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**Accounting Thesis Internship- HoganTaylor**

**by**

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**Advisor: Dr. Gary F. Peters**

**An Honors Thesis in partial fulfillment of the requirements for the degree Bachelor of  
Science in Business Administration in Accounting.**

**Sam M. Walton College of Business  
University of Arkansas  
Fayetteville, Arkansas**

**May 11, 2018**

## **Introduction**

This spring, I decided to embark on a learning experience in public accounting. When looking at my options my junior year, I knew I wanted to work for a company that cared about me as an individual. I felt that this would help me to learn the fundamentals of public accounting in an environment where I could ask questions and voice my opinion. HoganTaylor provided that environment from day one. The values of HoganTaylor were much like my own and everyone I met exemplified the company's values in the way they worked and communicated. Throughout my internship with the firm, I reaffirmed that the values were fostered within the employees and manifested in the work they performed.

HoganTaylor formed in 2009 with the merge of two Oklahoma firms- Hogan & Slovacek and Tullius Taylor Sartain & Sartain. The company is now a leading regional firm with locations in Tulsa and Oklahoma City, Oklahoma as well as Fayetteville and Little Rock, Arkansas. With the most recent merger with JPMS Cox in Little Rock, HoganTaylor now has around 315 employees and over 100 CPAs working for the firm.

The values that guide HoganTaylor are unity, service, and dynamic. As an intern, I got a first hand perspective of how these values guided the company. The firm places unity of great importance when they work for their clients. The employees of the firm understand that the individual work they do for the clients is seen as work done by the whole firm therefore the importance they place on the work affects everyone within the firm. In the same manner, I was pleasantly surprised with how unified everyone is within the firm from the top level CEO and partners to the bottom level of interns. I got to work hand-in-hand with all kinds of people within the firm and everyone valued my opinion and insight even though I was just an intern. The firm also places importance on service. As an intern, we only had eight weeks to work and the firm still made the effort to have us go serve the community one day at a non-profit. I also learned about the community service policies in place that are designed specifically to have employees reach out and serve the community. Lastly, dynamic is seen through out the work of everyone in the company. HoganTaylor knows the accounting world is changing continually everyday and is always looking for ways to vary the day-to-day activities. The firm knows the importance of looking at what they did last year however they also know how critical it is to change. They are always curious to see new, more efficient ways to get things done and know not to get stuck doing the same things over and over again each year.

For my internship with HoganTaylor, I worked in the assurance area. I chose this area of work because I had already had a tax internship and wanted to experience both sides of public accounting. I worked on three different companies throughout my internship and was shocked to see how much work and time goes into a single company's audit. I gained experience completing or at least helping with the completion of all financial statement tests. I would say that all three of the companies I worked on were very different. All three did completely different lines of work yet there were still so many similarities when auditing each client. I thoroughly looked through invoices, shipping documents, bank statements, and other detailed documents the client or bank provided. I gained knowledge on how important it is to form a relationship with the clients and learned how to work with different personalities. I also worked on a few business development projects while in between audits. These were very interesting to me because I never knew how much marketing, financial, supply chain, and information systems skills I would use in an accounting job. While taking these classes at the University, I never thought I would need to know this information however after real world experience, I am now very glad these classes

are required. Just because the main focus of the firm is accounting, I now know that you still must use all of the main business functions to successfully run a company.

### **Personal Learning Objectives**

Before I started my internship, I decided on three main learning objectives I wanted to focus on throughout my internship. First, I wanted to gain a better understanding of what actions you actually take in each audit step; especially with different types of clients. Secondly, I wanted to understand how journal entries and financial statements play a role in the audit process. I wondered how the things we learned in intermediate accounting played a role in auditing. Could you be a successful auditor without taking intermediate accounting classes but taking auditing classes? Lastly, I wanted to gain an understanding on what risks are more prominent/less prominent in different types of companies. I had learned that the risk of a nonprofit company is different than for-profit however I could not fully wrap my head around this concept in the classroom. I was hoping to understand this concept fully throughout my time auditing real clients.

### **Training**

The first week on my internship program started with training in Tulsa, Oklahoma. I was thrilled to meet all of the staff but also very nervous. I had previous internships, but had never worked in public accounting. As many know, working in public accounting comes with lots of stereotypes and stories so I was very scared to start in on the public accounting journey. At training I found a sense of ease because the staff made it very clear that they understood we did not know exactly what we were doing. At first, this was a strange idea to me because I was wondering what the past four years of education meant and why I was going into a profession where all of the education is learned on the job. However, I quickly learned that just in the way things were explained and the course of conversation throughout training, it was a necessity to understand the basics of accounting. One could not go straight into the training room with no knowledge of accounting and succeed. This made it clear to me how important even the things I learned freshman and sophomore year in my early accounting classes were to succeeding in public accounting. I quickly saw the biggest learning curve in public accounting would be understanding all of the technology and data. HoganTaylor used different technology software for basically everything that one did on an audit. It was a lot to take in and I think my biggest challenge at the beginning was understanding when to use which program. I also knew a lot of these programs could make work more efficient however remembering them and then understanding how to use them did not come fast. A lot of the technology was explained to us but no one fully understood how to use it and the firm would then say “you will understand it once you are on an audit and have to use it.” Luckily, I found out this was indeed true but throughout training I was pretty stressed and felt like I was not smart enough to do public accounting. Thankfully, HoganTaylor stressed to us at training the importance to understand the large learning curve. They made it very important to ask questions and never made us feel as if we were dumb for not knowing things. I do think a lot of the success of my internship was due to the wonderful training I received because it set the tone of being open, honest, and questioning things for the rest of my internship.

## **Technology**

The main technology HoganTaylor used was a program called CaseWare working papers. It was a way to have all of the working papers of certain audits to be in one large file with multiple servers being able to connect to the “parent file.” The parent file updates automatically when any person saves changes on their “sync file” which they must download to make changes. The program allowed everyone to see who was in each working paper and it would cause a conflict error message if two people made changes in the same working paper. CaseWare was the hardest thing to wrap my mind around during training but after being on my very first audit, I felt very comfortable with the program. I would say the hardest thing about the program was not minimizing section tabs and having too many sections open on your page to find what you were looking for. I also found I was slow at getting to certain files due to not knowing exactly where I was supposed to be looking. All audits were generally in the same order when it came to cash, accounts receivable, accounts payable, etc. therefore as time went on and I worked on more audits, I would gain a better understanding. The company also had their own home website which explained issues going on in different offices. It was a great way to connect with co-workers in different offices and see what each office was doing. The company also used Skype for business as a way to talk to people in both your home office and across other offices around the region. It was very helpful to ask simple quick questions to people across the office and it saved a lot of time. HoganTaylor had a website with quick research tabs where you could get rules and regulations with a quick search on the website. It was very helpful for me when I was doing research projects for people around the firm and did not understand what I was looking for or how to go about researching a function. Another program HoganTaylor used was a program called IDEA. Although I never gained a full understanding on IDEA and not many people in the firm did, it was a very helpful tool for those who did understand how to use it. The program could convert PDF files to Excel files or hold files that had too much data for Excel to hold. One strategic advantage I learned while interning was that having a specific skill such as understanding IDEA or any other confusing program that others do not understand is a very valuable asset. The people who did understand IDEA were always the “go-tos” and definitely saw themselves as impactful in the company. This is something I would like to have in my career whether it be expert knowledge on a certain technology or industry, I think it is very important to master at least one unique skill. Lastly, HoganTaylor had their own portal for the company they are auditing to upload documents to. This was helpful because it was arranged in the same format as CaseWare so it made finding documents easy. It was also nice because the portal automatically sent the client reminders when things were due or past due so we would get the information we needed quickly.

## **Auditing Clients**

While interning for HoganTaylor I worked on three different company audits. Although each company was very different, many things did hold true for all three clients. A lot of the skills I learned on one client I would need to know how to do for the next client, therefore taking detailed notes became a lifesaver for me. I made it an important point that if I had to ask how to do something, I would write it down because I did not want to have to ask again. Even if I thought I would remember, I still wrote it down because I knew that it would be annoying to get the same question over and over again. Throughout each audit, I gained experience working in almost all sections. At first, workpapers seemed so scary and hard to understand but after looking at previous years and reading the instructions, most were pretty easy to follow. I oftentimes

opened a workpaper and felt overwhelmed but if I would take it step by step, I usually could figure it out with only a few questions. Doing a workpaper for the first time took so much longer than the second or third time on a different audit so I became more efficient after doing more and more audits. One of the clients I worked on was actually tricky because of the unorthodox way they did their accounting. Along with messy accounting, the controller of the company was very sassy and loved to get mad when we asked her for documents. I learned fast how important communication was along with gaining a relationship with the client. I saw how gracefully my senior would communicate with the controller even though she was stressed to get information. They had built a relationship throughout the years of working together so getting information was a lot easier. I admired this and saw for the first time how accounting required excellent people skills. I found it funny that people think accountants just sit behind a desk because I was shocked at how much communication happened throughout the day between members of the client's staff and our staff. A lot of the things I worked on were very similar to previous years however I did do some unpredictability tasks on a few clients. This was fascinating to me because the managers and partners could be creative in this task. One client we audited owned a lot of rental properties. As an unpredictability test, we actually found the buildings they claimed they owned and did not have rented out online to confirm they were real. Since the buildings were all across the country and we could not physically go to every single one, a simple online search was what we did to make sure the buildings were real and not made up. This showed me how important the Internet is and how it has affected accounting in so many ways. I cannot even imagine the process the company would have to do if there was not an Internet available for that task. One really great thing about public accounting for a "type A" person like me is the time budget you are running on. I really enjoyed being assigned tasks and needing to complete certain sections within a certain amount of time. Although I am sure its harder as you become more experienced and your time narrows down, I do think it is a very efficient way to go about completing an audit. I can definitely see how people could get carried away on certain sections and spend way too much time on certain things when there is a more efficient way to complete them. As far as my learning objectives go, I definitely learned key points throughout this process. Specifically, how financial statements come into play in an audit. I honestly feel so rudimentary for that even being one of my objectives now because I see how it is basically the heart of auditing. Everything we are auditing ties back to these financial statements to ensure the numbers put on these statements are correct and free from error. Every test is essentially vetting the numbers from these statements therefore the statements themselves play a huge role in auditing. Understanding the risks associated with each company came when I started to understand why we were testing certain things. I finally understood the motives behind why there could be an error in each step and therefore why the risk is higher in certain areas. Lastly, I understood each step throughout practice in each workpaper. I also learned that auditors document every little detail of each step so that when you are working in a workpaper, you have the instructions at the top of the page detailing every action you make. Although there are always questions and things change from year-to-year, these instructions give you a generally good idea of what steps you are supposed to be taking.

### **Workplace Skills**

While completing my internship, I gained many valuable workplace skills that I did not expect. One is the importance of being punctual and excited about your work. As an intern, I expected to be given intern tasks such as copying and filing documents. As these tasks were

assigned to me I made an effort to be very excited and punctual to do my best in whatever the task was, because someone had to do it. I also learned that the happier I was to do them, the better I would feel while doing them. A lot of the time it is the mindset that can really change your attitude on things, therefore I tried to have a clear mindset that whatever I was doing was for the benefit of the company. I always would tell myself while doing these tasks that I did not think was benefiting any client that someone has to do it and me doing it allows someone else to get other work done that may be more related to clients. I saw how often you have to understand tax when doing auditing. First of all, the company audits the client's tax accounts so you must understand what is going on but also accounting firms are becoming more advisory in nature, therefore being able to understand the tax side of things and how the client can save money is very important. Lastly, I understood the importance of communication. One example in particular was when I was on my first audit and I had questions for the client, I would always go ask my senior before asking the client. She then would think I needed her to come with me to ask the client things, however I was just making sure it was not something we already had and did not want to ask the client for the second time. I struggled with how to show her that I was comfortable talking to the client but that I did not know CaseWare well enough to make sure it was not already in the data base. I quickly learned that just communicating with people within the firm and telling them straight up what you are meaning- not assuming they already know, is the best way to deal with things. After this, anytime I second guessed things, I would always go ahead and communicate with my senior which ended up saving me a lot of time from spinning my wheels not knowing what to do.

### **Personal Understanding**

As I became more familiar with the auditing process, I gained a better understanding of myself throughout the process. I realized that I loved public accounting because you had such a strict schedule yet you always had to be ready to be creative because things do not always go as planned. I also realized how skeptical you must be. Even if you feel super comfortable and close to your client, you are still there to do a job and that job requires you to make sure what they are doing is right and just. It was weird to be so friendly with clients and then go back and question things they did, however that is the nature of the business and I realized the importance of it. One thing that really stood out to me in the internship was how I gained an understanding of why auditors test some of the things they do. During class, we did fake audits and I never really understood the point in testing some of the things we did but as I tested them on a real company I was able to see the risk and fully understand the point in doing some of the mundane tasks auditors do. I also learned how important a lot of these mundane tasks are. Even if you have done the same test for thirty years and it has always been fine, it is still so important to do the test again because things change every year and you can never be too careful. I learned that accounting fits my orderly personality because I like having to follow strict rules that the governing bodies' require. I also noted that a big weakness of mine is missing small details. I worked on this throughout my internship experience by double-checking my work numerous times before signing off on a workpaper for my senior to review. I noted that it was always better for me to go work on a different work paper and then come back to review the original workpaper so that my mind is cleared from what I thought was the correct way the first time through. I would say that a big strength of mine is taking ownership of my work. My supervisors would comment on how I was able to take a workpaper and complete the whole thing and would ask when I had a question and not just skip parts that I did not understand. I would say that it

takes great work ethic to be in public accounting and although I believe that I have a good work ethic, I always see room for improvement on that objective. I love how you can see the path of advancement in public accounting and that it gives you motivation to work hard so that you can work your way up. I also think it is great to have this structure in your business so that you can go to the people above you for advice and mentorships.

### **Detailed Description of the Audit Process**

As noted, I worked thoroughly on three different company audits while interning. Therefore, I got a pretty good understanding of how the company sets up all of the processes of an audit. I noted a team was placed on every client. This team was usually composed of an intern or staff, a senior, a manager, and then a partner. This setup made it possible for ample checking of work. I also noted that it was very important to go back and check your own work while working on an audit because it is easy to make stupid mistakes that would be embarrassing to submit to your superior. I noted that to move up in the company past senior, you were required to have your CPA license. To me, this is because of the rule that you cannot sign off on an audit with out having your CPA license. The staff below manager, with out their CPA license were still able to do a lot of work and review records however their opinion was not valid for an audit opinion under general rules. It is clear to me how important it is to get your CPA early so that you are able to move up in any company you work for. Before going out to the field, we would always have a planning meeting. During this meeting, we would review things from previous years that gave insight into what possible risks could come about during this years audit. We also reviewed what all went on during the year to see where mistakes or fraud could take place. During these planning meetings, we always had to come up with an unpredictability test. This was important because it is required to test when auditing companies. This was a time where auditors could really be creative and individuals of the firm could bring his or her ideas to the board. During the planning meeting, the firm would always come up with a scope amount based on the assumed risk and financial value of the firm. These scope numbers were then kept a secret from the client because if they knew them they could commit fraud at amounts just below that number because they would know that we were fine with that amount of difference. The scope amount was then used when testing every aspect of the financial statements. If the difference in what the statements are supposed to be and what they show is under this number, no further testing should be done because it is not material to the financials. If the difference is above the scope though, further testing has to be done to explain why there is a difference or there should be an explanation to the difference. Before going into the field, we would send confirmations to the company's banks or warehouses so that they could either confirm the amount of money or inventory or deny the amount. These were important to send out so that the company cannot falsify the documents or change numbers or facts after getting the confirmation. Once on the field, I noted how much communication we had with the client. Every test we performed usually came from something given by the client. It was also important to test the information the client gave us as being legit and that it could not be falsified or changed in any way. Although the relationship was built with the client, it was still important for us to know as auditors, we were always required to hold skepticism on all things. The amount of testing and fact checking we did was so thorough it seems that there would be no way a company could be hiding something however it is always important to note that an audit never claims complete assurance. Throughout testing, there were always tests that seemed irrelevant or that tested unimportant things however it is important to do these tests anyway because there is a reason the standard is

in place. Most of the tests I found irrelevant, I would look up and usually find a case where something went wrong or was overlooked in a previous audit therefore the test was put in to stop the problem from happening again. This was comforting to know that action takes place when things go wrong and solutions are often found. Although, it usually means more testing for auditors, I think this is necessary and important, to ensure a respectable audit opinion.

### **Closing**

Overall, I can only say wonderful things about my internship experience with HoganTaylor. They truly took me in and showed me the ways of auditing. I would have never thought that I would be able to gain as much knowledge as I have in the past eight weeks. Although there were times when I felt like my brain was going to explode with so much new information, I can say now that I am so happy for those moments. I feel very confident in my knowledge of auditing and feel that I would be much more equipped for coming on as a staff at any firm. I loved the values of HoganTaylor and the importance they place on service. I love how everyone is united and trusts each other. The company also looks to innovate and change the status quo. Although it is always easy to just do what you did the year before in auditing, HoganTaylor challenges its staff to work to come up with different, more efficient and effective ways of testing. I also could not ask for a better firm to ask questions, be honest about my career goals, and make mistakes with. No matter what, HoganTaylor would always encourage its staff and motivate us interns to learn from our mistakes, not sulk in them. I never once questioned the motives of the firm or the values of any of the employees, which is extremely important in an industry such as accounting. I am forever grateful for all that I learned in my internship about not only accounting but also myself. I look forward to working with them again this summer in both audit and tax.

## **Addendum: Weekly Journal Entries**

### Journal Entry #1 January 24, 2018

First, I want to gain a better understanding of what actions you actually take in each audit step especially with different types of clients. Secondly, I want to understand how journal entries and financial statements (everything we learned in accounting 1 and 2 and intermediate 1,2,and 3) play a role in the audit process (could you just do an audit after taking an audit class and no other accounting classes). Lastly, I want to gain an understanding on what risks are more risky/less risky in different types of companies (nonprofit vs. profit companies wanting/not wanting to make income).

### Journal Entry #2 January 31, 2018

This week, I worked mostly on scheduling ERISA clients for the summer to staff/managers/partners comparing the budgeted time from previous years to this year when deciding how many hours to give them. I did this for three of the four offices which covered a large number of clients. Secondly, I worked on a checklist for a nonprofit client- describing the way the nonprofit does their business/accounting procedures. This gave me a more in depth view into the client and helped identify where risks could be more likely. Next, I worked on sending out confirms for inventory and accounts receivable for an audit that I will start working on Monday. It was very annoying to see some of the banks/facilities not respond to the confirms therefore making us send out a second confirm but I understand how important they are and why the actual auditor must send them out instead of making the client. It could really be an easy way for a company to lie if they had the power to send out the confirms. Lastly, on Friday the interns took a trip to OKC to do a service project. After the project we then went to tour the OKC office and meet the partners and managers there. It was very interesting because a lot of them had great stories about their career path and what it is like to be in public accounting. Overall, I learned a lot this week and some very important things that need to stick with me throughout my own career path. I am excited to start on fieldwork next week.

### Journal Entry #3, February 7, 2018

This week I was actually on an audit. I realized how fun it was to meet new people and learn a new business' functions and ways about doing things. I also found it interesting that auditors are able to talk to such a wide range of people of all sorts of professions while they audit. I believe that this will be a great way to make relationships with all kinds of people. I also enjoyed having to learn the ways of doing things- learning new more efficient ways than I thought of for setting up a business as well as helping with coming up with efficient ways of doing things. I really enjoyed testing out inventory, accounts receivable, cut off and all sorts of things. I did feel very overwhelmed that I was so unprepared and that my senior had to teach me so much stuff. I keep reminding myself what they told us at training- public accounting has a huge learning curve and that we will feel like we know nothing at the beginning. One big challenge I had to overcome this week was when I needed something I thought I needed to ask the client for, I would always go to the senior to ask because I did not want to ask the client a stupid question. With this, I did not want my senior to think I was incapable of talking to the clients and that she needed to help me so this week I really had to search for an in between. I found that it was better to ask my senior before asking the client because a lot of the times she would have what I needed however I made a point to always tell her "oh I can go ask \*\*\*the client\*\*\*, I don't want you to have to

get up." This helped with me showing her that I was comfortable enough asking the client things but also stopped me from asking her stupid questions since I am so new to the whole process. Overall, I can tell that auditing has a huge learning curve but I was surprised how many times I had to sit back and think "so what would this journal entry be." I am very excited to continue on with this audit next week and then get to meet a new company and staff the week after.

Journal Entry #4, February 14, 2018

This week I helped finish up the audit for my first client which was really cool to see everything come together. Although I felt like I did a lot of work and it took a lot of time, it was shocking to see how much work that I never even looked at goes into an audit and how many people it requires to complete an audit. I cannot image how hard it would be for a manager and partner to review all of the working documents and make sure everything is right. I also give a lot of credit to my senior because I feel like she knows everything and I can never picture myself being as knowledgeable on audit as her. I hope that through training and years of work I can one day be at her level. It definitely gives me motivation to work hard and try to take in as much as I can.

Journal Entry #5, February 21, 2018

This week I was still on the same audit as last. I learned very quickly that the wrap up part of the audit is a lot harder than the beginning. It was frustrating to basically have to rework a lot if just one number was not tying out however I learned a lot by doing this. I was very excited to see the completion of an audit and understand on a better level how everything comes together. I worked on accounts receivable testing, fixed assets- especially additions and disposals, payroll, and expenses mostly. It was very challenging but also very rewarding to see everything come together and completed.

Journal Entry #6, February 28, 2018

This week was really nice because I am on a new audit that is an easier industry so I feel that I know what I am doing more. I also have to present a presentation about my internship tomorrow so I have been working on that. This week what I have learned the most is to write things down in case I may even possibly need them later. The company we are working with has their own portal so there is no access to documents unless you are the manager so when I ask a question about the company I have to write it down because there is no going back and looking at a document and I do not want to have to ask the manager multiple times. I am very sad that my internship is coming to a close because I have really enjoyed it and am even going to intern for the same company (in a different office) again this summer now so that is exciting. I have come to really enjoy my time in the public accounting world and I especially love how planned out everything is; it has made me into a much more organized person even in my personal life. I look forward to finishing up this audit I am on and presenting to the company.

Journal Entry #7, March 7, 2018

This week I was on a new audit while also working on a presentation for the Internship committee in Tulsa, OK. The new audit I was on was fairly simple compared to the previous audits and a lot smaller of a company. I was under manager for my direct superior due to the amount of people in the office and this was actually really nice because I felt like I got better instructions. I also worked with a staff member from the Tulsa office which was pretty cool. He and I completed training together in January so it was cool to be able to work some with him.

During the week my manager's child got sick so I had to learn the difficulties of everyone changing their plans for life problems that are bound to happen. The senior manager actually had to come out on the audit that week which was awesome to see how they are willing to rearrange their schedules for the benefit of others. Overall it was a great week and my presentation about my internship went well.