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Supervising the Work of the Accounting Staff *

By JOHN R. WILDMAN

The accounting staff may mean any number of men from one to four hundred and fifty. Its function is to perform the field work, gather the necessary data for and in some cases prepare professional reports, embracing a number of types and covering a variety of subjects.

Supervision varies as the staff increases in number and distribution and the engagements vary in diversity and complexity. It is a simple matter to oversee the work of five men engaged in making regular audits. It is a somewhat complex matter where there are from four to five hundred men distributed over twenty-five offices and handling engagements which embrace defalcations, estate accounting, public utility investigations, tax revisions and audits of industrials, comprising in some cases perhaps as many as one hundred and fifty companies.

The accounting staff is derived from many sources. There is the man who, anxious to make his career in accountancy, comes recommended by a mutual friend. There are those who come from schools, the aim of which is to prepare men for the profession. Bookkeepers, clerks, statisticians and representatives of sundry other vocations find their way by devious routes to the average staff. Some are well educated and prepared. Others have much to learn. So it is that the personnel plays an important part in the problem of supervision.

The ideal staff is one comprised of men of fine character, pleasing personality, keen mentality, good general education, high technical ability, supplemented by experience in meeting the problems which arise in responding to the needs of clients. If the real were to coincide with the ideal there would be little to supervision but the marshalling of forces and the handing out of engagement memoranda.

But supervision goes further back than assigning men to engagements. It begins with the selection of the men for employ-

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ment. It examines into their past, investigates their references, tests their mental and technical ability, considers their personality and their probability of development.

The practice of accountancy involves not only the man on the staff; it involves consideration of the client, the engagement, conditions, relations. Clients may be as varied as the varieties of the human race. Engagements may follow perhaps ten different types but the conditions and relations attending them may be manifold. All these matters have their bearing on supervision.

The staff, from a point of view of composition, should be well balanced. The ability to handle what may be regarded as general engagements should be supplemented by ability to take care of special work. Thus either the men who look after the regular audits must be able to do brokerage, trust company, cost work, etc., or provision must be made to carry men who are specialists in these lines. As to the latter, a jack of all trades may be in traditional disrepute, but the man on an accounting staff who is master of several special lines as well as a good general accountant reduces greatly the worries of the man who is responsible for the composition of the staff. Specialists too often result in an excess of unemployed time if the special engagements decline in number and the specialist is not able to turn his hand to general work.

The requirements of engagements call generally for a division of accountants on the staff into two classes. One class is made up of those who take charge of engagements, referred to by some firms as in-charge accountants; by others, as seniors. The second class is that great body comprised of individuals known as assistants. Perhaps every nine out of ten engagements call for such classification. Every now and then, however, an engagement appears which requires a further division of the latter class. Such are the cases where the volume of detail work requires a number of assistants with some one, acting as an aid to the man in charge, overseeing the work of the assistants. There is also the engagement, comparatively simple in character, in which a high grade assistant performs all the work connected with the engagement including the preparation of the report. In such an engagement he takes pride in the fact that he is entrusted with the work and is classified for the time being with those who take charge of engagements.

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Thus is a third class introduced, which is somewhat difficult to describe. The man who falls into this class may be engaged, one day, as first assistant on a large or fair sized engagement; the next, on one by himself. Such accountants have been referred to both as semi-seniors and as senior assistants. But regardless of the names by which they are known it appears that supervision must take cognizance of at least three classes, possibly more.

It is presumed that the public accountant who is retained by a client to undertake an engagement will make every effort to serve the client faithfully and well. If for one reason or another it is necessary or desirable to delegate the work of carrying out the engagement in whole or in part to representatives, the presumption follows that the accountant will so regulate and keep in touch with the work of such representatives as to satisfy himself that the work has been carried out in accordance with his ideas, to the end that for purposes of relations with clients he may adopt the work as his own. It therefore devolves upon the accountant to devise some means of bringing this about. It is this, taking into consideration all the factors involved, which is expressed in the term supervision.

Satisfactory service to clients depends obviously on finding out what the client wants. Many a client has been forced, so to speak, to take and to pay for something which he neither ordered nor wanted. In many cases such miscarriages of service have been due to failure on the part of the person who took the engagement to find out definitely what the client desired, or, where the client was not entirely clear, to study the situation, squarely from the client's point of view and advise him as to his needs. Too many engagements are taken and performed in a perfunctory manner without regard to the point of view of the client, his relations and needs.

With this point covered, supervision must needs take into consideration the accountants on the staff in connection with their work in the field and in the preparation of the report.

It is to be expected that the accountant to whom the engagement is assigned will receive a memorandum of some sort, setting forth not only the essential requirements connected with the engagement but any special information which will throw light on the situation or assist in any way in carrying it out to the satis-

faction of the client. Many times the person who takes the engagement gleans bits of valuable information from conference with the client, and this information should be passed on to the accountant who is to undertake the work. One client, for example, mentioned casually during a conference that he wished but one copy of the report. The remark fell on deaf ears. The client was much annoyed when later he received three copies.

It is also helpful if the person who took the engagement has an opportunity to go over the case with the accountant assigned before the latter takes up the work. Many minor points, which may not be embodied in the engagement memorandum, are thus passed on and contribute to the successful execution of the engagement.

Once in the field the accountant in charge is expected to lay out his work, assign his men and busy himself with the more important phases of the engagement. As to the proper performance of the work assigned he may either inspect it himself or delegate such function to his chief assistant.

It should be pointed out that the part of supervision which consists of inspection of work done by assistants should not be too long delayed. Frequently an assistant fails to understand his instructions and so unintentionally does unnecessary work or work which is wrong in principle. Again, men who are careless and who make mistakes creep into the corps of assistants. For such reasons it is important that all work performed by assistants should be inspected not only frequently but soon after it has been started.

The general progress of the engagement and the work of the accountant in charge should be reviewed in the field as often as the requirements of the engagement and the circumstances surrounding it indicate. On some engagements the work of the accountant in charge as well as that of the juniors needs inspection several times during its course. On others a general review of the situation just before the field work is completed is all that is required. Anything of this kind would probably be unsafe except in cases where men in charge of engagements are old and trusted accountants whose ability and reliability are known quantities.

Apropos of this point it may be said that some accounting firms have, in addition to the three classes of accountants pre-

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viously mentioned, a fourth class comprised of men of unusual ability and long service known as supervising accountants. It is the function of accountants in this class to spread themselves over several engagements, apportioning their time among the various engagements as needed. Such accountants do not to any great extent participate in the actual work but give their attention to the respective engagements to see that they proceed with utmost speed and efficiency.

Field supervision tends to reduce the time necessary to review a report and working papers. While the practice with regard to the preparation of reports differs in different organizations the reviewing of working papers probably is about the same in all cases. It consists in looking over the papers to see that the figures are tied up, that general and controlling figures are properly supported, that analyses set forth the necessary information, etc.

It is usual, also, in reviewing papers to quiz the accountant in charge of the work concerning it. This is based on the theory that a man who has properly carried out an engagement should be able to furnish any reasonable information about it. Further, if the person who reviews the papers is not able to ask the accountant a question which he cannot answer the chances are the client or his employees would not be able to do so.

In some public accounting organizations the reports are written by so-called principals, that is, members of the firm, or some one of equal authority. In other organizations the reports are written in the rough by the accountants in charge. Each method perhaps has certain advantages. The former probably tends more strongly to uniformity. The latter has in its favor the fact that more reports may be turned out in a given time. It also adds interest and responsibility to the accountant's work besides developing and broadening him.

Where the latter method prevails it becomes necessary for the reviewer, in addition to examining the papers and incidentally the accountant, to go carefully over the report. The statements must be reviewed for form and content. The comments must be read not only from a technical point of view but a literary point of view as well. Diction, paragraphing and punctuation are essential to clear expression. After all, the most brilliant and clever findings are of no avail unless so expressed that the layman can understand them.

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The certificate and the presentation page must be perused for structure, usually to see that they are in keeping with some prescribed form. These parts of a report are generally worked out with care and standardized. Statements also may follow more or less after a set form. Comments, of course, must be made to fit the particular case, except that a certain order or arrangement of topics may be laid down.

Standardization is much to be desired, particularly where a number of different accountants are preparing complete reports. It is possible to a certain extent but may not be carried safely beyond a certain point without resulting in a report which is stilted and sometimes meaningless. For example, an accountant on the staff of a certain firm was told that the report for a given corporation, the officers of which were very particular, once having been prepared by a member of the firm, was not to be changed from year to year except as to figures. He accepted the remark and followed it literally to the extent of reproducing in a subsequent report the wording of the comments from the report of the previous year changing only the figures. The result was amusing. For example, increases in inventories in the previous year had worked around to decreases, so that it was impossible in reading the comments to reconcile the words with the figures. Fortunately the report, in this shape, went no further than the reviewer.

One of the most difficult things to achieve, of course, is that state wherein the staff accountants in charge of engagements write live, interesting reports. The man, where fixed standards prevail, is almost a genius who can conform to the many rules laid down, adapt the specifications for reports to the circumstances surrounding the particular case in hand and write a report with life enough in it to interest the client. Accountants' reports will become more valuable to clients, in the opinion of the writer, as they become more interpretative. What most clients want is not alone a statement of facts, but to be told how to use the facts as a basis for administrative or other action. Many accountants also have the idea with regard to reports that quantity not information is the prime essential.

Supervision in the field should go further than the technicalities of the engagement. It should include the scrutiny of the men, their personal appearance, their adherence to hours, attention to

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work, relation to employees of the client and their general behavior. It should cover consideration of the probable time when the respective men will finish their work on certain engagements so that the office to which they are attached may be advised when they will be available. The rendering of time and expense reports should not escape attention.

Supervision is neither complete nor scientific which does not take into consideration the instruction and training of the men on the staff. They should be enlightened as to their duties and responsibilities when they join a given staff. They should be acquainted with some of the general facts relating to the organization. They should be obliged to study and improve their knowledge of subjects which they are required to use in their work. But they should also be instructed and trained in their work on the engagement. Nothing is so instructive as applied theory. The ideal place to apply theory is on the engagement. The work may not be interrupted for instruction but the instruction may be woven into the work. The accountant in charge should seize every opportunity to explain the work to his assistants. The supervising accountant should make it a point to teach in-charge accountants.

Supervision becomes more effective and less expensive as each man in the organization understands what he is to do and does it. Satisfaction to clients, under the present scheme of organization for rendering professional accounting service, is bound to become more general as the staff men become better trained and supervision becomes more scientific.