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Ouida D. Albright

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The Effective Use of Your Time

Ouida D. Albright, CPA

Efficiency is defined as the ratio of useful work produced to the energy expended in producing it—ratio of output to input. It is applied to the work of machines or to that of organisms, chiefly human beings. The mechanical formula for work is stated in terms of a given mass moved through a given distance in a given time. But in measuring the work of human beings such a simple formula is inadequate, even for such obviously muscular work as lifting and carrying; and, of course, mental work has no equivalents for mass and distance.

We may assume that the dominant, if not exclusive, motivation of the individual worker is economic. We must work if we want to eat. The normal person, in the work situation, is interested above all else in increasing his money earnings. However, it is the view of some that we are motivated in working by a number of factors, of which money earnings may be only one. They have found other factors in the motivation of the individual worker to be the degree to which he continues to experience satisfying relationships with other members of a work group. To some people success means power. To the majority no doubt success means finding an occupation that will bring satisfaction and enjoyment as well as a reasonably adequate standard of living.

Our time cannot be effectively used if we are prone to experience chills and fever over the real or fancied behavior of some member of the work group. In other words, we must be well adjusted. So, if you are having chills and fever, see your head shrinker and get yourself some psychosomatic medicine before you get peptic ulcers. Get your responses conditioned so that you can "take it."

Efficiency depends, to some extent, on the nature of the task, quiet or noisy surroundings, etc. Some work better to wired music. Uninterrupted repetitious tasks are usually performed at low efficiency because of boredom, but persons differ in their susceptibility to monotony, the more intelligent usually suffering most.

Effective use of one's time can best be achieved by careful planning. To most of us this "careful planning" comes as a result of long experience in performing a task. We finally learn, by trial and error method, the most effective way to speed, accuracy, quality, ease of effort, and satisfaction. Scientific methods of planning should provide advantages over the trial and error methods.

Whether the task involves system building or the designing of accounting systems, or record keeping, or verification, or analysis and

interpretation of the records, a thorough knowledge of the principles of accounting should be a prerequisite. While there may not be any such thing as standard procedure in auditing, we all know that there are "generally accepted principles." The interests of the American Institute of CPA's, the Federal Reserve Board, the Federal Trade Commission, the Securities and Exchange Commission, the New York Stock Exchange, public accountants, bankers, and businessmen in general have had a marked influence on the development of uniform accounting and auditing principles.

Those engaged in making an audit should be thoroughly familiar with the terms of the engagement so that there may be no time wasted through misunderstanding as to the type of audit to be made or the character of work to be done. The auditor should possess the necessary equipment consisting of pencils, a large eraser, ruler, and the proper stationery. There are many printed forms available to the auditor at nominal cost—to simplify and speed the work of analysis and interpretation of data gathered in completing the audit. A good example is the 1099 forms. Recent changes in the Internal Revenue Regulations require that any interest or dividend payment totaling \$10 or more during the year to the same person must be reported on a U. S. Information Form 1099. One copy must be furnished to the payee, one copy to the IRS, one copy to the payor, and in some states a copy must be prepared for the State income tax department. Much time can be saved by using specially printed forms. The company name, address and identification number can be printed on each form. Kraftbilt, as well as many others, print these forms in five forms on a strip. One insertion in the typewriter for every five forms processed. Forms are engineered for speed writing and are typewriter spaced. Carbon paper is inserted between the forms. Also, window envelopes for mailing information returns to payees are available.

At the beginning of the audit the auditor should read the corporation minutes, or study the partnership agreement, to become familiar with the legal organization of the business and to gather such information as may be helpful in completing the audit. Careful attention to these details in the beginning may save a great deal of time as the work progresses.

After the necessary preliminary information has been obtained, a program should be outlined which will serve as a guide in completing the audit. As each item in a trial balance is verified, it is necessary to prepare schedules,

giving information about the item verified. The schedule may be a reconciliation of accounts, or a list of items comprising an account balance. It may be an analysis of an account. In addition to schedules, there may be letters of confirmation of bank balances or of amounts due from customers. Specially ruled and printed forms are available in pads, punched, perforated, in various colors, or as you like them, for use in verifying accounts receivable, accounts payable, bank balances, and for various other auditing needs. Excerpts may be taken from the minutes of the board of directors' and of stockholders' meetings. All of this written information should be included in the audit working papers.

Working papers are the papers upon which the auditor compiles all data, analyses, computations, notes, schedules, and records pertaining to the audit. The first audit of a particular client will of course require more time on details concerning the history and organization of the business. From these working papers is extracted the material for the audit report which is submitted to the client. The only points of connection between the records of the client and the audit report are the working papers prepared on the premises of the client by the auditor. They are the only proof of the correctness of the records and of the correctness of the audit report. The working papers serve the auditor as the source of information for his remarks and advice in discussing the business matters with the client, in solving taxation problems with the Internal Revenue Service, in defending his position from criticism, in defending himself in the event of legal action, in the preparation of the report, in the review of the report and the work with the client, and in serving as a guide for the next audit of the same client.

There are many services available to render technical assistance in any way related to data processing. Auditors' offices in increasing numbers are taking advantage of the speed and increased efficiency possible through the use of data processing equipment. One of the leading auditing firms in Fort Worth has recently installed some data processing equipment and is offering to serve other auditing firms to whatever extent possible when personnel is trained and the system begins to function effectively. In the *Journal of Accountancy*, July 1961, several members of the American Institute's committee on data processing centers completed an article designed to describe certain developments in the small computer area for any of the *Journal* readers not able to keep abreast of this rapidly changing field.

Electronic data processing enables insurance companies to review policies covering several

million insured every day. Brokerage houses process dividends, proxies and payrolls. Manufacturers use such equipment in all details of production and inventory control, order processing, and billing. The entire system of a large railroad has been linked by the magic of electronics. It consolidates more than 800 freight offices into just 9 geographic regions. Modern electronic processing equipment in each of these 9 regional offices ties them all to the electronic data processing control center in Chicago. It is there that many accounting procedures, that formerly took days, are accomplished by electronic "brains" in a matter of minutes. Data processing facilities are providing shippers with rapid, accurate rate and billing service. Shippers' bookkeeping procedures are simplified and customers are served with greater speed and efficiency.

The *Journal of Accountancy*, April 1962, has an article entitled "Duplicating and Copying Methods in Practitioners' Offices." The article is based upon a report submitted by the Institute's committee on accounting and office equipment to the management services committee. The purpose of the article was to discuss duplicating and copying methods and their application to tasks most often found in a CPA's office. An attempt was made to evaluate the several duplicating and copying methods. Eight different methods were described and a chart was appended which gives the pertinent data on equipment employing the processes described.

Duplicating and copying machines were first introduced in accounting offices as an aid in the preparation of tax returns. Today duplicating equipment is used extensively in the preparation of audit and other reports to clients. This *Journal* article discusses the cost of the machines and the operating costs.

Many of the *Journal's* advertisers acclaim the virtues of their products for helping you schedule the work of men and machines in order to achieve high-caliber efficiency. Available are specially printed W-2 forms with 6 sets to a strip with interleaved carbon, tailor-made so that Federal and City or State Forms can be prepared in one operation. National Cash Register Company advertises its paper to business concerns of all sizes for saving time and effort. Other dramatic developments are a new NCR "rod memory" that switches in billionths of a second and new photochromic data-storage techniques based on color changes which occur under varying wave lengths of light.

We make jokes about the boss warning us that we can be replaced by a push button. But it seems that no matter how much time we

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Effective Use of Time (continued)

Never before have we had such opportunities for expansion into markets whose growth potential is so tangible. We have all noticed in recent years the increase in items found in our gift shops such as ceramics, knitted wear, leather goods, transistor radios, cameras, etc., from Italy, Japan, West Germany, and other places. I hope that American products are equally plentiful in the shops of other countries. There are new markets to develop, peoples to educate, standards of living to be raised, and manifold wants to be served. The accounting profession must gear its service to meet the needs of the future. Time is the only commodity which cannot be increased in this jet age except by finding better ways to use it effectively. The accounting profession must fulfill its responsibility to perform its service to management by methods that are not only faster, but more complete, more accurate, and more concise for reporting data essential to management.

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European Congress (continued)

Congress. To establish contact, to communicate and exchange ideas, not only on accountancy matters, is, after all, of the essence of such gatherings. And the opportunities were numerous. We had a garden party on the grounds of Lauriston Castle given by the Lord Provost, magistrates and councillors of the City of Edinburgh, banquets at which the haggis was piped in with the traditional ceremony, receptions, cocktail parties, balls and many other social occasions.

I tried, of course, to establish contact with the women accountants attending the Congress. We were 28 in number, coming from Austria, Belgium, France, Germany, Italy, The Netherlands and Great Britain—not a large number in relation to the total of 2,000 dele-

gates. A particularly happy occasion was the Fork Buffet Supper given to us by the Lady Members' Group of the Institute of Chartered Accountants of Scotland. This was a most enjoyable get-together.

It was indeed a pleasure to meet the Scottish women accountants, and particularly Miss Vaughan who had given us such an interesting and entertaining talk, in 1962 in New York, at one of the luncheons during the Joint Annual meeting of the Women Accountants. Because of my knowledge of French, I talked mostly with the French-women, one of whom had her own practice and another was Commissaire aux comptes Près la Cour D'Appel de Paris—and discussed with them the opportunities open to women in the accountancy profession in their country. Indeed, in all my contacts, I invariably enquired about the position of women in the profession. I was, for example, pleasantly surprised to learn from the Professor of Accounting at Madrid University that women accountants are fully accepted in Spain (although there are very few of them) and delighted to see, from the Symposium of Studies initiated by the Spanish Technical Institute of Accountancy and Administration which he later sent me, that it contained an extremely interesting contribution by a Spanish woman Professor of Accounting on 'Current Planning of Sinking Funds'.

In all professional gatherings, I try to do as much proselyting work as possible and always emphasise our right to exercise, unhindered by male prejudice, unfortunately still rampant, our chosen profession. The only way we have of getting ourselves better established in what is still a man's world of business, is to blow our trumpet, to make ourselves seen and heard.

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One of the guests at the 1962 joint annual AWSCPA-ASWA meeting was Miss Pauline Graham, Certified Accountant of London, England.

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Tips for Busy Readers (continued)

based on some postulates, and reasonable men always want to be sure of their ground. Because it is common wisdom to re-examine the foundations of one's practices; practices may become so overlaid with habitual and conventional trappings that their avowed purposes are no longer well served. Because a man's postulates are the substance of his understanding of the world in which he acts; if his postulates are irrelevant or inconsistent, neither he nor his practices merit the esteem of his fellows. Because to examine one's postulates is the simplest and most effective way to discover the possibility and direction of improvements and innovations in practice. Because man's reasoned judgment is his only protection against self-delusion, cant and deceit."