CPA and the North Carolina Legislature

William Stewart
The CPA and the North Carolina Legislature

by J. William Stewart, Jr.
Partner, Charlotte Office

*Presented before the Charlotte Area Chapter of the North Carolina Association of Certified Public Accountants, with State Legislators from Mecklenburg County as guests, Charlotte — January 1963

As you can surmise from the preceding talk, the CPAs have been busy meeting the challenges that changes in the business life of our country have created. There seems to be no end to the demand for our services, which become more complex each year. Despite all the emphasis, particularly during the past few years since "Sputnik," on the need for and great future awaiting engineers, physicists, chemists, and all the scientific fields affected by the space age, I still think that the youth of today would have no brighter future in any field of endeavor than in the profession of accounting, because of the expanded needs resulting from the ever increasing demands.

The constantly increasing challenges outlined by the previous speaker have required CPAs to spend time that perhaps should have been devoted to public relations, in preparing for and meeting these challenges. Although our clients are well aware of who we are, what we stand for, and what service we can perform, they constitute a very small part of the general public. No doubt all segments of business and industry, and particularly our sister professions, feel that their public relations could be improved, but it appears to me that some have done a better job than the CPAs.

The elements of our profession that are inseparable from it—the confidential nature of our work and our comparative insulation from the man-in-the-street—will never permit us to be as well known to the general public as the medical, teaching, and some other professions. The general public knows what an M.D. is because at one time or another, beginning at birth, all of us need the services of a doctor. A wide segment is also familiar with the letters Ph.D. since many are privileged to spend the major portion of their younger years in schools and colleges. Moreover, the activities of the CPA are not usually quite so dramatic as those of the doctor or lawyer, so we cannot even rely on television to put us in the public eye in the way Ben Casey, Perry Mason, and others do for the medical and legal professions.

Perhaps we can say, however, that the CPAs are on the right

*Mr. Stewart was President of the Association when he gave this address.
track concerning public relations when we are at least aware of the need for improvement and recognize our limitations in this area.

This need for better public understanding has been a handicap to our profession. Thousands of high school and college students annually reach decisions on their careers. In the past, with the lack of knowledge concerning the accounting profession on the part of the general public, which of course includes these students and their parents, it is a wonder that we have attracted as many students as we have. Our goal of course is to see that each student is fully informed about our profession in the belief that more will decide on an accounting career if they have some familiarity with it. No one can be expected to choose a lifetime career in a profession of which he is hardly aware. Only in this way can the profession attract qualified young people in sufficient numbers to meet the ever increasing challenges presented. If the student chooses law, medicine, or some other endeavor after having knowledge of the profession of accounting, we have no complaint. But we do have regret when through lack of knowledge they choose otherwise. Of course, we have tried to overcome this problem by participating in career days at many schools, and by publishing pamphlets on accounting, etc., but more needs to be done.

THE NORTH CAROLINA LEGISLATURE

The fact that the public remains generally uninformed concerning our profession has also worked to our disadvantage in the North Carolina legislature. Our most recent experience there was in 1961 when the profession sought certain changes in the law governing the accounting profession in this State.

For many years after the first accounting law was passed in North Carolina in 1913, the profession has sought periodically to increase gradually the educational requirements of a CPA. Once again, one need only recall the remarks of the previous speaker concerning the broadening field and new challenges presented the CPA, to agree that all of these matters require not only more but better educated CPAs. The profession has realized this for many years so that today it is the exception rather than the rule when an accounting firm in this State or County employs a new accountant who is not both a college graduate and an accounting major. This is true despite the fact that the present accounting law in this State requires the equivalent of only about two years of college. Therefore, the only change of any importance the profession requested of the North Carolina
legislature in 1961 was the amendment of the law to conform to the current practice in our State—namely, to require a CPA to have a college degree and to have majored in accounting. A strong argument for such a requirement is that increased college education makes it far easier for the candidate to pass the uniform CPA Examination. Without such training, experience shows the proportion of failures in the examination is much higher.

From the reaction our request received from the majority of the legislators (the Mecklenburg delegation excepted) one might have thought that we had asked for something as controversial as a redistricting of the legislature. Although the profession was disappointed at this reaction and, needless to say, was defeated, we must blame ourselves, at least partially, rather than the legislators because we have not presented our story adequately to the public whom the legislators represent.

CPAs AND THE CLOSED SHOP

Although during the course of this most recent legislative experience we were wrongfully accused of many things, I should like to comment on only one—which is the accusation that I suppose has been made against all professions at one time or another; this is, that we are attempting to have a “closed shop” and were only interested in restricting the number of CPAs in this State. As a profession we seem unable to convince the public that our only interest is in protecting them by ensuring that only qualified accountants become CPAs. Only in that way can the public continue to rely on our services and have confidence in our advice. The public welfare is our concern and there are just too many facts refuting the argument that we are attempting only to restrict the number of CPAs. In 1940, for example, the AICPA had between 4,000 and 5,000 members. Today the number is approaching 50 thousand. If you will pardon a personal reference, in 1949 the State of North Carolina gave me certificate number 786. Today the highest certificate number is above 2200. These facts and others give a hollow ring to the argument of a closed shop for I am sure you will agree that such growth far outstrips the growth in population of either North Carolina or the country as a whole.

ENLARGING OUR NUMBERS

One of our duties is to make the public aware of the many things that the profession in general and its individual members and firms
are doing to promote the entrance of more people into the profession and to help them in every way to become CPAs. Here is a quite limited list of them.

- First, to encourage and attract more people into the teaching of accounting, CPAs have made substantial contributions of time and money for research projects, etc., to the American Accounting Association, which is the Association for accounting teachers in this country. CPAs have also established faculty assistance grant programs to give financial assistance to the graduate student in accounting who is working for an advanced degree in order to follow the teaching of accounting as a career.

- For the undergraduate student, numerous scholarships have been established by CPA firms and others as an incentive for them to major in accounting and in recognition of good scholarship in this area of education.

- If the accounting graduate goes into the public practice of accounting after graduation, the public accounting firms make every effort to see that the student becomes a CPA at the earliest opportunity. These efforts take different forms in particular firms but encompass the following lines of effort.

  The firms—

  a) provide a CPA study course at no cost to the employee so that he may make an intensive review of the many areas covered by the CPA examination just before taking the examination; he is also furnished with a personal copy of various publications useful not only in passing the CPA examination but in practicing accounting in general and is given access to an accounting library including many other publications of interest;

  b) allow the employee time off at full pay to take the CPA examination;

  c) make a cash award to candidates who are successful in passing the CPA examination as a further incentive; the State Association also publicly recognizes the new CPAs each Spring and Fall with an awards dinner held usually in Chapel Hill on a statewide basis;

  d) encourage the employees to attend the various technical and other sessions of the state CPA society and other organizations, so that they may stay current on recent developments in the profession.
The efforts mentioned above are in addition to other training courses, etc., that firms today conduct for their staff accountants both before and after they become CPAs. In short, the CPAs today are doing everything possible to establish a favorable climate in which the young accountant can develop himself not only into the finest type of professional man but also into a person who is active in community and church affairs and is in general a good citizen. Why do we CPAs do these things? Because these duties are not only a part of citizenship but also they are good business. As in other professions, we are offering the public a personal service; therefore, the quality of our services depends entirely on the quality of personnel we are able to attract and train.

You will agree with me, I am sure, that the activities named above are not those of a profession interested in a closed shop. We would be most interested in having the suggestions of all our members on what else the profession can do to encourage college graduates to become CPAs and thereby enlarge our numbers even faster.

DUTY OF PUBLIC SERVICE

The CPAs also seek to direct their efforts into other areas of public service, as is evident in their assistance to and participation in various community projects. Usually these endeavors are in areas such as budgeting and auditing where our experience is of most value to the community. But my purpose now is not to recite all the good deeds or favorable aspects of our profession; it is to give to you, as representatives of the people of Mecklenburg County and North Carolina, a little better understanding of who we are, what some of our problems are, and what we are attempting to do to solve these problems. If I have succeeded in doing nothing more than dispelling the closed-shop myth concerning our profession, I shall consider my time well spent.

As public spirited citizens we CPAs are vitally interested in the welfare of Mecklenburg County and North Carolina. We stand ready to serve the legislature, our community, and our State on any matters where our particular skills are needed—and I am, of course, speaking of matters that have no bearing on the accounting statute.