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AuditSCOPE: An Idea whose time had come

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Seminar 1978

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AuditSCOPE

An idea
whose time
had come

What began a year ago as one man's idea became a reality this summer in the form of a seminar conducted by Deloitte Haskins & Sells for forty-one of the country's outstanding auditing educators. A significant meeting of authorities from the worlds of accounting education and public accounting, the seminar, held in Vail, Colorado, also marked an unprecedented step on the part of DH&S to make public our sophisticated and unique auditing system. In this sense, that one man's idea may well go down in DH&S history.

The topic of discussion was AuditSCOPE, a highly coordinated approach to auditing that has been evolving within DH&S for almost twenty years. Although certain elements of the system had been publicized outside the firm previously, this seminar marked the debut of AuditSCOPE in its entirety; and it was an occasion of great pride for those who had seen and assisted in the development of AuditSCOPE (an acronym for Audit System of Coordinated Objectives, Procedures and Evaluations) through the years. Why? "Because it's an approach that's not only different, but considerably more advanced than those employed by other firms," answers Charles G. Steele, managing partner of DH&S/USA and the man credited with the idea for the AuditSCOPE seminar. "By utilizing specific aids within a structured and integrated system, we believe we've given our auditing techniques the overall coordination needed for maximum effectiveness."

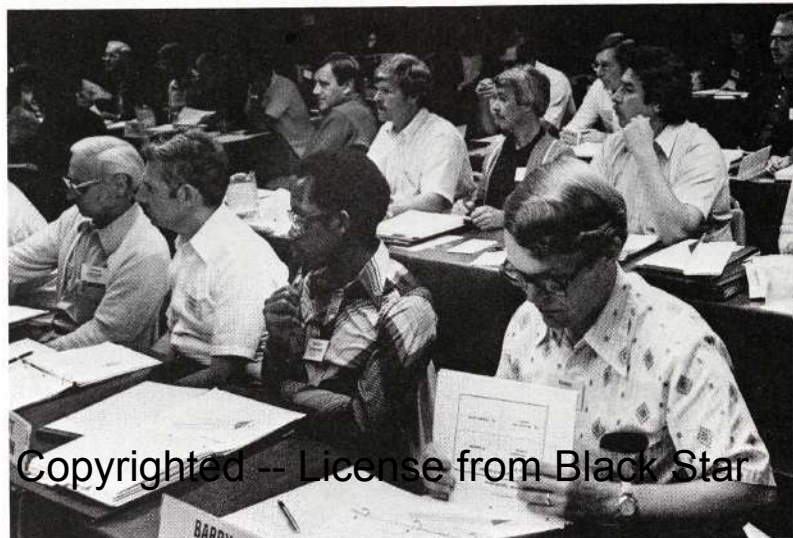
The term AuditSCOPE was coined to symbolize the characteristic that makes the DH&S audit approach unique – that is, its unity. Composed of advanced auditing concepts and techniques, AuditSCOPE integrates the many facets of our approach to audit planning, such as identifying special audit risks; evaluating and correlating internal control with auditing procedures; and using quantitative methods in performing audits. The latter methods include our Audit Sampling Plan, the STAR (Statistical Techniques for Analytical Review) Program, and the Auditape System.

In sharing the rationale and substance of its coordinated approach to auditing with selected faculty members, DH&S had three basic objectives: 1) to contribute materials and ideas in the hope that they will help to expand and improve audit education at the undergraduate and graduate levels; 2) to stimulate research into the practical applications of auditing; and 3) to increase and deepen the firm's relationships with faculty.

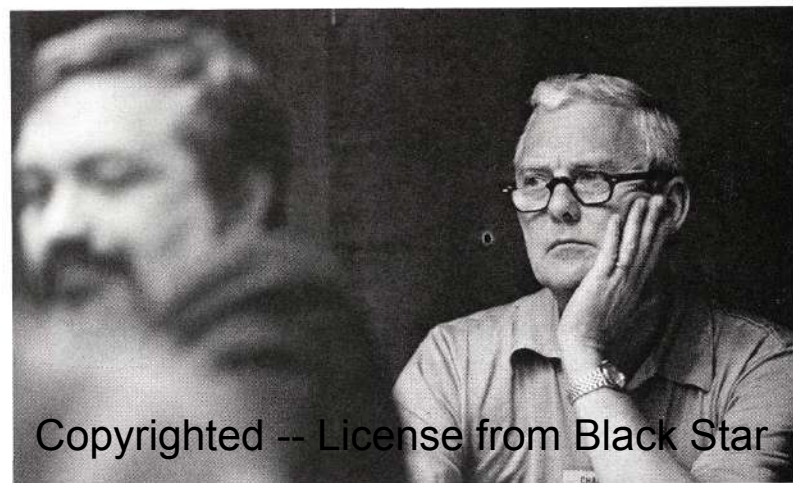
Although well-justified by these goals, the decision to "go public" with AuditSCOPE was not a simple one. The importance of the AuditSCOPE package, coupled with the exacting intellect of the audience to whom it was to be presented, made the decision complex indeed. From the start it was clear that the proposed AuditSCOPE seminar would require a tremendous amount of time, planning and preparation if it were to be executed successfully. No one knew this better than EO partners Kenneth Stringer and Robert Pivik, who took Charlie Steele's idea and brought it to actualization.

The initial task of choosing DH&S people to instruct at the seminar was perhaps the easiest one for both Ken, senior technical partner responsible for the firm's accounting and auditing services, and Bob, partner in charge of human resources. "The people who were knowledgeable in the technical areas we planned to cover were well known to us," Ken said. "There was little problem in identifying those who would make competent and effective instructors."

Eight partners, representing several of the firm's offices,



Seminar session



Charles G. Steele, DH&S managing partner

instructed at the seminar. Wayne Williamson (Executive Office) and Peter Jensen (Denver) spoke on Audit Planning, Supervision and Review, and Consultation. Internal Control and Tests of Details were discussed by Mark Lancaster (EO) and John Ellingsen (San Francisco). Joseph Wesselkamper (EO) covered EDP Considerations in Internal Control; Richard Snyder (EO) discussed Computer Applications. Audit Sampling was covered by James Kirtland (EO), who later presented the section on Analytical Review with Keith Dorricott (Toronto – Head Office). Partner J. Michael Cook and manager Stephen Biegel of EO assisted with the presentations.

Once the assignments had been made, teaching outlines, case studies and visual aids were prepared by individual instructors. These materials were then reviewed by the other instructors, and the lengths and methods of presentation were determined. Finally, the date and location of the seminar were set – Vail, Colorado, August 13 to 18, immediately prior to the American Accounting Association meeting in Denver.

All nontechnical arrangements required before and during the seminar were handled by EO partner Robert Steele and meetings coordinator William Lawler. Their efforts were by no means unnoticed. "A first-class job!" was the consensus of the participants. Or, as one professor put it, "DH&S obviously



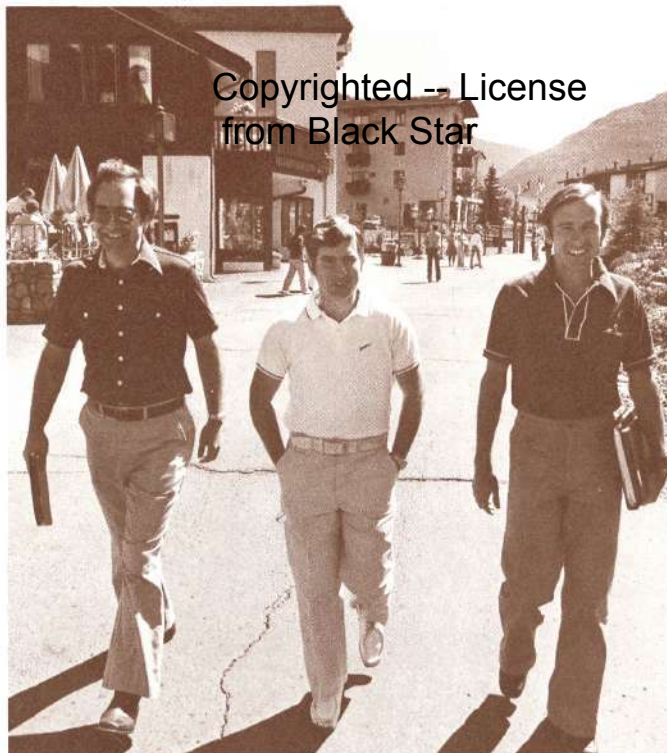
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Group taking a break on patio of Kiandra/Talisman Lodge,
Vail, Colorado

'pulled out all the stops' for our total comfort and convenience during the seminar week."

The seminar, held at Vail's Kiandra/Talisman Lodge, consisted of nine half-day sessions, led by DH&S instructors and conducted in a carefully planned sequence. "Our objective," Wayne Williamson explained, "was to present the concepts of AuditSCOPE in such a way as to emphasize the integration of the system. This was why we began with an introductory overview: to indicate not only what was to follow, but how each part relates to the system as a whole."

(r. to l.) William R. Kinney, Jr., University of Iowa;
Keith O. Dorricott, DH&S partner - Canadian Head Office, Toronto;
William L. Felix, Jr., University of Washington



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The AuditSCOPE teaching materials, which supplemented individual presentations, were also designed to project the logical unity of the system. Comprising a series of almost 400 slides, the materials were used throughout the week to outline and illustrate the key elements of AuditSCOPE. Each professor was given printed copies of the slide materials for personal use during and after the seminar.

Credited primarily to the efforts of EO communications adviser Gilbert Parker, the graphic materials were praised by both instructors and participants for their clarity and effectiveness. "They really held the whole week together," Mark Lancaster observed.

Scheduled breaks for refreshment and lunch gave the participants the chance to relax and discuss issues casually among themselves; but most of the discussion was far from casual. Almost all holders of doctorates, the forty-one faculty members who attended the seminar represented some of the finest auditing scholars in the country. And although they differed notably in age, background and degree of teaching experience, their common denominator was clear: an overriding desire to absorb and understand thoroughly the material that was presented to them.



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Seminar session

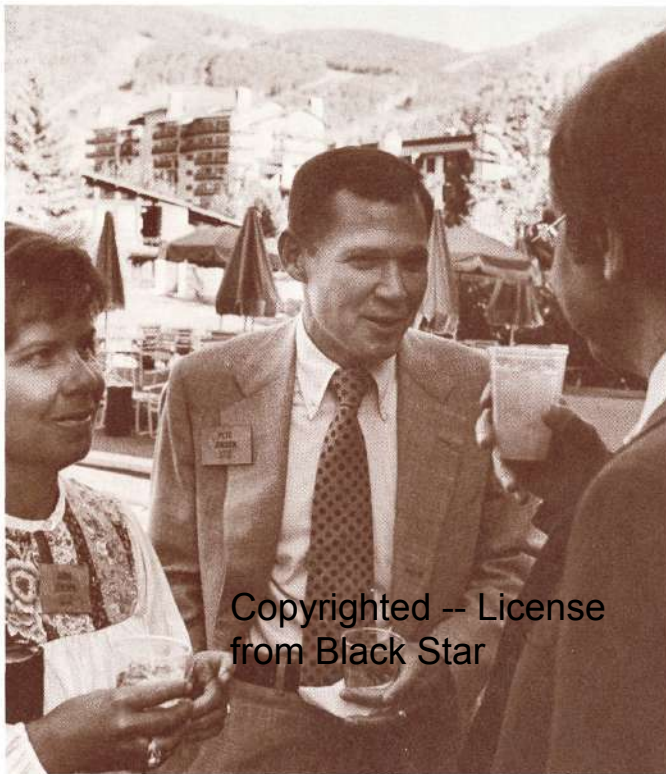
They were, by their own admission, a "tough audience." They questioned, challenged, discussed, criticized and praised; but no matter what the tone of any given exchange, they never failed to recognize its value as a learning experience. "It was like a chemical reaction," observed Bob Pivik. "The intellectual interaction that this seminar brought about exceeded even our highest expectations. I consider it to have been our most substantial accomplishment here."

Evaluation forms were distributed to the participants at the close of each afternoon session. From these, the DH&S instructors learned not only how that day's presentations were received, but how the next day's program could be geared even more specifically to the particular interests and concerns of the audience. Considered an excellent idea by teachers and participants alike, the evaluations gave the DH&S people an accurate daily reading on the group's reactions. "They're the teachers," Bob Pivik said with a smile. "In a sense, they were teaching us how best to instruct them."

Additional comments and reactions were garnered on a more casual basis during the hospitality sessions held before and after dinner each evening. What was it about AuditSCOPE that impressed the professors most? Its unity, according to many. "AuditSCOPE is the most logical and sequential approach to an

audit that I've seen," commented one professor. "I intend to incorporate much of the material presented here into my own lectures next semester."

Another professor compared the AuditSCOPE seminar to recent presentations sponsored by some of the other large public accounting firms. "This was undoubtedly the most refined, detailed and precise," he said. "The others were not nearly as comprehensive."



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(r. to l.) William L. Felix, Jr., University of Washington; Peter L. Jensen, DH&S partner — Denver; Pete's wife, Judy

An optional Saturday morning session was scheduled for those participants who still had questions about AuditSCOPE or who just wanted to exchange ideas among themselves. Conducted in two separate groupings, the session was well attended and fostered intense discussion among the professors. It was, as the participants themselves pointed out, an extraordinary opportunity for brainstorming. Not often do auditing experts from so many varied and far-flung locations get the chance to "pick one another's minds" so freely. "These men clearly are among the best in their field," said Ken Stringer of the Saturday morning group. "Their being here this morning was motivated only by a genuine desire to learn and understand."

The seminar week had officially concluded with a reception and banquet the previous evening. Attended by all participants, as well as those wives who had accompanied their husbands to Vail, the dinner was a relaxed and social occasion — a suitable finale to a highly productive week.

Highlighting the evening was an address by Charlie Steele, who had arrived in Vail two days before. Just prior to Charlie's speech, Jack Robertson, associate professor of accounting at the University of Texas at Austin, took the lectern as spokesman for the seminar's participants. After commenting on the excellence of the presentations, as well as thanking the firm for providing such

(l.) Forrest Thompson, Florida A&M University; Maurice S. Newman, University of Alabama (retired DH&S partner)

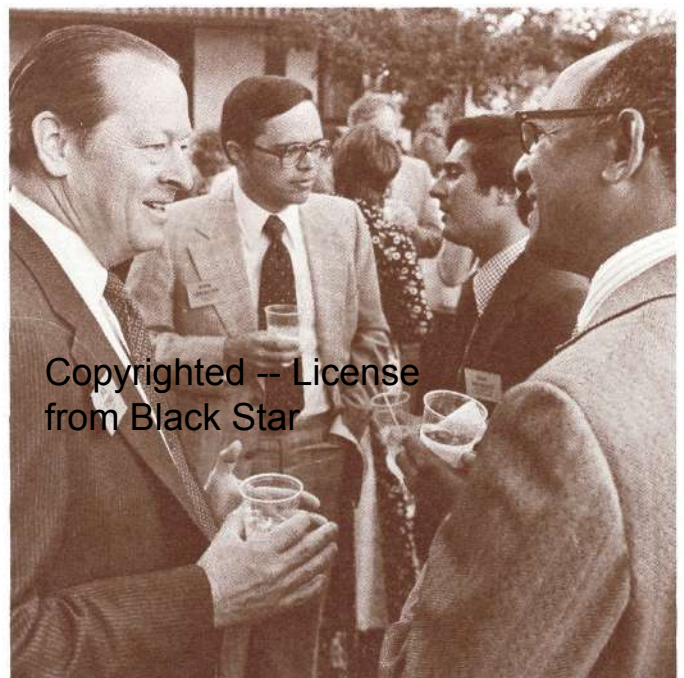


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fine accommodations, Jack went on to point out the greater significance of the event as a whole. "DH&S has 'bared its soul' to us this week," he said. "In sharing AuditSCOPE with us, the firm showed great courage and unmatched generosity; and the consensus of all those invited here is one of sincere appreciation and thanks."

Continuing on Jack's warm note, Charlie Steele emphasized the firm's commitment to furthering "cooperative efforts between academe and the practicing profession, in the interest of making educational processes in auditing more relevant to the challenges which will be faced by new entrants into the profession." Pointing to the current environment of heightened public interest in accounting and auditing, and the corresponding demands made on public accountants, Charlie stressed the fact that the "imperfect art of auditing" can and must be improved if the profession itself is to survive.

(l. to r.) Robert L. Steele, DH&S partner — Executive Office; Mark L. Lancaster, DH&S partner — Executive Office; David N. Ricchiute, University of Notre Dame; Calvin L. Cooke, Howard University



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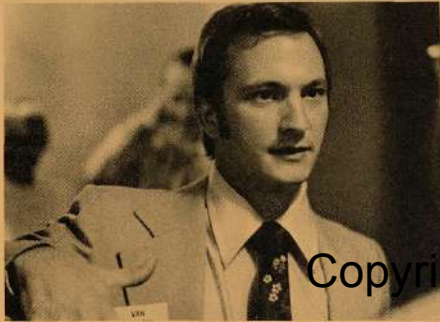
AuditSCOPE '78: Some of the participants...



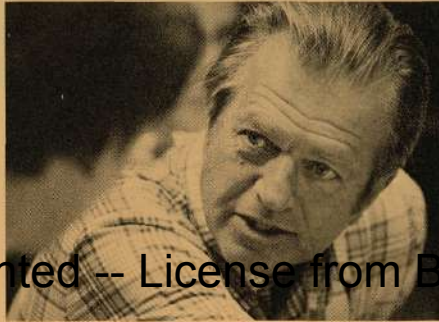
DH&S reception at Kiandra/Talisman Lodge



Clarence B. Stephenson, Ohio University



Van B. Ballew, University of Oregon



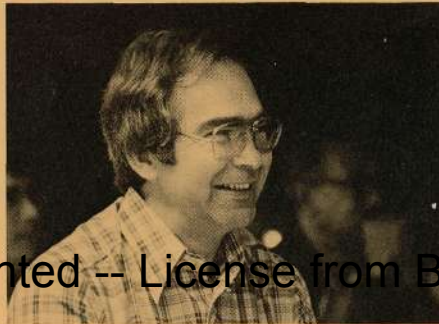
Wayne S. Boutell, University of California at Berkeley



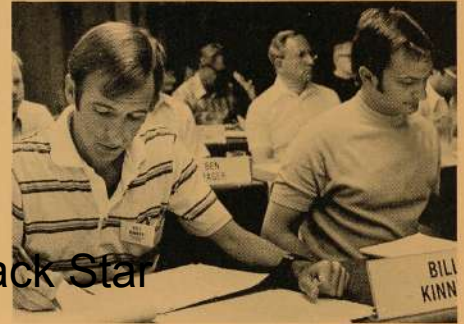
Frederick G. Davis, North Texas State University



E. Ben Yager, Miami University



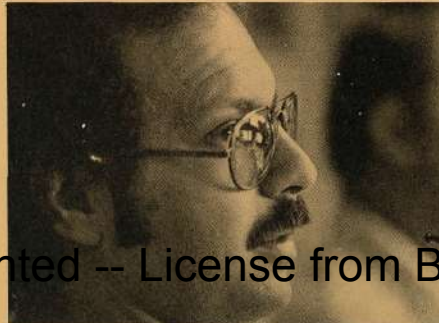
William L. Felix, Jr., University of Washington



front row: (l.) William R. Kinney, Jr., University of Iowa; Van B. Ballew, University of Oregon



Barry E. Cushing, University of Utah



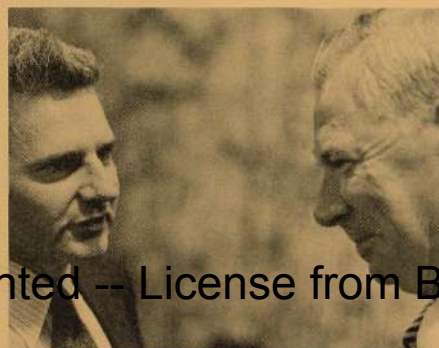
Jack C. Robertson, University of Texas at Austin



Larry E. Rittenberg, University of Wisconsin



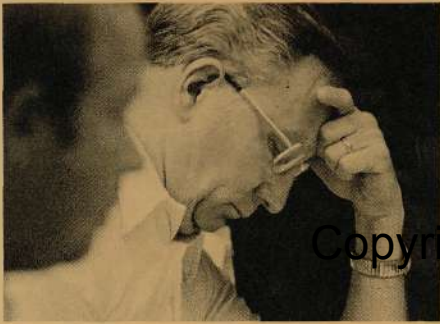
Joseph A. Silviso, University of Missouri at Columbia



(l.) Bernard H. Newman, Pace University; Maurice S. Newman, University of Alabama



David N. Ricchiute, University of Notre Dame



John W. Cook, Georgia State University



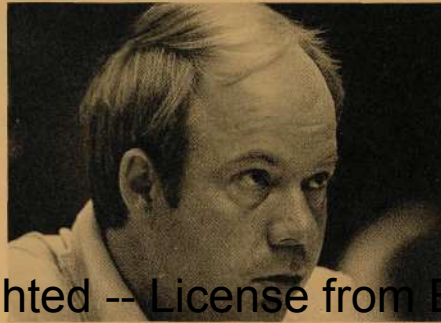
E. Barry Rice, Loyola College at Baltimore



Patrick B. Dorr, Oklahoma State University



Robert J. Swieringa, Cornell University



William A. Hillison, Florida State University



Joseph A. McHugh, Boston College



Edward S. Lynn, University of Arizona



Joseph J. Schultz, Jr., University of Illinois



(l.) Bernard H. Newman, Pace University;
Joseph A. McHugh, Boston College



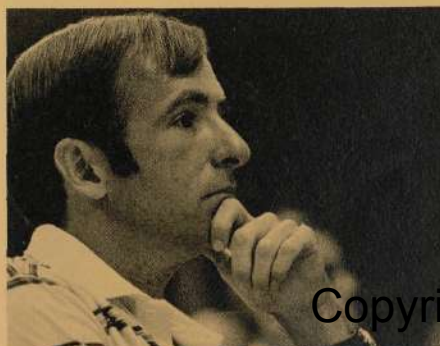
Walter G. Kell, University of Michigan



Dan M. Guy, Texas Tech University



Howard F. Stettler, University of Kansas



William R. Kinney, Jr., University of Iowa



James A. Knoblett, University of Kentucky



Jimmy W. Martin, Virginia Polytechnic Institute
and State University

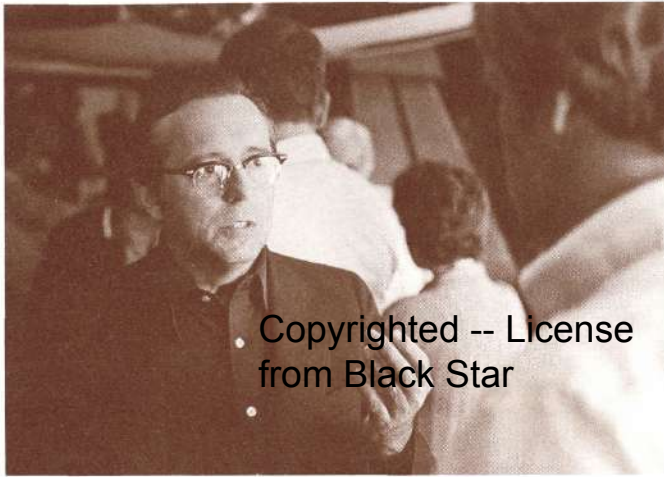
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Kenneth W. Stringer, DH&S partner – Executive Office

Charlie feels that the AuditSCOPE approach, made public through this seminar, is an important step toward this improvement. "Here at Vail we have attempted to provide you with the fundamentals of something we consider to be quite useful to us," he said. "Hopefully, you also will find it useful. In addition, we stand ready to provide technical support for your teaching effort." (As followup to the AuditSCOPE seminar, DH&S partners and managers will, upon request, visit the campuses of those professors who would like assistance in presenting any element of AuditSCOPE to their students.)

Seminar session

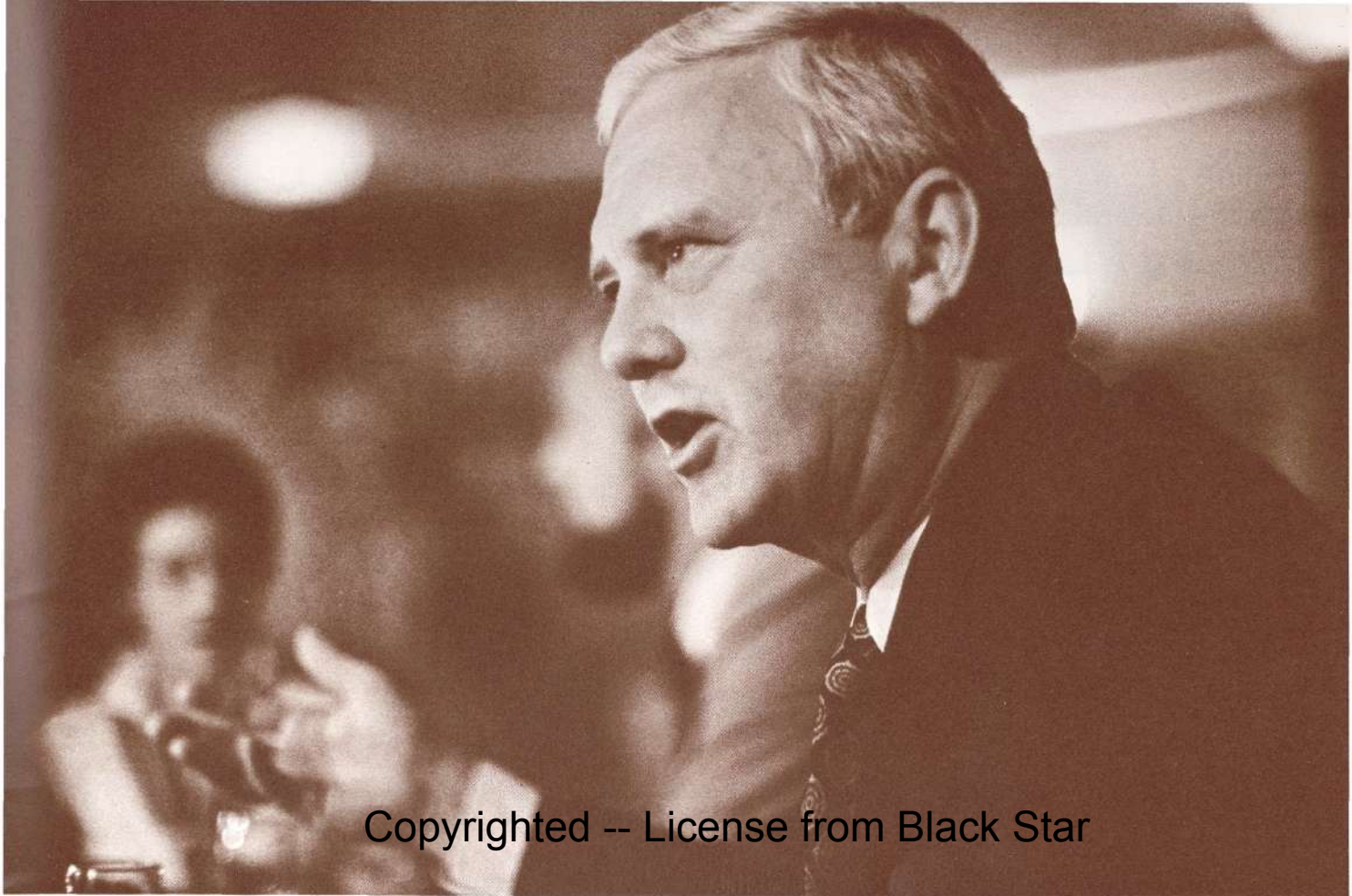


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"Certainly we look to you, as teachers of accounting and auditing, to provide our lifeblood – the thousands of bright young men and women who enter our profession each year," Charlie Steele continued. "And to the extent that you find our conceptual approach to auditing useful and relevant in your teaching, I hope that we will play a part in enhancing the academic preparation of your students for careers in public accounting."

To the DH&S people who planned and executed the AuditSCOPE seminar, these few short days in Vail represented the culmination of many long months of preparatory time and effort. But, hard work notwithstanding, it was an idea that they believed in; and this belief was confirmed by the very positive reactions of the professors. With few exceptions, the congratulatory remarks of the participants echoed the name of the man who was not only critically instrumental in the development of AuditSCOPE, but whose presence and counsel clearly made the seminar the success that it was. That man was Ken Stringer.

In Ken's mind, the AuditSCOPE seminar was not only laudable in its objectives, but also timely in its actualization. "For years I have been genuinely convinced that our approach to auditing offers distinct advantages – in terms of both organization and effectiveness," he said. "But it was not until the relatively recent emergence of auditing as a complex and separate discipline in the educational sphere that we were afforded an appropriate opportunity to share this system with our counterparts in academia. The professors' sincere interest in our concepts and materials was most gratifying; it made both our efforts and our timing seem very worthwhile."

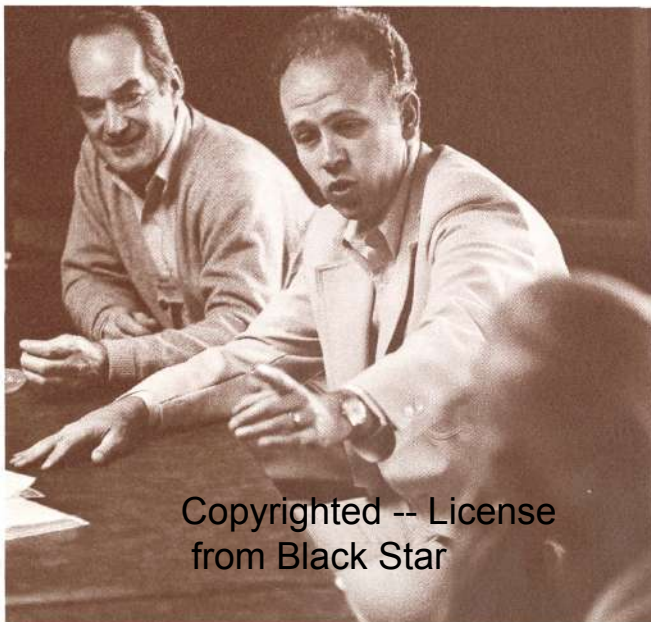


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Charles G. Steele, DH&S managing partner

"I'm very much in favor of this idea of sharing," Canadian partner Keith Dorricott commented. "Through this seminar, we have exposed our ideas to these professors. They, in turn, have given their ideas to us – and to each other. Given the fact that the group gathered here was not only deeply committed to the study of auditing but also highly motivated, it just couldn't have been anything but a meaningful exchange. I perceive this seminar as marking an important new direction in our relationships with academics."

Like any "first," the 1978 AuditSCOPE seminar was, in a sense, a test run. And because of its apparent success and productivity, there is much enthusiasm among the DH&S instructors about the prospect of future conferences on AuditSCOPE. In fact, plans are already under way for the 1979 seminar. The firm's wish to generate continued interest in AuditSCOPE was expressed by Charlie Steele in his final words to the professors at this year's meeting. "As you can see, we are quite excited about AuditSCOPE," he said, "and I hope some of our enthusiasm has rubbed off on you." □



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Executive Office partners Wayne Williamson (l.) and James L. Kirtland

Bob Pivik expressed similar thoughts. "The relationships formed here between our people and key academics are vital to all of us," he said, "both for their intrinsic value and for the additional ties of this nature that they will inevitably foster in the future. Our joining forces in the hope of making a substantive contribution to accounting education will, I feel, work to the benefit of all – practicing and academic accountants, students and the business public."



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