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Book review

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check was drawn, saying that a woman depositor had just telephoned, informing him that she had the day before deposited a check drawn on the wrong bank. The defaulting teller advised the teller of the bank on which the check was drawn that he would send a messenger with funds to take up the check in question when it reached the drawee bank from the clearing house. He accordingly dispatched a bank messenger with the necessary funds taken

out of his own till, which by that time had been released from control by the examiners, received the spurious check and destroyed it. No evidence of the shortage, therefore, came to the examiners by way of returned checks and the shortage still remained undisclosed. It was discovered later during the course of the examination, when suspicion, aroused by certain peculiar entries in his records, was directed to the teller.

Book Review

Bell, William H., and Powelson, John A. *Auditing*. (New York, Prentice-Hall, Inc., 1924. 518 p.)

In judging any technical treatise there are three main points which should receive consideration: Does it add to the existing literature on the subject or present existing material in a more satisfactory manner? Is it authoritative and reliable? Is the material adaptable to practical use?

Answering these questions in relation to the book under review there is no possibility of departing from the affirmative. There is nothing extant just like it as far as the reviewer is aware.

Considering the contents somewhat in reverse order, the cases, questions and suggested lesson assignments are a novelty in auditing text-books and constitute a factor which should go far in making the book useful for teaching purposes, which is one of the avowed desires of the authors. Admittedly, nothing can take the place of practical experience as a means of learning how to apply auditing principles, but cases offer as good a substitute as may be found. Of these the authors have provided nineteen covering many of the points which arise in auditing practice. The cases are supplemented with one hundred and seventy-three questions, including thirty taken from the New York C. P. A. questions on auditing set at the June, 1923, and

January, 1924, examinations. Solutions to the cases and answers to the questions are to be published separately.

Lest the foregoing emphasis on cases obscure that part of the book in which is discussed the principles and practice of auditing, it may be said that while generally speaking there is nothing strikingly new as to content, a certain strain of practicality runs through the whole text, giving it a touch not previously attained by authors on the subject. This undoubtedly may be ascribed to the author's up-bringing and professional experience in which he has been under the necessity of considering the practical as well as the theoretical side of auditing practice. To the same reason may be traced the professional slant which attaches to much of the exposition.

The discussion may be characterized as authoritative and reliable. Born of practical experience, the author's views are sound and his arguments generally convincing; further, they are orthodox to a marked degree. The tendency to didacticism, which is strong, and properly so for the student audience, might have been relieved for practitioners by the introduction of more illustrative experiences. But, then, auditing is a serious matter.

The book is subject to criticism for the brevity with which "working papers" and "reports" have been dismissed. True, the

author has elaborated on these in other texts, but the topics are of such importance in a consideration of professional auditing that one may reasonably expect them to be covered at some length in a book on the subject. Three paragraphs only are devoted to "working papers"; seven pages to "The Report." Further, the text is almost devoid of illustrative forms.

The scheme of the text on procedure is the one usually employed, namely, the approach by way of general principles and methods, through the consideration of the original records, assets, liabilities, income, and expense accounts. As is customary, the author has found comparatively little to say, in the section dealing with them, about operating accounts. The point might have been brought out specifically rather than by implication that in a balance sheet

audit some consideration, more perhaps than is usual, should be given to expense accounts with a view of determining whether or not any substantial capital items have been charged thereto.

One of the best features of the book is the extensive and intensive discussion of fraud, its importance, and its detection through audit procedure. Another laudable point is the recognition which the author gives to interpretation by auditors of the facts and figures which they review and verify as a part of modern audit service to clients. Considered in all its aspects, the book is very satisfactory and entitled to take its place among the best of those which have been offered.

The book is dedicated to Charles S. Ludlam, C. P. A., "exemplar of the highest type of professional auditor."

The 1924 Annual Meeting

ANOTHER annual meeting has passed into history. The one held in the Executive Offices on September 22, 23, and 24 was the largest and most important yet held in point of attendance and in the interest and enthusiasm displayed. All of the firm members were present and all practice offices, with the exception of London and Paris, were represented.

Messrs. Tompkins and DeVault, respectively, represented the other two foreign offices, Havana and Shanghai, and Mr. Gause represented Pittsburgh in the absence of Mr. Farber who was unable to be present on account of an important engagement.

The meeting opened at 11:30 A. M. on Monday, September 22. Mr. Ludlam presided and welcomed those in attendance. This session was devoted to Mr. Sells' memory, and announcements were made of various memorials to him which have been established or are being considered. The following resolution, prepared as a tribute

to Mr. Sells' memory, was read and unanimously adopted by a rising vote:

"Whereas, On March 19, 1924, Divine Providence removed from among us our beloved partner and friend, ELIJAH WATT SELLS; and

"Whereas, Mr. Sells had become greatly endeared to us through his companionship, friendly interest, unceasing thoughtfulness and attention; and

"Whereas, Mr. Sells, by his vision and untiring efforts, was instrumental in establishing the profession of accountancy in America and by his professional achievements, devotion to high ethical standards and zeal in practicing integrity had a major part in upbuilding the reputation of a firm, the good name of which has become our heritage:

"Now, Therefore, Be It Resolved, That we the members and managers of the firm of Haskins & Sells hereby record our profound sorrow and express our deep grief at the irretrievable loss which we have sustained in the passing of our beloved associate, ELIJAH WATT SELLS, and dedicate ourselves to perpetuate his memory by ever striving to preserve and honor the priceless heritage which he has bequeathed us."