

The Demise of the Certified Public Accountant –

Part II

I think this is the first time I have written a “Part II” to a *President’s Memo*, but because of the response I received to last month’s *Memo*, I decided to continue the conversation. First, let me express my appreciation for the many emails, phone calls and conversations in support of my stated views.

I was surprised by the reaction and tremendous amount of feedback that even surpassed the “*Photos on the Wall*” memo, which I wrote my first year as CEO addressing diversity. Interestingly, the response was not just from State Board members and staff, but from State Societies, firms of all sizes, individual CPAs, federal regulators and other stakeholders from across the country. The theme of the responses was consistent:

“Thank you for writing it.”

“Glad someone is looking out for us”

“It needed to be said.”

And, “Thanks for the support of our profession.”

I am not going to reiterate the elements of the first *Memo* other than reinforcing that I truly believe that the Certified Public Accountant profession is strong and viable well into the future, and that careless and theoretical rhetoric can be harmful. That being said, there are thoughtful concerns and predictions being raised that I completely concur with.

My father was a great shade tree mechanic when he was a young man. As a boy, I remember hearing stories from his friends about how he could, by listening to a motor, ascertain the issue and, with minimal tools, fix almost any mechanical problem. Ultimately, he leveraged those skills and his love for cars into a successful career as an automotive technician, race car pit crew member and, ultimately, a General Motors dealership shop foreman.

By the early 1990s, automotive technology was changing and computers began replacing many traditional mechanical components. Rather than learn the complexities of the new systems, my father decided to retire. Obviously, the need for skilled mechanics continues, and many of the basic skills remain very similar. However, failure to keep up with the technological changes has resulted in a shortfall in the number of qualified mechanics needed in the industry. Similarly, though the demise of Certified Public Accountants is not inevitable, changes in the accounting profession and the skill sets of auditors and accountants certainly are coming.

I recently had a thoughtful conversation with my friend the CEO of AICPA regarding my *Memo* and, more importantly, the future of the Certified Public Accountant profession. While he was clearly not in agreement with some of my expressed positions, as is often the case, we found ourselves agreeing with more than we disagreed. Effectively we agreed that the profession is going to change rapidly, and as organizations and State Boards we need to be prepared for the impending changes, as do the Certified Public Accountants of

the future. Most importantly, we expressed our mutual steadfast support of the profession and our commitment to prepare for change.

In a recent *Wall Street Journal* article there was a discussion about the “new, unregulated fundraising method...based in a world of crypto-currencies.” It described how two startup companies with virtually no sales raised \$400 million through “Initial Coin Offerings,” and another existing company raised \$300 million. Bitcoin, blockchain and other distributed ledger technologies are rapidly changing the way financial transactions occur. As discussed last month, the use of data analytics will continue to be more prevalent in audits of the future.

Frankly, the profession and regulators have plenty of catching up to do, as do educators, standard setters and examiners. We will soon be beginning a dialog as to how we can encourage and embrace change while supporting and nourishing the Certified Public Accountant profession and a strong regulatory State Board system to protect the public interest.

Semper ad meliora (Always toward better things).

*Ken L. Bishop
President & CEO*

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