

CASE 6.1

Leigh Ann Walker, Staff Accountant

Leigh Ann Walker graduated from a major state university with a bachelor's degree in accounting.¹ During her college career, Walker earned a 3.9 grade point average and participated in several extracurricular activities, including three student business organizations. Her closest friends often teased her about the busy schedule she maintained and the fact that she was, at times, a little too "intense." During her final year of college, Walker interviewed with several public accounting firms and large corporations and received six job offers. After considering those offers, she decided to accept an entry-level position on the auditing staff of a major international accounting firm. Walker was not sure whether she wanted to pursue a partnership position with her new employer. But she believed that the training programs the firm provided and the breadth of experience she would receive from a wide array of client assignments would get her career off to a fast start.

Walker's "start date" was 4 June, exactly one month following her graduation date. She spent the first two weeks on her new job at her firm's regional audit staff training school. On returning to her local office in mid-June, she was assigned to work on the audit of Saint Andrew's Hospital, a large sectarian hospital with a 30 June fiscal year-end. Walker's immediate superior on the Saint Andrew's engagement was Jackie Vaughn, a third-year senior. On her first day on the Saint Andrew's audit, Walker learned that she would audit the hospital's cash accounts and assist with accounts receivable. Walker was excited about her first client assignment and pleased that she would be working for Vaughn. Vaughn had a reputation as a demanding supervisor who typically brought her engagements in under budget. She was also known for having an excellent rapport with her clients, a thorough knowledge of technical standards, and for being fair and straightforward with her subordinates.

Like many newly hired staff auditors, Walker was apprehensive about her new job. She understood the purpose of independent audits and was familiar with the work performed by auditors but doubted that one auditing course and a two-week staff-training seminar had adequately prepared her for her new work role. After being assigned to work under Vaughn's supervision, Walker was relieved. She sensed that although Vaughn was demanding, the senior would be patient and understanding with a new staff auditor. More important, she believed that she could learn a great deal from working closely with Vaughn. Walker resolved that she would work hard to impress Vaughn and had hopes that the senior would mentor her through the first few years of her career.

Early in Walker's second week on the Saint Andrew's engagement, Jackie Vaughn casually asked her over lunch one day whether she had taken the CPA examination in May. After a brief pause, Walker replied that she had not but planned to study intensively for the exam during the next five months and then take it in November.²

1. This case is based upon a true set of facts; however, the names of the parties involved have been changed. An employee of a job placement firm provided much of the information incorporated in this case. This firm had been retained by the student identified in this case as Leigh Ann Walker.

2. At the time, the CPA examination was offered twice annually, in November and May. In most states, including Leigh Ann's home state, an individual who sat for the exam for the first time was required to take all four parts.

Vaughn indicated that was a good strategy and offered to lend Walker a set of CPA review manuals—an offer Walker declined. In fact, Walker had returned to her home state during the first week of May and sat for the CPA exam, but she was convinced that she had failed it. Fear of failure, or, rather, fear of admitting failure, caused Walker to decide not to tell her coworkers that she had taken the exam. She realized that most of her peers would not pass all sections of the exam on their first attempt. Nevertheless, Leigh Ann wanted to avoid the embarrassment of admitting throughout the remainder of her career that she had not been a “first timer.”

Walker continued to work on the Saint Andrew’s engagement throughout the summer. She completed the cash audit within budget, thoroughly documenting the results of the audit procedures she applied. Vaughn was pleased with Walker’s work and frequently complimented and encouraged her. As the engagement was winding down in early August, Walker received her grades on the CPA exam in the mail one Friday evening. To her surprise, she had passed all parts of the exam. She immediately called Vaughn to let her know of the impressive accomplishment. To Walker’s surprise, Vaughn seemed irritated, if not disturbed, by the good news. Walker then recalled having earlier told Vaughn that she had not taken the exam in May. Walker immediately apologized and explained why she had chosen not to disclose that she had taken the exam. Following her explanation, Vaughn still seemed annoyed, so Walker decided to drop the subject and pursue it later in person.

The following week, Vaughn spent Monday through Wednesday with another client, while Walker and the other staff assigned to the Saint Andrew’s engagement continued to wrap up the hospital audit. On Wednesday morning, Walker received a call from Don Roberts, the office managing partner and Saint Andrew’s audit engagement partner. Roberts asked Walker to meet with him late that afternoon in his office. She assumed that Roberts simply wanted to congratulate her on passing the CPA exam.

The usually upbeat Roberts was somber when Walker stepped into his office that afternoon. After she was seated, Roberts informed her that he had spoken with Jackie Vaughn several times during the past few days and that he had consulted with the three other audit partners in the office regarding a situation involving Walker. Roberts told Walker that Vaughn was very upset by the fact that she (Walker) had lied regarding the CPA exam. Vaughn had indicated that she would not be comfortable having a subordinate on future engagements that she could not trust to be truthful. Vaughn had also suggested that Walker be dismissed from the firm because of the lack of integrity she had demonstrated.

After a brief silence, Roberts told a stunned Walker that he and the other audit partners agreed with Vaughn. He informed Walker that she would be given 60 days to find another job. Roberts also told Walker that he and the other partners would not disclose that she had been “counseled out” of the firm if they were contacted by employers interested in hiring her.

Questions

1. In your opinion, did Vaughn overreact to Walker’s admission that she had been untruthful regarding the CPA exam? If so, how would you have dealt with the situation if you had been in Vaughn’s position? How would you have dealt with the situation if you had been in Roberts’ position?
2. Vaughn obviously questioned Walker’s personal integrity. Is it possible that one can fulfill the responsibilities of a professional role while lacking personal integrity? Why or why not?