

AMERICAN INSTITUTE OF ACCOUNTANTS  
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FOR RELEASE: - Immediately

Insistence on the maintenance of high standards for the certificate of certified public accountant and on the public necessity for good accounting practice has been expressed by public bodies and organizations interested in finance, credit and banking, it is reported in an announcement sent by the American Institute of Accountants to

The New York Stock Exchange, National Association of Credit Men, Robert Morris Associates, Treasury Department, Securities and Exchange Commission and Federal Trade Commission have stated in writing to the American Institute of Accountants their interest in high standards for accountancy. Many of the letters strongly deprecate the tendency which has been evident in several states in recent years to lower the statutory requirements under which the C.P.A. certificate may be obtained.

Charles H. Towns, chairman of the Institute's committee on state legislation, reports that in 1935 bills were introduced in eight states which would have conferred the C.P.A. certificate without examination on members of special groups, or would have in some way lowered the examination or experience requirements in existence. "Legislators sometimes do not appreciate the fact", Mr. Towns said, "that large sections of the public have as real an interest in high standards for the C.P.A. certificate as have the certified public accountants themselves. The desire to keep the requirements for the certificate at a high level is based on the purposes of service and protection to the public.

“The following statement by the New York Stock Exchange indicates one phase of the need for maintaining high standards:

‘The Stock Exchange has a direct interest in this question, because of the position it has taken for some years back requiring that the accounts of companies seeking listing for their securities must be audited by a properly qualified auditor. Unless the certified accountant’s certificate means something definite, we cannot see how it will mean anything at all to us or, indeed, to anyone else\* \* \* \* \*we regard as being against the public interest any movement for lowering the standards required for the possession of such a certificate.’

“As the president of the Robert Morris Associates has stated:

‘We look upon the C.P.A. certificate as an indication of a high standard for the accounting profession and are firmly of the belief that there should be no letting down of requirements for such a certificate. As a matter of fact, we are strongly of the opinion that in the interests of the public at large, stockholders and prospective investors in corporations, investment houses, and loaning banks, legislators should further strengthen the laws so that no one shall be given a C.P.A. certificate who cannot satisfactorily pass a proper written examination and qualify otherwise, to the extent that the fullest confidence can be placed in any audit prepared and signed by a certified public accountant.’

“The National Association of Credit Men expresses a similar view in the following terms:

‘We feel that where trust funds are involved it is very essential that the audit reports that are given us be prepared by competent, careful accountants. We feel the requirement of a C.P.A. certificate insures to us a reliable audit.

‘This organization would register opposition to any movement which might lower the standard of requirements for the accountant’s certificate. We believe the present requirements are fair. We also believe the possession of a certified public accountant’s certificate, when acquired under a recognized state examination, is of great value.’

“The United States Treasury Department has admitted certified public accountants, as well as attorneys, to practice before it, as agents of taxpayers, without examination. It has done so because it has been satisfied that the requirements for the certificates

in the various states are sufficiently high to warrant such admission. It is obviously necessary, in this connection, to maintain high standards for the certified public accountant; agents practicing before the Department must be properly qualified to do so through education and training, for the protection of taxpayers and the Government.”

The evidence, which the American Institute of Accountants has in its files, indicating opposition of the business and financial public to reduction of C.P.A. standards, has been made available to state societies of certified public accountants for use when retrogressive legislation is proposed.