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FIRM HISTORY, GROWTH, AND PROFESSIONAL STANDING

The following brief comments, largely based on or taken from material in "The First Fifty Years", are intended merely as a reminder, in convenient form, of some of the more important aspects of the Firm's history, growth, and professional standing.

More than 56 years ago, on March 4, 1895, the Firm began the practice of public accounting in a small office at No. 2 Nassau Street, New York City. Its two founding partners, Charles Waldo Haskins and Elijah Watt Sells, had first met two years previously upon being designated as experts to a Congressional Commission created to investigate the operating methods of the Executive departments at Washington and to recommend such improvements and economies as could be made "without injury to the public service."

The two years of the investigation ended in March 1895. It had been successful from every standpoint. Both the Congressional Commission (the Dockery Commission) and the public press testified to the ability and high standing of the two experts. The Chicago Daily Record referred to them as "the ablest experts to be found in the accounting profession***."

The Commission's two full-time investigators had previously had extensive experience in financial pursuits. It was this experience, coupled with their obvious ability and high character, that led to their selection by the Commission.

Charles Waldo Haskins began the public practice of accounting in New York City on his own account in 1886, following a period of private employment. During the next seven years, he held, incident to his professional work, the offices of Secretary of the Manhattan Trust Company and Secretary of the Old Dominion Construction Company, as well as appointments as Comptroller of the Central of Georgia Railway, Comptroller of the Ocean Steamship Company, Comptroller of the Chesapeake & Western Railroad, and Receiver of the Augusta Mining and Investment Company. He was 43 years of age when he entered into partnership with Mr. Sells. He died 8 years later.

Mr. Sells' early business experience was gained in successive positions with railroad companies, including positions as Assistant Comptroller of the Kansas City, Fort Scott and Memphis Railroad, and Secretary and Auditor of the Colorado Midland Railway. During this period and afterward up to the time of his Washington appointment he was frequently engaged by other corporations to make special examinations of their accounts or install new accounting systems. He was 37 years old when he entered into partnership with Mr. Haskins. He died in 1924.

Because of the long years of experience of both men, and the prestige which resulted from their work during the two years they served as experts to the Congressional Commission, the success of the new partnership was assured. The engagements that followed covered services for states, municipalities, banks, trust companies, insurance companies, street and steam railways, and mercantile and industrial organizations. By 1903, the year of Mr. Haskins' death, the Firm had become well established.

In order to serve the increasing number of its clients the Firm opened additional offices in this country and abroad. The second office opened was in Chicago in 1900. This was quickly followed by offices in London, Cleveland, Saint Louis, and Pittsburgh. A little later offices were opened in Baltimore, San Francisco, Atlanta, Denver, Los Angeles, Seattle, Detroit, and Boston. At the half-way mark in its first fifty years, the domestic practice of the Firm was being handled by thirteen offices, North, South, East, and West. Additional offices have been opened from time to time, and at present there are offices in twenty-six principal cities of this country, and offices and affiliations in many foreign countries.

Coincident with the expansion of its practice, the Firm looked to the development of its personnel and to the perfecting of internal procedures that would result in the greatest benefit to the Firm and to its clients. Early in 1918, the Firm formed a "Department for Professional Training" to serve as counselor and guide to its members in matters technical, educational, and professional. With the development of fine accounting courses in most of the major universities and colleges of the country, the need for

a formal department of this kind diminished and it was discontinued. The Firm has continued, however, to lead in the development and distribution to its staff of technical procedure manuals and other technical material relating to accounting and auditing procedures. Long before the American Institute of Accountants undertook to make surveys of financial statements in published corporate reports, the Firm made such surveys and distributed the results of its studies to its offices. When the Institute began making such surveys, the Firm made available to the Institute the material and procedures which had been developed.

The Firm has long taken an active part in the development of the accounting profession in general. Mr. Haskins was active in the passage, by the New York legislature in 1896, of an Act to Regulate the Profession of Public Accountants, which was the first legislation in the country to create the professional designation "Certified Public Accountant." He qualified under the terms of the Act and was chosen first President of the Board of State Examiners of Public Accountants instituted thereunder. The following year he was elected first President of the New York State Society of Certified Public Accountants, an office which he held until his death in 1903. He took a leading part in the founding in 1900 of the School of Commerce, Accounts and Finance of New York University, and he was its first Dean. The University later conferred upon him the honorary degree of Master of Humane Letters. Mr. Haskins wrote many articles on accounting, and at a regular meeting of the Institute of Accounts held at the Fifth Avenue Hotel, New York City, June 27, 1901, began his formal address by saying: "I believe I have never yet willingly declined a proper invitation to speak or to write in behalf of professional accountancy. Unwillingly, I have failed to be in two places at once; but time and opportunity permitting, what little influence I have -- and my influence is neither more nor less than that of any other intelligent public accountant who gives himself up heart and soul to his work -- is at the disposal of our common cause, whether to speak, write, teach, or in any other way advance the interests of our profession." Mr. Sells also made substantial contributions to accounting literature. He was deeply interested in the advancing of professional education, and with Mr. Haskins and others participated in the founding of the School of Commerce, Accounts and Finance of New York University.

An early advocate of publicity of corporate accounts, he lived to see it recognized as one of the pillars of a healthy industrial society. He was for two terms, 1906 and 1907, President of the American Association of Public Accountants, and he was active in the organization of the American Institute of Accountants. He received honorary degrees from Baker University and New York University.

The early examples set by these men have been followed by many others in the Firm. For a great many years, Palmer and Bell's "Accountants' Working Papers" (recently revised by Ralph S. Johns), Bell's "Accountants' Reports," and Bell and Johns' "Auditing" have been standard texts. Articles on accounting and related subjects have been written by many of the partners. Members of the Firm, principals and staff members have taken active parts in professional societies. At the present time, the senior member of the Firm, Mr. A. B. Foye, is a Vice-President of the American Institute of Accountants, and other members are on its Council. Probably from the inception of the Institute's Committee on Accounting Procedure and its Committee on Auditing Procedure, some members of the Firm have been on those committees and have taken part in the development of their bulletins. At the present time Mr. John W. Queenan is on the first mentioned committee and Mr. Gordon M. Hill is chairman of the second.

During the first and second world wars, members of the Firm served in responsible capacities. To mention but two: General Arthur H. Carter, senior partner at the time and then holding the rank of Colonel, was appointed Executive Accountant in the office of the Under Secretary of War on March 26, 1941. At the time he was relieved from active duty on February 8, 1946, he was serving, with temporary rank of Major General, as Fiscal Director, Army Service Forces. He received an Oak Leaf Cluster To The Distinguished Service Medal (which medal was originally received during the first World War). Mr. G. P. Auld, before coming with the Firm in 1924, was in naval service, being Chief Accounting Officer, U.S. Navy from 1915 to 1918. His other public service included, among others, service as Accountant-General, Inter-Allied Reparation Commission, Paris 1920-24; and assistant to Owen D. Young in starting the Dawes Reparations Plan, London, Paris, and Berlin, 1924. He also served in the Navy Department in a civilian capacity from January 1941 to October 1942. He has been awarded the Navy Cross.

Without seeking such work, but responding to requests for service, the Firm has undertaken work for the Economic Cooperation Administration, the (Hoover) Commission on Organization of the Executive Branch of the Government, and the Supreme Commander for the Allied Powers, Tokyo, Japan. The accountants on the latter engagement (all of whom volunteered for the assignment) were in Tokyo when General MacArthur was relieved of his Command.

In summary, the history, growth, and professional standing of the Firm is the history, growth, and professional standing of the accounting profession itself. From its small beginning in 1895 the Firm has expanded until it now has more than a hundred partners, some seventy-three principals, and nearly a thousand staff accountants. Any list of representative companies of the country would necessarily contain the names of many of its prominent clients.

The future of the Firm is certainly no less than the future of the public accounting profession, in which the Firm occupies so high a place, and at this point there appears to be no limit to the profession's continued growth and usefulness.