

An Aspect of the Accounting Profession's Social Commitment

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The decade of the 60s was characterized by a changing social awareness throughout the United States. Some have identified this as the dawn of an era of volunteerism, in which individuals seek to share their talents, energies and abilities with those in need. Accountants have become part of this process.

Many sources document a developing social role for the accounting profession. Historically, this involvement has included commitments to nonprofit organizations. Participation tended to focus on maintaining records and providing regular audit examinations of an organization. Recently, this role has expanded to meet the needs of the times and the profession.

Individual commitment and professional interest led to formalization of direct assistance programs. Direct service for disadvantaged businesses and certain community agencies was a logical extension of volunteer accounting service. Nationally, the AICPA and the National Association of Accountants established pioneering programs which formalized channels of assistance. While generally beneficial and always well-intentioned, many times accounting services were not available where most needed and at other times organizations competed to serve a single client.

From such a background, Community Accountants in Philadelphia

emerged as a viable regional service force, active in the neighborhoods of the city and the surrounding area and ready to address important social issues requiring an accounting perspective. After five years of service, a comprehensive study of the organization was undertaken. The process provided information which confirmed some expectations, altered others and supported the continuation of the project. These results are not without parallel in other parts of the country. They add a dimension to the profile of the accountant as an involved citizen and support the developing social base of the profession.

COMMUNITY ACCOUNTANTS

In 1973, several members of the Philadelphia accounting community began discussing the focus of volunteer professional involvement. Specifically, some concern existed about the delivery of services to disadvantaged businesses and nonprofit organizations in the metropolitan area. Support programs seemed to lack effectiveness because of poor coordination, inadequate publicity to attract applications for service and a lack of follow-up or evaluations. A decision was made to create a coordinating agency to facilitate the delivery of these important services. Community Accountants was incorporated as, "a nonprofit organization of accountants, CPAs and community

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leaders dedicated to assisting disadvantaged businesspeople and non-profit organizations with their internal accounting and financial problems and to offering unbiased and independent financial and accounting experience to groups acting in the public interest."¹

Initial funding was sought from a variety of sources, including accounting firms, accounting organizations, individual accountants, corporations and foundations. Support for the concept and financial contributions enabled the organization to begin service in 1975. From its inception, quality and professionalism have been hallmarks of Community Accountants' activities.

Volunteers were sought from all major accounting organizations: CPA firms, large industrial organizations and colleges and universities. Clients were solicited through business and development centers, banking institutions, direct publicity on radio, television, newspapers and through community leaders. The importance of service was emphasized by an early decision to include community and client representation on the Board of Directors of Community Accountants. Care was taken to insure that the organization was not insulated from its client base.

Organizationally, a structure was prepared to provide an interface between volunteers and clients needing accounting services. Because services were provided without cost, specific screening criteria were established to insure that a need was real, that the ability to pay was truly missing and that the organization was at least marginally viable with a potential for survival. Community Accountants was not viewed as a vehicle for staving off inevitable bankruptcy, but rather as a genuine service to assist businesses and non-profit organizations through formative years or trying times. Neither was Community Accountants intended to divert fees from valid providers of accounting services. For

instance, no auditing services were offered. By focusing on marginal operations, an effort was made to share accounting talent, help individuals and assist in the development of viable businesses for the future.

Another dimension of the organization's service base relates to the public interest. Many community problems have a financial aspect. While maintaining a solid non-advocacy position, Community Accountants has been prepared to lend the skills and abilities of its volunteers to analyze and interpret financial data, reports and presentations. Regardless of the organization initially requesting the service, Community Accountants retains and exercises the right to publicize its findings on a public interest issue. In addressing a community problem or public controversy, objectivity is an essential quality. This quality is deeply inherent in the professional accountant.

SERVICE OPPORTUNITIES

Over the years, Community Accountants has been presented with many important and challenging opportunities for service. Significant effort has been devoted to nonprofit organizations. Volunteer accountants have provided assistance in establishing and installing bookkeeping systems, training personnel to operate the systems and preparing budgets and financial reports. A regular series of workshops has been developed to address the accounting needs of nonprofit entities.

Disadvantaged and developing businesses have also benefited significantly from Community Accountants' service. Volunteers have worked with these businesses to develop accounting systems, prepare reports necessary to secure financing, complete and file tax returns and analyze operation with a managerial view. Typical clients have included home remodeling contractors, neighborhood stores, small wholesale operations and service concerns.

Issue-oriented cases have broadened in perspective over the years. Teams of accountants and support personnel joined to investigate broader issues of public concern. Cases have included an analysis of financial reports supporting rent increases at HUD financed housing projects, amicus curiae testimony relative to control procedures used by a state and an investigation of the funding and budgetary procedures of a major school district. All of these cases resulted from public concern supported by a specific request from a bona fide organization with specific interest and expertise in the issue under consideration. The results of Community Accountants' investigations are made public regardless of the wishes or position of the requesting organization. Thus, volunteer assistance supports the public's right to know and be informed.

The resources drawn together through Community Accountants' coordination have been formidable and are growing. Last year, the organization served slightly more than 200 new clients (individuals or organizations) of varying size and delivered in excess of 4,000 hours of volunteer time. Facilities for workshops of up to 300 people were prepared and developed along with a variety of materials to support the organization's effort.

AN EVALUATION

In some respects, Community Accountants could be evaluated in strictly quantitative terms; new clients counted, hours tabulated and reports accumulated. However, a meaningful evaluation must address those issues that reflect the purpose of the organization. This is tied to the social role of the accounting profession.

An early contributor to current accounting thought, William A. Paton, recognized the breadth of the profession and its scope of interest and responsibility. In discussing the role of accounting, Paton focuses on

the social role and asks, "What is the function of accounting from the standpoint of the community . . ." ² In this sense, assistance in promoting and elevating the general economic well-being of an individual or of a segment of society is consistent with the purpose of the profession. Practically, such a goal will also enhance the community and provide additional business opportunities as new firms are able to become viable.

To address these aspects of Community Accountants, a study was undertaken to assess the attitudes of its clients. Opinions, impressions and reactions were sought in assessing the concept and implementation of a community-based organization providing access to accounting services. The results suggest lessons for other communities and other members of the profession.

THE STUDY AND ITS FINDINGS

The study sought to assess the attitudes of clients regarding several issues relating to the services of the organization. Questionnaires were sent to 70 individuals, businesses and organizations which received assistance from Community Accountants. Usable replies were received from 42 of the 70, a response rate of 60 percent; this level of response suggests an interest in the purpose of the study and the organization being studied.

The initial section of the questionnaire focused on the services of Community Accountants. Responses are summarized in Table 1.

All respondents agreed with the importance of the service provided by Community Accountants for their business or organization. This was consistent with their responses to Item 2, where, again, there was total agreement that volunteer accounting services were important to the community. It should be noted that in this sense, the "community" extends beyond the neighborhood and embraces the world of minority business, nonprofit organizations and

TABLE 1

Percentage Responses to Statements Regarding Community Accountants Services

Item No.	Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	The service provided by Community Accountants is important for a business or organization like ours.	90.5	9.5	0	0	0
2	Community Accountant renders an important service to the community.	88.11	11.9	0	0	0
3	Accountants, as individual people, are interested in their community.	4.8	21.4	59.5	9.5	4.8
4	It is easy to get in contact with Community Accountants.	81.0	9.5	4.8	4.8	0
5	The staff of Community Accountants is cooperative.	83.3	16.7	0	0	0
6	The quality of service received from Community Accountant is lower than what would be provided if we paid a fee.	4.8	9.5	11.9	31.0	42.9
7	Community Accountants provides only a limited amount of accounting service.	4.8	35.7	11.9	31.0	16.7
8	Community Accountants should provide more services to businesses or organizations like ours.	14.3	45.2	40.5	0	0
9	Accounting services are not really necessary for most small businesses and community organizations.	0	0	0	11.9	88.1

groups working in the public interest. From this base, it was interesting to note that a "halo effect" did not result in Item 3. Opinion seemed to be spread out about whether accountants as individuals shared the community interest of the organization. It may be interpreted that respondents were unwilling to generalize the community interest away from Community Accountants. However, it would be interesting to contrast this level of feeling against that held by a similar group not exposed to a volunteer accounting organization.

The next three items relate to operations of the organization itself. Most of the respondents found it easy to get in contact with Community Accountants. About 10 percent of the participants did not agree with the positive nature of the statement and this has been a continuing area of concern. Exposure in the neighborhood and awareness by the potential client base is a concern of both accounting firms and volunteer accounting organizations. Some respondents offered viable suggestions in this area.

In item 5, all respondents expressed agreement with the statement that the Community Accountants' staff was cooperative. Again, while reassuring, this is expected because of the nature of the organization--cooperation and interest are hallmarks of the involved individual. Item 6 presented a challenge for future effort. A small number of the respondents (about 15 percent) seemed to feel that they receive a lower quality service than would be provided if they had paid a fee. While organizational quality control, feedback and evaluation techniques are aimed at preventing this, the attitude nevertheless exists. It is an area of concern and effort on the part of the staff and volunteers.

The next three items are closely related in completing the profile of attitudes about the organization. Some individuals felt that the ser-

vices provided were limited. This is a fact. The organization does not attempt to exceed or even approach the margins of its expertise. Services are limited to those essential to the existence of an organization and they have the end goal of enabling the client to become self-sufficient. Item 8 builds on the previous question and adds the halo effect of satisfaction. Clients pleased with the service probably wish the organization would provide more. This leads into the last item, where all of the respondents recognized the importance of accounting services.

Two open-ended questions related to the service provided were also included in the questionnaire. While the comments varied considerably, the most frequent response used the opportunity to compliment the organization and praise its services. In response to the direct question of how can the service of Community Accountants be improved, one respondent indicated that, "We found their service to be so excellent that nothing could be improved--believe it or not!"

One further observation must be made. In response to a question which asked if the organization had hired a professional accountant or contracted for accounting services since dealing with Community Accountants, one-third of the respondents said yes. This is from a group which was evaluated to be marginal for survival and unable to pay for such services when first accepted as a client. In a short time, the interest of a professional and the service provided enabled the organization to rise to a level where it could acquire accounting services in the marketplace.

IN CONCLUSION--A BEGINNING

The formative years are vital for any organization. Community Accountants has proven itself to be of value to its clients, its community and the profession it represents. Through the coordination and com-

munication of this organization, hundreds of professional accountants are able to add a dimension to themselves and help fellow man with their own talents and abilities. Each day brings new challenges and new opportunities. Accountants have responded to these and will continue to do so.

After several years of successful operation in Philadelphia, Community Accountants joined with a few similar organizations from other parts of the country in forming what was to become Accountants for the Public Interest. The need for such service and such concern extends beyond geographic boundaries and reflects concern of the profession on a national basis. The thrust of Accountants for the Public Interest is to provide accounting resources to respond to appropriate problems and issues affecting broad segments of society on a regional and a national basis.

The needs, the resources and the concerns which characterize Community Accountants exist elsewhere. As in Philadelphia, what is needed is for individuals to step forward and commit themselves to fulfill the potential of their profession. The challenge and importance of this opportunity was recently highlighted in remarks made by Wallace Olson, President of the AICPA.

*In the past, we laid claim to be a profession on the grounds of having all the trappings traditionally identified with those of other professions. However, our preoccupations have been largely with matters within the profession. Our understanding of the true public interest nature of our role has not been as clear as it is now becoming. It has been all too easy to expose in our literature our dedication to serving the public. Now, however, we are being pressed to make our actions correspond more fully with the ideals that we have articulated in the past.*³

FOOTNOTES

¹Policy Statement of Community Accounts.

²William A. Paton, Accounting Theory, 2nd ed. (Chicago: Accounting Studies Press, Ltd., 1962), p. 7.

³Wallace E. Olson, "Is Professionalism Dead?" Journal of Accountancy, July 1978, p. 82.

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