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CERTIFIED PUBLIC ACCOUNTANTS. (C. P. A.)

Legislation Regulating the Profession of Public Accountants.

The following law, having passed the Senate and Assembly, and been approved by the governor of New York on the 17th of April, 1896, now constitutes Chapter 312 of the laws of 1896.

An Act to regulate the profession of public accountants.

The People of The State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Any citizen of the United States, or person who has duly declared his intention of becoming a citizen, residing or having a place for the regular transaction of business in the State of New York, being over the age of 21 years and of good moral character, and who shall have received from the regents of the university a certificate of his qualifications to practice as a public expert accountant as hereinafter provided, shall be styled and known as a certified public accountant; and no other persons shall assume such title, or use the abbreviation C. P. A., or any other words, letters or figures to indicate that the person using the same is such certified public accountant.

Section 2. The regents of the university shall make rules for the examination of persons applying for certificates under this act, and may appoint a board of three examiners for the purpose, which board shall, after the year 1897, be composed of certified public accountants. The regents shall charge for examination and certificate such fee as may be necessary to meet the actual expenses of such examinations, and they shall report, annually, their receipts and expenses, under the provisions of the act, to the state comptroller, and pay the balance of receipts over expenditures to the state treasurer. The regents may revoke any such certificate for sufficient cause after written notice to the holder hereof, and a hearing thereon.

Section 3. The regents may, in their discretion, waive the examination of any person possessing the qualifications mentioned in section one, who shall have been for more than one year before the passage of this act, practicing in this state on his own account, as a public accountant, and who shall apply in writing for

such certificate within one year after the passage of this act.

4. Any violation of this act shall be a misdemeanor.

Section 5. This act shall take effect immediately.

This act is the culmination of efforts by the American Association of Public Accountants to elevate the standard of their profession* and place it upon a plane where those only who are competent and who have duly qualified with the legally established requisites, can successfully engage in its practice. True, the law does not prohibit uncertified public accountants from advertising and plying their vocation, but it does prohibit them from using the title "C. P. A.," and without this title the uncertified pretender can hope for no more liberal patronage from the general public than is accorded the quack of the medical profession.

The public comprehension of the nature, limitations and value of the profession of public accountant has been a matter of slow growth in the United States. The public has been familiar for years with the terms "Accountant," "Accountant and Auditor," "Professional Accountant," "Expert Accountant" and "Public Accountant," but just what meaning these terms conveyed beyond that of an ordinary book-keeper doing business independently, and not in the exclusive employ of any one establishment, has not been clearly defined in the minds of a large portion

*This bill was indorsed by the New York Clearing House and by almost every state and national bank in the State of New York, and it had the indorsement of corporations and leading law firms. The combined capital represented by the indorsement was over one billion dollars.

of the people. And yet the distinction is very great. The occupation of bookkeeper, generally speaking, is merely the posting of items to the various accounts, the additions of figures, making totals, striking balances, the drawing of balance sheets, and services of a similar nature, repeated from day to day, involving mainly the use of mechanical powers only, with an occasional exercise of judgment upon matters outside the ordinary routine. But the occupation of public accountant extends above and beyond. He investigates and reports upon the complicated transactions and accounts of railroads and other private corporations and municipalities, of bankrupt estates and partnership properties, services which call into play the exercise of judgment, experience and knowledge of the particular business examined, as well as the laws governing the subjects of his investigation; he devises systems for maintaining the accounts of new enterprises; and in numerous other ways he is a useful coadjutor to the merchant, banker, lawyer and investor. The services which he performs often involve properties of great magnitude and call for a high order of talent, and his report of facts and expressed judgment are often the basis from which is determined the future actions or proceedings of interested parties. The fully equipped professional accountant is as far in advance of the mere bookkeeper as is the lawyer in advance of the docket clerk, and as among lawyers, so among accountants, there are various grades of ability, and in each class men who have reached high degrees of distinction.

In England, some years ago, the profession of accountant was recognized by legislation, and the rank of "chartered accountant" created; but in this

country the ability to use and practice under the title of public accountant has been, down to the present time, open to all, with the result that many unqualified and incompetent persons have in the past been found in the ranks, both to the detriment of the general public and the discredit of the profession.

It was owing to the growth of this evil that in the year 1887 the American Association of Public Accountants was incorporated under the laws of New York, with the object "to associate into a society or guild for their mutual benefit and advantage, the best and most capable public accountants practicing in the United States, and through such association to elevate the profession of public accountants as a whole, and to promote the efficiency and usefulness of the members of such society, by compelling the observance of strict rules of conduct as a condition of membership and by establishing a high standard of professional attainments through general education and knowledge and otherwise."

This association has done all in its power to insure to the public trustworthy and competent professional accountants, and to-day it embraces in its membership only accountants of known good standing and reputation. But while the association has been measurably successful in its efforts to elevate the standard of the profession and keep out empirics, there has been a feeling among its members that legislation, recognizing and regulating the profession, would be the only effective means of providing permanent relief from imposters and insuring the reputation and fitness of those engaged in it. With this end in view, the legislation, now enacted, has been favored, and it will doubtless result in great good to the business community.