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Answering questions

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Answering Questions

"**H**OW much are you short?" asks the surety company representative who detects irregularities intuitively, or by walking through an office and looking a cashier in the eye. "What is the amount of the shortage?" queries the employer whose employee has confessed to having misappropriated funds. "What did you find?" asks the client of the accountants who have investigated some matter for him.

It is but natural that these questions should be asked; that they should be abrupt, short, and pointed. The seeker after information wastes no time or words in phrasing his questions. He is not concerned with the niceties of expression. He even may sacrifice grammatical construction as long as no doubt may arise as to the meaning.

The chances are that answers to such questions would meet with high favor were they equally terse, provided they were to convey the specific information sought. Every question requires some kind of answer. A direct question calls for a direct answer. An implied question may not be ignored if satisfaction is to be accorded to the privileged party in a relationship.

How often does a client receive a direct answer in reply to a direct question asked of a lawyer or of an accountant? Seldom. The reply usually is hedged about with qualifications and protective phrases such as, "We are informed," or "It appears," or equally non-committal statements. This all may be necessary if the statement is a matter requiring proof but it must be fairly unsatisfactory to the client.

How many times is a layman able to understand a legal document because of the "whereases," "said parties," and so on? Is it not tiresome to be obliged to read page upon page of legal verbiage and study at length certain passages in order to understand the terms of a simple contract?

Put yourself in the place of a client who asks you to investigate some matter for him which he has neither the time nor technical ability to penetrate and when he receives your report is unable to tell what your conclusions are without reading thousands of words and searching out the conclusions for himself. Is he likely to be pleased? He is not.

Every engagement carries with it a question either expressed or implied. If the question is expressed, so much the better. If the implication has to be read out of the engagement, the question is none the less present. In either event an answer is required. The question is the prevailing thought in the client's mind. He is entitled to expect an answer. He is entitled to have the answer conveyed to him with a minimum of effort on his part in order to grasp it. He is entitled to the substance of the answer immediately upon picking up the report.

It is surprising the extent to which accountants ignore the simple principles of service relationship. The perfectly obvious requirements of successful contact in business are sacrificed to form day in, day out. Instead of telling a client immediately in a few well chosen words the particular thing he wishes to know, pages are devoted to discussion which is involved, technical, filled with formal detail, and qualified to a high degree.

A review of twenty-five reports dealing with special investigations will not show one which summarizes the findings in the opening paragraph of the presentation or the comments. In most instances the conclusions appear, if at all, in the last paragraph of the comments, to be found only after reading pages of detail ranging from two to forty-seven. Scarcely ever will the reports where shortages are involved disclose the amount of the shortage until the reader has searched through five or six pages.

The following is a typical case; a certain bookkeeper and cashier was suspected of irregularities. We were retained to make an investigation. We discovered that he had been misappropriating receipts from customers and funds already in possession of the company through excessive pay roll charges. The shortage which could be definitely established was \$1,236.43. He was suspected of further misappropriations which could not be positively determined because of the condition of the records.

The report contains eighteen pages of text and seventeen pages of exhibits. It opens with the usual presentation referring to the comments and describes five exhibits relating to invoices and time cards. The presentation makes no mention of the shortage either in fact or amount, merely reciting the authority for and specific nature of the engagement. The comments begin with a discussion of the records examined, followed by a discussion of the cash book, the condition of the records, irregularities, the classes of irregularities, after which the irregularities are itemized and described in detail. Not until one reaches page nine of the report is it possible to determine the total of the irregularities of definite amounts.

Ordinary every day common sense, to say nothing of business psychology, would suggest that the thought uppermost in the mind of the client upon receiving the report and the question which probably he would ask were he to have the opportunity would be, "How much is he short?" He might be excused for being peeved if his question were not answered or the answer were not forthcoming promptly.

His question would have been answered and the chances are that his impression of our ability would have been better, if in the presentation after the usual introduction, "Pursuant to engagement, etc.," we had set forth the results somewhat in the following fashion:

"Our investigation discloses misappropriations of cash amounting to \$1,236.43, in addition to which there are

numerous alterations in the accounts which create the suspicion of irregularities without affording definite evidence of misappropriation. The determination of specific amounts in these instances appears to be impossible because of the chaotic condition of the records kept by Mr. Blank. Our findings in detail are set forth in the sixteen pages of comments and the following described exhibits."

Every investigation calls for an expression of findings. The findings should be summarized as near the beginning of the report as possible. Gist is the thing of importance. Amplification and elaboration may follow. The thing of importance should occupy the prominent place. Answering questions should not be a lost art.

Reports of Two Kinds

AUDIT reports may be classified, for the purpose of considering their practical value to clients, into two kinds. In one, the comments are devoted chiefly to a discussion of the audit procedure. In the other, the discussion covers rather the significance of the accounting results as reviewed by the auditor after he has verified their accuracy, the reliability of their sources and the soundness of the processes by which they were developed.

Comments of the first kind fill many pages. They give the report an appearance of having quantity. If quantity is the standard by which reports are judged such reports are successful. Comments of this character require considerable time for their preparation, typing and review, not to mention the paper involved. Their value to the client is extremely doubtful, particularly when one considers the minute detail into which they go.

That the client may be interested in certain matters of procedure or of fact must be conceded. A specific request on his part for a detailed examination of the cash transactions obviously calls for a definite statement in the comments that this was done,