

Would You Sign Off on This? Ethical Dilemmas from the Field

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August 20, 2026



Materials Developed and Presented by
Dr. Chris Harper, CPA, MBA



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1



**Meet
Chris Harper**

Dr. Christopher Harper, CPA, MBA – Chris is a CPA with the heart of a teacher. He is an assistant professor of accounting with Grand Valley State University's Seidman College of Business. He also serves as a senior manager and director of education for Hungerford CPAs + Advisors. Chris has been serving tax and accounting needs of closely held business and individuals since 1998. He has also owned and operated several of his own businesses throughout his career.

You can learn more about Chris by visiting his GVSU faculty page (<https://bit.ly/HarperGVSU>) and YouTube channel (<http://bit.ly/ChrisHarperYouTube>).

2

Would You Sign Off on This? Ethical Dilemmas from the Field

One Piece of Your Professional Puzzle



This thoughtfully-prepared course is just one element of your professional endeavors. These informational materials are not prescriptive; they are simply educational in nature. Users should conduct their own independent research before performing professional services, making significant decisions, and/or advising clients.

3

Learning Objectives

- ☐ Recognize ethical dilemmas encountered in professional practice
- ☐ Recall guidance applicable to the accounting profession
- ☐ Apply ethical frameworks to evaluate responses to scenarios
- ☐ Identify relevant professional standards when determining courses of action

4

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Discussion Topics



Ethical Decision-making Frameworks



AICPA Code of Professional Conduct



Independence and Objectivity Threats



Conflicts of Interest



Maintaining Professional Judgment Under Pressure



Ethical Implications Related to Documentation



Summary

5



6

Would You Sign Off on This? Ethical Dilemmas from the Field

A Tale of Two Cities CPA Firms

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way--in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only.



"No Known Restrictions: Charles Dickens in his study at Gadshill by Samuel Hollyer, ca. 1875 (LOC)" by pingnews.com is marked with Public Domain Mark 1.0.

Charles Dickens. *A Tale of Two Cities*

7%

7

A Tale of Two Cities CPA Firms

Firm A

- Altered prior audit work
- The firm was motivated to reduce PCAOB findings due to a high rate of recent deficiencies
- Five former firm officials obtained confidential information regarding PCAOB inspection targets
- The firm revised audit work papers after issuance of audit reports
- Firm personnel also shared answers to SEC-mandated remedial exams
- \$50 million SEC penalty for audit alteration and CPE cheating

8%

8

Would You Sign Off on This? Ethical Dilemmas from the Field

A Tale of Two Cities CPA Firms

Firm A

- Due to prior audit failures, SEC had mandated continuing education
- Firm personnel cheated!
- Professionals helped others pass exams by printing and e-mailing answers
 - Including lead partners
 - Sent to other partners
- Received answers from and sent answers to subordinates
- Edited numeric threshold in hyperlink to reduce minimum passing scores

9%

9

A Tale of Two Cities CPA Firms

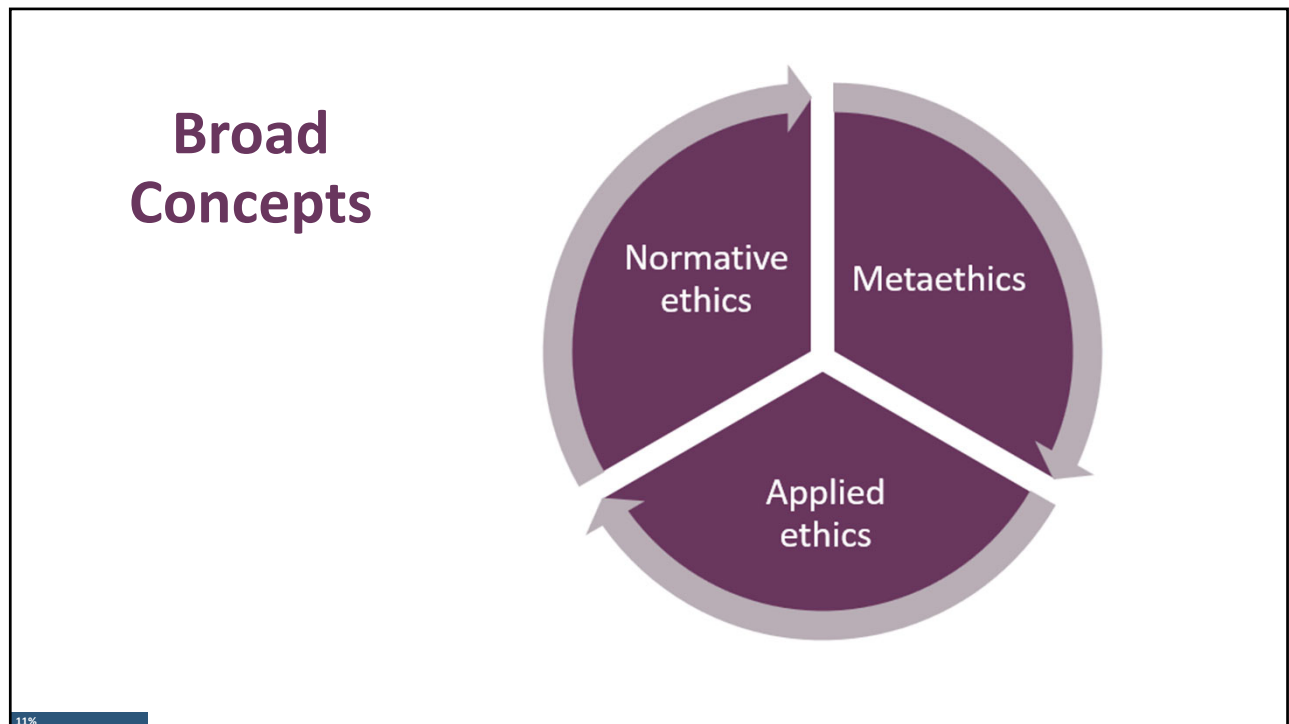
Firm B

- Firm admits that professionals cheated on exams for obtaining and maintaining CPA licensure
- Exams included courses regarding assessment of GAAP compliance within clients' financial statements
- From 2012 to 2015, more than 200 professionals exploited a testing platform's software flaw
- Firm undertook corrective measures, but cheating still occurred
- Employees used answer keys and shared answers with colleagues
- SEC says firm hindered investigation

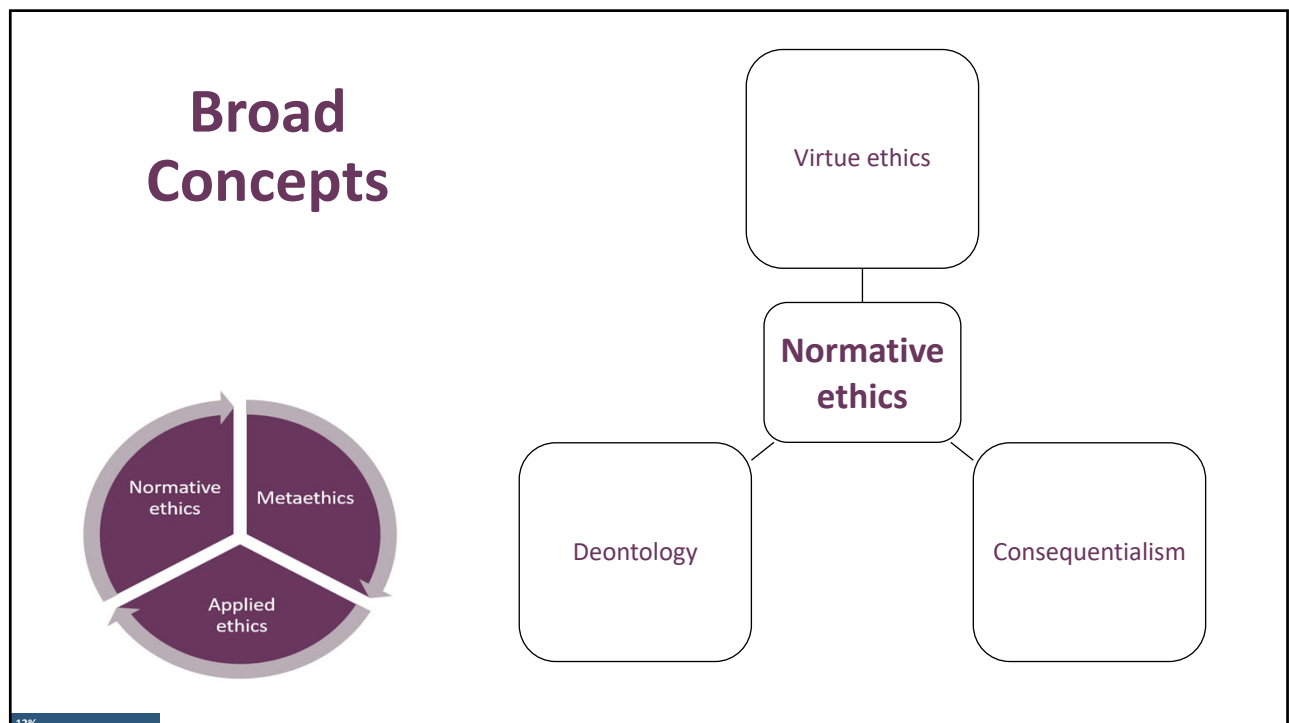
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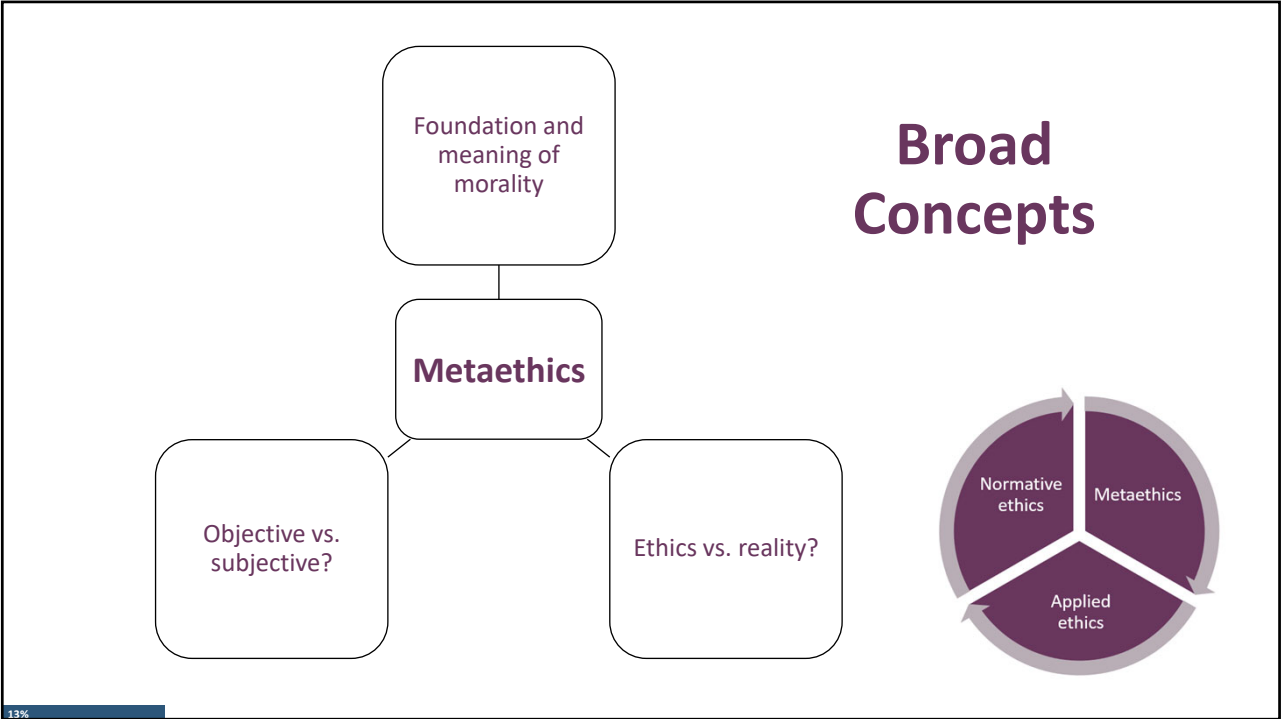


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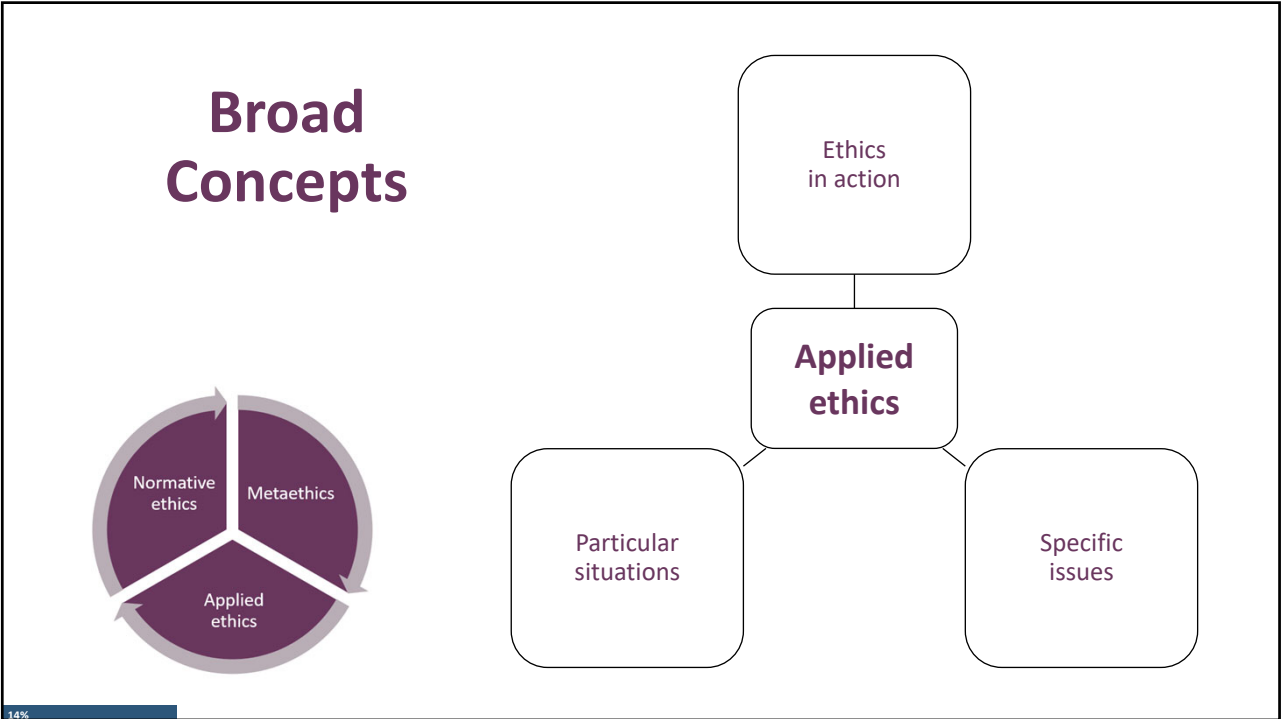


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Broad Concepts

Ethical Dilemma

Moral duties or obligations are in conflict

Correct action may conflict with individual's self-interest

15%

15

Utilitarian Theory

Suggests that an ethical action achieves the greatest good for the greatest number of people

16%

16

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Utilitarian Theory

What is the problem?

Identify possible actions

Consider direct/indirect impact on affected parties

Assess the desirability of potential actions

What option promises the greatest good for the greatest number of stakeholders?



17%

17



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18%

18

Would You Sign Off on This? Ethical Dilemmas from the Field

Utilitarian
Theory

Triage?



"Emergency Room at Coliseum Northside Hospital" by NVaden is licensed under CC BY-SA 4.0.

19%

19

Fuel Tank
Flaws?

Utilitarian
Theory



"Cars I Have Owned: 1971 Ford Pinto 3-Door Hatchback Runabout – Photographed in 1973 at Montgomery Village, Maryland. One of Time Magazine's 50 Worst Cars of All Time (The Photo is Not Great but It's One of the Few I Have of the Car)" by France1978 is licensed under CC BY-SA 2.0.

20%

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Rights Theory

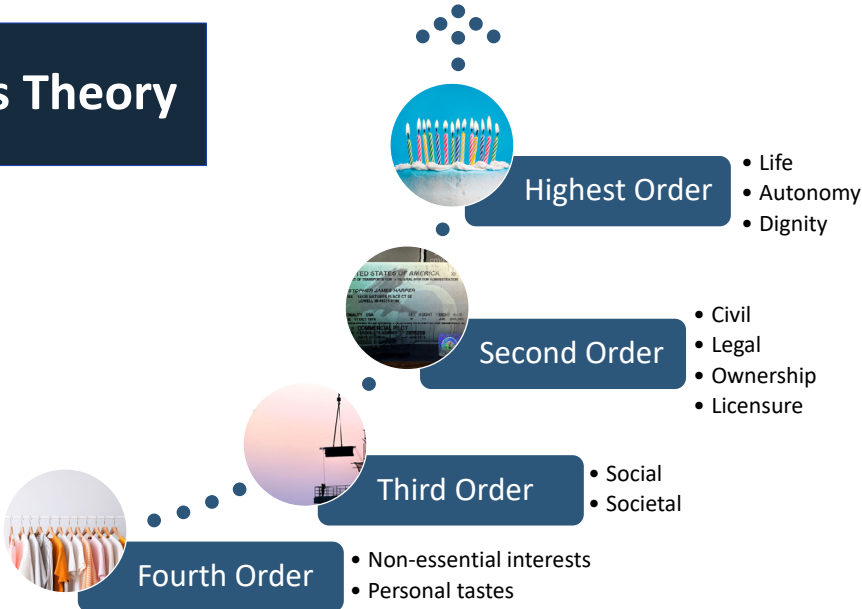
Suggests that an ethical action considers rank-ordered rights of affected stakeholders



21%

21

Rights Theory



Highest Order

- Life
- Autonomy
- Dignity

Second Order

- Civil
- Legal
- Ownership
- Licensure

Third Order

- Social
- Societal

Fourth Order

- Non-essential interests
- Personal tastes

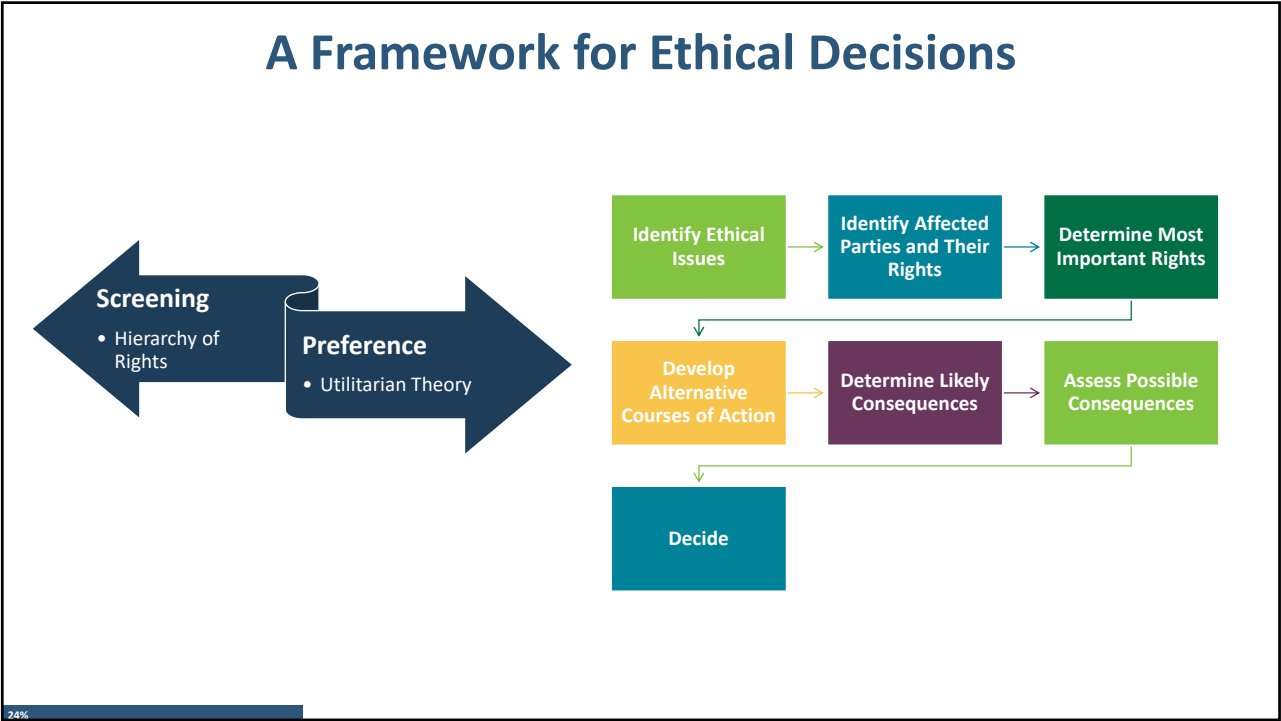
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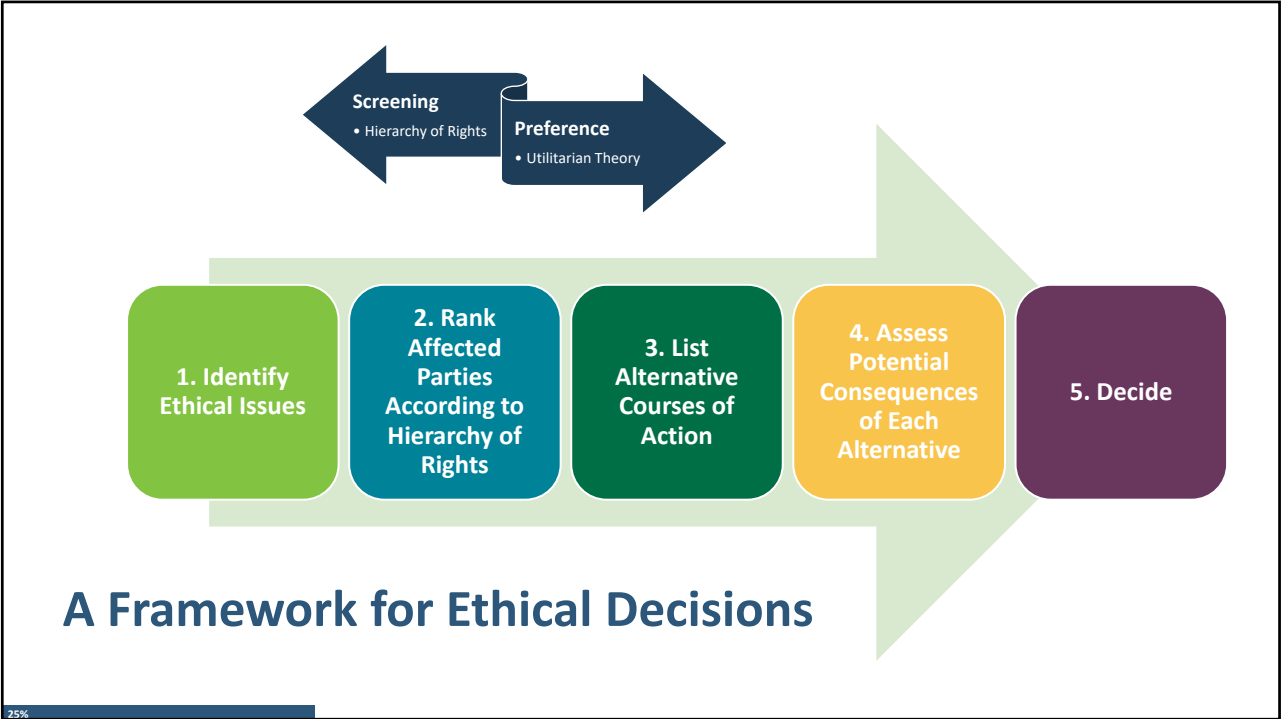


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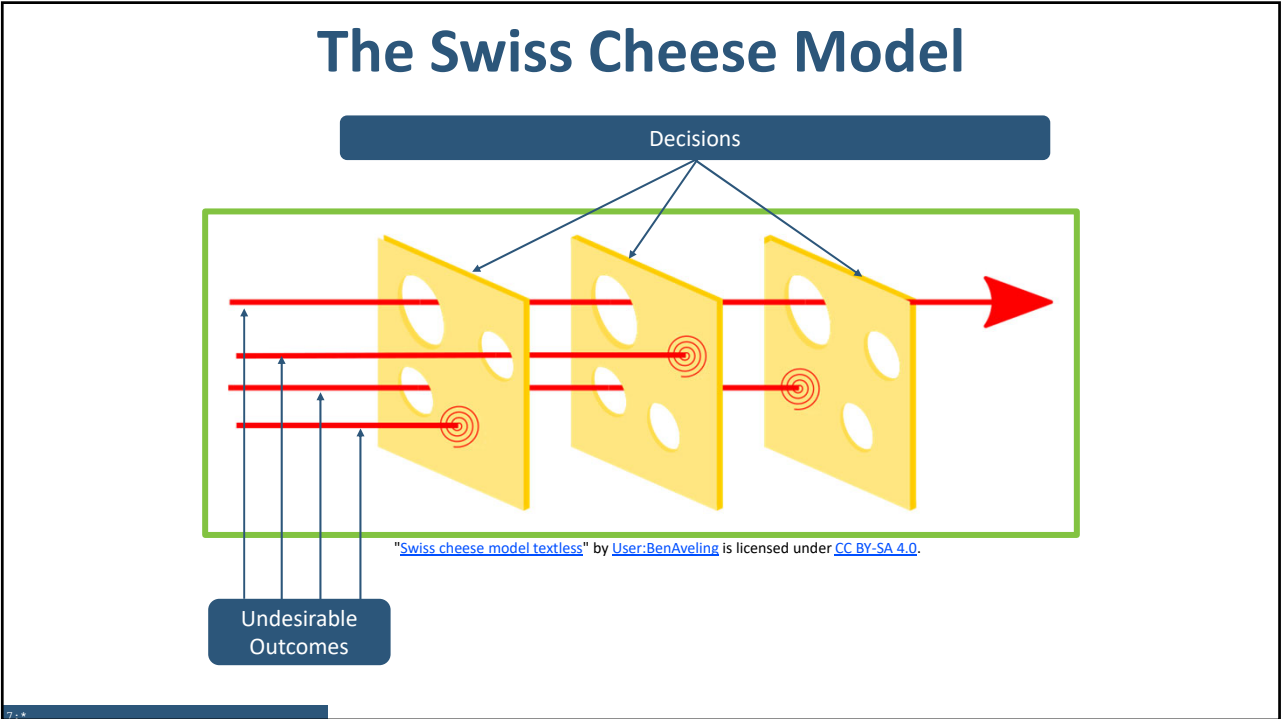


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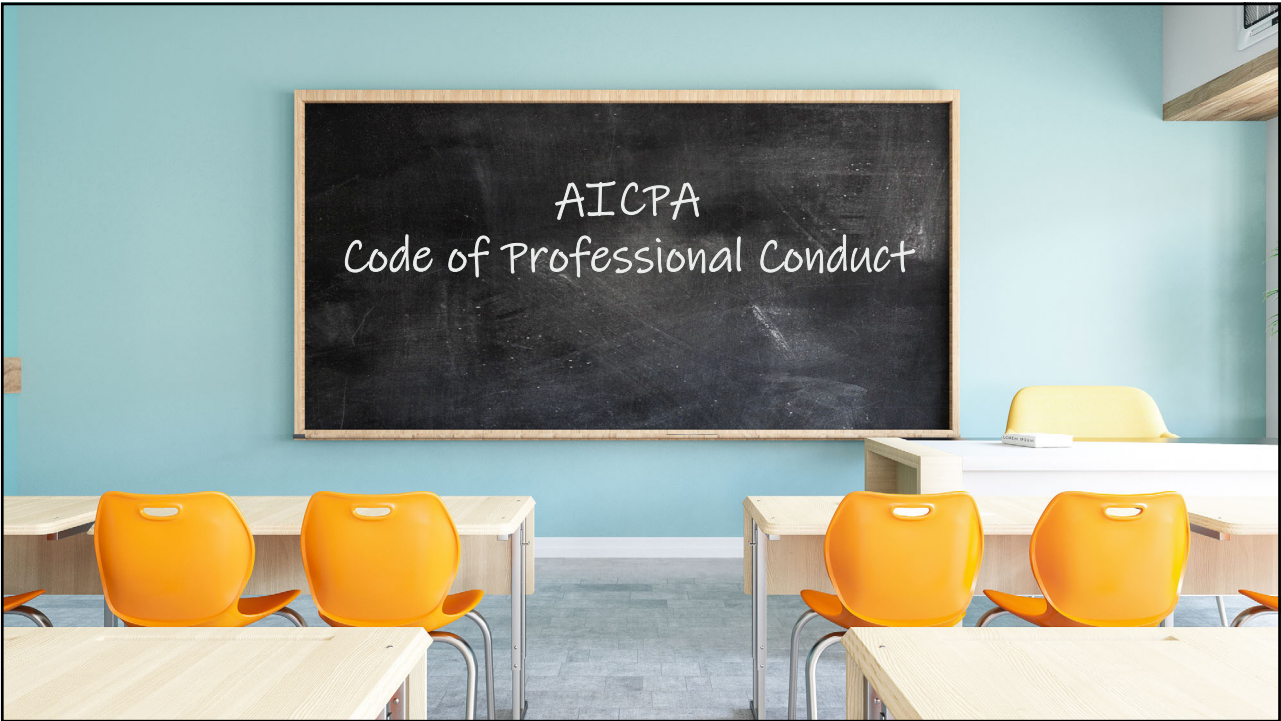


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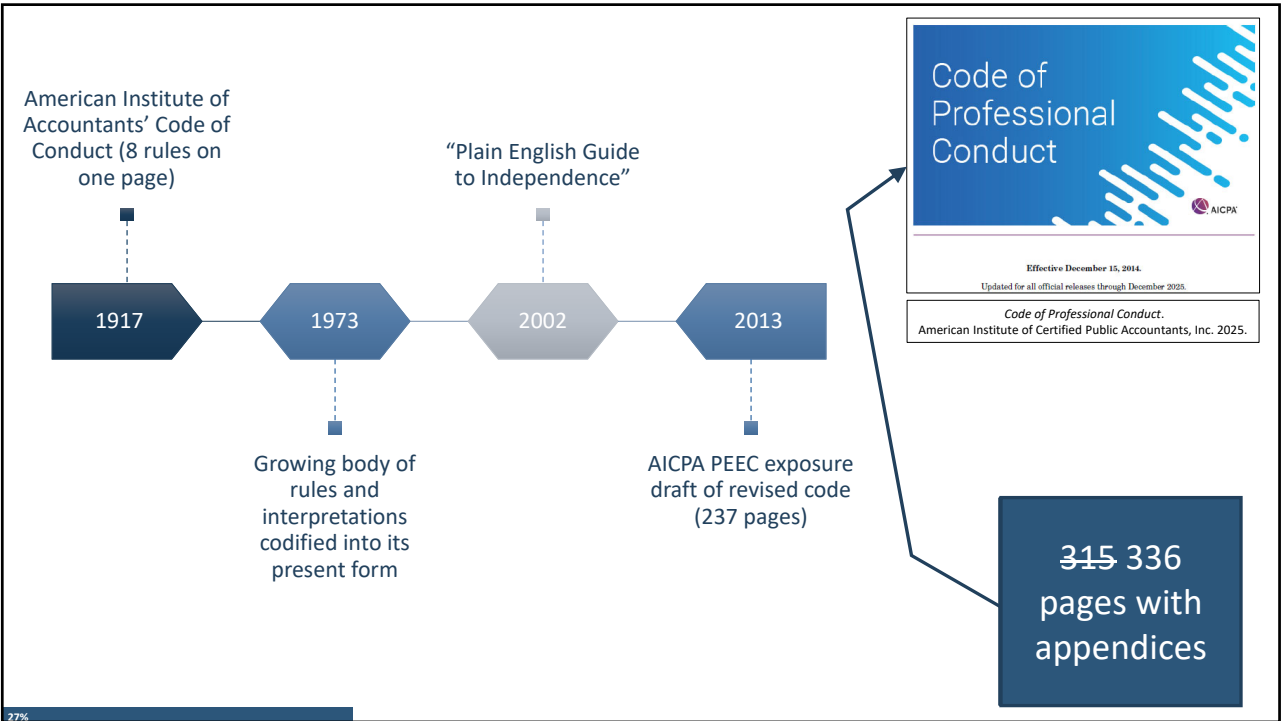


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27



28

Would You Sign Off on This? Ethical Dilemmas from the Field

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Preface: Applicable to All Members

41

Part 1 – Members in Public Practice

243

Part 2 – Members in Business

287

Part 3 – Other Members

Preface: Applicable to All Members

Part 1

Members in Public Practice

Part 2

Members in Business

Part 3

Other Members

Code of Professional Conduct

Effective December 15, 2014.
Updated for all official releases through December 2025.

Code of Professional Conduct.
American Institute of Certified Public Accountants, Inc. 2025.

28%

29

Identify threats

Evaluate significance of threats

Identify and apply safeguards

Conceptual Framework Approach

ET section 1.000.010.07
ET section 2.000.010.06

29%

30

Would You Sign Off on This? Ethical Dilemmas from the Field

The diagram illustrates the AICPA Code of Professional Conduct process. It features a central title box at the top, followed by three stacked boxes representing sequential steps. Each step includes a specific requirement. A progress bar at the bottom left indicates 30% completion.

AICPA Code of Professional Conduct

“Consider”

- ... a member is required to think about several matters

“Evaluate”

- ... a member must assess and weigh the significance of a matter

“Determine”

- ... a member must reach a conclusion and make a decision regarding a matter

30%

31

The diagram illustrates the AICPA Code of Professional Conduct process. It features a central title box at the top, followed by three stacked boxes representing sequential steps. Each step includes specific actions or measures. A progress bar at the bottom left indicates 31% completion.

AICPA Code of Professional Conduct

“Threats”

- Relationships or circumstances that could compromise a member’s compliance with the rules

“Safeguards”

- Actions or other measures that may eliminate a threat, or reduce a threat to an acceptable level

“Acceptable Level”

- A level at which a reasonable and informed third party who is aware of relevant information would be expected to conclude that a member’s compliance with the rules is not compromised

31%

32

Would You Sign Off on This? Ethical Dilemmas from the Field

AICPA Code of Professional Conduct

Members are expected to accept the obligation to act in the public interest, to honor trust owned to the public, and to demonstrate professionalism

ET section 0.300.030.01

Performing professional duties with the highest level of integrity is important for garnering public confidence

ET section 0.300.040.01

Due care involves efforts to continually improve competence in a “quest for excellence”

ET section 0.300.060.02

Ethical conflict is characterized by obstacles to following an appropriate course of action due to internal or external pressures or conflicts applying professional/legal standards

ET section 1.000.020.01

32%

33

AICPA Code of Professional Conduct

The Integrity and Objectivity Rule prohibits a member from knowingly misrepresenting facts or subordinating his or her judgment

ET section 1.130.020.01

Member shall not commit acts that are discreditable to the profession

ET section 1.400.001.01

Soliciting or disclosing Uniform CPA Examination questions or answers is a discreditable act

ET section 1.400.020.01

It is discreditable if a CPA is misleading or deceptive regarding professional qualifications or abilities, including:

- Soliciting or disclosure of any professional education course without specific permission
- Falsifying professional education course attendance
- Tampering with administration or exam assessment for any professional education course or credential

ET section 1.400.020.02

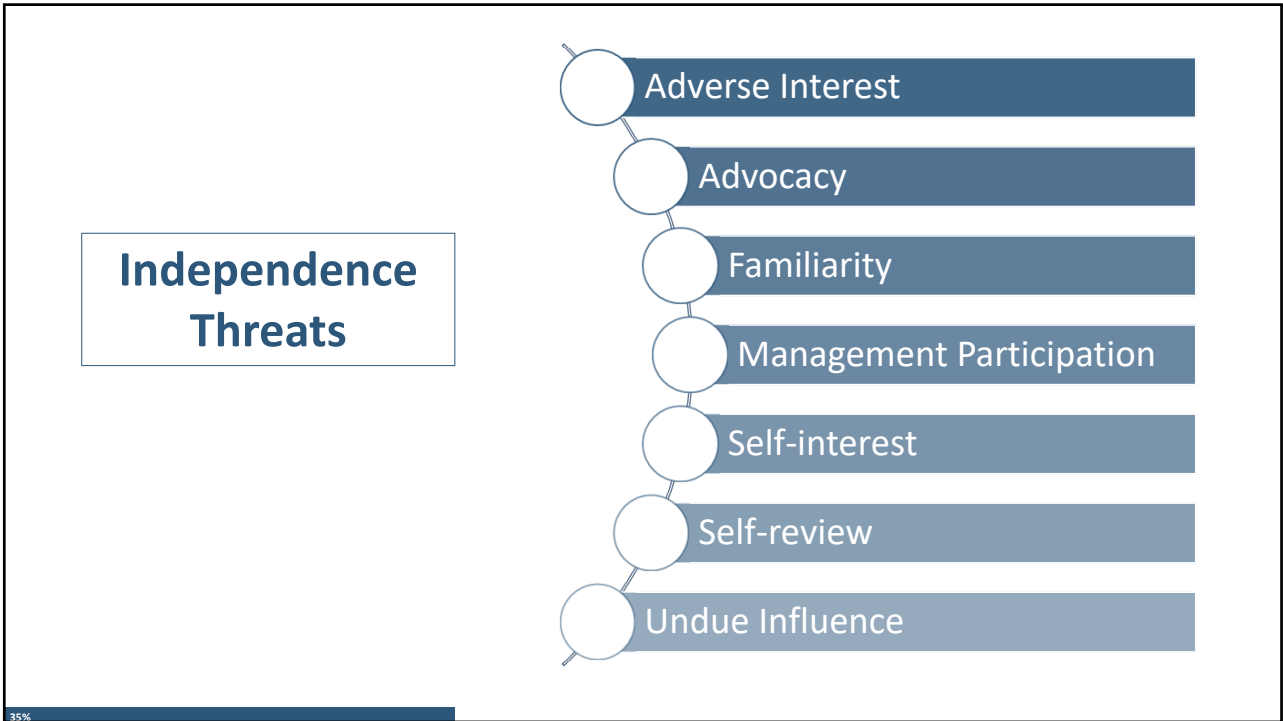
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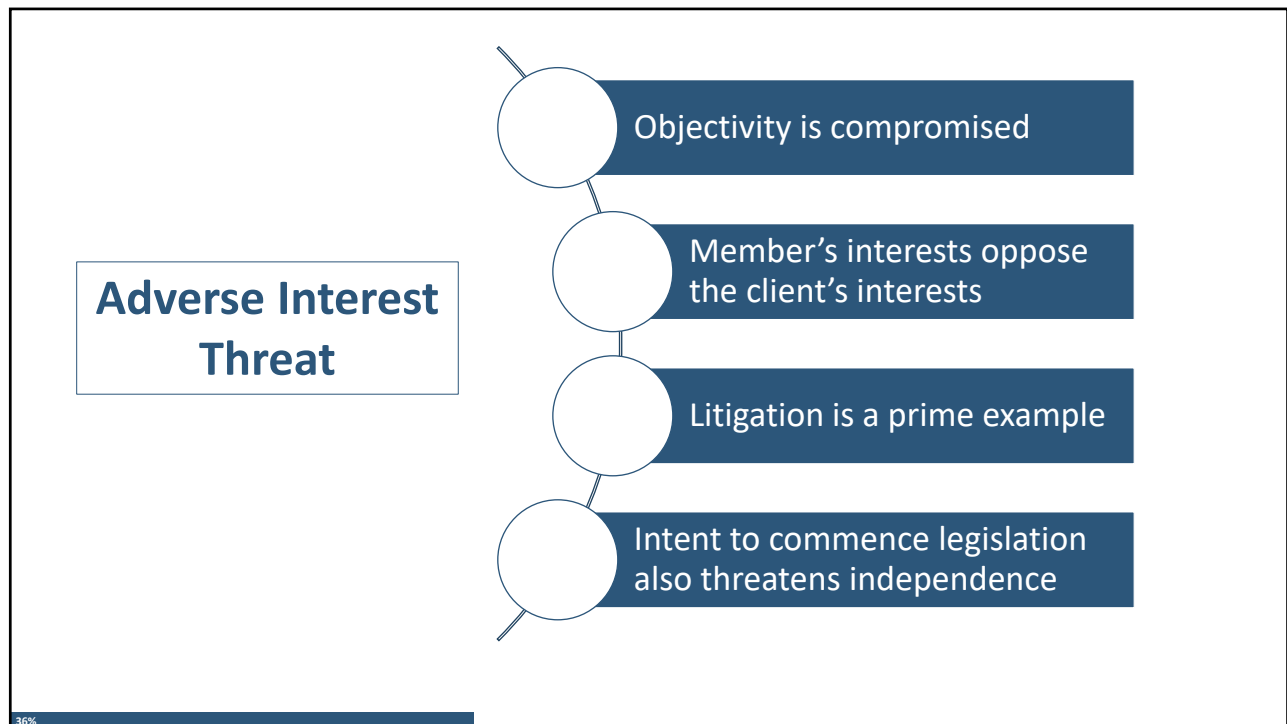


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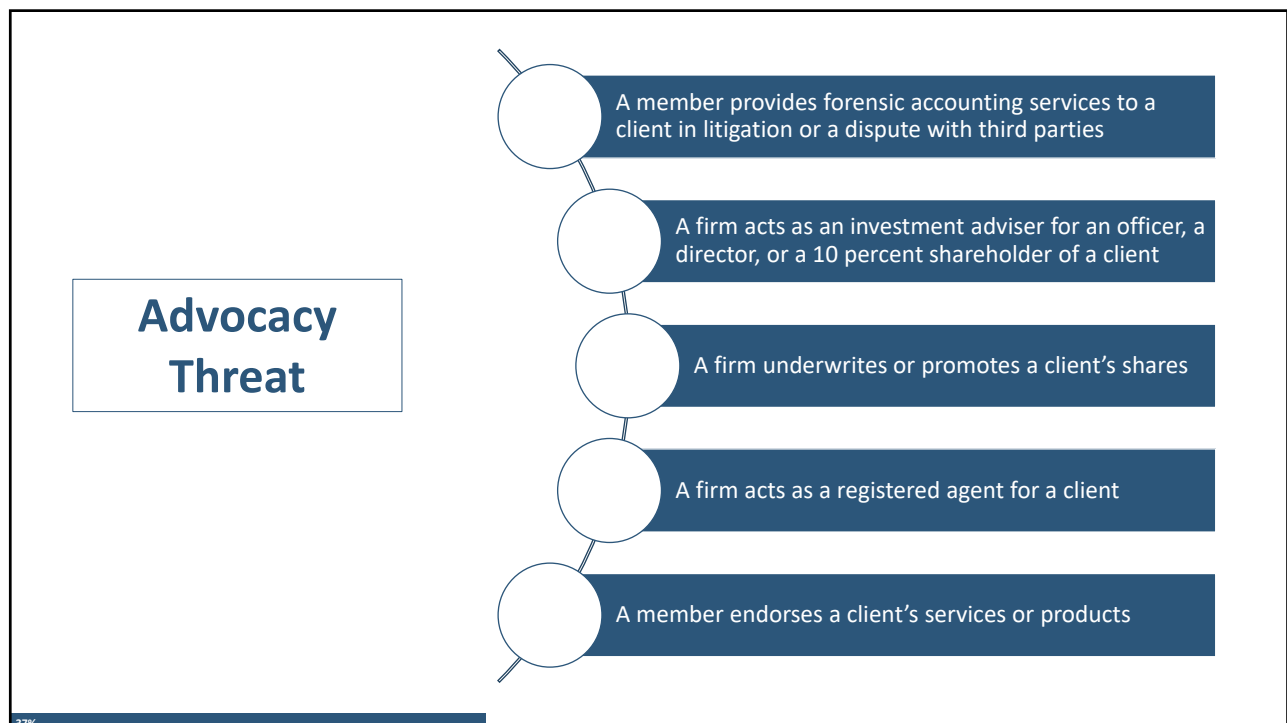


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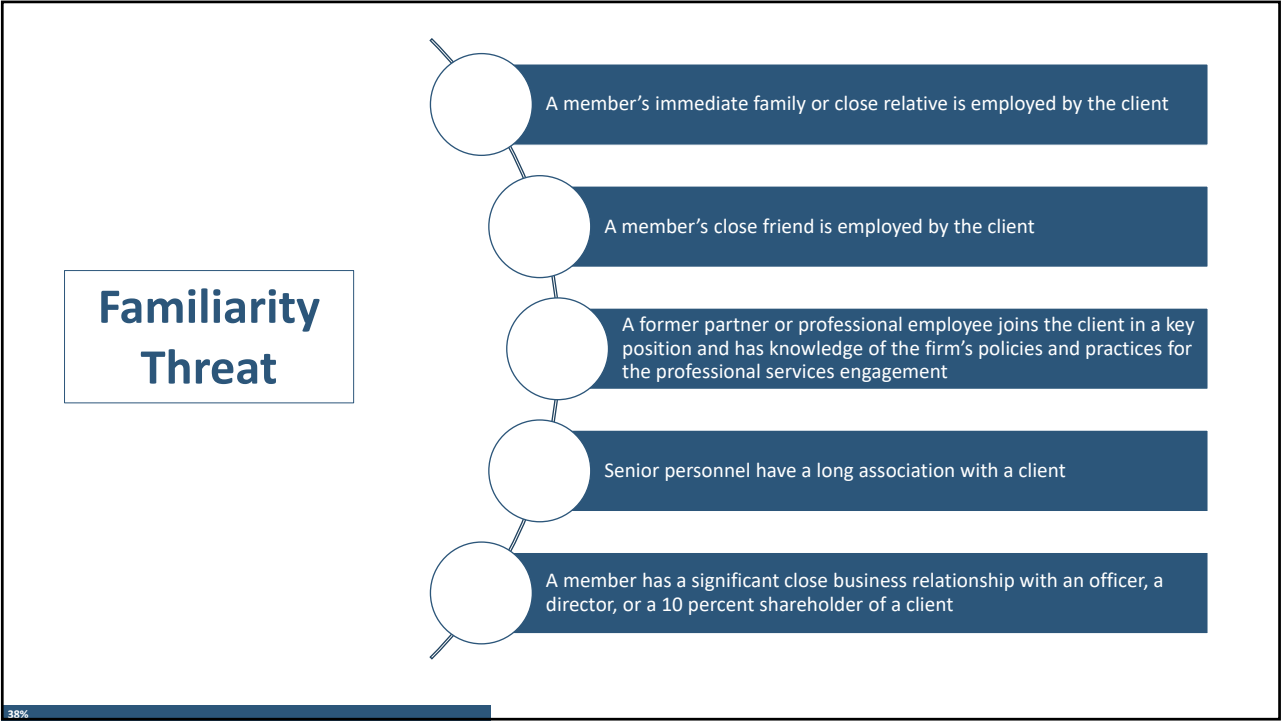


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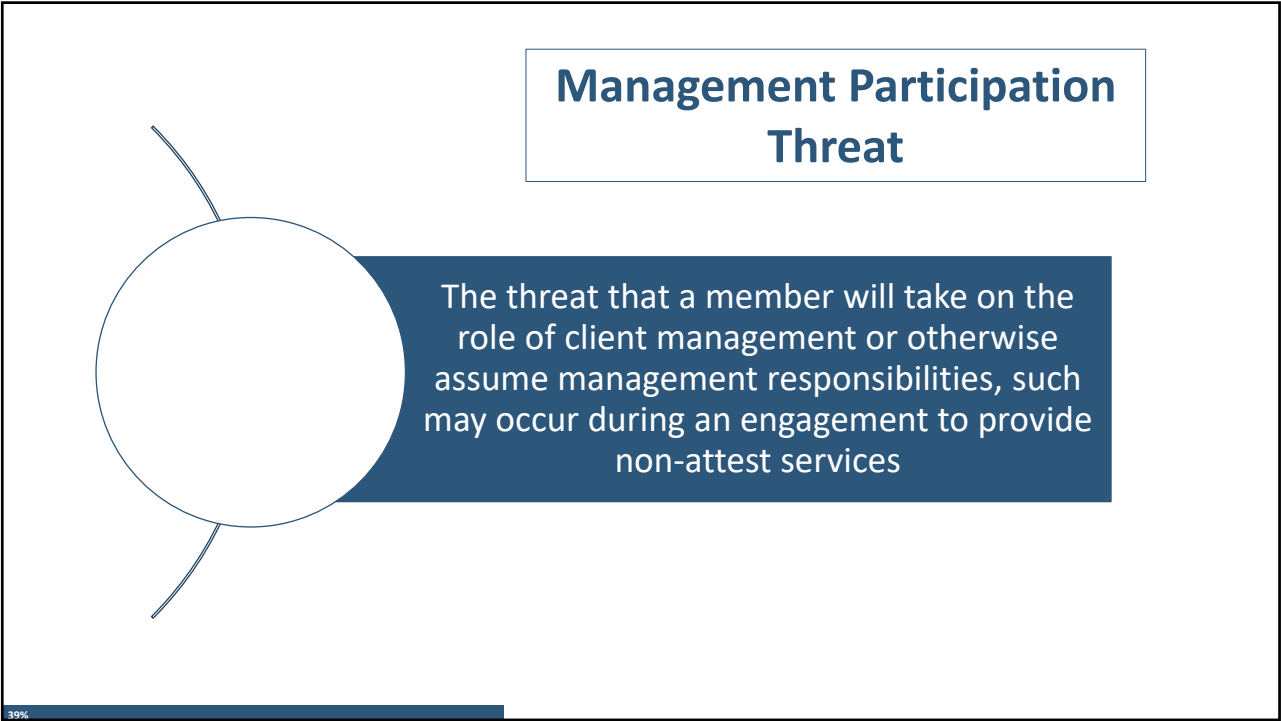


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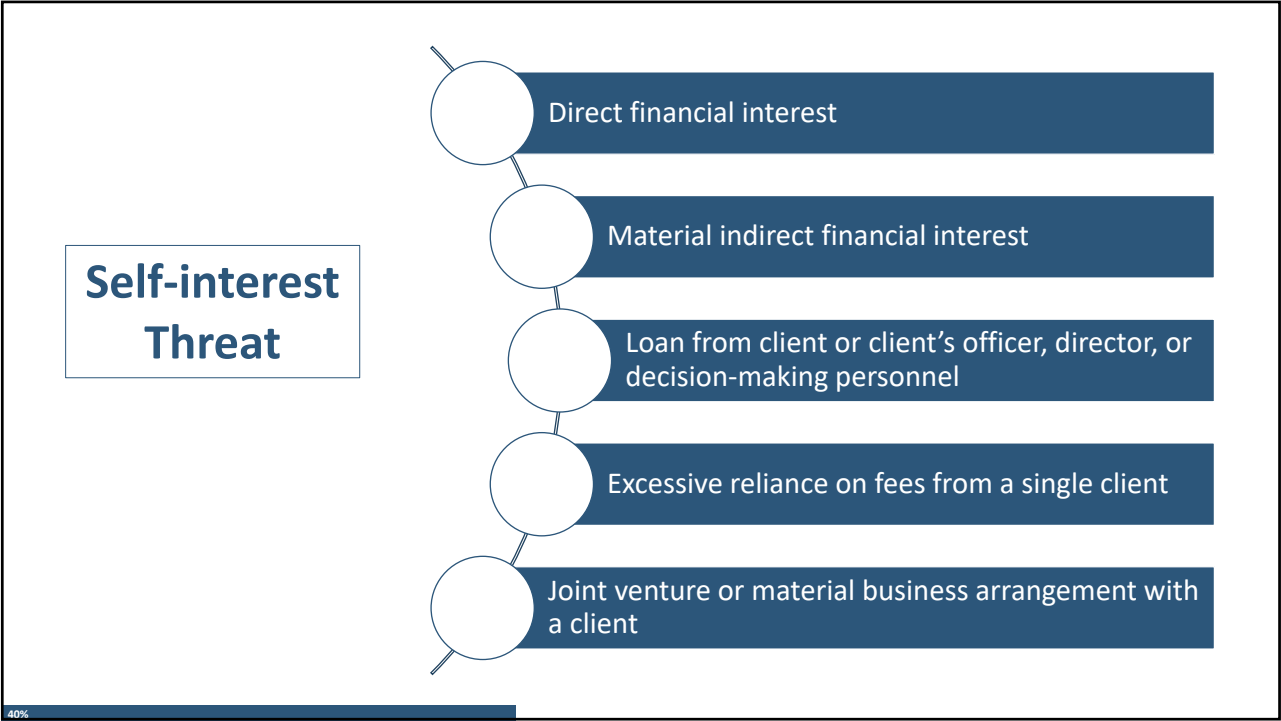


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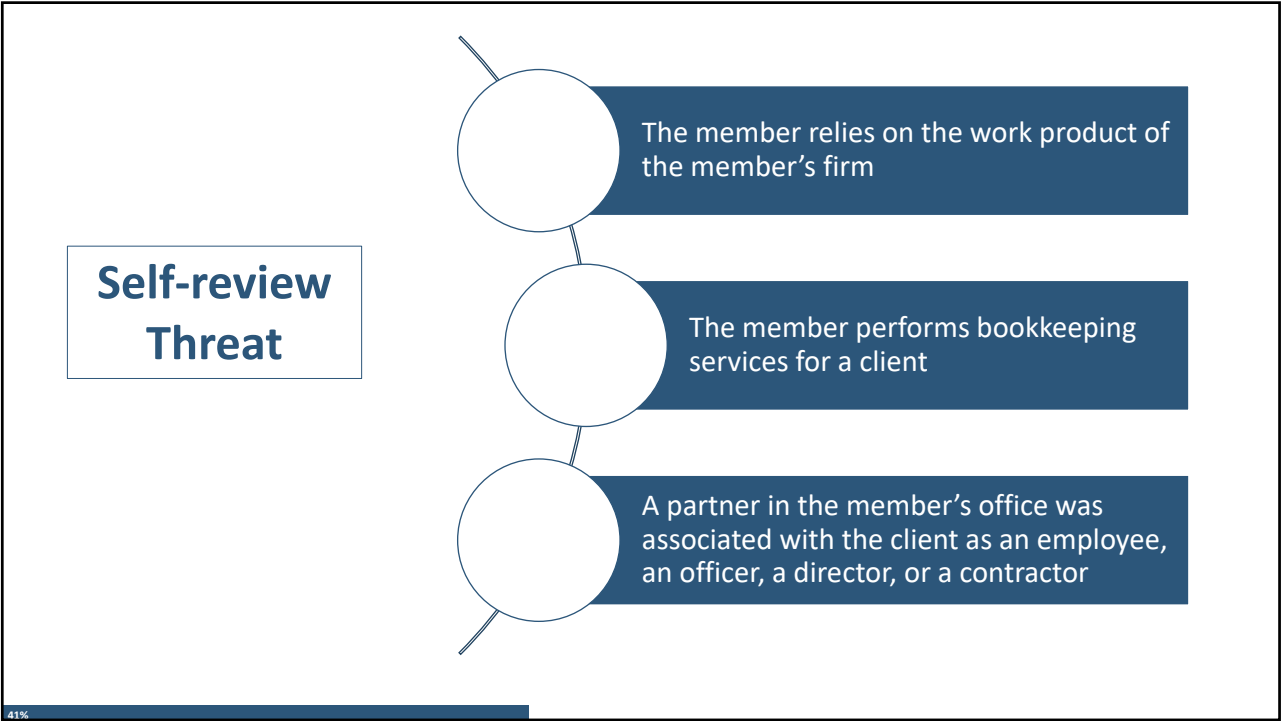


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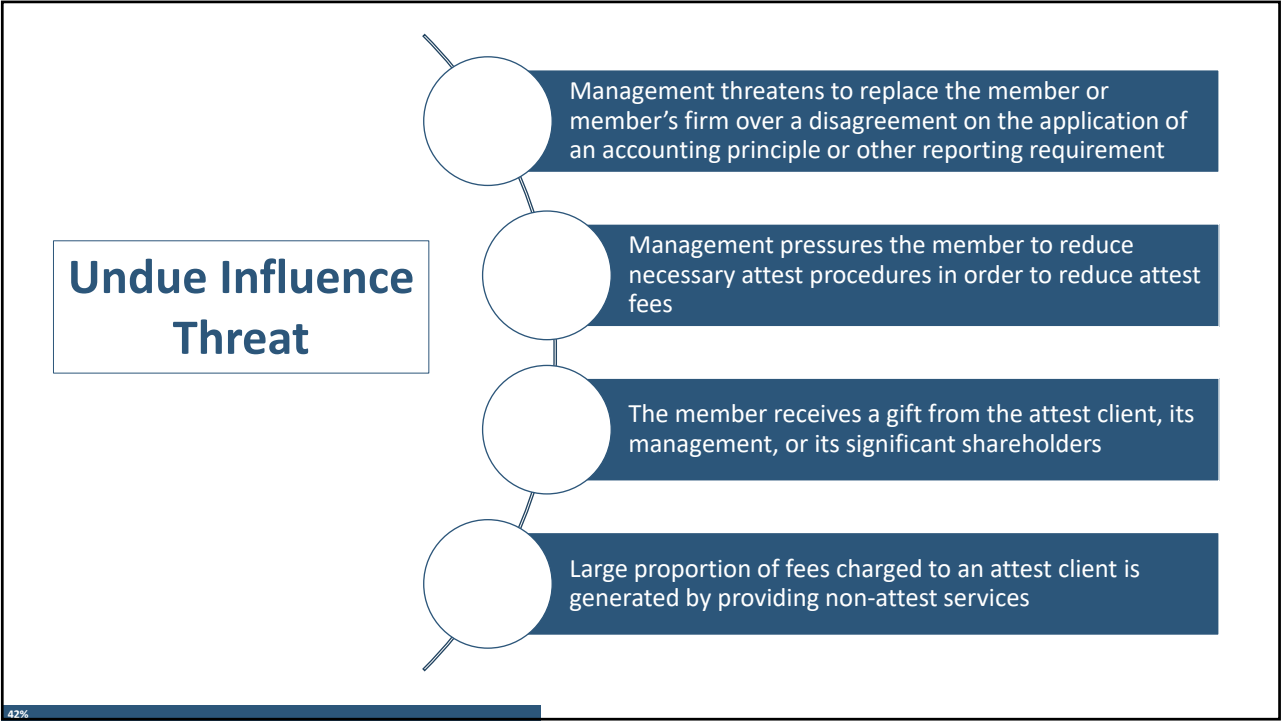


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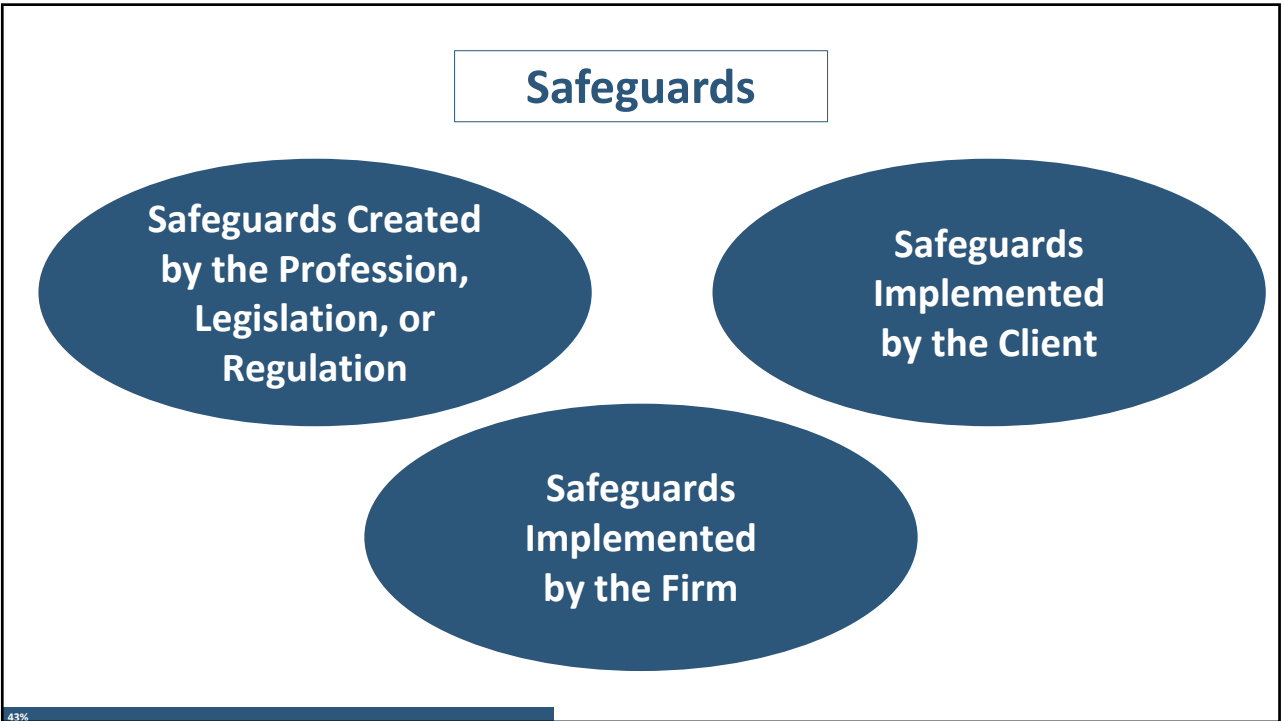


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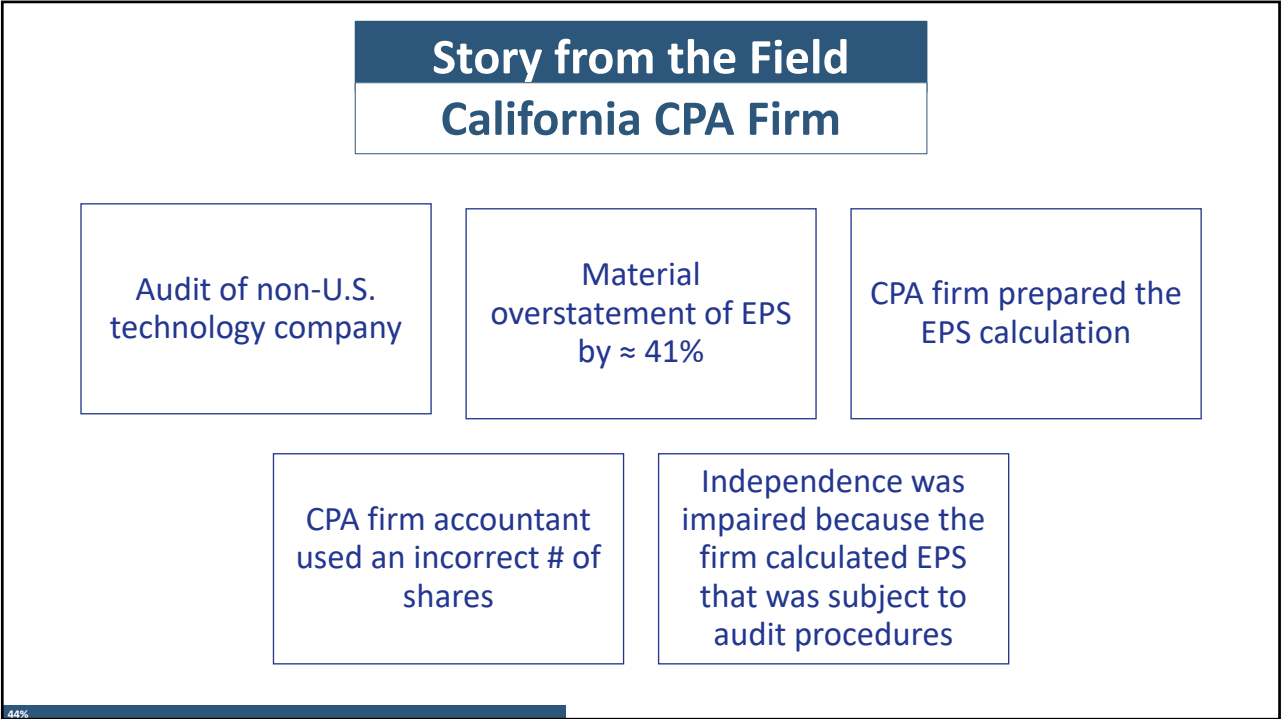


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46

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Conflicts of Interest

53 Part 1 – Members in Public Practice

1.110 Conflicts of Interest

1.110.010 Conflicts of Interest for Members in Public Practice

.01 A member or his or her firm may be faced with a conflict of interest when performing a professional service. In determining whether a professional service, relationship or matter would result in a conflict of interest, a member should use professional judgment, taking into account whether a reasonable and informed third party who is aware of the relevant information would conclude that a conflict of interest exists.

.02 A conflict of interest creates adverse interest and self-interest threats to the member's compliance with the "Integrity and Objectivity Rule" [1.100.001]. For example, threats may be created when

- a. the member or the member's firm provides a professional service related to a particular matter involving two or more clients whose interests with respect to that matter are in conflict, or
- b. the interests of the member or the member's firm with respect to a particular matter and the interests of the client for whom the member or the member's firm provides a professional service related to that matter are in conflict.

Code of Professional Conduct.
American Institute of Certified Public Accountants, Inc. 2025.

2.110 Conflicts of Interest

2.110.010 Conflicts of Interest for Members in Business

.01 A member may be faced with a conflict of interest when undertaking a professional service. In determining whether a professional service, relationship, or matter would result

2.100 Integrity and Objectivity © 2025 AICPA. All rights reserved.

Part 2 – Members in Business 252

in a conflict of interest, a member should use professional judgment, taking into account whether a reasonable and informed third party who is aware of the relevant information would conclude that a conflict of interest exists.

.02 A conflict of interest creates adverse interest and self-interest threats to the member's compliance with the "Integrity and Objectivity Rule" [2.100.001]. For example, threats may be created when

- a. a member undertakes a professional service related to a particular matter involving two or more parties whose interests with respect to that matter are in conflict, or
- b. the interests of a member with respect to a particular matter and the interests of a party for whom the member undertakes a professional service related to that matter are in conflict.

.03 A party may include an employing organization, a vendor, a customer, a lender, a shareholder, or other party.

Code of Professional Conduct.
American Institute of Certified Public Accountants, Inc. 2025.

46%

47



Net Realizable Value

- You are a manager on the audit of ProfitCompany, Inc. (PC)
- Your firm also audits the NotForProfit Foundation (NFP), but you do not work on this engagement.
- PC has a material receivable from NFP on its balance sheet.
- While eating lunch with another manager from your firm you learn that PC has loaned funds to NFP because the CEO of PC serves on the board of NFP. The loan was made to avoid the issuance of a going concern opinion on the prior-year NFP audit.
- You also learn that your firm will be issuing a going concern opinion for the current-year NFP audit.
- Further discussion reveals that NFP probably will not be able to repay the loan.
- **What would you do?**

47%

48

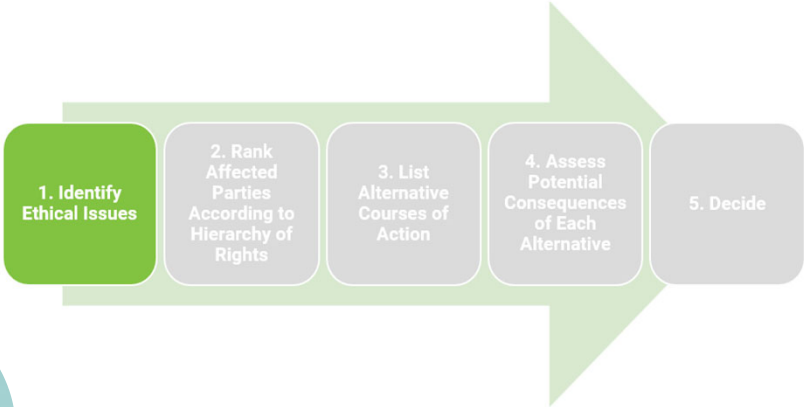
Would You Sign Off on This? Ethical Dilemmas from the Field



Case #1

Net Realizable Value





```
graph LR; A[1. Identify Ethical Issues] --> B[2. Rank Affected Parties According to Hierarchy of Rights]; B --> C[3. List Alternative Courses of Action]; C --> D[4. Assess Potential Consequences of Each Alternative]; D --> E[5. Decide];
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48%

49



Case #1

Net Realizable Value



```
graph LR; A[1. Identify Ethical Issues] --> B[2. Rank Affected Parties According to Hierarchy of Rights]; B --> C[3. List Alternative Courses of Action]; C --> D[4. Assess Potential Consequences of Each Alternative]; D --> E[5. Decide];
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49%

Potential impairment of the receivable on PC's books?

Confidentiality of NFP's circumstances

50

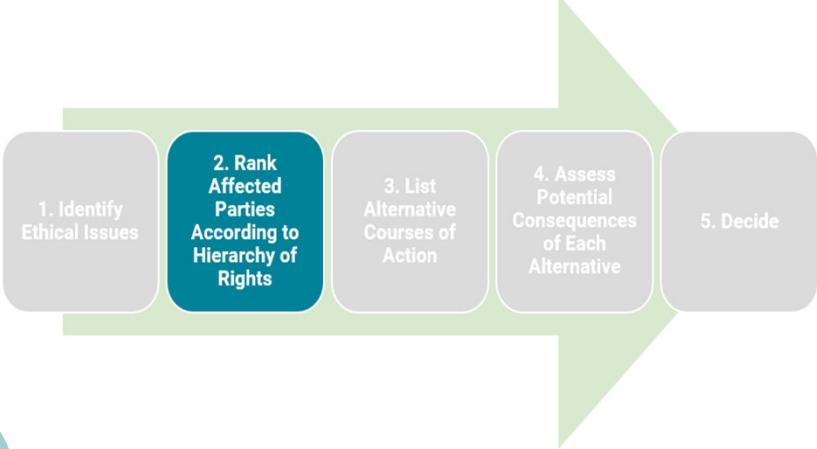
Would You Sign Off on This? Ethical Dilemmas from the Field



Case #1

Net Realizable Value





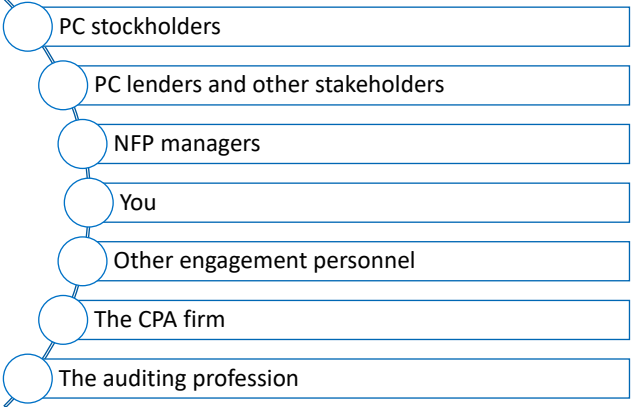
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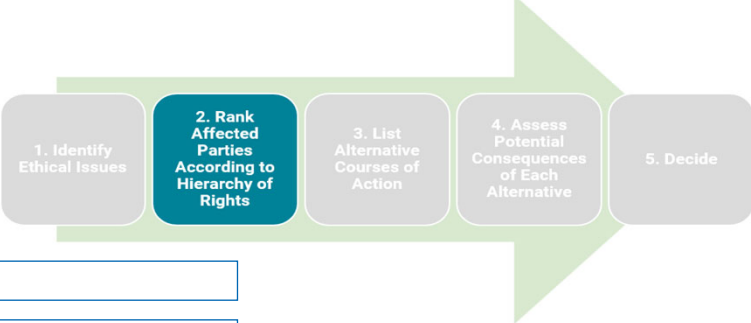
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Case #1

Net Realizable Value



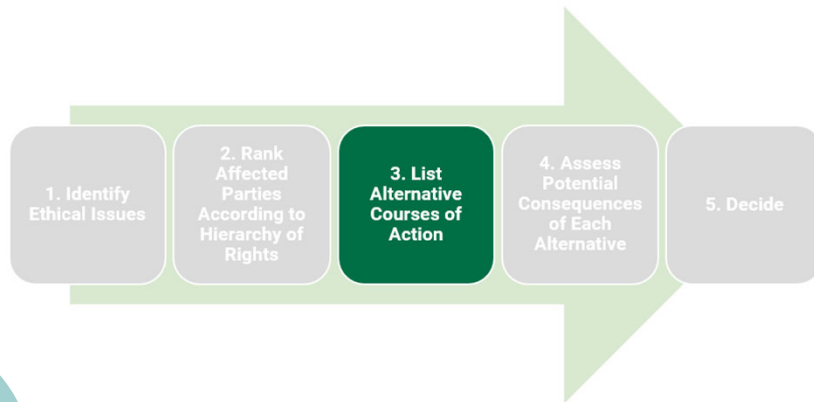


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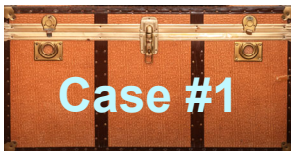
Case #1

Net Realizable Value

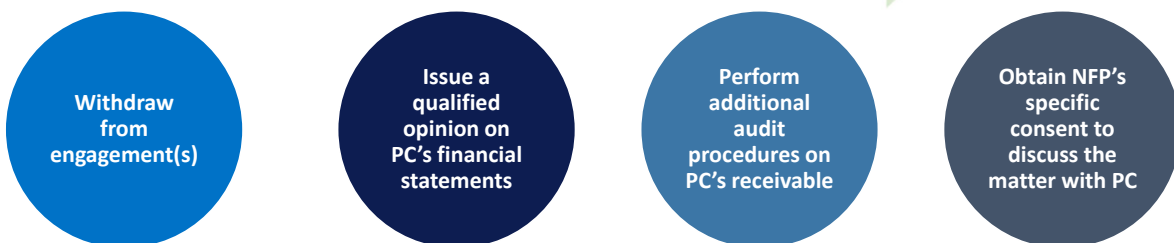
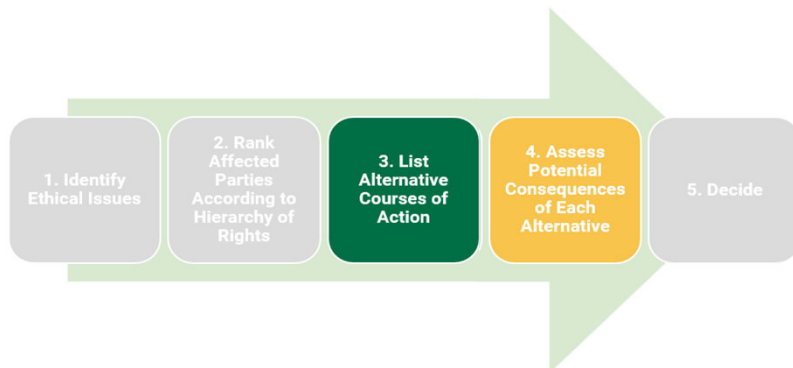


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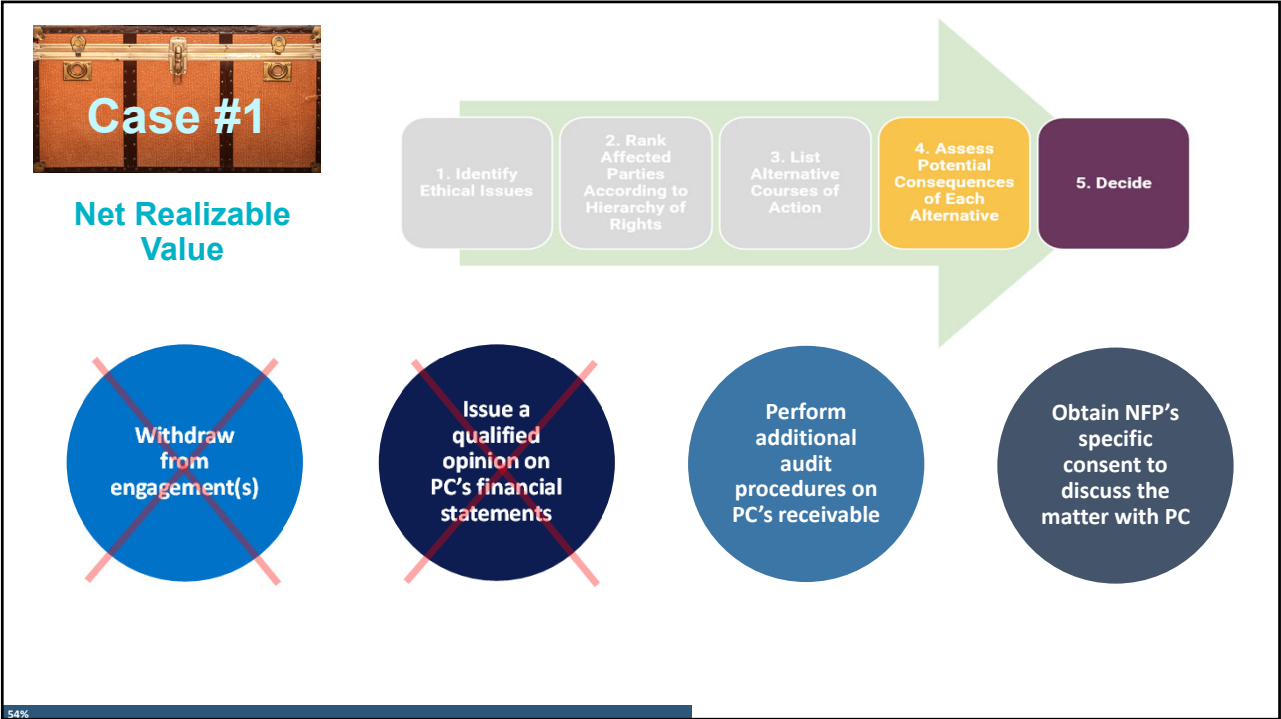
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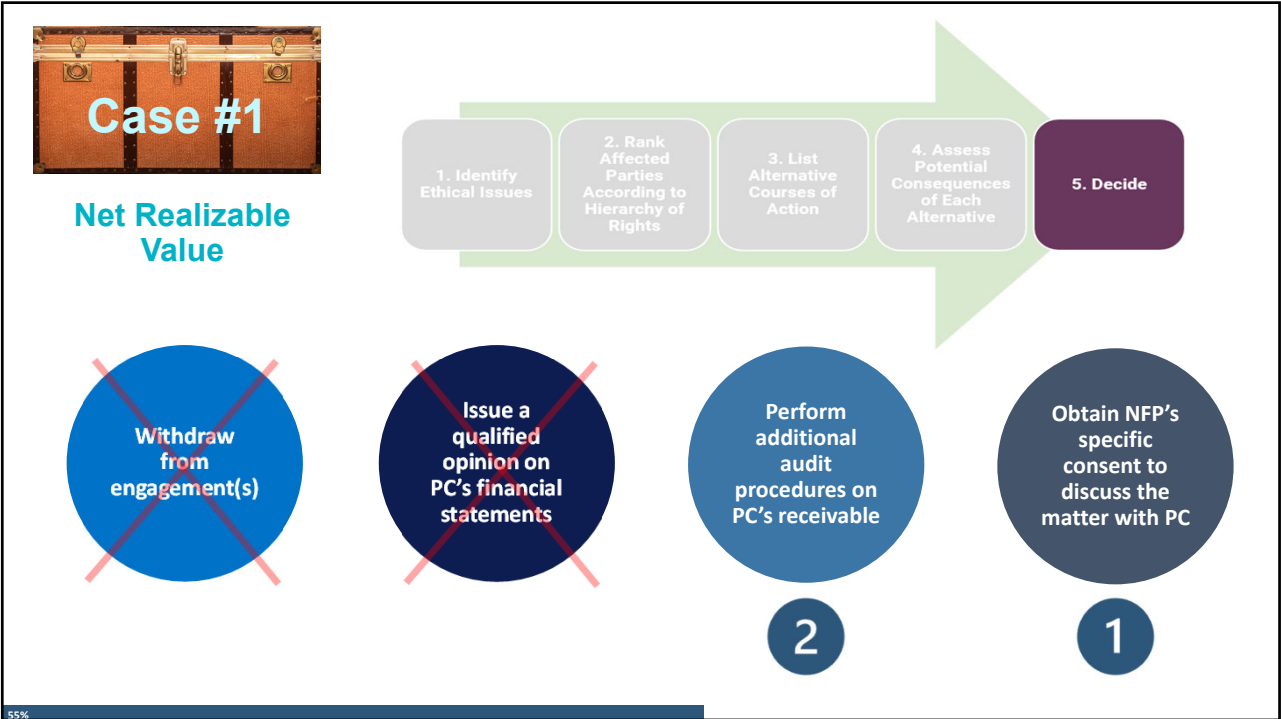
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56

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57

Professional Skepticism

A weather map of the Grand Rapids, Michigan area. It shows temperatures for various locations: Grand Rapids (82), Ionia (81), Hastings (892), Allegan (81), and Battle Creek (84). A weather system with a sun and clouds is shown moving over the area, with a temperature range of 5-15 indicated.

A screenshot of a weather app interface. At the top, it shows the time as 8:11 AM and the battery level at 88%. The location is "Grand Rapids, Gerald R. Ford International Airport (KGRR)". The current temperature is 61°F (16°C). Other details include: Humidity 75%, Wind Speed W 7 mph, Barometer 30.04 in (1016.9 mb), Dewpoint 53°F (12°C), and Visibility 10.00 mi. Below this, there is a "Detailed forecast for Kent County" section with "Today" and "Tonight" forecasts. The "Today" forecast says "Mostly sunny. A 40 percent chance of showers until midday. Highs in the mid 80s. West winds 5 to 15 mph with gusts to around 25 mph. Wind chill readings as low as minus 100 until midday." The "Tonight" forecast says "Partly cloudy. Lows in the mid 60s. West winds 5 to 10 mph. Gusts up to 25 mph in the evening." There is also a section for "Independence Day" with a forecast of "Mostly sunny. Highs in the upper 80s. West winds 5 to 15 mph."

A photograph of a retail display of Samuel Adams beer. In the foreground, there are several cans of Samuel Adams Cherry Wheat and Winter Break beer. Behind them are larger bottles of the same brands. Price tags are visible at the bottom of the display, showing prices like 20.99, 999.99, and 999.99.

58

Professional Skepticism

доверяй, но
проверяй



59



Risky Rewards

- You are a senior accountant who hopes to be promoted to manager after busy season.
- You are currently assigned to an audit that is affected by new SAS 145 risk assessment standards.
- The audit manager informed you that the time budget and audit fee will remain unchanged.
- You conclude that the time investment required to comply with SAS 145 will significantly jeopardize the engagement time budget.
- You are certain that poor engagement realization will hinder your chances of being promoted to manager.

59%

60

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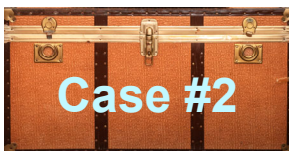


Risky Rewards

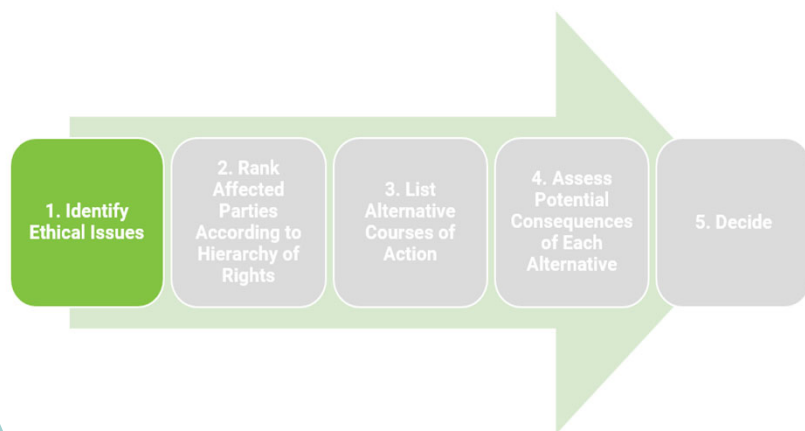
- The audit manager offers two options to your team:
 - Invest the time to address SAS 145 but record your time as non-billable to preserve the apparent realization of the job
 - Perform minimal effort regarding SAS 145
- Others on your team would like to choose one of the two proposed options so they can just finish the job.
- However, neither option seems like a responsible choice in your opinion.
- ***What would you do?***

60%

61



Risky Rewards



61%

62

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Case #2

Risky Rewards

1. Identify Ethical Issues

2. Rank Affected Parties According to Hierarchy of Rights

3. List Alternative Courses of Action

4. Assess Potential Consequences of Each Alternative

5. Decide

Upholding SAS 145 could result in subpar performance metrics

Minimizing SAS 145 efforts would jeopardize compliance with standards

62%

63



Case #2

Risky Rewards

1. Identify Ethical Issues

2. Rank Affected Parties According to Hierarchy of Rights

3. List Alternative Courses of Action

4. Assess Potential Consequences of Each Alternative

5. Decide



63%

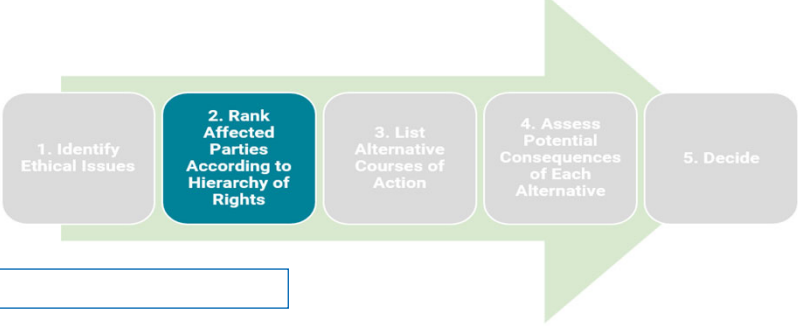
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Case #2

Risky Rewards



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graph LR; A[1. Identify Ethical Issues] --> B[2. Rank Affected Parties According to Hierarchy of Rights]; B --> C[3. List Alternative Courses of Action]; C --> D[4. Assess Potential Consequences of Each Alternative]; D --> E[5. Decide];
```

- Stockholders
- Board of directors and the audit committee
- Other client stakeholders
- Current and future engagement personnel
- The CPA firm
- The engagement manager and/or partner
- The auditing profession

64%

65



Case #2

Risky Rewards



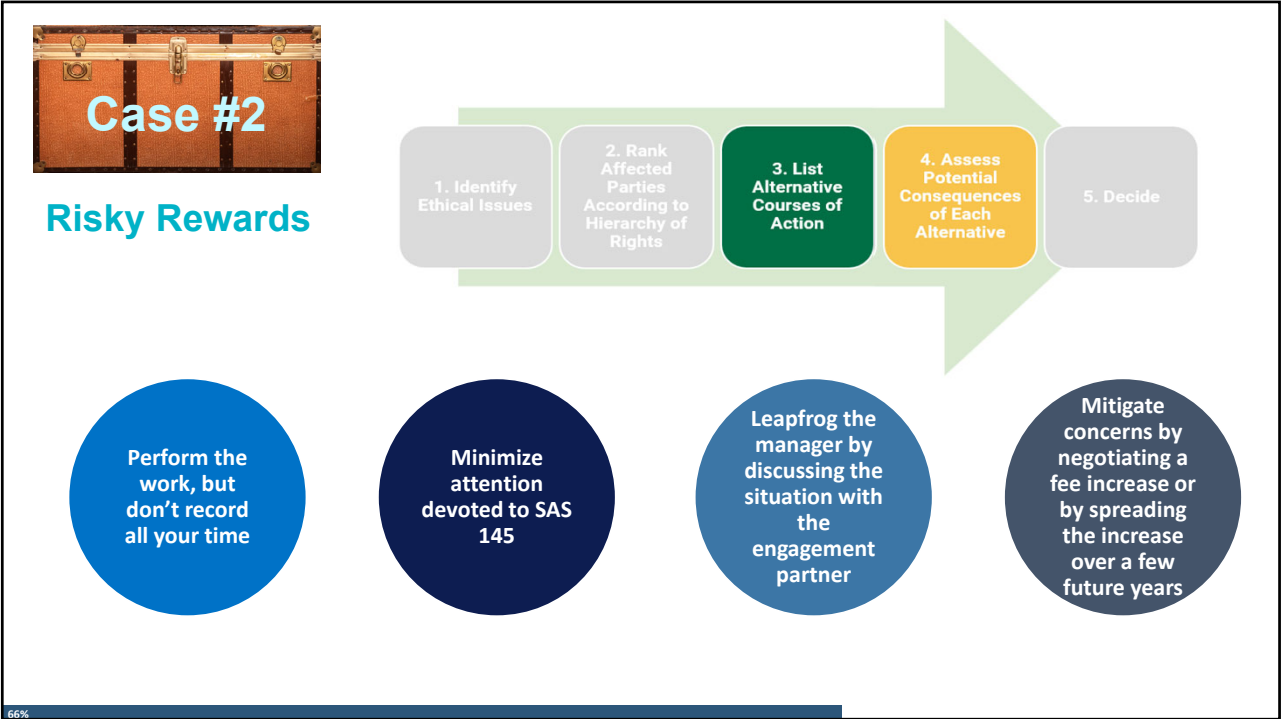
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graph LR; A[1. Identify Ethical Issues] --> B[2. Rank Affected Parties According to Hierarchy of Rights]; B --> C[3. List Alternative Courses of Action]; C --> D[4. Assess Potential Consequences of Each Alternative]; D --> E[5. Decide];
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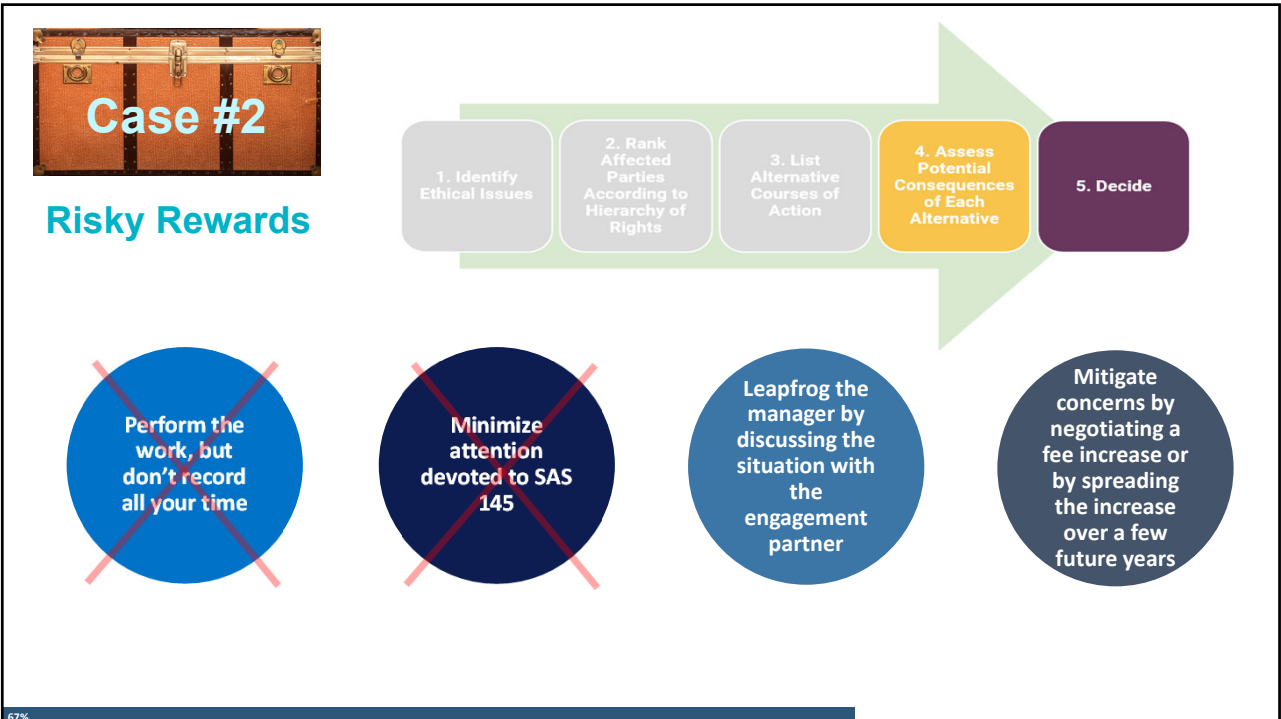
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Would You Sign Off on This? Ethical Dilemmas from the Field



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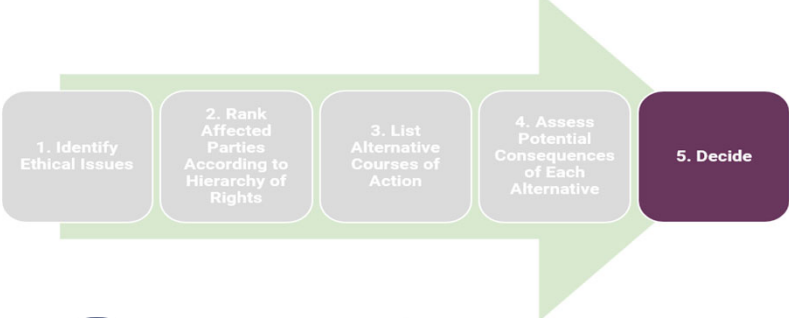
68

Would You Sign Off on This? Ethical Dilemmas from the Field



Case #2

Risky Rewards





Perform the work, but don't record all your time



Minimize attention devoted to SAS 145



Leapfrog the manager by discussing the situation with the engagement partner

2



Mitigate concerns by negotiating a fee increase or by spreading the increase over a few future years

1

68%

69



Case #3

Let Bygones Be Bygones?

- You discover that an audit client failed to record a material sale (\$2 million revenue and \$1.3 million cost of goods sold) because of poor internal controls.
- The audit client decided that it would not bill the customer because a significant amount of time transpired.
- You are convinced that the transaction was not fraudulent.
- Your firm is debating about requiring the client to record the sale.
- ***What would you do?***

69%

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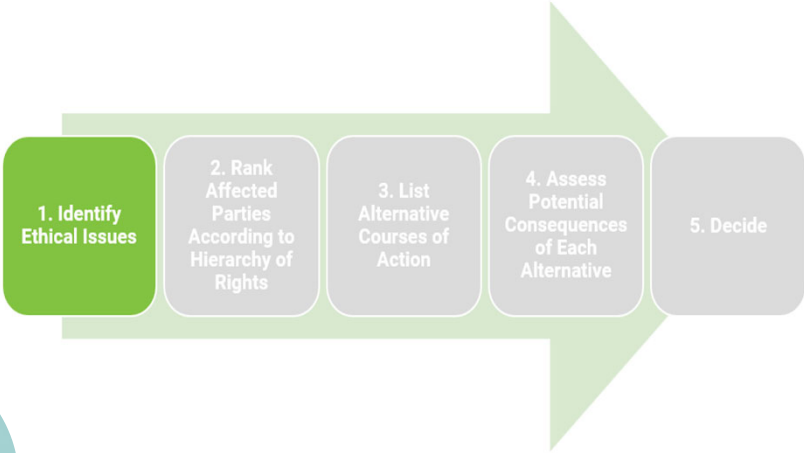
Would You Sign Off on This? Ethical Dilemmas from the Field



Case #3

Let Bygones Be Bygones?





1. Identify Ethical Issues
2. Rank Affected Parties According to Hierarchy of Rights
3. List Alternative Courses of Action
4. Assess Potential Consequences of Each Alternative
5. Decide

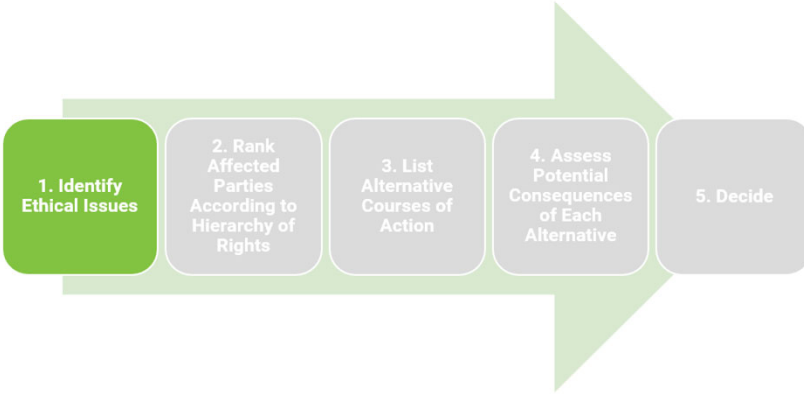
70%

71



Case #3

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5. Decide

Non-recognition is a conservative accounting approach

However, non-recognition arguably does not conform with U.S. GAAP

CPAs have a duty to serve the public interest

71%

72

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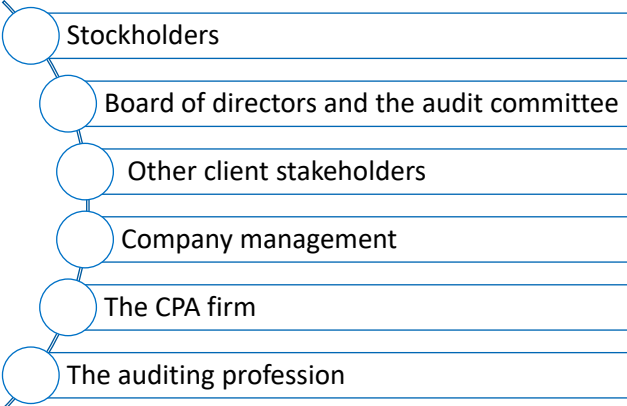
72%

73

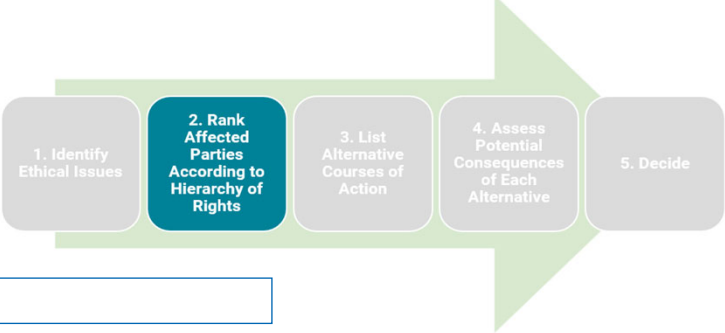


Case #3

Let Bygones Be Bygones?



- Stockholders
- Board of directors and the audit committee
- Other client stakeholders
- Company management
- The CPA firm
- The auditing profession



1. Identify Ethical Issues
2. Rank Affected Parties According to Hierarchy of Rights
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5. Decide

73%

74

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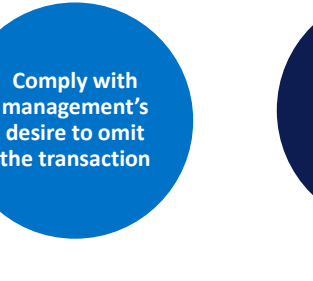
74%

75



Case #3

Let Bygones Be Bygones?



1. Identify Ethical Issues

2. Rank Affected Parties According to Hierarchy of Rights

3. List Alternative Courses of Action

4. Assess Potential Consequences of Each Alternative

5. Decide

Comply with management's desire to omit the transaction

Include the transaction using a separate line but also record a loss from non-collection

Omit the transaction but include an explanatory disclosure

Issue an adverse opinion regarding the financial statements

75%

76

Would You Sign Off on This? Ethical Dilemmas from the Field



Case #3

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1. Identify Ethical Issues

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75%

77



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4. Assess Potential Consequences of Each Alternative

5. Decide

Comply with management's desire to omit the transaction

Include the transaction using a separate line but also record a loss from non-collection

1

Omit the transaction but include an explanatory disclosure

2

Issue an adverse opinion regarding the financial statements

76%

78

Would You Sign Off on This? Ethical Dilemmas from the Field



Count Me Out!

- You are a first-year staff accountant at a regional accounting firm.
- You and an audit senior accompany an audit manager on a two-day physical inventory observation for various locations of a retail client.
- The retail client hires ICP, a third-party provider, to conduct the physical count of its year-end inventory. ICP is proud of its "Inventory Counting Professionals."
- You and your audit senior count inventory for five sections of a retail store after ICP has completed its counts.
- Your counts match ICP's counts for four of the five sections. However, your count is significantly lower than ICP's for the beer and wine section of the store.
- The beer and wine section was particularly difficult and time-consuming to count. It also represents the largest portion of the store's inventory.

77%

79



Count Me Out!

- When you advise your audit senior regarding the discrepancy, she informs you to adjust your number to match ICP's amount so the team may proceed to the next retail location.
- She explains that the CPA firm rarely, if ever, encounters differences between its counts and ICP's counts. After all, this is their area of expertise; ICP only employs "Inventory Counting Professionals."
- You suggest that it would be prudent to re-count the beer and wine section.
- Your audit senior refuses to entertain this option because it is already 2:00 p.m., and your team needs to observe two more retail locations before heading to the hotel. She reminds you that the audit manager was planning a nice dinner, and some time at a local night club for the engagement team this evening.
- ***What would you do?***

78%

80

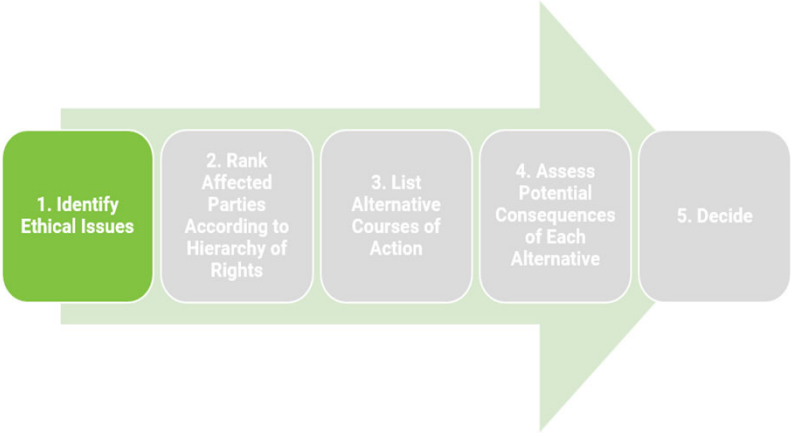
Would You Sign Off on This? Ethical Dilemmas from the Field



Case #4

Count Me Out!





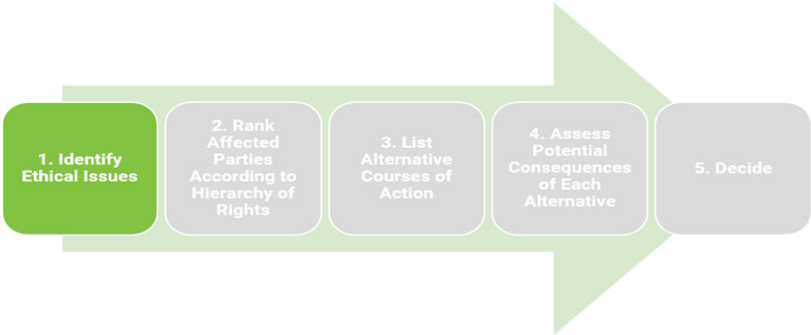
79%

81



Case #4

Count Me Out!



80%

Modifying the count seems to violate professional standards

But ICP is external to the client, and is in the business of counting inventory

82

Would You Sign Off on This? Ethical Dilemmas from the Field



Case #4

Count Me Out!





```
graph LR; A[1. Identify Ethical Issues] --> B[2. Rank Affected Parties According to Hierarchy of Rights]; B --> C[3. List Alternative Courses of Action]; C --> D[4. Assess Potential Consequences of Each Alternative]; D --> E[5. Decide];
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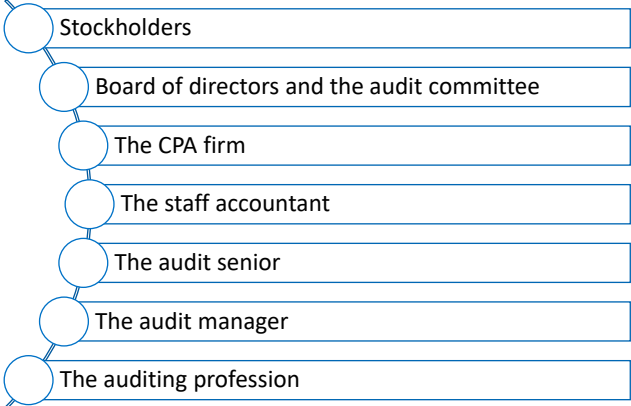
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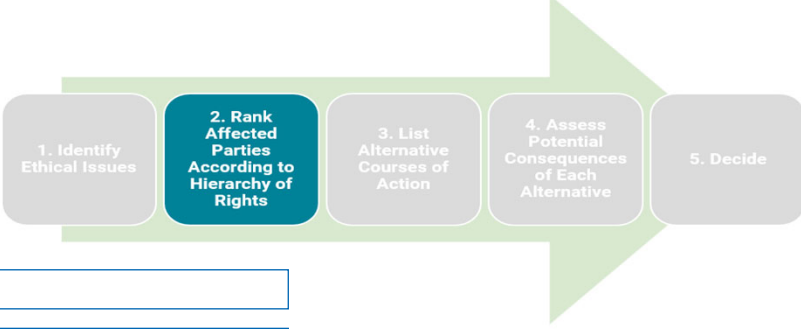


Case #4

Count Me Out!



- Stockholders
- Board of directors and the audit committee
- The CPA firm
- The staff accountant
- The audit senior
- The audit manager
- The auditing profession



```
graph LR; A[1. Identify Ethical Issues] --> B[2. Rank Affected Parties According to Hierarchy of Rights]; B --> C[3. List Alternative Courses of Action]; C --> D[4. Assess Potential Consequences of Each Alternative]; D --> E[5. Decide];
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82%

84

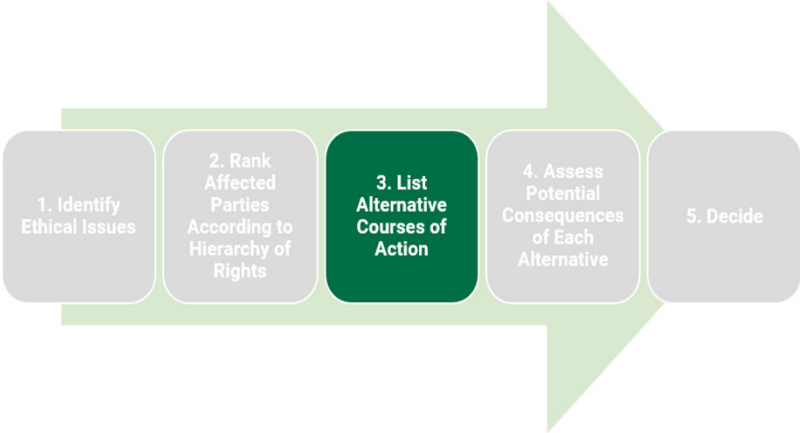
Would You Sign Off on This? Ethical Dilemmas from the Field



Case #4

Count Me Out!





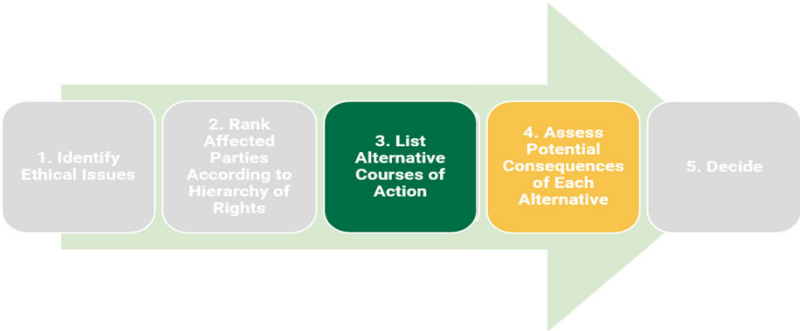
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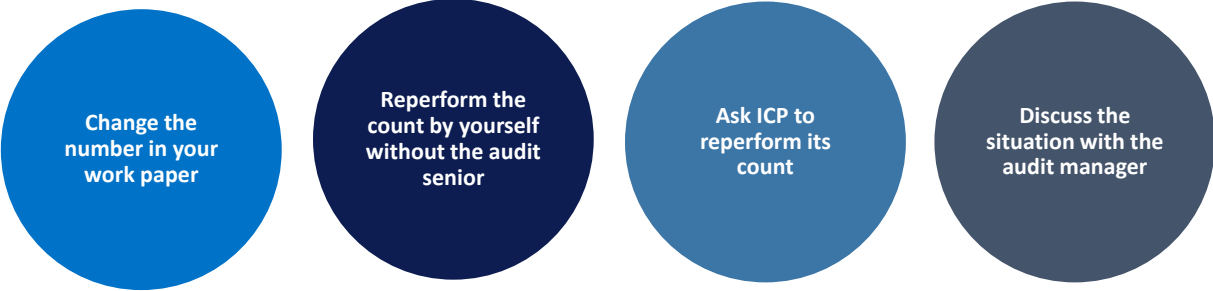
85



Case #4

Count Me Out!





84%

86

Would You Sign Off on This? Ethical Dilemmas from the Field



Case #4

Count Me Out!

1. Identify Ethical Issues

2. Rank Affected Parties According to Hierarchy of Rights

3. List Alternative Courses of Action

4. Assess Potential Consequences of Each Alternative

5. Decide

Change the number in your work paper

Reperform the count by yourself without the audit senior

Ask ICP to reperform its count

Discuss the situation with the audit manager

85%

87



Case #4

Count Me Out!

1. Identify Ethical Issues

2. Rank Affected Parties According to Hierarchy of Rights

3. List Alternative Courses of Action

4. Assess Potential Consequences of Each Alternative

5. Decide

Change the number in your work paper

Reperform the count by yourself without the audit senior

Ask ICP to reperform its count

Discuss the situation with the audit manager

3

2

1

86%

88

A classroom setting with a blackboard displaying the text "Ethical Implications Related to Documentation". The blackboard is mounted on a light blue wall. In the foreground, there are several wooden desks and bright orange plastic chairs. A yellow chair is visible behind the blackboard. The floor is covered with grey tiles.

Disclosure of a Conflict of Interest and Consent .12 When a conflict of interest exists, the <i>member</i> should disclose the nature of the conflict of interest to <i>clients</i> and other appropriate parties affected by the conflict and obtain their consent to perform the <i>professional services</i>. The <i>member</i> should disclose the conflict of interest and obtain consent even if the <i>member</i> concludes that <i>threats</i> are at an <i>acceptable level</i>. .13 Disclosure and consent may take different forms. The following are examples:	Documenting Ethics?
57 Part 1 – Members in Public Practice	254 Part 2 – Members in Business
a. General disclosure to <i>clients</i> of circumstances in which the <i>member</i>, in keeping with common commercial practice, does not provide <i>services</i> exclusively for any one <i>client</i> (for example, in a particular service in a particular market sector) in order for the <i>client</i> to provide general consent accordingly. Such disclosure might be made in a <i>member's</i> standard terms and conditions for the engagement. b. Specific disclosure to affected <i>clients</i> of the circumstances of the particular conflict including an explanation of the situation and any planned <i>safeguards</i>, sufficient to enable the <i>client</i> to make an informed decision with respect to the matter and to provide specific consent. .14 The <i>member</i> should determine whether the nature and significance of the conflict of interest is such that specific disclosure and specific consent are necessary, as opposed to general disclosure and general consent. For this purpose, the <i>member</i> should exercise professional judgment in evaluating the circumstances that create a conflict of interest, including the parties that might be affected, the nature of the issues that might arise and the potential for the particular matter to develop in an unexpected manner. .15 When a <i>member</i> has requested specific consent from a <i>client</i> and that consent has been refused by the <i>client</i>, the <i>member</i> should (a) decline to perform or discontinue <i>professional services</i> that would result in the conflict of interest; or (b) terminate the relevant relationships or dispose of the relevant interests to eliminate the <i>threat</i> or reduce it to an <i>acceptable level</i>, such that consent can be obtained, after applying any additional <i>safeguards</i>, if necessary. .16 The <i>member</i> is encouraged to document the nature of the circumstances giving rise to the conflict of interest, the <i>safeguards</i> applied to eliminate or reduce the <i>threats</i> to an <i>acceptable level</i>, and the consent obtained.	Disclosure of a Conflict of Interest and Consent .11 When a conflict of interest exists, the <i>member</i> should disclose the nature of the conflict to the relevant parties, including to the appropriate levels within the <i>employing organization</i> and obtain their consent to undertake the <i>professional service</i>. The <i>member</i> should disclose the conflict of interest and obtain consent even if the <i>member</i> concludes that <i>threats</i> are at an <i>acceptable level</i>. .12 The <i>member</i> is encouraged to document the nature of the circumstances giving rise to the conflict of interest, the <i>safeguards</i> applied to eliminate or reduce the <i>threats</i> to an <i>acceptable level</i>, and the consent obtained. <i>Code of Professional Conduct.</i> American Institute of Certified Public Accountants, Inc. 2025.

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89%

91

89%

92

Would You Sign Off on This? Ethical Dilemmas from the Field

parsimony noun

par-si-mo-ny ('pār-sə-mō-nē)

Synonyms of *parsimony* ? Take our 3 question quiz on *parsimony* >

1 a : the quality of being careful with money or resources : **THRIFT**
| the necessity of wartime *parsimony*

b : the quality or state of being stingy
| The charity was surprised by the *parsimony* of some larger corporations.

2 : economy in the use of means to an end
especially : economy of explanation in conformity with *Occam's razor*
... the scientific law of *parsimony* dictates that any example of animal behavior should be interpreted at its simplest, most immediate level.
— Peter Garner

Retrieved May 9, 2026 from <https://www.merriam-webster.com/dictionary/parsimony>



Rule of thumb attributed to 14th-century philosopher William of Ockham

When choosing among alternatives, the option with the fewest assumptions should be selected

The simplest option is often the best option

91%

93

The simplest option is often the best option

“Not every audit procedure needs its own working paper. The nature, timing, extent, and results of some procedures can be documented by adding a few sentences to the audit program.”

Mark Koziel, CPA, CGMA
AICPA Executive Vice President of Firm Services *

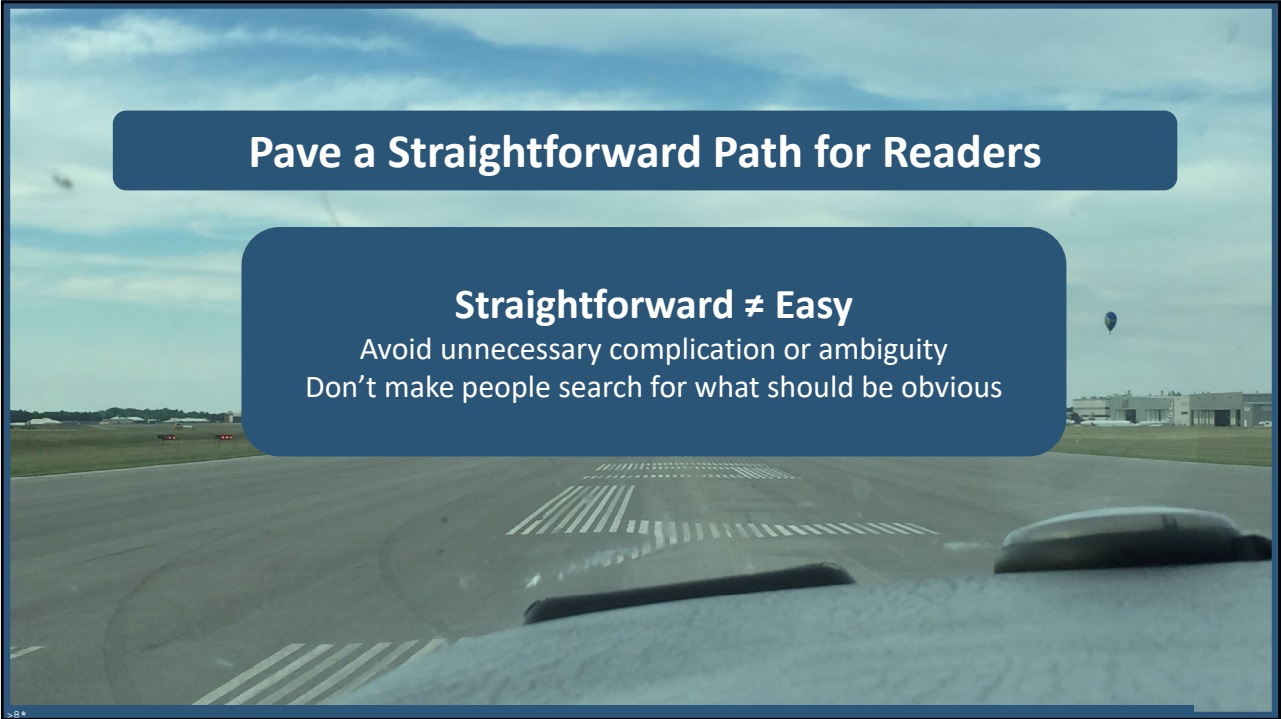
Koziel, Mark. (2017). 4 Strategies for Efficient, Effective Audit Documentation. *Journal of Accountancy*.
<https://www.journalofaccountancy.com/issues/2017/nov/effective-audit-documentation/>

* On January 1, 2025, Mark Koziel became president and CEO of the AICPA

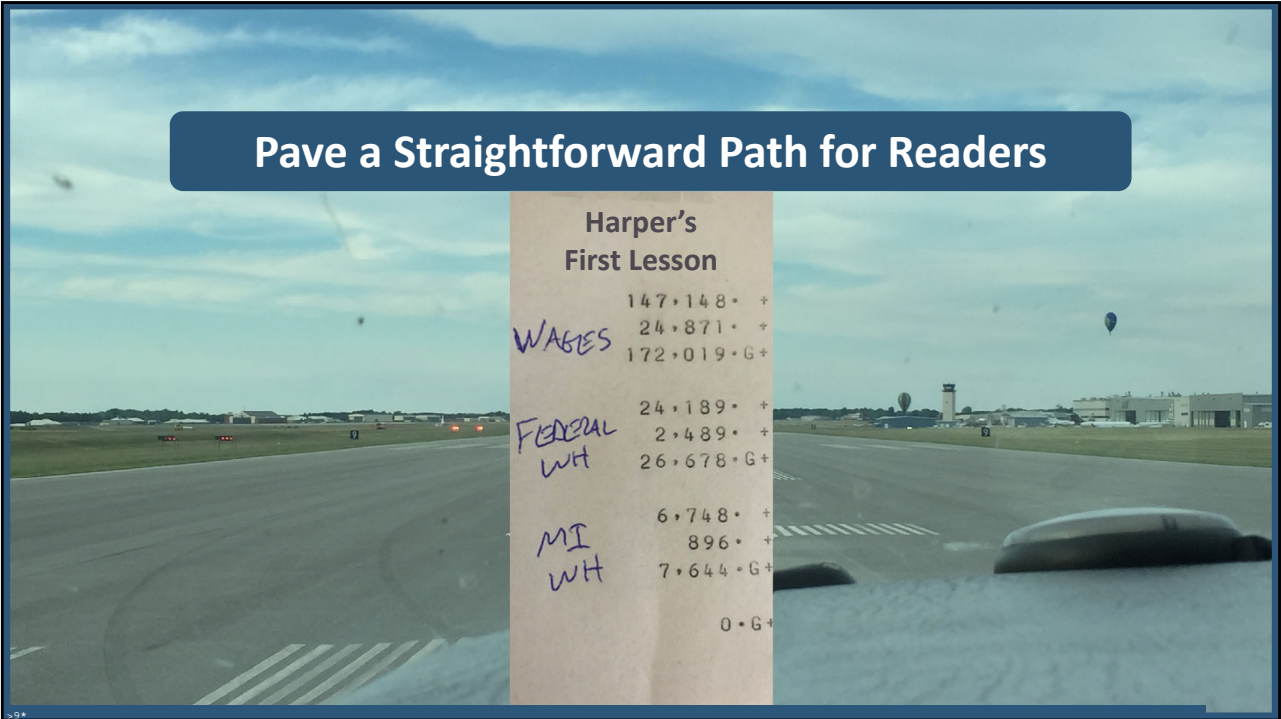
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94

Would You Sign Off on This? Ethical Dilemmas from the Field



95



96

Would You Sign Off on This? Ethical Dilemmas from the Field



97

TODAY'S JOURNEY



Ethical Decision-making Frameworks



AICPA Code of Professional Conduct



Independence and Objectivity Threats



Conflicts of Interest



Maintaining Professional Judgment Under Pressure



Ethical Implications Related to Documentation



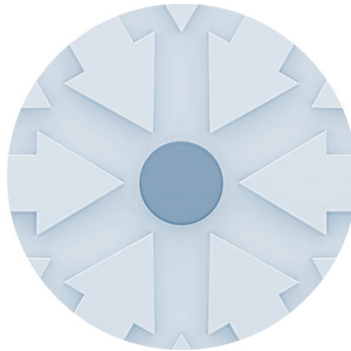
Summary

98

Would You Sign Off on This? Ethical Dilemmas from the Field

IF YOU REMEMBER NOTHING ELSE

Independence and
Objectivity are
Critical

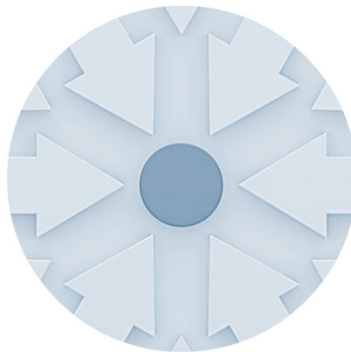


Professional
Skepticism Is
Inexpensive and
Powerful

99

IF YOU REMEMBER NOTHING ELSE

Use Screening
Decisions to
Eliminate
Unacceptable
Options



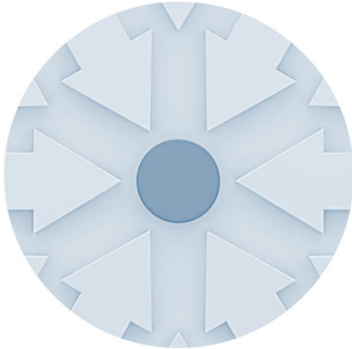
Use Preference
Decisions to Rank
Acceptable
Options

100

Would You Sign Off on This? Ethical Dilemmas from the Field

IF YOU REMEMBER NOTHING ELSE

We Have a Good
Thing Going



Let's Not
Mess It Up!

101

Would You Sign Off on This? Ethical Dilemmas from the Field



August 20, 2026

Materials Developed and Presented by:

Dr. Chris Harper, CPA, MBA
www.harpdoc.net

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102