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American Institute of Accountants

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C O P Y

AMERICAN INSTITUTE OF ACCOUNTANTS
135 Cedar Street, New York

PLAN OF CO-OPERATION IN THE CONDUCT OF EXAMINATIONS OFFERED BY THE
BOARD OF EXAMINERS OF THE AMERICAN INSTITUTE OF ACCOUNTANTS
TO STATE BOARDS OF ACCOUNTANCY

In the hope of attaining uniformity in accounting examinations throughout the country, the American Institute of Accountants offers to state boards of accountancy a plan of co-operation which, if adopted, it is believed, will lead to the establishment of a common standard wherever certified public accountant examinations are conducted.

In making this proposal to state boards the Institute is animated solely by a desire to assist in the setting up of standards and realizes that it has no right, as it certainly has no desire, to interfere in any way with the responsibility, prerogative or dignity of any state board.

State boards may accept the proposal at any time. If accepted the arrangement may be canceled at will by state boards. It may of course, be altered from time to time to meet changing conditions. The details of the plan follow:

1. Examination questions are prepared by the Board of Examiners of the Institute in the subjects of auditing, accounting theory and practice and fundamentals of commercial law.
2. Questions prepared by the Institute are based upon sound, practical knowledge and are carefully revised to eliminate all ambiguities.
3. The Institute offers to all state boards the use of these questions and the services of the Institute's examiners for grading the answers, but the use of the grading service is entirely optional.
4. If the Institute's examiners mark the answers of candidates they will return the papers to the state boards for their own marking, with reports of the opinion of the Institute board as to the success or failure of candidates. Success or failure in each subject will be indicated, but exact marks will not be given. The passing grade is 75% in all subjects. The Institute's examiners will not make any notations on the answers and will return them promptly to state boards.
5. Examinations are held in the middle of May and November of each year.
6. Stationery suitable for the use of candidates is prepared and furnished with the question papers.

7. If desired, the name of the individual state board may be printed at the head of the examination questions.

8. The Institute's board of examiners has noticed that in grading the examination papers of candidates there are occasionally differences of opinion between the Institute's examiners and the examiners acting for co-operating state boards. The board feels it desirable, if possible that such differences be reconciled. In cases in which the Institute has failed a candidate who the state board believes should receive a passing grade, or vice versa, the Institute will review the papers and attempt to reconcile the difference. Reconciliation can be attempted however, only if the candidates have not already been notified of their grades by the state board.

9. State boards which desire to have their candidates receive the benefit of grading by the Institute in addition to the state board grading are requested to submit the answers to the Institute within five days after termination of the examinations. A report of the Institute's findings will be forwarded and the candidates' papers returned to the state board within thirty days after their receipt.

10. In view of the considerable expense incurred in the preparation of papers, stationery, etc., in the conduct of examinations and in marking of the papers, the Board of Examiners has found it necessary to ask state boards of accountancy to bear a portion of the cost. When candidates' papers are submitted to the Institute for grading, this proportion in the light of experience has been found to amount to approximately \$10.00 a candidate. Accordingly, state boards are requested to divide their fees with the Institute on a 50% basis, on the understanding that in no case shall such 50% exceed \$10.00 for each candidate. It is further understood that when state boards re-examine candidates in one or more subjects without charge no fee for such re-examination shall be payable to the Institute.

11. In the case of state boards not submitting their papers for grading by the Institute's examiners the Institute's charge for stationery and use of the examination questions will be for each examination as follows:

For the first 100 candidates \$2 each
For the second 100 candidates \$1 each
For all in excess of 200 candidates \$.50 each

12. In states in which the papers of some candidates are submitted for grading by the Institute, while other papers are graded only by the state board, the Institute's charge will be computed on the basis of the two schedules in paragraphs 10 and 11.

13. In order to avoid payment to the Institute of a double charge for the same examination, it is agreed that if any candidate who has passed the examinations in a co-operating state later is admitted to the Institute and pays an entrance fee to the Institute, the original sum paid to the Institute by the state board concerned, for the examination of that candidate will be refunded to the state board; provided, that this agreement applies only to cases in which the candidates papers were graded by the Institute's examiners at the time of his successful examination and payment therefore was made in accordance with the provisions of paragraph 10.

14. It is understood that states not regularly submitting their papers to the Institute's examiners for grading will permit the Institute's board to review the examination papers of any candidate who applies for admission to the Institute subsequent to examination. There is of course, no charge to the state board in such cases.

15. State boards accepting the Institute's examinations must use them in their entirety. The Institute's board can not permit the selection of certain questions or substitution of additional questions. The whole purpose of the plan is to effect uniformity in the examinations for the C. P. A. certificates among the various states so that the certificates everywhere will have substantially the same value.

16. A state board which in any given instance decides not to adopt the Institute's examinations is, of course, asked to make no payment to the Institute on account of that examination. In other words, at each examination co-operating boards are free to accept or reject the examination and in the latter case there is no charge.

17. All state boards using the Institute's examinations are required to hold their sessions at the same hours of the same days.

18. Each state board will be supplied with notes on the examinations designed to guide examiners in grading the papers of candidates.

Full particulars may be obtained from the offices of the American Institute of Accountants, 135 Cedar Street, New York.

(Inasmuch as details of the plan may be altered from time to time this circular is not to be regarded as having the effect of a contract.)