

EDITORIAL METHOD

The ramifications of introducing corruptions into a seminal original work – one comprehensive in both conceptual and technical detail, and intricate in the precision of the language employed – was cautiously considered and guided the editorial activity. With the objective of providing a book that is immediately suitable to the contemporary reader, however, preparation of the Reprise Edition of *Principles of Audit Surveillance* was accomplished by editing the original work for accessibility, clarity, and consistency. In addition, modifications were introduced so as to maximize the potential extensibility of the work to include aspects of fraudulent financial reporting, a class of inside theft not directly considered within the original work.

1. **Accessibility.** Spelling, grammatical, and typographical errors were corrected. Condensation was obtained primarily by removing a number of allegorical stories relating to the history of accounting, the deletion of extraneous details from certain examples (e.g., locations and dates), elimination of some specific examples of inside theft that were repetitive, removal of unnecessary gender attributions, and the contraction of miscellaneous sentences. In addition, with necessary evolution of professional standards readily apparent, much of the material in Appendix C relating to the scrutiny of handwriting, particularly that which had been bypassed with technological advances, was removed.

Chapter 3, The Accounting Concept of Theft, was completely restructured. The discussion of the "Elemental Methods of Theft," which comprise the major divisions of the Grand Accounting Classification of Inside Thefts, was moved to precede the discussion of the "Proprietorship Equation Effect of Theft," which was itself revised to accommodate it more fully to the conceptual structure of the Grand Accounting Classification of Inside Thefts, and to emphasize that "theft acts," as classified, have two aspects. In the original work, both the Larcenous Thefts and the Manipulative Thefts were included within a single "Thefts by Transfer of Possession" major division of the Grand Accounting Classification of Inside Thefts. The logic of the original construction is retained in the discussion of Manipulative Thefts in Chapter 5 and elsewhere; that is, for example, where the employer either loses or is placed in "possession" of the false assets or liabilities as a result of manipulation of the books and records. Nevertheless, so as to be more clearly aligned with the elemental methods of thefts, the Grand Accounting Classification of Inside Thefts was revised to segregate the Manipulative Thefts into their own division (i.e., "Thefts by Misrepresentation"); which revision also arguably conveys in better fashion that the transfer of possession that is most relevant in these thefts is that of the transfer of false information.

Other significant structural changes include: Chapter 11, "Accumulating Flow" analogy moved to end; Chapter 16, discussion and definitions relating to "Disassociation" moved to precede discussion and definitions relating to "Ancillary Concealment;" and Chapter 17, the clarification regarding retroentry as it relates to manipulation, which originally concluded the chapter, was moved to begin a new section (before the effect of retroentry sub-section), with the subtle distinction contained therein expressed forward.

2. **Clarity.** Some terms and concepts were modified so as to more clearly isolate them from related terms and concepts. The distinction between collusion and connivance, for instance, was sharpened; for example, "the thief connives to cause" was changed to "the thief plots to cause" (pg. 146); and "connived with" was changed to "colluded with" (pg. 37).

Theft and theft act are synonymous, but are distinguished from the theft sequence. In instances where the context related to the phases of the theft sequence, "theft" was changed to "theft sequence." Usage of the term "phase," in turn, was restricted to instances of the theft sequence, and replaced in those instances where the context did not demand the connotation of "a state in a sequence or recurring cycle." Thus, for example, "the six phases of a coordinated program" was edited to become "the six components of a coordinated program." (pg. 200).

3. **Consistency.** To obtain consistency, all instances of usage of the various terms and concepts were compared and contrasted. Instances determined to be inconsistent with the full body of the work were modified.

Prevention. The conception of "effective prevention" (pg. 153) was adopted so as to avoid any implication of an ability to anticipate and forestall, in some absolute sense, instances of inside theft. Such a conception is consistent with "preventive measures" (interpreted as modification of causal factors) being outside the scope of the work (pg. 11). As a result, where context of the work indicated, instances of the word "prevention" were changed to "deterrence." For example, at the end of Appendix A, "preventing and discovering" was changed to "discovering and deterring."

Burden and Pressure. Owners bear the burden of theft discovery; thieves suffer the various pressures resulting from the theft. For example, "imposes the same burden of concealment on the thief" was changed to "places the same pressure for concealment upon the thief." (pg. 113).

Employers and Owners. Based on the instance where Cardwell identifies the "officers of the employer" (pg. 67), it is clear that by the term "employer" Cardwell means the entity which employs the employee; and not management, which he separately identifies when necessary. He makes little distinction between "owners" and "employers," and uses these terms in a seemingly interchangeable fashion throughout. In appreciation of the dynamics of corporate governance, and in furtherance of the spirit of the work which considers the effect of the theft act on the proprietorship equation, the word "owner" was judiciously substituted for "employer" in some small number of instances. The most significant of these substitutions occurs in the basic definition of inside theft as contained in the Glossary.

New Material. In addition to the *Publisher's Notes*, the following new material was added to the main text: Chapter 18 – "integrity testing" as an extension of the rationale for use of the polygraph; Chapter 21 – "When Perfect Isn't," a section introducing the concept of disaggregated analytics; Chapter 22 – authorization as an important transactional sub-element which may be independently verified; Appendix C – cogency and authenticity; and throughout, obvious implications of digital technology within the tenor of the original work.