

7-1922

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Recommended Citation

Paine, Mabel D. (1922) "Auditors I Have Known," *Journal of Accountancy*. Vol. 34: Iss. 1, Article 2.
Available at: <https://egrove.olemiss.edu/jofa/vol34/iss1/2>

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Auditors I Have Known

By MABEL D. PAINE

A well-known book on accounting tells us, "The accountant is a judge to whom appeals are made by the employer against the employee. . . . Bookkeepers are generally interested only in methods and devices which save them personal effort; they are apt to forget that they were not engaged to make their work easy, but to keep books in such a manner as to make them valuable to the employer." This statement drew a little gasp of surprise from one who, lacking wide or definite knowledge of the subject, had yet entertained a vague idea that bookkeepers were, on the whole, rather a hard-working and conscientious lot. That the public accountant may view them from a different angle is suggested by the author's further words: "Accounting . . . must war incessantly against carelessness, ignorance, inefficiency, evil-disposed cleverness and, possibly, against dishonesty." From a bookkeeper's point of view this sounds rather harsh, but it is plain that if all books of account were honestly and accurately kept, one of the prime causes for auditing would be non-existent.

Consideration of these different points of view raises two interesting questions: first, When (if ever) is a bookkeeper also an accountant? Accountancy seems to be the popular profession of the day. Doubtless the original impetus toward this popularity was given by the increasing complexity of the income and profits-tax return, for many an individual has thereby been driven to a knowledge of accounting terminology and methods which he would not otherwise have acquired; and the number of those who are "taking a course in accounting" is legion. A demonstrator of a widely-used calculating machine, commenting upon the fact that "this accounting is the thing nowadays," went on to say that he would very much like to secure a C. P. A. degree, that he might be prepared to show just how the machine could be made most useful in each individual business. He apparently thought that by devoting to this object one or two evenings a week, the desired end could be attained in the course of a season—a view which might be justified by the advertisements one reads, offering rich rewards in the field of accountancy to those who are willing to give up a little leisure time to the study. It is perhaps a logical sequence to these accounting courses that so many now advertise

their qualifications for the position of "bookkeeper and accountant." Clearly, the man whose bookkeeping is limited to handling the A to K sales ledger, and whose practical knowledge does not exceed the requirements of that work, has no claim to the name of accountant; but what *does* constitute a private accountant?

For the other question—while a *bookkeeper* realizes quite poignantly that he is "known by his doings" to the auditor who goes over his accounts and that those accounts reveal much concerning his methods of work and himself, does the *auditor* in turn know that the process of appraisal is two-edged? For instance, one is aware that a capable auditor does not require the entire set of books at his elbow throughout the period of the audit; that it is far easier and more comfortable to be audited by a "first-class man" than by one of indifferent qualifications; that an accountant who is well-read and has had valuable experience does not try to impress that fact upon one, knowing perhaps that such qualities or attainments speak for themselves. Where the undertaking is so large that many auditors and many bookkeepers are concerned, the work must of necessity be more impersonal, offering less opportunity for individual observation. In all probability, the auditor would consider a bookkeeper's opinion a matter of negligible importance in any case, for one is sometimes tempted to believe that they look upon books of account as having been created for the purpose of being audited; while the bookkeeper, like the bridegroom at a wedding, is a rather essential but otherwise unimportant adjunct.

If a bookkeeper's experience has been such that he looks upon auditors as militant judges, set over him to ferret out possible misdeeds and to pass sentence upon him, then his opinions might very probably make rather lurid reading; but when one first comes into charge of a full set of books and at the same time learns that those books will be audited periodically, the chief feeling is one of curiosity, especially when the bookkeeper knows only enough to realize how infinitely much more there is to be known. Through years of audited work, one grows to be not only tolerant of the vagaries of these bothersome auditors, but grateful for their help; to study them with friendly interest; and even to cherish a certain wistful admiration for some acquaintances who have helped to bring accountancy into dignity as a profession and have made good in that profession—an achieve-

ment the more noteworthy because the accountant must build up his clientele largely from the ranks of business men and manufacturers, who have been prone to look upon accounting as an elaborated form of hairsplitting, scarcely worthy the consideration of a red-blooded man. But they are beginning to realize that it requires for true success broad knowledge and experience, not only of accounting itself, but of commercial law, of industrial conditions, of finance and, last but not least, of human nature.

Back in the days when income taxes had not yet appeared on the business horizon and when accounting practice had received scant notice at the hands of the legislature, an "expert accountant" of wide experience and a very green would-be bookkeeper formed an alliance which lasted over a dozen years and terminated only with the death of the accountant. The adjective "expert" is not quoted from himself but seemed to be more frequently used then than now to designate a public accountant. He had been asked to recommend improvements in the system and it now seems odd that the following suggestion should have represented a decided innovation to those interested in the books: "All cash receipts should be deposited in a bank and all payments for cash should be made by cheque and the cashbook so ruled that the discounts . . . should be placed in a column immediately to the left of the cash; . . . to provide for sundry small cash payments, a petty cash account to be kept entirely separate and singular," etc. Although there have been many changes and revisions since that first report was received and the work has increased in volume so that one pair of hands is no longer equal to the task, the cashbook more than any other remains the same in essentials. Had this petty cash fund been given the name now usually attached to it, that bookkeeper would not, in later years, have said to a very learned accountant, "But I know so little! Now, for instance, someone was talking the other day about an 'imprest account'." "Well," was the answer, "you know what that is." "Why, I never even heard of it!" A look of amusement flashed into the keen eyes as he retorted, "Nevertheless, you have been carrying one for a good many years." Suffice it to say that one bookkeeper thereupon set to work to learn a little bit more about accounts in general.

At the beginning of his association with the business in question, the first auditor was not a C. P. A., for the very good reason

that no such degree had ever been created in the state. When the law was enacted he entered the opening examination with some trepidation, for examinations are doubly nerve-wracking when many years have elapsed since one has undergone the experience, but emerged with flying colors and an almost boyish satisfaction that the thing was well over, which it was good to see. One quality that enhanced his helpfulness, indeed, was his humanness. Accounts may be well and thoroughly checked on an absolutely impersonal basis, but if helpful service is to be part of the work, a bit of friendly interest is a great addition.

To each auditor who has appeared often enough to impress his image on an active memory, certain characteristics appertain; out of all that might have been remembered of this first service, two little details seem to stand out disproportionately to their importance. His material equipment was unfailingly complete and yielded fountain pens for both red and black ink, a miniature stamp and pad, pencils, erasers, even a ruler. One hastens to add that such small necessities would have been most willingly supplied, and yet the forethought that provided for even the least detail commanded respect. Also, it was his habit to make very neat and tiny check-marks! It is an absurdly small thing to remember so long, nor is he the only one of whom this might be said; but apparently an occasional auditor thinks fat red check-marks should be considered an ornament. One memory that brings a smile now relates to an auditor who devised and carried out a scheme for placing check-marks between the dollars and cents columns throughout the general ledger, right in the middle of each amount. Under this treatment, the familiar columns took on an oddly disconcerting appearance; the bookkeeper hoisted signals of distress, only to be informed that there was a reason for it. Since, however, the checker did not state that it was required "by the best accounting practice" or that it was "the proper procedure" (under either dictum a well-trained bookkeeper promptly wilts) the check-marks thereafter resumed their usual location. On the other hand, a carefully prepared list of insurance policies, submitted for verification, was returned by the accountant-in-charge, checked with infinitesimal dots, because he had thought it a pity to mark up so neat a schedule—another trifling thing—but the thoughtful consideration was no trifle, and if a man's ability as an accountant is augmented by such qualities as

tact, courtesy and appreciation of the other fellow's side, it must surely make him more successful and helpful.

Undoubtedly some of the devices which a bookkeeper works out to take care of special needs may appear very unconventional, even funny, to the auditor. Books on accounting do not always supply wanted information in an emergency. It is strange, however, to meet later in good accounting society some pet scheme fancied to be peculiarly one's own. Eager with a new plan, the bookkeeper one day said to the first auditor: "Why wouldn't it be a good idea to have a journal with columns arranged after *this* fashion?" "It would be excellent," was the laughing reply, "but a man invented that form of journal before you were born!" The writer is even now awaiting with some curiosity the auditors' opinion of a brand-new (?) arrangement for a rather bothersome account. Will they say, "Oh yes, that is often done"; or will the comment be, "I never saw that handled in such a manner," with a doubtful expression which conveys the opinion that it never *should* be so managed? At the risk of appearing over-sanguine, would it be impossible for a bookkeeper to devise some little scheme which, although it had not the sanction of precedent and convention, was yet good in itself? Have all the ideas been already developed?

To fall into the hands of a large accounting firm, after so long an association with one auditor, brings many changes. The bookkeeper looked up one day to behold an imposing procession advancing. Leading the way came "the chief," followed, in due order of precedence, by the principal accountant, senior and junior assistants. They were irresistibly suggestive of the Belvidere Male Quartette about to line up and break forth into song, and the waiting victim sternly repressed a chuckle. Three able-bodied men to audit the accounts of one harmless bookkeeper? The said bookkeeper's ignorance of customs in an accountant's office was so comprehensive that such terms as resident partner, senior and junior assistants and the like were then unfamiliar; but it soon became apparent that only two might be expected to remain.

It was natural that in taking up the work, this firm should hold some theories quite different from those prevailing before; natural, also, that a bookkeeper accustomed to one accountant's ideas should find it a little difficult to accept at once anything

quite radically different; and so there arose an amicable but earnest argument as to the accrual of taxes—income taxes of a mild and simple nature having by this time arrived on the scene of action. This was another trifle, surely, to linger in one's mind, but the discussion closed by the auditor's saying, not with any air of superiority but in friendly fashion, "Well, anyway, you just think it over"; and sure enough, after the matter had been thought out, his conclusions seemed altogether reasonable. It would have been so easy to press the point in a way that would have offended instead of convinced.

That assistant-in-charge was a most courteous and kindly auditor and so good an accountant as well that all too soon (from one point of view) he advanced to larger undertakings, "gone, but not forgotten." Variety may be the spice of life, but as exemplified in auditors it contains elements of discomfort. So many have come and gone since then that they almost blend into a composite portrait with the light striking here and there on some marked feature; and be it said in all sincerity that the most pronounced feature is courtesy, differently shown but always present. Almost as generally characteristic are tact and kindness. Although it might be thought that the two are synonymous, there is really a difference. For instance, it could not be reckoned the most fortunate way of introducing the subject for an auditor to say abruptly, "There is a lot of errors on this sheet," and that in a case where the figures had been prepared, checked and rechecked with meticulous care. The event proved that there were no errors, except in his method of handling or conception of the work; but no one felt even the slightest offense, because he had been uniformly kind, even though his tact may have failed now and then. Everyone knows the uneasy feeling induced by a dentist who probes here and there, asking, "Does that hurt? Is that sensitive?" seemingly just looking for trouble. Somewhat the same mental state results when an auditor appears really *eager* to find errors; but in truth such auditors have been exceedingly rare in the writer's experience. Perhaps, as an attorney remarked concerning the auditors of federal tax returns, "They feel they must find something incorrect, to justify their existence." One trait which has been almost universal among those who have worked in this particular office is a cheerful willingness to accommodate themselves to physical conditions, when for some

reason the client has been unable to provide exactly the ideal place for them. If the heating plant is temporarily out of commission and a cold wave makes itself felt when warm weather should naturally be prevailing, they blithely remark that it was much colder in France and proceed undaunted with the audit. In fact, as a general thing, they seem oblivious of the surroundings and intent only on the work in hand.

Certain phases of an audit are a wee bit trying, even when the auditor is well-liked and the bookkeeper habituated. One accountant says that some people feel insulted at having their cash verified and it is true that on hearing for the first time, "Shall I count your cash now?" a still small voice somewhere in one's inner consciousness instantly responds, "You let my cash alone!" but that feeling soon vanishes. Affairs did look rather bad for the keeper of the cash when an attempted embezzlement (?) of fifty cents was brought to light and had to be acknowledged. Since it was the first offense, restitution was accepted as covering the crime and no mention was made in the report. Happily, the auditor who then called attention to a shortage was not the one who carefully unrolled all the nicely-wrapped currency in the drawer, in order to make a thorough count. Possibly it was only the cashier's lack of knowledge that made this seem a novelty; but if it is required by the proper procedure, it has never but that once come to notice.

It soon becomes natural to turn over for verification purposes everything connected with the accounts. Obviously, no accountant can certify to that which he has not actually seen; and it is odd that the only request which awakens the faintest shade of protest in one bookkeeper's mind is the call for current invoices, to be used in proving that no bills have been feloniously held back. After laboring strenuously to take up every liability before closing, one seems to feel a special element of suspicion in that demand. The search sometimes brings amusing results, as when a young accountant apologetically remarked that provision had not been made for a small contract. The service contract in question involved an annual amount of sixty dollars, paid in quarterly instalments, and he felt that, strictly speaking, the expense for two months and a half should have been accrued before closing. It was a pleasure to be able to assure him that, inasmuch as the quarterly amounts were payable in advance, there

was really a prepayment of one-half month, although it had not been carried on.

What can one do when an accountant voices a most heterodox theory, declaring that his firm always bases its practice on that principle; when not even the bookkeeper's previous experience with the firm nor statements in *Regulations 45* nor any other argument will convince him of the error of his ways? The one time that this happened must have been due to temporary aberration, but left a marked impression on the hearer's mind. It remained for his chief to set him right. Any bookkeeper would be extremely foolish to feel elated over being found in the right when a question comes up, but he would be more than human if it were not a satisfaction, for it must be sadly confessed that bookkeepers are not infallible and the victim does wriggle most uncomfortably when confronted by the auditor with some error that has crept in, despite careful work. It is a comfort to find that Jove may nod occasionally. Anyway, an infallible person would be a terrible bore, and how would the auditors derive any satisfaction from their work if everything were found at a dead level of perfection? As one man feelingly remarked, "This constant checking pretty nearly puts me to sleep"; and another, "It's no fun checking books that have no mistakes." (He happened upon a lucky period when everything went right.) When an auditor intimates that the work lacks interest because it is all so "cut and dried," it awakens a mischievous desire to do something next time which, perfectly correct in itself, shall nevertheless set that accountant to guessing.

It is of course impossible for even a very good accountant to be familiar with terms and processes peculiar to every line of business where his lot may fall, but it arouses a queer little feeling of surprise when a man who knows so much betrays absolute ignorance of some matter which is as A B C to the bookkeeper. It happened one day that an auditor, about to check an inventory which included much paper stock, inquired the number of sheets in a ream. That was not strange—it is so easy to forget details not in constant use—and the answer was prompt, "Five hundred to the commercial ream." Then, "How many quires are there?"—which was also natural enough; but why, having learned that "twenty quires make one ream," should he ponder the matter for a moment and then propound a third question, "Well, how many

sheets are there in a quire?" Or again, what difference could it make in the final result of an inventory of work in process, whether one reduced the accumulated minutes to hours at the bottom of each sheet or at the close? Why wait until the end, anyway, since the other method gives smaller amounts to handle? And when an auditor says in dignified manner that he "computed in a different way" a small technical problem that could have but one correct answer, why, one is curious as to how he could possibly do it, to reach a different result.

A sense of humor is a most desirable attribute in an accountant. Without it (and this is said with the utmost diffidence), is there not a little danger of an over-serious conception of the work? Imagination winces at the thought of what might have happened to the luckless wight in the following incident, had not the accountant, who justly enjoys a reputation as an authority in his chosen line, been gifted with that most helpful quality. Talking of a certain account, rather difficult to handle at first acquaintance, and unconsciously rushing in where angels might have feared to tread, the bookkeeper said, "Yes, I think I grasp its functions now; but it seems to me that treatise did not make it as clear as it might have done." Then, out of some vague memory, a dreadful thought took shape; surely his name had been connected with that work? "Did *you* write that?" And it proved to be even so. How the author might have frozen that rash critic, had he not chosen to laugh instead!

In a recent conversation with another wise accountant already mentioned, some question arose regarding general expense. "Well, for instance," he was asked, "wouldn't you class the auditor's fee as an indirect or general expense?" "Very general indeed," he replied, with a twinkle; "you might charge it up as a necessary or unnecessary evil, according to your point of view." Then and there it quite suddenly dawned upon his hearer with a little shock of astonishment that if it were possible to become an un-audited bookkeeper by simply expressing a desire, no such wish would ever be uttered; for, after all, there is a certain security and satisfaction in knowing that one's work has been weighed in the balance and not found wanting in essentials; and the bookkeeper who honestly wishes to do the very best and most valuable work possible has nothing to fear from "those auditors."