who would

be asked to teach this material would most likely already be accounting faculty who enjoy teaching accounting, but may not be as passionate about teaching the ethical side of accounting. An incentive could be crucial to students getting the most out of this class. If The University of Tennessee can get the professors who teach these classes to be motivated and excited about teaching ethics, then it could get students more motivated and excited to learn ethics as well.

CAN ETHICS BE TAUGHT?

The argument over whether ethics can be taught is something that may be holding educators back from adding ethics courses to their curriculum. This subject is widely debated and has been covered by people from many different perspectives. This paper will cover different sides of the argument and try to determine if accounting ethics can really be taught. The first article that will be reviewed is by Chunhui Lee, Lee Yao, and Nan Hu. These authors were driven to study this topic, because there have been so many accounting scandals and restatements of previous financial statements (Lee, Yao, Hu 2012). They also fear that accounting "faces the danger of deproffesionalization" if it does not serve the public interest better (Lee, Yao, Hu 2012 p. 672). These authors argue that ethics can be taught and that accounting can learn from the way that law and medicine teach ethics (Lee, Yao, Hu 2012).

To begin their argument for whether ethics can be taught, the authors give many examples of studies showing that ethics can be taught. This paper will present a few of the studies that these authors mentioned in their paper. Jones, who did a separate study, theorizes that an ethics education helps students to identify ethical dilemmas better (Lee, Yao, Hu 2012). Felton and Sims argued that an ethics education can give students a much broader and better

understanding of ethics (Lee, Yao, Hu 2012). Lee, Yao, and Hu also say that considerable research done by Eynyon, Leung, Cooper, and Park show that ethics education at the university level is a major factor in a student's ethical reasoning (Lee, Yao, Hu 2012). Lau, while studying a sample of 707 undergraduate students, finds that ethics education helps students' ethical reasoning and awareness (Lee, Yao, Hu 2012). Lee, Yau, and Hu also report that numerous other studies find a strong correlation between an ethics education and a student's ability to make ethical decisions (2012). From this data, one can reasonably conclude that an ethics accounting course would be beneficial and could be taught. The number of studies shows that people know this is an important issue and they want to make sure it is being given the time that it deserves at universities around the world. A great way to try to give students the ethical awareness needed would be to include one three hour class on ethics.

John Randall, Lisa Holmes, and Kevin Marriott also wrote a paper about ethics education in accounting and whether it was something that could be taught. In their paper they studied both sides of the argument even more than Lee, Yao, and Hu did in the previous paper. Randall, Holmes, and Marriott found some studies that did not believe an ethics education was beneficial (2012). The first of these studies comes from Weber who concluded that an ethics education is beneficial, but only in the short term (Holmes, Randall, Marriott 2012). A second study by Lampe, McPhail, and Ponemon found that there was no improvement in students' ethical reasoning after an intervention was done (Holmes, Randall, Marriott 2012). Holmes, Randall, and Marriott also present studies that show that an ethics education improves students' moral reasoning, but these are many of the same studies included in the previous paper (Homes, Randal, Marriott 2012). Later in the paper, the authors attempt to find more

specific statistics such as if ethics education is more beneficial for males or females, if there is a certain age that is most beneficial to learn ethics, and how different demographics affect the process of learning ethics (Holmes, Randall, Marriott 2012). An important statistic was that the most important time for students to learn ethics is while they are enrolled in college (Holmes, Randall, Marriott 2012). This finding was from a study done by Thorne on accounting students in 1999 (Holmes, Randall, Marriott 2012). This is an important statistic to support the addition of an ethics class in the MAcc program. Students are at a time in their lives when they are still developing what their morals will be, and this is the perfect time to teach them this essential skill. If students leave the university setting with low morals, then it will be much harder to change their beliefs.

Randall, Holmes, and Marriott explain the experiment that they did to test whether ethics education can make a difference. In this experiment they gave to separate samples a tax related problem that would exhibit how ethical students would be in making decisions for a company (Holmes, Randall, Marriott 2012). One sample was comprised of younger students who had not taken an accounting ethics courses yet, while the other sample was made up of all students who were a little bit older and had taken an accounting ethics course (Holmes, Randall, Marriott 2012). The results of the study showed that the older students who had taken an accounting ethics course were much more ethical in the way they prepared the taxes (Holmes, Randall, Marriott). The researchers attributed some of this to the higher cognitive development of the older students, but also state that the exposure to an accounting ethics course had a significant impact as well (Holmes, Randall, Marriott 2012). The results obtained in this experiment contrasted with what had been found in some of the previous studies

mentioned earlier in this paper, which found no correlation between an ethics education and higher ethical behavior (Holmes, Randall, Marriott 2012).

After reviewing these findings from numerous studies conducted by some of the best researchers, one can reasonably conclude that ethics can be taught. There may be instances where studies show that it is not effective in teaching students moral behavior, but many more studies argue that it has an important effect. One limitation of an ethics class is that it may not help all students, because students are not all the same and different ways of teaching ethics would likely help different students. This is something that is expected and comes with most classes. Even if an ethics class does not help all students most of the students will experience a class that will help them make better decisions in their work lives instead of terrible decisions that could jeopardize their future. Is it not worth it for the university to put these students in position to be successful? The data exist to show that students would benefit greatly. This benefit would be in an invaluable skill that, if absent, would ruin students' lives through jail time and massive fines.

ETHICS IN THE SPECIFIC CONCENTRATIONS OFFERED AT UT

Ethics in Auditing

Auditing is something that requires considerable ethical responsibility. This paper will now look at how ethical dilemmas can arise in auditing and why it is important to have students prepared for these situations. This paper will review a paper written by Asif Ahmed on the importance of ethics in the auditing profession. Ahmed gives four reasons for why ethics is so important for the auditing and accounting profession (Ahmed 2010). The first reason he gives is, "Professional accountants have a responsibility to consider the public interest and maintain

the reputation of the accounting profession. Personal interest must not prevail over these duties."(Ahmed 2010, 4). Without this the accounting profession would be completely discredited. The main purpose of accounting is to help investors and stockholders make decisions about a company. If these investors could not trust accountants and auditors to act in the public's best interest, then the world of business and investments would completely collapse. A second reason he gives is that accountants deal with a range of issues on behalf of clients that can contain confidential information (Ahmed 2010). He also includes in this point that auditors claim to give an independent view (Ahmed 2010). The issue with confidential information is something that could make companies very hesitant to work with a certain accountant or company if they feel that they are not going to be working with people of high ethical behavior. This confidential information can sometimes be information that has not yet been released to the public. If information of this type were to get into the wrong hands, there could be some very bad consequences for the company. A third reason that there is a great need for ethics is that a responsibility of the auditor is to create value for the customer (Ahmed 2010). If the auditor is not doing his job with an independent mindset or not doing his job for the public's best interest, then auditors are not creating value. The fourth reason he states is that professional accountants have a duty to do their job with care and skill and to follow the instructions of the client or employer as long as they are compatible with the standards of integrity, objectivity, and independence (Ahmed 2010). All four of these reasons point to the fact that accounting is a profession where ethics is magnified. The client expects to have their instructions followed and done in an ethical manner and if that is not done then the accountant working for them will not be working on the job the next time. All of these are very general to

the accounting profession, but Ahmed goes into more detail about the threats of unethical behavior that can occur in the auditing side of accounting.

The types of threats toward unethical behavior on the auditing side include: self-interest, self-review, advocacy, familiarity, intimidation, and management (Ahmed 2010). A self-interest threat would happen when the auditor has a financial interest in the company that he or she is auditing (Ahmed 2010). This can put the auditor in a bad position to not be objective at all. A self-review threat is when the auditor reviews his own work (Ahmed 2010). The auditor may be more hesitant to think that he or she made an error and may at times accidentally be unethical. An advocacy threat can happen when the client asks the auditor to represent a certain position (Ahmed 2010). This reduces the objectivity of what the auditor is doing. A familiarity threat occurs when the auditor is too sympathetic or understanding of a client because of a close relationship between the two (Ahmed 2010). "An intimidation threat arises when members of the assurance team have reason to be intimidated by client staff" (Ahmed 2010, 9). In this situation the auditor could be forced to make a decision to do something that the auditor knows is wrong, but is too afraid to make the right decisions. The final threat that he discusses is management in which the audit firm takes on a role where the firm makes decisions for a client that should be done by the management team of the client (Ahmed 2010). This puts the auditor at risk for self-review threats and also the auditor is not allowed to make management decisions (Ahmed 2010).

The point of including all of these threats that Asif Ahmed smartly picked out was to show that auditing is a profession where ethics could easily be taught more than it currently is. Currently it is the part of accounting that focuses the most on ethics, but, as seen in Nancy

Fallon's study earlier in this paper, only around seven hours were spent on average on ethics in auditing classes. This number is too small for a key decision making skill that these auditors need in learning how to detect threats and how to make ethically appropriate decisions. If students could take a three hour class in the MAcc program, then they would be able to spend 1-2 weeks on each of these topics and go through numerous case studies and discussions of how to make the right decisions when each of these threats present themselves. This great amount of time spent covering ethics in auditing can demonstrate to students the importance of ethics while also making sure they are prepared for any threat that comes their way.

Ethics in Tax

Recently there has been an ethical crisis within the tax profession. There is always a conflict between serving the client, but also maintaining what is in the public's best interest. In 2010 Martin Stuebs and Brett Wilkinson wrote a paper detailing the importance of ethics in the tax profession. They discuss the ethical dilemma that arises when this conflict comes up and talk about how recently people have been making the wrong decisions by not serving the public's best interest. These authors discuss how an act of fraud develops using the "fraud triangle", then explain some recent scandals that have happened in the Big 4 accounting firms involving the tax side of accounting, and finally discuss some changes on the academic side of accounting that could benefit the profession.

The first section of their paper focuses on how a fraud can happen and they explain how fraud can happen by using the term fraud triangle. A direct quote from the paper explains the meaning of this fraud triangle: "The fraud triangle (Cressey 1953) provides a helpful and well-established framework for analyzing the tax profession. A fraud, or "trust violation" in Cressey's

(1953) terminology, generally involves three elements: opportunity, incentives, and rationalization. Two of the fraud triangle elements, opportunity and incentives, derive primarily (but not exclusively) from the external environment. The third element, rationalization, is internal to the individual (WIkinson, Stuebs 2010).” The first element, opportunity happens in the tax profession because of so-called gray areas where people are able to find loopholes to lower their taxes (Wilkinson Stuebs 2010). There is also very little risk at times because it is extremely difficult to monitor all the activity that goes on (Wilkinson Stuebs 2010). Most violations come through self-reporting or sometimes through audits which are rare (Wilkinson, Stuebs 2010).

The second element of the fraud triangle is incentive which comes in three forms: economic, social, and moral (Wilkinson, Stuebs 2010). Economic incentives usually involve some sort of financial gain which can lead to great conflict when the tax practitioner wants to be able to retain their clients, but also wants to follow the tax law (Wilkinson, Stuebs 2010). This can lead to a big conflict when deciding whether to help clients find loopholes or other sorts of tax advantages that would be looked down on. Social opportunity involves people’s aversion to others seeing them doing something wrong (Wilkinson, Stuebs 2010). Legal penalties can serve as a social incentive to keep people from committing tax fraud (Wilkinson, Stuebs 2010).

The final element of the fraud triangle is moral incentive (Wilkinson, Stuebs 2010). This focuses on the internal obligation of accountants to do what they believe is right in the situation (Wilkinson, Stuebs 2010). All of these incentives can conflict each other at times and can lead to less interest in public good (Wilkinson, Stuebs 2010). Cloyd and Spiker (1999) found

that practitioners are biased toward finding evidence that supports what their client wants to have happen on their taxes (Wilkinson, Stuebs 2010). The element of moral incentive is an area where a required ethics course could make a major impact on some of the students taking the course. If students could be taught and truly believe that they need to look out for the public's best interest, then the students coming onto the scene of the tax profession in the next few years could help to begin the process of the tax profession becoming more trusted and well thought of.

The third part of the fraud triangle is rationalization (Wilkinson, Stuebs 2010). This happens when all of the incentives mix together, and the tax preparers rationalize their decision to apply aggressive tax reporting by balancing the economic, social, and moral incentives (Wilkinson, Stuebs 2010). This can lead to tax preparers deviating from the original objective set forward of serving the public's best interest (Wilkinson, Stuebs 2010). Ultimately, fraud can be stopped if the three parts of the triangle are not present (Wilkinson, Stuebs 2010). Two of the three (incentive and rationalization) parts discussed directly involve moral reasoning, which would be what students are learning through an ethics course. If both of these could be eliminated by instilling moral reasoning skills in students, then the fact that an opportunity is available to commit fraud would not matter because students would realize this and act in the most ethical way, thus reducing the chance of them committing fraud. This would not immediately make a huge impact in the tax world, but many students graduating from UT's master's program could someday be partners and other high level executives of companies. These people will be in a position to set what a company's culture will be and this will be when they can make a huge impact toward reducing the amount of fraud that goes on every day.

Wilkinson and Stuebs write that aggressive tax shelters have shifted the profession from professionalism to commercialism (2010). At KPMG the pursuit of greater financial reward was more important than the values that have been set up in the profession (Wilkinson, Stuebs 2010). An ex-employee of KPMG states, that KPMG's "objective was to change the mind frame of a tax professional from finding problems with transactions and trying to address them objectively to going out and proactively selling tax shelters and trying to close sales" (Wilkinson, Stuebs 2010). This shift from public interest to self-interest is very worrisome and is the reason that the tax profession has had problems with its public image over the past few years. This paper won't go into detail about how KPMG went about setting up their tax shelter programs, but the main point of discussing this is to signify the shift of the accounting profession to a much less public oriented profession over the past 10-20 years. KPMG took many steps to keep their tax shelters secret. This included a non-disclosure form on tax shelter transactions, purposefully limiting sales of a tax shelter to evade scrutiny, and stopping the sale of tax products after 1-2 years to avoid detection (Wilkinson, Stuebs 2010). All of these lead one to believe that they were not acting in a very ethical manner. This highlights the problem of the profession at its current state and shows the great need for new tax accountants to have a solid ethical background to build on. If more ethical decisions were made in companies, the public would be better served than by having large firms bringing in massive revenues by being very close to crossing the line of legality, if not breaking the law.

The final section of the paper that will be discussed is their suggestions for how academia could be changed to benefit the tax profession in the future. The first sentence of this section says, "Business schools play a crucial role in developing professionals who exhibit both

competence and character." (Wilkinson, Stuebs 2010). Ghoshal (2005) says that business school faculty need to own up to the ethical failures that have happened in recent years and attributes these failures to lack of ethics and morality being part of the curriculum (Wilkinson, Stuebs 2010). Ghoshal also says, "To the extent that business schools are failing to equip students with the ethical sensitivities required in their profession, change is required."(Wilkinson, Schueb 2010). Wilkinson and Stuebs argue that not enough time is being put into the research of ethics and morality because it is much harder to find a causal determination in these sorts of studies (Wilkinson, Stuebs 2010). A consequence of this can be that students are freed of any moral obligation (Wilkinson, Stuebs 2010).

Wilkinson and Stuebs argue that educators need to commit to, communicate, and teach professionalism in the classroom (2010). This can be guided by teaching students to be less self-interested and more service-interested (Wilkinson, Stuebs 2010). They also state that the accounting profession should look to the way that law and medicine teach ethics in their post graduate programs and apply these in Master of Accountancy programs (Wilkinson, Stuebs 2010). Because of the lack of ethical teaching in universities, Wilkinson and Stuebs find it very unsurprising that students "fail to see their responsibilities as anything greater than minimizing the client's tax liability by any mechanism possible" (2010). Some states have responded to this by requiring a 3 hour ethics course before students can take the CPA exam. Texas, Nebraska, Maryland, and New York had all adopted this by 2010, and more may have since then (Wilkinson, Stuebs 2010). One final way that these authors think that ethics can be improved is through greater training of professors (Wilkinson, Stuebs 2010). They believe that the approach

of Ph.D. programs is too narrow and does not equip professors with enough training to be able to teach more than just the numbers side of accounting (Wilkinson, Stuebs 2010).

In conclusion Wilkinson and Stuebs present a model depicting how a fraud can happen. Using this model, fraud could be reduced by accounting professionals having the right amount of moral reasoning abilities and skills. The problem is that students are not getting the right amount of ethical training in school. This could be because schools are not putting enough emphasis on ethics or because professors do not know how to incorporate ethics training into classes. The concepts discussed in their paper can easily be applied at UT to help further develop students' moral and ethical reasoning through a class. One could say that UT is in the category of a school that does not put enough emphasis on ethics. One class in the master's program would make a big difference in students' mindsets going into their first accounting job. Their mindset would shift from doing only what would lower a company's taxes to doing what is morally right and best for the public. This mindset shift could make a huge difference in the careers of these accountants and is worth a three hour course. Even with the right mindset, tax preparers should not have to decide how to handle areas of the tax code that are not black and white. Some of this falls on Congress who could make the process more black and white and by doing this reduce the tax fraud that occurs daily.

BENCHMARKING UT'S MASTER OF ACCOUNTANCY AGAINST THE TOP 25 MASTER OF ACCOUNTING PROGRAMS

Colleges love to benchmark how they are doing against their top competitors in the service that they are offering. For the UT Master of Accountancy Program the main competitors are those which are ranked very highly according to rankings that come out yearly. These

schools are competing for the same students and are comparable to UT. For this paper, the Public Accounting Report's top 25 masters programs were identified and then research was conducted to determine if these top schools include an ethics course in their curricula. The reason that the top 25 was used is because UT was ranked 30th overall on this list. These schools have been ranked higher than UT, and if they are including an ethics course, then that could be one element that UT could consider adding to its program to better compete with the other programs around the nation. Below is a chart that has the universities in the top 25 listed along with how they cover ethics in their Master's courses. The way that this research was compiled was by going to each school's website and finding their information about their Masters of Accountancy programs. This was done by looking through each school's specific curriculum and academic catalog and then looking at course descriptions for the classes that were offered or required.

Master's Program	**Coverage of Ethics**
University of Texas	In classes
University of Illinois	Required 3 hour
Brigham Young University	Required 3 hour
University of Southern California	Unable to find
University of Michigan	In classes

Notre Dame University	Elective 3 hour
Indiana University	In classes
Ohio State University	In classes
University of Mississippi	Elective 3 hour
University of Florida	Elective 3 hour
University of Georgia	In classes
Michigan State University	Unable to find
University of Missouri	Elective 3 hour
Texas A&M University	Required 3 hour
University of North Carolina	Required 1.5 hour
University of Wisconsin	In classes
University of Washington	Required 1.5 hour
University of Alabama	In classes
University of Virginia	In classes
Arizona State University	In classes
University of Iowa	Elective 3 hour
University of Arizona	In classes
Northern Illinois University	In classes
University of Utah	Elective 3 hour

Miami University (Ohio)	In classes

Eleven of the 23 with information available were found to either require an ethics course or have it available to fulfill elective requirements. Twelve of the 23 just covered ethics as a component included in a class on a much larger topic. Of the top ten, five had either a required course or offered an ethics course as a 3 hour elective to fulfill an elective requirement. Neither of these are options for UT's MAcc program currently. Currently at UT the classes that a student takes are set for them, and there are no elective options. At the very least, UT should offer its students a chance to take an ethics class as an elective requirement if it is something that the student feels they need to improve on. Adding an ethics class is something that UT could do to improve its MAcc program and to attract the top students that they may be missing out on right now because it is ranked outside the top 25.

HOW AN ETHICS CLASS IN THE MACC PROGRAM WOULD BE TAUGHT

Determining how to teach ethics most effectively can be tricky. Many ways have been tried and some have been successful, while others have not been so successful. This paper will use some information from earlier in the paper and also a great idea by Elizabeth Haywood to describe what would be the best way to teach an accounting ethics class for the MAcc program at UT.

As stated in an earlier section of this paper, Nancy Fallon found that the three most effective ways to teach students ethics are case studies, class discussion, and guest speakers. The majority of the class would be focused on reading case studies and deciding how students would handle the problems presented through class discussion. Through this the students

would learn that there is not always just one right answer, but there can be wrong answers at times. Also, a guest speaker will present to the class around five times per semester. They would talk to the students about times in which ethical dilemmas have come up and ask students how they would have handled the situation. The speaker would then discuss how they went about resolving the situation and tell what the results of it were. This would give students some great first-hand experience about problems that can occur while working as an accountant. A final component of the class would a great idea of a bingo game that could be played throughout the semester in an attempt to make ethics a fun and interesting topic.

The game discussed comes from Elizabeth Haywood who developed a bingo game to teach accounting ethics. The four objectives of the game are: "to help restore trust in the accounting profession by emphasizing ethics and professional responsibilities to students (future accounting professionals), to identify similarities and applicability of accounting organizations' ethical and professional codes regardless of students' expected career paths, to provide opportunities to enhance students' critical-thinking skills, and to engage students in the learning process by making ethics coverage interesting and fun" (Haywood 2004). The first objective was chosen because Haywood believes that ethics in the classroom can sometimes be dry and unable to grab students' attention and also does not usually focus on the responsibilities of an accountant in an ethical dilemma (Haywood 2004). The second objective was chosen because many students do not know what accounting career path they will take in school, and Haywood wants to make sure students will be prepared for ethical behavior in all types of accounting jobs (Haywood 2004). For the third objective Haywood says, "Accounting students need to be able to examine ethical decisions made by individuals in different business

situations and analyze their impact on the various business stakeholders. Students need to be challenged to sift through complex information and use critical-thinking skills to see the situation from the viewpoint of all interested parties"(Haywood 2004 p. 88). The final objective was chosen because studies have shown that students learn much better if they actively participate in problems rather than listen to lecture (Haywood 2004). An advantage of including a game is that it can get a student interested in the subject matter and in classroom dialogue (Haywood 2004). "Cook and Hazlewood (2002) report on the use of game scenarios in multiple accounting courses to address technical issues. They note that students were motivated to spend more time in preparing for class on days when games were to be played than at other times." (Haywood 2004 p. 88).

The way that the game would be implemented would be to, on the first day of class, introduce the game and distribute materials explaining the ethical standards that the professor wants the students to make sure that they understand (Haywood 2004). This can be as many or as few as the professor likes depending on how much time the professor would like to spend using the bingo game. An example of a bingo game board can be found on page 28 (Haywood 2004). If a case study discussed or something a guest speaker discusses matches one of the principles on a student's board, then they can cross it off and once they get five in a row they win and the game will be reset (Haywood 2004). If there is controversy over whether one of the principles was actually discussed this can lead to great discussion among the students, which ultimately helps the students learn (Haywood 2004). The prize can be something like 2 bonus points on a quiz or exam or even something as small as a candy bar (Haywood 2004). The

instructor can decide how often the game is played, but in Haywood's experience once a week worked very well (2004).

Some observations from teachers that implemented the game were very positive (Haywood 2004). Teachers reported that students actively participated in the game and also the student feedback given about the game was very positive (Haywood 2004). This game is something that would be used once a week if the class was three times a week or once every other week if the class was twice a week.

In terms of the actual class the amount of coverage of each subject would be as follows: Case Studies: 40%, Class Discussion: 30%, Ethics Bingo 20%, and guest speakers 10%. Homework would be to read a case study in between each class and then fill out questions about it and be ready to discuss it at the beginning of the next class. These case studies would come from the book: *Ethical Obligations and Decision Making in Accounting: Text and Cases* by Steven Mintz and Roselyn Morris. This book was chosen because it is a book that was written recently and seemed very relevant to the topics that need to be discussed in class. The book includes case studies and also material to teach students about ethical obligations. In the class, there would also sometimes be quizzes about the case study at the beginning of the class. After the beginning case study, the professor may choose a topic to have a class discussion on or do a case study as a class. Throughout the semester, the professor would try to cover as many topics as possible that students will experience while working.

Grades would come from a midterm exam and a final exam that would cover topics discussed in class and test students' understanding of ethical topics. There would also be a quiz grade from quizzes at the beginning of class and a homework grade determined by students

EXHIBIT 1
Example of "Unplayed" Ethics Bingo Game Board

PUBLIC INTEREST	COMPETENCY	CONFIDENTIALITY	INTEGRITY	OBJECTIVITY
Serve and demonstrate commitment to governments.	Follow applicable laws.	Ensure subordinates do not disclose confidential information.	Avoid conflicts of interest.	Disclose all information that could influence a user's understanding of reports, comments, and recommendations.
Serve and demonstrate commitment to investors.	Follow applicable technical standards.	Do not disclose confidential information unless required by law.	Perform work with honesty, diligence, and responsibility.	Communicate information fairly and objectively.
Serve and demonstrate commitment to the business community.	Maintain necessary knowledge and skills.	FREE SPACE	Do not subvert an organization's legitimate and ethical objectives.	Continually assess client relationships and public responsibility.
Serve and demonstrate commitment to employees.	Prepare complete and clear reports after appropriate analysis.	Do not use confidential information for personal gain.	Refrain from activities that could discredit the profession.	Refuse gifts or favors that might influence behavior.
Serve and demonstrate commitment to clients/ customers.	Recognize personal and professional limitations.	Do not use confidential information to assist third parties.	Observe the law and disclose information required by law.	Avoid activities that could affect your ability to perform duties.

turning in their answered questions from the case study. Finally a participation grade would be given based on participation in class discussions. Each component would be worth 25% of the students' grade. A grading scale can be seen below.

A 90-100 B 80-89 C70-79 D60-69 F Below 60.

Overall, the objective of the class would be to prepare students for the ethical dilemmas that they will face in the accounting profession. The class will attempt to do this in a fun and engaging manner by incorporating ethics bingo as much as possible and also having very minimal lecture time for professors. As many topics as possible would be covered in the class to prepare students for all types of accounting careers. Hopefully, students will embrace the class and put considerable effort into the class. If professors are able to achieve this and teach the class well, then students will have a much stronger ethical background than what they had before they took the class.

NASBA AND SOME STATES PUSH FOR REQUIRED ETHICS CLASSES

The National Association of State Boards of Accountancy helps to establish educational requirements for accounting students. In 2005, at one point, NASBA was considering the idea of requiring four 3 hour ethics courses to be taken before students could graduate with a master's degree. This idea ended up losing traction as universities made it known that they would not be able to fit this many classes into a curriculum that was already full. Ultimately NASBA proposed that universities require one business ethics course and one accounting specific course ""Memorandum"). NASBA also wanted to make sure that this accounting ethics course did not get combined with a business law course like what is seen at many universities around the nation ("Memorandum"). This all did not become required, but the fact that such a big and

respectable organization as NASBA was thinking about requiring four ethics courses and ended up proposing that two ethics courses be required shows that they have found that there is a need for greater emphasis on ethics in the accounting curriculum.

Also, as stated earlier in this paper, many states have decided to require students to take a three hour ethics course before they can take the CPA exam. As of 2010 the states that require this include: Texas, Nebraska, New York, and Maryland. Very recently California made a big decision regarding the ethics requirements of its state. As of January 2014, California will require its students to take 10 hours of ethics courses out of its 150 hours required to take the CPA exam. This is an important move in the accounting world as many states do not require any ethics courses, so ten required hours is a significant increase. Also, California is an influential state and many states look to them for an example on how to set up rules in their own state. All of this points to the accounting world realizing the need for students to have a strong ethics background of courses. Some states have already made it required, and many more may begin to require it. By requiring an ethics course now, UT can set the standard that they are committed to ethics before possibly being required to do so.

CONCLUSION

The MAcc program at UT is an outstanding program, but the one thing that it lacks is a course concentrated fully on ethics. Ethics is covered in small bits spread over different courses, but never is the main focus of a class. This paper proposes that the master's program require an ethics course as part of the curriculum.

The reason that they should do this is because ethics have been declining in the accounting industry. New scandals seem to be reported every day in the newspaper. Also,

students have become less ethical. All of these point to a need for a required ethics course while future accountants are still in school. This course should be taught at the master's level because there is more flexibility than the already cramped undergraduate schedules that students have and students in the MAcc are already sure that they want to be in the accounting profession. This course would be taught to students in both the audit and tax concentrations. It has been shown earlier in this paper that both of these sides of accounting are in need of an ethical foundation to help them with the ethical dilemmas that inevitably will happen. With this new requirement UT could enhance its reputation and prove that it really does care about placing ethical students in the workplace. According to the *Public Accounting Report* UT is right outside the top 25 in terms of top master of accountancy programs. An ethics course could be what UT needs to improve its program and to make it into the top 25. The course could be taught in a fun way to keep students' attention, but also can discuss some of the toughest ethical dilemmas to prepare students to the fullest. The effectiveness of the course will depend on who is teaching it, but the structure is in place for a very successful class.

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