IS THERE LIFE AFTER ARTHUR ANDERSEN?

Accounting associations face education overhaul after Enron

THE SURVIVAL OF BOTH ACCOUNTing firm Arthur Andersen and commonly followed practices in the accounting industry are in question after the Enron debacle. Andersen's role in Enron's bankruptcy and its destruction of thousands of work papers could be the fatal mistake for a firm that in recent years also certified misleading financial statements at Waste Management, Sunbeam, and the Baptist Foundation of Arizona. "The question for Arthur Andersen is survival. For the profession, it's how to make sure it doesn't happen again," says Mark Cheffers, CEO of Accounting Malpractice.com, a Manchaug, Massachusetts-based accounting research firm.

Making sure that it doesn't happen again is the challenge facing associations in the accounting industry. According to Cheffers, the industry will require education initiatives to operate in an environment with completely new expectations for professional behavior. "If standards of what is acceptable operating procedure change as a result of this, accounting firms will have to learn what the new rules are, and the associations will have to play a major role in that education effort," says Cheffers. "But even if the standards don't change, there has to be a recognition in the accounting industry that the scope of legal liability is changing."

Some state CPA associations are increasing the amount of ethics-oriented content in their meetings as a result of recent events. The Vermont Society of Certified Public Accountants (VSCPA) has hired an ethics expert to be the keynote speaker at its next conference. "The role Arthur Andersen played in the Enron scandal is an extreme situation that is not representative of the accounting industry, but it has put ethics high on the list of concerns for our members so we felt we should address the topic," says Deb Riley, director of the VSCPA.

The content of educational sessions of all state CPA associations in the United States is developed nationally by vendors working for the American Institute of Certified Public Accountants (AICPA). According to chief operating officer of the Texas Society of Certified Public Accountants, Christi Stinson, CPA, it's too early to tell if Arthur Andersen's role in the Enron scandal will result in policy changes. "If it turns out that Arthur Andersen's actions do result in changes, the AICPA will develop educational content as we move along and we find out where the problem areas are," she says.

PHOTO (COLOR): Arthur Anderson executives are sworn in on Capitol Hill

By Vincent Alonzo

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