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The C. P. A. Bulletin

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No. 5

The National Association of Certified Public Accountants
WM. DE LAROCHE ANDERSON, Consulting Accountant, Acting Editor

March 1, 1922

Private Corporation C. P. A. TRUST CERTIFICATE States Coupon Attached

A. I. A. CERTIFICATE

AMERICAN INSTITUTE OF ACCOUNTANTS
DISTRICT OF COLUMBIA CORPORATION.

This is to certify that the holder of this certificate, having passed the examination prepared by the above private corporation, is entitled to this certificate and to the checked STATE C. P. A. COUPONS, notwithstanding the following established rules of law:

"Where the means for the exercise of a granted power are given, no other or different means can be implied, as being more effective or convenient" * * * "and the duties pertaining to the office cannot be delegated to others," and that the legislatures have no power to enact statutes, even though in general words, that can extend in operation or EFFECT beyond the territory of the sovereignties from which the statutes emanate.

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STATES C. P. A. COUPON

ISSUED ON AMERICAN INSTITUTE EXAMINATIONS

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D. C. Bill ?

The above consolidated A. I. A.—C. P. A. certificate is presented in this graphic form to illustrate the National Association's conception of the effect of the abrogation of control over requirements for certification by the various States, in favor of the American Institute of Accountants, which have accepted examination for candidates other than their own and which, in effect, have constituted *that* private corporation as the examining medium in place of the media constituted by the various State laws; and, to illustrate the reply of M. K. Egan, Secretary of the Board of Accountancy of the State of Maryland, made before the Judiciary Committee, at the recent hearing on the new Maryland bill, to A. P. Richardson, Secretary of the American Institute, as follows:

Mr. Egan. We were appointed to GIVE examinations, not to RECEIVE examinations.
We were appointed to BE examiners—we were NOT appointed to APPOINT examiners.

A. I. A. VS. C. P. A.

A pitched battle is now raging over the whole country as to whether A. I. A. or C. P. A. shall be the accepted and recognized designation of the high grade Public Accountant. The National Association is fighting with all its force and strength for the general recognition of the designation C. P. A. The American Institute of Accountants has been gradually absorbing State after State, in its strategic plan to make A. I. A. the eventual designation which shall be generally recognized. The strangest feature of this conflict is that a majority of the Boards of Accountancy, who are authorized and appointed to confer the C. P. A. degree, as being the highest testimonial of accounting proficiency, are counted among the forces of The American Institute, and the organization which is fighting a national fight for a national acceptance of the designation approved individually by the States, is being subjected to violent attacks by those who are responsible officially for the protection of the integrity of this designation.

The graphic illustration on the first page of this issue clearly indicates the situation, and it clearly indicates the eventual elimination of the designation C. P. A. in favor of A. I. A., when national legislation, which is bound to come, recognizing the profession of Accountancy, is enacted, if the effect of the adroit plan of The American Institute is not appreciated before that time. For the purpose of obtaining national control, under cover of a superficially magnanimous cooperation in assisting individual State certification, the American Institute has been, until the National Association became active, gaining its end without organized opposition other than by the ten States which still maintain their independence and stand for the integrity of C. P. A.

There can be only one possible result coming out of this conflict. The National Association standing for the

C. P. A. designation will either win or be beaten. C. P. A. will be the nationally recognized designation, connected with high grade Accountancy, or it will succumb to and be replaced by A. I. A. This is the great issue, and the outcome is largely dependent from now on upon a full and comprehensive understanding of the fact by the Boards of Accountancy of the various States and by those who wish to see this designation the single accepted designation or degree of the profession of Accountancy throughout the country. The question to be decided is, shall the designation A. I. A. replace a designation officially sanctioned by the laws of all of the States?

It is claimed by those in opposition to The National Association that The National Association adopted the C. P. A. designation in order to capitalize the value which had been built up to it for purposes other than those which would work for the protection and integrity of this designation. This claim is false. The National Association clearly saw the result impending through the relationship of The American Institute with the various State Boards, based upon the Institute's plan for a dual certification controlled by the Institute's examination. It foresaw that the designation C. P. A., which only could be granted individually under the laws of each particular State, could only have a one-State value, while the A. I. A. designation, using C. P. A. certification as a vehicle for extension, would have a value to the extent of the number of States which subscribed to the plan of the American Institute.

The National Association knew that there was no national Board of Accountancy, knew that there was no national law under which the State Boards might organize a national coordinating medium, and knew that the time necessary to show where conditions were leading and to gain the cooperation of all in order to secure such law, was too inadequate to accomplish

the purpose before The American Institute's plan might be consummated. Therefore The National Association organized to simulate a type of agency which should be, as soon as possible, made official by national law, and took as a means of breaking the ice frozen over the profession, the degree granting power authorized in its charter, and adopted as a designation for that degree the designation which it believed should be universal within the country, nationally as well as within the States, the designation C. P. A., the only designation which could and should be able to challenge successfully the domination of A. I. A.

While the National Association stands to fight to the end for the single designation, State and National, C. P. A., no matter who or what the opposition may be, it does not wish to have those opposed to it fighting against it merely because the main issue is not clearly defined and understood. It desires all of those in favor of the single C. P. A. designation under its banner, and all of those in favor of A. I. A. squarely out in front against it, as with the forces arrayed upon this definite line, the outcome of the battle is assured. C. P. A. will win, and, in the course of events, there will be legally established a National Board of Accountancy composed probably of representatives from the State Boards to coordinate and standardize professional practice and give assurance to the individual accountant that prison bars do not await him if he should happen to step over some State line.

ILLINOIS ACCOUNTANTS OUT OF A JOB

Mr. Gore, member of the State Board of Examiners, who conducts the examinations by a private corporation of the District of Columbia (the American Institute Examination), under the guise of an Illinois examination, declared before the Circuit Court of Cook County, in a bill of complaint against

the National Association of Certified Public Accountants, that only the holders of the 290 certificates issued by the State Board "are permitted to practice the profession of public accountants within the State of Illinois." That those who may receive certificates from the National Association as a result of successful examination "will attempt to practice public accounting in the State of Illinois, to the great damage and detriment of the complainant" (Mr. Gore.)

Our impression was that the public accountants of Illinois were, are and will be permitted to practice as public accountants—but Mr. Gore says NO.

If the court sustains him in this case NO it must be.

PROFESSIONAL PASTIME

A new sport has sprung up within the profession. It is called "Hunt the C. P. A.," or "knock 'em or jail 'em." This sport is said to furnish much amusement and pleasurable relaxation from the arduous cares of office, to the members of those State Boards and certain alleged public accountants who indulge in it. It consists of hunting down some visiting C. P. A. or some C. P. A. of a brand not given within the particular hunting field and having him arrested, enjoined, held up or otherwise harassed. Wonderful sport has lately been had in North Dakota where the game was cleverly lured into the State by an official order from State authority to audit State accounts when, of course, he became easy prey to the "sure shot" local State Board which had him arrested. This is the most successful hunt so far reported, really a big game hunt, as the trophy was none other than a C. P. A. and member of a State Board of a neighbor State. A number of other minor hunts have been reported. A (N. J.) caught and arrested, a (N. Y.) and a (N. H.) and a (N. A.) have been caught by a (N. Y.); (Tex.) has a (N. A.) to its credit.

There is no closed season. Open season is continuous.

CAPPER BILL REPORTED

In spite of the statement, as shown on page 27 of the official hearings by Senator Ball, Chairman of the Committee on the District of Columbia, "unless the law provides that nobody shall practice Accountancy except those authorized by this Board, then I should say that the law was of little effect," the Capper Bill was favorably reported to the Senate, and is now on the Senate calendar.

MARYLAND POINTS THE WAY

A bill has been introduced in the House of Delegates of the State of Maryland for the purpose of amending the present State C. P. A. law so as to prohibit the practice of public accounting and auditing for compensation, by any person who is not a Certified Public Accountant. This bill is a long step in the right direction, and the amendments suggested in the Judiciary Committee, which Committee held a hearing upon it, further make it a reasonable piece of legislation. Under these amendments, all public accountants in practice as at January 1st, 1922, may continue in practice without being certified, but no new public accountants may engage in the practice unless certified. In order to fully establish in this legislation the principle of protection for the public, this permission should be qualified so that these public accountants who are allowed to continue to practice as such, should do so under the supervision of the State Board, the bill then would clearly indicate without exception that the activity is one which should be controlled in the public interest. Provision is made in this bill recognizing the interstate quality of the practice of the profession, and no outside accountant will be disturbed when he is required to go into the State. The hearing of the Judiciary Committee was most interesting, instructive and generally beneficial, as it was clearly evident that it was the

intent of Maryland to legally make accountancy a profession within the State and that C. P. A. was to represent the degree of the profession.

VIRGINIA FOLLOWS

Virginia also has introduced a bill which very generally follows along the lines of the principles contained in the Maryland measure. In its present form, however, the bill contains no provision which will act as a shock absorber during the period of transition of the present public accountant into the Certified Public Accountant. It would appear to have one superior section, however, carrying a principle for the constitution of its State Boards upon a basis which will not allow of bias owing to competitive interest of those constituting the Board. The section referred to is quoted as follows:

Sec. 566. State Board of Accountancy; how constituted.—There is hereby created the State Board of Accountancy, which shall consist of the State Auditor, the chief examiner of the banking division of the State Corporation Commission, the Attorney General, the bursar of the University of Virginia, and the principal professor of accountancy, to be appointed by the Governor, of one of the State supported colleges or universities. The principal professor of accountancy of one of the State supported colleges or universities shall hold office for the term of three years.

INDIVIDUAL PUBLIC RESPONSIBILITY

There is no law which makes the public accountant, certified or uncertified, responsible to the public for his work.

There is no penalty in the statutes under which he will suffer for misleading, false or negligent reports. The banks and financial institutions

know this and also know that under this condition reports made by the public accountant cannot be fully relied upon, for the honest accountant is replaced by the man who will report according to the orders of the client when and if he rebels. In many instances banking interests are employing their own employees to take the place of the outside accountant. The National Association stands for the acknowledgement and acceptance of public responsibility by the public accountant who is its member, and under Article 8 of its by-laws can and will revoke certificates of those who in any way violate this public responsibility. In order that each member may show that his certificates stands solidly on this principle and in order that the fact may readily be shown, the following form should be cut out, signed and pasted on the back of the identification card so that not only membership in the National Association may be shown but also, as well, may be shown what that membership means to the financial and credit interests of the country and to the public generally. Form is shown at bottom of page 5.

RHODE ISLAND ORGANIZED

A temporary organization of the National Association of Certified Public Accountants, Rhode Island Chapter, was perfected at a meeting held at the Narragansett Hotel, Providence, R. I., on Friday evening, February 24th.

The aims and purposes of the organization were explained to those present by Captain William De La Roche Anderson of the consulting staff, National Headquarters and Melville D. Thomas, Eastern representative.

Mr. Harrie L. Fales, 802 Union Trust Building, Providence, was elected temporary chairman and Mr. James P. Kirk, of 10 Pocasset Avenue, Providence, was elected temporary secretary.

A committee was appointed to draft a constitution and by-laws.

It was decided that all who file applications with National Association up to and including the meeting of Friday, April 28th, would be admitted as charter members, subject to the approval of their application by the National Association headquarters.

EXAMINATIONS

Schedule for examinations which The National Association propose to hold, are as follows:

Dallas, Texas, March 16th and 17th, 1922.

Washington, D. C., April 13th and 14th, 1922.

New York City, April 13th and 14th, 1922.

Atlanta, Ga., April 13th and 14th, 1922.

Hartford, Conn., April 13th and 14th, 1922.

A successful examination was held in Chicago on March 2nd and 3rd.

EXAMINATION REFORM

The following from the Journal of Accountancy and from the Daily Cardinal indicate the wide discontent arising from the present method of examination for the determination of professional qualifications:

Causes of Examination Failure

Editor, The Journal of Accountancy.

Sir: I read, among other things, in the February, 1922, Journal of Accountancy, the editorial entitled "Causes of Examination Failure."

At the meeting of the Executive Committee of the Institute, held on December 1, 1921, there was a discussion about the character of the examination and the admission to membership in the Institute of the Certified Public Accountant who had passed the Institute examination. A resolution was offered for the appointment of a committee which was to deal with the latter question and report a plan, if one desirable could be found, with proposals for amendment of the constitution, by-laws, rules of the Board of Examiners, etc. While the resolution was aimed especially at the admission of Certified Public Accountants who have passed the Institute's examinations, there is an inference at the conclusion of the resolution that something in the methods of the Board of Examiners, or content of examination papers, might be found desirable for change. Surely, the discussion which preceded the passage of the resolution brought out the idea that there is room for something to be done in this connection. The very opening paragraph of the editorial is an admission of this condition. It reads, "One of the questions which is greatly concerning the Board of Ex-

aminers of the Institute, the various State Boards of Accountancy throughout the country and the many applicants for C. P. A. certificates and Institute membership is the small percentage of success in examinations." The last paragraph of the editorial makes this admission, "It is quite generally admitted by Institutes of learning that no examination test is absolutely fair." And yet the closing sentence reads, "But we are confident that the Institute's examinations approach as near as possible the point of absolute fairness and we believe that the great majority of qualified applicants have passed and will continue to pass those examinations."

It seems to me that the opening and closing paragraphs are contradictory. In any event, the last sentence of the closing paragraph sets up a claim of such perfection for the examinations held by the Institute as to put it in a class by itself for "absolute fairness." With the large percentage of failures in all examinations, Institute and State, constantly recurring, I cannot conceive that the conclusion of the editorial is sound. Moreover, the editorial seems to be based on expressions from two examiners, one of whom finds a plausible reason for one of the causes of failure, which he characterizes as "Nervousness." I have been an eye witness to some such cases. Since this is true, and the examiners put it as one of the foremost reasons, the conclusion of the editorial must be wrong. For if there is a condition at the examination that produces nervousness it would have to be admitted that many of the applicants who failed because of nervousness, may be abundantly qualified in the calm of their own practice. There are some other points, as expressed in the quotations from the examiners, which might be made and which indicate to my mind that the conclusion of the editorial is unsound, but the one point suffices for my purpose.

Furthermore, it seems to me that it is a one-sided consideration, when dealing with the "Causes of Examination Failure," to present only evidence from examiners while omitting evidence from some of the responsible practitioners who have failed and who might throw some additional light on the causes. I question, too, the propriety of an editorial dealing with this subject just at this time while

there is a committee in existence which, it is to be assumed, will have something to submit upon the subject.

It is unfortunate that our Institute, with so much to its credit and so much to be proud of, should be deficient in its one great responsibility as expressed in the first section of the first article of the constitution, "Its object shall be to unite the accountancy profession of the United States." It will have to be admitted that there are more practising public accountants in the United States outside of the Institute than are united with it. Still another large contingent of reputable, desirable men seeking recognition in the profession is kept out from time to time, while the Institute, through the Journal of Accountancy, complacently justifies its position, which to me seems untenable, toward the large contingent of practitioners who should be united with the Institute, as well as many who are worthy and seeking admission to the profession.

Yours sincerely,

E. W. SELLS.

New York, Feb. 6, 1922.

METHODS OF ACCOUNTING INSTRUCTOR ATTACKED BY DAILY CARDINAL

"Another semester has come and gone and left in its wake the usual number of fails, cons and poors in Accounting 181," says the Cardinal editorial. "It is entirely possible that a high percentage of stupidity might characterize each class in 181 for three or four consecutive semesters but it is not probable.

"We believe that the trouble lies chiefly in the organization and conduct of the course. Terrorism seems to the student to be the dominant spirit of the course. Every student coming into the course is impressed with the precariousness of his situation. The formidable casualty list of the preceding semester is fresh in his mind. He is immediately confronted with an array of regulations to prevent his being a crook. He must not look up from his paper when perspiring through a quiz. If he is dissatisfied with his mark on a quiz he must bear it in meekness and gentility of spirit. If he makes bold to ask to see his paper he is likely to meet a stern

rebuff. All these things shatter the morale of the students.

"The department ought to be called to account and that soon. The military discipline should be transferred to the Armory. The Daily Cardinal has always stood for high standards in university work. We have little sympathy for the usual post mortem complaints on grades. Yet we feel that the case in question is one where the complaints are entirely justifiable."

ARTICLE 8, BY-LAWS, THIRD PARAGRAPH

In the event that, in the opinion of the Board of Governors of the Association, there appears to be just cause therefor, any certificate theretofore issued by this Association may be suspended. If, after due investigation, at which investigation the holder of such suspended certificate shall be notified to be present either in person or by proxy, it shall be the decision of the Board of Governors, expressed by a vote of at least three-fourths of the total membership of said Board, that grave reason therefor is apparent, the suspended certificate shall be recalled for cancellation, and the membership of the holder thereof, together with all rights and privileges in this Association, shall forthwith cease.

QUALIFICATION—ASSURANCE

Attention is invited to the above quoted section of the by-laws of the National Association of Certified Public Accountants. This section is regarded by The National Association as

assuring a far greater professional and public protection than can be secured through any preliminary or initial examination test which it is possible to devise. The National Association does not regard an examination as of permanent value, no matter what its form may be nor no matter how complete and stringent its terms. This principle is the basis upon which The National Association is advocating in all legislation the adoption of provisions placing a continuing responsibility upon the individual professional to perform professional service of the quality required, and is the basis upon which it has placed in its by-laws this provision which gives the officers of the Association the authority to judge at all times and at any time, whether or no a member is qualified to remain a member; and, to revoke the Association's certification and recall all rights and privileges thereunder.

The weight and importance which it is the general professional custom to give to a strenuous examination appears to The National Association entirely illogical and not to be supported by reasonable argument. Human qualities and human qualifications and the conditions upon which they rest are ever changing, they are either growing greater or growing less, they are never stationary, and there can be no such thing as a permanent guarantee of fitness based upon a rating taken at one particular time. The examination is useful only to determine a reasonable fitness to enter upon an activity, it has no usefulness as a guarantee for continued proficiency. A profession which makes an examination the basis for a continuing rating will not be sustained by practice.

Cut Out and Paste On Your Identification Card.

INDIVIDUAL PUBLIC RESPONSIBILITY

Under the power conferred under Article 8, By-Laws, National Association of Certified Public Accountants, the Board of Governors may, and, under resolution adopted, will revoke the certificate of any member who shall make or cause to be made a false, misleading or grossly negligent report.

(Signed) J. R. HUTCHINSON,
President.

I herewith subscribe to the above and I agree to surrender my certificate, on conviction of having made a false, misleading or grossly negligent report, to the Board of Governors of the National Association of Certified Public Accountants.

Signed.....
Certified Member.

The Hotel

(By J. J. Mullins and J. M. Wild)
1150 Marbridge Bldg., Broadway, N. Y.

Hotels are classed as the fifth largest industry in the United States. Everything necessary for the convenience and comfort of the guest has been installed by the individuals and corporations operating hotels, but accounting has not kept step with the advance in service, construction and equipment. With the exception of the chain-operated and the larger hotels erected within the past decade, the accounting systems in use at the present day are too often relics of the last generation.

Hotels are operated for a profit the same as any other business enterprise, but accountants should remember when suggesting changes in system that service is paramount. Any accounting system that interferes with or tends to retard prompt service is essentially incorrect. No hotel can render inefficient service and expect to retain its patronage, and it must be remembered that from the time of arrival and until departure practically every service performed for the guest is bound up indissolubly with accounting. Nothing is so aggravating to a departing guest as to be forced to wait while a clerk is computing the account. And yet this is a quite common occurrence, often causing a guest to miss a train, or to remark, "mail me the bill"

and depart hurriedly, leaving an account which may be on the books perhaps for months for want of a proper mailing address.

The system as outlined hereafter is adaptable for any European plan hotel, it, of course, being understood that in the hotels of smaller capacity the work of two or more clerks may be performed by one person.

Front Office

The Front Office staff consists of the Room, Front, Mail, Information, Cashier and Bill Clerks.

The Room Clerk receives all mail, telephone and telegraph requests for accommodation and prepares a list of reservations. After the guest has registered and been assigned to a room or suite of rooms, the Front Clerk types arrival or rack slips which have carbon backing for duplication. The rack slips then show the name, city and State address, room number, rate and date of arrival of guest. Three rack slips are given to the Room Clerk, who has vertical racks arranged by floors and numbered consecutively; one slip he racks, thus signifying the room is occupied; the other two slips he gives to the bell boy who escorts the guest to the room; one of these slips the bell boy gives to the guest himself, in order that he may verify the accuracy of the registration, rate, etc., and the other slip to the Floor Clerk who is stationed on the floor to which the guest is assigned or "roomed." The blank spaces on the room rack show rooms

unoccupied and ready for sale. Other spaces on the rack may be marked O-O-O signifying the room is "out of order"; and in every hotel the room clerks have their own method for showing on the rack rooms in disorder, after the departure of guests, awaiting an O. K. from the Housekeeper that the rooms are in condition to be "sold" again.

The Room Clerk receives from the Housekeeper, several times during the day, a list of departures which is checked with the room rack. The Bill Clerks also notify him of departures and in this way a double check is provided so that the room does not appear as "occupied" on the rack, which would prevent its being sold again.

The number of the room and the rate are entered on the same line of the register sheet with the guest's signature by the Room Clerk. (Loose leaf register sheets numbered consecutively are now in general use.) In the event a guest is displeased with a room to which he has been assigned, he is changed into another room and the Room Clerk puts through a "change," entering the change in a book provided for that purpose. The change goes to the Housekeeper and is usually relayed on a telautograph machine or by an electric light device. The change must be entered on all the "racks" and noted on the Guest's Ledger Account. When a guest stays but a few hours and has to make a hurried departure his account is marked D. N. S. (did not stay) and a nominal charge is made

for "use" of room; or it is made "Complimentary" if the guest should happen to be a steady patron of the hotel. This is done at the discretion of the Manager.

The Front Clerk as mentioned before types the rack slips and at the same time opens up a ledger account on a card. He then gives the ledger card to the Bill Clerk and the other rack slips to the Telephone, Mail and Information Clerks, who have racks arranged in alphabetical order. He also assists the Mail and Information Clerks and is a sort of general utility man for the Front Office.

The work of the Mail and Information Clerks do not enter into the accounting, but is a very necessary adjunct in the efficient operation of an hotel.

The Mail Clerk handles all the mail, telegrams and messages addressed to guests and relays them to the different floor clerks.

The Information Clerk is just what the work signifies. He is familiar with the location of the different departments in the hotel and is a fount of information on all subjects such as locations of theatres, churches, street railways, amusement parks, sport clubs, etc.

The Cashier receives all payments for guests' accounts, whether payment is made by the guest in person or through the mail. He likewise disburses monies for the guests' accounts. The receipts and disbursements are entered on numbered loose leaf sheets,

with columns for Transient and Charge Accounts. Even though guests may reside permanently at an hotel their payments are listed in the "transient" column as their accounts are carried on the transient ledger in the Front Office in order that they may be billed weekly.

Upon departure the Cashier lists the payment and receipts the bill for the guest retaining the Cashier's memo. This receipting is done by a cash register which at the same time cuts off the memo and deposits it in a locked compartment for auditing purposes. The departure of "charge" accounts is also noted on the Cashier's sheet although there is no cash transaction.

The Bill Clerks are stationed in close proximity to the Front Office Cashier. They are in fact Ledger Clerks and the ledger card typed by the Front Office Clerk is given to the Bill Clerk so that within a few minutes after the arrival of the guest an account is opened and ready for the posting of charges. Instead of cards some hotels use a duplicate bill, retaining the original as the ledger account. (A bill of this type is not always presentable on account of its soiled appearance from using carbon.) The ledger card is in duplicate, numbered, and usually contains a stub about five by three inches and a Cashier's memorandum. The card shows the name, address, room number, rate and date of arrival. Space is also provided for a change of room and change of rate. The original is the ledger account and the duplicate

serves as a bill for the guest. These bills are copies of the ledger account and the work of copying is done by the Night Auditor in order to insure uniformity in hand writing. The ledger account and bill differ but slightly and both are ruled with seven columns thus assuring the rendering of weekly bills at the end of a stay of seven days. All charges except for rooms are by voucher, regardless from what source. The room rate is entered in the first column of the ledger account which also bears the date of arrival, and in which all other charges for the day are posted. At the end of the day the Night Auditor foots this column and brings the amount forward to the next column and so on until the seven days have been completed when a new card is opened. Restaurant and telephone charges are the most numerous and the cards are arranged to insure more posting space for these than for other departmental charges. The charges entered on the ledger account under "Restaurant" include all sales entered on Restaurant voucher or check. These may include food, cigars, beverages, etc., in fact anything checked by the Food Checkers or other sales departments. Cigars, Beverages and the Laundry Departments are generally operated by the hotel. The concessions may include Barber, Masseur, Valet, News Stand, Taxicab, Candy, Theatre, Florist, Telegraph and Porter, and the charges from these are posted on the guest's card opposite their respective designations. These

concessions are paid daily after their accounts have been audited, and they are responsible for the prompt delivery of the guest charges to the Bill Clerk. Upon the departure of a guest the Bill Clerk renders a bill whether the account is to be paid or transferred to the Credit Department. In either event the departure is reported to the Cashier and also to the Room Clerk in order that the room may again be put in order for occupancy.

The Credit Department passes on the desirability of the applicant and when credit has been established notifies all departments interested of same. In addition to out of town guests who "stop" at the hotel a very large restaurant business is done with people who reside in or about the city and while they may never "stop" at the hotel are a very welcome source of revenue. A signature card is entered in the files of the Cashier, much the same as files of paying tellers in banks, to serve as a guide in cashing checks. The different sales departments also have files of names of guests to whom credit has been extended. When credit has been discontinued these cards are not removed but are stamped and initialed by the Credit Manager. This obviates any discussion between the department heads and the guest whose credit has been discontinued. The ledger work connected with the credit accounts is done in this department. When a guest with a credit account is residing in the hotel as a transient the account is carried on the Bill Clerk's

ledger card in the Front Office. When such a guest "charges out" the account is transferred, the ledger card serving as a voucher. The "billing" of Credit Accounts is done by monthly statements, unless the account appears doubtful and requires prompt attention.

Restaurant

In addition to the regular Dining Rooms and Floor Service there are Ball Rooms and several Private Dining Rooms which together constitute the Restaurant Department. Each Dining Room is in charge of a head waiter, who has several captains under him. These captains take the guests' orders on what are known as kitchen slips. Where food checking is done on checking sheets or machine these slips serve as an order on the kitchen. Where a duplicate checking system is in use the duplicate is the order. In either case the waiter writes out the order on the check so that the articles may be priced by the Food Checker who is stationed at the foot of the stairs leading from the different dining rooms to the kitchen. When the waiter has a part of the order ready to serve he stops at the Checker's desk and lifts the covers of the platters in order that the checker may see the portions and kinds of food and the check is stamped with dies showing the prices of the different dishes. This process is repeated each time the waiter takes food from the kitchen, and insures correct pricing besides obviating the possibility of a waiter helping himself to some

of the good things in the kitchen. If a guest desires cigars or beverages the waiter leaves a "checked" stub or duplicate, this depending on the checking system in use. When the waiter has filled the order the check is brought by him to a Restaurant Cashier who foots the check and returns it to the waiter when it is either paid or signed by the guest. The check is then again brought to the Restaurant Cashier who stamps it paid or charged, as the case may be, and gives the waiter a stub which bears the imprint of the stamp as his receipt for the check. The check is then entered on the Restaurant Cashier's sheet which has columns provided for the waiter's number, the serial number and the amount of the check. This sheet has also columns for the distribution of food, cigars, beverages and miscellaneous sales. If the check is paid the Cashier retains it and turns it in together with her receipts to the Front Office when going off duty. A signed check is immediately sent to the Bill Clerk after being listed on the Restaurant Cashier's sheets of "Charge Accounts."

The Floor Service is conducted entirely differently from the Dining Rooms.

The floor waiter, whose station is a pantry provided on each floor, enters the guest's room, takes the order and "shoots" it through the tube to the Floor Service Captain who in turn gives the order to a "dummy man" to fill. A Food Checker, stationed opposite the "dummy," checks the food and it is

sent to the floor from which the order originated. The dumb waiters are electrically operated and controlled from a switchboard to stop where desired. The floor waiter after completing the order turns over his check to the Floor Clerk, who handles the checks in the same manner as a Restaurant Cashier. The charge checks after being entered are "shot" through the tube to the Bill Clerk.

Banquets are again handled differently. The food being sent to the Banquet Floor in large containers and served to the waiters in the Banquet Pantry. The food is not checked, as this would delay service and as a guarantee is given for a certain number of covers to be served. The check is usually made out by the Maitre d'Hotel and handled by a Restaurant Cashier the same as other charges.

Cigars and cigarettes are sold at the cigar stands and by Cigarette Girls, who rotate about the several Dining Rooms. These are cash transactions; the exceptions being where a guest buys a box of cigars at a stand and has them charged; or when service is made by a waiter as mentioned before.

Beverages, in these benighted Volsteadian days, are more of an accommodation than a source of revenue. The income from them being so meagre it presents no accounting difficulties.

Telephones

All telephone calls are listed on traffic sheets and vouchers made out at once. These vouchers are usually in two colors; one for long distance and

suburban and the other for local. The charges go to the Bill Clerks and the long distance and suburban vouchers are posted at once; the locals being filed with the ledger card and posted by the Night Auditors in lump sums instead of in detail. When a guest checks out the local calls are posted on the ledger card by the Bill Clerk. The total of local calls is checked with the monthly telephone statement and the long distance and suburban calls are checked in detail with the traffic sheets; and also with the toll statement rendered by the telephone company at stated intervals during the month. Telephone vouchers are the only vouchers on which a complete daily check is not obtainable. Considerable money and trouble may be saved by a proper check on the telephones, as within a few minutes before departure a guest may have sent a long distance call and one such call negligently handled may mean a loss on the guest's entire account instead of a profit.

The Pay Station is operated on a strictly cash basis. Any charge vouchers coming from here are reimbursed by the Front Office Cashier to the Pay Station. The traffic sheets at the main switchboard serve as a daily check on the returns. Slot machines are often connected temporarily in Private Dining Rooms. The switchboard in these cases is arranged with colored caps over the usual white lights, and the traffic sheets serve as a check on the amount that should be turned in from collections from these boxes.

Laundry

The guests' laundry account is kept distinct from the power laundry. Laundry lists are usually found in the writing desk in the room and laundry bags in the closets. Soiled linen left by a guest in a bag is collected by the maid or a linen room employee. The sorting, tagging, etc., is the same as in any public laundry. A voucher for the total amount of the laundry charge is sent to the Bill Clerk. A priced detailed laundry list is then enclosed in the bundle which is deposited in the guest's room; the total of the list, of course, being the amount of the voucher charged to the guest's account.

It is quite a common occurrence for guests to depart without receiving their laundry. When this happens the charge voucher is listed in a "Hold Laundry" book and the bundle returned to the laundry where it is again listed and receives a serial number. When the guest writes or calls for the laundry, a "Hold Laundry" charge is put through, which automatically cancels the original charge.

The power laundry is operated exclusively for the laundering of linens used in the hotel service.

The Housekeeper besides having charge of the general cleaning of the hotel also reports on the vacancies in rooms as they occur during the day. The maids report departures as they put the rooms in order, and the Housekeeper condenses the maids' reports and sends the list to the Room Clerk as explained under that heading.

The Housekeeper also has charge of the linen storeroom, the issues for same and the repairing of all the upholstered furniture.

Controller

All vouchers with the exceptions of guests' cash advances by the Cashier originate and also terminate at the Controller's office. The different Dining Rooms bear names such as Main Restaurant, Cafe, Grill, Garden, etc., and the business done by each is separately controlled. Waiters assigned to each room wear numbered badges and sales checks are given to them. These checks are printed with the waiter's number, serial number and consecutive number, and are issued by the Controller's office to the Food Checkers, on requisition, who in turn give them to the waiters. A record is kept daily of the opening and closing numbers and a waiter is held to strict accountability for the number of checks used during the day. After the waiters have completed service and received the stubs as explained heretofore, the paid checks are turned in to the Front Office and given to the Night Controllers who audit them by checking to the cash sheets at the same time verifying the addition of each check and the distribution to commodities as food, beverages, cigars, etc. The charge checks, after being audited to the guest's account by the Night Auditor, are turned over to the Controller and go through the same process of audit of entry on the charge sheets by the day force.

Upon completion of the audit to the cash and charge sheets, the checks are arranged in waiters numbers and missing checks are reported. In the event that the waiter cannot produce a receipted stub he is charged with the amount of the check by means of the checker's sheets, the duplicates or the machine tape, depending on the checking system. The Restaurant Cashiers and Floor Clerks are held accountable in case the waiter can produce a receipted stub for the missing check.

Cigars, beverages, telephones and other sales department vouchers are also checked and controlled, and a resume of the revenue for the day is prepared with comparisons with the same date of the previous year and for the number of days in the month. The daily report gives the entire income for the day with the exception of rents from stores, concessions, etc., commissions, discounts and interest, and is the medium through which the Accounting Department prepares its entries for the general books, and is also the means of verifying the accuracy of the take-off of the daily transcript of the guests' accounts receivable.

Night Auditor

The Night Auditors come on duty about midnight. They audit all charges to the guests' ledger cards and write up the bills. They also audit the credits, either cash or allowances, and bring forward the balance due. Except for the posting of telephone charges their work is purely checking and copying.

The Daily Transcript, taken off by the Night Auditors, is a copy of the individual guests' accounts by room numbers, listing the mounts charged for room, restaurant, telephones, etc., the credits, transfers and balances, and is verified the following day with the Controller's report by the Accounting Department. In this way the guests' accounts receivable is kept in balance, thus eliminating the practice of charging off the difference between the control and the trial balance at the end of the year. After the Night Clerk has written up the "room and count book," which is a transcript of the room rack showing the rooms occupied, number of guests, and the income, the ledger cards are checked to it, thus obviating the possibility of "sleepers" in the rack. A "sleeper" is a room racked as being occupied by a guest but which is not occupied, the guest having departed.

The Night Clerk continues the work carried on by the Room Clerk during the day; "rooms" guests, writes up the rack, and attends to the mail, etc., furnishing guests with keys to rooms, which duty is done during the day by the Floor Clerk.

Treasurer

The House Treasurer receives all monies from all sources and reports on same. Any discrepancies between the Treasurer's daily report and the Controller's daily report must be adjusted at once. The Controller's report

shows what must be turned in and therefore the Treasurer should have received the amounts or some one has not made a full return.

The debit cash book kept by the House Treasurer has several columns for recording the cash turnovers from the different cashiers, which columns serve as a contra for "cash sales" entry made by the Accounting Department from the Controller's reports. It is also provided with a column for the net turnover from the Front Office Cashier, the total of this being credited to guests' accounts receivable in the general books; and a general ledger column for miscellaneous receipts. The credit cash book is more in the nature of a check register, all disbursements being authorized by vouchers which are signed by the Account Payable Bookkeeper and vised by the Chief Accountant.

The Paymaster is also under the Treasurer and on account of the exceedingly large turnover of labor in hotels the payroll system must be flexible and accurate. All employees with the exception of department heads ring in and out on time clocks. As the maids sleep in the hotel their time is kept by the Housekeeper's office, the Assistant Housekeepers reporting on same.

All employees sign contract cards which are peculiar to hotels, setting forth in the terms that the employee is to be engaged by the day at a certain rate per week or month. This contract is also signed by the Department head, and given to the Paymaster. A time check is given the employee who must

present same when passing the timekeeper in order that his time card may be stamped or "clocked." The Department Heads report daily all engagements, dismissals and transfers and thus the Paymaster has a double check which prevents any possible collusion between the timekeeper and employees. The Department Head usually signs each individual time card after checking same with his records. The possibilities for "padding" of payrolls are very great on account of the constant turnover of labor and must be carefully guarded against.

The Accounting Department has charge of the general books, audit all disbursements and prepares the vouchers covering same. The audit of the cash sales is made by the Controller and the Accounting Department vises this work. The auditing of guests' accounts is done by the Transcript Clerks who at times have to check out in detail one or more departments to locate differences between the take-off and the Controller's report.

The monthly operating statements are voluminous, showing in detail the sales and operating expenses of each department.

The Accounting Department is the court of last resort on all matters pertaining to accounts and a not inconsiderable period of time must be spent to learn the solution of the many perplexing problems that arise from day to day.

Supplies

All purchases are made by the Purchasing Agent. Goods received being handled by the Receiving Clerk and checked as to quantity and weight. The Steward has charge of and veri-

fies the receipt of all food and sundry expense stores, Beverages, China and Glassware and Silverware; the Cigar Stand of Cigars and Cigarettes the Printer of all Stationery the Housekeeper of Linens, Bedding, etc. the Chief Engineer of engine room supplies, such as Coal, Oil and Waste, and all mechanical and electrical supplies.

Storerooms are maintained for each class of supplies and perpetual inventories operated. The physical inventories taken at the end of each month must be in very close accord with the controls in the general ledger.

All perishable food, with the exception of milk and cream, eggs, cheese, fancy fruits and vegetables, poultry and game, which are kept in ice boxes in the storeroom, are issued direct to the kitchen each day. The perishable food in the storeroom ice boxes together with groceries are issued on requisitions. The same is true of all other storerooms' supplies, requisitions being required for everything withdrawn.

As the Chief Engineer is responsible not only for the operation of the heat, light and power plant, but also for all necessary repairs to the exterior and interior of the building, he maintains a staff of painters, carpenters, plumbers, electricians and machinists. The amount of supplies used by the mechanical force represents a considerable sum of money expended for repairs.

The distribution of supplies and all other purchases is made through the voucher register and no material difference exists here than in any commercial line.

Depreciation must receive careful consideration on account of the exceedingly destructible nature of much of the equipment.

National Association Battles for the Rights of State C. P. A.'s of 47 States. Frank Broaker, C. P. A. No. 1 in U. S. A. Leads the Fray.

New York State is taking the stand that no certified public accountant other than those qualified under the New York State law may practice or display his designation as such other certified public accountant within the State.

Mr. Broaker, in a notice sent out generally to C. P. A.'s in New York State, says, in part:

Facts

The complainant in all cases now in court contends that no person other than a New York Certified Public Accountant can use those letters in the State of New York—your Chairman disagrees with him, and has resigned from the New York State Society of Certified Public Accountants to fight for the rights of the members of the National Association and the C. P. A.'s of sister States.

A New Hampshire C. P. A. has been held in bail for Sessions. A decision has been rendered by Magistrate Simpson which affects the status of 47 States with respect to the use of C. P. A. in the State of New York.

As a Magistrate's Court is not a Court of Record, appeals will be taken, if necessary, to the Supreme Court of the United States.

The holders of C. P. A. certificates from sister States and the National Association have formed Protective Committees, have raised funds, and have employed eminent counsel to defend THEIR rights.

A National member appeared voluntarily in a Magistrate's Court accompanied by your Chairman and counsel and a test case was requested by this National Association member to be tried at the same time as the New Hampshire case at Special Sessions. At this hearing the complainant stated that he expected that bail might be fixed at \$1,000, but the Magistrate thought so much of the case that he fixed the bail at \$5.00, and also informed complainant that NO MORE SUMMONSES WOULD BE ISSUED FROM HIS COURT ON SIMILAR MATTERS.

The New York State Society of Certified Public Accountants have employed counsel to assist in the prosecution of the New Hampshire and National Association test cases, thereby taking a stand against the united C. P. A.'s of 47 States and the National Association.

There are two bodies of New York State Certified Public Accountants in New York State who are forming or have formed separate protective committees against the 47 States and also against the interest of National members.

There has just been presented a bill in the Maryland Legislature "to prohibit the practice in Maryland of all public accountants unless certified by the State Board of Maryland." This is only the start of retaliatory measures.

Do not pay attention to the propoganda aimed against the National Association—but DO REPORT IT TO YOUR CHAIRMAN.

The registered subscribers will form a permanent organization. IN UNITY THERE IS STRENGTH—ONE FOR ALL AND ALL FOR ONE.

Now Seeks Federal Preferment

The American Institute of Accountants has secured, through Representative Rodenberg of Illinois, a hearing on its bill, H. R. 9446, for federal incorporation and charter to issue degrees, to be held before Judiciary Committee, Andrew J. Volstead, Minnesota, chairman, on Tuesday, March 21, 1922.