



Samuel J. Broad*



Samuel John Broad was born in Devonshire, England, in 1893. The family subsequently emigrated to Canada, where he earned a bachelor's degree from Queen's University in 1916. He then joined the Calgary office of Peat, Marwick, Mitchell & Co., where he worked for four years before being transferred to the firm's office in New York City in 1920.

Broad rose rapidly through the US firm. Admitted to partnership in 1926, he subsequently served as partner in charge of the firm's Department of Professional Practice, Accounting and Auditing.

The decade of the 1930s was momentous for the accounting profession in the US, with the passage of the Federal Securities Laws of 1933 and 1934, the formation of the SEC (and its requirement for accounting principles used in filings to have "substantial authoritative support"), and two developments in which committees chaired by Broad played roles:

- Revision of the Federal Reserve Pamphlet. This pamphlet, entitled *Uniform Accounting: A Tentative Proposal Submitted by the Federal Reserve Board*, was first published in 1917 and revised by a committee of the American Institute of Accountants ("the Institute" or AIA) in 1929. After the stock market crash in 1929 and the formation of the SEC in 1933, Broad chaired the Institute committee which prepared a further revision of the pamphlet, under the title *Examination of Financial Statements by Independent Public Accountants*; it was published in 1936. This was thought to be the first Institute publication in which the term "generally accepted accounting principles" was used.
- The McKesson & Robbins fraud, discovered in 1938. The company's management had inflated inventory and receivables by \$19 million, through falsification of supporting documents; this had been continued for many years by the CEO and his brothers, who had assumed new names and identities to disguise their criminal records. Not surprisingly, the fraud severely threatened the credibility of auditors. Broad was the first expert witness to be called by the SEC at its McKesson & Robbins hearings on this fraud early in 1939. The testimony of the expert witnesses led the SEC to consider standards for this area. However, by the time the SEC had completed its investigation, the Institute had promulgated its first Statements on Auditing Procedure under the title "Extensions of Auditing Procedure"; Broad was the first chair of the AIA's Committee on Auditing Procedure, formed in 1938.

During this period, Broad, in addition to chairing the two Institute committees referred to above, served on the following committees relating to one or more of the foregoing developments: Development of Accounting Principles (member, 1934–35); Co-operation/Relations with the SEC (member, 1934–39, 1942–44, 1947–50); & Technical Information (member, 1936–37; chair, 1937–38).

From 1939, Broad also became involved in Institute committees relating to its overall mandate, serving on its Council (1939), Executive Committee (1937–47), Budget and Finance Committee (member, 1940–44), and Nominations Committee (chair, 1945–46). The fact that he held the leadership positions of Vice President (1939–40), Treasurer (1940–44) and President (1944–45) is indicative of the esteem in which he was held in the US profession.

After his AIA Presidential year, Broad had the following Institute committee assignments: Accounting Procedure (member, 1946–48; chair, 1948–50), Trial Board (member, 1948–50), Editorial Advisory Board (member, 1950–52), Accounting Personnel (chair, 1952–55), and Public Affairs (member, 1959–61). He is the only person to have served as AIA President, in addition to having chaired both the Committee on Accounting Procedure and the Committee on Auditing Procedure.

In addition to these numerous AIA appointments, he served the Institute in four other capacities: trustee of the Benevolent Fund (1947–59), advisor to the Committee on Public Relations (1952–53), member of the Advisory Committee on Professional Ethics (1955–58), and consultant to the Public School Brochure Committee (1962–63).

Two other accounting bodies in which Broad held office were the American Accounting Association and the New York State Society of CPAs. He was Vice-President of the former in 1950, and he served as chair or member of the latter's Committee on Grievances, appointed under CPA Law (1938–59). He was also a frequent contributor of articles to professional journals; his writings were collected in a volume *Samuel J. Broad: A Collection of His Writings*, by E. N. Coffman and D. L. Jensen in 1993, and published by The Accounting Hall of Fame, Thomas J. Burns Series in Accounting History, Volume 1. A distinctive feature of his writings was the way in which he used analogy in discussing various topics, a pervasive and distinctive rhetorical element in all of his writings; as an example, his article "Why do we need Accountants?" (*Journal of Accountancy*, October 1945) draws an analogy between the role of the independence of an auditor in a competitive economy and the role of a baseball umpire.

With the foregoing committee work, leadership roles in the CPA profession, and writing for publication, it is surprising that Broad had any time to serve his firm. However, he held the position of Deputy Senior Partner for 12 years, from 1947 until his retirement in 1959; in a rapidly expanding national accounting firm, this would have been a very demanding role. While holding this office he was the firm's chief representative in dealing with the profession and with regulators.

Less surprising, in light of Broad's record of service to the profession, are the two honours with which he was formally recognized: the AIA Gold medal in 1952, and induction into The Ohio State University's Accounting Hall of Fame in 1954. Also, in a 1987 article "Leaders of the Accounting Profession: 14 Who Made a Difference" (*Journal of Accountancy*, May 1987), Professor Stephen Zeff named Broad as one of the 14 who had contributed most to the CPA profession in the US over the previous century.

Broad married Gladys Bowes in 1917; they had three children. He died in 1972.

*This citation is based in part on that prepared by The Ohio State University's Accounting Hall of Fame for the 1954 induction of Samuel J. Broad, and is used with the permission of the American Accounting Association.