ACCOUNTING PROFESSIONALISM—THEY JUST DON'T GET IT!

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I have entitled my presentation, "Accounting Professionalism—They Just Don't Get It!" By the time I am finished I hope you will be able to identify who the "They" is and what it is that they don't get.

The accounting profession has been beaten up badly in the media over the last few years, and with some justification. The forces at work were numerous and complex, and different investigators place emphasis on a variety of phenomena that created the environment in which Andersen disappeared and the entire profession has had its reputation tarnished. Some of these forces, corporate and individual greed, delivering services that acted to impair independence, becoming too cozy with clients, and participating actively in finding ways to avoid the provisions of accounting standards were not new, however. What was new is that the profession's historical defenses to combat these forces proved ineffective. The bottom line is that the profession, indeed, society as a whole, has paid a high price for the accounting profession's failure to meet the expectations of investors, creditors, and other users of financial statements.

In the time that I have I am going to try to get at the core of the problem as I see it. I will also make some suggestions on how the profession can prevent a recurrence of the recent bad times, and that educators may consider to improve how they prepare entrants to the profession. My observations are based upon observing the profession's evolution over the past 50 years and participating actively in it for nearly forty years. My comments will frequently refer to Arthur Andersen, since that is the only firm with which I had substantive experience. Those comments are not intended to be praiseworthy, apologetic, or critical of Andersen. Rather, they merely will help illustrate the world as I saw it over a good many years.

A little historical perspective may help set the stage for understanding how accounting professionalism gradually lost significance in the 1980s and 1990s. In the 1940s even the large accounting firms were not very big entities. When I graduated from college Andersen was the 12th largest firm—in Chicago—and had about 30 partners. By the mid-sixties Andersen was a part of the Big 8, probably seventh in size, and had about 350 partners around the world. Accounting education focused more significantly than recently on professionalism and the accounting code of ethics. Nearly all entrants to the large firms were recent college graduates whose courses in auditing focused on professional responsibilities and the importance of ethical behavior. The apprenticeship approach inherited from the United Kingdom was a thing of the past, and the hiring of experienced individuals with diverse business backgrounds had not appeared on the scene.

The American Institute of Certified Public Accountants was mostly a professional organization whose senior committees developed the professional standards that guided accounting decisions and auditing approaches. Jack Carey was the Institute's most significant spokesman, and his focus over the years was on heightening the awareness of the importance of ethical professional behavior. Only later did the AICPA become, in effect, a trade association with only limited impact on matters of professionalism and ethical behavior. The large firms were headed by a leading accounting professional, often one who had risen to the top of the firm based upon acknowledged know-how, exposure to diverse accounting issues, and honed technical skills. These individuals were often well known in the broad business community, were active outside their firm, articulating in articles and speeches the nature of the profession and its importance to our business and commercial system. They spoke out forcefully on the issues of the day, often without regard to whether one or more clients might find their remarks objectionable. Men such a Leonard Spacek, Phil Defliese, Herman Bevis, Russ Palmer, John Queenan.

Within the firms even the newer professionals were guided on a path of professional behavior, both through firm training sessions and observance of the manner in which the objectives of firm leadership were implemented in everyday practice. For example, all new hires were expected to work to pass the CPA exam. Promotions to manager were delayed until that milestone had been achieved. At Andersen, and I expect at other firms as well, a clearly specified approach existed for staff personnel to take to the top management any observed behavior that departed from what the personnel understood to be firm policy. The relatively small size of the firms meant that interpersonal relationships with leaders within the firm were possible. As a result, staff personnel had a high level of comfort in taking their concerns to those a number of levels above them within the organizational hierarchy.

In addition, at least up through the 1970s, accounting firms were precluded from advertising their skills and achievements. Reputations were gained, in part, from a firm's policy on how tough a stance to take on the interpretation of accounting standards. In one instance Andersen resigned from a large railroad engagement because the firm disagreed with a particular accounting principle that was accepted in that industry. Later, it resigned all of its savings and loan clients, again because the firm disagreed with an acceptable accounting principle involving deferred taxes applicable to savings and loans. While that position proved advantageous when the savings and loan fiasco developed in the late 1980s, the point is that the firm took tough positions on accounting standards, without regard to immediate revenues lost. Those stances were followed by relatively rapid increases in audit revenues. The underlying rationale at Andersen at the time was that most clients wanted their auditors to keep them out of trouble and, therefore, expected the auditors to object when the client wanted to follow an accounting policy that might lead to problems in the future. One's auditing firm was the epitome of trust, honesty, and decency—all attributes that a successful business enterprise was expected to possess. In effect, the policy of being tough on accounting standards was at the forefront of what today would be viewed as the firm's marketing strategy. In the recent environment that kid of thinking suggests a fair measure of naiveté.

Beginning in the 1960s, and accelerating at an increased pace through the '80s and '90s, services that came to be described broadly as "consulting" were added to accounting firms' revenue streams. Going back even a century, accounting firms had regularly assisted clients with suggestions for improving their internal controls, their efficiency of operations, and even their business strategies. These services were an outgrowth of the audit, and while they did generate some additional revenues, they were generally viewed as an integral part of the broad audit process and not as freestanding engagements of a fee-generating nature. The suggestions provided to clients for improvement were generated by the audit personnel and were not the result of separate service engagements undertaken by nonauditing trained personnel. Reports including client improvement suggestions were an expected deliverable at the conclusion of the audit. The quality of these suggestions often provided a distinguishing characteristic for a given firm.

The advent of the computer was really the catalyst that created what came to be known as "consulting services." In the early 1950s Andersen assisted IBM in a major punched card installation for a General Electric unit in Louisville. The lead personnel were audit-trained. Their success on the engagement, their skill sets, and their forceful brand of leadership soon led to a new service unit at Andersen, styled as "administrative services" and ultimately becoming Andersen Consulting. The early engagement provided Andersen with a head start in this area, and being the good businessmen that they were, this competitive advantage was exploited over the years. While early efforts were made to keep this evolving set of services within the then-accepted bounds of professional accounting practice, the skill sets developed by the innovative people involved gradually led to a wider expansion in the range of services offered. As other firms strove to compete with Andersen, service offerings were expanded until almost any service that could generate revenues was undertaken.

In the early 1960s Andersen leaders saw potential in providing what came to be integrated computer system services to clients. This led to an expansion in the range of services provided and to a need to attract new personnel with different skill sets from those embodied in the accounting majors they had historically recruited. The decision was made to recruit good students, regardless of their major, from a fairly wide range on top tier universities. This program began in the early 1960s with the requirement that all of these so-called “oddball” hires would go through an intense six-week accounting education course held in the summers at the University of Illinois. The objective of this crash course was two-fold: to provide some financial accounting background to new hires who generally had little or no accounting or business education, and to help the new hires get prepared eventually to take the CPA exam. The state of Illinois (and later many other states) agreed to give the new hires the equivalent of 10 or 11 semester hours of credit in accounting for purposes of qualifying to sit for the CPA examination. This development was extremely important as Andersen (as well as most, if not all, of the other firms) required new managers, as well as new partners, regardless of their area of practice, to have passed the CPA exam.

This program survived and prospered for about ten years and produced a disproportionately high number of eventual partners in the consulting practice as well as a few people who became audit and tax partners. In fact, the two most visible consulting partners in the eventual separation of the consulting practice into Andersen Consulting—Gresh Brebach and George Shaheen—were graduates of this program. Over this ten years, however, the consulting practice grew more rapidly than it could attract the necessary numbers of new hires.

Eventually these pressures led to policy changes that eliminated the six-week accounting course for new hires and also eliminated the requirement that new managers in the consulting area had to have passed the CPA examination. The end development in this chain of changes was that men and women could become partners in Andersen (at least in the sense of sharing profits) even though they were not certified public accountants. The same evolution existed at other firms, although the timing of the individual changes was different.

Increasing numbers of new hires joined the organization without any accounting background in their college education. They progressed within the firm without any accounting training and likely with little or no understanding or appreciation of the level of professionalism that accounting firm personnel were expected to meet in the conduct of their engagements. Likewise these individuals progressed without necessarily having been exposed to the accounting rules of professional conduct, although they did have to abide by the internal rules on the restricted investments, a necessity that became increasingly distasteful for consulting personnel in the go-go markets of the 1990s. As the consulting practices grew, the numbers of non-accounting-trained personnel likewise grew. These people were not paraprofessionals, but rather they were relatively high-paid personnel with strong skill sets in areas only distantly, or even unrelated to accounting or auditing. Their numbers grew rapidly, and their success in generating high-margin fees gave them an increasing voice in firm management. Their relative success created enormous pressure on the auditing and tax practice, both to grow revenues and to increase margins. The successes in the consulting practice increasingly influenced behavior by auditing and tax leaders, and the impact of these behavioral changes gradually affected the behavior patterns of audit and tax personnel as well. Improved profitability became the key focus.

Throughout the profession the push was on to extend the range of services provided. The consulting practices grew in different ways among the firms, mainly directed by the different talents of the personnel with the firms. Andersen captured the majority of the big-ticket integrated systems jobs at the outset. Other firms developed their own specialties and then filled in other niches to be competitive across the expanding range of services offered. These practices grew rapidly, in many cases much more rapidly than the auditing and tax practices grew. Profit margins were greater in the consulting area than in the audit area (remember, auditing was acknowledged by the 1980s to be a commodity service even by many in the profession and, therefore, became subject to extreme fee pressure). The economy was strong generally through the '80s and '90s, and the consultants within the firms became more demanding in their quest for high compensation and a greater voice in firm management. Top leadership within the firms gradually moved from those with outstanding technical accounting and auditing skills to those who were recognized as the preeminent rainmakers within the organization, those that were particularly adept at growing the firms' revenues. Along with other groups in our society, accounting firm partners focused on increased profitability, and the resultant higher profit shares, and looked for leadership more and more from those who had demonstrated these abilities.

This period saw the emergence of new phenomenon—the hiring of experienced personnel. At Andersen, and I expect at most of the other firms as well, hiring experienced people had been a rarity. I remember the lonely feeling I had at Andersen in 1966 when I joined after teaching for over 15 years. I was truly an outlier, one who had not grown through the system and whose skill set was, therefore, suspect for a period of time. But, in the '80s and '90s many experienced hires emerged. At first, these hires were expected to fill holes in the engagement teams providing an expanding range of consulting services. Later, some firms acquired entire boutique consulting organizations to fill a gap in the range of services they offered. Not only did these experienced hires not have a background that would enable them to appreciate the importance of professionalism and ethical behavior in the practice of accounting, they also brought experience in the competitive commercial pursuits that were the hallmark of successful consulting organizations. Many had entrepreneurial bents and resented being constrained by an outdated business model fostered by stodgy accountants. Their success led them to challenge the constraints they felt the stodgy accountants were unnecessarily imposing on them.

I want to emphasize that these changes associated with the growth of consulting practices really evolved relatively slowly over a period of about thirty years. There were no dramatic turning points, no particular events that one can point to and say, "This was the start of the downfall." Each new step taken seemed a logical outgrowth of what then existed—an adaptation to changing times. Throughout this period concerns were expressed by many about the expanding types of services being offered by public accounting firms. Most of those concerns centered on possible impairment of the independence that public accounting firms had been expected to demonstrate in their work leading to reports on the fairness of presentation of the financial statements of their clients. On a fairly consistent basis throughout this period, the leaders of the accounting firms rebuffed efforts to constrain the types of services they rendered through their consulting units. In fact, the emphasis was on continued expansion in the range of services offered, with the consequent relative de-emphasis on audit objectives and procedures. Firm leaders tended to overlook the potential impact of these new services on auditor independence. The environment was growth and profit oriented. Times were good. The old values that had served the profession so well were overwhelmed by the new set of values that was serving the firms even better. Firm leaders did not acknowledge any problems existed.

As we moved into the 1990s the Securities and Exchange Commission expressed increasing concern about both the range of services rendered and the increasingly large billings related to consulting services. The SEC challenged several firms, alleging that certain services offered acted to impair the independence of auditors, but the Commission was not able to demonstrate any direct tie-in between consulting arrangement fees and the granting of an inappropriate opinion on financial statements by the auditors. In a number of cases brought by the SEC impairment of independence was alleged, and while the appearance of lack of independence was certainly a problem, the establishment of a direct linkage to an actual impairment of independence was inherently difficult for the Commission to meet. Throughout the period the accounting firms, and the AICPA as well, stonewalled all efforts by the Commission to limit consulting activities to certain types of services. Firm leaders not only failed to recognize how the widening range of services was impairing the appearance of their independence, but they also failed to recognize how the emphasis on increasingly conflicting services was changing the internal culture of the firms. Consulting revenues had relegated the traditional accounting and tax revenues to a subsidiary role.

Within Andersen, and certainly at the other firms, the consulting arms exerted increasing pressure for additional profit shares and for ever-increasing rates of growth. Client share prices were rising in the booming stock market, executives were becoming wealthy (on paper at least), and accounting firm partners felt entitled to participate in the economic boom by achieving increased earnings in their firms. Since the partnership form of organization did not permit the use of stock options, accounting firm partners had to grow firm revenues (and profits) in order to participate in the wealth growth that was occurring among top executives of their clients. In retrospect, it is easy to see the greed factor at work. At the time, however, the changing focus on revenue and profit growth was viewed as merely adapting to the changing times. The focus of professionalism diminished, and the focus on revenue growth and increased profitability sharpened.

Just as greed appears to have been the driving force at many of the companies that have failed or had significant restructurings, greed became a force to contend with in the accounting firms. In essence, the cultures of the firms had gradually changed from a central emphasis on delivering professional services in a professional manner to an emphasis on growing revenues and profitability. The gradual change resulted in the firm culture being drastically altered over the forty years leading up to the end of the century. The historical focus of the accounting firms was on quality service to clients in order to provide assurance to investors and creditors on the fairness of clients' financial statements. The credibility added to a client's financial statements by the clean audit opinion was the central reason for a CPA firm's existence. This focus gave way to a focus on an ever expanding range of services offered to a client pool fighting to achieve the short term earnings per share growth expected of them in the marketplace.

This increased focus on revenue growth and profitability was not, of course, limited to leaders of accounting firms. Corporate managers became overreaching and greedy beyond one's comprehension. Investment bankers wanted in on the large fees and regularly pressured accounting firms to accept accounting practices that, in retrospect, were clearly outside the intent, if not the actual provisions, of the existing standards. Security analysts were pressuring clients to show growth, and these clients too often leaned unduly on their auditors to accelerate revenue recognition and to delay expense recognition. Probably none of these groups thought at the time that it was being greedy. But, the fundamental responsibility of the accounting firms should have been clear. Their role was to protect investors and creditors from being misled by financial statements that embraced unacceptable accounting and inadequate disclosures. Thus, while many participated in the shoddy financial reporting of the era, accounting firm leaders led their firms to the top of the list of entities that failed to meet investors' justifiable expectations.

In essence, the culture of the leading firms in the profession had changed. The infusion of new personnel, some at relatively high levels, who lacked a background that placed prominence on accounting professionalism, gradually gained increasing influence in accounting firms. The consulting arms were rapidly growing and were gaining higher compensation levels than the audit and tax partners. The leaders of the audit and tax practices felt increasing pressure to grow revenues rapidly, and more importantly, to grow profit margins in their service areas. Those with a facility to sell new work advanced more rapidly.

Cross-selling of a range of consulting services to audit clients became one of the important criteria in the evaluation of audit partners. Those with the technical skills previously considered so vital to internal firm advancement found themselves with relatively less important roles. Staff personnel within the firms were easily able to observe the attributes of those who were the rapidly rising stars and undertook efforts to emulate these attributes. The focus on delivering quality professional service did not disappear, of course. No one rang a bell in a firm and announced, "Quality professionalism is out!" On the other hand, keeping the client happy and doing what was necessary to retain the client achieved a prominence that did not exist prior to the advent of the successful consulting arms within the firms. The core values of the professional firm were undermined by primarily commercial interests.

The issue was not how the delivery of a particular consulting service might affect the auditors' judgment. The issue was not how the existence of consulting fees that were even greater than the annual audit fees might affect the auditors' judgment. The issue was how the increasing infusion of personnel not conversant with, or even appreciative of, the vital importance of delivering quality accounting and audit service affected the internal firm culture, its top level decisions and the behavior patterns of impressionable staff personnel. It wasn't that consulting personnel were unprofessional in performing their work, but their actions and behavior were far more commercially driven than were auditor actions. Auditors were more willing to take on additional risk in order to maintain their revenue levels. Many long-standing audit procedures that put audit personnel in touch with recurring transactions were scaled back. Clients were more easily able to persuade engagement partners that their way of viewing a transaction was not only acceptable but also desirable. Audit partners too often acquiesced to the client views in the current period, agreeing to fix the problem next year. (How did that notion ever get started?) Healthy skepticism was replaced by concurrence. The audit framework was undermined, and the result was what we have recently seen in massive bankruptcies, corporate restructurings, and ongoing litigation. The gradual changes in internal firm culture effectively altered the long-standing value systems of firm leaders, and the results have been costly and problematical of reversal. The cultural changes evolved over a long period and have become pervasive in nature. The current challenge of firm leaders has to be to gain an understanding of how the current culture evolved and how best to eliminate the damaging commercial initiatives and restore a proper, and expected, degree of professionalism.

This evolution of the growth in consulting services and the significant impact that consulting personnel had on changing the internal culture of the accounting firms was a profession-wide phenomenon. The recent result of this evolution was the demise of Andersen. The survival of the other large firms is possibly somewhat happenstance, as well as somewhat related to the particular nature of the development of the Andersen consulting practice. Andersen was no doubt the most vulnerable of the firms. Its consulting practice took shape at an earlier date and prospered at a more rapid rate. Internal battles over profit share and how best to grow the business arose earlier at Andersen. Compromise efforts were largely successful, partly because of the aggressive nature of the consulting leadership and partly because the auditing and tax leadership was not sufficiently aggressive in demanding retention of long-standing core values, given what was at stake in resolving the fundamental issues of difference.

Several of the remaining firms have taken steps now to divest themselves of their previously existing consulting practices, thereby removing some significant pressures that created internal cultural changes. Even so, these divestitures have not been without their problems and certainly have been undertaken under duress and not because firm leaders acknowledged the necessity of such divestitures to the firm survival. Even today, these firms are continuing to expand the range of services offered within their auditing and tax divisions, compensating in part for the previous services that have had to be discontinued under provisions of recent legislation.

The thirty-year evolutionary change in the culture of the major accounting firms culminated in the demise of Andersen, various levels of litigation involving the remaining firms, and the passage in 2002 of the Sarbanes-Oxley legislation. While that legislation will be helpful in establishing the boundaries on the scope of nonauditing services, and while it helps establish appropriate qualifications for audit committee members (among other provisions), the underlying causes of the decline in accounting professionalism remain in place. The leadership of the various firms needs to understand that the internal culture of the firms needs a substantial amount of attention if the reputation of the firms is to be restored. No piece of legislation is likely to solve the behavioral changes that have evolved within the firms over the past thirty years.

The firms need to consider a number of initiatives. The tone at the top of the firms needs to change. As a starting point, leadership of the major firms might require that their managing partners meet the standards established by Sarbanes-Oxley for the individual on SEC-registrant audit committees that is designated as a qualified financial expert. Recent managing partners have too often been chief cheerleaders promoting revenue growth or individuals with more administrative expertise than accounting and auditing expertise. The policies established at the top of the firms must be approved by and articulated by individuals who have the professional respect of the managers and staff. The challenge to restore the primacy of professional behavior in the conduct of services rendered will not be easily met. Such restoration likely will not be met at all if the chief messenger is known throughout the firm as being primarily an advocate of revenue growth even when that growth may be at the expense of the firm’s reputation for outstanding professionalism in the delivery of its services.

The top leadership in the firms also needs to consider whether the four largest firms are really effectively unmanageable. In smaller accounting firms (or when the current four large firms were smaller), a key partner is able to monitor partner performance and be able to assess the strengths and weaknesses of the individual partners. As the large firms have grown to their current size, the challenge to have such effective monitoring is substantial. Maybe some consideration should be given to whether a split-up of a big firm would enhance the firm’s quality control and permit more effective delivery of quality service. While such a thought will no doubt be draconian to some, one only has to consider what might be the end result if one of the current four large firms meets the same fate as Andersen. Firm break-ups might then be at the mercy of legislative or regulatory intervention—an even more draconian thought. The bottom line, however, is, are the large firms able to manage their practices effectively to assure top quality service to their clients and the public?

The firms need to place greater internal emphasis on quality control in audit performance. More effort should be devoted to assuring that clients have met the intent of the applicable accounting standards, and less effort should be devoted to assisting clients to structure transactions to avoid the intent (and sometimes the letter) of the standards. In working with the FASB the focus of the firms should be on pressuring the FASB to develop standards that are conceptually sound and that avoid compromises that are designed to keep one segment of society happy at the expense of sound financial reporting. Too often the accounting firms have acted at the direction of their clients in lobbying the FASB on specific technical issues and have not met the standards of professionalism that the public can rightfully expect from the leading accounting firms. Too many of the FASB standards contain conceptual impurities that encourage gaming the system, and too many firms are active participants in the gaming activity. Lobbying the FASB on behalf of particular client interests is not professional on its face and casts as much of a cloud on the firm’s independence as does providing a range of consulting services to audit clients.

As a side note, I have seen comments by leaders of several of the Big 4 firms recently suggesting that the real cause of recent financial statement shortcomings is the failure of existing accounting standards to reflect the underlying economics of reporting companies. These statements seem to be self-serving attempts to deflect criticism from accounting firm performance to the adequacy of the current set of generally accepted accounting principles. To test the sincerity of these comments, I suggest one analyze the recent firm submission to the FASB on proposed standards that have emphasized economic reality over "backward-looking historical cost." I suspect such analysis would suggest the several firms have missed numerous opportunities to encourage the FASB in its efforts to adopt standards that reflect better economic reality and, in fact, have often taken strongly contrary positions, at least in part at the urging of their clients.

While on the subject of the FASB, we need to recognize that the Board fared well in the Sarbanes-Oxley legislation. Going forward, the Board needs to do a better job in educating congressmen and senators on their proposed standards and why the lobbying efforts of constituents are often far more self-serving than desirable from the perspective of fair financial reporting. The Board needs to attack a significant number of its existing standards that are conceptually unsound and that embody a series of arbitrary boundaries that attempt to prevent users from misapplying the standard. We should have learned by now that standards that contain arbitrary rules in the attempt to circumvent aberrant behavior really act to encourage that very behavior. Firm leaders should recognize that their audit personnel will be far better off in dealing with aggressive client behavior if the standards that are operational are soundly based and consistent with the Board's conceptual framework. Isn't it more important to provide your staff with the best possible tools to meet their challenges than it is to gain some short-term warm feelings by bowing to a client's wishes? The big firms need to decide that the FASB is their ally, not their opponent, and become more statesmanlike in pursuing sound accounting standards. This will require leaders who understand the nuances of technical accounting requirements and who are able to grasp that acceptable levels of profitability will flow from delivering top quality professional service to clients.

The firms should reexamine their policies on hiring nonaccounting majors and experienced personnel. The restrictions imposed by Sarbanes-Oxley on the range of consulting services that may be provided will reduce the need for employment of such individuals. Even so, the firms need to evaluate the cost to their culture of injecting into it individuals who have no understanding of the significance of accounting professionalism and the importance of ethical behavior. Firm-wide training in the ethics area needs to focus on the underlying concepts and the overall philosophy and expectations rather than on the "thou shalt nots" that are commonly emphasized. Avenues for managers and staff to bring to the attention of top management perceived shortcomings in professional behavior or inappropriate condescension to client demands should be made clear. Staff personnel should gain an appreciation for the importance of professional behavior throughout the organization and should understand early on that each of them has an important role to play in having the firm achieve an appropriate level of such behavior.

Finally, firms need to reconsider their compensation philosophies. While selling new work has always been an important objective in a public accounting firm, rewards for such endeavors should be balanced with rewards to those who have been particularly effective in their technical and professional performance. Firm revenues will grow when potential clients recognize that the fundamental basis for evaluating their audit firm lies in the quality of service provided and the care with which auditors guide client decisions in the direction of superior financial reporting. Auditors need to get clients to understand that auditors really earn their fees in situations in which the auditor has acted strongly to prevent the clients from falling short of providing top quality financial statements and disclosures about the operations and condition.

What about educators? What can we do to improve the quality of the product we make available to the accounting profession? We must continue to emphasize the conceptual underpinnings to accounting. We need to have students get an understanding of the reasons why the FASB falls short of developing sound conceptual standards. We need to emphasize the significant role in our society that financial reporting plays and the significant role in that process that corporate accounting officials and their auditors play. We need to make students aware of the interpersonal challenges they may face in dealing with clients and even with conflicting internal firm policies. We need to assure that our students' overall educational program provides them with the tools they will need to become effective practicing professionals.

We need to give some serious attention on how best to inculcate in our students an appreciation for continuously striving for accounting professionalism. We need to fit into our courses greater appreciation for ethical dilemmas. My experience is that undergraduate students are probably at their peak of idealism when we deal with them. They need to consider cases that deal with ethical issues, not to be given "the answer" and not to be preached to about proper conduct. Rather they need to debate the issues, and each student needs to be challenged to decide how he or she would deal with the issue. From time to time the discussion can wind up with the professor providing an explanation of what the professional expectation would be in resolving the issue. We then need to challenge the student to consider whether his or her value system is really in sync with what will be expected of them as they embark on their careers. This focus on ethical behavior needs to be incorporated throughout the accounting curriculum and not left to be dealt with as an appendage to an auditing course. An ethical code is really a personal mind-set and not a recitation of a series of "thou shalt nots."

My time is up. For those who have been dozing, "Accounting Professionalism—They Just Don't Get It!" focuses on a reconsideration of what is necessary to restore the accounting profession to the level of credibility that it once enjoyed. The leaders of the powerhouse large accounting firms must acknowledge that some serious assessment of the current state of affairs is necessary. The survival of the accounting profession as an important facet of our society cannot rely on the effectiveness of the Sarbanes-Oxley legislation. The leaders of the profession, whoever they may be, need to gain an understanding of why they have failed to serve the public well in recent years. These leaders need to embrace policies now that will enable their professional staffs to once again meet the public's expectations.