

University of Mississippi

eGrove

---

Haskins and Sells Publications

Deloitte Collection

---

1918

## Accountants as non-essentials Changes in the personnel

Anonymous

Follow this and additional works at: [https://egrove.olemiss.edu/dl\\_hs](https://egrove.olemiss.edu/dl_hs)



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

---

### Recommended Citation

Haskins & Sells Bulletin, Vol. 01, no. 06 (1918 August 15), p. 46-47

This Article is brought to you for free and open access by the Deloitte Collection at eGrove. It has been accepted for inclusion in Haskins and Sells Publications by an authorized administrator of eGrove. For more information, please contact [egrove@olemiss.edu](mailto:egrove@olemiss.edu).

### Verifying the Cash

THE term "verification of cash" connotes more than the mere counting of the physical cash on hand and reconciling of the bank accounts at a given date. It suggests an operation which brings into play the combined knowledge, skill, ingenuity and resourcefulness of the auditor in satisfying himself that the balance of cash as claimed is correct in every sense of the word.

The client in submitting the cash accounts for audit fondly hopes that they are correct. Modern business organization demands usually that the function of handling the cash be delegated to some employe. The employer is careful in the selection of such employe; he takes the precaution to bond him; he observes his conduct, sometimes outside as well as inside of the office, but he is not quite satisfied as to his fidelity and efficiency until his work has been independently reviewed.

The unbounded confidence which the client usually has in the ability of the auditor places a great moral responsibility on the latter. Lest this confidence be misplaced it is incumbent that the auditor equip himself to uncover any irregularity of which the cashier may be guilty. To do this, careful analysis of the work of the cashier, with the possible irregularities, is necessary.

The balance of cash is impliedly what it is shown to be by the books. The amount is the correct amount judged in the light of the contributing causes. The factors which comprise the balance are bona fide outgrowths of the preceding operations and not substitutions arranged for the occasion.

In the normal situation there are a certain number of standard operations involved in handling the cash. There is first the receipt of the cash; next the entry on the receipt side of the cash book; putting the money in the cash box or depositing it in the bank. There follows at one time or another the footing of the receipt side of the cash book and carrying forward the footings. The other operations consist in drawing checks or paying out the cash, entering the disbursements in the cash book, footing and carrying forward the disbursement side, and striking the balance. If all

these are carried out faithfully and accurately the balance resulting from the count and the reconciliation of the bank accounts will agree with the balance shown by the cash book.

In any well ordered modern concern all receipts will be deposited in the bank. No disbursements will be made otherwise than by check, except small amounts which will be paid out of a fund regularly established by the drawing of a check and consequently controlled. Unfortunately, all concerns are not well ordered nor are they modern. Cash receipts are frequently used for disbursements. Unused balances of pay-roll check proceeds are thrown into the cash. Cash is drawn from the bank by check for hand disbursement. Checks and cash are used interchangeably. The lot of the auditor is made considerably more difficult where such conditions exist, but he is none the less responsible, even though it may almost be said that any concern which knowingly permits such practices deserves no sympathy if a shortage occurs. The present discussion will probably be much clearer if the consideration of these exceptions is postponed until after taking up a case in which there is a good system and modern practice prevails.

The various ways in which the cashier may bring about irregularities are as follows: Failing to enter a cash receipt; entering it short; underfooting the receipt side of the cash book; carrying forward a footing on the receipt side short; understating a balance when carrying it forward; making entries for disbursements where no cash is paid out; drawing checks to fictitious persons or persons in collusion; overstating an entry on the disbursement side of the cash book; overfooting a disbursement page; carrying forward a footing on the disbursement side for more than it should be; stating a balance incorrectly.

(To be continued)

### Accountants as Non-essentials

CONSIDERABLE anxiety was caused in the accountancy profession when the Provost Marshal General classified the accountants among those engaged in non-

essential industries. This classification was considered especially severe in view of the large number of accountants who are assisting the Government at the present time in the conduct of the war. It was the opinion of many persons that there must have been an error in this classification, as a number of the local draft boards failed to follow it with regard to public accountants. The matter was taken up with the Provost Marshal General by the American Institute of Accountants with the result that, under date of July 30, General Crowder advised the secretary of the American Institute that "Public Accountants, as such, are not included within the operations of the above regulations."

It seems desirable to us that members of our organization when giving their occupation should designate themselves as "public accountants in practice," as distinguished from "accountants." If a local board should question the distinction, reference may be made to the letter of the Provost Marshal General. It is not desirable, however, to refer to this ruling unless absolutely necessary.

*The Accountant*, a London publication which carries the news of accountancy especially to the chartered accountants, prints on page 462 of the issue of June 29 an article by Mr. E. C. Gause, Manager of the Pittsburgh Office, on the "Relation between Interest and Manufacturing Costs." This article appeared first in the *Journal of Accountancy* in the number of March, 1918.

With the great uncertainty of the "manpower" situation we are considering seriously the utilization of women on the staff. With this in mind we hope to add to the bookkeeping force a number of women, who, together with those already employed, will form a nucleus from which additions to the staff may be developed.

In response to a request of the National Board of the Young Women's Christian Association, the firm has arranged a course of six lectures to be delivered during the summer session of the National Training School for Business Secretaries. Mr. Wildman will give the lectures, the subject

of which will be "Principles of Accounting and Auditing and Their Application to Young Women's Christian Associations."

### Changes in the Personnel

THE stars in our service flag still continue to multiply. During July several of our number have joined the country's colors.

Mr. M. P. Swan and Mr. J. E. Henriques, of the New York Office, and Mr. A. T. Farber, of the Pittsburgh Office, have enrolled themselves with the army. Mr. Swan is stationed at Camp Devens, Mass., Mr. Henriques at Camp Hancock, Georgia, and Mr. Farber at Camp Zachary Taylor, Kentucky.

Mr. J. D. Maver has enlisted in the Marine Corps.

Mr. L. E. Wright and Mr. J. M. Lavelle have gone with the Shipping Board.

Mr. P. J. Mayer has entered the office of the Alien Property Custodian.

Mr. Eugene Wrigley has joined the Quartermaster's Department.

Mr. Edward Brady and Mr. R. E. Terwilliger, of the New York Office, and Mr. E. K. Meredith, of the Cleveland Office, have withdrawn from our staff to accept positions with other firms.

To compensate for this depletion of our ranks we have, during July, had our staff augmented by the following new members:

Mr. W. S. Baldwin, Mr. S. W. Clark, Mr. C. A. Earl, Mr. C. C. James, Mr. N. E. King, Mr. C. C. Leib, Mr. D. W. Molloy, Mr. C. B. Mount, Jr., Mr. C. S. O'Connell, and Mr. B. J. Porter.

### Punching—Sorting—Tabulating Machines

THERE is no problem in connection with the use of office appliances that will so test the ingenuity of an accountant as the problem of arranging work to be applied to this type of machine.

The fundamental principle on which the method is based is classifying by numbers. For illustration, main classes are numbered ranging from 00-09 to 90-99. Classes requiring them are sub-divided into ten divisions each, viz., 001 to 009, and each of the divisions into sections, viz., 0001 to 0009.