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Book Reviews

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BOOK REVIEWS

DO YOU WANT TO BECOME AN ACCOUNTANT? by Thomas W. Byrnes and K. Lanneau Baker. *Frederick A. Stokes Company*, New York, N. Y. 189 pages. 1940. \$1.50.

From a personal point of view the worst thing that can be said about this book is that it has arrived a great many years too late. So far as the writer is concerned, if a similar book had been placed in his hands when he first entered the office of a public accountant a great deal of doubt, uncertainty, and loss of time would have been avoided.

In particular, the wise and comforting words in the fourth chapter on the differences between theory and practice which the beginner in the profession will observe all about him should calm the troubled spirit of many a junior who hears one thing from a revered professor and another from an equally revered and possibly feared employer. Practicality and fairness are shown throughout the book. There is no attempt to paint the rosy picture sometimes exhibited to the student's view by the less desirable schools, nor on the other hand is the impression given that one must be a superman to succeed in accountancy.

The treatment throughout the book of the place of women in accountancy is a good example of this. It is made perfectly clear that, on the whole, professional accountancy is not a very promising career even to a well qualified young woman, but the opportunities of private accounting and work within an accountant's office, where traveling and contact with clients are not required, are fully and fairly described.

The first chapter on the history of the profession should be interesting to anyone concerned with accountancy.

The practicality of the work is exhibited in chapter five on the C.P.A. examination and how to prepare for it and the various methods of preparation and review are described and their advantages and disadvantages impartially pointed out.

If a practising accountant is required to advise someone for whom he is responsible on the choice of a profession, he could hardly do better than put this book in his hands.

MAURICE E. PELOUBET

THE FEDERAL FINANCIAL SYSTEM, by Daniel T. Selko. *The Brookings Institution*, Washington, D. C. 590 pages. 1940. \$3.50.

There are few subjects of as wide scope and as great importance to the country as a whole on which as little has been written as federal finance. Recent years have witnessed a notable relief of this dearth of material, and the present volume ranks as one of the most important and comprehensive in this respect. It deals both historically and constructively with budget making, revenue administration, fiscal management and control, accounting, auditing, and financial reporting. Its purposes are "(1) to examine closely the nature of the principles of democratic government as they relate to financial responsibility and the conduct of financial operations, (2) to define the essential elements of a financial system adapted to our form of government, (3) to bring sharply into focus the issues presented by current problems of financial legislation and administration, and (4) to offer practical suggestions for resolving these issues."

The author traces in a thorough and understandable manner the development of the federal financial system from the colonial period to date. He describes the workings of the present system, points out its weaknesses, and offers numerous proposals for its improvement. These problems have had recent attention of the Government itself, as well as other writers and groups, including a subcommittee of the American Institute of Accountants committee on governmental accounting, whose findings and tentative conclusions are set forth in *THE JOURNAL OF ACCOUNTANCY* for March, 1940.

Of paramount interest in the present vol-

ume are the proposals for changes in present organization and procedure. Among the recommendations particularly meritorious are: (1) improvement of budget procedure to secure unified consideration of revenues and expenditures, in the executive organization as well as in Congress, in both of which these subjects are now dealt with separately; (2) placing the administration of revenue, such as income tax and customs, under a bipartisan body instead of under changing political officers; (3) improvement of control over collections, and provision for independent audit of many items of receipts not now covered; (4) extension of independent audit to all agencies, transactions, and accounts, many of which are now exempt from audit by the Comptroller General, the Government's auditing officer; (5) unification and simplification of the disbursing system, and placing of responsibility for correctness of expenditures definitely upon officers responsible for incurring obligations, instead of upon disbursing officers as at present.

Mr. Selko also properly emphasizes the need for more complete accounting, and particularly more comprehensive reporting. On the methods of achieving these objectives, however, his proposals are at variance with those of many other students of the subject, particularly the Institute subcommittee. All agree on the significance of the independent audit, to be performed by an officer appointed by and responsible to Congress, such as the Comptroller General. Mr. Selko would have that audit made as a part of the routine of completion of financial transactions. He would give the Comptroller General final say on all transactions, thus giving him in substance authority over the executive branch of the Government, without any definite opportunity of appeal on the part of the latter. He would have the primary accounts of the Government maintained by that officer, built up from documents and statements supplied by the departments, in addition to departmental accounts admittedly essential. He

would have the financial reports of the Government prepared by that officer from his own accounts, without reconciliation with departmental accounts, and replacing any financial reports of the executive branch, which is responsible for financial operations.

These proposals seem to continue and intensify the existing confusion among accounting, pre-audit, post-audit, and reporting, all of which the committee feels should be clearly differentiated. They appear contrary to the accepted principles of financial accountability and independent verification in both private and public enterprises. The committee would make the executive organization primarily responsible for the correctness of expenditures, for complete accounting, and for financial reports. It would place in the independent auditing agency, responsible directly to Congress, the function of complete and prompt verification of financial transactions, records, and financial reports, as well as the determination of the adequacy of accounts and internal check. It would provide for a standing committee of Congress to receive and act promptly on all findings of this agency. It contends that to encumber the auditing official with the duties of approving transactions currently, keeping accounts, and preparing financial reports, reduces the objectiveness of his check, and removes these responsibilities from the executive division where they properly belong.

The public importance of the federal financial system grows with each addition to its scope and volume. That fundamental weaknesses exist in the present methods are recognized by all who have examined it. Progress in their improvement, however, has been all too slow. Full and complete discussion is one of the important means whereby this progress can be brought about. Mr. Selko's volume constitutes a valuable and important addition to this discussion, and one which should aid materially in achieving the most effective solution.

LLOYD MOREY