

Office and Staff Management

A forum for the exchange of views and information on all aspects of the administration of an accounting practice.

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SUBJECTS DISCUSSED BY ACCOUNTANTS' OFFICE AND STAFF MANAGERS GROUP

1. Staff Manual and Contents Thereof

A minority of the firms represented had prepared manuals for their staff. However, some of the men indicated that such a publication was in process of being prepared. Generally, the manual contained the following major groupings:

- a) Administrative matters
- b) Detailed and generalized audit procedure
- c) Detailed internal control questionnaire procedure
- d) Helpful hints

2. Personal Accounting Work by Staff Members

The attitude of the represented firms to independent practice by their staff members was discussed. Virtually all agreed that it was a problem about which little was being done because such work was not reported. However, it is common knowledge that this condition prevails but that the extent was not determinable.

Some members reported that on occasions abuses were detected, such as use of firm time for personal work, and the impairment of a man's ability to perform satisfactorily due to overwork resulting from outside work. The action taken in such cases depended on the status of the individual staff man, varying from outright dismissal to arranging to absorb the private practice into the firm.

One firm requests all of its employees to inform it of outside work under-

taken, with the object of keeping informed as to the extent of such activity by each man. The advantages of this policy have not yet been demonstrated nor is there any assurance that all such matters are reported.

3. Compensation of Staff Member for Business Originated by Him

a) One method of compensation was on the basis of one-third of the gross fee or one-half of the net fee, depending upon the margin of profit available, as well as other circumstances. In computing the net fee, only the direct cost of the accountants on the job is considered as an expense.

b) Another plan paid staff members 20% of the net fee, i.e., gross income less all direct costs.

4. Salary Deduction for Lateness

One of the members reported that it was his firm's policy to make salary deductions for lateness, on the ground that the men were being paid for overtime work. Staff men reported their arrival and departure time, providing the basis for the necessary records for time control. He reported no staff resentment on this score. All men were informed of this policy upon entering the company's employ and its fairness was acknowledged.

The remaining members reported that their firms made no deductions for lateness even though men were paid overtime. In such cases, it was indicated, the effort and cost of obtaining exact (dubious) arrival and departure

time, and the compilation of the chargeable time and its dollar value was considered to offset the advantage of the deduction. Though all staff men prepare time reports, they list only the number of hours worked. To ask men to list the time of arrival and departure was deemed undesirable. In general, it was felt that chronic violators are soon detected and that an "honor" system was desirable for staff accountants.

5. Proofreading Problem

Some of the members reported that they were unable to find help for permanent proofreading positions. Others indicated that they had no difficulty, inasmuch as they utilized college graduate beginners for such work, keeping a man on such work for about a year.

A few members thought the work was monotonous and should be rotated among the staff. The majority felt that the work was not monotonous. Virtually all agreed that proofreading was a good job in which to start a beginner and that it usually gives the man an idea as to what the final goal of an audit (the report) is like in actual

practice. The job also trains a man in the importance of accuracy in work.

The employment of "over-age" accountants and women as permanent proofreaders was recommended.

6. Control of Paper Supply

One of the practitioners present raised the question of control of the paper supply. Most of the firms present did not consider it sufficiently important to control and check on the amount of working paper consumed by their staff members. One firm, however, required staff members to submit a requisition form whenever paper was withdrawn from the supply room. Another possibility suggested was having one individual in charge of the paper supply to whom all requests are directed.

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Note: The meetings of office and staff managers are held at the Hotel Lexington every 4th Tuesday from 12 to 2, and include lunch. All interested are invited to attend—just drop in.

SERVING CLIENTS ON WAGE STABILIZATION

A survey of a number of representative firms covering the methods of assistance to clients on wage stabilization matters disclosed the following:

1. A principal, or a staff man, or both, have been assigned to the job of learning the law and regulations, and keeping informed on all releases from the Wage Hour Division and the Salary Stabilization Division. Larger firms used several men as specialists and they are available for consultation by the staff and by clients.
2. Clients were advised of the requirements of the law, in very general terms, mainly by the auditor on the job. Some accountants sent a bulletin to their clients. The use of attorneys was recommended
3. Staff members have been informed of the major provisions of the law and regulations by staff meeting or office bulletins or both.
4. In particular, staff men have been instructed on how far to go on the job with respect to observing that the machinery for compliance has been set up by each client and to detect violations in the course of the audit.
5. Where problems are detected by the staff member they are reported either to the supervising partner or to the wage stabilization specialist.

6. Some accountants provide assistance to clients in determining the amount of increases that may be granted without prior approval, help in setting up control records and wage and salary plans, and in getting approvals for proposed increases. The extent of such special services varied among the firms surveyed; some dealt with only certain aspects.

It was found that the full impact of the stabilization problems was not felt for quite a time because wages were fixed by contract in many cases and increases were kept within bounds. Moreover, the unpreparedness of the Salary Stabilization Division to handle requests for approval also post-

poned many matters. Now, however, more problems are recognized and new ones created (particularly in certain industries) where help is scarce and shifting around, and wage scales and fringe benefits must be reconsidered.

7. As to fees for stabilization services there was no clear cut policy ascertainable. Most firms made no charge for minor advisory or supervisory services. However, it was intended that if the time became material that a year-end "adjustment" of fee would be requested.

Where substantial services were involved, they were treated as special engagements to be billed according to each firm's policy.



Notes on the New York State Unemployment Insurance Tax

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employee had filed a claim for benefits on the basis of his earnings in the retail store corporation, which denied that it was subject to the law because fewer than 4 persons were on its payroll. The Referee found that of the six related corporations, five operate retail stores in different cities in New York State and the sixth corporation purchases and sells merchandise to the remaining five for resale. The price charged to the retail stores includes bookkeeping and accounting services. The employer concedes the employment of 2 persons only for the statutory period. It did not deem itself subject to nor did it file any returns under the Unemploy-

ment Insurance law. The Referee held that the bookkeeper and office manager of the corporation supplying merchandise and services to the claimant's employer, were to be deemed part-time employees of the retail store corporation and therefore covered by the law.

The Appeal Board in reversing the referee held:

"We believe the referee was in error. The bookkeeping and office services supplied to the employer were under a contract for services, the consideration for which was included in the sales price. The persons rendering such services under the contract were not the employees of the appellant. (*Matter of Fulton Ship Operators P & I Service, Inc.*, 273 App. Div. 614, reversing Appeal Board, 14,949-47) . . ."