

Written Communication

MOST PEOPLE picture accountants sitting at their laptops with a spreadsheet open and working with numbers all day. Many people do not realize that accountants spend a great deal of time communicating information with other accountants, clients, and regulatory agencies. Writing is a critical part of every accountant's job. However, the writing style is not the kind you would find in a creative writing class. The style is more direct and technical in nature.



Objective:



Explore written communication skills used in accounting.

Key Terms:



apostrophe	DATE section	memo
body	external users	memorandum
business letter	formal tone	period
business writing	FROM section	semicolon
closing paragraph	hyphen	SUBJECT section
colon	informal tone	technical
comma	internal users	communication
conventions	introductory section	tone

Understanding Written Communication in Business

Conventions are a way to reference English writing standards and expectations—an agreed upon way to structure business writing. Scholastic Aptitude Test (SAT) conventions include grammar, punctuation, spelling, usage rules, and capitalization.

BUSINESS WRITING

Business writing is professional communication (e.g., memorandums, emails, letters, reports, financial statements, and policy and procedure manuals) used to communicate with internal and external audiences.

Memorandum

A **memorandum** is a brief written communication usually prepared and shared among employees of an organization.

Memo is the abbreviated term for

memorandum. Typically, a memorandum is for internal use and is not sent to people outside of the business. Accountants are frequently required to prepare memos to other colleagues regarding scheduling fieldwork, planning for internal meetings, or sharing company news and information. In recent years, memorandums have been replaced with electronic written communication (e.g., email).

Business Letter

A **business letter** is a communication written in formal language usually sent from one organization to another. Accountants often send business letters to clients or regulatory agencies, including the Internal Revenue Service (IRS), the Social Security Administration (SSA), and the Securities and Exchange Commission (SEC).

Financial Statements and Audit Reports

Accountants may prepare a variety of written reports depending upon the type of work they do, including the preparation of financial statements and audit reports. In addition, accountants may prepare reports specific to financial statement line items: inventory, fixed assets, and payroll. Accountants may also prepare budget reports that require written explanations as to how computations and projections were calculated. The types of reports accountants prepare are as varied as the career opportunities available.

Grammar Rules for Business Writing

The rules for grammar, spelling, punctuation, and capitalization are the same for business writing as those rules learned in high school English courses. It is important to prepare error-free written communication to give the best impression to those reading it. Written communi-



FIGURE 1. Business writing is written communication used in business settings. Several types of business writing that accountants may prepare are memorandums, emails, letters, reports, financial statements, and policies and procedures manuals.

cation that includes errors gives the impression the author pays little attention to detail or has not allocated appropriate time to complete the writing task. Accountants pride themselves on paying attention to details.

Comma

A **comma** is a punctuation mark used after introductory clauses or phrases (e.g., “Unless you turn in your permission slip, you will not be allowed to go on the trip.”).

- ◆ Commas are used after introductory words, including “however” and “furthermore.”
- ◆ Commas are used following each item in a series, as in this example: “Each student should bring a pen, paper, calculator, and ruler.”
- ◆ Commas are used when presenting a date (e.g., “Graduation is set for May 21, 2016.”).
- ◆ Commas are used when writing addresses in a sentence, such as the following: “Students should report to 1700 Wildcat Drive, Marion, Illinois.”

Apostrophe

An **apostrophe** is a punctuation mark used to show possession.

- ◆ When the possession refers to a singular noun, an apostrophe and “s” follow the word. An example of singular possessive is: “This is Billy’s coat.” When the possession refers to a plural noun ending in “s,” an apostrophe follows the word with no additional “s” added. An example of plural possessive is: “The girls’ coats are in their lockers.”
- ◆ An apostrophe is used to indicate the omission of a letter in contractions. For instance, the contraction for do not is don’t. The “o” that is omitted is replaced with an apostrophe.

Hyphen

A **hyphen** is a punctuation mark used to make words compound.

- ◆ When two words serve as one adjective before a noun, a hyphen is used, as in “Dr. Land is a well-known tax specialist.”
- ◆ Hyphens are used for compound numbers (e.g., sixty-five and ninety-two).
- ◆ Hyphens are also used for words with prefixes. A prefix is a group of letters added before a word to change its meaning. Examples of using hyphens with prefixes are anti-virus and ex-husband.

Capitalization

Capitalization rules are often abandoned in informal writing, such as text messaging. Capitalization rules are always followed for business writing.

- ◆ Capitalize the first word in every sentence.
- ◆ Capitalize the pronoun “I.”

- ◆ Capitalize proper names of places (e.g., New York City, Chicago, and Colorado).
- ◆ Capitalize proper names of people (e.g., Nancy Smith).
- ◆ Capitalize major words in a title for books, articles, and songs.
- ◆ Capitalize business titles if they precede the person’s name (e.g., Chairman of the Board Paul Blue). If the title follows the person’s name, it is not capitalized (e.g., Paul Blue, chairman of the board).
- ◆ Capitalize all days of the week.
- ◆ Capitalize formal holidays (e.g., Labor Day and Independence Day).

Colon

A **colon** is punctuation used when introducing something or a set of something. A colon is also used to introduce a word, thought, or phrase (e.g., “Jose only likes two sports: hockey and basketball.”).

Semicolon

A **semicolon** is punctuation used to connect two sentences together, as in “Lisa has four exams this week; she needs to study.”

Period

A **period** is punctuation used at the end of each sentence (unless a question mark or exclamation point is inserted). A period is used in abbreviations (e.g., Dr., Mrs., and Mr.).

Numbers

Numbers between one and nine should be spelled out. Digits should be used for numbers greater than nine.

- ◆ Use a comma to separate every three digits into hundreds, thousands, millions, etc. (e.g., 92,364 rather than 92364).
- ◆ The number should be spelled out if it begins a sentence (e.g., “Thirty-two students attended the conference.”).
- ◆ Use digits for all of the following:
 - Money (95 euros, \$5 million)
 - Percentages (99%)
 - Figures that includes decimals (3.2 trillion)
 - Ages (47 years old)
 - Measurements (4 pounds)
 - Time of day (10:57 a.m.)
 - Days of the month (July 4)
 - Points, scores, and ratings (Final score: 89 to 91)

COMPOSING PROFESSIONAL MEMORANDUMS

When preparing a professional memorandum (also called a memo) or any other written business communication, there are a few considerations to be made.

Purpose

The writer should determine the purpose of the communication. The purpose may be to inform, persuade, or make a request or inquiry. The purpose of the communication will help determine the components that should be included in the communication. The audience receiving the communication should also be considered.

Internal and External Audience

Memos are typically shared with internal users of a company. **Internal users** are people who work for or inside the company. Often internal users are familiar with technical terms, abbreviations, or acronyms used in a profession. This “shorthand” works well with internal users. Occasionally, memorandums are sent to external users. **External users** are people outside the company, such as customers and vendors. External users may be unfamiliar with industry-specific terminology and may require a more detailed explanation of information.

The purpose and audience of a professional memo also helps determine the tone to use when writing. **Tone** in written communication is the attitude expressed by the way the writer chooses words and style. An **informal tone** is an attitude that conveys familiarity and is more casual in style. An informal tone in a memorandum would be used to inform employees of a company social gathering. In most cases, an informal tone would not be used with external users of a memorandum. A **formal tone** is a more serious attitude that relays a greater level of importance. A formal tone would be used to notify employees of a policy change within the company.

Format

A memo is formatted as a single-page document. Most memorandums convey information that could be summarized in one page or less. Standard formatting for a memorandum follows:

- ◆ **Margins:** One-inch margins are typical for memorandums.
- ◆ **Spacing:** The body of the memo should be single-spaced. The writer should double-space between paragraphs.



FIGURE 2. Tone in written communication is the attitude expressed by the way the writer chooses words and style. An informal tone will convey familiarity and will be more casual in style. A formal tone is more serious and relays a greater level of importance.

- ◆ **Heading:** Memorandums begin with a heading that includes who the memo is being sent to; who is sending the memo; and its date and subject. The heading of a memo is similar to the information used to prepare an email. Standard format for a memo heading is as follows:

- TO:DKH, Inc. Staff Members
- FROM:Lila Monroe, Human Resources Director
- DATE:October 15, 2016
- SUBJECT:Company Picnic Planning Meeting

Heading Details

- ◆ The **TO section** is the location for the names of all receiving the memo. This line may be generalized as in the example above, or it may include specific names. If specific names are used, proper titles must be used for all recipients. For example, if a memo is sent to the vice-president of a company, the person's name and title should be included in this line.
- ◆ The **FROM section** is the information that includes the name of the sender and any specific title assigned to the sender.
- ◆ The **DATE section** is the information that includes the month, day, and year the memo is sent.
- ◆ The **SUBJECT section** (or RE: section) is brief information composed in a manner that provides the reader a specific and clear message about the intent of the memo or email.

Body

The **body** (of a memo) is a section that provides the content to be shared with recipients and follows the heading. The **introductory section** is the part of the memo that states the purpose for writing it. The paragraphs following the introductory section provide necessary details for clear understanding by the reader. The **closing paragraph** is a call to action for the recipient. The closing is where the writer asks for a response from the reader—whether that response be to sign up for something, complete a task by a specific date, etc.

There is no salutation or closing in a memorandum. Formal business letters should include a salutation and a closing. Memorandums are typically brief internal communications and require neither.

Memos must be proofread before distribution to recipients. You could have another person proofread the document to ensure its purpose is clear and that it is free from convention errors.

TECHNICAL WRITTEN COMMUNICATION

Technical communication is writing completed on the job using specialized vocabulary particular in an industry or career field. Accountants frequently prepare technical written communication as a part of their work. Some of the most common types of technical writing completed by accountants are described below.

Types of Technical Writing

Responses, reports, and proposals are the three most common types of communication accountants must write.

Responses

Accountants often prepare responses to notices from government or compliance agencies, such as the Internal Revenue Service (IRS) or the Securities and Exchange Commission (SEC), on behalf of their clients.

Reports

Accountants prepare financial reports that include independent audit reports, financial statements, budget reports, and sales and inventory reports. Depending on the specific industry in which the accountant works, the types of reports may vary and are customized to meet the needs of decision-makers within the field.

Proposals

Accountants prepare business proposals to offer details of services to clients or by aiding clients who may be preparing proposals for others.

Consider the Audience

The audience receiving the written communication prepared by accountants may vary widely in the knowledge-level related to the subject matter being presented in the communication. Accountants may prepare a response to a government notice from the IRS that will easily be understood by an IRS agent, but it may need to be explained in more detail to the client for whom it is written. The client may be unfamiliar with IRS codes and/or technical terms associated with various parts of the tax code. Company management may understand the operations of the business, but more information may be needed about the requirements necessary for



FURTHER EXPLORATION...

ONLINE CONNECTION: Technical Writing Careers

Technical writing for accounting is a specialty career field. If you enjoy writing and accounting, check out potential career opportunities at this site:

<http://www.indeed.com/q-Accounting-Technical-Writer-jobs.html>



disclosures in the notes for financial statements required to meet Generally Accepted Accounting Principles (GAAP).

It is extremely important for accountants to be able to write in technical terms and to explain the content of the written communication in terms that are easy for people who may not have a background in accounting to understand. Accountants must explain the information in different ways that make the information the most valuable and user-friendly.

Summary:



Written communication, specifically technical writing, is a critical skill for accountants. Composing memos, drafting responses to regulatory agencies, and drafting letters to clients are all typical tasks for accountants. Accountants should be familiar with proper grammar and writing conventions to be professional.

Checking Your Knowledge:



1. What is the difference between internal and external users?
2. What is the difference between formal and informal writing?
3. How will the writing tone change with the formality of the document?
4. What are the four parts of the heading for a memorandum?
5. What are some typical written communications prepared by accountants?

Expanding Your Knowledge:



Schedule a time to interview a local accountant about the importance of good written communication skills in accounting. Ask if he or she can provide samples of some of the typical written documents created at work.

Web Links:



The CPA Exam and Writing

<http://www.aicpa.org/BecomeACPA/CPAExam/ForCandidates/HowToPrepare/Pages/WrittenCommunication.aspx>

Writing Tips

<https://www.bap.org/write-on-cpa-exam>

Written Communication for Entry-Level Accountants

http://www.newaccountantusa.com/newsfeat/is/is_writcomm.html