

BUSI 5200
Professional Ethics and Corporate Governance
Course Syllabus
Fall 2006

I. Professor:

Dr. Raymond J. Clay, Jr., CPA
Office: BA Building 202J
Office Hours: M 2:00 to 4:00; T 11:00 to 1:30; Also by
Appointment
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II. Course Objectives:

This course will examine professional ethics from both a philosophical and business perspective. Ethical reasoning, moral character and moral decision making will provide a framework for examining the importance of ethics in an individual's personal life and professional career. The course will examine the decision process one goes through in determining what is right and wrong, and how those decisions affect a person's character. This course will also explore the concept of corporate governance and the direction business entities are taking in establishing a sound governance framework. Information from professional organizations directed at identifying the critical aspects of corporate governance will be examined and evaluated. The final segment of the course will be devoted to an examination of *Codes of Professional Conduct* issued by professional organizations with emphasis on the American Institute of Certified Public Accountants and the Texas State Board of Public Accountancy.

III. Text Material:

Moral Leadership and Ethical Decision Making, by Cherrington and Cherrington, 1st edition, CHC Forecast, Inc., 2000. (ML)

Sources of Selected Readings:

Business Ethics 2005/2006 – Annual Edition, McGraw Hill.

Open Compliance and Ethics Group, an organization dedicated to the reform of corporate governance.

The American Institute of Certified Public Accountants, *Code of Professional Conduct*
The Securities and Exchange Commission, *Rules of Professional Ethics*
The Texas State Board of Public Accountancy, *Rules of Professional Conduct*

IV. Course Activities:

Throughout the semester you will be required to submit written assignments. These will consist of papers, and ethics case analyses. Questions and case material related to required readings will be discussed in class. Class members are expected to be fully prepared to discuss the readings and related questions and cases. There will be 50 points allocated to class participation as a part of the final grade computation. Class participation consists of candid input to the issues addressed in the class and your personal feelings about the questions and case material we discuss. A mid-term and final examination will be a part of the course activities. The following is a brief description of the written assignments. More specific details will be discussed in class.

1. A paper is due on the third class (9/12) meeting. This is a maximum one-page paper entitled, "Why Be Ethical, Who Cares?" There are to be no outside references used or specifically cited in this paper. I want the views expressed to be your personal views. The paper should be type-written, double-spaced, using appropriate format as described in an acceptable writing style manual.
2. A paper is due on the ninth class (10/31) meeting. This is a maximum two-page paper entitled, "A Suggested Approach for Enhancing Ethical Behavior in the Workplace." The paper should be type-written, double-spaced, using appropriate format as described in an acceptable style manual.
3. Two cases will be written-up and submitted during the semester. These should be type-written and should thoroughly address each question noted at the end of the case. These are due on 9/19 and 10/3.
4. A mid-term and final examination will be administered on the March 28 and May 9 respectively.

V. Determination of Course Grade:

Course activities will carry the following weights:

| | |
|---------------------------|-----------|
| First Paper | 50 |
| Second Paper | 100 |
| Mid-Term Examination | 100 |
| Case Submissions (2 @ 50) | 100 |
| Final Examination | 100 |
| Class Participation | <u>50</u> |
| Total Points | 500 |

Maximum Grading Scale:

| | |
|---|-----------|
| A | 450 – 500 |
| B | 400 – 449 |
| C | 350 – 399 |
| D | 300 – 349 |
| F | Below 300 |

VI. Summary of Course Coverage:

| | |
|---------------|--|
| Weeks 1 – 10 | Ethical Reasoning and Moral Judgment; Corporate Governance |
| Weeks 11 – 15 | Codes of Professional Conduct |

VII. Late Assignments and Make-Ups

No late assignments will be accepted and no make-up of any examination will be given unless in the opinion of the professor the reason for the late assignment or missed exam was due to circumstances totally beyond the control of the person missing the assignment or exam.

VIII. Plagiarism or Cheating

Plagiarism or any other form of cheating will not be tolerated. If a class member is deemed to be guilty of plagiarism or cheating they will receive a grade of "F" in the course. Such conduct obviously constitutes unethical behavior.

V. Class Participation

Class participation is an extremely important part of the learning process in this class. I encourage you to express your views on the subjects we discuss without any fear of scorn or retribution. Your views about behavior are just that, *they are your views!* By expressing your views and indicating why you hold those views you will either become stronger in those views or you will see reasons for a reconsideration of those views. In either case, you will have benefited from such discussions. Basically, the concepts of ethical behavior and personal values are subject to a great deal of variation among individuals. The purpose of this course is to help you intelligently assess your ethical behavior and personal values. The 50 points allocated to this aspect of the class will be awarded based on your willingness to participate and provide candid input. Since there are no correct or incorrect answers to the questions we will discuss, the evaluation of your participation is not based on agreeing with the instructor or any other member of the class.

Tentative Weekly Assignments

| <u>Date</u> | <u>Material Covered</u> |
|-------------|---|
| 8/29 | Topic: Introduction and Overview of Course |
| 9/5 | Topic: Moral Character A. Understanding Moral Character B. Four Components Model C. Honesty and Integrity D. Descriptions of Character Assignment: ML Ch 1, Case 2 & 3 |
| 9/12 | Topic: Character Development A. Levels of Moral Judgment B. Components of Character C. Building Character Assignment: ML Ch 2, Case 2; First Paper Due |
| 9/19 | Topic: Moral Leadership A. Understanding Honesty B. Measuring Honesty C. Why Good People Go Wrong 1. Fraud Model 2. Preventing Fraud D. Moral Decision Making E. Principles of Moral Leadership F. Moral Accountability Assignment: ML Ch 3 & 4; Ch 3, Case 1 & 2; Ch 4, Case 1 & 2; (Case 1 of Ch 4 to be written up and handed in) |
| 9/26 | Topic: Developing Morality in Organizations A. Moral Climate B. Moral Standards in Organizations C. Organizational Influence on Character Development |

Assignment: ML Ch 5; Case 1 & 2

10/3 **Topic: Making Ethical Decisions**

- A. Moral Behavior
- B. Characteristics of Moral Standards
- C. Relativism vs. Universalism
- D. Moral Issues and Ethical Principles
- E. The Concept of Ethical Egoism
- F. Business and Morality

Assignment: ML Ch 6; Case 1 & 2 (Case 2 to be written up and handed in)

10/10 **Topic: Moral Obligations**

- A. Deontology
- B. Duties and Obligations
- C. Devine Commandments
- D. Applying Religious Principles
- E. Conscience

Assignment: ML Ch 9; Case 1 & 2

10/17 No Class

10/24 **Topic: Natural Laws**

- A. The Concept of a Moral Being
- B. Duties and Rights
- C. Applying Natural Laws

Assignment: ML Ch 10; Case 1 & 3; (Case 3 to be written up and handed in)

10/31 **Topic: Moral Decision-Making Process**

- A. A Framework: Steps in the Decision-Making Process
- B. Decision Strategies
- C. Personal Morality
- D. Specialized Expertise

Assignment: ML Ch 12; Case 1, 2, & 3; Second Paper Due

11/7 **Mid-Term Examination**

11/14 **Topic: Examination of Codes of Professional Conduct**

- A. Intended Purpose of a Code of Professional Conduct
- B. Critical Elements in the Development of a Code of Professional Conduct
- C. Constituents to Consider in Developing a Code of Professional Conduct
- D. Who Should Determine Penalties for Lack of Compliance

Assignment: Handout material on developing codes of professional conduct from Open Compliance and Ethics Group (OCEG)

11/21 **Topic: American Institute of Certified Public Accountant's *Code of Professional Conduct*; Ethical Requirements of the Securities and Exchange Commission**

- A. Independence, Integrity, and Objectivity
- B. Competence
- C. Compliance with Standards
- D. Discreditable Acts
- E. Impact of the Sarbanes-Oxley Act
- F. Input of the SEC and the Public Companies Accounting Oversight Board (PCAOB)

Assignment: AICPA *Code of Professional Conduct*; AICPA Professional Standards Volume 2. SEC Ethics Rules as applied to Certified Public Accountants; Sarbanes-Oxley Act; PCAOB Authority and Responsibility; Questions and case material will be distributed in class.

11/28 & 12/5 **Topic: Texas State Board of Public Accountancy's *Rules of Professional Conduct***

- A. Public Accountancy Act
- B. General Provisions
- C. Professional Standards

- D. Responsibilities to Clients
- E. Responsibilities to the Public
- F. Responsibilities to the Board/Profession

Assignment: TSBPA *Rules of Professional Conduct*. Questions and case material will be distributed in class.

12/13

Final Examination