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The Accounting Historians NOTEBOOK

Vol. 6, No. 1

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Spring, 1983

A HISTORY OF AUDITORS' INDEPENDENCE IN THE U.S.

by

Edward W. Younkins

Wheeling College

Wheeling, West Virginia

Independence has long been a fundamental concept to the attest function of the accounting profession. Independence provides the profession with a philosophical and historical foundation. At one time independence was assumed to mean integrity, honesty, and objectivity. Another interpretation has referred to freedom from the control of those whose records are being reviewed. Independence has also been characterized as a state of mind and a matter of character.

Thus, independence is considered to be the cornerstone of the profession. The CPA must not subordinate his or her judgment to clients, bankers, governmental agencies, etc. In addition, the CPA must avoid relationships which would be likely to impair objectivity, permit personal bias, or affect professional judgment.

The ongoing debate over the independence concept with respect to certain service provided by CPAs, the strong prohibitions with respect to an auditor's relationship with clients, and the increased pressure for fuller disclosures in financial statements provide interest regarding the historical and philosophical evolution of the concept. Thus, the purpose of this article is to provide a summary of the historical development of independence in the United States as interpreted by various groups and individuals. This will be done through the discussion of the development of the independence concept throughout four separate time periods or eras.

Early Recognition of the Concept: 1900-1925

Concern in the United States regarding auditor independence grew more slowly than it did in England. The American Association of Public Accountants (AAPA) was established in 1887 and did not initially incorporate independence in its constitution or bylaws.

By 1900, evidence of the development of the concept was beginning to appear in literature as seen in the following statement:

A public accountant acknowledges no master but the public, and thus differs from the bookkeeper, whose acts and statements are dictated by his employers. A public accountant's certificate, though addressed to president or directors, is virtually made to the public, who are actually or prospectively stockholders. He should have ability, varied experience and undoubted integrity.¹

In 1907 the bylaws of the AAPA were amended to recognize the importance of avoiding inconsistent or incompatible occupations. The following year Elijah W. Sells made the following comment regarding independence:

The position of the public accountant in respect to corporations and their management is always an independent

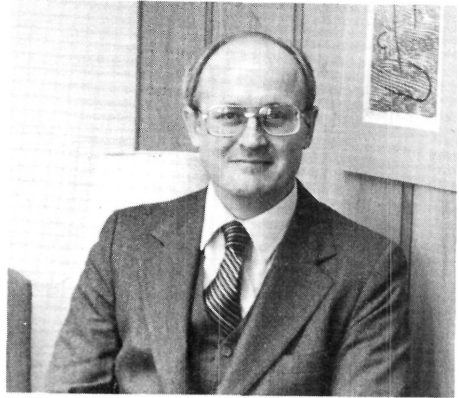
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MESSAGE FROM THE PRESIDENT

I am pleased to report that after serving nearly nine months as a Dean I am still alive, sane and looking forward to many more months in the job. To the many members of our Academy who either answered my desperate calls for advice and help or waited patiently as I delayed answering your own calls during recent months, I say thank you.

A sure sign of the Academy's maturity as an organization is the loyal, dedicated service performed by a large number of members who produce our high quality publications and programs. I can take no credit for their fine work, but I can mention their work as a way of expressing gratitude for the magnificent contribution they make to the Academy's success. At James Madison University, Don-Rice Richards is hard at work taking over the Working Paper Series that Ashton Bishop directed so capably for many years. Don tells me that Volume 3 of the Series may be out by the end of 1983. Further west, at Notre Dame, Jim Gaertner is compiling an excellent series of articles to include in Monograph No. 4. And at the University of Mississippi, Dale Flesher produces the liveliest and most informative newsletter that one can find among academic organizations. Meanwhile, back at Virginia Commonwealth University, Ed Coffman directs the "flagship" among our publications, *The Accounting Historians Journal*. Finally, let me mention two persons whose activities keep everything else going: Dick Vangermeersh at the University of Rhode Island manages the Academy checkbook and also keeps its investment portfolio poised on an efficient frontier; and last, but certainly not least, at Georgia State University is Al Roberts who literally does everything not mentioned above (and sometimes he even does a lot of the above). The fine work by these members and many others whose names I don't have space to list is what makes the Academy a vital, flourishing and unique community of scholars.

Speaking of scholarship, let me remind everyone who has not done so already to answer my call in the Fall, 1982 *Notebook* for ideas on the teaching of accounting history. Please send your ideas to Ken Elvik at Iowa State University. I urge everyone to consider the issue that I raised in my last message; since that message went to print, two major national academic organizations—the American Assembly of Collegiate Schools of Business and the Association of American Colleges—have announced themes for the 1983 annual conferences that focus on the interaction



H. THOMAS JOHNSON

between business education and the humanities. We historians can make a unique contribution to these discussions, now and for years to come.

News about Academy activities at the August annual meeting is in other columns of this issue of the *Notebook*. I look forward to seeing everyone again in New Orleans.

H. Thomas Johnson
President

MANUSCRIPTS AND SHAGGY DOG STORIES

Anyone wishing to submit article manuscripts, short notes, cartoons, shaggy dog stories, letters to the editor, or other filler to THE ACCOUNTING HISTORIANS NOTEBOOK should send the material to the editor, Dale L. Flesher, School of Accountancy, University of Mississippi, University, MS 38677.

THE ACCOUNTING HISTORIANS NOTEBOOK

The Academy of Accounting Historians
Box 658
Georgia State University
University Plaza
Atlanta, Georgia 30303

Editor: Dale L. Flesher
School of Accountancy
University of Mississippi
University, Mississippi 38677



DR. S. PAUL GARNER

ACCOUNTING HISTORY HOBBIES PAUL GARNER'S FOREIGN TRAVELS

by
Dale L. Fleisher

Dr. S. Paul Garner, a life member of the Academy of Accounting Historians, has a hobby that most people only dream about: traveling to accounting-related meetings throughout the world. At the age of 71, Paul is nowhere near ending his travels. This year he plans to visit Brazil, Chile and Peru. In fact, if accounting history is being discussed at a meeting anywhere in the world, Dr. Garner will probably be in attendance.

While most individuals have hobbies along the lines of stamp or coin collecting, Garner, for the last 30 years, has spent a considerable amount of time and money traveling around the globe as the University of Alabama's ambassador to the world. He has served as a delegate to international congresses, conferences, seminars and workshops. He has represented a number of organizations and agencies such as the U.S. State Department, AICPA and the American Assembly of Collegiate Schools of Business. In addition, he has lectured before groups of accountants in over 75 countries and has visited over 500 college and university campuses throughout the world. In most of his travels, Professor Garner is accompanied by his lovely wife, Ruth.

Although he is retired from full-time teaching, Garner continues to be a leading authority in international accounting and accounting history circles. His work in international accounting and accounting history, he said, "enables me to travel anywhere at anytime and be on business. That's my motto." Every trip results in some historical tidbit that Paul can either use in his own research or pass along to a colleague.

Paul's travels started back in 1950 when he was elected president of the American Accounting Association. During his tenure as president, he strived to be a public relations representative of the University of Alabama nationwide. As a result, he asked for and got a reduction in his teaching load in order to devote more time to travel.

When informed that the University did not have funds available for travel, Garner decided to "make an investment in the future" and spend his own money to finance the trips. In his first year alone, he traveled more than 70,000 miles and visited more than 30 schools across the country.

Continued

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Professor Garner has not regretted that initial decision. One aspect of Garner's travels which has brought great joy is the opportunity to see former students and associates who have excelled in the business world.

"I don't go anywhere now where I don't meet up with some person I know one way or another." At one conference, he said, "I was introducing all these Alabama alumni around to other people and one fellow from Illinois said, 'It seems like everybody here's from Alabama,' and for a while it did."

Another benefit from Garner's travels has been the opportunity to make thousands of friends worldwide. In order to keep track of everyone, Garner has developed a double indexed filing system of approximately 6,000 names and addresses. This gives him the ability to call on people around the world. Because of their foreign travels, the Garners are host to foreign dignitaries from around the world whom they have met on previous trips. Indeed, a visit to the Garner home is an international experience.

With so many friends around the globe, it is not surprising that Garner's postage bill is substantial—\$1,200 last year. A part-time secretary assists Professor Garner with his correspondence.

Reflecting on his past travels, Garner points to his tenure as president of the American Assembly of Collegiate Schools of Business, which accredits business schools and is charged with upholding standards, as one of his most rewarding experiences. In addition, he has served as an officer of virtually every U.S. accounting organization and a member of almost every accounting group in the free world.

A decade has passed since Dr. Paul Garner retired as dean of the University of Alabama's College of Business Administration but he remains one of the best-known business academics in Europe, America, and the Orient. His extensive traveling has allowed him to visit and meet people around the world. Dr. Garner is to be admired for his work in the international arena and his service to the accounting profession. The University of Alabama is indeed fortunate to have a man of Dr. Garner's stature representing them as an ambassador of goodwill and the Academy is fortunate to have such a gentleman as one of its founders.



ANNUAL MEETING IN NEW ORLEANS

The annual trustees' meeting and the annual business meeting of the Academy will be held on Monday, August 22 at the Monte Leone Hotel in New Orleans. The Academy annual meetings are held in conjunction with that of the American Accounting Association (but at a different hotel). The trustees of the Academy will hold a breakfast meeting at 7:30 a.m. on the 22nd. The regular business meeting will begin at 9:30. All members of the Academy who plan to be in New Orleans should plan to attend the 9:30 meeting.

WILDMAN MONOGRAPH AVAILABLE FROM DH&S

A few years ago, Academy members received a monograph authored by Gary Previts and Richard Taylor on the subject of John Raymond Wildman. Robert L. Steele from the New York office of DH&S now writes that he has a supply of the monographs remaining and that he will make them available to interested members of the Academy. Requests should be addressed to:

Robert L. Steele
Deloitte Haskins & Sells Foundation
1114 Avenue of the Americas
New York, NY 10036

STRATHCLYDE CONVERGENCIES PUBLICATIONS

DAR Forrester informs us that the Scottish publishing house of Strathclyde Convergencies has published two new titles of interest to accounting historians. The first is the three volume work of Marcel Mommen entitled *Le Plan Comptable International*. All volumes are available only in French. The total price for all three volumes is US \$42.

The other publication which has been released is in English and is entitled *Frank Sewell Bray, Master Accountant*. This is essentially a readings book with chapters authored by various accountants from around the world. Forrester is the editor. The price is US \$15.

Those interested in purchasing these or other Strathclyde Convergencies books can write to Forrester at: 15, Spence Street, Glasgow G20 Scotland.

BIG CONTEST NUMBER TWO

The previous issue of THE NOTEBOOK included a contest wherein readers were challenged to guess the identity of a well known accountant who was pictured. The contest proved to be quite popular as a great number of members correctly identified the picture as that of Carman Blough. The earliest postmarked entry was received from Robert G. Morgan, an associate professor at the University of North Carolina at Greensboro. Professor Morgan received the prize which was described as a souvenir of Oxford, Mississippi. That prize proved to be a real cotton boll that was handpicked by this editor. Because of the popularity of the contest, future winners will receive even more impressive prizes. In addition to Professor Morgan, other members who submitted early entries included Charles Lamden of San Diego State University, Felix Pomeranz of Coopers & Lybrand, Greg Kordecki of Clayton, Georgia, Junior College, H. C. Knortz of ITT, Paul Grady of Boca Raton, Florida, Merv Wingfield of James Madison University, and the distinguished Larry Kreiser of Cleveland State University. As we go to print, no foreign member has yet submitted an entry. This indicates that Mr. Blough's fame was either not very widespread or that the mail service to our foreign members is quite poor. The latter explanation is probably more likely.

Judging by the number of correct entries, and the lack of incorrect entries, the previous contest was obviously too easy. Paul Grady even suggested that members of his vintage should have been disqualified because such individuals would all have known Blough in his prime. However, such disqualification would not be feasible. Thus, this issue's contest is going to be a little tougher in that the picture on this page is of a famous accountant, but was taken when the famous accountant was only eight years old. The individual pictured is an American member of the Academy, but because of his foreign travels and lectures, he would be well known throughout the world. Judging by the size of the fish in the picture, our friend was obviously destined for greatness even at an early age. The only additional clue we will provide is that the individual pictured is still living and is an academician.

If you think that you can identify the person in the picture, send your answer to the editor of THE NOTEBOOK at the editorial address. To allow for the delay in the mail service of our foreign members, there will be two prizes awarded. One prize will go to the first correct answer (based on



GUESS WHO

earliest postmark) from a member in North America. The other prize will be awarded to the first correct respondent from a country outside of North America.

Who is eligible? All members of the Academy of Accounting Historians are eligible except for officers, the immediate family members of the editor and the person pictured, and those affiliated with the University of Mississippi (where this publication is printed).

What do you win? The prizes are going to be really good this time. The first respondent in each category will receive a book authored by the editor of THE NOTEBOOK.

Be sure and read this column in the next issue of THE NOTEBOOK to learn the identity of the individual in the photo and the names of the winners.

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- Editor's Note: Readers are urged to bring to the attention of the editor any books or articles which would be suitable for listing in this column. One member who deserves special recognition in that regard is Dr. Robert W. Gibson of Deakin University, who keeps this editor informed of happenings in Australia.

et al.: Accounting historians notebook, 1983, Vol. 6, no. 1

THE AMERICAN ARCHIVIST— A REVIEW ARTICLE

by
Dale L. Flesher
and
Glenda Brock
University of Mississippi

The Summer, 1982, issue of *The American Archivist* magazine was a special issue devoted to business archives. Because of the importance of business archives to accounting historians, we thought it would be informative to review the articles which appeared in that special issue. Accounting historians may want to inform the archivists with whom they are familiar about the importance of this special issue.

The American Archivist is published quarterly by the Society of American Archivists (330 S. Wells, Suite 810, Chicago, IL 60606). Non-archivists may become associate members of the Society at a dues rate of \$40 per year (a sum substantially less than what archivists have to pay). In addition to numerous articles, the typical issue of *The American Archivist* contains news about new archival holdings and cataloged materials at libraries and private archives throughout the country. A reading of these new holdings might serve to give accounting historians ideas for future research projects. The remainder of this article summarizes the contents of the special issue on business archives.

"Business Archives Guidelines," by Linda Edgerly

Early in this century little attention was paid to preserving business records. With the expanded interest in financial and economic issues, historical interest has also increased. Records, other than those required by law or regulatory agencies, are now being preserved to "reconstruct the process and circumstances of decision making and the mutually dependent relationship of business and society."

Business archives are growing rapidly with a 52 percent increase from 1969 to 1980 of businesses entered in the Directory of Business Archives in the United States and Canada. Internal use of business archives has proved useful to managers, legal staffs, speech writers, corporate planners, public relations personnel and many others. Archives are also successfully supplying many members of society with business information.

One important project of the Business Archives Affinity Group is the formulation of broad, practical guidelines to develop Business Archives. There are many common goals between business archives and other archives, however the guidelines point out some differences for businesses.

"An Historical Look at Business Archives," by David R. Smith

The construction of the National Archives building in Washington, D.C. (1934), marks the formal beginning of archival history in America. Staffing was accomplished by historians trained in research. It was during this period that the Society of American Archivists was organized. The passage in 1950 of the Federal Records Act noted the time when records management was given a greater interest by the National Archives. At this same time, other groups became interested in archives, such as state and local government, businesses, churches and universities.

The awareness of the historians of the importance of business records spread. This awareness was accepted by one government archivist in stating that we recognize two capitals, Washington and Wall Street, yet we preserve the records of only one capital. As the growth of records created large amounts of paperwork, records managers began to hastily dispose of them as quickly as possible until executives became concerned about this "wholesale disposal." In 1943, Firestone Tire and Rubber Company became the first company to actively establish a business archive.

Because of the inability of libraries to store business records and only a slight interest from the business world, the establishment of business archives was slow. Archivists realized their job would be to show businesses how to set up program and persuade them to do it. The first big push was in 1969 by the SAA by sending out 700

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questionnaires to encourage business to think of the importance of their records. With an increased interest, maybe due to upcoming anniversaries or increasing lawsuits, the number of business archives doubled and business archivists quadrupled.

"Corporate Archives Today," by Douglas A. Bakker

Bakker points out that just because a corporation reports having an archive does not mean it can produce information for decision making. Many archives are maintained by a favorite old employee or may consist of a drawer in a filing cabinet.

Bakker noted six archival programs, Ford Motor Company, Boeing Company, Firestone Tire and Rubber Company, Goodyear Tire and Rubber Company, Deere and Company, and International Harvester, which vary in style and activities. Staffs may range from one to four with space for records from 1,000 to 5,000 cubic feet.

Common myths are the belief that archives preserve every record and that archives will automatically lead to lawsuits. Successful corporate archives must have a purpose, be evaluated and given the same budgetary consideration as other corporate units.

"Dusting off the Cobwebs: Turning the Business Archives into a Managerial Tool," by George David Smith

Mr. Smith describes current business archives as mostly unused dusty deposits of a variety of papers and artifacts, which are only used for special occasions such as anniversaries. This problem is derived from the lack of information of how archives can best be used by the company. Companies see the cost of maintaining a business archive as outweighing the benefits.

Examples were given of the utility of business archives. For example, Coca-Cola Company has successfully litigated the preservation of trademarks and defense of antitrust cases with the use of carefully preserved historical records.

Decisions and policies of the past can be studied to formulate new policies and decisions. Studies of the past also help in training management and promoting future managers. Histories of companies provide reactions to public regulation, therefore, preparing the company for future regulations. The implication for archivists is an increased effort at supplying information to persuade companies to develop business archives.

"Commentary II," by Deborah S. Gardner

Ms. Gardner concurs with George Smith concerning the relationship of cost/benefits with business archives. However, the benefits can only be realized if the archivist has power and authority. This power and authority can be realized by the "archivist's credentials, position of the archives in the firm's organization, the value of the archival function and personal relationships." The archivist's credentials and his ability to report to top management are the most influential for the archives. The use of archival information by scholars and for research should accent the status of the archives. In other words, the utilitarian value should be known.

"Access Policies for Corporate Archives," by Anne Van Camp

SAA has adopted a set of standards for access to archives to promote accessibility to records. Scholars have given negative reactions to business archives because of the inability to have access due to non-compliance with SAA's standards. The problem is viewed as the small number of firms who have policies for access. The possibility of personal liability for the archivist and the business is a reason for this neglect.

The following elements should be included in an access policy. "Clear description of restrictions, time limits on restrictions, procedures for determining restrictions and a statement regarding lines of administrative authority." Ms. Camp concludes that the policy should be equitable, protective and easy to administer. There are risks in maintaining a business archive, but the benefits outweigh the risks.

"Business Archives Literature," by Karen Benedict

Ms. Benedict categorizes business archive literature. One conclusion reached is that the literature is mostly pragmatic, workable, solutions for operating and maintaining archives. The groups are as follows:

1. Descriptive literature for record keeping, processing, reference and access policies, with a history of the establishment of archives.
2. Articles persuading management to develop archives.
3. Articles explaining reasons for little interest of businesses in history.
4. Articles relating the obligation or social responsibility for preserving and providing access to business archives.
5. Articles for professional ethics.
6. Articles discussing growth of business archives and usefulness of corporate history.

CALL FOR NOMINATIONS: OFFICERS AND HOURGLASS AWARD

Tom Johnson, the current president of the Academy, would like to receive two types of nominations from members. First, Tom needs the names of individuals who could be considered for nomination as an officer of the Academy. The election of officers will be held at this year's annual meeting in New Orleans. Anyone may suggest names.

The second type of nomination which Tom needs is with respect to individuals who should be considered for the Academy's annual Hourglass Award. The Hourglass Award is made to an individual (or individuals) who has made a significant contribution to the discipline of accounting history. This is normally someone who has authored a book or series of articles on the subject of accounting history. Translators of important historic works also merit consideration for the award. Persons making contributions

through other media or in other ways should also be considered. In other words, there are no explicit criteria as to whom is eligible for the Hourglass Award. The only specific criterion is that the recipient of the award be someone who has made a contribution to accounting history. Thus, Tom Johnson need suggestions from all members of the Academy in order that the award be given to the most deserving individual.

Members who wish to make nominations of either individuals to serve as officers, or persons who should receive consideration for the Hourglass Award, should send their nominations to:

Dr. H. Thomas Johnson
School of Business & Public Administration
University of Puget Sound
Tacoma, Washington 98416

CALL FOR PAPERS FOURTH INTERNATIONAL CONGRESS OF ACCOUNTING HISTORIANS PISA, ITALY—AUGUST 23-27, 1984

A call for papers is being made for the Fourth International Congress of Accounting Historians to be held in Pisa, Italy, August 23-27, 1984. If you intend to submit a paper please notify Professor Tito Antoni of your intentions. His address is:

Quarto Congresso Internazionale di
Storia della Ragioneri
c/o Facolta di Economia e Commercio
Universita Degli Studi di Pisa
Pisa, Italy (ITALY)

Papers submitted for possible presentation at the Congress will go through a referee process which will be undertaken by an international committee. Authors of papers will be given adequate notification. The coordinator for the U.S.A. is Al Roberts, School of Accountancy, Georgia State University, Atlanta, Georgia 30303.

Papers from Americans must be addressed to the U.S.A. coordinator and postmarked no later than July 15, 1983. Submit three copies of the completed paper (one on bond). Use 8½" x 11" paper, single-spaced, one inch margins all around, and limit the length to thirty pages. The first page of the paper should show the title, the author(s) and affiliation and an abstract (limit 500 words). The paper must be written in English, and, if possible, an Italian translation of the abstract should be included on a separate page.

The coordinators for other areas of the world include: G. A. Lee for the United Kingdom, E. Stevelink for France and Belgium, Murry Wells for Australia, and O. Kojima for Japan. The addresses for these individuals are listed in the current issue of the Academy's Membership Directory.

CRITIQUE ON WASHINGTON SCHOOL OF ACCOUNTANCY

by
James W. Jones
Certified Public Accountant
Baltimore, Maryland

Keeping Things in Perspective

Gary Previts, while president of the Academy, wrote in *The Accounting Historian*, No. 2 of Vol. I, in the article entitled "Fact and Folklore in Accounting."

How frequently do we find this chain of accounting historical fact presented?

1. Many years ago someone said, "It can be imagined that a is x."
2. Later another then said, "It has been supposed that a is x."
3. Then, probably in good faith, a third writer says, "as so and so has stated 'a is x'."
4. Such that another then says, "The truth of the matter is that a is x."

Activities of individuals, while they contribute to history, should be kept in perspective and not extolled disproportionately. Such is the situation regarding Newlove's Washington School of Accountancy. This author feels that undue emphasis has been given to that school in the article by Johnson in the Spring, 1980 issue of the *Accounting Historians Notebook*.

As historians we should be aware of theories, ideas, experiments, and applications and should seek out and record matters pertaining to the profession of accountancy. There were many, many schools, academies, institutes and colleges which were teaching bookkeeping and accounting decades before the Washington School of Accountancy. This article will endeavor to "touch the tip of the iceberg."

A quote from the first paragraph of the Johnson article states: "a few could be found on the campuses of major metropolitan universities: examples included New York University, the University of Pennsylvania, and Northwestern University." However, the Walton School of Commerce in an advertisement in the *Journal of Accountancy*, December, 1916, stated that "The Walton Accountancy Courses have been adopted and are in use in the following Universities:

University of Chicago
St. Louis University
University of Detroit
Marquette University
South Western University - Los Angeles
University of Washington
University of Utah
University of California
Tulane University
University of Denver

Other school users of the Walton courses were mentioned also.

Literature

During the early decades of this century and last half of the preceding century, there were numerous textbooks written to instruct persons in bookkeeping and accounting. Many of these were designated for use in particular educational institutions. Scanning the listings in part 3 of Volume I of Bentley's *Bibliography*¹, it was noted that seventy-seven (77) books had been authored by at least 61 writers, for use in specific schools. In this special category the period covered was 1858 through 1900 - 43 years. This approximates nine books every five years. The schools were located in fifty (50) cities and towns from New Hampshire to California and Texas to Minnesota. These factors serve to indicate the broad scope of attention to education in the field of accounting in the 19th century in the United States.

In addition to independent authors, many schools, colleges and universities published textbooks during the period related to Newlove and some prior years in the 20th century. In addition to well-known Harvard, Columbia, C.C.N.Y., and the University of Chicago, there were some lesser known schools such as Detroit School of Accounts and Commerce, Western Institute of Accountancy, Commerce and Finance, Universal Business Institute, Tampa Business College, Campbell Commercial School, Baltimore Eaton & Burnett Business College, LaSalle

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Extension University and Bryant & Stratton Business College. These were gleaned from Bentley's *Bibliography*, Volume II, part 1, the period from 1901-1934.

Scholarly Institutions

Further evidence of the existence of educational institutions directed toward accountants was found in a recent survey of a limited sample of issues of the *Journal of Accountancy*. These issues from November, 1916, through July, 1918, were available on the shelves of this author's library. In these twenty issues there were advertisements placed by five to seven institutes or 'schools, including the New York University School of Commerce, Accounts and Finance. It will be noted that the dates of these advertisements coincide with the span of Dr. Newlove's Washington School. Of course, with the passing in 1896 of the New York State law regulating public accountancy, practically all of these "schools" were promoting preparation for CPA examinations; but, there was also the attempt to inspire advancement in employment.

Some readers may feel that these schools were of the correspondence type, which undoubtedly was true to some extent, but the statement "evening classes" and "convenient to the Brooklyn Bridge and subway" would have no significance to correspondence students. Another advertised "has opened a resident school in New York City" and another stated "in Residence and by Extension."

Many schools providing instruction in bookkeeping and keeping accounts existed in the 19th century as well as the early 20th preceding Newlove. One source, Bentley, Vol. II, part 1, lists twelve institutions which offered such services during the years when the Washington School was "in its heyday." Bentley's extracts from title pages (19th century) recorded in his Vol. I, Part 1, display the intent of the authors to reach individuals in schools, public schools, common schools, primary schools, private schools, business schools, higher grades of public and private schools, high schools, normal schools, commercial schools, district schools, graded schools, grammar schools, academy/ies, seminaries, colleges, business colleges, commercial colleges, literary colleges, other colleges, teachers' institutes, state and county teachers' institutes, universities, and business universities.

But many of those authors went outside the schools and offered their wares to private learners, young accountants, teachers, students, bookkeepers, commercial lawyers, expert bookkeepers, businessmen, bookkeeping

instructors, beginners, secretaries, auditors, and graduates.

In the city of Baltimore, the author's little corner of the country, schools advertised in the City Directories of 1900, 1902, 1903, 1904, 1905, and 1906 that they prepared students for bookkeeping, accounting and "expert accountanship." The Associate Institute of the Y.M.C.A. advertised for several years, was succeeded by the School of Commerce and Finance and became known about 1922 as the Baltimore College of Commerce.² There were also in Baltimore during the period 1915-23 Eaton & Burnett, Strayer's Business College, Baltimore Institute of Accounting, Baltimore Pace Institute, International Accountants' Society, Inc. and the University of Maryland (Baltimore). All these advertised in City Directories.

In a paper entitled "Accountants in the Commerce of Baltimore Prior to the Civil War" by James W. Jones,³ it was shown that as early as 1831 there existed a school (Classical and Commercial Academy) for a study of bookkeeping and another in 1835 (Wilkinson's Male and Female Academy), another in 1837 (Robinson's Institute). Two extensive ads appeared in 1855 and 1858 directories by Chamberlin's Commercial College and Baltimore Commercial College. Mercantile and Commercial and Collegiate Institute also appeared in 1858.

Occasional confirmations of schools can be found in biographical sketches accompanying speeches delivered at various gatherings of business associations. As an example, the National Association of Cost Accountants published for decades a series of yearbooks reporting on their annual conferences. In this series there were no biographies prior to 1927, but in that year Gerald Arthur Torrence had "partially completed courses at Denver University School of Commerce, Accounts and Finance (prior to 1917); Frank B. Wolfe was a "member of the faculty of Midwestern School of Commerce, Chicago," "... lectured on Cost Accounting at the Detroit Institute of Technology" and "was a member of the faculty of Walton School of Commerce." J. Thomas Otto "studied accounting at local business colleges (unnamed) and at the University of Cincinnati." At that time Otto had been with Cincinnati for twelve years which would place his schooling about 1915. In 1927, Paul T. Skove, whose "last 18 years (had been) with Perfection" received his "schooling in business college and courses at Y.M.C.A. School of Technology (place not

Continued on Page 13



GARNER



KOJIMA



NISHIKAWA



STEVELINCK

ACADEMY LIFE MEMBERS

The by-laws of The Academy permit two classes of membership: regular and life. They stipulate that "Scholars of distinction in accounting history may be designated life members. Selection of such members shall be made by a committee of members and Trustees appointed by the President of The Academy and its recommendations shall be subject to approval by the Board of Trustees."

In March 1981, Dick Brief (then President of The Academy) asked Vern Zimmerman and Al Roberts to serve as the committee. They proposed Paul Garner, Osamu Kojima, Kojiro Nishikawa and Ernest Stevelinck as the nominees for life membership. These members would be entitled to full voting rights and other privileges pertaining to The Academy, they would be granted full remission of annual dues, and each would be presented with a suitable plaque. At its August 1981 meeting, the Trustees unanimously approved these four scholars for admission as life members of The Academy of Accounting Historians.

Paul Garner, was born in Yadkinville, North Carolina, August 15, 1910. He holds A.B. and A.M. degrees from Duke University, a Ph.D. from the University of Texas, a D.Ec. (Hon.) from Pusan National University (Korea), and an LL.D. (Hon.) from the University of Alabama. He was Dean, School of Business Administration, University of Alabama from 1954-1971, and is presently Dean Emeritus. During his active and distinguished career he has been President of the American Accounting Association (1951) and President of the American Assembly of Collegiate Schools of Business (1964-65). He has been a distinguished faculty lecturer in colleges and universities throughout the world and has served on committees of numerous national and international accounting and educational organizations. Paul Garner is the author of *Evolution of Cost Accounting to 1925* and has been co-author on nine accounting texts and readings books. In addition, he has been a contributor to numerous journals and proceedings on the subjects

of accounting, international accounting education, and accounting history.

Osamu Kojima, was born in Osaka, Japan, May 20, 1912. He holds a B. Comm. from Kwansai Gakuin University and a D.B.A. from Kobe Daigaku University. He was Professor of Accounting at Kwansai Gakuin University from 1953 to 1981 when he became Professor Emeritus. In April 1982, he was appointed Professor of Accounting at Kinki Daigaku University and teaches undergraduate and graduate courses in accounting history. In addition to two texts on commercial and industrial accounting, Osamu Kojima published five books on accounting history between 1961 and 1978 in Japanese. Their titles in English are: *A Study on the Historical Development of Double-entry Bookkeeping*, 1961; *On the History of Bookkeeping*, 1964; *History of Accounting In England*, 1971; *History of Bookkeeping* 1973; and *Studies in the Historical Materials of Accounting*, 1978. With Basil S. Yamey, he edited and reproduced the very rare Ympyn's *A Noteable and Very Excellent Woorke* (1547) in 1975, and James Peele's *The Pathe waye to perfectnes in th'accomptes of Debitour and Creditour* (1569) in 1980. He was an organizer of the Accounting History Association of Japan and elected its first president in June 1982.

Kojiro Nishikawa was born in Osaka, Japan, September 5, 1896. He graduated from Kobe National University in 1920 and worked for Mitsubishi Trading Company in U.S. Branches. Later he was a director and Comptroller of Mitsubishi Oil Company in Tokyo. During his academic career he lectured at Keio University Graduate School from 1962 to 1969 and was a professor and lecturer at Nihon University from 1964 to 1980. He holds a Doctor of Commerce degree from Nihon University (1973). His excellent collection of Japanese books on bookkeeping from 1870 to 1890 and other rare accounting and

Continued

given).¹ These mature men in responsible positions, and others in the 1928 yearbook, attest to education in named schools, such as Kentucky Normal School, New York University, University of Georgia, University of Wisconsin, and University of Pennsylvania.

business manuscripts were donated to the Hitotsubashi University Library in 1982. Kojiro Nishikawa has written extensively on the introduction of bookkeeping in Japan. The English titles of some of these writings are: *William C. Whitney and His Influence on The Early Development of Bookkeeping in Japan*, 1959; *Introduction of Double-entry Bookkeeping in Japan by Vincent E. Broga in 1870s*, 1960; "Origin of Shand's System of Bookkeeping in Japan," 1956; "The Early History of Double-Entry Bookkeeping in Japan," 1956; and *A Collection of Annotations and Facsimile Reprints of the Sixteen Earliest Books on Bookkeeping in Japan*, 1982. In addition he has published working papers, articles, and delivered many papers on accounting history.

Ernest Jean Leon Stevelinck, was born in Brussels, Belgium, May 5, 1909. He has been an expert accountant since 1933 and a charter member and administrator of several organizations of expert accountants. Included in his many personal decorations are: the medal of Paris; designation as a *Laureat du travail*; and appointment as a Knight of three National Orders. His involvement in education is best represented by his membership on the Superior Council of the Belgian National College of Expert Accountants from 1962 to 1974. Even though M. Stevelinck retired from practice in 1974, he is still President of the Belgium National Committee of Accounting Historians; Secretary of the International Committee of Accounting Historians, and Editor-in-chief of *La Revue Trimestrielle Belge de la Comptabilite et de L'Informatique*. He has published numerous articles on accounting and accounting history, is the author of *La Comptabilite a Travers Les Ages* (1970), and, with Robert Haulotte, published (in French) the book *Luca Pacioli: His Life and His Work* (1975). He organized and hosted the First Symposium of Accounting Historians, Brussels in 1970.

Webster,⁴ in his "AAPA - Its First Twenty Years" covers its concern with founding the New York School of Accounts. He quoted from the Williams report (p. 168) "... the necessity for such a college in this country cannot be too strongly urged, for only by this means will the public accountant acquire dignity and power commensurate with the onerous duties he is called on to perform and the vast responsibilities he incurs." References are made to a College of Accounts in conjunction with the University of the State of New York and activities thereto appertaining.

In chapter 37, p. 202, Webster recites data on other schools of the period; Theodore Koehler's New York School of Accounts about 1897; Frederick S. Tipson, National School of Accounts, 1900; The School of Commerce, Accounts and Finance of New York University, 1900; Universal Business Institute, 1904; and Pace Institute of Accountancy, 1906.

Conclusion

Interested readers and historians from other areas of the country may wish to amplify this commentary on the early schools of accounting. Suffice it to say, there were a large number of schools offering programs in accounting both prior to and contemporaneous with the Washington School. This article is not intended to discredit Newlove or the Washington School. However, the Washington School seemingly offered nothing that was original or unique. Almost every large city probably had a similar program.

¹Bentley, *Bibliography of Works on Accounting by American Authors*, 1934.

²The author attended this college in the early twenties.

³"Accountants in the Commerce of Baltimore Prior to the Civil War" - published in *Proceedings of the Thirtieth Annual Meeting, AAA Southeast Regional Meeting*, April 27, 28, 29, 1978.

⁴Norman E. Webster, *The American Association of Public Accountants, Its First Twenty Years* (American Institute of Accountants, 1954).



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MINUTES OF TRUSTEES' MEETING

THE ACADEMY OF ACCOUNTING HISTORIANS

Trustees' Meeting—August 16, 1982, Gold Room,
Stardust Hotel, San Diego, California, 7:30 a.m.

Present—

Maureen H. Berry, Ashton C. Bishop, Richard P. Brief, Dale Buckmaster, Edward N. Coffman, Norman X. Dressel, Kenneth O. Elvik, Dale L. Flesher, Paul Garner, Horace R. Givens, Hans V. Johnson, H. Thomas Johnson, Anthony T. Krzystofik, Barbara D. Merino, Gary John Previts, Alfred R. Roberts, Richard Vangermeersch, Arthur Wyatt.

President Johnson welcomed the group.

President Johnson referred to the statement by Thomas Dykman, President of the AAA, in the *Accounting Educators News* that perhaps the relationship of the AAA to the Academy of Accounting Historians is the best model for various interest group affiliations. The AAH has never sought sectional status in the AAA but has pursued its objectives as autonomous of but willing to cooperate with the AAA.

The publication activities of the Academy were discussed. Service to a broad group of interests was agreed upon as the overall objective of publication activities. Present publication activities were to continue but should be reexamined each year. Publications of the Academy are: *The Accounting Historians Notebook* (Dale L. Flesher, editor); *The Accounting Historians Journal* (Edward Coffman and Mervyn Wingfield, co-editors); Working Paper Series (Ashton C. Bishop, editor); Monograph Series (James F. Gaertner, editor); and Classic Reprint Series (Gary John Previts, editor).

The editor of the Monograph Series proposed that for the Series the following be approved: to establish an editorial group to develop guides for publication in the Series; to endeavor to make the Series self-supporting; to try to bring out one new monograph a year; and to be able to engage in promotion of the Series separate from general Academy promotion. The Trustees approved these proposals.

Ashton Bishop, editor of the Working Paper Series, informed the meeting that he would like to be relieved of this function. He proposed that he be replaced by a colleague and Academy member at James Madison University, Don-Rice Richards. In his letter of recommendation for Professor

Richards, Professor Bishop stated that James Madison University was willing to provide substantial support for the Series during 1983. There was no objection to this appointment; President Johnson will write a letter of appointment to Don-Rice Richards and a letter of appreciation to Ashton C. Bishop and James Madison University.

Treasurer Vangermeersch presented the financial report. There was some discussion and it was accepted by the Trustees present.

Secretary Roberts presented a formal organization chart of The Academy indicating the various offices and functions, who performed the functions, and whether the position was elective or appointive (See Attached Chart). It was noted that the chart included a box for the Accounting History Research Center. At the Business Meeting in 1981, Gary Previts outlined a proposal for such a center. There was agreement that the concept should be pursued. During 1982, the proposal was made to the administration to establish a permanent facility at Georgia State University. The University agreed to provide designated space and some financial support in the form of supplies and student assistants. A proposal was presented to the Trustees by Norman X. Dressel and was strongly supported by Paul Garner. It was moved and seconded that permission be granted to establish the Accounting History Research Center. The motion was approved unanimously and President Johnson was instructed to write a letter of thanks to Georgia State University. (See Attached Proposal).

Gary Previts discussed the Centenary plans of the AICPA. The AICPA centennial will be celebrated in New York in 1987. A special centennial committee, chaired by William Kanaga of Arthur Young and Company, has been appointed by the AICPA. Previts has been invited to participate in the planning.

Ed Coffman reported that the manuscripts submitted to *The Accounting Historians Journal* maintain a steady pace and that three future issues are already filled. He feels that the quality of the articles continues to be sound. Since the AHJ is now into its ninth volume, Professor Coffman proposed that an index of these volumes be published. He estimated the cost to be

Continued

TRUSTEES' MINUTES: Continued

approximately \$3,300 for 1000 copies. It was recommended that the index cover volumes 1-10 and it was moved by Previts and seconded by Givens and passed unanimously. The distribution of the indexes will be subject to discussion by the Trustee's at the 1983 meeting.

President Johnson thanked all those who had worked so hard during the past year. The meeting was adjourned at 9:30 a.m.

Respectfully submitted,
Alfred R. Roberts
Secretary
October 3, 1982

**Accounting History Research Center (AHRC)
Proposal**

- I. Purpose: The overall purpose of the *Accounting History Research Center* is to stimulate interest in and knowledge of the history of accounting. Given accounting's role in the current business environment and the rapid expansion of this role, a better understanding can be achieved through programs of research, education and services to historians conducting research into the discipline.
- II. Objectives of AHRC, to:
 1. Assemble printed work, audio and video collections of useful and relevant historical materials.
 2. Maintain a situs for the collections.
 3. Encourage the donation of personal papers of outstanding accountants.
 4. Assemble all known bibliographies of accounting history sources on a worldwide basis.
 5. Provide a search service to handle inquiries about accounting history.
 6. Act as a clearing house for accounting research.
 7. Publish a newsletter about research and sources of information.
 8. Sponsor and conduct research seminars on site and at other locations.
 9. Assist visiting research scholars at the AHRC.
- III. Organization:
 1. A separate unit under The Academy of Accounting Historians.
 2. A committee of AAH Trustees will oversee the operations of the AHRC and establish policies and procedures.

3. The operating personnel shall include at least one Georgia State University Faculty member who is also a Trustee of The Academy of Accounting Historians. This trustee shall be the Director of the AHRC.
- IV. Relations with Georgia State University:

Georgia State University will provide space for the exclusive use of the AHRC and under the control of the Director of the AHRC.

Georgia State University will provide bookshelves, furniture and some supplies. Any additional amenities will be provided by The Academy of Accounting Historians.
- V. Establishment of an AHRC Endowment Fund within AAH:

The AHRC shall establish an Endowment Fund for the operation of the facility. These funds, if any, would be held by the Treasurer of the AAH and under the control of the Director of the AHRC and Committee of Trustees. Additional operating funds may be generated from activities of the Center. Such revenue generating activities shall be determined as the Center matures.



OBSERVATIONS

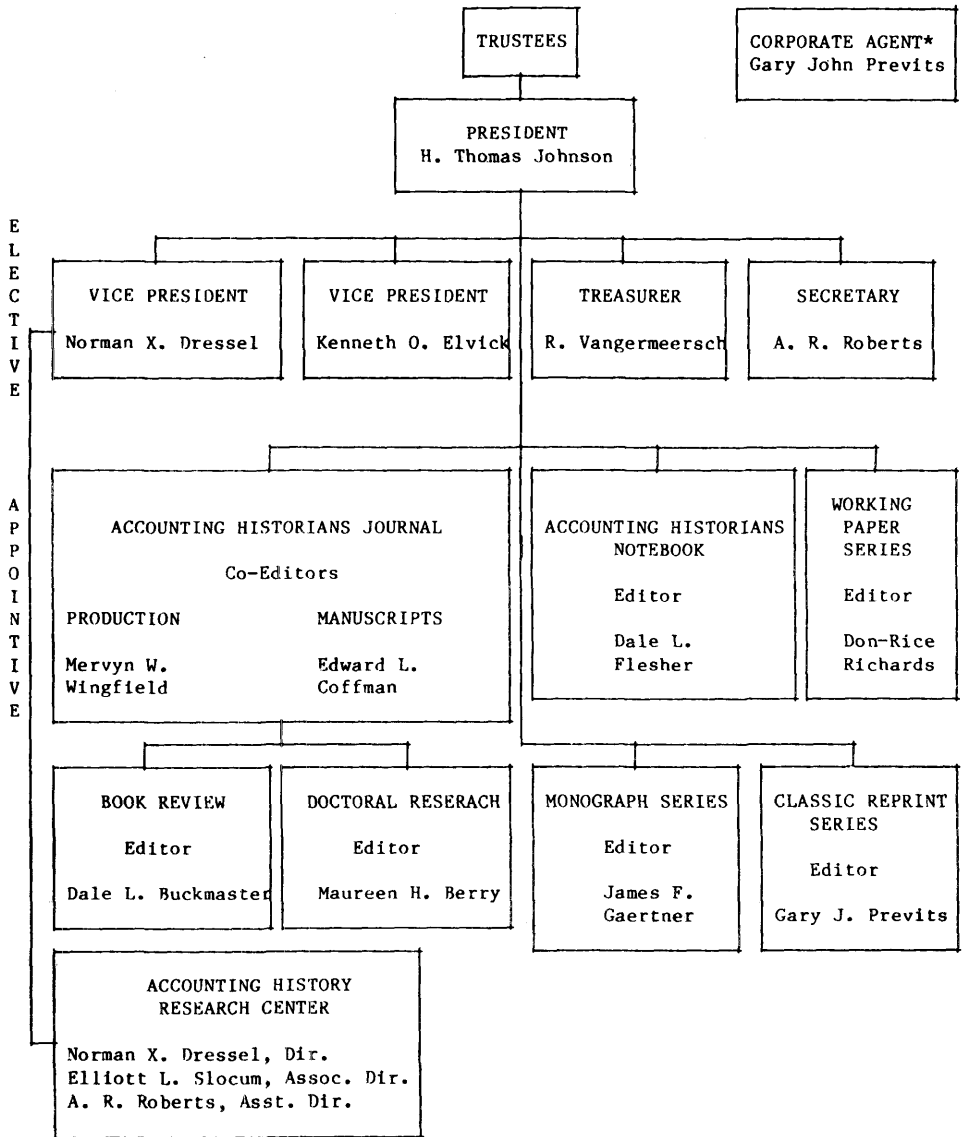
The following paragraph is taken from *Preston's Manual on Bookkeeping: or, Arbitrary Rules Made Plain* which was published in New York in 1829.

The way to solve many difficult questions in bookkeeping, as well as in natural and moral philosophy, is to consider and view them in every variety of shape and manner, to imagine to yourself the effect which would follow, or the conclusion you would necessarily be led to, if the principle you admit as a guide on a small scale, were allowed to operate to the full extreme. If the operation of any rule on a large scale be unequal, or any way embarrassed in the result, it is evident that it should not be admitted in matters of minor consequence.

Submitted by Al Roberts
Georgia State University

THE ACADEMY OF ACCOUNTING HISTORIANS
(A Not-For-Profit Corporation)*

ORGANIZATIONAL CHART -- 1982



*Article VII, l. By-laws - "The agent shall represent the corporation with regard to corporate legal matters and shall serve as a trustee."

MINUTES OF ANNUAL BUSINESS MEETING THE ACADEMY OF ACCOUNTING HISTORIANS

Business Meeting—August 16, 1982, Terrace Room, Stardust Hotel, San Diego, California, 9:45 a.m.

President Johnson welcomed the members and summarized the events of the Trustee's meeting. (See Report of Trustee's meeting.)

President Johnson said that the thrust of his effort during 1983 would be to expand activities that would aid colleagues in incorporating accounting history into accounting courses at all levels. These efforts would also be aimed at attracting students to the area of accounting history and into The Academy. He asked Vice President Elvik to plan a program to assist accounting educators as to how history can be integrated into accounting courses. He also supports the expansion of the Monograph series and hopes that in 1983 the Series will publish material that will be useable in the classroom.

President Johnson commented on the fine display that Pete McMickle had arranged in the convention center. He requested that people sign up to attend to the booth and help in the outreach of The Academy. Pete was extended the thanks of The Academy for his continuing, outstanding efforts in this area.

The 1982 Hourglass Award was presented to Williard E. Stone, University of Florida (Retired), for his sustained contribution to accounting history. This contribution was evidenced by his many articles in various journals, his editing of the reprint collection of selected classics in the history of bookkeeping, and as the first manuscripts editor of *The Accounting Historians Journal*; he set the standard for its high quality. In his absence the award was accepted by Kenneth Most.

The following nominees for 1983 were presented to the membership:

Officers (one-year term)

Pres.—H. Thomas Johnson (Puget Sound)

V.P.—Kenneth O. Elvik (Iowa State)

V.P.—Norman X. Dressel (Georgia State)

Treas.—Richard Vangermeersch (Rhode Island)

Secy.—Alfred Roberts (Georgia State)

Trustees (three-year term)

Dale L. Flesher (Mississippi)

Robert H. Parker (Exeter)

Hanns-Martin W. Schoenfeld (Illinois)

Mervyn W. Wingfield (James Madison)

Vernon K. Zimmerman (Illinois)

It was moved that the slate be approved by Gary Previts and seconded by Paul Frishkoff. The slate was elected by unanimous vote.

Richard Vangermeersch, Treasurer, distributed copies of the financial statements and answered questions to everyone's satisfaction.

Edward Coffman, Manuscripts Editor of *The Accounting Historians Journal* did not present statistics relating to manuscripts submitted at the meeting. However, those statistics have been obtained and are shown on the attachment.

Merv Wingfield, Production Editor, in a statement read by the Secretary, reported that sales of volumes 1-3 of *The Accounting Historians Journal* (reprint of *The Accounting Historian*, a newsletter) amounted to 154 copies in 1981 and 1982. This resulted in revenue of \$1,944.

Ashton Bishop, Editor of the Working Paper Series, reported that Working Paper Number 56 had been published and that of the 12 papers submitted, 5 had been published during 1982. It was noted that Ashton will be turning over his function as editor of the series to Don-Rice Richards, also of James Madison University. It was resolved to thank Ashton for the fine job he had done with the series and further resolved to thank the Accounting Department at James Madison for its continued support of this important project.

Dale Flesher, Editor of *The Accounting Historians Notebook*, urged members to submit items to him that might be of interest.

Al Roberts, Secretary, presented some membership statistics. As of July 14, 1982, the membership was

	Individual	Institutional	Total	%
Domestic	246	109	355	70
Non-domestic	105	50	155	30
Totals	351	159	510	
%	69	31		100

Members reside in 24 countries in addition to the United States, and 44 states plus Puerto Rico and D.C. are represented. Membership at this time in 1981 was 495 and 525 by December. It appears that the membership hovers in the 500 to 525 range. The split between domestic and non-domestic

Continued

MINUTES: Continued

membership remains fairly constant but there is a slight shift each year from individual to institutional; 1982 has had about a three percent change.

The concept of the Accounting History Research Center was presented by Al Roberts and he responded to questions from the members. During the business meeting in 1983 a formal report will be made.

M. Frank Barton, Memphis State University, presented the results of a survey he made during 1982 of items considered as classics in the area of accounting history. In his talk, entitled "A Preliminary Report Concerning Accounting Historians Perspectives of Accounting Classic Literature," it was related that the most mentioned authors were Hatfield and Chambers followed by Sterling, Paton, and Littleton. The most frequently mentioned articles were "A Historical Defense of Bookkeeping" (Hatfield) and "Blueprint for a Theory of Accounting" (Chambers).

The meeting adjourned at 11:05 a.m.

Respectfully submitted,
 Alfred Roberts
 Secretary
 October 3, 1982

SLOCUM: Continued

¹American Association of Public Accountants, *Twentieth Anniversary Year-Book* (New York: Andrew H. Kellog Co., 1907), p. 36.

²American Association of Public Accountants, *Twenty-Fifth Anniversary Year-Book* (New York: The Ronald Press Co., 1912), p. 128.

³*Ibid.*, p. 121-124.

⁴*Ibid.*, p. 135-136.

⁵*Ibid.*, p. 136.

⁶*Ibid.*, p. 136.

⁷*Ibid.*, p. 136.

⁸American Institute of Accountants, *1919 Year Book of the American Institute of Accountants* (New York: The William G. Hewitt Press, 1920), p. 107.

⁹*Ibid.*, p. 107.

¹⁰*Ibid.*, p. 108.

UNUSUAL AUDIT REPORTS

How many modern-day auditors would be willing to sign these audit reports? The following was for Sears, Roebuck and Company.

We have attended at Chicago, Illinois, and audited the accounts of the Company for the year ended June 30, 1907, and certify that the balance sheet, in our opinion, correctly sets forth the position of the Company as shown by the books of account.

Deloitte, Plender, Griffiths & Co., Auditors
 49 Wall Street, New York City, September 7, 1907

The following two reports were reported in a September, 1926, *Accounting Review* article authored by J. Hugh Jackson. Mr. Jackson felt they were typical of auditors' reports of the early 1920's.

I hereby certify that the above is a true and correct transcript of the Assets and Liabilities appearing on the books of The Blank Company on December 31, 1920.

As meaningless as the above certificate is the following 1922 report:

We have made a superficial examination of the books of the Blank Company at the close of business December 31, 1922, and from the trial balance we have prepared the above

condensed balance sheet, which, in our opinion exhibits a correct view of the financial condition of the business at the date named according to the information and explanations given us and as shown by the books.

The above examples are not necessarily indicative of the quality of all early reports. An August, 1926, editorial in the *Journal of Accountancy* called the following a "model certificate." Port Allen, La
 December 29, 1874

We, the undersigned, having been appointed a committee to audit the books of the treasurer of the Poydras fund, hereby certify that we have examined all his books and accounts and find them correct in every particular.

Peter (X) Washington
 (his mark)
 George (X) Steptoe
 (his mark)

One problem with this otherwise adequate report was that the auditors, being unable to read or write, affixed their marks instead of signing their names.

Submitted by Tonya K. Flesher
 University of Mississippi

THE ACCOUNTING HISTORIANS JOURNAL

Statistics Relating to Manuscripts Submitted

During the Period January 1, 1981 - December 31, 1981

FEATURE ARTICLES

Initial Submission	Number	Percent
Accepted on initial review	7	21%
Rejected on initial review	10	30%
Send back to author for revision	15	46%
In process of review	1	3%
TOTAL	33	100%

Resubmissions	Relating to Reviews of Current Year		Relating to Reviews of Prior Year	
	Number	Percent	Number	Percent
Accepted	3	20%	1	14%
Rejected	1	7%	1	14%
Still outstanding	11	73%	5	72%
TOTAL	15	100%	7	100%

HISTORICAL NUGGETS*

Initial Submission	Number	Percent
Accepted on initial review	6	40%
Rejected on initial review	3	20%
Send back to author for revision	6	40%
In process of review	0	0%
TOTAL	15	100%

Resubmissions	Relating to Reviews of Current Year		Relating to Reviews of Prior Year	
	Number	Percent	Number	Percent
Accepted	3	50%	2	100%
Rejected	0	0%	0	0%
Still outstanding	3	50%	0	0%
TOTAL	6	100%	0	100%

*Historical Nuggets are considered brief informational items covering a broad range of topics of interest to the general readership of *The Journal*. Nuggets are not necessarily designed to reflect the results of original research.

THE FIVE-FOOT ACCOUNTING SHELF

by
Elliott L. Slocum
and
Alfred R. Roberts
Georgia State University

Early pioneers of the accounting profession devoted much of their energy toward two goals: legal recognition as a profession and a professional education for its members. During the first twenty years of this century, significant progress was made in achieving legal recognition, but the question of professional education continued to be a perplexing problem. The question continued to be posed: What knowledge is needed to prepare a person to enter the profession of accountancy? This paper is a review of some early efforts to answer the question and one effort in particular—"the five-foot accounting shelf."

Prior to 1890, the study of accounting in the United States was relegated to high schools and proprietary business schools (often called colleges). Business subjects, in general, were not considered to be worthy of inclusion in a collegiate curriculum. The Wharton School of Finance at the University of Pennsylvania was the only program of business study available during that era. Thus it is of some note that, in 1892, members of the American Association of Public Accountants established the New York School of Accounts. Although the school closed after one year of operation, much thought and effort had gone into determining what subjects the novice accountant should study.

After the turn of the century, the establishment of schools of business at the collegiate level was accelerated. During the first twenty years, the American Association of Public Accountants and its successor the American Institute of Accountants, through its Committee on Education, monitored the progress of accounting education. As a result of its efforts, a dialogue was begun between the profession and accounting academics which undoubtedly influenced the teaching of accounting. The committee stated in its first report that it had been in contact with most of the colleges and universities in the country and had studied the catalogues provided. Many problems beset accounting education. Only thirteen institutions offered courses in accounting and not all had professors of accounting in the faculty.¹ Few

qualified professors were available; the majority of instruction was given by practitioner-adjunct faculty who tended to emphasize procedures and techniques. College-quality textbooks were scarce, and faculty had to develop their own study material. In addition, practitioners were far from agreement on the type of education required for the profession. As a result, the Committee on Education in its 1912 report stated:

A careful study of the replies to our inquiries from the institutions having departments of commerce, accounts and finance plainly indicates that no uniformity (even in the slightest degree) exists in anything whatever connected with the movement or in the courses given, as to hours of study and recitations required, as to elective and compulsory studies, as to the use of text-books or synopses of lectures, or as to the problem or lecture method, and other matters. . . .²

This conclusion was based upon responses to an elaborate questionnaire sent to one hundred large, university-level institutions. The purpose of the study was to gather as much specific data as possible so that the Committee could become useful in advising other institutions which might contemplate offering courses in accountancy.³

A consensus of the respondents was that few quality textbooks were available, therefore, textbooks were not generally used in accounting and business courses. The Committee rejected this view and stated that the number of good textbooks published in the preceding three to five years were sufficient for every subject being taught. The committee stated that use of textbooks had merit, if those textbooks were based on practical experience.⁴

The Chairman of the Committee on Education, J.B. Geijsbeck, offered an opinion on "a five-foot

Continued

SLOCUM: Continued

shelf of books for accountancy students, in order to give a clear and unmistakable conception of the class of work performed in the school of commerce, accounts and finance of the university grade.''⁵ Geijsbeck believed that students or those interested in information for starting a school of commerce, accounts and finance would benefit from the suggested textbooks and other published materials. The emphasis was on the subject matter and not necessarily on the particular textbook.⁶ The five-foot shelf included the following:

A.B.C. of Wall Street	S.A. Nelson
Accountancy of Investment	Charles E. Sprague
Accountancy Problems, Vols. 1 & 2	Leo Greenlinger
Accounting Systems	Edward Moxey
Accounts of Executors and Testamentary Trustees	J. Hardcastle
Advanced Accounting	L.R. Dicksee
American Accountants' Manual	Frank Broaker
Auditing Theory and Practice	R.H. Montgomery
Commercial Geography	C.C. Adams
Corporation Accounting and Law	J. J. Rahill
Corporation Finance	William H. Lough, Jr.
Cost Accounting	L.W. Hawkins
Economics of Business	E.S. Meade
Factory Costs	Frank E. Webner
Fraud in Accounts	
No. 30 of the Accountants' Library	
History of Accounting and Accountants	Richard Brown
History of Commerce	C. Day
Lombard Street	Walter Baghot
Manual of Commercial Law	E.W. Spencer
Modern Accounting	Henry Rand Hatfield
Partnership Accounts	P. Child
Philosophy of Accounts	Charles E. Sprague
Pratt's Digest of National Banking Laws	A.S. Pratt & Sons
Rowe's Bookkeeping and Accounting	Harry M. Rowe
Scientific Management	Frederick A. Parkhurst
Shop Management	Frederick W. Taylor
Short Rules for Commercial Calculations	Patrick Murphy
Theory of Business Enterprise	Thorstein Veblen
File of Rules and Forms of Interstate Commerce Commission.	
File of Publications on Terminology and Uniform Systems of Accounting by U.S. Census and Labor Bureau.	
Revised or Annotated Statutes of the State of Residence.	
Journal of Accountancy.	
American Association of Public Accountants' Year Book. ⁷	

By 1919, the Committee reported that "available literature on accounting subjects has had marked growth in the past fifteen or twenty years, and the prospective student is now offered such a choice that he is apt to become confused if not discouraged unless a reasonably definite scope and object of required knowledge is authoritatively recognized for his guidance."⁸ The 1919 committee referred to the "five-foot book shelf" for accountants and students of accountancy and recognized the courage exhibited by the 1912 committee in naming certain textbooks which were considered worthy of recommendation.⁹ The committee decided to add the following to the original recommendations:

Accounting Practice and Procedure	A. Lowes Dickinson
Accounting, Theory and Practice— 2 vols.	R.B. Kester
Applied Theory of Accounts	P.J. Esquerre
Corporation Accounting	R.J. Bennett
Cost Accounting	Nicholson and Rohrbach
Principles of Depreciation	E.A. Saliers
Unified Accounting Methods of Industrials	Clinton E. Woods
Corporate Organization and Management	T. Conyngton
Business Finance	W.H. Lough
Getting the Most Out of Business	E. St. Elmo Lewis
Graphic Methods for Presenting Facts	W.C. Brinton
Office Management	Leo Galloway
The Selling Process	N.A. Hawkins ¹⁰

How much more courage would it take today to recommend the "five-foot shelf" for the student of accountancy and indicate all the areas of study required in preparation for entry into the profession?

We, of course, do not have the answer (or the courage at this time) to suggest a basic library for today's novice accountant. However, we are going to attempt to recreate the 1912 "five-foot shelf" and the 1919 addition in the ACCOUNTING HISTORY RESEARCH CENTER. While a few of the books are already in the Center, if any reader has one or more of the items on the lists, we would be most appreciative for any contributions.

Address contributions to: The Accounting History Research Center, P.O. Box 650, Georgia State University, University Plaza, Atlanta, Georgia 30303, U.S.A.

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one. Unlike the attorney, he is not expected to make out a case. The character of the service he renders is impersonal.²

During the first quarter of the twentieth century the most debated ethical issue was whether or not accountants should advertise. Subsequently, the main issue has been auditor independence.

However, an incident in 1915 is noteworthy since it anticipated the intense debates to occur years later on the subject of independence. A question arose regarding the propriety of a public accounting firm auditing statements in which a member of the firm was also the internal auditor. The early "state of mind" concept of auditor independence meant that client-accountant relations should be such that the auditor's findings would be influenced only by the facts. Later, the concept was to evolve into an "appearance to others" concept which places less emphasis on actions and more on relationships.

Development of The Concept: 1926-1939

In 1926, the report of the American Institute of Accountants' Committee on Professional Ethics posed the question of whether or not it is ethical for a CPA who is a director of a company to also certify the company's balance sheet. A 1928 editorial in the *Journal of Accountancy* answered this question as follows:

The accountant should be so utterly divorced from financial or other participation in the success or failure of an undertaking under audit that no one could even point an accusing finger, however unjustly, and allege the possibility of bias.³

Another editorial in the same issue addressed the question of an auditor who was also a stockholder.⁴

Although there had been a growing number of references to the independence of auditors in the professional literature, the word "independence" was still absent from the Rules of Professional Conduct. Although several rules already adopted were designed to implicitly strengthen independence, there was an absence of explicit discussions regarding relationships with clients that might tend to impair independence or appear to do so.

At the American Institute of Accounting's 1931 annual meeting, Frederick H. Hurdman, immediate past president of the Institute, introduced the following resolution:

Whereas the relations between a client, in the form of a corporation, and the auditor for the corporation should be one of entire independence, and

Whereas, it does not appear to be practicable for the auditor consistently to hold a dual relationship, as an auditor and executive of the corporation, and

Whereas, the public interest and confidence will best be preserved by a complete separation of these two functions, therefore be it

Resolved, that the maintenance of a dual relationship as director or officer of a corporation, while acting as auditor of that corporation, is against the best interests of the public and the profession and tends to destroy that independence of action considered essential in the relationship between client and auditor.⁵

After a lengthy discussion, the resolution was referred to the Committee on Professional Ethics. However, the resolution was not acted upon by the Institute in 1931 or 1932.

The Securities Act of 1933 required a public accountant or certified public accountant to express an opinion regarding the financial statements that accompany a registration statement. Additionally, there was concern for the independence of the auditors. A rule was adopted on July 6, 1933 which said that any CPA or public accountant will not be recognized as independent if such an accountant is not in fact independent.

Unless the Commission otherwise directs, such accountant will not be considered independent with respect to any person in whom he has any interest, directly or indirectly, or with whom he is connected as an officer, agent, employee, promoter, underwriter, trustee, partner, director, or person performing similar function.⁶

Consequently, the concept of auditing independence was evolving from one of integrity and honesty with respect to fraud detection to one of fraud detection plus the objective application of accounting principles to describe the true economic and financial position and results of a firm. The emerging objectivity concept of independence can be found in the following paragraph from an editorial in a 1933 issue of the *Journal of Accountancy*.

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The public accountant has his impartial status in this great and thrilling game of business. He knows the rules. He knows the players. All the spectators up in the grandstand on the bleachers will rely on him, if he be a true umpire at heart, to see that the game is conducted fairly and that every one who paid the price of admission shall have a fair deal. The fact of an umpire does not indicate any moral obliquity in any player. An umpire is needed because he can see both sides when often the players, because of their position in the game, can see only their own.⁷

While the SEC rule prohibited any financial interest, the AIA passed a resolution in 1934 prohibiting a "substantial financial interest." Finally, in 1936 the SEC rule was amended to agree with the AIA position. Thereafter, disputes developed over the meaning of "substantial." This eventually led the SEC to delete the word in 1950.

A 1935 article by A. C. Littleton asked for more "independence in fact" from auditors.⁸ Littleton called for amendment of the federal securities act and the securities exchange act to give a larger degree of real independence to public accountants. Real independence is necessary to fulfill the auditor's function as an unofficial representative of the investing public. He stated that it was the public accountant's already well-developed sense of professional independence that qualifies him for greater real independence as a "quasi-public" representative of the interests of scattered and inarticulate investors. However, more public support is needed to accomplish this task.

Evidently, it was the SEC that exerted leadership during the 1930s concerning the determination of what constituted independence. This was evidenced by its issuance of Accounting Series Release No. 2 in 1937. This was the first release to describe specific cases in which individual accountants had been found to be not independent. The first release referred to a case in which an accountant was not independent because he owned stock in a client corporation, the value of which accounted for more than one percent of his personal fortunes.⁹

Amplification and Growth of the Concept: 1940-1959

It was not until 1940 that the AIA adopted a rule of professional conduct regarding financial independence to replace its 1934 resolution. The rule read as follows:

A member or an associate shall not express his opinion on financial statements of any enterprise financed in whole or in part by public distribution of securities, if he is himself the actual or beneficial owner of a substantial financial interest in the enterprise or if he is committed to acquire such an interest; nor shall a member or an associate express his opinion on financial statements which are used as a basis for credit, if he is himself the actual or beneficial owner of a substantial financial interest in the enterprise or if he is committed to acquire such interest, unless he discloses his financial interest in his report.¹⁰

In 1942, modifications of the above rule on financial independence were made. Independence was now seen to be impaired if the auditor owned or was committed to buy a financial interest in the enterprise which was substantial in relation to its capital or to his own personal fortune. In addition, the rule was expanded to incorporate financial interests of his immediate family. These changes were in accord with various earlier SEC decisions.¹¹

At about this same time, the SEC was issuing Accounting Series Releases regarding auditing independence. In 1942, Accounting Series Release No. 22 quoted an opinion of its Chief Accountant, William W. Werntz as follows:

When an accountant and his client, directly or through an affiliate, have entered into an agreement of indemnity which seeks to assure to the accountant immunity from liability for his own negligent acts, whether of omission or commission, it is my opinion that one of the major stimuli to objective and unbiased consideration of the problems encountered in a particular engagement is removed or greatly weakened. Such condition must frequently include a departure from the standards of objectivity and impartiality which the concept of independence implies.¹²

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This same release also contains an excellent summary of the SEC's attitude toward the general question of independence. It states that the main objective of total independence is to assure the impartiality and objectivity needed for fair consideration of problems arising in an audit. Any circumstances that might be likely to bias the mind of the auditor may be considered evidence of the lack of independence.¹³

Then, in 1944, Accounting Series Release No. 47 listed and summarized twenty rulings on auditors' independence in specific cases. These ranged from fairly clear-cut situations to other situations where it was not very clear that the relationships were likely to impair independence. Several situations in which independence was found to be impaired are summarized below:

1. Both an accountant and a business associate loaned money to the registrant. In addition, the accountant's son was an officer of the registrant.
2. The accountant made an advance to the registrant to finance a new department.
3. The registrant could not pay the accountant's fee and instead pledged shares of its stock to assure that the fee would be paid. Furthermore, the accountant was given an option to buy the pledged stock at market price at the option date.
4. The accountant was a shareholder and the treasurer of a company that sold a portion of the registrant's products.
5. The partner's son was the chief accountant and assistant treasurer of the registrant. In addition, the son lived with the father.¹⁴

It was not until 1947 that a specific definition of independence was formulated by the AIA. The AIA defined independence as a state of mind. It is an impartial attitude regarding the auditor's findings. The auditor should be able to render judgment unaffected by any self-interest which could influence his opinion. Key characteristics of the independence concept thus include honest disinterest, unbiased judgment, objective consideration of facts, and judicial impartiality. Independence "in fact" is emphasized in this document.

The AIA also noted that rules of conduct only dealt with objective standards and accordingly could not assure independence. Since independence is a state of mind, its existence is at a much deeper level than the visible display of standards.¹⁵

A rather philosophical description of the independence concept was offered in 1950 by Edward B. Wilcox, a past president of the AIA. As seen in the following quotation, Wilcox implied that there are segments of public accounting that do not require independence on the part of the CPA:

That part of public accounting which does clearly require independence relates to the expression of an expert opinion on representations in financial statements. The purpose of the expert opinion is to add to the credibility of the statements. Those who rely on this credibility are apt to be creditors or investors, or sometimes employees, customers or governmental agencies. As in other areas of public accounting, the expert incurs professional obligations of an ethical nature to do a sound, competent job. But he also incurs more than that. He incurs an obligation to his unknown audience for integrity. He must protect them even though he does not know who they are, and he must do so even when it means opposing and denying the wishes of those who have employed him, and who he knows may cease to do so. This is independence.¹⁶

As noted earlier, in 1950 the SEC amended its rule on independence by omitting the word "substantial" from the phrase "any substantial interest." This change was prompted because the SEC was tired of debates regarding the essence of a "substantial" financial interest. Interestingly, it was not until 1962 that the AICPA moved to disallow the direct financial interest or material indirect financial interest in a firm being audited by a member. Thus, during a twelve year period, a double standard existed. No direct financial interest was allowed for SEC engagements and no substantial direct financial interest was permitted for non-SEC engagements.

Shortly after the SEC introduced its restriction, efforts were made by some members of the Illinois Society of CPAs to broaden the scope of their rules of ethics. In 1954 a new rule was adopted in that state to prohibit a member, or a firm of which a member was a partner, from expressing an opinion on the financial statements of any organization if the member, his partners, or their immediate families living in the same household, had a direct

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et al.: Accounting historians notebook, 1983, Vol. 6, no. 1 and vigorous debate, the proposal was voted on and passed at the Institute's 1961 annual meeting. In effect, the rule moved the AICPA closer to the SEC position.¹⁹

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or indirect financial interest in the organization in question. It was the most rigorous rule on financial interests, to that date, to have been adopted by any professional society of accountants. The purpose of the Illinois Society was clearly to raise standards of professional conduct.¹⁷ The adoption of the rule was apparently in recognition of the need to preserve the "appearance of independence" as well as independence in fact.

Refinement and Maturation of the Concept: 1960-Present

A 1960 article by Sharaf and Mautz suggested that independence is a three-dimensional concept with each dimension being affected by the complex of a social, economic, and personal relationship encountered by the auditor in his professional work. An auditor must be free from restriction or bias in all three dimensions concurrently if he is to be totally independent. These three dimensions of independence are:

1. Programming independence: This is freedom from undue influence in the choice of audit procedures and techniques and in the extent to which they are applied. The auditor must have freedom to develop his own program with respect to the steps included and the amount of work to be undertaken.
2. Investigative independence: This is freedom from influence in the choice of activities, areas, managerial policies, etc. to be examined. No legitimate information source should be unavailable to the auditor.
3. Reporting independence: This is freedom from undue influence in the statement of facts revealed during the examination of, in the expression of opinions, or recommendations resulting from the examination.

Sharaf and Mautz go on to note that influence and control can exist even without apparent outside pressure. An accountant's prejudice or personal bias, his desire for social or economic success, etc., may in effect impair his independence. Thus, the detection of impaired independence is difficult in many cases. It is therefore important to have guides that can help the accountant evaluate his own situation.¹⁸

Also, in 1960, the American Institute's committee on professional ethics proposed an amendment of the rules of conduct to prohibit any member from serving as an employee or director of a firm for which he was the auditor or from having any financial interest in such a firm. After a long

In 1961, Mautz and Sharaf published a monograph called *The Philosophy of Auditing* which included a critical examination of the concept of independence. One important aspect of independence addressed was whether the rendering of management services to a client is likely to impair a CPA's independence in expressing an opinion on the financial statements.

Management services tended to cloud the CPA's appearance of independence in his capacity as auditor. They recommended that the audit function be strongly separated from the other services offered by an accounting firm.²⁰

Practitioners were disturbed to learn that the propriety of offering management services was being challenged. The Institute's committee on professional ethics believed that an authoritative opinion on this question was needed to guide the membership. Therefore, in 1963 the committee issued its Opinion No. 12 on independence. The opinion stated that there was no likelihood of a conflict of interest arising from the offering of management advisory services and tax services. It was, therefore, ethical to offer such services.²¹

This statement did not satisfy the academic accountants. One, Arthur A. Schulte, Jr., was concerned that the opinion offered no empirical evidence to support its contentions. Schulte thus conducted a survey and reported his results in the July, 1965 issue of *The Accounting Review*. He mailed questionnaires to four selected groups: (1) research and financial analysts of brokerage firms; (2) commercial loan and trust officers of banks; (3) investment officers of insurance companies; and (4) investment officers of domestic mutual funds. Schulte found that ninety-seven percent of the responding third parties attached a special importance to the CPA's audit independence. In addition, forty-five percent believed that management consulting did tend to impair audit independence and fifty-five percent believed that it did not.²²

These findings were sharply criticized by Carey and Doherty. They state that:

Nowhere in the questionnaire or the article interpreting it is there a definition of the term 'management consulting.' This term may well evoke a reaction different from that evoked by 'management services,' which is commonly used by the profession itself.

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In any event, it cannot be assumed that all the respondents to the questionnaire were familiar with the specific services offered by CPA firms as aids to management. The respondents may have read into the question types of 'consulting' which in fact are not commonly engaged in by CPAs.

It is difficult to believe that reasonable observers—stockholders, creditors or other users of financial statements, or the business public generally—would see any conflict of interest in the fact that the auditor, in addition to giving an opinion on the financial statements, also applied his technical knowledge and skill to the improvement of management's planning, control and decision-making processes.²³

On the other hand, it is sometimes suggested that in providing management services the CPA effectively becomes an employee of the client and loses his independence as an auditor. One response to this charge runs as follows. The essence of an employee is his dependence on management. If fired, he has no job. However, neither the consultant, nor the auditor is out of a job if he loses a client. Both the auditor and the consultant have economic independence with respect to their client.²⁴

In 1966, Abraham J. Briloff conducted a survey which supported the results of the Schulte study previously mentioned. Briloff's questionnaire was sent to financial personnel, practicing accountants, and academic accountants. Fifty-three percent of the responding financial personnel believed that the provision of management services by CPAs detracted from the significance of their audit opinions.²⁵

In response to such confusion, the Institute appointed a special ad hoc committee to study the problem. The committee was chaired by Malcolm M. Devore. The committee stated that it had found no substantive evidence to indicate that the provision of management services has, in fact, impaired independence. However, it also found no empirical evidence to dispute Schulte's findings linking management services with an "apparent" lack of independence. The committee made several noteworthy recommendations. One involved the issuance of two statements or position papers regarding (1) the nature of management services offered by a CPA and (2) the role of CPAs in rendering those services. A second noteworthy

suggestion was the use of audit committees, consisting of outside directors, to choose the company's auditors and to determine questions relating to the appearance of independence. In addition, the CPAs should report periodically to the audit committee regarding all services rendered. This reporting would be done prior to the committee's selection of the firm's auditors.²⁶

A 1968 article by Walter Kell classified management services into "accounting" and "administrative" services. According to Kell, accounting-based services, such as budgeting and inventory control, evolve naturally from the audit engagement and the CPA's familiarity with the client's information system. Kell believed that the public accepts these services as legitimate concerns of the independent auditor. Administrative-based services such as market surveys and plant layout are outside the scope of the audit and extend far beyond the client's information system. Kell contends that there is no conflict between the performance of accounting services and audit independence but that the rendering of administrative services could possibly affect such independence. He suggests the establishment of an ethics rule identifying the provision of administrative services to an audit client as incompatible with independence.²⁷

Accounting Series Release No. 126 was issued in 1972. This release covered several areas including:

1. The provision of guidelines for determining the existence of independence;
2. A listing of example situations in which independence could be challenged;
3. A statement that the basic consideration in management service activities was whether the client appears to be completely dependent upon the CPA's judgment and skill or is reliant only to the extent that is customary with respect to consultation advice;
4. A statement that systems design is a proper function of a public accountant and that computer programming is an aspect of systems design and does not constitute a bookkeeping service;
5. A statement that when unpaid fees to the accountant become material relative to the current audit fee, a question may arise regarding the accountant's independence; and
6. A statement that joint business ventures with clients, limited partnership agreements, investments in supplies or

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customer companies, and rental of blocks of computer time to a client would adversely affect independence.²⁰

In 1973, the AICPA adopted new rules of conduct (Rule 101). This was modified slightly in 1978 and has remained unchanged since.

Conclusion

Independence is the sine qua non of professional auditors. It has been a major concern of auditors and users of audit reports since the early days of the profession. The SEC has had an important influence on the accounting professions' emerging standards of independence. Specifically, the responsibility of the SEC was to determine independence in specific cases. It therefore gravitated toward a practical definition of the concept which stressed the importance of observed behavior and relationships.

For the most part, the accounting profession has relied upon a theoretical definition of independence and has used phrases such as "a state of mind," an "attitude of impartiality," etc. The profession in the United States is now dealing in a more realistic manner with the practical aspects of the concept. As shown in this article, independence has been and still is the historical and philosophical foundation of the accounting profession.

FOOTNOTES

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²Elijah W. Sells, "Corporate Management Compared with Government Control," *The Journal of Accountancy* (April, 1908), p. 236.

³Editorial, "Should an Auditor Act as Director?" *The Journal of Accountancy* (March, 1928), p. 205.

⁴*Ibid.*, p. 207.

⁵John L. Carey, *The Rise of the Accounting Profession* (American Institute of Certified Public Accountants, 1970), pp. 240-241.

⁶Federal Trade Commission, *Rules and Regulations Under the Securities Act of 1933* (1933).

⁷Editorial, "Why Engage Public Accountants?—Independence is Essential—There Must Be Umpires," *The Journal of Accountancy* (September, 1933), p. 196.

⁸A. C. Littleton, "Auditor Independence," *The Journal of Accountancy* (April, 1935), pp. 286-291.

⁹American Institute of Accountants, *1940 Yearbook of the American Institute of Accountants* (American Institute of Accountants, 1941), p. 154.

¹⁰*Ibid.*, p. 50.

¹¹American Institute of Accountants, "Reports of the Executive Committee," *1942-1943 Reports: Officers, Council, and Committees* (American Institute of Accountants, 1943), p. 36.

¹²Securities and Exchange Commission, "Accounting Series Release No. 22" (1941).

¹³Frederick H. Hurdman, "Independence of Auditors," *The Journal of Accountancy* (January, 1942), pp. 57-58.

¹⁴Securities and Exchange Commission, "Accounting Series Release No. 47" (1944).

¹⁵American Institute of Accountants, "Tentative Statement of Auditing Standards," (American Institute of Accountants, 1947).

¹⁶E. B. Wilcox, "Independence from the Viewpoint of the Certified Public Accountant," *How to Improve Accounting and Tax Service to American Business* (American Institute of Accountants, 1950), p. 73.

¹⁷Editorial, "Another Rule on Independence," *The Journal of Accountancy* (June, 1954), pp. 673-674.

¹⁸Hussein A. Sharaf and R. K. Mautz, "An Operational Concept of Independence," *The Journal of Accountancy* (April, 1960), pp. 52-53.

¹⁹Carey, pp. 186-190.

²⁰R. K. Mautz and Hussein A. Sharaf, *The Philosophy of Auditing* (American Accounting Association, 1961), pp. 218-224.

²¹Carey, pp. 193-194.

²²Arthur A. Schulte, Jr., "Compatibility of Management Consulting and Auditing," *The Accounting Review* (October, 1968), pp. 587-593.

²³John L. Carey and William O. Doherty, "The Concept of Independence—Review and Restatement," *The Journal of Accountancy* (January, 1966), p. 41.

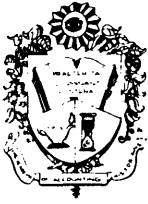
²⁴Kenneth S. Axelson, "Are Consulting and Auditing Compatible?" *The Journal of Accountancy* (April, 1963), p. 54.

²⁵Abraham J. Briloff, "Old Myths and New Realities in Accounting," *The Accounting Review* (July, 1966).

²⁶Malcolm M. Devore, "Compatibility of Auditing and Management Services: A Viewpoint from Within the Profession," *The Journal of Accountancy* (December, 1967), pp. 36-39.

²⁷Walter G. Kell, "Public Accounting's Irresistible Force and Immovable Object," *The Accounting Review* (April, 1968), pp. 266-269.

²⁸Securities and Exchange Commission, "SEC Adoption of Amendments to Regulations S-X," *SEC Accounting Rules* (Commerce Clearing House, 1972).



Accounting History Research Center

During the 1981 business meeting of The Academy held in Chicago, Gary Previts outlined a proposal for obtaining a permanent facility that could serve as a center for research in accounting history. There was general agreement that such a facility would be desirable.

The concept of an accounting history research center that would be permanently housed in Georgia State University (GSU) was presented to Dr. Gary A. Luoma, Director of the School of Accountancy. He enthusiastically endorsed the proposal and agreed to a joint sponsorship with The Academy of such a center. In the spring of 1982 a small room was obtained and an appropriate plaque was affixed to the door designating the area as the Accounting History Research Center (AHRC). In addition to providing space, GSU has provided bookshelves, furnishings, supplies and the services of a part-time graduate student. While the controlled space is now quite modest, we have a promise for larger quarters in the near future.

At the Trustee's meeting at San Diego in August 1982, a proposal by Norman X. Dressel to establish the Accounting History Research Center was unanimously approved. The purpose and objectives of the AHRC are presented as part of the Minutes of the Trustee's Meeting, which appear on another page.

In its few months of existence the AHRC has received some 800 volumes in addition to complete files of periodicals, including *The Accounting Review* and *NACA Bulletin*, among others. The AHRC will maintain the archives of The Academy of Accounting Historians which will include copies of all Academy publications and copies of those publications whose authors were presented the Hourglass Award.

Although an integral part of The Academy, the AHRC will function as a separate unit. As such, it is authorized to establish an endowment fund for the operation of the facility. The AHRC is currently supported by the general funds of The Academy, but is expected to become self-supporting in the next few years. Paul Garner has made the first contribution to the AHRC Endowment Fund. He has provided a start. Won't each of you follow his fine example?

In future newsnotes we will try to highlight the various functions of the AHRC that are now being performed and those that we expect to eventually encompass. In addition, we will list acquisitions of old and rare items.

Plans are in the formation stage for an official opening of the AHRC during the fall of 1983. Details of the program will be sent out sometime during the summer. In the meanwhile, we would appreciate your support, comments and ideas. It is your research center.

Historically,
Norman X. Dressel, Director



GOVERNMENT REGULATION THEN AND NOW

Have times really changed? B.C. Hunt in his pamphlet, *The Development of the Business Corporation in England, 1800-1867*, page 115, wrote the following paragraph about government regulation:

Whenever the fingers are burned, a cure is always lustily called for by those who have been burned the most severely, and their object in this, as in the diversion that has hurt them, is always the same—they call for the appointment of a government officer, who shall from time to time regulate how they shall hold their hands to the fire without being burned. Whether this special interference shall be crowned with success by keeping down the heat of the fire, or by increasing the distance at which the venturesome hand shall be allowed to approach it, is a perplexing difficulty which has not yet been solved. When duly considered, that difficulty must be held to be not a little perplexing; for evidently, if the heat of the fire should be kept so low, or the distance from it so great, as that no hands can be burned, why then there will be no fun in the thing, and the government officer will enjoy a sinecure.

Submitted by Al Roberts
Georgia State University