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2000+:

An Unaudited Forecast



M. Beth Armstrong, CPA

Bridge Into The Future

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It was 7:00 a.m., Monday, March 31, 2001 as Jo's programmed dream tape gently awakened her. "Jo", nickname for Josephine Jones, CPA-A (Certified Public Accountant — Auditing), had chosen to receive her certificate in Auditing rather than tax, management services, estate planning, or general. She lived and worked in, to her, the best part of NorAm (formerly known as North America) which was its Western coast. Specifically, she lived in San San, a large megalopolis stretching from what was formerly San Francisco to the former San Diego.

Two minutes after the natural, gentle awakening by the dream tape, the tele became visible and the aroma of freshly perking coffee drifted into her bedroom. Another day had begun. The tele, a wall-size, three dimensional version of the old television, soon brought her to the realities of that day: the morning news was on.

"The president of the United States has sharply criticized the leaders of Africa and India for increased espionage within the U.S. 'Ever since emigration and immigration laws were struck down, world-wide, through

mutual consent and agreement of the World-Government nations,' he said, 'our country's governmental agencies, units and bureaus have been subject to sophisticated espionage methods.'"

"What's new?" thought Jo. It wasn't the freedom-of-passage laws which had hurt the United States, but the general decline of world prestige and power which had been experienced for thirty or more years. "It's too bad," Jo mused, "that the president can't take a lesson from General Motors of Exxon or one of the other *real* world governments."

"Voters in Latin America" the news commentator continued, "have re-elected Jose Suarez as president of the United States of Latin America."

"And now a look at the weather. San San can expect clear and sunny skies for the upcoming weekend. Smog and rain clouds will be routed out to sea to allow sunny days during the holiday season. After July 4th, light rains will be resumed over California to ensure bountiful crops."

Jo turned off the tele and began moving about her apartment, getting ready for work. She was lucky, she reflected, to have a top level apartment. Although

all apartments in her complex had two or more sides exposed, she was also fortunate enough to have her roof made of the tough, clear vinyl shell. This morning she stretched, looking up at the higher buildings towering above her complex, and at the blue sky beyond them. The "clear" vinyl was clear from the inside only. From the outside it was like a foggy mirror and could not be seen through.

While she washed her face she reflected on her own image in the mirror. Although it had been more than five years ago, she was still pleased with the way the doctor had improved her nose and cheek bones. Seeing her skin color, she made a mental note to make another appointment for "synthotanning."

She selected a pants outfit from a large assortment of paper clothes she recently received from a mail order firm. By now, all five big mail order clothing stores had her exact body measurements and her tastes in clothing and colors in their computer files. It didn't really matter which one she ordered from, they all sent pretty similiar selections.

Jo sauntered into the kitchen and put a bacon, egg, and muffin "auto breakfast" in her microwave oven. Odd, she thought, that with all the modern atomic powered appliances she had at her disposal, she still preferred this old-fashioned microwave oven. She dropped two drops of "Quik-Awake" drug into her coffee and sat down to breakfast. Soon she was down to her heli pad, warming up her helicopter. She checked her assignment sheet and Airways map and was on her way to Piedmont Paper Products where she would observe the client's handling of the annual physical inventory.

For half a century, now, it had been imperative that the auditors be present when a company took its physical inventory. Many companies had changed to a system of partial inventory counts periodically throughout the year, and the auditors picked certain counts for observation and test checks. However, at Piedmont, a subsidiary of Central American Inc., which was a branch of GATX, the physical inventory was taken monthly, and since their year end was June 30, this inventory taking constituted the year-end inventory and must be observed by the auditors.

Josephine was very adept at this sort of thing. After four years of accounting at the undergraduate college level, she went on to graduate school in auditing, as was required of all CPA-As. After

college she was hired by Price Anderson Waterhouse and Ernest, one of the Bit-3 professional corporations engaged in auditing. There, after a battery of tests, Jo was selected to specialize in the observation of physical inventories at the warehousing and retailing levels. She was glad she did not specialize in inventories of manufacturing concerns, as she always considered work-in-process inventories to be messy and judgmental. She was even happier that she did not end up like her school-mate, George, auditing nothing but savings and loan associations. With her particular speciality, Jo spent only a few days at a time with any particular client, and then she would be off to another inventory observation. A good friend of hers, Kathy, specialized in the audit of the city of Los Angeles, and never left that client's offices. Her audit was a year-round assignment and Kathy almost felt like a government employee instead of an independent auditor. Jo especially liked the freedom her speciality gave her.

Jo sometimes regretted that she was not able to stay with a particular client and complete all aspects of the audit, as auditors used to do (according to her text tapes), but then she would cheer herself by recalling her training days and her dislike for working swing-shift hours. Eighty percent of the "routine" audit work was simply computers auditing computers. The auditors, with their own computer audit programs, used the client's data decks (or tapes) and the client's processing programs and equipment. Since most of the clients could not afford to have their decks and equipment out of service during working hours, the auditors did most of their work during the wee hours of the morning, a distinct drawback for Josephine who treasured her evenings and nights off.

Another ten percent of the audit function which used to be delegated to new trainees was now done by robomachines. Someday auditors would have real robots to do their detail mechanical work, but for now the robomachines did an excellent job of scanning existing computer print-outs for authentic errors. Computers do not make such "errors" by themselves, but unlawful programmers can be extremely clever. It seemed that no matter how sophisticated and complex internal controls and audit programs became, the criminal mind found ways of staying one step ahead.

Although Jo liked her speciality of in-

ventory observations, she looked forward to the day when her seven years in that specialty would be served. She was hoping that her next training period would be in compliance. She always did like her accounting theory courses in college. Studying the financial reporting practices of clients to see if they complied with the accounting principles, as set out by the AICPA, appealed to her. Of course, there were not nearly the number of "lawful" alternative forms of reporting as there was years ago. In fact, there was very little leeway left to the clients in the way of alternative accounting practices. But they kept trying to juggle the figures and it would be a challenge, Jo felt, to stay on top of the clients' reporting practices.

Jo circled the warehouse of Piedmont to make sure no trucks were still loading or unloading inventory. Everything appeared to be in order. After landing her copter she unloaded her scooter and drove to the main office of the warehouse complex. All preparations were in readiness for her exactly as she had requested the previous week. By scooter she traveled throughout each warehouse, taking pictures of each row with her special heat-sensitive x-ray camera. She often made use of the client's mini flying platform to raise her to appropriate levels within the warehouse to shoot the stacks of inventory items from every conceivable angle. Later this film would be developed and fed into a special computer which analyzed the heat-sensitive and x-ray elements to estimate, with 99 percent accuracy, the volume of merchandise in each stack. Amounts of each item would be fed into another computer containing cost information and a total inventory cost would be generated within \$300-400 of an actual multimillion dollar inventory figure.

By noon Jo had completed her observations and went to lunch with the company's controller in the plant cafeteria. She selected a pseudo-lunch, as was her custom four days a week. She had found that she could maintain her desired weight level by substituting the calorie-free pseudo-meal for a normal lunch four times a week, and yet she was able to leave the cafeteria feeling satisfied.

Half-way through the meal Jo's personal wrist pager signaled her, distracting her from the lunch. She excused herself and headed for the nearest telephone to call into the home office of Price Anderson and Ernest. Since it was often difficult to reach an auditor in the field most of them wore wrist pagers

She fitted her probes for electronic brain stimulation, turned on her in-home, shared-time, computer terminal and pushed the appropriate buttons for her computerized programmed learning course.

while at work. When she called the office she learned her assignment for the next day and also was told that there would be no additional work for her that afternoon. Therefore she was told to simulate audit activity for a couple of hours at Piedmont's plant and then go home, thus putting in a normal five to six hour day.

After lunch break Jo made arrangements to tour the facilities with one of Piedmont's foremen. He showed her the lines of automation and cybernation scheduled to be installed in the factory workers' area, and explained the new surveillance and monitoring techniques used in the factory and warehouses alike. Soon they would be as carefully guarded as the data processing center had been for the last five years. Six years ago a key puncher had been caught wiring into the shared-time computer hook-up with a plan to defraud his bank (with the aid of a friend working at a nearby branch office). The intention was to send periodic impulses blocking each of their credit balances with the bank. Currency was rarely used in 2000+ and with the fraudulent wiring scheme their credit balances would be blocked and the balances would remain unchanged. Since that time all activity within and around the company's computer center was televised and constantly monitored by professional surveillance teams.

At 2:30 Jo thanked her guide, gathered up her cameras and other equipment and headed home in her helicopter. It had been a tiring day, she reflected, and consumed two anti-fatigue pills.

Upon arrival home she plugged in her automatic home maintenance system to clean the apartment for her while she practiced controlled relaxation techniques, taught to her by the family hypnotist years ago. Twenty minutes later, her apartment was spotlessly clean, Jo

was refreshed and anxious to begin the second half of her day.

As the first part of her day had begun with the news, so did the second. Daily newspapers had become so cumbersome and voluminous that it would take the average person all day to read one. Since most people tended to read only those parts which most interested them: politics, sports, or editorials, it was commonplace to subscribe to a library filtering service rather than to the newspaper itself. The newspaper was divided into its most common denominators by the library service, and individuals such as Josephine had personal terminals in their homes. With a few punches of program buttons, preferred parts of the news were audible over a device similar to the old-time radios.

An hour later Jo sighed a deep sigh. She always ended her news selection with news reports on the lighter side, and with the comics so as to avoid being left with a feeling of depression. She also avoided news stories about killings and brutalities. Still, after hearing the news from Washington she always felt a little saddened that the United States was no longer a leading nation.

The next two hours, as always, were devoted to Jo's continuing education program. She fitted her probes for electronic brain stimulation, turned on her in-home, shared-time, computer terminal and pushed the appropriate buttons for her computerized programmed learning course.

By 7:00 p.m. Jo was ready to put away the cares of the day and turn to more romantic pursuits. Tonight she had a date with a medical student, in his eighth year of medical school. Jo was serious about this young man and hoped that if they did marry, they might be able to get as many as two birth permits, since they were both professionals with high IQ's. Only special couples could get more than the one permit, which was necessary to obtain birth pills as an antidote to the birth control preparation which was continuously poured into all drinking water sources by order of the World-Government.

After a delightful evening of non-harmful diversion, an outdoor play beautifully illuminated by an artificial moon the size of a city block and a romantic walk in an expensive but safe private park, Jo was ready to return home, program her electronic brain stimulator for a nice romantic dream to continue her present mood and fall into a deep and restful sleep.

Financial Statements

General-Purpose Financial Statements



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Repair, Renovate, or Replace

The cease-fire agreement between the godparents of the accounting process has been broken.¹ At stake is the guardianship of the accounting process, and the outcome of the approaching battle will determine the future course of the accounting profession. Accounting's godparents — the AICPA, SEC, FASB, and Congress — are preparing to do battle in the public arenas of the courts and the Halls of Congress.

The AICPA cites parental rights and the care and guidance given during infancy and the formative years in support of its claim for guardianship. It also points to its longstanding working arrangement with the SEC as proof of its ability to assume responsibility and work with its peers, using as evidence the arrangement whereby it established measurement standards and SEC established reporting standards for publicly held corporations. SEC insists that the Securities Acts of 1933 and 1934 give it full legal guardianship. It further contends that it is not precluded from

entering the measurement area if it believes that the AICPA is not adequately meeting its responsibilities, and that any future arrangements will be controlled by the SEC.

FASB supports its claim to guardianship on powers delegated to it by both the AICPA and the SEC. (It cites as the basis of its claim the actions of the AICPA Council that stated that FASB Standards constituted GAAP and Rule 203 of the Code of Professional Ethics that requires member adherence to GAAP promulgated by the body designated by the Council.) It further supports its claim by SEC's announcement in ARS #150 that FASB's Accounting pronouncements would be presumed to have "substantial authoritative support."

Congress has served notice through its Metcalfs and Mosses that the guardianship arrangements will be reexamined. It insists that the other godparents have been self-serving and have done a miserable job of protecting the public. It contends that the "Big Eight"