

**RECENT CHANGES TO THE CODE OF ETHICS AND THE REGULATORY
STRUCTURE OF THE U.S. ACCOUNTING PROFESSION**

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ABSTRACT

There have been a number of changes made to the U.S. public accounting profession's code of ethical conduct during the last hundred years (Preston et al. 1995). An examination of these changes indicates that the various codes have been directed towards the regulation of the practice of accounting more than the behavior of individual accountants. In the past twenty years there have been several significant events which have affected the code of ethical conduct and the regulatory structure of the U.S. public accounting profession, including: removal of prohibitions against advertising, competitive bidding and encroachment; increased competition in the market for accounting services; rapid growth in non-audit services; and, recently, the acquisition of accounting firms by non-accounting firms, such as American Express TBS. This latter development has raised questions concerning the regulatory structure of the public accounting profession and the status of its code of ethical conduct. The AICPA and the National Association of State Boards of Accountancy (NASBA) has responded to these developments by proposing a new Uniform Accountancy Act (UAA) and issuing modifications to the AICPA Code of Conduct. These modifications removed most of the remaining policies which were formerly hallmarks of professionalism in the U.S. public accounting profession (e.g. rules about encroachment; advertising; competitive bidding; commissions; contingency fees; and forms of business practice). This paper discusses these recent changes to the code of ethical conduct and the regulatory structure of the U.S. public accounting profession and presents a critical analysis of the changes.