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Draft of a standard C.P.A. law

Kentucky. State Board of Accountancy

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DRAFT OF A STANDARD C. P. A. LAW

AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY, AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE EXAMINATION OF AND ISSUANCE OF CERTIFICATES TO QUALIFIED APPLICANTS, WITH THE DESIGNATION OF CERTIFIED PUBLIC ACCOUNTANT AND TO PROVIDE THE PENALTY FOR VIOLATIONS OF THE PROVISIONS THEREOF.

APPROVED SEPTEMBER 1916, BY
THE INSTITUTE OF ACCOUNTANTS

In The United States of America

20 VESEY STREET
NEW YORK

STANDARD C. P. A. LAW.

AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY, AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE EXAMINATION OF AND ISSUANCE OF CERTIFICATES TO QUALIFIED APPLICANTS, WITH THE DESIGNATION OF CERTIFIED PUBLIC ACCOUNTANT; AND TO PROVIDE THE PENALTY FOR VIOLATIONS OF THE PROVISIONS THEREOF.

Be it enacted by the legislature of the state of _____, as follows, to wit:

(Use language required by law for the above.)

Sec. 1: Within thirty days after the passage of this act, the

- (a) constituted authorities of the principal university of the state under state control, or
- (b) the governor of the state shall appoint, as the state board of accountancy, not less than three nor more than five public accountants of recognized standing, each of whom shall have been actively engaged in practice for not less than three consecutive years immediately preceding date of appointment, each of whom shall possess all other qualifications provided for in sec. 9 of this act. After appointment of the initial board, all appointees shall be certified public accountants.

Sec. 2: For the purpose of this act, a public accountant is hereby defined as a person skilled in the knowledge and science of accounting, who holds himself out to the public as a practising accountant for compensation, and who maintains an office for the transaction of business as such, whose time during the regular business hours of the day is devoted to the practice of accounting as a professional public accountant.

Sec. 3: The members of such board shall hold office for three (or five) years or until their successors are appointed and have qualified, except that of the members first appointed under this act, one shall hold office for one year, one for two years, one for three years (one for four years and one for five years). The term of office for each shall be designated at time of his appointment. Thereafter one member shall be appointed annually for the full term.

Sec. 4: The board shall organize by the election of one of its members as president, one member as secretary and one member as treasurer; *provided*, however, that the office of secretary and treasurer may be held by one person.

Sec. 5: The board shall keep a complete record of all its proceedings and shall present annually to the governor a detailed statement of the receipts and disbursements of said board during the preceding year, with a statement of its acts and proceedings and such recommendations as said board may deem proper.

Sec. 6: The board shall be authorized:

- (a) to administer oaths to all applicants or persons appearing before the board in respect to investigation, examination or the issue of C. P. A. certificates;
- (b) to conduct investigations and examinations and issue certificates to properly qualified applicants;
- (c) to determine the qualifications of all applicants;
- (d) to establish such rules and regulations as may be requisite properly to carry out the purposes of this act and maintain a high standard of integrity, education and proficiency among the holders of C. P. A. certificates.

Sec. 7: Written examinations of applicants shall be held as often as may be necessary in the opinion of the board, and at such times and places as it may designate, but not less than one in each calendar year. If five or more persons apply for examination within not less than four months after the annual examination, the board shall hold an examination for said applicants. Examinations may be both oral and written, at the discretion of the board.

Sec. 8: The written examination of applicants shall at least cover the four general subjects, with a minimum time allowance, as follows:

- (a) Theory of accounts, 3 hours
- (b) Practical accounting, 6 hours
- (c) Auditing, 3 hours
- (d) Commercial law, 3 hours

and such other subjects as may be required by the board. Seventy-five per cent shall be required in each subject.

Sec. 9: Any citizen of the United States, or one who in good faith has declared his intention of becoming such citizen (in which case he must become a citizen within two years after the time allowed by law or the certificate *shall* be revoked by the board), over the age of twenty-one years, of good moral character, a graduate of a high school of recognized standing with a four years' course, or possessing an education fully equivalent thereto, who has had at least five years' accounting experience, two of which shall have been in public practice on his own account or in the office of a public accountant in active practice, and has passed a satisfactory examination (unless otherwise exempt from such examination as herein provided), shall receive a certificate of his qualifications to practise as a professional public accountant. No other person and no corporation shall assume or use such title, or the abbreviation C. P. A., or any other words, letters or figures, to indicate that such person is a certified public accountant.

Sec. 10: The board may in its discretion, upon application in writing, waive the examination of and issue a certificate to any person who has the qualifications required by this act and the rules of the board, provided that such person shall submit to said board such evidence as to said qualifications as may be required by and be satisfactory to the board

- (a) who is at the time of filing application, a citizen of this state and who for not less than three consecutive years next preceding the passage of this act has been in bona fide practice as a professional public accountant, the last year of which shall have been within this state, *provided*, however, that application for such certificate be filed in the manner prescribed by the board, within ninety (90) days from date of organization of the board;
- (b) who for not less than three years has had the degree of certified public accountant or chartered accountant, issued by or under the authority of another state or foreign nation, provided that such certificate was issued with the approval of the state board of accountancy or examiners of the state issuing, and provided further that the standards prescribed by law or the rules of the board and the examinations conducted are, in the opinion of the board, fully equivalent to the standards maintained in this state. If for any reason, the certificate of original issue be revoked or cancelled, the board of accountancy of this state shall forthwith revoke and cancel the certificate issued to such person in accordance with this section.

Sec. 11: The board shall have the power to revoke any certificate then in force

- (a) if the holder thereof shall have been convicted of a felony;
- (b) shall be found guilty of conduct involving moral turpitude;
- (c) shall certify to false or fraudulent statement or statements;
- (d) for fraud or misrepresentation in application for certificate or in the examination therefor;
- (e) for failure on the part of applicant who at the time of issue of certificate is not a citizen of the United States to qualify in accordance with the provisions of section 9 of this act.

No certificate shall be revoked except after a hearing thereon, at which hearing at least a majority of the board shall be present. The attorney-general of the state or an attorney designated by him shall attend and act as the legal advisor of the board. Written notice of such proposed hearing shall be mailed to the holder of such certificate at his last known address at least twenty (20) days before the date thereof, stating the basis or cause for such proposed action or revocation, and appointing a time and place for such hearing. At such hearing the board shall have the power to compel the attendance of witnesses, to administer oaths and to examine witnesses under oath. The board shall keep a complete record of all proceedings with respect to the revocation of any certificate.

Sec. 12: Each applicant for examination and certificate shall pay to the board a fee of twenty-five dollars (\$25) at the time of filing his application. In no case shall such fee be returned. If the applicant fails to pass the examination he shall be entitled to take another examination

within one year at any time at which there are other applicants to be examined.

Sec. 13: The members of the board to be appointed under the provisions of this act shall be paid for the time actually expended in the pursuance of the duties imposed upon them by this act an amount not exceeding _____ dollars (\$—) per diem, and they shall also be entitled to necessary traveling expenses.

Sec. 14: From the fees collected the board shall pay all expenses incident to the examinations to be held under this act, the expenses of preparing and issuing certificates, the traveling expenses of examiners and their compensation while performing their duties under this act, stationery, printing, clerk hire and incidental office expenses, provided that no expense incurred under this act shall be a charge against the funds of the state.

Sec. 15: (a) If any person shall illegally hold himself out as having received the certificate of certified public accountant, or shall assume to practise thereunder as a certified public accountant, or use the initials C. P. A. or any other words, letters or figures without having received such certificate, or after the same shall have been revoked, on conviction thereof he shall be deemed guilty of a misdemeanor, and shall be fined not less than \$— nor more than \$— or be imprisoned in the county jail for not less than _____ nor more than _____ or both, in the discretion of the court, for each day during which he shall so practise or violate any of the provisions of this act.

(b) Should any person holding the degree of certified public accountant be convicted of gross negligence or of wilfully falsifying a report, he shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$— nor more than \$— or be imprisoned in the county jail for not less than _____ nor more than _____ or both, in the discretion of the court, for each such offense.

Sec. 16: (Provides for repeal of previous acts or any and all acts in conflict—using wording usually required by statute or general custom.)

Sec. 17: (Provides that this act shall take effect at the time and in the manner prescribed by statute or general custom of the state.)
