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Good Work for Pittsburgh Office Client

Misplaced decimal makes \$42,000 overpayment

An overpayment of \$41,749.56 was discovered by John C. Williams during an examination of a Pittsburgh client's financial statements. The overpayment related to the purchase of Federal Tax stamps to be affixed to the original issue of certain stock certificates. Mr. Williams noticed that the bank requested payment of \$4,757.50 in connection with an issue of 275,000 shares of common stock, but had charged \$46,388.40 for approximately the same number of shares in a similar issue. Analyzing this expense, Mr. Williams questioned the big difference between the two amounts and determined the correct figure to be \$4,638.84—not \$46,388.40. When notified, the bank acknowledged the error.

Plant accountant writes checks to himself

While working at a subsidiary of the same client, Theodore R. Miller found an irregularity in the imprest payroll bank account.

The plant accountant, Mr. X, wrote checks to himself for \$500 during March and April without the knowledge or consent of the plant manager. The money was repaid to the payroll account in November and during the interim was shown as "wages paid in advance" on monthly bank reconciliations. The cancelled checks involved were withheld from the regular files by Mr. X.

Although the amount was nominal and was repaid before our audit, it did indicate a weakness in control over plant bank accounts which we had pointed out in our last letter of recommendations to this client. The needed control has now been instituted.

Baltimore Office Opens

Our newest office was opened January 1 in Baltimore at 10 Light Street. Karney Brasfield is the partner in charge of Baltimore as well as the Washington Office. John Rihtarchik is audit manager and will supervise audit staffs in both cities. Four other members of the Washington staff now assigned to Baltimore are Donald E. Hudson, Hugh V. Cochrane, David A. Forslind, and Thomas M. Fox. Marjorie Patterson is the secretary.