

Weighing the Difference: CPAs vs. Accountants



Most people use the terms “accountant” and “CPA” (certified public accountant) interchangeably, but there is a big difference.

The CPA designation carries enormous credibility in business and financial circles. In fact, CPAs are among the most trusted business advisers, according to a recent survey conducted by the American Institute of Certified Public Accountants (AICPA). This trust is not surprising considering the strict requirements to enter and stay in the profession. Achieving CPA status takes intelligence, ethics, integrity, and lifelong commitment.



Education and Experience

All CPAs must be licensed by the State Board of Accountancy. License requirements vary from state to state, but Pennsylvania’s licensing requirements are summarized as follows:

- Graduate from an accredited college or university with a bachelor’s degree or higher, and have at least 36 credits in accounting subjects. Total credit-hours must equal at least 150.

- Pass a four-part Uniform CPA Examination that tests the candidate in areas of financial accounting and reporting, auditing and attestation, regulation, and business environment and concepts.
- Complete one year (1,600 hours) of work experience through employment in government, industry, academia, or public accounting of a caliber satisfactory to the State Board of Accountancy and verified by an individual who is currently licensed to practice public accounting as a CPA.
- Complete 80 hours of continuing professional education every two years to stay current with rules and regulations in the financial, accounting, and business world. Included in this requirement is an ethics component.
- Adhere to the high standards of independence, integrity, objectivity, and professional compliance.
- Comply with a strict code of ethics.
- Undergo a peer review every three years for CPAs performing attest activity with a public accounting firm. CPAs performing attest activities as a sole proprietor or in firms with less than three licensees can undergo peer reviews every five years.

Capabilities of a CPA

CPAs provide a wide range of services and are employed in many types of career areas, including the following:

- Public accounting
- Other professional services firms
- Business and industry
- Government
- Education
- Nonprofit organizations



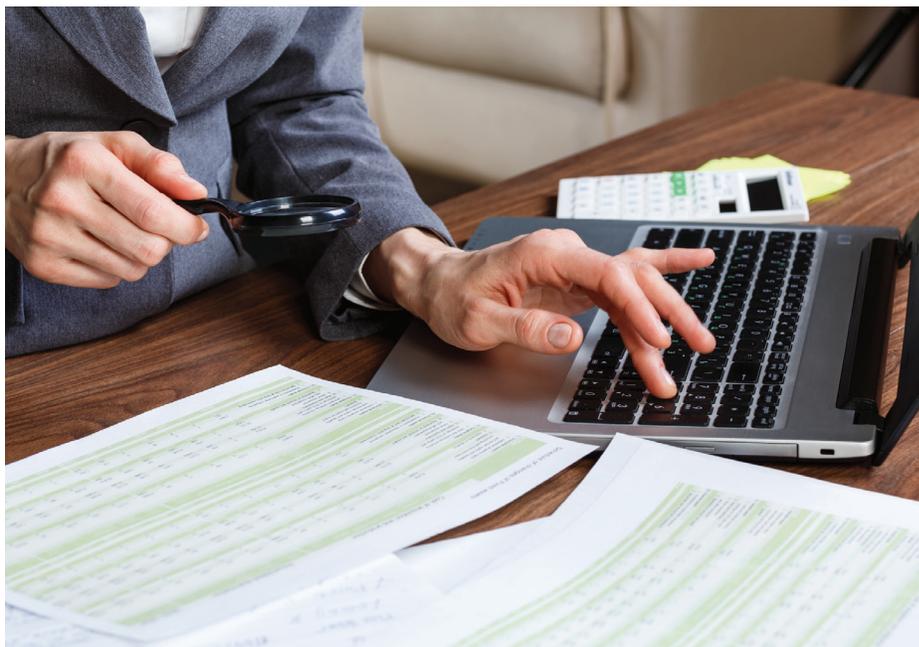
CPAs in public practice are engaged by their clients for a variety of services, including accounting, forensic accounting, auditing, tax, personal financial planning, technology consulting, and business valuation. CPAs in business serve as CFOs or CEOs, while others are responsible for accounting and financial reporting procedures, implementing and managing internal controls and information systems, tax and business compliance, and other areas of business and financial management.

Weighing the Difference

Accountants

In contrast to CPAs, individuals who simply use the designation "accountant" are not licensed by the State Board of Accountancy. In Pennsylvania, they have no educational, experience, or ethical code requirements to which they must adhere. They are not permitted to perform audits or other attest functions. The CPA designation ensures a certain level of expertise that does not exist in conjunction with the title of "accountant" alone.

It is important to note that not all accountants are CPAs, although all CPAs are accountants. For more details about what it takes to become a CPA, visit www.picpa.org/futurecpas.



A HIGHER STANDARD

PICPA members must comply with both AICPA's and PICPA's codes of professional conduct, which require adherence to the Statements on Auditing Standards. PICPA members must exercise professional judgment and due care in the selection and application of a financial statement service.



The Pennsylvania Institute of Certified Public Accountants, with more than 22,000 members, advocates to strengthen the accounting profession and serve the public interest.

The PICPA offers resources for a variety of financial topics.

- ▶ Personal Finance
- ▶ Small Business
- ▶ Tax Help
- ▶ Fraud Prevention
- ▶ Retirement

Visit www.picpa.org/resources to learn more.