

Oklahoma Natural Solutions Audit

The AICPA Code of Professional Conduct (AICPA Code) is a bunch of standards, decides and translations that guides CPAs in the presentation of their expert obligations. For north of 100 years, CPAs the nation over have deliberately clung to the AICPA Code in acknowledgment of the bookkeeping calling's devotion to respectability, objectivity and freedom. A public exertion is in progress to empower more state sheets of bookkeeping to embrace the strong moral norms in the AICPA Code (Duska et al., 2018). Twenty states and wards as of now have embraced the AICPA Code as a necessity for CPAs to rehearse in their states, and more than 412,000 individuals cling to the code as a feature of their AICPA participation. Cross country reception of the AICPA Code guarantees that all CPAs not simply the individuals who are AICPA individuals stick consistently to these equivalent powerful moral norms. CPA portability laws in 52 states and wards permit CPAs to serve their customers across state lines. Without uniform obligatory moral guidelines, notwithstanding, CPAs can think that it is difficult to explore conflicting necessities across numerous states (Baud et al., 2021). Minor departure from moral guidelines are confounding and expensive to CPAs and firms that training in various states, and these superfluous expenses are at last given to customers. Uniform moral principles make it simpler for CPAs to consent to guidelines, consequently securing people in general and advancing sound strategic policies.

From the case study, the AICPA code requires all members to practice integrity, competency, full disclosure of conflict of interest and serving public interest in offering financial services. This is evident in the first quarter revue where although the ¹⁵ revenue numbers seemed to be higher in the analytics than the preceding quarters and annual financial statements, Ms. Maryland and Ms. Diamond were satisfied with the CFO's assurance that everything was fine,

while behind the scenes, revenue had been booked to showcase a positive revenue. The specific section of the AICPA code that was ignored is section ET 55 – Article IV which focuses on objectivity and independence. This section requires that members should always ensure objectivity and become independent when offering auditing and other attestation services. The team in the case study seem to have not strived in ensuring the professional standards in the section and code in general are adhered to.

Question 2

Based on COSO framework, some of the evident internal control weakness in the case study include control of activities, information and monitoring of activities. In control of activities, the organization seems to lack policies, standards and procedures which are preventive in nature and can be carried out in the various levels of the organization. On the information, there seems not to be any clear communication from internal and external sources to ensure internal control components and ensure requirements and expectations. Due to lack of internal communication of information within the organization, there is no way for the senior management in the organization to showcase to other staff that control activities must be handled seriously. On monitoring of activities, there are no periodic evaluations to ensure that each of the components in the internal control is verified alongside principles which influence it.

15 To tighten up the controls for ONS based on the COSO summary, there is need to ensure that commitment to integrity and ethical values is demonstrated within the control environment. Additionally, there is need to ensure that responsibility is exercised through establishment of structures and authorities on the same. Separate evaluations should also be conducted as part of the monitoring of activities.

Question 3

The fraud triangle refers to a framework used ordinarily in evaluating an explanation for an individual's decision to engage in fraud. The fraud triangle diagrams three parts that result into increased chances of engaging in fraud which are opportunity, motivation, and lastly, justification. Fraud refers to a duplicity that is intentionally created by a worker or association for personal benefit (Jaijairam, 2017). As such, fraud is an underhanded action used to acquire a benefit or produce an unlawful benefit. The actions of ONS leadership and audit team can clearly be explained on the Fraud Triangle especially on the opportunities which allows for the unlawful actions to take place as described in the case study. According to the Fraud Triangle, it is models that offer freedom for submission of fraud incorporate inward processes and strategies to ensure morality of bookkeeping and monetary data. It is the weak inward documentation of cycles that result into circumstances which is allow for fraud to take place. This is evident in the ONS leadership where the top management is accorded a status of being moral, straightforward, and respectable. However, due to these assumptions and insufficient or poor bookkeeping arrangements, the top management of ONS take advantage of the opportunities to control figures by manipulating them to indicate revenue numbers to be higher than actually it is (Andersen & Klammer, 2018). The Fraud Triangle also suggests that existence of pressure and the need to meet assumption of financial supporter and investigation is main motivator which forces managements to engage in such actions. This is clearly indicated in the case study where the pressure to meet targets and a guarantee that stocks costs are kept despite sales being flat resulted into the leadership of ONS engaging in the actions.

Question 4

Virtue ethics approach is based on an ethical hypothesis that focusses on the significance of an individual's actions and ideals⁶ in assessing the rightness of activities. It is one of three significant moral speculations. It is frequently appeared differently in relation to deontology, which underlines keeping moral guidelines, and consequentialism, which decides the reasonability of an activity from its results. Ethicalness morals offers a record of good and bad dependent on what a 'temperate specialist' would do (Shawver & Miller, 2017). It accepts that an activity is correct if and provided that it is the thing that¹⁸ a temperate specialist would act in the conditions. The proper thing to do is whatever the upright individual would do. From the case study, SM&A would have benefitted from the virtue ethics approach by informing the team on what constitutes good practice in the scenario (Jaijairam, 2017). This would have provided the basis for SM&A to apply professional judgement for this specific accounting activity and detect suspicious activities which were taking place within the company.

Question 5

Since deontological hypotheses are best perceived rather than consequentialist ones, a² short glance at consequentialism and a study of the issues with it that spur its deontological rivals, gives an accommodating introduction to taking up deontological speculations themselves. Consequentialists hold those decisions acts as well as goals are to be ethically surveyed exclusively by the situations they achieve (Andersen & Klamm, 2018). Consequentialists subsequently should first determine the situations that are inherently significant, frequently called, all in all, the good. They then, at that point, are in a situation to attest that whatever decisions increment the good, that is, achieve a greater amount of it, are the decisions that it is ethically right to make and to execute. The good in that sense is supposed to be before the right (Kelly, 2017). In the ONS and SM&A situation, the actions of ONS were wrong despite the

good that were assumed to bring (Sorensen et al., 2017). This is based on deontological hypotheses which states that moral principles do not change because of a situation. Although changing the revenue numbers would have been deemed to be 'good' for the future of the company, this did not make the actions by ONS leadership to be good or right. They still remain wrong, and SM&A should have utilized this approach while undertaking the audit activities.

Question 6

Both ONS and SM&A have the two authorizations and commitments that give them the need for mode of transparency and act in the best interest of various stakeholders purposes behind activity (Jaijairam, 2017). As a result of this commitment to the stakeholders, they would have ceased from taking some move; and on the grounds ⁷ that it is specialist relative, the commitment doesn't really give any other individual motivation to help that activity. Each party, for instance, is normally thought to have such extraordinary commitments to the stakeholder, commitments not shared by any other person. Moreover, as a custodian of stakeholder's investments, ⁷ authorization is a consent for some specialist to do some demonstration despite the fact that others may not be allowed to help that specialist in the doing of his allowed activity. Each party, to return to a similar model, is usually thought to be allowed (at any rate) to save its stakeholder even at the expense of suffering from consequences (Andersen & Klamm, 2018).

Question 7

⁸ Consequentialism is a hypothesis that proposes an activity is fortunate or unfortunate relying upon its result. An activity that achieves more advantage than hurt is great, while an activity that causes more mischief than benefit isn't. The most popular rendition of this

hypothesis is Utilitarianism. Despite the fact that there are references to this thought underway of antiquated rationalist Epicurus, it's firmly connected with English thinker Jeremy Bentham (Andersen & Klamm, 2018). SM&A's hypothesis of utilitarianism focused on which activities were probably going to satisfy individuals. Assuming satisfaction was the experience of delight without torment, the most moral activities were ones that caused the most conceivable joy and the most un-conceivable aggravation. He even fostered an adding machine to work out which activities were better or more terrible – the 'felicific analytics'. Since it counted each individual's pleasure or agony as the equivalent, paying little heed to age, riches, race, and so forth utilitarianism could be viewed as a profoundly populist reasoning.

SM&A's perspectives are most firmly lined up with act utilitarianism. This fundamental type of consequentialism holds an activity as moral if and provided that it creates more useful/joy causing results than negative/torment causing ones. At whatever point we are confronted with a choice, a demonstration consequentialist will anticipate that we should pose that inquiry. ONS, an understudy of SM&A's, conflicted. It accepted it was excessively hard for a general public to run assuming that it needed to think about the particular expenses/advantages of each and every activity (Andersen & Klamm, 2018). How is it that we could have speeding laws, for instance, assuming it would at times be moral to break as far as possible. All things considered, Mill accepted we should sort out which set of rules would make the most bliss throughout a lengthy timeframe and afterward apply those in each circumstance. This was its hypothesis of rule utilitarianism (Miller et al., 2020).

Question 8

A decent business case is solid, pragmatic, precise, and quantitatively quantifiable. The effective business case permits the chief to pick a game-plan with certainty. Evoking each of the

expenses engaged with a chance is the beginning of the money saving advantage examination (CBA). Money saving advantage examination characterizes the undertaking's business esteem as far as the expenses brought about versus the advantages acquired (Andersen & Klamm, 2018). The absolute expense of a task is the amount of every one of its expenses, including generally fixed and variable expenses. Fixed expenses are random to the real measure of work of the venture or how long is placed into it. Then again, factors costs are gradual costs that fluctuate with changes in yield. In this way, the more work we put into a task, the more its variable costs increment. Gear and lease are instances of fixed expenses, while counseling charges are instances of variable expenses.

To sum up, there are various expenses to consider and the estimation should be unmistakably clarified in the business case. Benefits are the return from a venture. Advantages can be subjective or quantitative. Subjective advantages are for the most part not quantifiable in money related units or in another goal way. Then again, quantitative advantages are estimated in money related units or paces of progress. Benefits should be characterized in monetary terms to perform money saving advantage investigation (Kelly, 2017). Advantages can be quantitative, like decrease in costs, expansion in income, expansion in piece of the pie, or decrease in hazard, e.g., consistence. Also, advantages can be subjective in nature, for example, further developed worker resolve or a more perceived corporate brand.

Question 9

Section 906 addresses ¹³ criminal punishments for affirming a deceptive or false monetary report. Under SOX 906, punishments can be upwards of \$5 million in fines and 20 years in jail. ²¹ An immediate extract from the Sarbanes-Oxley Act of 2002 report for segment 906 Each ³ occasional report containing budget summaries recorded by a backer with the Securities

Exchange Commission as per segment 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) will be joined by a composed assertion by the CEO and CFO (or comparable thereof) of the guarantor (Sorensen et al., 2017). The assertion needed under subsection (a) will affirm that the occasional report containing the fiscal summaries completely agrees with the necessities of area 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that data contained in the intermittent report reasonably presents, in every single material regard, the monetary condition and aftereffects of tasks of the guarantor (Jaijairam, 2017). Whoever - (1) affirms any assertion as gone ahead in subsections (a) and (b) of this part realizing that the intermittent report going with the assertion doesn't comport with every one of the prerequisites set out in this segment will be fined not more than \$1,000,000 or detained not over 10 years, or both; or (2) stubbornly ensures any assertion as gone ahead in subsections (a) and (b) of this segment realizing that the occasional report going with the assertion doesn't comport with every one of the necessities set out in this segment will be fined not more than \$5,000,000, or detained not over 20 years, or both.

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