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Americans and Their CPAs, a Report on the Status of the CPA Profession

American Institute of Certified Public Accountants. Communications Division

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- **Highly Regarded for Non-Audit Services**

Substantial majorities of all groups think CPAs should offer their services in a number of diverse areas.

When faced with a tax return preparation problem, a special planning problem, or a question raised by tax authorities about a tax return, the vast majority of respondents opted to consult with a CPA first as opposed to other tax advisors.

As financial advisors for individuals, compared with non-accounting financial advisors, CPAs received a positive rating among 8 in 10 of all groups.

Compared with management consulting firms, higher than 2 in every 3 among all groups believed CPAs are better management advisors.

Clear majorities of every group believed it appropriate for CPA firms to offer such services as computer hardware/software design and selection, general management consulting, educational programs, actuarial services, and service bureaus for record-keeping functions.

The Bottom Line

The CPA profession is dedicated to promoting and maintaining the highest professional standards of practice through the enforcement of a strict code of ethics, development of continuing professional education courses, and support of peer or quality reviews for CPA firms. Most of the special groups surveyed seemed to know this. Yet the profession still has some explaining to do, since most groups surveyed think the accounting profession needs to be better understood.

The challenge for tomorrow's CPA? To live up to the profession's high reputation and high standards, and to let the public know its interests are being served... and protected.

JUL 13 1987

AMERICANS AND THEIR CPAS

a report on the status
of the CPA profession



A I C P A 1 0 0
A CENTURY OF PROGRESS
IN ACCOUNTING
1987-1987

Communications Division
American Institute of
Certified Public Accountants
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889420

Americans and their CPAs

Honesty, Reliability, Competence, Objectivity. These are the hallmarks of the CPA profession. And it's not just CPAs—certified public accountants—who say so. It's the opinion of the American public, including business leaders, government officials, members of the media and individuals who use CPA services.

CPAs have served the public as a profession for the past century. To find out how Americans regard the accounting profession in today's faster-paced, more complicated world, an independent study was recently conducted to gauge current public perceptions.

An impressive 9 out of every 10 persons surveyed gave CPAs top marks for performing better today than in the past.

Polling the Public

During the latter half of 1986, Louis Harris and Associates measured the public's attitude towards CPAs and the accounting profession. A wide sampling of some 3,400 persons was polled from among the general public as well as special groups, such as those who own stock and leaders in business, government, academe, and the financial media.

Results of the Survey

Here's how Americans view the CPA profession:

- First on Ethics and Moral Standards

The special groups ranked CPAs first among other professions for their ethical and moral practices. They gave CPAs a 90% positive rating compared to 81% for college and university professors, and 78% for bankers and doctors.

- Outstanding Personal Attributes

(Honesty, competence, reliability, objectivity)

CPAs received an overwhelming 89% positive rating for honesty from the special groups. These groups also gave CPAs an 80% positive rating for competence, reliability and objectivity.

- Well Trained and Educated

Majorities of the respondents understood that:

CPAs have to be well trained and educated before they can earn the CPA designation.

Generally, CPA candidates must acquire some practical experience before taking the Uniform CPA Examination and must pass the CPA exam to qualify for certification.

In most states, CPAs must engage in continuing professional education to remain qualified.

CPAs must adhere to a strict code of ethics.

- Effective Self-Regulation

Most groups indicated an awareness of the current peer review system under which the quality of a firm's accounting and auditing practices are assessed by other CPAs.

Among those aware of the peer review system, 3 in every 4, or better, believe it is effective, including 76% of the special publics and 80% of the stockowners.

Clear-cut majorities of each group, except for congressional aides, opted for making peer reviews mandatory.

A solid 72% majority of the leadership groups and a plurality of stockowners opposed stricter government regulation of independent auditors.

- Confusion About Audits

CPAs, both independent auditors and those employed in private industry, received a high positive rating for the job they are doing. Almost unanimously, all groups agreed that CPA firms exercise independent and objective judgment in performing audits of a company's financial statements.

However, the survey revealed that the most misunderstood aspect of the CPA profession is the audit function. The majority of respondents did not understand that:

The primary responsibility of the independent auditor is to reasonably assure the public that what management says in its company's financial statements and related disclosures is in compliance with generally accepted accounting principles;

An auditor does not express a judgment on the competence of management, nor advise on the desirability of investing in or lending to a company;

Although the auditor designs procedures to detect fraud, there is no guarantee that all fraud will be found.

An audit is designed to bring a trained, experienced, professional oversight to the financial reporting process, and, therefore, serves to deter the issuance of misleading financial statements.