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President's address 1921

J. G. Drew

Railway Accounting Officers Association

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Railway Accounting Officers Association

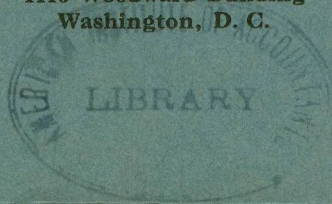
**President's Address
1921**

J. G. DREW

Vice-President, Missouri Pacific R. R. Co.



**Published by
Railway Accounting Officers Association
1116 Woodward Building
Washington, D. C.**



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PRESIDENT'S ADDRESS

J. G. Drew

In a splendid address last year, my predecessor, Mr. McDonald, with prophetic vision, spoke of the important part this Association should take in meeting the varied and complex problems growing out of a readjustment to private control of the carriers under the provisions of the Transportation Act; and it was with a feeling of humility and trepidation that I accepted the honor of serving as your President. On *this* occasion, however, it is with justifiable pride that I wish to review somewhat the accomplishments of the past year.

During these twelve months, the greatest volume of work ever turned out by the Association in any one year throughout its entire history has been performed. You have had before you approximately 300 subjects, to say nothing of special committee reports and other extraordinary matters.

By submitting recommendations on 56 subjects in 1917, the Committee on Freight Accounts established a record for handling the largest number of subjects ever handled by any one committee in any one year *up to that time*. During the past year, the Committee on Freight Accounts has again made history by handling 77 subjects, thus excelling its own high record, while each the Passenger and Disbursements Committee have by far exceeded its own respective previous "high water" mark.

The Executive Committee has given its attention to administrative matters and has contributed generally to the welfare of the Association.

The Committee on General Accounts deserves much credit for the efficient service which it has rendered. The gentlemen comprising this Committee constitute some of the "heavy artillery" of railway accounting, and they will not disappoint our highest expectations.

The R. A. O. A. Overcharge and Agency Relief Claim Rules are being made more practical, effective, and useful through the efforts of the Committee specifically appointed to handle matters incident to those rules. A full measure of credit is given to that Committee for its efforts and for the results accomplished.

I cannot resist the impulse to draw your attention to the splendid work, during the year, by a committee which

had been in a state of suspended animation. I refer to the Committee on Terminal Companies' Accounts. That Committee is especially entitled to credit for undertaking—for the first time in the history of our Association—the standardization of terminal company accounting forms. I am convinced that this is a field of endeavor which will offer many opportunities for constructive work.

The subjects reported on by the various committees in the year have been unusually important, especially in relation to the mandatory rules, standard forms, etc. I have kept in personal touch with the committee activities and know of the sacrifices that have been made for the good of the Association and in the advancement of railway accounting. One committee meeting was held on a national holiday; others have started early in the morning and continued into the night; and many committee members have "burned the midnight oil" in preparation of data. I am also conscious of the willingness of those committees to whom necessarily few or no subjects were referred, and, in fact, for the support of the members of the Association individually and as a whole, I am deeply grateful.

Too much commendation cannot be given to the Secretary and his staff for their efficient and enthusiastic service. The amount of work performed during the year by Mr. Woodson and his small force has been stupendous, not only as to routine matters, embracing the preparation of publications and acting as secretary for the committee meetings, with which you are familiar, but, in addition, the origination of many ideas that have contributed to the welfare of our organization.

During the year receipts from the sale of R. A. O. A. publications by far exceeded the total receipts from the sale of publications in all the previous years of the Association; and as the educational value of them is emphasized, a more extensive distribution will inevitably follow.

There is one suggestion, in connection with the future, which I should like to offer for consideration and action by the Executive Committee. Accounting is practically the only important branch of railway work that does not have a magazine or regular publication devoted to it. The outstanding hiatus in railway accounting, from my viewpoint, is the lack of educational opportunities. The only way by which, under the existing conditions, any ambitious person may progress in railway accounting is by actually doing the work, which is, in principle, the old

apprenticeship system that was abandoned, in connection with all other professions, many years ago. My opinion is that a magazine or periodical devoted to railway accounting would be helpful to the accounting officers and would prove particularly beneficial to ambitious clerks, agents, and others. There are some practical difficulties, in connection with such a publication, that would need to be worked out, but I do not believe that those difficulties are insurmountable. I, therefore, commend, to the Executive Committee, the thought that the establishment of a periodical, devoted to railway accounting, would be a step for the advancement and development of our profession.

There is another matter of a momentous nature to which I call your attention. In my opinion, the necessity exists for our Association to promptly and effectively take action towards constructing uniform, workable, useful physical statistics; that is, statistics which will visualize the physical characteristics, developments, operations, etc., of the carriers. Statistics of that nature, if made practical and applicable to all carriers, would unlock the great storehouses of railway accounting and make available the stupendous funds of information stored there. Those statistics should be made such as to present a picture of the conditions that prevail. Clearly, there rests upon the carriers, under existing conditions, an obligation to undertake studies of that nature, and the accounting officers, who have available such a tremendous stock of data, could well inaugurate the necessary plans, although any studies made along this line should, naturally, have the cooperation and collaboration of other interested departments. My recommendation is that our Association forthwith create a committee to handle this subject.

It is generally admitted that a science or profession makes progress in the same degree that the ideas or ideals of the men engaged in that science or profession advance. It has been, and is, the policy of the Railway Accounting Officers Association to maintain and foster the loftiest ideals for the science and profession of railway accounting. The Association finds its field of productive effort in the individual interest and professional pride of its members in the advancement of railway accounting. No more convincing proof can be offered of the effectiveness of those efforts than to point to the tremendous strides which have been and are being made.

Railway Accounting is not an exact science and could, therefore, under certain conditions, become the object of suspicion and distrust. It is a science that especially demands focused responsibility and which can be obtained only through the conviction that the accounting officers are acting in conformity with the ethics of their profession and according to their best knowledge and belief—in that respect railway accounting is comparable with the practice of law.

Practically every railroad is so organized that the accounting department is not under the jurisdiction of an officer who originates expenditures or revenues. This is on the fundamental principle that the department which incurs expenses or creates revenues may not dominate the department which audits such expenditures and receipts.

In the days long gone by, nearly all of the railway accounting officers had the title of auditor. The title was significant because then they merely audited accounts or kept books. Today, many accounting officers have the title of Vice-President or Comptroller. Most chief railway accounting officers are administrative officers. They are able to serve the carriers more effectively by having a wider and broader viewpoint—by being analysts advisors—and not mere recorders. Although the corollary to freedom of action and judgment is added responsibility there are compensating opportunities for development and progress.

Everything that transpires on a railroad has its place in the accounts. The accounting officer, therefore, has passing through his hands, at all times, a panorama of what is happening or what has happened on the railroad. With such a fund of available information, he should be able to escape the dreaded pitfall of circumspection born of monotonous repetition.

Through the laborious processes of attainment, our Association now enjoys the confidence of the honorable body of Interstate Commerce Commissioners, to one of whom we have had the pleasure of listening during this assemblage, and of our principal—the Association of Railway Executives. Under such favorable relationships, and with an abiding belief that the integrity of our heritage will be maintained, it needs no far-seeing discernment to forecast a useful and happy future for this Association.

In surrendering the Presidency to my able successor, I record very best wishes and voice again my appreciation of the honor in serving you.