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The CPA as a Citizen in His Community

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One reason why research is so rewarding is that out of it come delightful dividends of unexpected facts — unsought facts hidden under the surface. No exception to this is the survey of the public-service activities of CPAs conducted last summer by the public relations department of the Institute.

A year ago, the Institute's Committee on Public Relations had a meeting in which a generally favorable attitude was expressed toward such a survey. Apparently, the Committee has agreed for some time on the public relations values of service activity, both to individual members and to the profession as a whole. There has been some evidence that a good deal of public service was going on, but we have never before had a reliable measure of its extent. It was suggested at the meeting that if a survey showed public service by CPAs to be fairly widespread, this fact in itself would be an encouragement to those members who have not participated heretofore. It was thought that it might also result in a detail list of the kinds of services rendered by CPAs which would afford an example to others of the sort of work in which CPAs are welcome and are presumably able to make a natural contribution. The results of the survey are now tabulated, and we do have answers to many questions that previously could only have been guessed at. We have *proof* that a great many CPAs are active in public-service activities.

We are not advocates, generally; for avoiding the controversial position often enhances the objectivity of our work, and we do take our work seriously. But perhaps we ought to become more accustomed to the limelight, and in doing so be less sensitive about how other people rate us professionally, taking note of the survey's evidence that the public-service activities of CPAs are plainly *not* restricted narrowly to accountancy talents. Yet it is disconcerting to note the opinion of a number of the survey respondents who felt that accountants generally did not participate as greatly as they should in public-service activities. Many of these critics were *themselves* outstanding in their own significant public-service contributions. They are leaders holding broad responsibilities, not confining themselves to uniquely financial advisement. The paradox all this suggests is that per-

haps we don't really know ourselves very well, for what we do and what we think we do seem to be two different things. What the survey reveals should help to straighten out our thinking in these respects: *For about 80 per cent of our members are active in one or more public-service organizations.* We think of this as relatively good performance.

HOW THE FACTS WERE GATHERED

Considerable care and thoughtfulness went into planning and conducting the survey: A well-qualified market analyst was engaged to assist in preparing the questionnaire, in selecting the sample, and in tabulating the results. The size of the random sample of Institute members to whom the questionnaire was sent lends weight to the findings: A sample of about 4,000 generally would be considered by statisticians as adequate to produce meaningful results in most situations; but a larger number of questionnaires went out on the advice of our statistical consultant to make sure that the findings would be truly representative. As it developed, almost 50 per cent of the questionnaires were returned as against a 25 per cent return rate which professional pollsters consider excellent.

In addition to the tabulated results, our members' feelings were brought into sharper focus by the many original comments they volunteered. One particularly heart-warming thought read as follows:

Service to the community through service organizations is twofold:

It is a method of paying for the right and privilege of living in a social group — and it is a method of extending the opportunity of rendering the service which is our vocation.

SOME FACTS SELECTED FROM THE SURVEY

In analyzing the survey results, some editing was necessary in order to exclude political activity as such from the focal public-service area under review. Also, it is difficult to pinpoint the extent to which our members on the average actually participate in public-service organizations; but of the 7,400 organizations to which the active respondents belong, 51 per cent have CPAs serving either as officers or committeemen. It is interesting also that while not quite half of those who are active are affiliated with one or two organizations, *more* than half were in three or more organizations; and fully 7 per cent are active in six or more organizations!

CPAs in public practice seem to be slightly more active than those in private industry. Members in medium-sized firms are a little more active than those in large firms or those in individual practice.

Age affects the degree of participation, as might be expected: The lowest degree of participation was reported by men in their twenties; saddled with the problems of starting a career and family, the younger CPA is hard put to it to give very much of his scarce time for public service. The men in the 30-45-year group are the greatest givers of time; but the slightly smaller contribution of time by CPAs over 45 is well complemented by the larger responsibilities they assume. As a matter of fact, the senior age group is more active in charitable and civic organizations, while the middle group is more active in church, education, and youth organizations — just what a family man might be expected to support. The members in the youngest age group participate in fraternal organizations to a greater extent than their older colleagues. And it is interesting to note that of all the service areas — church, charitable, civic, educational, youth, fraternal, and business — our least contribution as a group is in educational and youth activities. Perhaps this situation can be improved simultaneously with gathering momentum in achieving the objectives of the Commission on Standards of Education and Experience for Certified Public Accountants. It also suggests fertile field of opportunity for helping taxpayers understand public schooling costs. This is the objective of the Institute's new Committee on Public School Accounting, which we hope will soon have recommendations for how the state societies and members may contribute in this area.

As indicated earlier in this discussion, our members differ widely in their notions of the accountant's status in various public-service organizations. Significantly, one out of every four CPAs active in public service renders *no* accounting service of any kind to the organizations with which he is connected. Furthermore, only 14 per cent of those respondents doing accounting work performed a bookkeeping service. However, three CPAs out of five active in service work serve as treasurer of at least one service organization. "The CPA will usually find himself doing the job for which he is most qualified — treasurer," said one respondent to the survey. We should not lament serving in this capacity with the attendant thought that inflexibly this is the job to which CPAs inevitably are assigned. It is something we can do well and thus is work which permits us to serve well. Such good performance is pleasurable, and it reflects with credit upon our profession and ourselves.

Audits account for fully one-half of the accountancy service that CPAs give, churches and charities receiving the lion's share of it. Although less than one-half of the audits command a fee, often the fees are greatly reduced, the over-all picture being considerably less progressive

and straightforward than that suggested by Executive Director John L. Carey in an editorial letter of November 1956. In that letter, Mr. Carey discussed the relative merits of charging no fee at all vs. billing costs only or charging regular rates and then making a cash contribution of the approximate excess over costs. The size of the engagement and individual temperament enter into the picture, of course. Mr. Carey suggests: "The least desirable procedure is to bill costs only. The practitioner gets neither the credit for doing the work for nothing, nor the credit for contributing the amount which normally would be partnership income." He also points out: "Anonymous charity is the most admirable. But this doesn't mean that the community should be encouraged to undervalue professional work by habitually receiving free service without ever realizing what it would cost if it weren't given as a contribution." One member responding to this survey suggested an interesting technique: When his firm renders a report following no-charge, service-organization professional work, the covering letter includes a statement to the effect that the report was "prepared as a public service."

But let's look at a few more facts about fees as revealed by the survey: Apparently charges are submitted for only about one-third of the accounting work of all types our members do for public-service organizations. There is a great reluctance to bill churches for this work — as might be expected. On the other hand, businessmen's clubs typically "expect" free service, while fraternal societies (no doubt operating on a higher budget) generally pay for professional services they receive. Charitable organizations pay for a larger portion of accounting services received than any other group. But virtually none of the organizations we are discussing pay CPAs for budget and finance advisory service, strictly speaking.

Finally, many of the responding members were concerned about the lack of publicity CPAs *as a group* receive for these activities in the community interest. This indicates that we can do more, in a dignified, modest way, to publicize our contributions to community welfare. State society public relations committees are constantly trying to obtain legitimate recognition for our group's public-service activity, and their efforts are increasingly effective. But the problem of what publicity measures are correct runs deeper. Perhaps the function of thoughtful planning in effective group public relations needs to be re-examined: If our state societies were to do more to detect and satisfy needs for public-service contributions — providing the liaison between CPAs and those whom they might best serve — our contributions as a group could encompass larger projects and

be conducted on a scale adequate to take care of those projects properly. Publicity subsequently given would be, appropriately, the responsibility of the state societies of certified public accountants and the American Institute. For public-service work directly negotiated and on a smaller scale, the individual practitioner as a rule could hardly be expected to volunteer information about it to his state society or its local chapter. As indicated previously, the diligence of state society public relations committees must be depended on to notice and report these contributions.

Considering the statistics as a whole, until we had the survey we simply did not know what CPAs were doing to meet their public-service responsibilities. Without concrete information, previously it has been tempting to jump to conclusions. But the broad response to the survey provides answers to many of our questions, and it is hoped that what has been touched on here will induce our members to examine the details which the Institute will make available soon to the state societies.

In summary, it is interesting to try to draw a profile of the "typical" CPA participating in public-service activities:

- He is in his 30s or 40s.
- He can be found anywhere; in cities and in large and small towns.
- He is likely to be a member of a medium-sized firm.
- When he renders an accounting service to a public-service organization, he audits the books or acts as treasurer.
- More often than not, he receives no fee for audit or other accounting services he performs.
- He belongs to a church, and gives more of his time to its additional demands for his public-service efforts than to any other organization.

PUBLIC SERVICE AND PROFESSIONAL LIFE

Among the principal characteristics of a profession is acceptance of social responsibility which is "inherent in an occupation endowed with public interest." It seems apparent that our members overwhelmingly accept this principle and are eager to meet the larger challenges it implies for the future. Actually, these responsibilities are being given increasingly to CPAs as public confidence and understanding of our work grows; for full stature can be achieved only if the exercise of mature judgment is recognized as a major factor in our professional growth. It is a measure of our progress in this direction that so many CPAs are asked to assume leading positions in conducting community activities in public service.

Taking some examples at the town or city level, we can cite these characteristic activities: Chairman of hospital board of directors, president of community chest, member of university board of trustees, president of home for children, member of town planning board, member of executive committee of Council on World Affairs, chairman of board of public welfare. These are but a few examples; there are many others that the survey revealed.

Another side of this subject – apart from social responsibility itself – is the reward of pride and personal satisfaction coming from social service. There is recompense for the satisfaction one can get from public-service activity, and an important facet of this is the good will a man can develop for his profession, his organization, and himself. There are, also, two more reasons why CPAs must fulfill the demands made upon their time for public service:

- In common with other professional people, when we are associated in public-service activities, trust in the integrity of these organizations is stimulated because of public knowledge of necessary honesty and dignity in professional character. Perhaps this public reaction is most clearly relatable to our profession when a CPA acts as treasurer for a public-service organization.
- People will support public-service activities that are well organized. Our demonstrated competence in planning organization thus adds to the attractiveness to potential givers of public-service organizations in which we take part.

How much time one ought to give is a difficult question to answer. But a prominent businessman who is outstanding in his community for his public-service work suggested to me this rule of thumb: substantially one-quarter of your time. This would be a maximum time criterion toward which one might work during the years from initial establishment in business to the time when senior executive responsibility is reached. Perhaps some would consider unrealistic such a large allocation of time; that is, the high side of the zero-25 per cent range. Others might not. We can only say that by inference the survey indicates that considerable time is spent by many members. The survey did not ask for personal estimates of time spent in service organization work. This was a wise decision, I think. The results could hardly be dependable, for the reason that very few people keep accurate records of time spent on other than work activities. Moreover, when plans for the survey were being made, it was noted that no comparable statistics for other professions were readily available.

SUMMARY

In broad perspective, public-service activity not only fulfills certain family and community needs in which we are enmeshed as thoughtful citizens; it also contributes to the stature of our profession as a whole. Clear, defensible motives are prerequisite to our entering into community activities. Individually, all of us can benefit — though cause and effect may be difficult to discern — for our individual growth depends mightily upon our collective growth as a profession. Although the benchmarks of accomplishment are obscure, the practical approaches are no mystery. And while we are at it, we can learn a little about how that often-honored intangible, “the public interest,” affects our actions as professional men. For those who do not at present share in the pleasures and rewards of participating in public-service activities, the encouraging results of the survey which I have reported to you should be an enticement. Because our participation already is quite good, a further increase could result in a higher level of performance bringing disproportionately greater public relations dividends to our profession. This we should try to do — quietly, modestly, and by design.