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Faculty of observing

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The Faculty of Observing

THE story of how a band of desert thieves was traced through having stolen a half-blind camel with a front tooth missing, represents the acme of refinement in observation. The story is old. It may have no basis of fact. Perhaps it was devised by some ingenious educator merely for the purpose of leaving an imprint on the minds of youthful readers. But it has its point.

The substance of the story is that a robber-band, preying on a settlement of peaceful Arabs, seized and made off with all the available camels. Among the camel booty was one which was blind in one eye and minus a front tooth. When the desert police took up the trail, they had little more than this description, and the general direction taken by the robbers, to guide them.

Coming to an oasis, they noticed, where camels had been cropping at the grass, that one line of cropping veered constantly to the left. Also that there were blades of grass which remained uncropped along the center of the line. From these observations they deduced that the veering line, with the untouched blades, was the result of the grazing of the partially toothless camel which was blind in its left eye, and so traced the herd until the robbers were apprehended.

The accountant admittedly is absolved from the necessity of having to possess all the knowledge of a lawyer, or of an engineer. He has no particular duty to act as a detective. In most of his engagements, however, it will do him no harm to cultivate more intensively the faculty of observing and to consider more carefully the significance of what he may observe.

Auditing, if one is not careful, may become a matter of merely checking figures. It is an easy matter to pass over signs, which if observed, would point the way to startling disclosures. Slight inconsistencies often serve as clues to gross irregularities carefully concealed. Only recently, concealment of a substantial shortage was attempted by the use of some fifty forged notes.

The forgeries were clever and the notes, hastily examined, had every appearance of being genuine. But there were slight inconsistencies, noticeable upon careful observation. A certain name was written "Carey" on the face of the note; "Cary" on the reverse side. A certain French name was written as pronounced, not as spelled. Numbers on the notes were out of line with numbers in current use. The date February 29 was used in a year having but three hundred and sixty-five days.

Unless documents are carefully and

thoughtfully scrutinized, inconsistencies of this character will pass unnoticed. Many times they may have no significance. Often they lead, upon investigation, to irregularities of the grossest kind. The auditor who would detect irregularities needs to do more than check figures. He needs to

consider more carefully that which is available for his consideration. Figuratively speaking, even so uninteresting a fact as that a camel is blind in one eye and deprived of the use of a former front tooth, if observed, may have an important bearing on the result of some piece of work.

Safeguarding Checks

THE season for the detection of cash irregularities is in full swing. Each day appear additional announcements that some cashier or treasurer is short in his accounts. Trusted employes with many years of faithful service, officers with enviable records for efficient work, and professional crooks alike, irrespective of age, sex, or environment, have committed multifarious forgeries and embezzlements involving amounts varying from a few hundred dollars to several hundred thousand dollars. Banks, clubs, churches, and industrial concerns, with systems of accounting and internal check of varying degrees of efficiency, some audited annually and some with little or no executive supervision, have suffered in common as victims of these manifold schemes. It would be difficult to determine where operations of an improper character will be discovered next. Certainly no organization is immune to defalcations. No organization, therefore, can afford to neglect to take the precautions necessary for the full protection of its resources.

It is estimated that six billion checks are written annually and that from ninety to ninety-five per cent of the business of the nation is transacted by means of credit instruments. Losses from forgeries and embezzlements amount to approximately \$200,000,000 annually, divided about equally between the two. The business public bears a burden of over \$600,000 each business day by reason of these two crimes, in addition to the costs incurred in carrying on fidelity and surety companies.

In general, financial crimes are promoted by opportunity. They seldom occur if proper safeguards are rigidly enforced. So far as the number of instruments is concerned, the opportunities for misappropriations are unlimited. The principal effort should be devoted to procedures designed to prevent fraudulent occurrences rather than to the detection of fraud.

Checks written by hand on plain paper may be raised with comparatively little difficulty. There are several devices available to reduce the possibility of altering checks. Various machines may be had which protect the amount and frequently the payee's name. The latter feature is important because the payee's name is changed about as often as the amount. These protective machines are similar in that the letters or figures are cut into the paper and printed with indelible ink. These appliances are not infallible. The corrugations in the paper may be straightened out and a word of equivalent length inserted for one which has been erased. But they are of sufficient protective value in eliminating the danger of altered checks to justify their use.

Then there are pantagraph checks which are simply paper lithographed with inks which are mixed so as to be highly sensitive to alteration. Pantagraphs are tinted usually in the form of a series of small interwoven designs, frequently made distinctive by representing the trade-mark of the user. One disadvantage in the use of such checks is that the reverse side often is left blank