Editorial

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The current year is likely to go down to posterity with a record of many things accomplished—some desirable, others not quite all that might be desired—and in particular the 1913 record of legislation is notable although the year is only at its half-way stage. Leaving out of consideration the crucial enactments affecting the fiscal policy of the nation and the equally vital legislative acts of some of the states it may be pardonable for this magazine of accountancy to pause and discuss briefly the enactment of legislation in the several states bearing on the accountancy profession and its status in the community.

So far this year six states have written certified public accountant laws on their statute books and even with that number of enactments to its credit, 1913 has exceeded the accomplishments of all its predecessors. The closest second in the race is 1909 when five states joined the ranks of progressive (we use the word without political prejudice) communities. This year Oregon, Tennessee, North Carolina, Delaware, Wisconsin and North Dakota have accepted the theory that there should be an official recognition of qualified accountants exactly as there should
be and long has been governmental regulation of the practice of medicine and law. Legislation of a similar character is pending in three or four states and the probability is that by the time this year’s legislative sessions are ended the number of states having C. P. A. laws will have been considerably increased. At the present time thirty states have certified public accountant laws on their books. And yet it is only seventeen years since the first law of this kind was passed by the legislature of New York—truly a remarkable development in so short a time, but not cause for astonishment when it is borne in mind how rapid has been the advance of the accounting profession in the same time.

But there are some aspects of the spread of C. P. A. legislation which are not agreeable and call for the careful attention of every accountant in the country.

It is almost inevitable that in the haste to enact laws providing for the certification of accountants there should be written many a serious error which would lead to injury to the profession which it was the ostensible purpose to assist. Legislators have long been recognized as fallible and most fallible when it comes to matters of which they can know little or nothing. Accountancy is such a matter; and accordingly it is not astonishing that the legislation for accountancy should contain some foolish and some pernicious clauses. Moreover, there have been many instances in which private ambitions have guided the course of accountancy bills—instances in which some accountant, recognizing the increasing value of the right to affix the initials C. P. A. to his signature, has pushed through the legislature of his state a bill lax in its provisions and dangerous in its intent by means of which he, the promoter, would become eligible for official recognition without prior qualification or examination.

On account of these two causes—ignorance and self interest—several wretched laws have been enacted in the states. Their waiver clauses have been ridiculously broad and all embracing, and by means of these waivers has come into the company of accountants a regrettably numerous band of inefficient. But it is pleasant to relate that the day of the bad law is passing. Stout opposition to the unsatisfactory sort of legislation is made by the American Association of Public Accountants, and although now and then an undesirable law may slip through in some out
of the way corner of the country, the general tendency of the latest laws is toward more rigid provisions and less elastic waivers.

The effect of this is seen in the fact that of the six laws enacted this year at least five are such as will bear the approval of the national organization. The sixth was passed without any word of warning and inasmuch as the American Association was not consulted, the result is not what is desired. Yet these unfortunate laws will be amended sooner or later, as legislators are brought to see the necessity of effectual control of the accountancy profession and when the public comprehends that upon the accountant rests so important a share of the burden of commercial responsibility that no law not adequately preventive of inefficiency will be tolerable. Revision and amendment are slow processes but it may not be erring on the side of optimism to predict that the evil features of most of the state laws dealing with accountancy will have been altered before the next five years have passed. It is gratifying to state further that while a large number of unqualified men came into the possession of certificates under one or another of the almost universal waiver clauses, the vast majority of these have given up such practice as they previously had, and therefore will work no more injury to the profession. As the standards of accountancy are raised and the demand of the public becomes confined to the best it is certain that the worst will find itself without a foothold.

Now, assuming, for the sake of argument, that the laws will be well revised and that no other states will fall into errors such as have gone before, is it safe to consider that the protection of the certified public accountant is complete? Assuredly it is not. The laws may be never so faultless; their provisions may apply only to the qualified; and to all appearance the public may rest secure in the thought that no one can obtain the degree without thorough investigation and demonstration of his integrity and ability—and yet despite all seeming perfection the whole law may be maleficient in its effect if there be not an honest and consistent application of its provisions.

Every accountancy law in the country provides for the examination of candidates and almost all specify the subjects in which examinations must be made—yet what of that if the examiners be wilfully or ignorantly ready to set absurd questions
Editorial

and to accept as correct equally absurd answers? It is easy to conceive an examination that would be no great obstacle to anyone outside the nursery. True it is that the laws as a rule call for examiners of fairly high attainments, but the power of appointment is with the governors or with state institutions of learning unadvised by the profession most concerned, and while that condition prevails it is not marvelous that some of the examiners are ill-fitted to their positions.

This brings us to the heart of the whole matter. It is with the appointing power that the fault or the merit lies and it is upon the shoulders of some of our governors that we find the burden of responsibility for grave mistakes in selection.

The remedy? Well, there's the difficulty. It is a simple matter to criticise destructively and constructive criticism is ever the harder task; but it seems to us that the first care should be to ameliorate the present ills and afterward to eradicate them. The prime object, therefore, should be to impress upon the appointing authority—whether it be governor or college—the paramount need for cautious selection and to urge the observance of those safeguards which the law intends. This may be done if it be gone about in the right manner.

To eradicate the fault, however, will be more arduous and will call for a wide-spreading campaign. The way lies in the recognition of accountancy bodies, such as state societies, affiliated with the national body and in provision for nomination of board members by those bodies. The state society—it being understood that the right obtain only with the society recognized by the national association—should be required by law to name, let us say, three candidates for every vacancy as it occurs in the state board. Let the choice of the man rest, if you will, with the governor or the university, but that choice should be limited to one of the candidates approved by the state society. By this means unless the whole society were dominated by professional obliquity, the public would be protected from the appointment of unqualified examiners and the standards and meaning of certified public accountancy laws would be strengthened and made clear. Already there is an inclination in many states to appoint members of the national association to fill vacancies in state boards and it is not a counsel of the unattainable to urge full cooperation between the governmental and accounting authorities.

447
In states where there is no state society the matter would be adjusted differently, but it has ever been the contention of the more prominent men in the profession that the society should precede the law, partly for the very reason that such order of progression makes for better protection against weak laws and ill-advised appointments with all the host of evils that may follow upon such conditions.

The New York Reciprocity Clause

Accountants in many parts of the country, as well as in New York, will learn with a deal of gratification that the long sought enactment of a reciprocal clause in the accountancy law of this state at length is realized. We may not regard the wording of the law as wholly satisfactory, but it is certainly a step in the right direction and as such it should be welcome.

An anomalous condition of affairs has prevailed for many years in this state in that a large percentage of the practising accountants here have been certified public accountants of other states; and while there was no reciprocity clause in the New York law it was impossible for these accountants to obtain the New York degree, which many of them felt they should hold while practising in this state, unless they elected to take the examination prescribed by the New York board—an alternative not seriously to be considered by men who had already fulfilled the requirements of other boards.

Under the new law the question of what shall be considered the equivalent of the New York standard rests with the regents of the university, and we have no doubt that the decision of that body will be uninfluenced by any political or partisan feeling.

We are confident that the accountants of New York will accord a hearty greeting to those members of the profession practising here who desire to take advantage of the recently granted opportunities.