

ABSTRACT

WHAT ON EARTH HAPPENED TO THE ACCOUNTING PROFESSION

Jerome J. DeRidder
Salisbury University

ABSTRACT

The Accounting Profession in the United States began with the 1896 New York Bill which provided for an examination to become a "Certified Public Accountant."

During this early period the professional accountant searched for the fairest presentation of financial data. The auditors responsibilities were not clearly defined nor were there any "Generally Accepted Principles."

Over the years, efforts were made to improve the level of financial reporting by the New York Stock Exchange, the Investment Bankers Association and by the Accounting Profession; however, they lacked authority to enforce their recommendations.

Many times the profession was several criticized for their lack of uniform standards, relying upon precedent rather than using the scientific method and sometimes yielding to industry pressure on important issues. In 1956, Mr. Spacek, the managing partner of Arthur Anderson and Co. made a prophetic statement when at a commerce and industry luncheon he stated that the profession: "must wait for the CATASTROPHE — because we do not have a self-appraising profession."

Arthur Anderson and Co. no longer exists due to accounting fraud and irregularities. The Securities and Exchange Commission empowered by the SARBANES-OXLEY Act established a New Accounting Oversight Board Profession and they control the accounting Profession in the United States.