

12-1957

## Civil Defense for Accounting Records

Laurene W. Anderson

Follow this and additional works at: <https://egrove.olemiss.edu/wcpa>



Part of the [Accounting Commons](#), and the [Women's Studies Commons](#)

---

### Recommended Citation

Anderson, Laurene W. (1957) "Civil Defense for Accounting Records," *Woman C.P.A.*: Vol. 20 : Iss. 1 , Article 4.

Available at: <https://egrove.olemiss.edu/wcpa/vol20/iss1/4>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Woman C.P.A. by an authorized editor of eGrove. For more information, please contact [egrove@olemiss.edu](mailto:egrove@olemiss.edu).

# CIVIL DEFENSE FOR ACCOUNTING RECORDS

By LOURENE W. ANDERSON, Cleveland Chapter

Because it is vital to each of us, Civil Defense has focused our attention on the wisdom of planning for disaster. Fire and floods may destroy a small area in which case survival becomes the problem of a few. The threat of an "H" bomb confronts all of us with the probability of survival of only a few to cope with the problems of many.

The story of the first known survival is in The Book of Genesis. From it may I quote to you in Chapter 8: 21 & 22:

"And the Lord smelled a sweet savour; and the Lord saith in his heart, I will not again curse the ground any more for man's sake; for the imagination of man's heart is evil from his youth; neither will I again smite any more every living thing as I have done.

"While the earth remaineth, seedtime and harvest, and cold and heat, and summer and winter, and day and night shall not cease."

Not long ago the sign of God's covenant with man, (a very beautiful rainbow) spread in all its glory from horizon to horizon before my eyes. The earth smelled sweet, the air was clean, the birds were singing, and the sun was shining. Indeed all was good and it seemed impossible that man could, would desire, or plan to destroy this earth, and with it, man himself. We are also told that this earth would never be entirely destroyed even by man, so as the threat of destruction is ever with us, so also is the possibility of survival, with all its problems. Never before, though, have we had the threat of "A" bombs, "H" bombs, guided missiles, radio active fallout, in fact, such means of wholesale destruction, with us daily.

Freedom and life itself may well depend on how well management of business meets the challenge on "survival" preparation.

The survival of business is dependent on adequate records, safely stored so they will be available for use by the survivors; but unless these records are complete, current and well chosen, years of labor or even the very existence of the business is at stake.

Survival plans must be all inclusive—evolve from the cold appraisal of what can be and should be done *now* so individual companies will be capable of quickly resuming production after disaster:

First: ascertain your general target area, and determine if it is critical. You can get

this information from the Federal Civil Defense Administration. How to undertake a defense and disaster plan is outlined in special handbooks of disaster and defense planning. The Business and Defense Services Administration is set up to provide the necessary information to any company for working out a defense plan. The American Society For Industrial Security, a National Professional Society, chartered in the State of Delaware, will work toward effecting the many advantages to be secured from unifying industrial security supervisors with the end result of a nationwide exchange of ideas, techniques and methods of operations.

The problems of survival of business—from loss of key personnel to loss of physical assets—following a major disaster, may be briefly summarized as follows:

1. The perpetuation of management.
2. The protection of current assets.
3. Safeguarding company records.
4. Continuation of all or any operations.
5. Recovery of losses sustained.
6. Responsibility of physical damage hazards resulting from radiation or radio-active contamination to buildings, machinery, equipment, and inventories.

Responsibility for physical damage hazards resulting from radiation or radio-active contamination to buildings, machinery, equipment and inventory, as well as to personnel, should be investigated as to the degree of hazard which exists, and the length of time such hazard may continue. It is also well to investigate what medical and financial aid can be given to survivors.

In summary, the four steps to take constructive action are:

1. Analyze the records
2. Copy key items
3. Arrange for safe storage
4. Keep duplicate records up to date.

The most important step of all is to get a program started. The time to begin is now.

To the accountant civil defense means the knowledge of the survival problems of his client or employer, to determine the necessary records to be safeguarded, duplicated and protected.

Records—accounting records, operational records, historical records, statistical records, in fact all vital records, properly kept and available when needed, are the concern

of every accountant. He should acquaint himself with a records retention program; the federal and state laws and regulations affecting record retention; the problems of record storage; and the hazards of duplicate microfilm negatives.

Each business, large or small, should insure its continuity by planning for disaster, so, if it does come, order will prevail, instead of chaos.

It is the continuity of our business that will mean a continuity of our individual way of life.

Civil Defense means providing a preconceived plan for all of us, so that if disaster comes, and we survive we will know what to do to maintain order, render help and prevent confusion.

### ***The Perpetuation of Management:***

1. Appraise the risk. Consider the geographic concentration, the depth of organization, existence of parallel managerial units at scattered locations; the probability that normal means of appointing succeeding management will not be able to function immediately after disaster.
2. Determine the legal authority of pre-designed succession of personnel to carry on company business on an emergency basis if duly elected officers and/or board of directors are incapacitated. Continuity of management in case of disaster is dependent on the required management personnel succession: the responsibilities and duties of alternates or successors. That every job or responsibility be thoroughly understood and carried out by at least two persons, or that every key employee knows his responsibility and how to carry on two or more jobs.

Predetermine emergency headquarters. Consider if it is advisable to designate an emergency location with essential facilities for use of a reconstructed management unit.

A corporation's charter and by-laws should be reviewed and any necessary changes or additions made for the continuance of business and management personnel succession on an emergency basis.

A small business owner, and especially a partnership, can obviate many problems and help to perpetuate a business by having a will, soundly conceived and correctly executed. Through the will, provision can be made for the executors

to carry out any arrangements made by the owner during his lifetime. In addition to any authorization for the executors to continue the business, consideration should be given to assigning specific power to the executors to hire managers and other important key personnel, and authority to appoint themselves as managers. Particular importance should be given to protecting the will, for a will, destroyed in a disaster does not help. Good planning stresses allowing time for adequate thought, and getting the best professional advice obtainable from the lawyer, accountant, insurance adviser, and banker. Revise the will to take care of changing conditions as they come up.

### ***The Protection of Current Assets:***

1. For *CASH*, appraise the geographical concentration of your bank accounts. It may be to your advantage to maintain several bank accounts of an unrestricted nature at scattered locations, and also to establish lines of credit at scattered locations.
2. For *SECURITIES*, appraise the adequacy of custodian procedure of your U. S. Government and other marketable securities, your records of them, and the storage place. Safe storage of these assets and their availability is all important for, if these assets are lost or destroyed, the interest of the stockholder or owner or partnership may also be impaired or even destroyed.
3. *Accounts receivable and accounts payable* are records vitally important. It is essential to provide a plan whereby duplicates can be made—carbon copies, photostats or microfilms, and arrange for safe storage of these duplicate records at alternate locations, so the organization could follow through with these duplicates of current records to normal end results. If microfilms are used, it is necessary to provide for equipment to restore the microfilmed records to usable form.
4. For *INVENTORIES*, appraise the size and character, the practicability of dispersion, of subdivision, adequate storage facilities, the inherent potential hazards. Consider the risk involved in the geographical concentration, and protection against sabotage. Determine the effects of explosion, fire, and radioactive fallout.

### **Safeguarding of Company Records:**

1. Grade and classify *ALL RECORDS*, essential or otherwise. The records essential for continuance of business operations are: the charter, if a corporation; franchises; certificates of corporation; the constitution; its by-laws and amendments; qualification or licenses to do business; directors' minutes books; stockholders lists and proxies; powers of attorney; patents; patents pending; trademark authorization; patent agreements; patent assignments; deeds and leases; conveyances of companies acquired; engineering drawings; sketches; plans; maps and blue prints; formulas; product analyses; product specifications; bills of materials; securities; insurance policies; legal records; contracts; operating research projects; historical items; etc.

2. Provide duplicates of these important records and arrange safe storage of the duplicates at alternate locations.

Duplicate records can be carbon copies, multilith, photostats, microfilms.

Safe places to store these records may be locked files, safes, vaults, especially underground depositories.

In the foothills of the Berkshires, near New York City, the Iron Mountain Atomic Storage Vaults are offered as an alternate safe location for storing any or all such essential records.

3. Provide an organization chart, naming the personnel who know which records are duplicated and where the alternate locations are. A plan should be provided which would continuously follow through the duplicating of essential current records to perpetuate consistent practice.

### **Continuation of All or Any Operations and Production:**

1. Appraise—the effects of explosion and fire upon your particular company; the damage to your production facilities.

2. Determine alternate means of exits and entrances if roads are impasse. Have a fire or disaster plan, with an inspector, fire control areas, an extinguisher service crew. Have all the maintenance crew familiar with the disaster prevention requirements for your particular industry.

**HAVE BLUE PRINTS OF THE FLOOR PLANS SHOWING:**

(a) Locations of all electrical equipment, switchboards, switches, panels.

(b) Location of water lines, meters, shutoff valves, and their control points.

(c) Location of gas lines and meter connections, shutoff valves.

(d) Location of fire sprinklers, fire line systems with control points of sprinklers.

(e) Location of fire extinguishers, their characteristics, such as type, operation method, effective range of steam, their principal extinguishing effect, where effective; whether it can be used for oil and grease, and what to use for electrical machinery.

It is suggested that these blue prints of fire and explosion disaster prevention layouts be distributed to your inspector and each officer of the company so each person would have one set at home and one set at his desk in the office or factory.

3. The emergency operations following a disaster and directly supporting plant production are those of purchasing, payroll payments, order writing, invoicing, accounts receivable, credits and collections, communications.

The loss of personnel or/and machinery or equipment used in the foregoing office functions may well determine if and how soon it will be possible to continue any or all plant operations. The loss of operational records, not easily replaced, may well determine if plant operations may be continued. Some of these records are: personnel and payroll files; policy manuals; price records, shipping documents; statistical and operational data; spare parts inventory; operating equipment and vital machinery.

A simplified emergency accounting and auditing system should be developed to take care of at least the elementary requirements in the immediate post disaster period.

Copies of this system should be filed at the predetermined alternate headquarters and placed where other duplicate records are stored. Other operational records not easily replaced are: bank deposits and records; canceled checks; general ledger; government reports; real estate appraisals and valuations; mailing lists; cash book and disbursement records; rents payable records; costs and profit ability studies, etc.

Alternate sources of supplies of inventory and equipment are almost a must if your source is generally from the immediate vicinity.

### **Recovery of Losses Sustained:**

Good records of *before* and *after* are all  
(Continued on page 15)

# TIPS FOR BUSY READERS

CATHERINE E. MILES, Ph.D., Atlanta, Georgia

Adolf A. Berle, Jr., *Tides of Crisis: A Primer of Foreign Relations*, (New York, Reynal & Company, Inc., 1957. Price \$4.00).

There is common agreement that the Second World War forced all Americans to gain some understanding of the problems of international affairs. No longer could such knowledge be classified as superfluous for the average citizen and the proper interest only of the specialist. How the layman could be introduced effectively to the complexities of international life has remained a persistent problem.

So far, the best general book for the non-professional is Mr. Berle's *Tides of Crisis*. A man with important direct experience in world affairs, perspicacious, and with a tempered realism, Mr. Berle lays before the reader a masterful summation of world problems as they relate to the United States today. The author assumes little background knowledge on the part of his reader—an important value of the book—allocating much space to explaining the historical context within which present events are taking place.

Concentrating on the leadership position of the United States in the contemporary world, Mr. Berle stresses the need for policy principles that will deal with the two major factors in the world scene. One is the movement of the world away from a situation in which nationalism was the prime motivation in solving problems. The

(Continued from page 13)

important here. This is especially true of the physical assets such as securities, inventories, fixed assets, real estate, buildings, accounts receivable.

Other records needed to prevent serious financial loss are: insurance policies; tax reports and receipts; balance sheets; audits; litigation files; major contracts; claim files; mortgage notes and trust acceptances. Remember there are tax deductions on such losses.

Recovery of losses are primarily dependent upon putting records in safe places, adequate insurance, including insurance capacity for all physical damage hazards resulting from radiation or radio-active contamination to buildings, machinery, and surviving personnel.

The best recovery of all is the continued operation of the business as quickly as possible, which all this planning will insure.

other concerns the moral and philosophical conflict "between a conception of man as a being of supreme significance and a conception which reduces him to the status of a tool . . . in a social-engineering problem."

Cheever Cressy, Ph.D.

Professor of International Relations, Oglethorpe University, Georgia.

"The Human Side of the Deflated Dollar Bias," *The Accounting Review*, July, 1957, by William H. Whitney.

This is a highly interesting and provocative article which will give you a "new look" towards your income. If a person is not satisfied with his income (and who is?) and feels that he is really being treated badly by the world generally, then it is time for him to read, "The Human Side of the Deflated Dollar Bias."

(Continued from page 10)

It does demand thinking about our actions, appearance, qualifications, and approach in everything we do.

George D. Bailey, Past President of the American Institute of Accountants in "Some Thoughts About the Future of Public Accounting For Women" stated "It must never be said that women in public accounting practice can disregard the standards which are generally recognized, even though some of the men may think that they themselves can do so."

Yes, we have come a long way but the future rests with us—Have we enough imagination to see opportunities for greater service to our employer; can we think in big terms; are we giving some of our time to study and further education. Our pioneers had to do it and we must continue.

## BIBLIOGRAPHY

- Littleton, A. C.*: Accounting Evolution to 1900 (1933)  
*Wilmer L. Green*: History and Survey of Accounting (1930)  
*Norman E. Webster*: Early Women Accountants (1945)  
*Women's Bureau, U. S. Dept. of Labor*: Women's Occupations Through Seven Decades (1940)  
*Women's Bureau Bulletin No. 258*: Employment Opportunities for Women in Professional Accounting (1955)  
*Battelle, L. G.*: The Story of Ohio Accounting (1954)  
*THE WOMAN C.P.A.*: Many articles as quoted