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## FORMAL ACADEMIC DISCIPLINARY ACTIONS AND ENTRY INTO THE ACCOUNTING PROFESSION

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*This paper examines whether formal academic disciplinary actions are considered by state boards when a candidate applies for the CPA exam. Because of the importance of ethics to the accounting profession, careful screening of entrants to the profession seems warranted. As more colleges and universities adopt honor codes with formalized systems to adjudicate alleged violations, it seems that the profession should capture this information from the applicants to the CPA exam. I examine the initial application form from all the boards of accountancy. I find only one state which directly asks about academic disciplinary actions and few others who have questions that might capture the information. I discuss the value of such information and make a case for why it should be collected.*

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### INTRODUCTION

#### Accounting Profession's Concern for Ethical Behavior

The accounting profession has a long history of concern for the ethical conduct of its members. The American Institute of Certified Public Accountants' (AICPA) Principles of Professional Conduct which identify the ethical ideals for the behavior of practicing accountants has several statements which emphasize the importance of integrity. These principles provide the theoretical foundation for the Rules of Professional Conduct of the AICPA and for the codes of professional conduct developed by the states.<sup>1</sup> The Preamble to these principles emphasizes the importance of high ethical behavior in ET §51.01: "By accepting membership, a certified public accountant assumes an obligation of self-discipline above and beyond the requirements of laws and regulations" (AICPA, 1992).

While the emphasis on integrity is seen in many of the principles (see ET §53.03, 55.01, 56.01, and 57.01), it is explicitly discussed in ET §54 (AICPA, 1992). Paragraph .01 tells us that "integrity is an element of character fundamental to professional recognition. It is the quality from which the public trust derives and the benchmark against which a member must ultimately test all decisions" (AICPA, 1992). Explanation of how to test these decisions is provided in paragraph .03: "Integrity is measured in terms of what is right and just. In the absence of specific rules, standards, or guidance, or in the face of conflicting opinions, a member should test decisions and deeds by asking: 'Am I doing what a person of integrity would do? Have I retained my integrity?' Integrity requires a member to observe both the form and the spirit of technical and ethical standards; circumvention of those standards constitutes subordination of judgment" (AICPA, 1992).

Due to the ideal nature of the principles of professional conduct, such principles are impossible to enforce. However, the Rules of Professional Conduct derived from the principles are enforceable and deviations from them can subject the CPA to disciplinary action. Rule 102 speaks the most directly to the issue of general dishonesty as a violation

of the principle of integrity. Rule 102 says in paragraph .01: "In the performance of any professional service, a member shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate his or her judgment to others" (AICPA 1992). Interpretation 102-1c states that "a member shall be considered to have knowingly misrepresented facts in violation of rule 102 when he or she knowingly....signs, or permits or directs another to sign, a document containing materially false and misleading information" (AICPA 1992).

Further emphasizing the importance of ethics, most states require candidates for license to either complete some training in ethics or take an ethics exam (Misiewicz 2007). In addition, many state boards are now requiring licensed CPAs to take ethics as part of their on-going continuing education (Misiewicz 2007).

Based on all of the above, it is clear that the accounting profession has always expected its members to act with high integrity. Integrity has been a hallmark of the accounting profession since its inception. The public has come to trust the profession with various reporting responsibilities (financial statements, tax returns, and other disclosures) due in large part to the profession's concern about professional ethics.

Due to recent events in the profession, ethical concerns have been highlighted and a commitment to ethics by the profession re-emphasized. Enron, Global Crossing, and other accounting-related scandals have caused the profession and society to consider the ethical failings which contributed to the scandals. Developments such as the Sarbanes-Oxley and the Public Companies Accounting Oversight Board have forced the accounting profession to re-examine its commitment to ethics and have perhaps shaken the profession from a degree of complacency.

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<sup>1</sup> Throughout this paper, the term "state" should be understood to include other jurisdictional forms such as districts, territories, or commonwealths which have boards of accountancy.

For the accounting profession to continue to thrive, a commitment to ethics must be maintained and if possible strengthened. One means of strengthening its commitment to high ethical standards would be a careful screening of new applicants to the profession. By preventing entry to those who have had previous ethical lapses, the profession would be seen as ensuring its high ethical standards. It would seem prudent to deal with potential problems at the earliest possible stage.

### **Formal Disciplinary Hearings in Academe**

Many major universities have adopted formal codes of conduct which define academic dishonesty and have established formal procedures to hear and adjudicate alleged violations of the code. The exact nature of the code, the hearing procedures, and the nature of the punishments allowed vary widely but all colleges and universities have some stated policy about academic dishonesty. However, it does appear that formal honor code systems are more effective in reducing academic dishonesty. McCabe and Trevino (1993) find that universities and colleges with formal honor codes have lower levels of cheating than universities and colleges without formal honor codes. McCabe, Trevino, and Butterfield (1999) find that students at schools with honor codes frame ethical questions differently and have a higher sense of community and identification with its own set of standards which suggests that moral reasoning is being enhanced.

Whether the code of conduct is formally adopted at the university level (such as the famous codes at the University of Virginia or the military service academies) or at a college or department level (modified honor code), the success of the systems rely on two factors. First, the policy must be well-communicated and second, a student voice in the process must be maintained (McCabe and Trevino 2002).

Due to potential litigation concerns, most universities have adopted more formal procedures for punishments associated with academic dishonesty (Kidwell 2001). Many colleges and universities are now centralizing the process to some degree so that records are available of students who have been judged to have committed academic dishonesty. Of course, these records are generally confidential, however, the student usually can permit the release of the information. A common procedure used by many colleges and universities with an honor code is the use of a designated grade for unsuccessful completion of a course due to academic dishonesty. For example, the newly adopted honor code system at Mississippi State University has the option of an 'XF' grade. The 'X' designates the failure as due to an academic dishonesty issue (US Federal News Service, February 28, 2007). Access to such information on incidents of academic dishonesty is generally available to a potential employer or other interested party if the student waives the confidentiality.

The purpose of this paper is to examine how the profession screens potential applicants for ethical deficiencies. In particular, I examine whether the application process gathers information on formal disciplinary actions against the applicant during his or her academic career. This seems to be a good source of information about the moral character of the applicant.

If a state board learns that an applicant has been found guilty of academic dishonesty, a decision would need to be made as to the acceptability of the candidate as such an incident could be predictive of future unethical activities. Academic research has found such a link between previous unethical acts in an academic environment and a proclivity to commit unethical acts in the workplace. Nonis and Swift (2001) found that a high correlation between the frequency of cheating in an academic environment and the frequency of cheating in a work environment. They conclude:

Results seem to indicate that cheating is not situation specific. Once an individual forms the attitude that cheating is acceptable behavior, he or she is likely to use this behavior, not only in the educational area but also in other areas. (page 75)

Lucas and Friedrich (2005) found that workplace integrity measures were strong predictors of academic dishonesty which reinforces the Nonis and Swift finding that cheating is not due to the situation but instead due to the attitude of the individual toward cheating. Martin, Rao, and Sloan (2009) studied actual incidents of plagiarism in both academic and business settings and found the same correlation between academic dishonesty and dishonesty in the workplace that Nonis and Swift found. Based on the results of these studies, at a minimum, a state board would be prudent to at least consider the circumstances of the incident of academic dishonesty in order to determine if it would constitute a serious ethical lapse or not.

Others may argue that such an action should not be disqualifying even if it is a serious incident of academic dishonesty. The ethical character of a college student may still be evolving as judgment matures in a naturally-occurring process. An unwise act of earlier years, committed in a new environment, may not be predictive of decisions which would be made years later.

Academic research has shown a correlation between age and the development of moral reasoning. Kohlberg (1969) assumed that moral reasoning paralleled cognitive development and studies which followed generally found such a correlation. A recent longitudinal study by Nunner-Winkler (2007) found that moral motivation (defined as willingness to do what one knows is right even if it entails personal costs) increased as the subjects aged. Nunner-Winkler's observations of the subjects included observations at ages seventeen and twenty-two which are close to the ages a typical student enters and exits an undergraduate program.

The increase in moral motivation scores in this study from age seventeen to age twenty-two suggests that undergraduate students are still in the process of moral development.

While maturing moral reasoning can be seen as a natural process, the discovery of academic dishonesty could also initiate a learning opportunity. This assumption underpins many of the honor systems used by universities. For example, Kansas State University includes this statement in its honor system basics ([www.k-state.edu/honor/honorsystem/studentdevper.htm](http://www.k-state.edu/honor/honorsystem/studentdevper.htm)):

Those associated with the Honor System are therefore committed to using procedures and sanctions that are educational in nature. We strongly believe that college students are still developing in what it means to make ethical decisions in times of dilemmas (whether or not to cheat). We also believe that character development (becoming more honest) does not stop when young adults leave home. On the contrary, many college students learn what it means to be a good person and a good citizen through education and in projects such as service learning.

In most colleges and universities with conduct codes, this commitment is met with training classes to help students who have been involved in academic dishonesty to refine their moral reasoning. It is the desired goal of such training that a student who has successfully completed such training will be less likely to recommit such acts in the future, although empirical evidence to support this assertion is lacking.

This paper is organized in the following fashion. Following this introduction, the methodology is explained. The next section of the paper describes the results of the analysis of the CPA exam application forms. Combined with the results is a discussion of the results. The paper concludes with a summary of the findings and suggestions for further research.

## METHODOLOGY

A major entry point to a career in public accounting is the CPA exam. This marks the first point in which the student aspiring to a career in public accounting interacts with the professional bodies that regulate the accounting profession. Once students have completed the necessary education requirements (or are nearing completion), they may become eligible to sit for the CPA exam, which is the qualifying exam for a certification in public accounting. In order to determine eligibility to sit for the exam, boards of accountancy require the exam candidate to complete an application providing information about compliance with the qualifications determined by the board.

The application for the CPA exam is the first step in the process of licensure. The screening for moral character does

not end at this step. A separate application for licensure must be completed and most states require additional disclosures in applying for the actual certification. Although the specific requirements will vary among the states, those additional disclosures include additional information which is used to determine moral character and include such steps as criminal background checks, additional questions which were not addressed on the CPA exam application, references who can attest to the applicant's moral character, and additional assertions by the applicant. This additional request for information could result in disclosure of a formal academic disciplinary action which was not disclosed with the CPA exam application.

While the discovery of incidents which reflect negatively on an applicant's moral character may occur either at the time of application for the CPA exam or later at the time of application for licensure, early discovery is better for both the applicant and the profession. The profession avoids additional administrative efforts on an applicant who ultimately might be disqualified. The applicant avoids the significant investment of time and money associated with taking an exam whose primary benefit is the professional license at the end of the process which could be denied due to questions of moral character.

This paper takes no position on whether or not a specific act of academic dishonesty should disqualify someone from being a CPA, only that it should be known to the state board as it determines the qualifications of the applicant. A finding of academic dishonesty which was formally adjudicated through the established procedures of the university seems relevant to assessing an applicant's moral character. A final evaluation of the case's implications on the moral character of the applicant is properly the role of the state board of accountancy. Of course, the state board cannot discharge this responsibility unless it knows of the incidents.

I obtained the initial application form from 53 boards of accountancy.<sup>2</sup> Most of the forms were obtained electronically from the National Association of State Boards of Accountancy (NASBA) website (<http://www.nasba.org/nasbaweb/nasbaweb.nsf/wpecusm?op=enform>). California and Virginia require the establishment of a registration file (which requires a valid social security number to open). Rather than open such files, I contacted the boards and secured hard copies directly.

Each application form is reviewed for questions or statements which would require the applicant to reveal disciplinary actions taken by academic institutions. These questions can either directly solicit the information or be phrased in such a way that they indirectly would require disclosure of the disciplinary actions. In addition, most applications had statements which emphasized the importance of full and honest disclosure on the application. Such statements may entice or intimidate an applicant into more careful and complete disclosure. Even if the board does not directly or indirectly solicit information about academic disciplinary actions, these statements may

encourage an applicant to disclose such actions in the spirit of full disclosure. Of course, the applications request much more information which is not pertinent to this study.

## RESULTS AND DISCUSSION

The preliminary results of the survey of the application forms are summarized in Table 1. I have classified the “pertinent” questions or statements on the applications into three categories based on their ability to obtain information about formal academic disciplinary actions. The important issue in examining these questions is if the question could reasonably draw out information about formal academic disciplinary actions. I am assuming that full disclosure of disciplinary actions for academic dishonesty is desirable since such actions if performed in a professional environment would violate the principle of conduct of integrity and possibly Rule 102 if misrepresentation is present which is likely.

As discussed above, the questions are categorized as direct questions about academic dishonesty, indirect questions which might be interpreted as requiring disclosure of previous academic dishonesty, and penalty statements which emphasize the seriousness of the inquiries and encourage full disclosure.

### Direct Questions

Surprisingly, as seen in Table 1, only one state, Alabama, explicitly requests information about formal academic disciplinary hearings. A CPA exam applicant to the state of Alabama is required to respond yes or no to this question: “Have you ever been expelled or disciplined by a college or university?”

Several possible reasons exist for the lack of direct questions about formal academic disciplinary hearings. One reason could be due to the format of the applications. Thirteen other states include a question about other disciplinary actions which is broad enough to reasonably assume that it includes formal academic disciplinary actions. In addition, fifteen states require applicants to vouch to having a good moral character. Such states may not feel there is a need for a more explicit question about formal academic disciplinary hearings.

States may not directly ask for information about formal academic disciplinary actions because such formalized disciplinary structures are relatively new in most of academe. The boards of accountancy may not be aware of the frequency of such programs or knowledgeable of how carefully the hearing process is typically conducted.

Another reason that this information may not be directly solicited is that the boards of accountancy may not feel that incidents of academic dishonesty are predictive of future unethical behavior in the profession. Academic dishonesty could be seen as being of an entirely different nature than the unethical acts taken in the profession. Another related view

that could be held is that the applicant would have learned from the incident of academic dishonesty and has increased moral reasoning so that future lapses into unethical behavior are unlikely.

### Indirect Questions

Indirect questions are requests for information from the CPA exam applicant which is written broadly enough that an applicant would reasonably assume that disclosure of an academic disciplinary action could be required. These types of questions are classified into three categories and are discussed separately in the following sections.

### Other Disciplinary Actions

Thirteen states ask questions about past disciplinary actions against the applicants. If these are phrased broadly enough to possibly include formal actions by academic institutions, they are classified here. Questions which specifically refer to formal legal proceedings or formal actions taken by regulatory agencies are not included as it would be easy for even a scrupulous applicant to assume that a formal academic disciplinary action does apply. The specificity of such questions could reasonably be assumed to exclude the hearings of an academic disciplinary board since such university boards are neither courts nor regulatory agencies.

Requests for information about other disciplinary actions could elicit a response about a formal academic disciplinary action. These requests are classified into broad requests and narrow requests. A broad request would refer to any hearing without specificity. For example, Arkansas asks its applicants this question (requesting a yes or no answer): “Is there currently pending action or have you ever been charged with fraud, formally or informally, in any proceeding?” A narrow request would make reference to a professional organization which introduces a degree of specificity which could work against the disclosure of formal academic disciplinary actions as the applicant could easily assume that a university does not qualify as a professional organization. An example of this type of question is illustrated on the Delaware application which requires the applicant to attest to this statement: “...I have never been suspended or expelled from any professional organization.” Table 2, Panel A presents this information.

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<sup>2</sup>Fifty-five (55) boards of accountancy exist in the United States. Each state has a board of accountancy as do the District of Columbia, Guam, Puerto Rico, Virgin Islands, and the Commonwealth of the Northern Mariana Islands. Currently, the Commonwealth of the Northern Mariana Islands (CNMI) is not accepting applications for the CPA exam. Applicants who reside in CNMI apply for the exam in Guam. I was unable to obtain the application for the Virgin Islands. Therefore, neither the Virgin Islands nor CNMI are included in the sample.

**Table 1**  
**Results of the Survey of the Application Forms**

	<b>Number (of 53)</b>	<b>States</b> (see footnote 2)
<b>Direct Questions:</b>		
Disciplinary Action by Academic Institution	1	AL
<b>Indirect Questions:</b>		
Other Disciplinary Actions taken by Authorities	13	AR, DE, ID, IA, MN, MO, MT, NE, NV, SC, TE, WA, WV
Denied Application to CPA Exam by Another State	44	AL, AK, AZ, CO, CT, DE, FL, GA, GU, HA, IN, IA, KS, KY, LA, ME, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OR, PA, PR, RI, SC, SD, TE, TX, UT, VA, VT, WA, WI
Good Moral Character	15	AK, CT, GA, IN, KS, MN, MO, NC, ND, OH, RI, VA, WV, WI, WY
<b>Penalty Statements:</b>		
Incomplete or Misleading Application	47	AL, AK, AZ, AR, CA, CO, CT, DE, DC, GA, GU, HA, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NH, NV, NJ, NM, NC, OH, OK, OR, PA, PR, RI, SC, SD, TE, TX, VA, VT, WV, WI, WY
Recognition of Perjury for False Statements	35	AL, AK, AZ, CA, CO, CT, DE, GA, GU, HA, IL, IN, KS, LA, ME, MD, MA, MI, MN, MS, MO, MT, NJ, NM, NC, OH, PA, PR, RI, SC, SD, TE, VA, VT, WI

**Table 2**  
**Specific Classification of Indirect Questions**

**Panel A: Other Disciplinary Actions**

	<b>Number</b>	<b>States</b>
<b>Broad Questions:</b> Requests for information about any disciplinary proceeding without specificity. (For example, Arkansas asks “Is there currently pending action or have you ever been charged with fraud, formally or informally, in any proceeding?”)	4	AR, ID, MT, NV
<b>Narrow Questions:</b> Requests for information which uses a descriptor (such as “professional organization”) which inhibits generality of request. (For example, Delaware requires an affirmation to this statement: “...I have never been suspended or expelled from any professional organization.”)	9	DE, IA, MN, MO, NE, SC, TE, WA, WV
	13	

**Panel B: Good Moral Character**

<b>Objective Information:</b> Requests information of an objective nature rather than just an assessment. (For example, West Virginia asks “Do you lack fiscal integrity and/or have a history of acts involving dishonesty?”)	1	WV
<b>Assessment by Third-Party:</b> Requests an assessment of the applicant’s moral character by a third-party. (For example, Missouri requests “The Board has permission to request written and/or verbal certification as to my integrity and moral character from the following three reputable persons who have known me for at least three years and <u>who are not related to me</u> ” (underlining in the original).)	3	MO, NC, ND
<b>Self-Assessment by Applicant:</b> Requests an affirmation by the applicant of their good moral character. (For example, Alaska requires the applicant to sign this affirmation, “Under penalty of perjury, I certify that I am of good moral character....”)	12	AK, CT, GA, IN, KS, MN, NC, ND, OH, RI, VA, WY
	16*	

\* Does not agree with Table 1 because North Dakota is included in two categories in this table as it requires assessments of both the applicant and third-parties.

Those states which word these types of questions broadly with few limitations seem to be much more likely to receive information about formal academic disciplinary actions. In the other cases, specificity works against full disclosure.

***Denied Application to Sit for the CPA Exam in another State***

Forty-four states ask the applicant if he or she has ever applied to another state and has been denied permission to sit for the exam. Such questions are designed, in part, to prevent an unacceptable applicant from one state from possibly skirting around requirements by applying in another state with more lax requirements. By requesting such information, a state can learn about the circumstances for the earlier denial. The denial could be based on a past incident

of academic dishonesty which was detected in a previous application to another state. One possible reason for such jurisdiction shopping could be an attempt to conceal a formal academic disciplinary action. By asking this question, the state is forcing the applicant to reveal the situation.

***Self-Assessment of Good Moral Character***

Fifteen states require the applicant to provide information about their moral character with their application to sit for the CPA exam. The information is requested in three different ways. The two require the applicant to provide some degree of self-assessment of their moral character and the third method requires unrelated third-parties to provide the assessment of good moral character.

One state, West Virginia, asks the applicant to answer a yes or no question agreeing to an assessment of his or her good moral character: "Do you lack fiscal integrity and/or have a history of acts involving dishonesty?" This is the first method of obtaining the information and has the unique characteristic of asking about objective events which happened in the past. This type of request is called the objective approach.

Most states which request this type of information require the applicant to attest to a statement that he or she is of good moral character. Alaska provides an example of such an attestation statement. An applicant must sign an attestation which reads "Under penalty of perjury, I certify that I am of good moral character..." This method of request allows the applicant to make a general self-assessment of moral character.

A few states require the applicant to provide references or other forms of evidence of their good moral character. For example, Missouri requires three references. The instructions for this request are stated as "The Board has permission to request written and/or verbal certification as to my integrity and moral character from the following three reputable persons who have known me for at least three years and who are not related to me" (underlining in the original). This general assessment of moral character by a third-party has both an obvious advantage and a potential weakness. The third-party can be assumed to be unbiased in the assessment, an assumption that it is not clear should be granted to the applicant. However, the downside to this method is that the third-party may not have complete knowledge of the actions of the applicant.

Any form of these questions or attestations could force an act of academic dishonesty to be revealed. A formal disciplinary action for an act of academic dishonesty seems inconsistent with a good moral character. Even if the applicant holds that academic disciplinary actions are not inconsistent with good moral character, his or her references may not draw the same conclusion. In such a situation, the cautious applicant may be enticed to disclose such information. This motivation would seem to be the strongest where character references are requested. Since the character references know the applicant reasonably well, it is possible that at least one of them would be aware of the academic dishonesty and would report it. The likelihood of the state board questioning the discrepancy between the applicant's statement and the character references' report would seem to be high and a situation which the applicant would like to avoid.

### **Penalty Statements**

Penalty statements are statements which inform the applicant of the serious consequences of failing to completely and truthfully disclose requested information. Statements of these types may be useful to entice an applicant to disclose a formal academic disciplinary action

in the spirit of full disclosure even if no question or request for information directly deals with the issue. I found that these types of statements came in two forms: statements about misleading applications and statements about perjury. While most states which have a warning against incomplete or misleading applications also have an explicit perjury warning, twelve states only had the incomplete or misleading application warning (AR, DC, ID, IA, KY, NE, NH, NV, OK, TX, WV, and WY).

### ***Misleading Applications***

Forty-seven states have a statement which informs the applicant of his or her responsibility to provide full, complete, and/or non-misleading information (often with explicit or implicit threats of consequences for failure). The exact wording of this requirement vary widely but California provides a good example: "I hereby certify, under penalty of perjury under the laws of the State of California, that for all of the mandatory items above, my statements, answers, and representations are true, complete, and accurate." Any statement on the application which, in my opinion, prohibits a misleading application is classified here.

Some application forms omit the words "complete" and "misleading" in these types of disclosures. Such wording which lacks those terms could allow for something to be omitted from the application and in my opinion represents a deficiency. For example, if no direct question is asked about formal academic disciplinary actions, and no indirect questions are broadly enough worded to include such actions, it is possible that a person could in good conscience sign such a statement. While the attitude of the applicant is legalistic, it is possible to conclude that the responses to the questions are not false. It could be rationalized by the applicant that everything stated is true, even if the statements are incomplete and even possibly misleading.

### ***Statements about Perjury***

Thirty-five states make a statement that the information provided by the applicant is covered by state perjury laws. The statement on the previous page from the California application form clearly illustrates this. While most states in this category explicitly mention perjury, a few use terms such as sworn or oath for the items reported. While this language is invoking the threat of perjury, it is less explicit and perhaps not as intimidating. I include statements of this nature with the statements of perjury since I believe that the threat is probably sufficiently clear to be effective. An example of this type of language is the District of Columbia which requires the applicant to sign this statement: "I, being duly sworn, depose, and say that the information given in this application, including all writings and exhibits attached hereto, is true and complete."

These perjury statements should clearly impress upon the applicant the importance of the application process and



the serious consequences of a knowingly improper application form. Such statements should encourage the applicant toward fully disclosing, perhaps even over-disclosure, rather than under-disclosure. In such a situation, it is probably best for the state board to have more information than needed to make the decision on acceptability to sit for the exam rather than to have important information excluded.

### **Interactions between Information Requests**

The analysis above considers individually the requests for information which could require disclosure of formal academic disciplinary actions. In particular, the penalty statements (incomplete or misleading application and the recognition of perjury for false statements) could “make up” for other deficiencies in the requests for information. For example, while broad requests for other disciplinary actions will elicit more information than the narrow requests for other disciplinary actions, this difference may be mitigated by penalty statements. Three states have broad requests for information about other disciplinary actions and no statement on perjury (AR, ID, and NV) while six states have narrow requests for information about other disciplinary actions with both penalty statements including perjury (DE, IA, MN, MO, SC, and TE). It is possible that the threat of perjury could be more effective eliciting information about formal academic disciplinary actions than a broader information request.

Likewise, a better assessment of good moral character (requests for objective events or assessment by third-parties) without penalty statements may not be a better request for information than a self-assessment of good moral character with a strong penalty statement. There are two states which request information about objective events or third-party assessment without perjury statements (WV and ND) and ten states (AK, CT, GA, IN, KS, MN, NC, OH, RI, and VA) which request self-assessment but have explicit perjury statements. The threat of possible perjury accusations could give the applicant hesitation about attesting to having good moral character when an undisclosed formal academic disciplinary action could emerge.

### **SUMMARY AND SUGGESTIONS FOR FUTURE RESEARCH**

Because the accounting profession is expected by the public and by its own standards to maintain high ethical standards, it is important that the profession identify and deal with unethical members. One method for accomplishing this would be to carefully screen applicants as they attempt to enter the profession. If there are ethical concerns in the applicant’s past, it should be examined and considered as part of the determination for admission to the profession. In this study, I examine the current screening of initial applicants to the CPA exam for a particular type of ethical

lapse. Since many colleges and universities have adopted formal disciplinary procedures, this seems to be a good source of potential information about the ethics of the applicant.

My survey of the initial application form for the CPA exam for each state shows that only one state directly requests this information while a few others request other related information in such a broad fashion that formal academic disciplinary actions would likely be disclosed. While not directly requesting information on formal academic disciplinary actions, many states have other questions which indirectly, either individually or in combination, could possibly lead to the disclosure of such information. These requests for information include asking about disciplinary actions taken by authorities (not explicitly, an academic authority), assertions of good moral character, affirmations of complete and non-misleading information, and recognition of the possibility of the commission of perjury.

This appears to be a weakness that the profession should correct. As society continues to demand high ethics from the accounting profession, the profession should be making every attempt to carefully admit only those persons with the proper ethical background. If there is a serious ethical lapse in an applicant’s past, at a minimum, it should be carefully evaluated to determine if it indicates a moral flaw which could reveal itself again, this time in a professional setting. It is also possible that the ethical lapse could be serious enough by its very nature to preclude the applicant from the profession. Regardless of the ultimate outcome, such information should be collected and evaluated by the state boards.

Research on related topics can be pursued in two different lines of research. Honor codes are an interesting characteristic of the academic world and show promise in promoting a community ethic. The accounting profession’s emphasis on ethics and how the profession monitors the ethical behavior of its members could be a fruitful line of research.

Honor codes have been used in some universities for an extended period of time while they are relatively new at other universities. A comparison of the effectiveness of the newer and older honor codes could help reveal implementation issues for new honor code systems and provide understanding of how a community ethic develops. An examination of the effectiveness of the various techniques of ethics training used by universities to increase a student’s moral reasoning would be interesting. The effectiveness of ethics training on the recidivism rates of those involved in academic dishonesty has not been empirically established.

An interesting study would examine how frequently disciplinary actions are taken against accounting students in the universities with honor codes. Since these codes are very similar to the code of professional conduct which CPAs

follow, one would hope that accounting students would be less likely to fall into ethical lapses.

Another interesting line of inquiry would be to examine the correlation (if any) between the rigor of the application process in establishing moral character and the incidence rates of professional misconduct. Such a study would provide a measure of the effectiveness of the screening process for moral character.

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