

Become the Altruistic Accountant

By Michael A. Crawford, CPA



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Picture this: a CPA working as a mid-level accountant for an information technology consulting company discovers through posting some journal entries provided by the company's CFO, that the company's interim financial statements contain a revenue recognition error that, while quantitatively immaterial, results in the company reporting compliance with a loan covenant for which it would otherwise be in noncompliance with if the error were corrected. Compliance with the existing loan covenant is necessary for the company to qualify for a new low interest loan that it is seeking. The CPA is concerned that the company's top management, board and the loaning institution will be misinformed as to the company's level of compliance if the error is not corrected and could make misguided decisions as a result of this misinformation. After alerting the company CFO of this error, the CFO indicates that the error amount is immaterial and does not require adjustment, and further indicates that no adjustment to correct this error will be made.

Now suppose that the CPA is new to the company, having just been hired within the last year after graduating from college and passing the CPA exam. The CPA's family is expecting twins in a few months and the CPA desperately needs the generous health insurance benefits provided by the company. The CPA is concerned about job security if this matter is pursued

any further. Furthermore, the current job market is weak and the likelihood of securing another job in the near term is questionable at best.

Quite a dilemma!

In today's complex society, it seems that CPAs are more frequently finding themselves in these difficult situations faced with ethical dilemmas that have competing compelling reasons to take different actions. Consider the case above. On one hand, the CPA is faced with a convincing reason to remain quiet about the accounting error to preserve his or her job and the related health care benefits for the best interest of the CPA's family. However, at the same time, the CPA has an equally persuasive reason to report or further communicate the accounting error in the best interest of the company, the loaning financial institution, the public and the accounting profession.

These are not easy choices.

However, in my opinion, the most difficult situations or ethical dilemmas should be resolved with a focus on an often-forgotten and overarching principle of moral human behavior — altruism.

Simply stated, altruism is the call to help or serve others with nothing expected to be received in return. It is the spirit of altruism that gives an individual the impulse to jump into a river to save a drowning person even when he or she is not a good swimmer, or to enter a burning house to save another person at his or her own risk. Altruism is a common human

trait that finds itself in most cultures and religions around the world, although not always applied by all followers of such cultures and religions. Altruistic behavior can be characterized as:

- Truly selfless giving of oneself to others or striving for the betterment of others with absolutely no secondary motives;
- Selfless actions without the expectation of recognition, admiration or even appreciation in return;
- Selfless actions even when one knows that nobody else knows about it or will know about it;
- Selfless actions or sacrifices that may even be made in the face of direct harm or suffering to one's self; and
- The opposite of "you scratch my back and I'll scratch yours," "quid pro quo" and "egoism."

When applied to the accounting profession, altruism can be more specifically defined as the call to serve the public interest with nothing expected to be received in return. Accounting professionals play a vital role in a free market society by being relied upon to present the truth in a fair and accurate manner to protect the public interest — the collective well-being of the community of people and institutions the profession serves. It is important to remember that accounting is not just an occupation, it is a profession. While occupations are individualized, a profession is the collective effort of a group of individuals sharing a common calling to act in the spirit of public service and for the end good of the public. A professional accountant's actions do not only reflect on themselves as individuals, but also reflect on the accounting profession as a whole and on all within the group.

The American Institute of Certified Public Accountants (AICPA), in the preamble to its Code of Professional Conduct, provides a hint of the expectation of altruistic behavior by stating that the CPA assumes an

obligation of self-discipline above and beyond the requirements of laws and regulations and calls for an unswerving commitment to honorable behavior, even at the sacrifice of personal advantage. While this preamble is valid and honorable, it rightly discusses the expectation of the CPA's behavior from the standpoint of it being an obligation to serve the public interest. However, altruism is different from obligation or duty. Altruism invokes the call to do what is good out of a sense of a natural desire to enhance the welfare of others, while duty involves doing what is good because of a moral or professional obligation to do so. As professional accountants and human beings, we should not have to be reminded that it is our obligation to be honorable and serve the interest of others. Instead, we should be naturally altruistic and strive to consistently act upon the natural desire to serve the interests of others in every aspect of our everyday lives.

In the earlier example, the altruistic action or natural desire should be to report or further communicate the accounting error in the best interest of the company, the loaning financial institution, the public interest and the accounting profession even at the risk of losing his or her job. To be truly altruistic, the CPA's action must be selfless for the interest of the public trust, even if it involves self sacrifice.

The AICPA Code of Conduct provides guidance as to a number of core principles including integrity, objectivity and independence and due care, and also includes a vast array of specific ethics rules and rulings. The Code of Conduct is an important resource guide and greatly important to the professional accountant as a reminder of the CPA's obligations. However, these principles, rules and rulings do not compensate for bad character; they merely guide those who wish to be guided. Therefore, each and every day, the CPA's work should be conducted with altruistic motives in

ultimate service of the public interest.

In meeting the demanding objectives of protecting the public's interest in an ever-changing and complex environment, the accountant often faces issues of ethics and professional conduct that require taking difficult actions or making difficult decisions. While the professional accountant may feel grounded in strong moral principles, one's moral principles truly become tested in situations where it is inconvenient to apply them. So even when it is inopportune to do so, the altruistic accountant maintains the integrity and objectivity necessary to place the public's interest and the interests of others ahead of his or her own interests, no matter what the consequences may be.

In addition to altruism being one of the overriding moral laws that should govern all human behavior, it should also be the overarching moral principal guiding the actions of the professional accountant. Altruism is its own reward. Applying altruism can provide the most profound sense of joy one can experience and can be the most meaningful of all human experiences. So, I encourage all of you to dedicate yourselves to being altruistic accountants and human beings, and keep in mind that life on earth is available for a limited time only, so live a life worth living through honorable service to others. €



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