

the stock liability. A statement confirming the amount should be obtained.

*Sinking Fund Requirements.* These will have been verified as the audit proceeded. In case of a balance sheet audit only, the debenture register must agree. Where trustees are in charge, their books must agree with those of the city.

*Accrued Debenture Interest.* Arithmetical proof is all that is possible.

The foregoing are some points which may be of service. Needless to say, the auditor will not take off the balance sheet until the books are closed, and he will verify every account which shows a balance with his initials or some distinguishing mark for his own protection. All the multifarious details devolving upon city auditors cannot be dealt with, but the same principles that govern the foregoing items will, if followed out in other matters, thoroughly protect the auditor, and through him, the city.

Now a few words as to what should and should not appear in the auditor's report.

Too frequently we find that auditing firms consider themselves the financial advisers of the city, as displayed by their reports. Too much care cannot be taken to avoid this. The policy of the city council is nothing to do with the auditor until it controverts the law, and in such case the auditor cannot speak too soon or too strongly.

Too frequently we find city auditors explaining the balance sheet. This also is none of their business. It is their business, however, to prepare a balance sheet that can be interpreted by the man in the street, and to this end the auditor can employ his best skill to advantage. An abbreviated piece of terminology in a balance sheet may necessitate explanation whereas without the abbreviation no explanation would be necessary.

Any action taken by the auditor in preparing bad debt reserves, extra depreciation and so forth should be explained, with a request that the city council approves his action.

The certificate given by the auditor to each balance