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**THE  
GENERAL ACCOUNTING OFFICE  
ITS HISTORY, ACTIVITIES  
AND ORGANIZATION**

## THE INSTITUTE FOR GOVERNMENT RESEARCH

Washington, D. C.

The Institute for Government Research is an association of citizens for coöperating with public officials in the scientific study of government with a view to promoting efficiency and economy in its operations and advancing the science of administration. It aims to bring into existence such information and materials as will aid in the formation of public opinion and will assist officials, particularly those of the national government, in their efforts to put the public administration upon a more efficient basis.

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INSTITUTE FOR GOVERNMENT RESEARCH

SERVICE MONOGRAPHS  
OF THE  
UNITED STATES GOVERNMENT  
No. 46

THE  
GENERAL ACCOUNTING OFFICE  
ITS HISTORY, ACTIVITIES  
AND ORGANIZATION

BY  
DARRELL HEVENOR SMITH

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## FOREWORD

The first essential to efficient administration of any enterprise is full knowledge of its present make-up and operation. Without full and complete information before them, as to existing organization, personnel, plant, and methods of operation and control, neither legislators nor administrators can properly perform their functions.

The greater the work, the more varied the activities engaged in, and the more complex the organization employed, the more imperative becomes the necessity that this information shall be available—and available in such a form that it can readily be utilized.

Of all undertakings, none in the United States, and few, if any, in the world, approach in magnitude, complexity, and importance that of the national government of the United States. As President Taft expressed it in his messages to Congress of January 17, 1912, in referring to the inquiry being made under his direction into the efficiency and economy of the methods of prosecuting public business, the activities of the national government "are almost as varied as those of the entire business world. The operations of the government affect the interest of every person living within the jurisdiction of the United States. Its organization embraces stations and centers of work located in every city and in many local subdivisions of the country. Its gross expenditures amount to billions annually. Including the personnel of the military and naval establishments, more than half a million persons are required to do the work imposed by law upon the executive branch of the government.

"This vast organization has never been studied in detail as one piece of administrative mechanism. Never have the foundations been laid for a thorough consideration of the relations of all of its parts. No comprehensive effort has been made to list its multifarious activities or to group them in such a way as to present a clear picture of what the government is doing. Never has a complete description been given of the agencies through which these activi-



ties are performed. At no time has the attempt been made to study all of these activities and agencies with a view to the assignment of each activity to the agency best fitted for its performance, to the avoidance of duplication of plant and work, to the integration of all administrative agencies of the government, so far as may be practicable, into a unified organization for the most effective and economical dispatch of public business."

To lay the basis for such a comprehensive study of the organization and operations of the national government as President Taft outlined, the Institute for Government Research has undertaken the preparation of a series of monographs, of which the present study is one, giving a detailed description of each of the fifty or more distinct services of the government. These studies are being vigorously prosecuted, and it is hoped that all services of the government will be covered in a comparatively brief space of time. Hereafter, revisions of the monographs will be made from time to time as need arises, to the end that they may, as far as practicable represent current conditions.

These monographs are all prepared according to a uniform plan. They give: first, the history of the establishment and development of the service; second, its functions, described not in general terms, but by detailing its specific activities; third, its organization for the handling of these activities; fourth, the character of its plant; fifth, a compilation of, or reference to, the laws and regulations governing its operations; sixth, financial statements showing its appropriations, expenditures and other data for a period of years; and finally, a full bibliography of the sources of information, official and private, bearing on the service and its operations.

In the preparation of these monographs the Institute has kept steadily in mind the aim to produce documents that will be of direct value and assistance in the administration of public affairs. To executive officials they offer valuable tools of administration. Through them, such officers can, with a minimum of effort, inform themselves regarding the details, not only of their own services, but of others with whose facilities, activities, and methods it is desirable that they should be familiar. Under present conditions services frequently engage in activities in ignorance of the fact that the work projected has already been done, or is in process of execution by other services. Many cases exist where one service could

make effective use of the organization, plant or results of other services had they knowledge that such facilities were in existence. With the constant shifting of directing personnel that takes place in the administrative branch of the national government, the existence of means by which incoming officials may thus readily secure information regarding their own and other services is a matter of great importance.

To members of Congress the monograph should prove of no less value. At present these officials are called upon to legislate and appropriate money for services concerning whose needs and real problems they can secure but imperfect information. That the possession by each member of a set of monographs such as is here projected, prepared according to a uniform plan, will be a great aid to intelligent legislation and appropriation of funds can hardly be questioned.

To the public, finally, these monographs will give that knowledge of the organization and operations of their government which must be had if an enlightened public opinion is to be brought to bear upon the conduct of governmental affairs.

These studies are wholly descriptive in character. No attempt is made in them to subject the conditions described to criticism, nor to indicate features in respect to which changes might with advantage be made. Upon administrators themselves falls responsibility for making or proposing changes which will result in the improvement of methods of administration. The primary aim of outside agencies should be to emphasize this responsibility and facilitate its fulfillment.

While the monographs thus make no direct recommendations for improvement, they cannot fail greatly to stimulate efforts in that direction. Prepared as they are according to a uniform plan and setting forth as they do the activities, plant, organization, personnel and laws governing the several services of the government, they will automatically, as it were, reveal, for example, the extent to which work in the same field is being performed by different services, and thus furnish the information that is essential to a consideration of the great question of the better distribution and coordination of activities among the several departments, establishments, and bureaus, and the elimination of duplication of plant, organization and work. Through them it will also be possible to

subject any particular feature of the administrative work of the government to exhaustive study, to determine, for example, what facilities, in the way of laboratories and other plant and equipment, exist for the prosecution of any line of work and where those facilities are located; or what work is being done in any field of administration or research, such as the promotion, protection and regulation of the maritime interests of the country, the planning and execution of works of an engineering character, or the collection, compilation and publication of statistical data, or what differences of practice prevail in respect to organization, classification, appointment, and promotion of personnel.

To recapitulate, the monographs will serve the double purpose of furnishing an essential tool for efficient legislation, administration and popular control, and of laying the basis for critical and constructive work on the part of those upon whom responsibility for such work primarily rests.

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# THE GENERAL ACCOUNTING OFFICE

## ITS HISTORY, ACTIVITIES, AND ORGANIZATION

### HISTORY

The General Accounting Office, according to the Budget and Accounting Act of 1921 (June 10, 1921; 42 Stat. L., 20, 23), is an independent establishment of the United States Government with auditing, quasi-judicial, investigating, and other duties. Although this office is of recent origin, so far as present title and certain of its duties are concerned, its genealogy is clearly traceable to the earliest days of the history of American government.<sup>3</sup>

**Revolutionary Period.** The necessity for adequate handling of finance, accounts, and auditing displayed itself to the Continental Congress soon after the Revolutionary War began. On July 29, 1775, with the war but three months under way, the Continental Congress appointed two Treasurers of the United Colonies who were to be responsible for the funds received from the issue of the first bills of credit. Accompanying this action was the recommendation that each colonial assembly should likewise appoint a treasurer or treasurers who, upon authorization of Congress, might receive and disburse the funds constituting the quota of his or their respective colonies.

That all did not go well under this system is a matter of record. Difficulties arose very early in connection with the settlement of certain accounts and, as a result, on September 25, 1775, the Congress established a Committee of Accounts to "examine and report" upon all claims or accounts against the government before payment might be made. Here, then, was the beginning of the auditing function which comprises so vital a part of the duties of the present General Accounting Office and the Comptroller General. The

<sup>3</sup>As is also the title of the Comptroller General who heads the office.

initial operation, however, was by committee, it is to be noted; a distinctive feature of pre-constitutional administration.

Within the next five months another change was necessitated by the rapidly increasing financial and accounting problems of the Colonies. The Continental Congress attempted to meet the needs by the appointment of a standing committee of five members<sup>3</sup> on February 17, 1776, to supervise the affairs of the treasury. The duties imposed upon this body were specified and consisted of "the examination of the accounts of the treasurers, the employment of proper persons for liquidating the public accounts, the superintendence of the emission of bills of credit, and reporting to Congress from time to time on the state of the Treasury."<sup>4</sup>

Here the accounting, reporting, and auditing functions were better concentrated and powers were enlarged, but supervision was still by committee (albeit a standing one) rather than by a single, responsible individual.

*Treasury Office of Accounts.* The knowledge gained from experience, plus the growing financial transactions of the Colonies, soon demanded further changes. On April 1, 1776, Congress created a Treasury Office of Accounts and placed at the head thereof an auditor-general who had direction of the clerks and assistants employed on accounting work. This office bore considerable similarity, at least superficially, to the present General Accounting Office, but it was placed under the control of the standing Committee on Finance,<sup>5</sup> the designation of which, at this time, was changed to Treasury Board.<sup>6</sup>

Meanwhile the Committee on Accounts appointed in September, 1775, continued in existence, and from April 1, 1776 (the date of the establishment of the Treasury Office of Accounts), to July 30, 1776 (when the Committee on Accounts was discharged), two auditing authorities existed, legally, side by side. On the latter date, however, the Office of Accounts took over the work and continued to administer it until March 13, 1777, when Congress

<sup>3</sup> Members of Congress all.

<sup>4</sup> Short, *The Development of National Administrative Organization in the United States*, pp. 40, 41. See also *Journals of the Continental Congress*: II, 221; III, 262; IV, 156.

<sup>5</sup> Of the Continental Congress.

<sup>6</sup> Congress appointed a committee on October 17, 1776, to report upon a plan for better regulation of the Treasury Board. *Jour. Cont. Cong.*, VI, 886.

appointed a new committee of three,<sup>4</sup> designated as the Commissioners of Claims. Here again the auditing function fell to a committee, while on August 27, 1778, reporting duties were imposed upon a standing committee of finance which was "to consider the state of the national finances and to report thereon to Congress from time to time."<sup>5</sup>

*Reorganization.* A step toward greater unity came on September 26, 1778, as the result, seemingly, of a report of a committee of Congress submitted on August 13 of the same year. The reorganization created the following offices:<sup>6</sup> comptroller, auditor, treasurer, and six commissioners of accounts. No security of tenure was provided, as all officers were to be appointed annually by Congress, but each officer had power to select his own staff and he was responsible for the acts of his employees.<sup>7</sup> The Treasury Office of Accounts was now abolished although the Treasury Board was retained and functioned in a general supervisory capacity and as *liaison* between Congress and the newly constituted treasury offices.

The effects of this act were far reaching. Many of the titles employed are still in use to-day, and the checks and controls established bear striking resemblance to much that is now in effect in the Treasury Department.<sup>8</sup> This law (with modifications enacted in 1779 and 1781) provided the basis for many of the features of the act of 1789 which permanently established the Treasury Department under the Constitution.

*Board of Treasury.* A more or less radical change came on July 30, 1779, with the abolition of the existing Treasury Board and the substitution therefor of a "Board of Treasury" of five members, or commissioners, only two of whom might be chosen

<sup>4</sup> On recommendation of the Treasury Board. For sources regarding this change and those cited just previously see Jour. Cont. Cong., IV, 244; V, 620; VII, 175. Expanding credit operations also resulted in the provision for a Treasurer of Loans (July 15, 1778), charged with certain duties relating to loan office certificates, bills of credit, and bills of exchange.

<sup>5</sup> Short, p. 41 and Jour. Cont. Cong., XI, 692, 843.

<sup>6</sup> An important feature also was the securing of a building where all of the offices of the Treasury could be brought under one roof.

<sup>7</sup> Duties and forms of procedure were minutely prescribed in the law. Control of administrative detail by the legislative body was in full flower. See Jour. Cont. Cong., XI, 779; XII, 956.

<sup>8</sup> The principle of detailed control of administration by the legislature still held sway, however.



from Congress. This opened the way for the inclusion of three citizens experienced in finance and constituted a distinct step in advance, but the advantages were somewhat offset by the fact that the commissioners were to be selected annually by Congress.

Obviously the theory of administration by committee, if not by the legislature, was dominant and the lesson of security of tenure for, and centralization of responsibility upon, the administrator had not yet been learned.

The act of 1779, just mentioned, gave to the Board of Treasury the responsibility for superintending the finances of the United States and of such officers as were entrusted with the receipt and expenditure of public moneys. The act also abolished the office of comptroller but retained the auditor-general, treasurer, and two chambers of accounts. Further, it provided for six additional auditors to settle army accounts and claims and specified that appeals from decisions of treasury officers should go to the Board of Treasury instead of to Congress. In other respects the work of Treasury officers was little changed.<sup>21</sup>

*Developments toward Centralization.* The success of the congressional committee system of fiscal administration was now seriously brought into question, and comments of the time thereon are interesting. Robert Morris had written to the Committee on Secret Correspondence on December 16, 1776, saying “. . . If the Congress mean to succeed in this contest they must pay good executive men to do their business as it ought to be and not lavish millions away by their own mismanagement. I say mismanagement because no man living can attend the daily deliberations of Congress and do executive parts of business at the same time.” Writing a few days later (December 21) to the American Commissioners in France he said: “. . . So long as that respectable body [Congress] persist in the attempt to execute, as well as to deliberate on their business, it will never be done as it ought, and this has been urged many and many a time by myself and others, but some of them do not like to part with power or to pay others for doing what they cannot do themselves.”<sup>22</sup>

<sup>21</sup> See Jour. Cont. Cong., XIV, 903.

<sup>22</sup>As carried in Short from Am. Archives (5th Sess.), III, 1236, 1241. It is interesting to compare these statements of 150 years ago with those as late as the budget hearings of 1921.

The last indictment was perhaps a little too severe, as certain members of Congress, such as Samuel Adams, had, in all sincerity, an abiding fear of usurpation of power by the executive or by agents and administrators. Nevertheless, the statements of Morris cut to the roots of the fallacy of the legislative committee idea with respect to administration, especially in so far as the accounting and auditing functions were concerned.<sup>23</sup> But these criticisms were made in 1776, and by 1779 new ideas had begun to come into play.

Early in the latter year the representatives of the United States, abroad, had been charged by Congress with obtaining copies of forms and description of procedure in the treasury (and other) offices in France, Great Britain and other foreign countries. While these reports were sent to the United States as expeditiously as possible no definite steps resulted therefrom until the following year.

Meanwhile, however, the work of the Board of Treasury (established on July 30, 1779) had been criticized severely in various quarters during the year 1780 and a committee was appointed to investigate the charges and rumors. This committee returned a report on August 25, 1780,<sup>24</sup> which was a severe indictment of the Board.

The committee found that the orders of the commissioners had often been incorrect, and sometimes unintelligible and impracticable and declared that the reprehensible and disgusting conduct of some of the members of the board had destroyed all friendly communication of counsels and harmony in the execution of public affairs. They proposed the discharge of two of the commissioners and the secretary of the board.<sup>25</sup>

This report came at a time when the prominent statesmen of the day<sup>26</sup> were advocating a single headed department for the treasury. Writing to Robert Morris early in 1780, Alexander Hamilton had said:

Congress have too long neglected to organize a good scheme of administration and throw public business into proper executive departments . . . we want . . . a Minister of Finance. . . . There

<sup>23</sup> Financing and the raising of revenue were other questions.

<sup>24</sup> Jour. Cont. Cong., XVII, 779.

<sup>25</sup> Short, p. 61.

<sup>26</sup> Always excepting Samuel Adams.

is always more decision, more despatch, more secrecy," more responsibility where single men, than where bodies are concerned. . . . Men will only devote their lives and attentions to the mastering a profession in which they can build reputation and consequence which they do not share with others."

Later in the same year (September 3) Hamilton wrote to James Duane in the same tenor, elaborating his arguments in favor of a single headed department for the treasury at considerable length, and it is a matter of record that Washington, John Jay, and others openly favored this plan in correspondence at this time.

*Superintendent of Finance.* As a result of the adverse report on the Board of Treasury, previously mentioned, and influenced no doubt by the general evidence of dissatisfaction with the committee system, Congress, on August 29, 1780, appointed a committee of five to evolve a report upon a plan for revision and improvement of the civil executive departments.<sup>27</sup> This report was forthcoming on January 13, 1781, and included a recommendation for the appointment of a Superintendent of Finance, prescribing his powers and duties as follows:

That it shall be the duty of the Superintendent of Finance to examine into [among other matters] . . . the public expenditures . . . to digest and report plans . . . for establishing order and economy in the expenditure of public money; . . . to superintend and control the settlement of all public accounts; . . . to compel the payment of all moneys due to the United States. . . .<sup>28</sup>

The salary of the Superintendent of Finance was fixed later<sup>29</sup> at \$6000 per annum and the search for an adequately equipped incumbent was begun. Choice fell unanimously upon Robert Morris, on February 20, 1781, but his acceptance of the appointment was delayed for some months. Obviously he entertained some objections to the specification of the powers and duties of the office, and on March 13, 1781, he outlined these in a letter to Congress. A committee having been appointed to consider this letter, a report was issued on March 29 embodying the suggestion that the Superin-

<sup>27</sup> Herein might lie the root of some of Samuel Adams' opposition.

<sup>28</sup> Hamilton, Works (Hamilton ed.), I, 127.

<sup>29</sup> Jour. Cont. Cong., XIII, 114; XVII, 791.

<sup>30</sup> Jour. Cont. Cong., XIX, 126.

<sup>31</sup> February 9, 1781, Jour. Cont. Cong., XIX, 133.

tendent of Finance be given the power of removal over all persons entrusted with funds or immediately employed in the expenditure of public moneys, that were proven to be incapable, negligent, or dishonest. The report also recommended similar power of removal over surplus or unnecessary employees.

Congress, however, by record vote<sup>22</sup> on March 31, refused to approve these suggestions. On April 20 following, the report was ordered recommitted and on April 21 the committee submitted a revised report forbidding the removal from office of persons under jurisdiction of the Superintendent of Finance by that officer, provided such persons had been appointed by Congress. He was permitted to suspend such persons, however, provided he report the reasons to Congress. The modified report was approved by Congress.

A supplementary report of April 26 was approved by Congress on the following day. It authorized the Superintendent to appoint directly certain employees to represent him in his official capacity or on behalf of the United States in cases of prosecution or defense. It also specified the form of commission for the Superintendent and the oath of office to be taken.

Matters now seem to have been settled at least to the general satisfaction of Robert Morris, for, on May 14, 1781, Congress received his letter of acceptance of the office.<sup>23</sup> That he still had some misgivings, however, (later to be confirmed) was revealed in a letter to Franklin written after Morris had been in office two months (July 13, 1781). In this communication he said: "The unanimous appointment to the superintendency of our finances, with which Congress has honored me, and my conviction that some *one* person should endeavor to introduce method and economy into the administration of affairs, have induced me, though with reluctance, to accept that office."<sup>24</sup> The vigor of his attack on reorganization problems, nevertheless, gave no indication of indecision or doubts.

The first efforts of the new Superintendent to substitute order for chaos in the finances of the Confederation met with a most

<sup>22</sup> On motion, it is almost needless to add, of Samuel Adams.

<sup>23</sup> Almost three months after his unanimous selection. For sources of the preceding few paragraphs, see Jour. Cont. Cong., XIX, 326, 338, 429; XX, 449, 455, 499.

<sup>24</sup> Franklin, Works (Bigelow ed.), VII, 270.

hearty response. His recommendation for the establishment of a national bank was approved by Congress on May 26, 1781. At his request Congress authorized, on July 6, 1781, the appointment of an assistant and two clerks by the Superintendent to aid in the work of the department. Congress authorized him, or his appointees, by a resolution approved on July 10, to procure on contract all necessary supplies for the army and navy and to provide for the transportation thereof, such contracts to be binding on the United States. The office of Treasurer of Loans was abolished on July 23, and the duties of that office transferred to the office of the Treasurer. At the request of the Superintendent the Board of the Treasury was ordered, by resolution of July 24, to continue in the discharge of its duties until the business of the board could be regularly transferred to the Superintendent of Finance. . . .<sup>25</sup>

Regulation of the treasury and adjustment of the public accounts was provided for in an ordinance approved September 11, 1781. Under this act the abolition of the following offices was specified: commissioners of the treasury (that is the Board of Treasury), chambers of accounts, auditor-general, auditors, and extra commissioners of accounts. To take the place of these offices new ones were established, including a comptroller, a treasurer, a register, auditors, and clerks.<sup>26</sup>

While the number of auditors and clerks necessary to perform the work was determined by the Superintendent, the appointment of all employees mentioned was left to Congress (except the clerks, who were appointed by the Comptroller). This ordinance prescribed the duties and compensation of the officers named and in addition authorized the Superintendent to appoint a secretary in his own office.<sup>27</sup>

**Peace Time Developments.** But now came the surrender of Cornwallis at Yorktown. The struggle had at last been won and the pressure of war needs was relieved. The inevitable post-war

<sup>25</sup> Short, pp. 66, 67.

<sup>26</sup> Cf. present Treasury titles.

<sup>27</sup> By resolution on November 27, 1781, the Superintendent was also directed to assume responsibility for the proceeds of all loans or other moneys obtained in Europe or elsewhere for government use and to hold them subject to appropriation therefrom by Congress. See for this and above paragraphs, Jour. Cont. Cong., XX, 545, 724, 734; XXI, 783, 784, 948-51, 1142. It is interesting to note that Morris during his incumbency had also directed the affairs of the navy, no Minister of Marine having ever been selected.

reaction began. The vigorous measures of the Superintendent of the Treasury necessary to the existence of the struggling Colonies were tolerated or even whole-heartedly supported by Congress during the war, but with the cessation of hostilities the previously quiescent antagonism began to make itself felt. Colonial autonomy, troublesome enough during the Revolution, now assumed an even stronger aspect, and while serious fiscal problems faced the young Federation, members of the Congress, humanly, reflected the local objections to, and general apathy regarding, financial reform. The results, at least to those favoring centralization, were unsatisfactory. Morris sensed the gradual withdrawal of support, immediate and general, and finally on January 24, 1783, he resigned saying, "To increase our debts while the prospect of paying them diminishes does not consist with my idea of integrity. I must therefore quit a situation which becomes utterly unsupportable."<sup>22</sup>

Morris, nevertheless, did not leave office at this time. Congress dispatched a committee to him to arrange, if possible, for his continuance in office, and on April 28 this committee reported his unwillingness longer to serve. He did, however, agree to remain until plans for reducing and discharging the army (as yet unpaid) could be completed.<sup>23</sup> Seemingly, things moved slowly, since Morris did not retire from office until November, 1784.

*Again the Board of Treasury.* Meantime Congress under the pressure of public opinion (and no doubt with faint objection by many members of that body) resolved on May 28, 1784, to return to the board or commission system for the administration of finances. Three commissioners, to be appointed by Congress, were provided for in the resolution, these to compose a new "Board of Treasury." The Board was to exercise all powers previously exercised by the Superintendent of Finance.

Over a year elapsed before suitable personnel could be selected for the commissionerships, and, as a result, from November, 1784, until the middle of the following year there was an interregnum, the Comptroller administering the business of the Finance Department until the new Board of Treasury got under way.

<sup>22</sup> Bullock, *Finances of the United States, 1775-89*, p. 207.

<sup>23</sup> At this time Morris suggested that a committee of Congress examine the transactions of the Finance Department. This was done, and the report, submitted June 17, 1783, was highly commendatory.

This Board continued to conduct the financial affairs of the United States during the next four years; in fact, until Hamilton became Secretary of the Treasury in 1789.

In reviewing the pre-constitutional history of the Federal accounting system it may be said that much of it was modeled upon the accounting systems of the thirteen colonies, particularly Virginia. The legislators of the Continental Congress quite naturally turned to the organizations with which they were familiar, and in seeking a solution of their problems simply adopted certain features of the accounting systems in operation in the various Colonial governments.<sup>28</sup> This experience was brought to bear during Confederation days and carried over into the Constitutional period,

<sup>28</sup>For the reader who cares to pursue this history more closely (space precluding intensive treatment in this monograph) the following citation from O. R. McGuire (20 *Illinois Law Review*, p. 466) is appended:

See Articles XXII and XXIX of the Constitution of South Carolina of 1778: *Poore*, "Colonial Constitutions," II, 1617, 1625. Article 7 of the Constitution of Delaware of 1776: *Poore*, I, 274, which provided that the governor who was elected by the joint vote of the two houses "may draw for such sums of money as shall be appropriated by the General Assembly and be accountable to them for the same." Article X of the Constitution of Maryland of 1776: *Poore*, I, 822: provided that the "House of Delegates may examine and pass all accounts of the state relating either to the collection or expenditure of the revenue or appoint auditors to state and adjust same." Article XI of the Constitution of Massachusetts provided that "No money shall be issued out of the treasury of this commonwealth and disposed of (except such sums as may be appropriated for the redemption of credit or treasurer's notes or interest arising thereon): but by warrant under the hand of the Governor for the time being, by and with the advice and consent of the council and agreeably to the acts and resolves of the General Court." The council was elected by and composed of members of the General Court.

Article XLIV of the Constitution of Vermont of 1777: *Poore*, II, 1865: provided for a council of censors composed of members of the general assembly to assist the governor and to determine, among other things, "in what manner the public moneys have been disposed of, and whether the laws have been duly executed." The Constitution of New Hampshire of 1781: *Poore*, II, 1290: provided for an auditing committee consisting of two members of the upper and three members of the lower house and prohibited the treasurer from paying out any money "but by warrant under the hand of the governor for the time being and with the advice and consent" of the auditing committee in accordance with law. Article XXII of the Constitution of New York of 1777: *Poore*, II, 1336: required the legislature to appoint the treasurer, as did most all of the other state constitutions of the period, and the practice seems to have been to appoint a committee of the legislature to audit the accounts of the treasurer. See Article XII of the Constitution of New Jersey of 1776: *Poore*, II, 1312. Article XIX of the Constitution of North Carolina of 1776: *Poore*, II, 1413: authorized the governor "to draw for and apply such sums of money as shall be authorized

when discussion as to the new structure of administration was at its height. To the latter period we may now turn.

by the general assembly for the contingencies of the government and be accountable to them for the same."

Article XI of the Pennsylvania charter of 1683: *Poore*, II, 1524: provided that the governor and the provincial council, elected by the people, should at all times "have power to inspect the management of the public treasury and punish those who shall convert any part thereof to any other use than what has been agreed upon by the governor, provincial council and general assembly." The Pennsylvania constitutions of 1776 and 1778 contained substantially similar provisions: *Poore*, II, 1583. The House of Burgesses of Colonial Virginia had pronounced control over the public money of that colony. For instance, by acts of March, 1756, 29th George II, September, 1758, 32d George II and November, 1761, 2 George III: 7 Henning, Va., Statutes at Large, 33, 243, and 467: it was provided: "That from and after the passing of this act, John Robinson, esquire, shall be and he is hereby nominated, constituted and appointed Treasurer of the revenue arising from the duties laid by the before recited act of assembly and of all other public money, for public uses, by virtue of any other act or acts of assembly. To hold the said office so long as he shall continue speaker of the House of Burgesses, and from the time of his being out of said office to the end of the next session of the assembly. . . . And he shall be accountable for the said money to the general assembly." All other officers were required to account to the treasurer. See act of 1758, 32d George II. The offices of treasurer and speaker of the House of Burgesses were separated by the act of November, 1766, 7th George III, and one Nicholas was appointed by the general assembly with substantially the same powers. This statute, like that of Parliament provided: "That Lewis Burswell, George Wythe, John Blair the younger, John Randolph, and Benjamin Waller, esquires [all members of the general assembly] or any three of them, be, and they are hereby appointed a committee to examine, in the months of June and December, in each year, into the state of the treasury; and the said treasurer is hereby required to lay before the said committee all of the accounts of the treasury, [which he was required by section IV to keep in detail] and produce the money in his hands . . . and the committee shall certify the same to the next meeting of the assembly": 7 Henning 210. See also acts of November, 1769, 10th George III, and February, 1772, 12th George III: 8 Henning 395, 588: continuing the provisions of the act of 1776. See also act of 1775: 9 Henning 16, 64 and 71.

The constitution adopted June 27, 1776, for Virginia provided in article XIX that, "A treasurer shall be appointed annually by joint ballot of both houses": 9 Henning 118. By act of October, 1776, it was recited that "the accounts of the treasurer have been examined and passed by the general assembly to the 19th day of October last past." This same statute provided for a committee of the general assembly to audit the public accounts from time to time and by act of a few days later, amended by the act of October, 1778: 9 Henning 245, 536, a board of auditors appointed by the general assembly and removable only by them was created to audit the public accounts and no money could be drawn from the treasury save on warrants countersigned by the auditors. This accounting system had more drastic powers than have ever been surrendered by the Congress of the United States to the accounting officers of the United States.



*The Constitution.* The experiments and failures in finance and accounts during the Revolutionary and Confederation days seem to have had their value in the way of example and the First Congress, under the Constitution, builded wisely upon experience. But while the great step toward general centralization had been taken and executive power concentrated, it did not follow that administration should pursue the same course. In the pre-constitutional government there had been no executive department, as such, and Congress, as "board of directors" for administration had, properly, persisted in close control of administrative matters. Indeed, it is held by many recognized authorities (notably W. W. Willoughby, Wilson, and Luce) that to-day Congress constitutes a board of directors for all administrative duties not strictly executive (as that term is used in a constitutional sense) and hence must be concerned with administrative affairs if the people are to retain control over the administration. This conception remained vigorously alive and colored the debates upon the establishment of the executive departments in 1789. Considerations of space and scope in this monograph prevent a complete discussion of these debates and arguments preceding the passage of the act of 1789, but the tone of the controversy was set by the same two leading factions which crossed swords in the Continental Congress during the war and under the Articles of Confederation: that is, one school of thought which demanded the protection of our liberties by the process of administration by committee and the other which insisted upon establishing control through the agency of a single-headed executive department.<sup>21</sup>

The group favoring committee control of fiscal affairs presented an argument which is still used by the proponents of the status of the General Accounting Office as an agency independent of the executive; namely, that the fundamental basis or *raison d'être* of the accounting and auditing system was the necessity of legislative control over expenditure of public funds if the people were to retain control of the public purse.<sup>22</sup> The opposition was strong, however, and the debate was prolonged.

<sup>21</sup> For the reader who cares to follow these debates in greater detail, the Annals of Congress are suggested, I, 383-89, 391-92, 592, 604, 607, 611-15, 619.

<sup>22</sup> Present friends of the legislative control idea add a proviso that a trained personnel shall be maintained by Congress, which shall devote its

The ground for such debate, or better, the ambiguity which permitted of legitimate conflicts of opinion as to what was intended (as well as desirable) lay in the Constitution itself, which contained no direct reference to single-headed departments. Authority for the establishment of this type of organization was solely that of inference, such as was contained in Article I, Section 2, Paragraph 1: ". . . [the President] may require the opinion, in writing of the principal officer in each of the executive departments, upon any subject relating to the duties of their respective offices, . . .," and the succeeding paragraph, which said: ". . . Congress may by law vest the appointment of such inferior officers as they think proper, in the President alone . . . or in the heads of departments."

It may be said that, in general, the best evidence of the time seems to indicate that the framers of the Constitution contemplated the establishment of single-headed executive departments, and so far as the new departments of War and Foreign Relations were concerned, the intention was realized. With regard to the Treasury Department, however, the result was somewhat anomalous.

Madison, for example, one of the leaders of discussion and opinion, in the debates before the act of 1789, was of the idea that the accounting system should be independent of the executive departments, yet it was he who introduced a resolution to establish three single-headed executive departments including fiscal affairs. He had also spoken as follows: "I think it absolutely necessary that the President should have the power of removing from office; it will make him in a peculiar manner responsible for their [officers appointed by the President by and with the advice and consent of the Senate] conduct and subject him to impeachment himself, if he suffers them to perpetrate with impunity, high crimes or misdemeanors, against the United States, or neglects to superintend their

attention to following up expenditures by means of accounts and audits and to reporting results to the legislature. To quote from a proponent: "The white light of publicity and possible criticism is a great deterrent to wrong doing. The accounting system accomplishes as much through the knowledge that it exists, willing and capable of bringing expenditure under criticism, as it does in actually criticizing an expenditure made or obligation sought to be incurred in violation of law." Letter, G. A. O., January 28, 1927. It follows naturally, from this argument, that the more complete the independence of such critical and inspectional body with relation to the spending agency, the more efficacious the threat.

conduct, so as to check their excesses. On the constitutionality of the declaration I have no manner of doubt."<sup>22</sup>

Obviously some reconciliation of these viewpoints was necessary, and compromise seemed to be indicated. Madison took pains to explain, therefore, that he was "not in favor of granting unlimited authority to the Secretary of the Treasury Department and expressed the hope that proper checks would be provided; *viz.*, a comptroller, auditors, a register and a treasurer."<sup>23</sup> Madison's attitude seemed to reflect the majority sentiment (or perhaps led it) which showed itself in the wording of the act as finally passed. The act establishing a Treasury Department was approved September 2, 1789 (1 Stat. L., 65), but it provided for a considerably more complicated organization than was the case with the State and the War Department acts<sup>24</sup> passed previously. The duties of the Secretary were more carefully specified and the four major officers of the Department, in addition to the Secretary, were made appointees of the President with the advice and consent of the Senate.<sup>25</sup>

This act is of importance and interest from many standpoints. Primarily it placed the Treasury Department in a much more intimate relation to Congress than was the case with other executive departments, partly by the methods of appointment above mentioned and partly by the requirement of the Secretary in Section 2, ". . . to make report and give information to either branch of the legislature in person or in writing (as he may be required) respecting all matters referred to him by the Senate or House of Representatives, or which shall appertain to his office; and generally to perform all such services relative to the finances as he shall be directed to perform."

This appeared, then, to be a victory for the friends of legislative control (even in the compromised form which it had finally as-

<sup>22</sup>Annals of Congress, I, 372-73, 383. Cf. arguments Myers v. U. S.

<sup>23</sup>Short, p. 93. See also Annals of Congress, I, 389, 391-92. Madison later proposed that a definite term for the office of Comptroller be provided (cf. Budget Act of 1921), but after discussion this proposal was withdrawn.

<sup>24</sup>The distrust of placing finances under one-man control was apparent. Congress was jealous of its power over the purse-strings.

<sup>25</sup>The law of September 2 was followed by another approved on September 11, 1789 (1 Stat. L., 67), fixing the salaries of the Secretary (\$3500), Comptroller (\$2000), Auditor (\$1500), Treasurer (\$2000), and Register (\$1250).

sumed), both because of this intimate relation between the Department and the Congress and because of the implication of the provision for the four quasi-independent officers: Comptroller, Auditor, Treasurer, and Register. For a time it was such a victory, but it was not a lasting one. The Treasury Department soon ceased to bear this intimate relation to Congress. As Short says: "

The obvious intention on the part of Congress to keep in close touch with the administration of finance, however, was partially thwarted, first by the failure of the House of Representatives to entertain oral reports from the Secretary of the Treasury and later by the vigorous assertion on the part of President Jackson of the President's authority over the heads of departments, through the exercise of the removal power.

As a result, for a period of over one hundred years, there has been little to distinguish the relation of the Treasury Department to Congress, from that of the other executive departments, and hence numerous anomalies have arisen. In the first place the Treasury Department because of the act of 1789 and the later gradual divorce from legislative supervision, was, until 1921, the only executive department (except the Post Office Department up to 1836) which audited itself both as to expenditures and collections, and this in spite of the fact that the Treasury Department (unlike the English Exchequer for example) was, itself, a great spending agency.

Another situation of immediate pertinence to present controversies also arose out of the act under discussion. The law of 1789 in establishing the Treasury Department placed all auditing and collecting functions (through suit) in the Comptroller and the Auditor of the Treasury, but later legislation removed from these officers the real audit of customs and internal revenue,<sup>18</sup> and pensions and public lands.<sup>19</sup> The development of this phase of affairs is admirably brought out in a letter from the General Accounting Office: "

Originally the Treasury had charge of all of these functions and still has charge of the collection of internal revenue and customs and the Solicitor of the Treasury, though nominally the latter

<sup>18</sup> P. 140.

<sup>19</sup> See act of March 2, 1799; 1 Stat. L., 642.

<sup>20</sup> See p. 48, *post*.

<sup>21</sup> January 28, 1927.

officer is in the Department of Justice. So long as the Treasury Department audited itself [prior to 1921] and collected debts due the Government as a part of the auditing procedure, it did not greatly matter whether these particular duties were performed by one set of subordinates of the Secretary or another set. This fact was not observed when the Budget and Accounting Act was passed with the result that the General Accounting Office did not have retransferred to it the duties which the former accounting officers had of auditing and settling all claims arising out of collections of customs and taxes and the conduct of suits to recover balances due the Government. . . .<sup>a</sup>

But to return to the immediate features of the law.

One of the obvious purposes of the act of 1789 was to provide for the settlement of all public accounts, first and last, in the Treasury Department. While this was accomplished, it did not long remain the practice. Changes were soon attempted in order to reduce the Auditors' work and provide for more accurate and expeditious settlement of claims (1792).

Another feature of the act of 1789, which has been mentioned, was the more or less minute specification of duties and qualifications of the major administrative and technical officers of the Department. The plan of financial administration set up under this act provided elaborate checks and safeguards, and while admittedly unwieldy in certain particulars, has, nevertheless, functioned admirably, on the whole, for over one hundred and thirty-five years, especially from the standpoint of protection against illegal or unauthorized disbursements, or payments to the wrong person.

The sections specifying the duties of Comptroller and Auditors are also of interest in view of the fact that the organization of the former Comptroller of the Treasury is now merged into the Division of Law of the General Accounting Office (plus the added duties arising under the Budget and Accounting Act). These sections provided:

That it shall be the duty of the Comptroller to superintend the adjustment and preservation of the public accounts; to examine all accounts settled by the Auditor, and certify the balances arising thereon to the Register; to countersign all warrants drawn by the Secretary of the Treasury, which shall be warranted by law; to report to the Secretary the official forms of all papers to be issued in the different offices for collecting the public revenue, and the

<sup>a</sup> See Chap. II, pp. 73, 94, *et seq.*, *post.*

manner and form of keeping and stating the accounts of the several persons employed therein. He shall moreover provide for the regular and punctual payment of all monies which may be collected, and shall direct prosecutions for all delinquencies of officers of the revenue, and for debts that are, or shall be due to the United States.

That it shall be the duty of the Auditor to receive all public accounts, and after examination to certify the balance, and transmit the accounts with the vouchers and certificate to the Comptroller for his decision thereon: *Provided*, That if any person whose account shall be so audited, be dissatisfied therewith, he may within six months appeal to the Comptroller against such settlement.

In addition the Treasurer bore certain responsibilities to the Comptroller as follows:

. . . the Treasurer shall render his accounts to the Comptroller quarterly, (or oftener if required), . . . He shall moreover, on the third day of every session of Congress, lay before the Senate and House of Representatives, fair and accurate copies of all accounts by him from time [to time] rendered to, and settled with the Comptroller as aforesaid, . . . He shall, at all times, submit to . . . the Comptroller, . . . the inspection of the monies in his hands; and shall, prior to the entering upon the duties of his office, give bond, with sufficient sureties, to be approved by the Secretary of the Treasury and Comptroller, in the sum of one hundred and fifty thousand dollars, payable to the United States, with condition for the faithful performance of the duties of his office, and for the fidelity of the persons to be by him employed, which bond shall be lodged in the office of the Comptroller of the Treasury of the United States.

The Secretary of the Treasury, the Register, and the Treasurer of the United States still hold office under the act of 1789, as did the Comptroller of the Treasury and the six Auditors (basically at least) until these offices were abolished in 1921.<sup>42</sup>

In summary then, it is seen that in spite of the original intent of the act of 1789 the close supervision of Congress had been lost, (at least in so far as accounts, audits, and investigations go), and the attempt to revive it waited over 130 years. A resumption of the idea of congressional supervision came only with the Budget and Accounting Act of 1921, when general auditing and accounting functions were removed from the Treasury Department and given independent status in the General Accounting Office under a Comptroller General with a tenure of office of fifteen years.<sup>43</sup>

<sup>42</sup> 42 Stat. L., 20, 23, 25.

<sup>43</sup> Cf. Madison's suggestion in 1789.

*Succeeding Legislation.* The act of September 11, 1789, as has been noted, made provisions for the salaries of Treasury officers, but a change in rates came with the act of March 3, 1791 (1 Stat. L., 215), which added \$250 per annum to the salary of the Register and \$400 each to the Auditor and Comptroller. This act also applied certain penalties and prohibitions, contained in the act of 1789, to all clerks of the Treasury Department.

In 1792 two acts were approved which directly affected the matter of audits and accounts. The first of these, February 30, 1792 (1 Stat. L., 232), was "an act to establish the post office and post roads within the United States." This act in Section 4 provided as follows:

That the Postmaster General shall, once in three months, obtain from his deputies, the accounts and vouchers of their receipts and expenditures, and the balances due thereon, and render to the secretary of the treasury, a quarterly account of all the receipts and expenditures in the said department, to be adjusted and settled as other public accounts, and shall pay, quarterly, into the treasury of the United States, the balance in his hands. And the Postmaster General, and his assistant, the deputy postmasters, and such as they may employ in their offices, shall, respectively, before they enter upon the duties, or be entitled to receive the emoluments of their offices, and the contractors for carrying the mail, and their agents or servants, to whom the mail shall be entrusted, before they commence the execution of said trust, shall, respectively, take and subscribe before some justice of the peace, the following oath or affirmation, and cause a certificate thereof to be filed in the office of the Postmaster General; "I do swear (or affirm as the case may be) that I will faithfully perform all the duties required of me, and abstain from every thing forbidden by the law in relation to the establishment of post-offices and post-roads within the United States." "

From this time (1792) until the enactment of the law providing for the office of Auditor for the Post Office Department\* the Postmaster General received accounts from all postmasters (then known as deputies) and forwarded his records of receipts and expenditures in the Postal Service to the Treasury Department, quarterly, for final audit.

\*Modified by the act of March 3, 1825 (4 Stat. L., 102), and repealed July 2, 1826 (5 Stat. L., 80).

"Act of July 2, 1826 above cited.

The second of the acts of 1792 (May 8, 1792; 1 Stat. L., 279) provided for a change of more serious import. The act of 1789 had provided for the settlement of all government accounts primarily and finally in the Treasury Department—a sound principle, but the new law changed this. The position of "Accountant to the Department of War" was now established, and the Secretary of War was given power to make disbursements from Treasury funds "within and under appropriations for the War Department, and it was provided that such warrants should be countersigned by the "Accountant to the Department of War."<sup>4</sup> A check was provided, however, in that the War Department accountant was required to submit a record of his settlements and disbursements for inspection and revision, if necessary, by the Comptroller.<sup>5</sup>

The latter act contained other details of interest and importance though not all applied to matters of accounting and auditing. Section 9, however, made the following provision which touches upon duties now exercised by the General Accounting Office:

. . . the forms of keeping and rendering all public accounts whatsoever shall be prescribed by the department of the Treasury.

The Secretary, in this act, was charged with the superintendence of the collection of duties on imports and tonnage, and this work was assigned to the Comptroller by a departmental circular of October 25, 1792. An annual allowance similar to that provided in a previous act<sup>6</sup> was also made to the Comptroller, and provision was made for appeal from the rulings of the Comptroller to the Commissioner of Revenue (created by the same act), and the Auditor of the Treasury, with the Attorney General, as court of last resort.

Of general interest, but of less importance to this study, was the abolition of the office of Assistant Secretary and the substitution therefor of the Commissioner of Revenue.<sup>7</sup>

<sup>4</sup> Through the Treasurer of the United States.

<sup>5</sup> The previous practice, under the act of 1789, has been the disbursement of funds for the War Department by warrant of the Secretary of the Treasury countersigned by the Comptroller.

<sup>6</sup> But see p. 24 *post*.

<sup>7</sup> 1 Stat. L., 215. The allowances were Comptroller, Auditor, and Treasurer \$400 each, and Register \$500, for the year.

<sup>8</sup> Sec. 6. Abolished in 1802, revived 1813, and again abolished 1817.



The year 1795 brought further powers and duties to the Comptroller and to the Auditor (Act of March 3, 1795; 1 Stat. L., 441). The former was authorized to demand of persons accountable to the United States for moneys, all accounts and vouchers pertinent thereto for submission to the Auditor under penalty of suit. The Auditor upon receipt of such data was required to liquidate allowed credits and report to the Comptroller upon disallowed claims. Such suspended credit or claims, after examination of evidence, were passed upon by the Comptroller and according to the law

. . . in all cases where the final decision of the Comptroller shall be against the claimant such determination shall be final and conclusive to all concerned.

The judicial nature of the Comptroller's powers at this time are patent, and comparison with present day prerogatives of the Comptroller General shows striking similarities.

Two years later, that is, by the act of March 3, 1797 (1 Stat. L., 512), the Comptroller was required to institute suit against revenue officers or other persons accountable for public money who had failed to remit moneys reported due the United States. Here was provided a prosecuting function for the Comptroller in addition to the judicial duties just mentioned.

In each of these cases the independent aspect of his action is to be noted, the Secretary of the Treasury evidently intervening in no way.

The process of decentralization of accounts, begun in 1792 by the establishment of the office of "Accountant to the Department of War," was carried still further by the act of July 16, 1798 (1 Stat. L., 610), which provided for an "Accountant of the Navy." The provisions of this act were similar in all important respects to those in the act of 1792.

By this time the accounts of the Post Office Department, the War Department, and the Navy Department were all subject to a double audit, first in the executive departments concerned and later in the accounting offices of the Treasury Department. This was the initiation of the system of administrative examination of accounts, prior to audit, everywhere applied as the years went on. There is evidence at this time, however, that the system as administered was not giving complete satisfaction. Late in 1801 a com-

mittee of Congress was appointed to investigate the audit and report of expenditures, or, more accurately, "to inquire and report whether moneys drawn from the Treasury have been faithfully applied to the objects for which they were appropriated and whether the same have been regularly accounted for; and to report, likewise, whether any further arrangements are necessary to promote economy, enforce adherence to legislative restrictions and secure the accountability of persons entrusted with public money."<sup>10</sup> This committee on January 21, 1802, requested from the Secretary of the Treasury a complete report on principles and methods of disbursements in the United States Treasury, predicated on three basic questions:

1. How are moneys drawn out of the Treasury?
2. How are they expended?
3. How are they accounted for?

The reply to this request, by Secretary Gallatin, on March 1, 1802, was comprehensive, and offers a detailed description of the methods of the time.<sup>11</sup>

Meanwhile the investigation had been going on, and when the final report was submitted<sup>12</sup> by Representative Nicholson, "upon the whole Committee . . . [was] of opinion that considerable sums of public money have been greatly misapplied, and that much expense has been incurred without any legal authority . . ."<sup>13</sup>

The necessity for an independent audit under the control of Congress seems again to have had early exposition. One or two additional statements in the report apply broadly and are pertinent to present day practice:

. . . Giving publicity to the accounts of the expenditures of money appropriated for contingencies would have the most direct tendency to correct the latitude of construction . . . exercised in that respect. . . .<sup>14</sup>

\* \* \* \*

There are two previous requisites which are necessary to justify the expenditure of public money, and without which no legal ex-

<sup>10</sup> Annals of Congress, XII, 1259.

<sup>11</sup> See *ibid.*, p. 1267.

<sup>12</sup> Application of Public Money—Communicated to the House of Representatives on April 29, 1802. Carried in Annals of Congress XII, 1259, *et. seq.*

<sup>13</sup> *Ibid.*, p. 1266.

penditure can be made: First, that the expenditure for the object to which it is applied, should be authorized by law; and secondly, that an appropriation should have been made to cover the authorized expense.<sup>4</sup>

Further powers and duties were added to the Comptroller by the act of March 3, 1809 (2 Stat. L., 535, 536), which specified in Section 2 that it should be the duty of that officer

. . . in every case where, in his opinion further delays would be injurious to the United States and he is hereby authorized to direct the auditor of the Treasury and the accountants of the war and navy departments<sup>5</sup> at any time, forthwith to audit and settle any particular account which the said officers may be respectively authorized to audit and settle, and to report such settlement for his revision and final settlement.

The Comptroller was also required by this section to lay before Congress, in the first week of its session, an annual statement of the accounts of the Treasury, War, and Navy Departments which had remained unpaid for more than three years, or upon which balances were more than three years overdue. This report was to be accompanied by a statement of the causes preventing settlement of such accounts or the recovery of such balances due.

The requirements of a direct report to Congress, and not either to the Secretary of the Treasury or the President or through such officers, are matters of note. The independence of status of the Comptroller at this early date seems clearly indicated. This whole process, including the acts of 1792 and 1798 establishing accountants for the War and Navy Departments, seems to have been the result of reaction against Hamiltonian centralization in the Treasury Department of all auditing and even purchasing. The heads of the departments mentioned seized upon the opportunity offered by the change of administration and the departure of Hamilton to make themselves independent of the Treasury.<sup>6</sup>

Some three years later, that is, on April 25, 1812 (2 Stat. L., 716, 717), the General Land Office was established and the Com-

<sup>4</sup> *Ibid.*, p. 1263.

<sup>5</sup> Orders, it is to be noted again, were direct to these officers without reference to, or through, the Secretary of the Treasury.

<sup>6</sup> The fact that this did not work well resulted in the act of 1817 later mentioned, but even then no money could be secured out of their appropriations without their consent.

missioner was given power to audit and settle accounts relating to the public land and to certify balances thereon.<sup>9</sup> He was required, however, to transmit each account, with the pertinent vouchers and certificate, to the Comptroller of the Treasury, who was charged with the reviewing function; that is, he was directed "to examine said accounts and make his decision thereon," certifying balances to the Register.

On April 9, 1816, an act was approved (3 Stat. L., 261, 263) which, in Section II, provided for a Commissioner to pass upon claims for property lost, captured, or destroyed in the military service of the United States. This Commissioner was subject to such rules and regulations as the President of the United States might prescribe. Two years later, however, (April 20, 1818) these duties were transferred to the Third Auditor, who, for a period, settled accounts without his acts being subject to review by the Comptroller or other officer.<sup>10</sup>

**Changes in the Treasury.** Meanwhile a new Secretary of the Treasury had been appointed by President Madison on October 22, 1816,<sup>11</sup> and with him came a more or less drastic reorganization of the Treasury Department administration. The movement had been initiated some six months prior to his accession to office, however. On April 20, 1816, the Senate had passed a resolution ". . . requiring the Secretaries of the Departments to report jointly to the Senate, in the first week of the next session of Congress, a plan to insure the annual settlement of the public accounts, and a more certain accountability of the public expenditure in their respective Departments. . . ."<sup>12</sup>

In obedience to this resolution a report was communicated to the Senate on December 9, 1816, which contained recommendations for numerous changes in the administration of Treasury Department affairs.<sup>13</sup>

Generally these recommendations involved the question of the settlement of accounts in the War and Navy Departments through the accountants for those departments. Under the acts of 1792

<sup>9</sup> Section 9.

<sup>10</sup> In 1842 appeals from the Auditors' decisions to the Second Comptroller were authorized.

<sup>11</sup> William H. Crawford. He was reappointed by the incoming President (Monroe) on March 4, 1817.

<sup>12</sup> American State Papers, Misc., II, 396.

<sup>13</sup> *Ibid.*, 396-99.

and 1798 creating these offices the power of revision of the accounts of the departmental accountants had been left with the Treasury Department, but such revision had become a matter of form. In the Treasury Department itself balances or debts admitted for settlement were paid only on report of the Auditor when confirmed by the Comptroller, whose decision was final, while the accountants of the War and Navy Departments were required to transmit, quarterly, to the Treasury Department, for final revision, all accounts which had been settled.

It could not have been the intention of Congress [however] that an officer or an individual to whom money was found to be due by the report of the Accountant of either of those departments should wait for payment not only until the expiration of the quarter, but until his accounts should be reexamined by the Auditor of the Treasury and also by the Comptroller.\*

It was obvious, therefore, that if adequate auditing and inspection were performed for the War and Navy accounts unjustifiable delay would ensue, and that operation under the plan then in force was resulting in preservation of form but neglect of the vital principle. The report of December, 1816, maintained that accounts should be both promptly settled and properly approved and audited and that this could only be brought about, so far as the War and Navy accounts were concerned, either by returning to the principles of the act of 1789, which made primary and final settlement of all accounts in the Treasury Department compulsory, or by finally settling the accounts of the War and Navy Departments without the intervention of the Treasury Department.

*The Act of 1817.* The former plan was recommended, therefore, on the grounds of simplicity and unity, and to carry it out four additional auditors, an additional comptroller, and a solicitor were suggested.\*\* Congress acted with reasonable promptness upon these suggestions, and on March 3, 1817 (3 Stat. L., 366), "An act to provide for the prompt settlement of public accounts" was approved. This provided the additional Comptroller and four Auditors recommended, but failed to provide the Solicitor.\*\* The act

\* *Ibid.*, 397.

\*\* The placing of the Mint under the Treasury was also recommended.

\*\* At the same time the offices of Accountant and Additional Accountant of the Department of War, Accountant of the Navy and Superintendent General of Military Supplies were abolished.

also specified in detail the duties of comptrollers and auditors instead of leaving these matters to administrative regulation.

The Comptroller (now become First Comptroller under the new law) was required "to examine all accounts settled by the First and Fifth Auditors and certify the balances arising thereon to the Register; to countersign all warrants drawn by the Secretary of the Treasury which shall be warranted by law; to report to the Secretary the official forms to be issued in the different offices for collecting the public revenue; and the manner and form of keeping and stating the accounts of the several persons therein; and to superintend the preservation of the public accounts subject to his revision; and he shall provide for the regular payment of all moneys which may be collected." The First Comptroller was further directed "to superintend the recovery of all debts to the United States, to direct suits and legal proceedings and to take all such measures as may be authorized by the laws to enforce prompt payment of all debts to the United States." Section 14 of the act relieved the Comptroller of certain necessities with regard to reporting delinquent debtors.

The duties of the Second Comptroller were thus outlined:

It shall be the duty of the Second Comptroller of the Treasury to examine all accounts settled by the Second, Third and Fourth Auditors, and certify the balances arising thereon to the Secretary of the Department [of War or Navy] in which the expenditure has been incurred; to countersign all warrants drawn by the Secretaries of the War and Navy Departments, which shall be warranted by law; to report to the said Secretaries the official forms to be issued in the different offices for disbursing the public money in those departments, and the manner and form of keeping and stating the accounts of the persons employed therein; and it shall also be his duty to superintend the preservation of the public accounts subject to his revision.\*

In addition to these duties the Second Comptroller took over from the First Comptroller the authority to issue notifications to agents, etc., to render accounts, to institute suits against public defaulters, to authenticate transcripts from the books of the Treasury of

\* The registry and preservation of the accounts mentioned were transferred to the Second, Third, and Fourth Auditors from the office of Register of the Treasury.

balances as evidence in suits, and to direct the Auditor to settle certain accounts.

The act of 1817, in spite of the provision of four additional Auditors, added no new duties or responsibilities to those already exercised by the existing, or First, Auditor since those transferred from the offices of Accountant of the War and Navy Departments (abolished by the act) and other miscellaneous duties were divided among the new auditors provided (Second, Third, Fourth, and Fifth).

The functions of the various Auditors were similar in principle, the difference lying in the field to which they were applied. The First Auditor under the new law received and audited, in general, all accounts accruing in the Treasury Department. In practice, however, he continued to receive and audit also the salary and contingent expense accounts of all other departments except certain incidental and contingent accounts of the Department of State, the Patent Office, and the General Post Office.<sup>17</sup>

The Second and Third Auditors assumed the duties of the First and Second Accountants of the Department of War and were concerned wholly with War Department accounts, while the Fourth Auditor had under his supervision the accounts of the Navy.

To the Fifth Auditor the act of 1817 assigned the accounts of the Department of State, the General Post Office, and those arising out of Indian affairs.

The work of audit and control under this act maintained a marked degree of independence from the Secretary of the Treasury, in spite of being under jurisdiction of the Treasury Department, the officers mentioned having their lines of authority flowing directly to Congress. The heads of departments also retained certain of their powers, in that they might still sign warrants for disbursement from their own appropriations, provided such warrants were registered by the proper auditor of the Treasury Department and countersigned by the Second Comptroller.

As previously noted, a system of administrative examination of accounts, prior to audit, had grown up in the Post Office, War, and Navy departments by 1798, but these were dispensed with by the act of 1817. Such examinations were not again sanctioned by law until 1862.<sup>18</sup>

<sup>17</sup> Mayo, Commercial and revenue system of the United States, II, 97.

<sup>18</sup> 12 Stat. L., 593.

The provisions of this law (1817) also stated that all claims and demands by or against the United States and all accounts in which the United States was interested, either as debtor or creditor, should be adjusted in the Department of the Treasury. This clause remained in force for over a hundred years, or until the Budget and Accounting Act of 1921.

The new arrangements, in general, proved to be reasonably successful. The officers provided under this act continued with the same titles and, generally, the same functions for over seventy-five years,<sup>8</sup> but there did exist two patent defects in the law. The first was the failure to provide for a solicitor of the Treasury Department. That there was knowledge in Congress that the law was not complete, is indicated by a Senate Resolution of December 11, 1817. This required the Secretary of the Treasury "to lay before the Senate information of the progress which has been made in the settlement of public accounts under the act 'to provide for the prompt settlement of public accounts' and that he also state what further legal provisions may be necessary, in his opinion, to insure the speedy settlement of public accounts."<sup>9</sup>

In his report pursuant to this resolution the Secretary took up the question of appointment of a solicitor for the Treasury Department, and in a passage of some length presented an argument for such appointment which included not only many points pertinent to the immediate situation but also presented what, to many, appeared to be a sound thesis on the principles of division of duties and responsibilities. It follows in part:

. . . the appointment of an officer who shall be exclusively charged with the power of instituting and superintending all actions brought by the United States for the recovery of money is again respectfully submitted to the consideration of the Senate. This recommendation is founded upon the fullest conviction that the duties now required of the First Comptroller of the Treasury cannot be correctly performed by any officer whatever. The revision of accounts reported to that officer by the First and Fifth Auditors of the Treasury, and by the Commissioner of the General Land Office, if revision is intended to be any substantial check upon the acts of those officers, must, by every person who will

<sup>8</sup> That is, until the Dockery Act (July 31, 1894, 28 Stat. L., 205, 211). Minor changes were numerous, however.

<sup>9</sup> American State Papers, Misc., II, 460.



take the trouble to examine into the subject, be considered sufficient to command the whole of his time and attention.

It is not expected that the principal officer in the primary or secondary departments of the Government will be able minutely to examine every case upon which they decide; but unless it is understood that a certain portion of the cases will be so examined, a degree of negligence and laxity on the part of the subordinate officers in those departments, whether principal or secondary, may reasonably be expected. The gradation from unintentional error to willful negligence, and from the latter to the practice of deception, is gentle and almost imperceptible. The principal officer of each office is responsible to the nation for the correct discharge of the duties required of him, and legal checks have been devised to correct and detect the errors which may be committed in the execution of their public functions. The clerks or subordinate officers are responsible to the chief of the office for the correct discharge of their duties; the only check, however, which he possesses is the examination which he is able to make of their official acts before they receive his official signature. If, then, the duties required of any officer are so great and multifarious as to prevent his giving to the acts of his subordinate officers such an examination as will render the detection of any errors which may be committed by them probable, there is imposed upon him the highest responsibility, without the adequate means of acting up to that responsibility. Such is believed to be the situation of the First Comptroller of the Treasury.

The correspondence which he is compelled to carry on with the collectors of the customs, the district attorneys, and the marshals, will afford ample employment to an active and intelligent officer, aided by a recording clerk. Should it, however, be deemed advisable to continue with the Comptroller the duty of corresponding with the collectors of the customs, and deciding upon legal questions arising under the revenue laws, the officer proposed to be appointed might find ample employment by being charged with the light-house establishment, which is now under the superintendence of the Commissioner of the Revenue. He might also be directed to perform any other duty which the President of the United States might think proper to require of him.

From the best view of the subject which I have been able to take, the appointment of a Solicitor of the Treasury appears to me to be indispensable, without any reference to the decision of Congress upon the changes which have been proposed to the laws relating to the collection of debts.

If such an office is not created by law, it must exist in fact, as the Comptroller of the Treasury must of necessity delegate to one of his clerks the power of corresponding with the district attorneys and marshals, and hold him responsible for the due execution of

that duty, without being able to examine his acts in a manner to the exercise of a salutary check upon them.<sup>11</sup>

This report is quoted at length as pertinent to the situation to-day. It is maintained that if the contention presented was true at that time, it still is, and offers an argument for the strengthening of the office of Solicitor of the General Accounting Office.<sup>12</sup>

*Miscellaneous Legislation.* No action upon these suggestions was taken by Congress until 1820, but with the act of May 15 of that year (3 Stat. L., 592, 595), "An act providing for the better organization of the Treasury Department," came a partial substitution for the previous failure to supply a solicitor of the Treasury Department. Section 1 of this act said:

. . . it shall be the duty of such officer of the Treasury Department as the President of the United States shall, from time to time, designate for that purpose, as the agent of the treasury, to direct and superintend all orders, suits or proceedings, in law or equity, for the recovery of money, chattels, lands, tenements, or hereditaments, in the name and for the use of the United States.

The duties of this office were carried on, for a short time, by the Comptroller (or rather First Comptroller) as agent of the Treasury, but were ultimately transferred to the Fifth Auditor, who performed them in addition to the other duties of his office.

Meanwhile, the second defect in the act, previously referred to, had slowly developed visibility.

While the law of 1817 established the fundamental relation of the Treasury to departmental accounts it did not provide a permanently efficient system of audit. When the great mass of payments

<sup>11</sup> *Ibid.*, 461. Report submitted January 22, 1818.

<sup>12</sup> There is not unanimity of opinion on this, however. One recognized authority says: "If the theory of this letter were correct the present day departments would have to be divided and subdivided many times before one man could be familiar with everything occurring in said departments. The responsibility is *through* the head of an office and not necessarily that *of* the head of an office. This [the letter quoted above] was about the time of the craze for decentralization that spread over the country and led, for instance, to the subdividing of the city of New Orleans into three separate and distinct municipalities. It caused the creation of the two comptrollers and five auditors in the act of 1817, and the subsequent creation of Commissioner of Customs to act as third comptroller. While this is all interesting . . . its importance is . . . to show what should *not* be done rather than . . . what *should* be done."

came to be made by disbursing officers under bond, accounts instead of undergoing two revisions were subjected to three or four. The real work was performed by the disbursing officers and in the bureaus of the executive departments, while the final responsibility was with the officers of the Treasury. As the volume of business increased, the necessity of revising all accounts burdened the Comptroller with a mass of mechanical work which restricted him to a mere perfunctory examination."

Neither this condition nor the lack of a solicitor, so titled, were destined for early action, however.

By the act of February 24, 1819 (3 Stat. L., 487), the accounts concerning Indian affairs were transferred from the Fifth Auditor to the Second, revising power lying with the Second Comptroller, while by the same act (Section 3) the Second Comptroller was required to countersign all warrants drawn by the Secretary of War on the Treasurer for disbursements for Indian affairs. This transfer reduced the office of Fifth Auditor to a merely nominal status, so far as accounting and auditing were concerned, but other non-accounting and auditing duties were assigned to it." The office was no longer one of moment so far as its prime function was concerned, however.

In 1822 other changes were made. The act of 1817, as has been noted, gave heads of departments power to sign warrants (properly countersigned) for disbursement from their own appropriations. The new law (act of May 7, 1822; 3 Stat. L., 688, 689) provided that all warrants should be drawn by the Secretary of the Treasury upon requisition of the head of the department concerned, countersigned by the Second Comptroller of the Treasury, and registered by the proper Auditor.

The act of March 3, 1825 (4 Stat. L., 102), merely directed that the Postmaster General should ". . . once in three months render to the Secretary of the Treasury a quarterly account of all receipts and expenditures in the said department, to be adjusted and settled as other public accounts."<sup>17</sup> Such a process of adjustment was set up in the Post Office Department under Section 31 of the act.

<sup>17</sup> Hotchkiss, *Judicial work of the Comptroller of the Treasury*, p. 17.

<sup>18</sup> Such as care and superintendence of the Lighthouse Establishment, January 1, 1820.

<sup>19</sup> Repealed July 2, 1836 (5 Stat. L., 80).

No further changes came until 1830, when the office of Solicitor, was finally established. The act of May 29, 1830 (4 Stat. L., 414), entitled "An act to provide for the appointment of a solicitor of the treasury," provided:

. . . that all and singular the powers and duties which are by law vested in and required from, the agent of the treasury of the United States, shall be transferred to, vested in and required from the . . . solicitor of the treasury; . . .

The duties thus were transferred from the Fifth Auditor, to whom they had been assigned, leaving that office with still fewer of its prime functions remaining. The first omission of the act of 1817 was finally provided for, but action on the second was still delayed.

Dissatisfaction continued to exist with regard to the administration of audits and accounts and a movement was initiated in Congress to abolish the offices of Second Auditor and Second Comptroller. The matter was considered by the Senate Committee on Finance, which, in 1832,<sup>22</sup> recommended that these offices be continued, and this was done.

*The Act of 1836.* Action came again within the next few years. Postmaster General Kendall, in his annual report on December 4, 1835, recommended an independent audit by the auditors and comptrollers of the Treasury of the transactions of the Post Office Department.<sup>23</sup>

On June 7, 1836, the House Committee on Commerce issued a report on the reorganization of the Treasury Department<sup>24</sup> recommending a redistribution of work among the several bureaus. A bill to this effect was also introduced and reported out of committee, but no further action was taken. However, within a month a law was enacted under which the Fifth Auditor again suffered subtraction of duties. This was the act of July 2, 1836 (5 Stat. L.,

<sup>22</sup> 22 Cong. 1 sess., S. rep. 138.

<sup>23</sup> He said in part "It is believed to be a sound principle that public officers who have an agency in originating accounts should have none in their settlement. The War and Navy Departments are in general organized upon this principle. . . . If from any cause an illegal expenditure be directed by the head of a Department, it is the duty of the disbursing agent not to pay the money; and if he does pay it, it is the duty of the Auditors and Comptrollers to reject the item in the settlement of his account. . . ."

<sup>24</sup> 24 Cong. 1 sess., H. rep. 740.

80), "An act to change the organization of the Post Office Department and to provide more effectually for the settlement of the accounts thereof." The subtraction mentioned was rather theoretical than practical, however, for although the Fifth Auditor had been responsible under the law for the examination and adjustment of post-office accounts these accounts were given such a systematic and thorough examination and audit before being transmitted to the Treasury Department from the Post Office Department that further inspection was merely a matter of form.

Nevertheless, the new act removed even this nominal duty from the Fifth Auditor and placed it under the "Auditor of the Treasury for the Post Office Department," who thus became Sixth Auditor. The complete and practically final inspection of accounts of the Post Office Department continued in that Department under the new law, so that dispute now arose as to whether the Sixth Auditor belonged there or under the Treasury Department. The status of this officer was not determined officially until 1893.<sup>19</sup>

At the same time that the new law removed the auditing of Post Office accounts from the Fifth Auditor, it dispensed with revision by the First Comptroller and with registration and preservation by the Register of the Treasury. In effect, therefore, the act concentrated in the Sixth Auditor the functions of comptroller, auditor, register, and solicitor, at least so far as Post Office accounts were concerned.

The act, in Section 8, also required the new auditor to certify all balances to the Postmaster General instead of to the Comptroller and to receive, audit, and settle accounts (arising in the Post Office Department), but provided that "if either the Postmaster General or any person whose account shall have been so settled, be dissatisfied therewith, he may, within twelve months, appeal to the First Comptroller of the Treasury, whose decision shall be final and conclusive."

The latter provision, in theory at least, added to the judicial or appellate responsibilities of the Comptroller in return for having taken from him the power of revision over Post Office accounts.

Again in 1837 the Commerce Committee of the House recommended reorganization of the Treasury Department<sup>20</sup> and reported

<sup>19</sup> 20 Opp. Atty. Gen. 677 (1893).

<sup>20</sup> 25 Cong. 2 sess., H. doc. 81.

a bill therefor, but legislative action did not come until a few months later.

By the act of April 6, 1838 (5 Stat. L., 335), moneys in the hands of pension agents unclaimed for a certain period were required to be transferred to the Treasury, and such unclaimed pensions were thereafter payable only at the Treasury. Claims for such amounts were to be examined and settled by the Third Auditor but were subject to the revision of the Second Comptroller.

*Lack of coordination.* The changes in accounting and auditing administration over a period of fifty years had not, on the whole, improved the general situation. Each change was carefully designed to meet, or correct, a particular, or immediate, situation, but correlation and the larger view had been neglected, and the result was a degree of heterogeneity, with the distribution of work unbalanced.

The Fifth Auditor, as has been observed, was stripped of most of his responsibilities, at least so far as audit and accounts were concerned, while the First Comptroller had a variety of duties thrust upon him.

Attempts had been made, therefore, as early as 1834 to relieve the First Comptroller of some of his duties. In that year the Secretary of the Treasury had transmitted a letter to Congress, outlining a possible reorganization of the Treasury Department<sup>23</sup> with a view to the simplification of the settlement of accounts and consequent reduction of clerical force. In this letter he recommended that duties concerned with receipts from customs and the accounts of collectors and other customs officers be removed from the First Comptroller and placed (together with certain other duties not appropriate to the office of First Comptroller) under the Second Comptroller. The title of Second Comptroller was to be changed to "Commissioner of the Customs."

No action was taken upon these suggestions, though the recommendation was repeated on January 6, 1837, in a special report to Congress,<sup>24</sup> "a statement showing the present system of settling the public accounts and a plan for its simplification." In this document the author said:

<sup>23</sup> 23 Cong. 2 sess., S. doc. 6. This was in response to a resolution of May 8, 1832.

<sup>24</sup> P. G. Washington, Inquiry into a system of public accounts, 24 Cong. 2 sess., H. ex. doc. 71.

The complexity of the public accounts is a matter of general remark, and all who examine the subject must concur in the President's opinion that the system requires a general reform. There is undoubtedly more machinery than is requisite for the safe disbursement of the public funds or the correct liquidation of the public accounts; and if any part operate uselessly (to say nothing of the needless expense involved) it must operate injuriously, by retarding the prompt action of the Departments and by subjecting the claimants upon them to inconvenient and vexatious delays. If we examine the different parts of the machinery, and look at its means of giving information of the operations of the Departments, we shall find that the system is not less imperfect. The duties are not distributed and arranged among the different offices in the most appropriate and suitable way, their limits of authority are not clearly laid down, and there wants a single office for general deposit and access after the accounts have gone through their course of settlement. To obtain information in a system so deficient in order, is by no means easy even to the executive officers, whilst to Congress it must often prove exceedingly embarrassing. If it is frequently a matter of perplexity to Congress, to a committee, or to an individual to determine where he ought to apply, so on the other hand, it is sometimes a matter of no less difficulty with the officers to decide which can or ought to furnish the required information.

Such conditions were obvious to the Secretary of the Treasury also who continued to recommend remedial measures in his annual report for a number of years, but without result.

Finally, the evils of overburdening officers, especially the Comptroller, with miscellaneous and frequently irrelevant details were emphasized by the discovery of flagrant defalcations. Such revelations resulted in investigations and a select committee on retrenchment was appointed in 1841. This committee in its report gave clear recognition to the evils of multiple responsibility and hence recommended relieving the First Comptroller of all administrative duties.<sup>27</sup> He was thus to be freed to devote himself solely to his judicial or appellate responsibilities. Again action was delayed, and no progress in the matter of relief was made until 1849. On March 3 of that year "An act to . . . provide . . . a Commissioner of the Customs" was approved (9 Stat. L., 395, 396). It provided that this Commissioner should perform all the acts and exercise all the powers "hitherto imposed by law upon the First Comptroller of the Treasury, relating to the receipts from customs

<sup>27</sup> 27 Cong. 2 sess., H. rep. 741 (1842).

and the accounts of collectors and other officers of the customs, or connected therewith."

*A "Third Comptroller" Appears.* This new officer ranked with the First Auditor of the Treasury and in relieving the First Comptroller of numerous duties, performed what were, in effect, the functions of a third comptroller.<sup>118</sup> As has been noted, the abolition of the office of Second Comptroller had been unsuccessfully advocated in 1832. In 1849, when action was finally taken upon the recommended reorganization, the argument was presented that work for both comptrollers' offices had so increased that the retention of both was necessary, in addition to the newly provided Commissioner of the Customs.

The Fifth Auditor (like the First Comptroller) had also been burdened with administrative duties concerned with lighthouses. The act of August 31, 1852 (10 Stat. L., 119), by Section 8, established a Lighthouse Board and relieved him of such duties.

In 1855 the Attorney General rendered an opinion which held that the Sixth Auditor was an officer of both the Treasury and Post Office departments, having privity of official relation with both.<sup>119</sup>

**Accounting Legislation, 1856 to 1872.** Upon request Secretary Guthrie submitted a letter to Congress in 1856<sup>120</sup> on the subject of retrenchment in the expenses of the government and improvement in transaction of business at the Treasury Department. In this he recommended that creditors be required to render monthly statements to the United States and that monthly settlements be made. He wrote further

In order to supersede the unnecessary labor of keeping double accounts of the army, in the Second and Third Auditors' offices with the liability to confusion and error therein on the one hand and to harmonize the Interior with other departments of the Government on the other, it was recommended<sup>121</sup> that all accounts of the War Department should be transferred to the Third Auditor

<sup>118</sup> The act also authorized the appointment of an Assistant Secretary of the Treasury by the Secretary. The office of Second Comptroller of the Treasury was still in existence.

<sup>119</sup> See p. 32, *ante* and p. 48, *post*.

<sup>120</sup> 34 Cong. 3 sess., H. ex doc. 2, pp. 660-64.

<sup>121</sup> Previously by him to the Thirty-third Congress, Second Session.



and the Second Auditor be vested with the settlement of all accounts of the Interior.

This suggestion was not acted upon. On the contrary the act of March 3, 1857 (11 Stat. L., 201), was passed providing that ". . . all accounts and vouchers of the disbursing officers of the quartermaster's department of the Army shall be audited and settled by the Third Auditor of the Treasury."

The act of July 1, 1862 (12 Stat. L., 432), "to provide internal revenue to support the government and to pay interest on the public debt," established the office of Commissioner of Internal Revenue and this officer by a later act (act of June 30, 1864; 13 Stat. L., 223) had imposed upon him certain duties which affected auditing and accounting methods.

. . . the said commissioner shall render true and faithful accounts of all public moneys received or paid out, or paid to the treasurer of the United States, exhibiting proper vouchers therefor, and the same shall be received and examined by the fifth auditor of the treasury, who shall thereafter certify the balance, if any, and transmit the accounts, with the vouchers and certificate, to the first comptroller for his decision thereon. . . . He shall at all times submit to the Secretary of the Treasury and the comptroller, or either of them, the inspection of moneys in his hands, and shall, prior to the entering upon the duties of his office, execute a bond, with sufficient sureties, to be approved by the Secretary of the Treasury and by the first comptroller . . . which bond shall be filed in the office of the first comptroller of the treasury.

. . . before any collector shall enter upon the duties of his office, he shall execute a bond . . . which bond shall be filed in the office of the first comptroller of the treasury.

. . . if any collector shall fail either to collect or to render his account, or to pay over in the manner or within the times hereinbefore provided, it shall be the duty of the first comptroller of the treasury, and he is hereby authorized and required, immediately after evidence of such delinquency, to report the same to the solicitor of the treasury, . . . .

By the act of July 17, 1862 (12 Stat. L., 593), it was required that the accounts of disbursing officers, with the necessary vouchers, should be "rendered direct to the proper accounting officers of the treasury." This provision was repealed by a joint resolution of March 2, 1867 (14 Stat. L., 571), which directed that "all such accounts and vouchers shall hereafter be sent to the bureau

to which they pertain, and, after examination there, shall be passed to the proper accounting officer of the treasury for settlement." Legislative authority was thus given for the practice of administrative examination of accounts in the several departments prior to audit and settlement by the accounting officers of the Treasury.\*

Additional duties of prescribing the form and sum of bonds for collectors were placed upon the First Comptroller by the act of March 3, 1865 (13 Stat. L., 469), in section 4:

. . . And it shall be the duty of such of the collectors of internal revenue as the Secretary of the Treasury may direct to act as disbursing agents . . . to give good and sufficient bonds and sureties for the faithful performance of their duties . . . in such sums and form as shall be prescribed by the first comptroller of the treasury and approved by the Secretary.

In the next year collectors were required to certify certain facts to the First Comptroller (act of July 13, 1866; 14 Stat. L., 93, 110), and the auditors of certain war claims were directed to report to the Second Comptroller as follows (act of July 28, 1866; 14 Stat. L., 324, 327):

That the said auditor shall, in all cases, transmit his adjustment, with all the papers relating thereto, to the second comptroller, for his revision and decision thereon, the same in all respects as is provided in the act of the second of September, *eighteen* [seventeen] hundred and eighty-nine.

On March 2, 1867, procedure for refunds to national banks for overpayments was provided for in the law (14 Stat. L., 572), such claims having to be reviewed by the First Comptroller.

On January 29, 1868, Hugh McCullough, Secretary of the Treasury, transmitted a letter to the chairman of the Senate Committee on Finance concerning the reorganization of the Treasury Department.\*\* The only portion which dealt with accounting and auditing matters, however, entered a plea for increase of salary,\*\* but some three months later, (March 30, 1868), an act was approved

\* It has been maintained by some that the law merely crystallized the practice which had been growing steadily for years.

\*\* 40 Cong. 2 sess., S. misc. doc. 23.

\*\* First Comptroller from \$3500 to \$5000, Second Comptroller from \$3000 to \$5000, and the Auditors from \$3000 to \$4500.

(15 Stat. L., 54) which had an important effect upon the judicial powers of the Comptroller. The law said:

That the act of March three, eighteen hundred and seventeen, entitled "An act to provide for the prompt settlement of public accounts," shall not be construed to authorize the heads of departments to change or modify the balances that may be certified to them by the commissioner of customs or the comptroller of the treasury, but that such balances, when stated by the auditor and properly certified by the comptroller as provided by that act, shall be taken and considered as final and conclusive upon the executive branch of the government, and be subject to revision only by Congress or the proper courts: *Provided*, That the head of the proper department, before signing a warrant for any balance certified to him by a comptroller, may submit to such comptroller any facts in his judgment affecting the correctness of such balance, but the decision of the comptroller thereon shall be final and conclusive as hereinbefore provided.

There had been long dispute over the question of the heads of departments attempting to set aside the decisions of the Comptrollers. The Attorneys General had been divided in opinion, and practices were not uniform.<sup>22</sup>

The purpose of this law [1868] was to relieve an uncertainty arising out of a decision of the Supreme Court in *U. S. v. Jones* (18 Howard 92), to the effect that accounting officers could not question decisions reached by heads of executive departments. The principle was never fully accepted by the officers of the Treasury. In 1856 Secretary Guthrie had instructed the fourth Auditor that it should be held to apply only to the particular case and not considered as changing the law. (Cf. Renick, E. I., in *Pol. Sci. Quart.*, VI, p. 277). The law of 1868 was statutory confirmation of a principle already established in actual practice.<sup>23</sup>

The act of 1868 remained the only statute bearing on this phase of matters until the "Dockery Act" in 1894 gave permanent legal sanction to the judicial functions of the Comptroller.

Later in the same year (July 20, 1868), an act was approved (15 Stat. L., 106) which provided:

That hereafter the accounts of the Agricultural Department shall be audited by the First Auditor of the Treasury Department and revised and certified by the First Comptroller according to law.

<sup>22</sup> See H. Committee on Revision of the Laws, Report, *Cong. Record*, xxvi, p. 4342, *et seq.*

<sup>23</sup> Hotchkiss, p. 19, n. 24.

The year 1872 saw the approval of "An act to revise, consolidate, and amend the statutes relating to the Post Office Department" (act of June 8, 1872; 17 Stat. L., 283, 287). This law was confirmatory, in fact a repetition, of the act of July 2, 1836 (5 Stat. L., 80), so far as provisions concerning the Auditor of the Treasury for the Post Office Department were concerned. The Sixth Auditor remained, in effect, as he had been since 1836—a combination of comptroller, auditor, register, and solicitor with regard to Post Office claims and accounts," and so continued until 1894—the Dockery Act.

**The Period from 1872 to 1892.** From the foregoing pages it is evident that legislation during a period of over a quarter of a century made no changes of a fundamental nature, nor did they affect principles in any vital way, with the exception, perhaps, of the legal sanctioning of administrative examination of public accounts as carried in the act of 1867.

The twenty years subsequent to 1872 were equally devoid of vital legislation or important changes. Numerous alterations in administrative procedure and detailed jurisdiction are recorded, however, and evidences of dissatisfaction with regard to the conduct of Treasury affairs in general (though not applying particularly to audits or accounts) occur.

Early in 1876 an investigation of the books and accounts of the Treasury Department had been completed, and on June 6 of that year a report was made particularly emphasizing discrepancies and alterations in amounts and figures."

In the following year, on October 18, Senator Davis of West Virginia introduced a resolution directing that a committee be appointed to investigate the finance reports, books, and accounts of the Treasury Department, seeming evidence either that no improvement had been apparent as a result of the previous report or that such report had not been considered adequate. As a result a resolution of the Senate was passed, in slightly different form, on November 19, 1877, and a select committee was appointed to make the investigation.

On May 17, 1878, Senator Davis again introduced a resolution directing that the committee mentioned should continue its investi-

" For discussion, see 20 Opp. Atty. Genl. 677.

" 44 Cong. 1 sess., S. rep. 371.

gation and sit during recess of the Senate," and the investigation seemingly continued, for a report was forthcoming on April 28, 1880.<sup>45</sup> The issuing of this report brought still further action in the form of a resolution of January 12, 1881,<sup>46</sup> which instructed the Senate Committee on Finance "to inquire whether the interests of the public service would not be promoted by such a change or modification of the Treasury Department as would secure a division of responsibility in the collection, disbursement and safe keeping of the revenues. . . ."<sup>47</sup>

In 1882 a bill was introduced in the House of Representatives providing that the title of the Auditor of the Treasury for the Post Office Department should be changed to Sixth Auditor, and that the accounts of this officer should be reviewed, settled, and certified by the First Comptroller,<sup>48</sup> but the bill did not become a law, and the practice recommended had to wait for some dozen years.

On August 3, 1882, a joint resolution was approved (22 Stat. L., 391) which required the Public Printer to print "the decisions and opinions of the First Comptroller of the Treasury Department."

A most complete and intensive study of Treasury Department affairs (though not concerned primarily with audit and accounts) came within the next five years. A select committee was appointed under a Senate Resolution of March 3, 1887 (and later continued), ". . . to inquire into and examine the methods of business and work in the Executive Departments of the Government." This inquiry was made, and a most exhaustive report submitted on March 8, 1888.<sup>49</sup> This report among other things said:

The most feasible and practical remedy your committee can suggest is for the Secretary of the Treasury . . . to select a committee or commission of three competent, industrious, painstaking officers or employees of . . . [the Department] most familiar with the existing methods of business therein, and with correct, proper and prompt business methods generally and not wedded to the idea

<sup>45</sup> 45 Cong. 2 sess., S. misc. doc. 71.

<sup>46</sup> 46 Cong. 2 sess., S. rep. 539.

<sup>47</sup> 46 Cong. 3 sess., S. misc. doc. 16.

<sup>48</sup> The resolution also added ". . . and to consider the expediency of transferring to the War or Navy Department, the Steamboat Inspection Service, the Life Saving Service, the Light House Board, the Coast and Geodetic Survey and Marine Hospital Service."

<sup>49</sup> 47 Cong. 1 sess., H. rep. 654.

<sup>50</sup> 50 Cong. 1 sess., S. rep. 507, pp. 116, 117.

that the age of existing methods has made them the only correct and proper ones or that any change therein will be an improvement.

This commission was to trace procedure and study methods and make reports thereon to the Secretary. Suggestions to this end were made by letter to the Secretary, and the departmental commission was appointed. The report was made on January 18, 1889,<sup>1</sup> but involved routine largely and did not affect in any vital way principles and practices connected with auditing and accounting.<sup>2</sup>

*The Dockery-Cockrell Commission.* Dissatisfaction with the functioning of the Treasury Department was not confined to Congress, however. Secretary Charles Foster in his last annual report (1892) urged drastic reforms in methods,<sup>3</sup> and recommended the appointment of a committee to investigate conditions and report to the next Congress. Following this recommendation a resolution was approved embodying the provisions outlined by the Secretary<sup>4</sup> and the investigation, or study, was initiated by a joint commission. This commission was appointed under the act of March 3, 1893 (27 Stat. L., 675, 681), which stated:

That a joint commission, consisting of three Senators, members of the Fifty-third Congress to be appointed by the present President of the Senate, and three members-elect to the House of Representatives of the Fifty-third Congress, to be appointed by the Speaker of the House of Representatives of the Fifty-second Congress, shall, during the Fifty-third Congress, inquire into and examine the status of the laws organizing the executive departments, bureaus, divisions, and other Government establishments at the National Capital; the rules, regulations, and methods for the conduct of the same; the time and attention devoted to the operations thereof by the persons employed therein, and the degree of efficiency of all such employees; whether any modification of these laws can be made to secure greater efficiency and economy; and whether a reduction in the number or compensation of the persons authorized to be employed in said executive departments or bureaus can be made without injury to the public service: *Provided*, That the Commission herein authorized shall have no jurisdiction to inquire into and report on Pension legislation. Said commission is authorized to employ not exceeding three experts, who shall render such

<sup>1</sup> 50 Cong. 2 sess., S. rep. 2, pp. 49-78.

<sup>2</sup> Labor- and time-saving recommendations were made with regard to accounts and the elimination of duplicated work, but fundamentals were not affected.

<sup>3</sup> 52 Cong. 2 sess., H. ex. doc. 23.

<sup>4</sup> 52 Cong. 2 sess., H. rep. 2154.

assistance as the commission may require in the prosecution of the investigation herein required, and shall receive such compensation as the commission shall determine to be just and reasonable. The heads of the respective Executive Departments shall detail from time to time such officers and employees as may be requested by said commission in their investigations. Said commission or any subcommittee thereof shall have power to send for persons and papers, and to administer oaths, and such process shall be issued and such oaths administered by the chairman of the Commission or subcommittee, and the Commission may report, by bill or otherwise, to their respective houses of the Fifty-third Congress. All necessary expenses of said commission shall be paid out of any money in the Treasury not otherwise appropriated upon vouchers approved jointly by the chairman of said Commission.<sup>5</sup>

The reports and recommendations of the Commission began to appear in September, 1893, and covered numerous matters: laws relating to organization, description of personnel, methods of accounting, and condition of business (delinquencies, etc.).<sup>6</sup> In sum the recommendations called for a complete reorganization of accounting and auditing methods, and a bill was introduced in the House<sup>7</sup> which embodied most of these recommendations. This bill, backed by the whole-hearted support of the Treasury Department, was reported favorably to the House (March 29, 1894), but was recommitted and a substitute measure reported out on May 1. This bill passed the House on the following day but did not reach a vote in the Senate.<sup>8</sup> The essential provisions were not lost, however, since they were incorporated immediately in the legislative, executive, and judicial appropriation act of that year, which was approved on July 31, 1894. While the provisions thus formed but a portion of a larger act they became known, together, as the "Dockery Act" (28 Stat. L., 162, 205).<sup>9</sup> This act was, without

<sup>5</sup> This commission was composed of Senators Cockrell, Jones, and Cullom and Representatives Dockery, Richardson, and Dingley. The actual work was under the immediate supervision of Mr. J. W. Reinhart, Vice-President of the Santa Fe Railroad.

<sup>6</sup> 53 Cong. 2 sess. S. reports 41, 47, 93, 95, 201, 240, 293, 447, 952 and 1033. These citations apply primarily to Treasury Department matters, though the studies and reports of the Commission covered all executive departments.

<sup>7</sup> By Mr. Dockery, Chairman of the Commission.

<sup>8</sup> Consideration was indefinitely postponed on July 30.

<sup>9</sup> House Report 637, 53 Cong. 2 sess., contains a brief summary of the accounting changes provided.

question, the most important piece of legislation, so far as audit and accounts were concerned, enacted between 1789 and 1921.

**The Dockery Act, 1894.** The accounting and auditing system previous to the Dockery Act had developed from its original status wherein one comptroller and one auditor appeared, to an organization with five auditors who submitted reports to three independent comptrollers (with the General Land Office settling its own accounts directly through a comptroller without the intervention of an auditor) and a sixth auditor acting independently of the comptroller except upon appeal.<sup>53</sup>

This system of examination which was, in effect, a three-fold one, resulted in considerable delay, and in the attempt to expedite matters the auditors, finally, were to a large degree ignored. Hence the Government, of necessity, had to rely, to a considerable extent, upon examination in the administrative departments to insure adequate inspection and control of expenditures.

The existing system (that is, before the Dockery Act) was well reviewed in the report to accompany Senate Bill 1831,<sup>54</sup> which said in part:

The system was originally devised and projected on the organization of the Government, with special reference to the adjudication of claims, which then constituted the preponderating part of accounts and for the business of the Government as it then existed when there was no preliminary examination of accounts by administrative or disbursing officers.

<sup>53</sup> The development had been:

- |           |  |
|-----------|--|
| 1789      | — One Comptroller and one Auditor  |
|           | { Comptroller and Auditor  |
|           | { Accountant for the War Department                                      |
|           | { Additional Accountant for the War Department                           |
| 1816      | { Accountant for the Navy Department                                     |
|           | { Commissioner of the General Land Office                                |
|           | { Commissioner to pass upon claims for property lost in military service |
|           | { Two Comptrollers and five Auditors                                     |
| 1817      | { Commissioner of the General Land Office                                |
|           | { Commissioner to pass upon claims for property lost in military service |
|           | { Two Comptrollers and five Auditors                                     |
| 1849-1894 | { Commissioner of General Land Office                                    |
|           | { Commissioner of Customs ("Third Comptroller")                          |

<sup>54</sup> 53 Cong. 2 sess., S. rep. 293.



The Treasury Department then contained a Secretary, Comptroller, Auditor, Treasurer and Register. Of these the only officers to which were assigned accounting were the Comptroller and the Auditor. The Secretary superintended the business of the Department, including the collection of revenue, and granted warrants countersigned by the Comptroller for the payment of money, but no authority was given him to adjust or decide upon accounts. The Treasurer himself was an accountable officer and had no authority to pass on the accounts of others. The Register had no authority over either payments or settlements but simply kept the books of account and registered the settlements and payments made. The heads of the Executive Departments did not first pass upon accounts and there was no general system of disbursing by disbursing officers as now.

. . . There was but a single revision of the accounts instead of practically two as now, and no unnecessary delay was occasioned in the dispatch of the public business.

. . . The value of the function of the Register [who simply kept the books and preserved the accounts] seems to have been doubted when, in establishing the Second, Third and Fourth auditors in 1817, they were authorized to keep their own books and preserve their accounts.

If [now—1893] all demands on the Government could be presented direct to the Auditors and they could be passed upon and put in shape for payment and be revised only once, then paid, and the books of account for all kept in one department, the original plan might work properly for the present business; but this is impracticable, as the expenditures of the Government have become so great that it has been found necessary to make payments under the heads of the various Executive Departments.

To facilitate such business the act of January 31, 1823, was passed, allowing advances to be made to disbursing officers. . . .

The accounts now, in most cases, have three and sometimes four examinations; that of the disbursing officer, as to 90 per cent of the business; that of the Executive Department, that of the Auditor, and that of the Comptroller—the examinations by the Executive Department not having existed when the present system was originally established, and that by disbursing agents to a comparatively small extent. This triple, and in many cases quadruple examination—two more examinations than existed originally—causes great delay, and it is questionable whether the examinations are not more loosely conducted than if there was more responsibility placed upon one of the examinations. . . .

The changes which have been made in the accounting system as originally established show that this system has proved inadequate as the business of the country has increased and that experience has demonstrated so many examinations unnecessary. First in the

establishment of the General Land Office in 1812 . . . and in the establishment of the Interior Department in 1849 the accounts of the General Land Office were by law authorized to be audited and settled in the administrative office, and to pass from there directly to the Comptroller for his decision. Secondly, in the establishment of the Auditor for the Post-Office Department in 1836, his audit was made final and conclusive and not subject to revision except upon appeal to the Comptroller.

In conclusion this report declared: "It is clear that the present mode of settling accounts does not answer the demands of public justice or economy; and it is also clear that the divided responsibility does not protect the Government."

With these weaknesses the Dockery Act dealt, and the changes made were drastic. The offices of First and Second Comptroller were abolished, as well as their deputies and the Commissioner of Customs. In substitution a Comptroller of the Treasury was provided for and an Assistant Comptroller. The titles of the auditors were changed from First, Second, Third, Fourth, Fifth and Sixth, respectively, to Auditor for the Treasury, for the War, for the Interior, for the Navy, for the State and other Departments, and for the Post Office Department.

The Assistant Comptroller was given power to sign warrants, but only under the authority and direction of the Comptroller; and the administrative duties which had been hampering the technical activities of the comptrollers so severely for a number of years, were transferred to, and properly allocated among, the auditors for the various departments.

Under this law the appellate aspect of the Comptroller's work was broadened, and to it was added an authoritative advisory jurisdiction. With regard to the former the law provided that the head of any executive department or of any board, commission, or other organization unit not subject to an executive department, or any other person whose account had been settled by an auditor, might, within one year, if dissatisfied with the settlement, appeal to the Comptroller.

It was also provided that the Comptroller, of his own accord, might within the same period, revise any account.

The Secretary of the Treasury was given power to suspend payment and require reexamination of the account after the Comp-

troller's decision, if in his judgment protection of the interests of the United States Government required it. By such action, however, the Secretary was not accorded jurisdiction over the case, but could only require a second examination by the Comptroller, whose final decision became binding upon the executive branch of the government.

The advisory functions of the Comptroller were also specified in that he was required to give decision upon any question involving prospective payment of a claim upon application of a disbursing officer, head of an executive department, or of a board, commission, or establishment not subject to an executive department. Such decision was binding not only upon the auditor who had jurisdiction but also upon the Comptroller himself, should the payment later come to him upon appeal.

The law also required auditors to report to the Comptroller and suspend payment upon such items as they, the auditors, had involved in original construction of the statutes or modification of an existing construction, until the Comptroller approved, disapproved, or modified their action.

The Dockery Act, therefore, specifically and comprehensively defined the judicial functions of the Comptroller, which, while they had been exercised to a greater or less degree since 1789, had never before received adequate and definite legal sanction. Furthermore, by removing administrative duties from the Comptroller and confining his duties to the legal construction of cases, the law gave recognition to the judicial work of that officer as his prime and almost exclusive duty.

The new law also made certain important changes in the procedure with regard to audits and accounts. The existing Division of Warrants, Estimates, and Appropriations was enlarged and its designation changed to "Division of Bookkeeping and Warrants," becoming, thus, the official recording unit,<sup>23</sup> but the duties of the Register, in addition to those already exercised, were left for prescription by the Secretary of the Treasury. In the procedure contemplated by the law the auditors received claims and accounts through the administrative officers, who, before submission to the auditors, approved or disapproved, in whole or in part, items

<sup>23</sup> It was retained under the office of the Secretary, however.

coming before them and added evidence or comment thereon for the information of the auditors.

The auditors received and examined accounts and vouchers and certified their findings, and their certificates were final and conclusive upon the executive departments subject only to the appeals mentioned in a previous paragraph. The routine resulting from the provisions of the law was, briefly, as follows: The account or item being inspected or audited by the Auditor passed from the bookkeeping division under his jurisdiction to the Secretary of the Treasury, thence through the office of the Comptroller to the Treasurer, returning to the auditor with the amount and date of payment noted.

In advancing money, the requisition upon the Treasury having been signed by the proper authority, it was forwarded to the Division of Bookkeeping and Warrants to ascertain the condition of the account. This having been determined, it was passed to the proper auditor, who acted as conditions dictated. If the requisition was approved, it was returned to the Division of Bookkeeping and Warrants, where a warrant for withdrawal was issued. This was then attached to the requisition and forwarded to the Treasurer, who issued the draft and after proper notation returned the requisition to the auditor for his files.

Under the new law, however, the auditors were directed to disapprove all requisitions of officers delinquent in submitting their accounts; such decision being subject to reversal by the Secretary, whose duty it was made to lay down regulations for insuring prompt settlement and to report annually to Congress the names of all officers delinquent during the preceding year.

The system in general followed the lines of the judicial procedure of the Government, the auditors functioning as the court of general and original jurisdiction and passing judgment upon the accounts and claims submitted. The Comptroller acted as appellate division or court of appeals, it being possible to carry appeals to him within a year, his decision being conclusive upon the appellant.<sup>28</sup>

Certain exceptions to the procedure mentioned existed under the new law, the first of which concerned accounting for postal revenues. While it was provided that the first five Auditors should

<sup>28</sup> Subject, as previously mentioned, to the right of the Secretary to demand a re-examination with the Comptroller's second decision being final.

certify their findings to the Division of Bookkeeping and Warrants, the Auditor for the Post Office Department was directed to certify to the Postmaster General for accounts concerning postal revenue and expenditures therefrom. With regard to other accounts, however, the Auditor for the Post Office Department submitted to certification by the Division of Bookkeeping and Warrants of the Treasury Department.

The law further provided for the submission of money-order accounts by postmasters direct to the Auditor for the Post Office Department, without the intervention of any administrative examination.

Strictly speaking, then, the policy of regarding the Post Office Department as distinct from other activities of the Government was confirmed, the relation between the Post Office and Treasury Departments consisting of the common relation of the Comptroller and his jurisdiction on appeal.<sup>44</sup>

Numerous other miscellaneous duties were required of the Auditor for the Post Office Department under the Dockery Act which were not required of other auditors by that law.

While the law retained the provision that returns concerning public lands should be made to the Commissioner of the General Land Office, the accounts of that Office were now passed through the Auditor for the Interior Department instead of going direct to the Comptroller as previously provided.<sup>45</sup>

For reference and comparison, a résumé of the duties of Comptroller and Auditors under the Dockery Law are appended:

*Comptroller of the Treasury.* The Comptroller of the Treasury, under the direction of the Secretary of the Treasury, prescribes the forms of keeping and rendering all public accounts except those relating to postal revenues and the expenditures therefrom. He is charged with the duty of revising accounts upon appeal from settlements made by the Auditors. Upon the application of disbursing officers, the head of any executive department, or other

<sup>44</sup> The original bill, drawn in 1836, to reorganize the Post Office Department provided for placing the Sixth Auditor under jurisdiction of the Postmaster General, in order to preserve post office funds and accounts separately from other government funds. After congressional debate, however, this auditor was placed in the Treasury Department. (5 Stat. L., 80, 81.)

<sup>45</sup> The law establishing the General Land Office in 1812 (2 Stat. L., 716) made provision for such direct submission, and it was continued in the act of 1849 (9 Stat. L., 395), transferring the Office to the Department of Interior.

independent establishment not under any of the executive departments, the Comptroller is required to render his advance decision upon any question involving a payment to be made by them or under them, which decision, when rendered, governs the Auditor and the Comptroller in the settlement of the account involving the payment inquired about. He is required to approve, disapprove, or modify all decisions by Auditors making an original construction or modifying an existing construction of statutes, and certify his action to the Auditor whose duties are affected thereby. Under his direction the several Auditors superintend the recovery of all debts finally certified by them, respectively, to be due the United States, except those arising under the Post Office Department. He superintends the preservation by the Auditors of all accounts which have been finally adjusted by them, together with the vouchers and certificates relating to the same. He is required, on his own motion, when in the interests of the Government, to revise any account settled by any Auditor. In any case where, in his opinion, the interests of the Government require he may direct any of the Auditors forthwith to audit and settle any particular account pending before the said Auditor for settlement. It is his duty to countersign all warrants authorized by law to be signed by the Secretary of the Treasury.

*Auditor for the War Department.* The Auditor for the War Department audits and settles all accounts of salaries and incidental expenses of the office of the Secretary of War, and all bureaus and offices under his direction; all accounts relating to the military establishment, armories and arsenals, national cemeteries, fortifications, public buildings and grounds under the Chief of Engineers, rivers and harbors, the Military Academy, the Isthmian Canal Commission, and to all other business within the jurisdiction of the Department of War.

*Auditor for the Interior Department.* The Auditor for the Interior Department audits and settles all accounts of salaries and incidental expenses of the office of the Secretary of the Interior, and of all bureaus and offices under his direction; all accounts relating to the protection, survey, and sale of public lands and the reclamation of arid public lands, the Geological Survey, Army and Navy pensions, Indian affairs, Howard University, the Government Hospital for the Insane, the Columbia Institution for the Deaf and Dumb, the Patent Office, the Capitol and Grounds, the Hot Springs Reservation, the reimbursement from accrued pensions of the last sickness and burial of pensioners under the act of March 2, 1895, and all other business within the jurisdiction of the Department of the Interior.

*Auditor for the Navy Department.* The Auditor for the Navy Department examines and settles all accounts of the Navy Department, including the office of the Secretary of the Navy, and all

offices and bureaus under his direction, certifying the balances arising thereon to the Secretary of the Treasury and sending a copy of each certificate to the Secretary of the Navy.

*Auditor for the State and Other Departments.* The Auditor for the State and other Departments receives, examines, and certifies the balances arising thereon to the Division of Bookkeeping and Warrants; all accounts of salaries and incidental expenses of the offices of the Secretary of State, the Attorney General, the Secretary of Agriculture, and the Secretary of Commerce and Labor, and of all bureaus and offices under their direction; all accounts relating to all other business within the jurisdiction of the Departments of State, Justice, Agriculture, and Commerce and Labor; all accounts relating to the Diplomatic and Consular Service, the judiciary, United States courts, judgments of the United States courts, and Court of Claims relating to accounts settled in his office, executive office, Civil Service Commission, Interstate Commerce Commission, District of Columbia, Court of Claims, Smithsonian Institution, Territorial governments, the Senate, the House of Representatives, the Public Printer, Library of Congress, Botanic Garden, and accounts of all boards, commissions, and establishments of the Government not within the jurisdiction of any of the executive departments.

*Auditor for the Post Office Department.* The Auditor for the Post Office Department audits and settles all accounts of salaries and incidental expenses of the office of the Postmaster General and of all bureaus and offices under his direction, all postal and money-order accounts of postmasters, all accounts relating to the transportation of the mails, and to all other business within the jurisdiction of the Post Office Department, and certifies the balance arising thereon to the Postmaster General for accounts of postal revenue and expenditures therefrom, and to the Division of Bookkeeping and Warrants for other accounts, and sends forthwith copies of the certificates in the latter cases to the Postmaster General.

The further duties of this Auditor shall continue as now defined by law, except as the same are modified by the provisions of this act.

The chief "further duties" are:

To close the accounts of the Post Office Department quarterly and submit reports to the Secretary of the Treasury and to the Postmaster General, quarterly and annual reports.

To register, charge, and countersign Post Office Department warrants.

To perform such other duties in relation to the financial concerns of the Post Office Department as may be assigned to him by the Secretary of the Treasury.

To superintend the collection of all debts due the Post Office Department and penalties and forfeitures imposed for violation of postal laws and to forward certified papers to Department of Justice.

To receive from postmasters money-order accounts and to keep said accounts separately.

To compromise judgments for debts due the Post Office Department and accounts for fines, penalties, forfeitures, and liabilities incurred.

To administer oaths in the settlement of accounts.

To receive duplicate copies of contracts in mail service.

To receive notices of Postmaster General's orders originating claims; notices of appointments, deaths, or removals of postmasters; notices of readjustments of postmasters' salaries; establishment and discontinuance of post offices, and official bonds of former postmasters.

To receive from United States marshals returns of proceedings on execution in postal cases.

To certify quarterly returns of postmasters and any papers pertaining to the accounts in his office, transcripts of money-order accounts, statements of accounts of postmasters and contractors, and statements of postmasters showing demand upon a delinquent postmaster for balance due.

To receive vouchers for deductions by postmasters out of the receipts of their offices.

To keep the accounts of the Post Office Department in the manner prescribed by law and to charge certain sums to certain appropriations.

To receive notices from Post Office Department of the filing of subcontracts for carrying the mails.

To report deficiencies in postmasters' accounts.

To keep a record of unpaid money-orders.<sup>28</sup>

The system under the new law had, thus, become one of centralized accounting (in the Division of Bookkeeping and Warrants)<sup>29</sup> with preliminary administrative examination and single audit, the Comptroller exercising appellate jurisdiction and providing pre-payment construction of the statutes.

The success of the new system was widely proclaimed within the year from various sources,<sup>30</sup> the Comptroller of the Treasury in his annual report for the fiscal year 1895 speaking as follows:

<sup>28</sup> The accounting system of the United States—1789-1910, p. 19 (1911).

<sup>29</sup> Excepting Post Office accounts.

<sup>30</sup> 53 Cong. 3 sess. (1894-5), H. Rep. No. 2000 (Found in H. Rpts.—Vol. 2—53 Cong. 1st sess.). This was a résumé of accomplishments and savings under the new law and contained commendatory letters to the House Committee on Appropriations from the Secretary of the Treasury, the Comptroller and the Auditors.



Experience of the operation of the new system of accounting during the past year confirms, in my opinion, the wisdom of its adoption. Greater expedition in the settlement of the public accounts has been accomplished, and at the same time nothing indicates that any accuracy in the settlement has been lost.

In many cases, disputed points between claimants and the accounting officers, having been brought to the personal attention of the Comptroller or the Assistant Comptroller, have been settled by the delivery of opinions giving fully the reasons for the action of the accounting officers. This is rendered possible under the present system, because the time of the Comptroller and the Assistant Comptroller is not taken up with the mass of detail work formerly required.

The provision authorizing disbursing officers or the head of an executive department or other establishment not under one of the executive departments to apply to the Comptroller for a decision upon any question involving a payment to be made by or under them before such payment has been actually made has proved very satisfactory in practice. Disbursing officers, as they become more familiar with the operation of this clause of the act, are likely to avail themselves of it more frequently, and consequently difficulties in the subsequent settlement of their accounts will be prevented, the doubtful points having been settled before the rendition of the accounts. It also follows that the number of appeals in consequence thereof will be lessened.

Another decided benefit accomplished by the new system of accounting is the uniformity brought about by the change which made the office of the Comptroller of the Treasury the sole chief accounting office, instead of the three offices of the First Comptroller, Second Comptroller, and Commissioner of Customs previously existing.

I can unhesitatingly confirm the conclusions reached in my special report to you of February 19, 1895, as follows:

I have every reason to believe, therefore, that time will show the merit and practicability of the new system of transacting the official business assigned to the office of the Comptroller of the Treasury, and justify fully the changes made in the accounting system of the Government.\*

The comments of the various Auditors were also in a similar vein such as:

From a practical knowledge of the system of accounting in practice prior to October 1, 1894, and of that substituted on that date and now in force, I am satisfied that the new system is a great

\* Secretary of the Treasury, Annual Report on the state of the Finances, 1895, p. 584.

improvement, as it is fully as accurate, much safer, and certainly more expeditious in the dispatch of business.

Under the old system, at the close of the fiscal year 1894 there were pending in this office, and in the revising offices of the First Comptroller and Commissioner of Customs, not fewer than 2,000 unsettled accounts, some of which were not adjusted for months thereafter.

Under the new system, at the close of the fiscal year 1895 no officer or claimant had pending an account or claim which could have been audited and settled.

The requirement that no requisition of a disbursing officer for the allowance of money shall be honored by the Auditor if the officer has failed to render his accounts within the time fixed for their rendition has had the effect of making officers prompt in presenting their accounts for settlement. Prior to the passage of the present law the Auditor had no power to compel prompt settlements.\*

\* \* \* \*

The transaction of the public business in this Bureau under the present accounting system of the Department (known as the Dockery law) as compared with the methods obtaining prior to October 1, 1894, is respectfully submitted.

The results that evidence and emphasize in one important respect at least, the superiority of the present over the former system of auditing the accounts now assigned to this Bureau are to be found in the unprecedented expedition with which these accounts are adjusted and certificates of settlements furnished.

Many and frequent inquiries made under the old system by disbursing officers anxious for information with respect to the settlement of their accounts and embarrassed for want of such advice occasioned a heavy correspondence, the uncertainty subjecting the honest disbursing officer and his sureties to more or less anxiety and apprehension, not to speak of the maximum risk to the Government involved, were some of the consequences of such delays.

The responsibility now imposed upon the Auditors with regard to advances of public moneys to disbursing officers whose accounts are being adjusted in the offices of such Auditors, and the conditions with respect to the rendition of accounts precedent to the Auditors' approval of requisitions for advances, are features of the existing system of procedure manifestly meritorious and conservative of the public interest.

The prompt transmission of accounts by disbursing officers and the prompt action by the administrative office which is required under the new system render it much easier to settle accounts than under the old system.

\* Auditor for the Treasury Department, *ibid.*, p. 587.

From my standpoint, the new system possesses the merit of promptness, economy, and safety; is less cumbersome and more easily understood.<sup>21</sup>

\* \* \* \*

. . . The new system has generally worked satisfactorily, and the objects which it was designed to accomplish have been, in the main, attained.<sup>22</sup>

\* \* \* \*

The improvement in the condition of this office has been greatly facilitated by your orders reorganizing its methods, based upon the plan devised by the Joint Commission of Congress, known as the Dockery Commission.<sup>23</sup>

That the estimates of success, thus early enunciated, were on a sound basis, would seem to be indicated by the fact that the system inaugurated in 1894 remained substantially unchanged until the enactment of the Budget and Accounting Act of 1921. Indeed, even in this act, the change, so far as fundamentals were concerned, was one of accountability of the Comptroller rather than of the system of audit and accounting procedure.

The enactment of the Dockery Law had also brought about the publication of the decisions of the Comptroller on questions of importance in order to establish precedents for the settlement of future accounts. The first volume appeared in 1895 and was followed in the succeeding year by the 1896 edition in two parts.

**Subsequent Investigations and Studies.** No matters of importance or interest are now apparent until 1903. In January of that year the Secretary of the Treasury appointed a committee to investigate "the methods governing the statement and keeping of accounts in the Office of the Comptroller of the Treasury and the several auditing offices of the Treasury Department."

This Committee directed its attention particularly to the methods followed by disbursing and collecting officers of the United States in rendering and stating for the various auditors their accounts current with the government. Prior to 1894, under the two Comptrollers of the Treasury, accounts under the First Comptroller were usually stated under what was known as the "separate system," while those under the Second Comptroller followed the "consoli-

<sup>21</sup> Auditor for the Interior Department, *ibid.*, p. 649.

<sup>22</sup> Auditor for the State and other Departments, *ibid.*, p. 667.

<sup>23</sup> Auditor for the Post Office Department, *ibid.*, p. 705.

dated system." Although the Second Comptroller had been eliminated by the Dockery Act, the two systems remained.

The committee, after studying the situation, recommended the consolidated system, with complete uniformity in its use. As late as 1906, however, though there had been a gain in the use of the consolidated system, both were still practiced.

As a result the Keep Commission,<sup>21</sup> instructed to "investigate the business methods and practice of the Executive Departments and to report plans for their improvement," appointed a sub-committee which again undertook the study of the situation with regard to the two systems of bookkeeping. On June 8, 1906, this sub-committee issued its report,<sup>22</sup> having made the following recommendation:

That . . . all accounts of disbursing and collecting agents of the Government be stated in consolidated form, to be prescribed by the Comptroller under the direction of the Secretary of the Treasury except such accounts as may be shown to the satisfaction of such officers to be impracticable of consolidation.

The main committee next took up these recommendations with the Secretary of the Treasury and the Comptroller, and on May 24, 1906, the latter issued a circular,<sup>23</sup> approved by the Secretary, requiring officers under whom accounts were being rendered under the "separate" system, to submit forms for approval modeled upon a sample form attached to the circular.

The "consolidated" system thereafter was put into effect for all accounts submitted to the auditors.

The committee also studied cost-keeping possibilities in government departments, issuing a report in the form of a "Primer on

<sup>21</sup> Appointed June 2, 1905, by the President, upon his own initiative and without congressional direction. It was composed of C. H. Keep, Assistant Secretary of the Treasury, Lawrence O. Murray, Assistant Secretary of Commerce and Labor, James Rudolph Garfield, Commissioner of Corporations, and Gifford Pinchot, Chief of the Forest Service, Department of Agriculture. (Frank H. Hitchcock, First Assistant Postmaster General, was also appointed, but his name appears on but two reports.) While the investigations of the committee covered a wide range, but eighteen reports were issued. By appropriation (\$5000) on June 30, 1906 (34 Stat. L., 635), the name "Committee on Departmental Methods" was inferentially given legal recognition.

<sup>22</sup> Signed by Keep, Murray, Garfield, and Pinchot.

<sup>23</sup> Treas. Dept. Circular No. 46, 1906.

Cost Keeping,"<sup>11</sup> and the assembling of disbursing officers' checks and vouchers, etc."<sup>12</sup> These reports were followed by a third on "Treasury Bookkeeping," under a special committee of the sub-committee on accounting,<sup>13</sup> which outlined and recommended a comprehensive double-entry system of bookkeeping. These recommendations were to be put into effect as of July 1, 1907, and since no legislation was required to accomplish this end, the Secretary of the Treasury ordered the system installed.<sup>14</sup>

Nothing further of moment occurred in connection with the audit and accounting system of the Treasury until the reports of the President's Commission on Economy and Efficiency were issued in 1912. One of these<sup>15</sup> dealt with the matter of the Comptroller and Auditors of the Treasury Department. The recommendation was for the consolidation of the six Auditors' offices into one, leaving the organization as it had been after the act of 1789 was passed and until 1817, with one Comptroller and one Auditor. The advantages claimed were as follows:

1. The use of the combined force of employees on the work that most needs attention which can not now be accomplished as the employees are in six different bureaus, under six distinct and coordinate jurisdictions.
2. The bringing together of the work of handling the personnel; the handling of supplies; the adjustment of transportation accounts; the legal work; messenger work, etc.
3. The establishment of satisfactory efficiency records, so that employees would have wider opportunity for advancement in knowledge and consequent promotion.
4. The use of each employee on the class of work for which he is best fitted.

<sup>11</sup> December 29, 190

<sup>12</sup> January 9, 1907. The actual report was issued by the sub-committee on accounting.

<sup>13</sup> January 19, 1907.

<sup>14</sup> This was done, but it applied only to the control accounts kept by the Division of Bookkeeping and Warrants. The system was not extended to the books of other departments and establishments, nor, indeed, was it applied to the books of the Treasury Department itself—as distinct from the division keeping control of the books of all departments.

<sup>15</sup> 62 Cong. 2 sess., H. doc. 670, Appendix 4. The Commission was created by the sundry civil appropriation act for 1911 (36 Stat. L., 703) approved June 25, 1910. It was not organized on a formal, centralized basis, with the name above used, until March 8, 1911.

5. The extension of the use of labor-saving and other mechanical devices, and improving the methods of handling and filing vouchers.

6. Uniformity of procedure in the settlement of accounts and the stating of balances and uniformity of method in the doing of all work of the same kind.<sup>28</sup>

The basis of reason for all changes, and one seemingly with considerable logic attached to it, was that while in earlier days the accounts of the government had been so few in number that it was possible and within reason for auditors personally to pass upon each account coming under their jurisdiction, this had long since ceased to be the case. No one of the six auditors by the year 1912 could possibly have inspected and audited the accounts for which he was responsible, because of increase in volume, the actual work being done by numerous subordinates who were familiar with details.

The auditors, thus, had become administrative officers, with little in the way of technical duties to perform. Hence, it was argued, one auditor for all departments could function quite as efficiently and properly as six for various departments and that other savings would be marked.

In spite of the logic of this position and the considerable evidence brought forward to prove it, the six auditors continued to exist.

*The Movement for a Budget.* Public attention, focused upon government administration by the President's Commission on Efficiency and Economy, continued to be alert through the succeeding years, the general movement toward efficiency in public administration reaching its peak as the United States entered the World War. An accompaniment, or better, perhaps, the central motivation of the entire movement was the introduction of the budget or of budgetary reform.

The concerted efforts of public spirited citizens and associations toward the introduction of the budget in public affairs had been initiated as early as 1906 by the Bureau of Municipal Research in New York and the adoption of such a system by the United States Government had been urged by the President's Commission in 1912.<sup>29</sup> The earlier efforts, however, did not generally discuss the problem of an independent audit, although they predicated budget-

<sup>28</sup> *Ibid.*, p. 405.

<sup>29</sup> The need for a national budget, June 27, 1912. 62 Cong. 2 sess., H. doc. 854.

ary action upon an adequate system of accounting, reporting, and auditing.

The administration of the accounting and auditing offices was, nevertheless, a pertinent matter, and the further centralization of such administration was hastened by the press of war problems. On October 25, 1918, the Secretary of the Treasury placed all of the auditing offices under the administrative supervision and direction of the Comptroller of the Treasury, the purpose being to "obtain more expeditious auditing results and to coördinate the work of the accounting offices so far as possible under existing law."<sup>44</sup>

Meanwhile, active attempts to initiate legislation looking to the establishment of national budget had been made.

With the war over, and taxes burdensome, the budget movement, officially and unofficially, received new impetus, and on May 20, 1919 (the first day after the Sixty-sixth Congress met in extraordinary session), Chairman Good of the Appropriations Committee of the House introduced a bill providing for a budget system. On the same day Senator McCormick introduced his bills in the Senate.<sup>45</sup> The two proposals differed in principle so far as the budget was concerned, the Good bill providing for an independent budget bureau directly under the President, to act as his staff in bearing responsibility for preparing the budget, while the McCormick program called for the Secretary of the Treasury to act as the President's agent in preparing the budget.

The two proposals were at one, however, with regard to the subject with which we are here most concerned, auditing and accounts. Both plans called for an office or officer, independent of the administration and responsible to, or under control of, Congress, to audit the accounts of the administration.

**The Budget and Accounting Act.** On July 14, 1919, the Senate adopted a resolution providing for a select committee to study the

<sup>44</sup> Secretary of the Treasury, Annual Report, 1920, p. 243. The report stated further: "The war greatly increased the work of these offices and it was necessary to coördinate their activities under the control of a responsible accounting officer. This was as far as the department was able to go without additional authority of law."

<sup>45</sup> A series of ten bills and resolutions embodying his program.

question of a budget,<sup>16</sup> and the House followed with a similar resolution on July 31. House committee hearings were held from September 22 to October 4, and from these a wealth of information was gathered.<sup>17</sup> The discussions were guided into two main channels, one dealing with the budget proper, that is, the fiscal program with the proper allocation of responsibility, and the other concerned with audits and accounts.

Opinion was divided on the budget, but with regard to audit the opinions aired at the hearings, like the bills before the committee, displayed remarkable unanimity—at least on principles.

It was generally agreed that the audit of public accounts should be transferred from the Treasury Department to an agency independent of the executive departments and establishments and directly responsible to Congress. This was on the theory that it was the function of the body that granted funds to undertake directly, or through an agency acting for it, the examination of the accounts for the purpose of enforcing strict compliance with all the conditions governing the grants, and that the existing situation, in which the organization making the expenditure conducted the audit, was an illogical one.

The accomplishment of this end was sought by providing that a General Accounting Office be created, which was to take over the duties then being performed by the Comptroller of the Treasury and the six Auditors of the Treasury for the Departments, and be "independent of the executive departments." It was also provided that, though the directing heads of the office, the Comptroller General and Assistant Comptroller General, should be appointed by the President, they might not be removed except by a concurrent resolution of the two houses of Congress, and then only for cause.

In view of the intent that the General Accounting Office should be a legislative, rather than an executive, agency, it would have seemed logical that the head should have been selected by Congress in some manner. To this method of selection there were, however, two objections. The first objection was based on the question of the constitutional right of Congress to exercise the power of ap-

<sup>16</sup> Throughout the discussion and hearings and in the legislation, the accounting and auditing problems were tied in with the budget.

<sup>17</sup> House hearings before the Select Committee on the Budget. Establishment of a national budget system. 66 Cong. 1 sess.



pointment over an officer of this character. It was further contended that, whether this objection was valid or not, a provision for the appointment by Congress of the Comptroller General and Assistant Comptroller General would be sure to give rise to discussion and might jeopardize the success of the bill. The second objection was that there existed doubt as to whether the action of one Congress could be made binding upon another, with the consequence that if the Comptroller General and Assistant Comptroller General were appointed by Congress, their effective tenure of office might be limited to two years, with the attendant danger of making the selection of these officers subject to partisan political influence. It was accordingly decided to vest the appointment of these officers in the President, and to give to them a tenure of office analogous to that of the federal judges, but permitting Congress, through a concurrent resolution, to remove, in case of misconduct, instead of being compelled to resort to the device of impeachment.

At the opening of the succeeding session of Congress a select committee of the Senate held additional hearings, which were ended by January 14, 1920;<sup>18</sup> but it was not until April 13 that the Senate committee reported the House bill out, and it did so only to make it in the form of an amendment which struck out the House bill and substituted the McCormick budget bill.<sup>19</sup>

This bill, however, which had aroused so little opposition and which, basically and in intent, the President so strongly favored, was returned on June 4, 1920, with a Presidential veto message, the objection hinging upon the provisions regarding the Comptroller General. The President's message said:

I am in entire sympathy with the objects of this bill and would gladly approve it, but for the fact that I regard one of the provisions contained in Section 303 as unconstitutional. This is the provision to the effect that the Comptroller General and the assistant comptroller general, who are to be appointed by the President with the advice and consent of the Senate may be removed at any time by a concurrent resolution of Congress after notice and hearing, when, in their judgment, the comptroller general or assistant comptroller general is incapacitated or inefficient, or has been guilty

<sup>18</sup> They were considerably less extensive than those in the House had been.

<sup>19</sup> Providing for the Secretary of the Treasury as budget officer.

of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude, and for no other cause and in no other manner except by impeachment. The effect of this is to prevent the removal of these officers for any cause except by impeachment or a concurrent resolution of Congress. It has, I think, always been the accepted construction of the Constitution that the power to appoint officers of this kind carries with it, as an incident, the power to remove. I am convinced that the Congress is without constitutional power to limit the appointing power and its incident, the power of removal derived from the Constitution. The section referred to not only forbids the Executive to remove these officers but undertakes to empower the Congress by a concurrent resolution to remove an officer appointed by the President with the advice and consent of the Senate. I can find in the Constitution no warrant for the exercise of this power by the Congress. . . . I am returning the bill at the earliest possible moment with the hope that the Congress may find time before adjournment to remedy this defect.

It will be noted that this veto was based upon the position that the Comptroller General and Assistant Comptroller General were executive officers. If they were such, the position of the President was undoubtedly sound, and was subsequently supported by the decision of the Supreme Court of the United States in the Myers case, decided October 25, 1926.<sup>42</sup> It was undoubtedly the intent of the bill, however, to make these officers agents of the legislative branch. If they were such, the action of the President was obviously based upon an erroneous presumption. That Congress held the Wilson veto to be unjustified and that the succeeding President, Harding, concurred in this contention, is shown by the fact that the bill as finally passed contained the provision to which President Wilson had taken exception.<sup>43</sup>

President Wilson's veto message came as a surprise to Congress, which had agreed to adjourn on June 5. There was need for expedition. An attempt to pass the bill over the veto failed of the necessary two-thirds vote in the House.<sup>44</sup> On the last day of the session, other measures were tried, but failed and the bill was not passed.

<sup>42</sup> Myers v. U. S., Supreme Ct. of U. S., October 25, 1926.

<sup>43</sup> This matter of the status of the Comptroller General and Assistant Comptroller General will receive further attention in the chapter dealing with the activities of the General Accounting Office.

<sup>44</sup> The vote was 178 to 103.

Action on providing a budget plan for United States finances was, thus, blocked by provisions regarding the removal of the Comptroller General, and no action was taken in the short session of Congress the following December, because November elections had brought about a prospective change of administration. With the meeting of the new Congress on April 11, 1921, the budget bills were re-introduced. In the Senate the McCormick bills once again placed the budget bureau in the Treasury Department, while in the House the Good bill placed it in the office of the President. Progress now became more rapid.

In respect to the sections of the bill dealing with the General Accounting Office, the only important change made was that the Comptroller General and the Assistant Comptroller General should be removable by a joint resolution instead of a concurrent resolution of the two Houses of Congress, the essential difference being that the former requires the approval of the President and the latter does not. The result of the change was to make the removal of the Comptroller General and the Assistant Comptroller General even more difficult than had been contemplated under the bill as first passed. Both houses accepted this alteration readily, and on June 10, 1921 the bill was signed by the President, thus becoming the "Budget and Accounting Act, 1921."<sup>42</sup>

With the provisions of this act, in so far as the creation of a budget system is concerned, the present monograph has no concern.<sup>43</sup> The specific features of the sections providing for the creation of the General Accounting Office and defining its powers and duties, will be considered in subsequent chapters. It may be said here, however, that the purpose of these provisions was to strengthen the control of Congress over the expenditure of funds by providing that the audit of accounts should be made by a legislative agency independent of the administration and responsible directly to Congress and by enlarging the duties of the Comptroller General to make investigations and to recommend to Congress action having for its purpose the increase of efficiency and economy in the expenditure of money and in other ways.

<sup>42</sup> 42 Stat. L., 20.

<sup>43</sup> For full account of these provisions and their operations in practice see W. F. Willoughby, *The National Budget System; with Suggestions for its Improvement*, Institute for Government Research, Studies in Administration, (1927).

The idea of the legislators was that the Comptroller General should not only pass upon the legality of expenditures after disbursement but also point out whenever these expenditures might be made with greater wisdom. Thus, Chairman Good said:

It was the intention of the Committee that the Comptroller General should be something more than a bookkeeper or accountant, that he should be a real critic, and at all times should come to Congress, no matter what the political complexion of Congress or the Executive might be, and point out inefficiency, if he found that money was being misapplied—which is another term for inefficiency—and that he should bring such facts to the notice of the committees having jurisdiction of appropriations.<sup>48</sup>

Another committee member (Representative Madden of Illinois) described the Comptroller General as the “instrumentality through which the legislative branch of the Government can get information which it has not been able to get heretofore, and thus leave the people’s representatives to criticise any waste or extravagance of the administration.”<sup>49</sup>

The new act thus made detailed provisions along these lines.<sup>50</sup> In the first place it provided for the creation of “an establishment of the Government to be known as the General Accounting Office, which shall be independent of the executive departments and under the control and direction of the Comptroller General of the United States,”<sup>51</sup> and, as stated, provided that the Comptroller General or the Assistant Comptroller General could be removed only upon the initiation of Congress and even then only after notice and hearing, when, in the judgment of Congress, “[either] . . . has become permanently incapacitated or has been inefficient, or guilty of neglect of duty or of malfeasance in office, or of any felony or conduct involving moral turpitude, and for no other cause and in no other manner except by impeachment.”

The new act in Section 304 provided further:

All power and duties now conferred or imposed by law upon the Comptroller of the Treasury or the six auditors of the Treasury Department, and the duties of the Division of Bookkeeping and Warrants of the Office of the Secretary of the Treasury relating

<sup>48</sup> *Cong. Record*, May 5, 1921, p. 1090.

<sup>49</sup> *Ibid.*, October 21, 1919, p. 7924.

<sup>50</sup> For full text of the law see Appendix 4.

<sup>51</sup> Sec. 301.

to keeping the personal ledger accounts of disbursing and collecting officers, shall, . . . be vested in and imposed upon the General Accounting Office and be exercised without direction from any other officer.

The desire of Congress to make all phases of the new establishment independent of executive control was patent, through clear statement and reiteration. The provision of the bill which, in 1920, had brought the Presidential veto was now a part of the law, and seemingly the desired independence of the Comptroller had been established, at least to the satisfaction of Congress.

An exception to the provisions above mentioned was made in the same section of the act (304), however, whereby a Bureau of Accounts was provided for in the Post Office Department under the direction of a Comptroller appointed by the President with the advice and consent of the Senate. This officer replaced the former Auditor for the Post Office Department. Otherwise the Comptroller General exercised complete jurisdiction over auditing and accounts and was given power (Sec. 309) to "prescribe the forms, systems, and procedure for administrative appropriation and fund accounting in the several departments and establishments and for the administrative examination of fiscal officers' accounts and claims against the United States."

Section 312 of the new law dealt with the provisions in which Congress took a particularly keen interest; that is, those designed to establish the Comptroller General as, in effect, the "eye of Congress,"—the inspectorial and investigating agency. Subsection "a" said:

The Comptroller General shall investigate, at the seat of government or elsewhere, all matters relating to the receipt, disbursement, and application of public funds, and shall make to the President when requested by him, and to Congress at the beginning of each regular session, a report in writing of the work of the General Accounting Office, containing recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt, disbursement, and application of public funds as he may think advisable. In such regular report, or in special reports at any time when Congress is in session, he shall make recommendations looking to greater economy or efficiency in public expenditures.

The last sentence obviously looked toward a decidedly constructive function of the office and by inference would seem to include matters beyond the sphere of the strictly fiscal.\*

The position of the Comptroller General as investigating agent for the legislative body was specified in sub-section "b," which provided:

He shall make such investigations and reports as shall be ordered by either House of Congress or by any committee of either House having jurisdiction over revenue, appropriations, or expenditures. The Comptroller General shall also, at the request of any such committee, direct assistants from his office to furnish the committee such aid and information as it may request.

Sub-section "c" required reports to Congress of all contracts or expenditures made by any department or establishment contrary to the law, this being an inheritance from the duties of the late Comptroller of the Treasury. The next subsection ("d"), however, required the Comptroller General to

. . . submit to Congress reports upon the adequacy and effectiveness of the administrative examination of accounts and claims in the respective departments and establishments and upon the adequacy and effectiveness of departmental inspection of the offices and accounts of fiscal officers.†

To insure access to data and confirm the authority of the Comptroller, Section 313 provided as follows:

All departments and establishments shall furnish to the Comptroller General such information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective offices as he may from time to time require of them; and the Comptroller General, or any of his assistants or employees, when duly authorized by him, shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department or establishment.

The sections discussed cover, in the main, the important provisions of the Budget and Accounting Act of 1921, at least so far

\* Comment on the operation of this clause appears elsewhere.

† On the other hand the Comptroller General was required to "furnish such information relating to expenditures and accounting to the Bureau of the Budget as it may request from time to time." Sec. 312e.

as they concern the Comptroller General and the General Accounting Office.

**Development of the New System.** On July 1, 1921, the provisions of the new law went into effect. The General Accounting Office was established as an independent agency and Mr. J. R. McCarl became Comptroller General of the United States, with a tenure of office of fifteen years. The Comptroller of the Treasury and the six Auditors of the Treasury ceased to exist, and the work of the Division of Bookkeeping and Warrants (at least in so far as it was concerned with keeping the personal ledger accounts of disbursing and collecting officers) was turned over to the General Accounting Office.

For the first time the United States Government possessed machinery for the review, control, and audit of accounts "independent of the executive departments" and Congress had available an agency which it might use to examine and report upon executive procedure and methods and produce constructive recommendations regarding organization and accounting and disbursing methods.

**Organization.** The first steps toward organization recognized existing conditions and obviously contemplated what was, in effect, a *status quo ante* until the machinery could be shifted. The first intramural circular issued announced the establishment, temporarily, of six divisions in the General Accounting Office to take over the work formerly performed by the six Auditors of the Treasury Department, while soon afterward the Division of Law was set up under the general supervision of the Comptroller General. Later, this division was placed under the supervision of the Solicitor of the Office.

Prior to July 1, 1921, a Transportation Rate Board had existed in the Treasury Department. This board, which examined all accounts and claims pertaining to transportation, was transferred under the new law to the General Accounting Office. On July 1, 1922, the board was renamed the "Transportation Division" and became a major unit in the General Accounting Office.

By the beginning of the fiscal year 1922, therefore, the major organization units of the General Accounting Office were as follows:

1. Division of Law
2. Treasury Department Division

3. War Department Division
4. Interior Department Division
5. Navy Department Division
6. State and Other Departments Division
7. Post Office Department Division
8. Transportation Division

In addition to the major divisions enumerated a number of subdivisions or sections were also established. These included an Investigation Section, a Bookkeeping Section, a Check Accounting Section, and a Division of Appointments.

The initial year of operation thus saw the plan of organization based largely upon the necessity of taking over and performing the duties which had formerly fallen to the Comptroller and the six Auditors of the Treasury, the Investigating Section being an addition and exception brought about by provisions of the new law. The ensuing fiscal year (1923) developed a considerable change in organization looking toward consolidation, but the words of an annual report indicate that the division and subdivision of the work was "more to suit the space available than the duties."<sup>4</sup>

A Check Accounting Division was established, absorbing all units concerned with the examination and custody of checks, while an Index Record Unit and a Collection Unit were set up in the Bookkeeping Section. This was followed by the establishment of a Civil Division, which absorbed the former divisions concerned with the Treasury, Interior, and State and other Departments examinations and settlements.<sup>5</sup>

Shortly following the establishment of this Division, the Military Division was created, consolidating the former War and Navy Divisions of the General Accounting Office.<sup>6</sup>

<sup>4</sup> Genl. Acct. Off. Ann. Rpt. 1923, p. 2.

<sup>5</sup> Hence, covered Treasury, Interior, State, Justice, Agriculture, Commerce, Labor, The White House, the two Houses of Congress, Supreme Court, Government Printing Office, Interstate Commerce Commission, Smithsonian and National Museums, District of Columbia, Federal Trade Commission, Civil Service Commission, Federal Employees' Compensation Commission, Bureau of Efficiency, and all other boards, commissions, and independent establishments not under the administration of any department, and also the General Accounting Office.

<sup>6</sup> This Division had jurisdiction over accounts and claims of the War and Navy departments, the Military and Naval Establishments at large, the Veterans' Bureau, The Panama Canal, and the National Home for Disabled Volunteer Soldiers.



Later in this year a Claims Division was set up, taking over all claims previously handled by the Military and Civil Divisions except those arising in the Post Office Department or in connection with transportation, and eventually absorbing the Collection Unit.

In 1925 the Bookkeeping Section enlarged its activities and became a Division, while the Civil Division also enlarged its scope and an Audit Review Section and a Personal Accounts Unit appeared.

During 1926 numerous other changes occurred. As was noted previously, the early organization of the General Accounting Office was based to a large degree upon the necessities arising from the fact that the personnel was scattered among numerous buildings, widely separated, through the city of Washington. With the evacuation of the Old Pension Building by the Pension Office and the Bureau of Education, the entire structure was turned over to the General Accounting Office, making possible numerous consolidations and economies.

In July, 1926, the Claims and Transportation Divisions were combined under the title of Claims Division, and in September the Civil and Military Divisions were consolidated and given the name of Audit Division. At the same time a Records Division was established, while in November the Check Accounting Division was absorbed by the Audit Division.

These changes brought about an approximation of the organization which now exists and which will be discussed in greater detail in the chapter on Organization.

*The Work in General.* While the preceding paragraphs have dealt, briefly, with the development of General Accounting Office organization, no mention has been made of the activities carried on since the creation of the Office.

The life of the Office has been brief—but five years—and as a consequence all of the activities inaugurated since July 1, 1921 (and many in operation before), are still being carried on. Hence, any detailed recital of the history of such operations would infringe seriously upon the succeeding chapter dealing with present activities. The attempt will be made, therefore, at this point, to mention only the major special problems encountered, omitting what may be termed the regular or routine duties.

*Recent Problems.* Of the special problems referred to, the following deserve comment, but elaboration is reserved for the next chapter. The auditing and settling of accounts of the Veterans' Bureau was transferred to the General Accounting Office from the Treasury on April 1, 1922, not being one of the duties assumed by the former upon its creation. Another audit of interest was that of the accounts of the United States Shipping Board Emergency Fleet Corporation, which had originally been delegated to the Treasury Department by law. With the enactment of the Budget and Accounting Act of 1921, a question arose as to the legality both of the continuance of the audit under the Treasury and of its assumption by the General Accounting Office. The work was suspended in November, 1921, and not resumed until an act of March 20, 1922 (42 Stat. L., 437, 444), gave legal confirmation to its continuance by the Comptroller General.

The audit of customs receipts also became a matter of much prominence, and finally involved the General Accounting Office in dispute with the Treasury Department as to the authority and jurisdiction of the Comptroller General in demanding the papers and records concerning entries of imported merchandise and in reviewing collectors' liquidations of entries and drawbacks. The matter still rests undecided.

A further cause of dispute arose in connection with the examination of transportation accounts and claims. The General Accounting Office directed that all such accounts be submitted to it, after administrative examination, for direct settlement. This the War Department, accepting the advice of the Attorney General, refused to do, being followed in this refusal by certain other executive departments. Still others conformed, with the result that both methods are now in use.

The Adjusted Compensation Act threw additional burdens upon the General Accounting Office, which detailed personnel to conduct a pre-audit of all payments to be made to veterans and all certificates issued to be paid at a future date. This proved to be so successful in practice that it was used as an example by the Comptroller General in a statement indicating the desirability of an extension of the pre-audit plan to other services and units.

Inspection of disbursing offices and accounts, which had virtually been abandoned during the war, was resumed in 1922, at least in

Washington, while special attention was given to the problem of lost and forged checks. The centralization of work on the payments due beneficiaries of estates was consummated during 1922, as was the centralization and indexing of records, debtors, contracts, claims and checks.

By 1923 a general study of accounting procedure was organized and initiated and progress was made on standardization of forms, installation of uniform systems, and improvement of records. Numerous studies looking toward the improvement of administrative examination of accounts were also undertaken.

Special investigations of varied nature were begun in 1923. They involved such matters as the erroneous refunds to taxpayers and illegal payment of employees holding two or more positions; the accounts of the Register of Wills and Recorder of Deeds of the District of Columbia; the Navy housing projects at Indian Head, where rents were being collected and expended upon local improvements without being covered into the Treasury; accounting for proceeds of sales of property seized by United States marshals; the collections of costs adjudged in favor of the United States in the Court of Claims; irregularities in negotiation of government checks; and many others of comparable nature.

The recovery of amounts due the United States, which have been discovered in the audit and settlement of accounts of disbursing officers, has concerned the General Accounting Office from the first, and it is in this field of work that many of the disputes regarding the Comptroller General's authority and jurisdiction have arisen. Discussion of this subject must be left, however, to later pages where it more logically falls.

Recent miscellaneous activities include a compilation of state laws governing the use and sale of motor fuels, for facilitating recovery of refunds due the United States from taxing states; an investigation of the Office of Alien Property Custodian, undertaken at request of the President; and the assumption by the General Accounting Office, under a resolution of the Senate Committee on the District of Columbia, on February 4, 1926, of an audit of the books of retail coal dealers in Washington.

*Recent Legislation.* On July 3, 1926, an act was approved (44 Stat. L., 904, 911) which amended the Retirement Act and stated (Section 11):

The Comptroller-General shall establish and maintain an account showing the annual liabilities of the Government under this Act, and shall keep such other accounts as may be deemed necessary for a proper administration of the Act.

Here, for the first time, was a specification in the law directing the General Accounting Office to maintain and keep *administrative* (not control) accounts for an organization unit other than itself. While general opinion seems to consider this as applying only to the Federal Employees' Retirement Act, time alone may reveal whether this tendency will develop and whether the doorway has been opened for the general maintenance of administrative accounts by the General Accounting Office.

As to basic control an act approved March 4, 1927, showed an opposite trend. This law (44 Stat. L., 1424, 1444—"An Act To provide compensation for disability or death resulting from injury to employees in certain maritime employments, and for other purposes"), provided as follows:

Sec. 44. (a) There is hereby established in the Treasury of the United States a special fund for the purpose of making payments in accordance with the provisions of subsections (f) and (g) of Section 8 of this Act. Such fund shall be administered by the commission. The Treasurer of the United States shall be the custodian of such fund, and all moneys and securities in such fund shall be held in trust by such Treasurer and shall not be money or property of the United States.

\* \* \* \*

(f) The Comptroller-General of the United States shall audit the account for such fund, but the action of the commission in making payments from such fund shall be final and *not subject to review*,<sup>44</sup> and the Comptroller-General is authorized and directed to allow credit in the accounts of any disbursing officer of the commission for payments made from such fund authorized by the commission.

It will be seen from the preceding few pages that the organization of the General Accounting Office was set up, at first, frankly as a concession to immediate needs, that is, it was governed by the fact that the various offices were widely scattered about the city and also that certain inherited organizations and systems had to be conducted as previously until new plans and technique could be worked out. A gradual process of integration can be discerned,

<sup>44</sup> Italics not in original.

however, and with the physical centralization of quarters the consolidation of units looking toward a functional type of organization is obvious.

With activities, also, in the early years, there was necessity to carry on, uninterruptedly, the inherited work, but with the passage of time additional activities of varied nature were taken over or initiated to the end that full advantage and compliance with the privileges and requirements of the law might be taken.

Detailed discussion both of these activities and the organization developed to carry them on will follow in successive chapters.

## CHAPTER II

### ACTIVITIES

The General Accounting Office constitutes the agency through which Congress maintains an independent check upon the fiscal operations of the executive departments and independent establishments of the government—the machinery by which the legislature exercises much of its control of the purse. This control, as delegated to the General Accounting Office, applies only to the executive branch of the government and not to the legislative or judicial, and it extends to both receipts<sup>1</sup> and issues of the United States Treasury.

“The General Accounting Office,” to quote the Comptroller General, “is not a ‘spending agency’ as the term is commonly used, but a ‘control agency,’ with auditing, quasi-judicial, investigating and other duties. Funds are required only for personnel and such necessary but limited contingent expenses as are usual to government establishments. . . .”<sup>2</sup>

Though this statement is unequivocal doubt might be raised in the minds of some by Section 236 of the Revised Statutes which maintains that:

All claims and demands whatever by the Government of the United States or against it and all accounts whatever in which the Government of the United States is concerned either as debtor or creditor shall be *settled and adjusted* in the General Accounting Office.<sup>3</sup>

To the layman there is seeming conflict between the statements that the Office is not a “spending” agency, that is, that it makes no payments, and that it shall “settle and adjust” all claims. Explanation lies in the fact that the terms “payment” and “settle-

<sup>1</sup> Except as to customs and taxes over which Congress, at present, has no independent check. For amplification of this see p. 94, *et seq.*, *post*.

<sup>2</sup> General Accounting Office, Annual Report, 1923, p. 4.

<sup>3</sup> As amended by Sec. 305, 42 Stat. L., 20. Italics not in original.

ment" are not synonymous. The latter term may be said to include the certification, declaration, or admission that an obligation lies and that it is legally and regularly incumbent upon the contracting agent, or the agent against whom claim is made, to satisfy that obligation, *i. e.*, make payment.

The General Accounting Office is thus concerned with the certification, declaration, and admission of the obligation as to accuracy, regularity and legality, but is in no way responsible for the actual disbursement of money, that is, the payment of the obligation.<sup>4</sup> Payment is made through other agencies; by check from the disbursing officer of the executive or independent establishment concerned<sup>5</sup> or by Treasury warrant under circumstances later to be touched upon.<sup>6</sup>

Functionally then, the General Accounting Office is not a "spending agency" in the ordinary sense of the word, but is definitely an instrument of "control" over the fiscal operations of the executive branch of the government.

Although in carrying out such control the General Accounting Office brings into play powers and duties long exercised by previously existing offices, it does so under an assumption of independence unique in the history of our government. In assuming such independence the Comptroller General has come into conflict with the executive departments of the government and in particular with the Attorney General. The question of the constitutionality of this independence has been raised (though, in the opinion of the Comptroller General, not settled) and debate as to the jurisdiction and authority of the General Accounting Office has been widespread.

It is not within the province of this monograph to weigh the evidence or to attempt an exposition of legislative intent and judicial dicta and decision, especially since voluminous material upon these

<sup>4</sup> Unless it lies against the General Accounting Office itself for expenses incurred in carrying on its own work.

<sup>5</sup> Such disbursements, it has been estimated, constitute about 95 per cent of all cases.

<sup>6</sup> It comes about, therefore, that a claim or account may be "paid" without being "settled," and it may be "settled" without being "paid," depending upon which agency first deals with the matter. Clarification of this statement will appear in later discussion of the appropriation and general accounting procedure of the government.

subjects is elsewhere available.<sup>7</sup> Facts only may here be considered, and these facts are that regardless of dispute and question the Comptroller General continues to exercise his authority under the presumption of complete independence of the Executive Branch of the Government and amenability to no authority but Congress or a decision of the Supreme Court of the United States.<sup>8</sup> Decisions of other courts or opinions of the Attorney General are recognized as persuasive but not binding.<sup>9</sup>

<sup>7</sup> For discussion and illumination of the matter of subjection of the independent auditors to injunctions or writs of mandamus see: *Wright v. Ynchausti*, in U. S. Supreme Court, Oct. term 1926, No. 316—Brief for Petitioner and Reply Brief for Petitioner or on Writ of Certiorari to Supreme Court, P. I.; *Posados et. al. v. City of Manila*, U. S. Supreme Court, Oct. term 1925, Petition for Writ of Certiorari to Supreme Court, P. I.; *United States v. McCarl*, Court of Appeals, D. C., October term 1925, No. 4396—Brief for Appellee; *McCarl v. Pence*; *ibid.*, 1926, No. 4503—Brief for Appellants; *Wylly and McCarl v. Wylly*, U. S. Circuit Court of Appeals (1st Circuit)—Brief for Appellants; and *McCarl v. Cox*, 8 Fed. (2d) 669.

For comprehensive discussion of the jurisdiction and authority of the Comptroller General especially as to conflict with the Attorney General see *Jas. M. Beck, [ex] Solicitor General, Statement at a Hearing of the Committee on the Judiciary of the House of Representatives*. Cf. also *W. F. Willoughby, Legal Status and Functions of the General Accounting Office*, Chaps. V and XII, and *Albert Langeluttig, The Department of Justice*, Chap. XIII; also *McGuire, Illinois Law Review*, Vol. XIX, No. 7, Mar. 1925, and Vol. XX, No. 5, Jan. 1926.

For complete discussion of removal power of executive see *Myers v. U. S.*, Decision of Supreme Court, of the United States, October 25, 1926, and *James M. Beck (Article), New York Times*, Nov. 7, 1926. Also Substitute Brief for U. S. on Reargument, *Beck*, Oct. term, U. S. Supreme Court, 1924 (No. 77) entitled "The Right of the President to Remove Executive Officers and the Power of Congress to Restrict Him in the Exercise of such Prerogative"; Brief for the Appellant, *George Wharton Pepper, Amicus Curiae, ibid*; and Oral Arguments by Counsel above named April 13, 14, 1925, "Removal from Office Case" (G. P. O. 1925).

<sup>8</sup> It is maintained by some that the Comptroller General is a legislative officer, and hence that the decision of the Supreme Court in *re Myers v. U. S.* does not affect his status.

<sup>9</sup> The most comprehensive argument advanced in favor of this position is appended for reference:

6 *Lawrence, Comptrollers' Decisions*, 244, 245 (1885). (See also *Law of Claims against Governments*, H. Doc. 134, 2d Sess. 43 Cong.)

"The independent action of the accounting officers on their own judgment as to the law is essential to prevent the perpetuation of error.

"The Supreme Court of the United States is believed to be the most learned and able judicial body of this or any other country. It has all the requisite facilities for reaching 'the perfection of reason' which is 'law.' It



In the discussion to follow the General Accounting Office, therefore, is considered as the agent of Congress, responsible solely to that body for the fiscal affairs of the executive departments and establishments of the United States Government.

The duties and powers of the General Accounting Office and the Comptroller General, which are carried out by means of the activities of the Office, are, to a large extent, a heritage from the previously existing offices of Comptroller of the Treasury and the six

is not strange, therefore, nor is it in the least degree any disparagement of the great learning and ability of the Court of Claims, that many of its rulings have been reversed by the august tribunal to whose decisions all so justly bow with willing deference. This shows the possibility that other decisions of the Court of Claims might have been reversed, if the amount in controversy had been sufficient to justify an appeal, or if for other reasons appeals were not taken, or, if taken, were withdrawn. If accounting officers in allowing claims, for the payment of which there is an available appropriation, should in all cases accept, and act upon all decisions of court not of last resort, an erroneous allowance or decision in such cases never could be corrected (Rev. Stat. 191). Thus, the rights of the United States would be sacrificed. And it is utterly impracticable to adopt any such principle in practice. The rulings of the Court of Claims have not always been uniform. The court has overruled some of its own decisions. Congress has not deemed it advisable to give the court authority to render any judgment requiring the United States to pay money, even for the smallest amount, which shall be absolutely final—one from which no appeal can be taken. It is the only court which is thus limited. Every other court can render some judgments which cannot be revised in any form by any other tribunal. The judgments of the comptrollers as to all claims within their jurisdiction allowed by them and paid, under appropriations applicable thereto, comprising, probably more than 98 per cent in amount, of all claims by them adjudged, are absolutely final and conclusive. (Rev. Stat. 191; 4 Lawrence Compt. Dec. Introd. XXV.) There is no power which can change them. To say that the comptrollers, exercising such jurisdiction, entrusted by law with such powers shall blindly and against their own judgment, follow the rulings of a court which can render no judgment as stated from which an appeal cannot be taken, would seem to reverse the principles upon which jurisdiction seems to have been conferred upon the respective tribunals mentioned. Even in those matters over which courts have exclusive jurisdiction they generally adopt the construction given to statutes, and the general principles of national executive common law established by executive officers. (3 Lawrence Compt. Dec. Introd. XXV; *United States v. Moore*, 95 U. S. 763; *Edward's Lessee v. Darby*, 12 Wheat. 210; *United States v. The State Bank of North Carolina*, 6 Pet. 29; *United States v. Pugh*, 99 U. S. 265; *United States v. Bowen*, 100 U. S. 511; *Swift Co. v. United States*, 105 U. S. 695.)

"And there are sufficient reasons for this. Executive officers must necessarily be more familiar with those statutes, and those questions, which they are constantly called upon to examine and enforce, than some of the courts, in which they may be rarely considered.

Auditors of the Treasury.<sup>20</sup> This inheritance has come about through the provision of the law which says:

All powers and duties now conferred or imposed by law upon the Comptroller of the Treasury or the six auditors of the Treasury Department, and the duties of the Division of Bookkeeping and Warrants of the Office of the Secretary of the Treasury relating to keeping the personal ledger accounts of disbursing and collecting officers, shall, so far as not inconsistent with this Act, be vested in and imposed upon the General Accounting Office and be exercised without direction from any other office.<sup>21</sup>

It is by such duties, rather than those newly provided or acquired under the Budget and Accounting Act of 1921, that the time and energies of the Office are at present principally consumed.<sup>22</sup>

In order to effect a description of the activities of the General Accounting Office it may be advisable to adopt a classification which, while somewhat arbitrary in certain aspects, may constitute a convenient basis for discussion. Under such a classification the

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<sup>20</sup> If the decisions of the Court of Claims are, on general principles of law, to be regarded as conclusive guides to accounting officers, *a fortiori* the decisions of other courts of the United States not of last resort, but having power to render judgments, *subject to no revision*, must equally become such guides. If so, then the danger of perpetuating errors will be increased. And accounting officers will find it impossible to follow such a standard because decisions will be found conflicting. The result of attempting to establish such standard, is to find rules irreconcilably in conflict, not only with each other, but with principles settled by the highest courts of states.

<sup>21</sup> It seems unnecessary to enlarge upon a question so completely set at rest by authoritative decisions, by reason, by statute, and the structure of the government as ordained by the Constitution. The decisions of the Court of Claims carry persuasive weight with accounting officers, who will adopt or reject them in executive administration, as they may deem them correct expositions of the law or otherwise. Such decisions impose no legal obligation on such officers, to follow them in practice. They may aid or enlighten such officers, but they do not guide or control them.<sup>22</sup>

<sup>22</sup> Including, it will be recalled, the Auditors for the Treasury, War, Interior, Navy, and Post Office Departments, and the State and Other Departments.

<sup>23</sup> 42 Stat. L., 20, Sec. 304.

<sup>24</sup> It may be borne in mind in this connection that the great change in the auditing and accounting work of the government imposed by the act above mentioned, was not so much in the type of work performed or the duties specified (with one or two exceptions) as in the status of the Office; that is, the transition from a position of subordination in the Treasury Department to that of an independent establishment responsible to Congress alone.

powers and duties of the Office, as specified in the law,<sup>23</sup> may be said to fall, as a matter of broad generalization, under the following heads:

1. Control of Treasury Receipts and Issues
2. Settlement and Adjustment of Claims
3. Audit of Receipts
4. Quasi-judicial and Legal Activities
5. Accounting
6. Investigations and Reports
7. Custodial and Recording<sup>24</sup>

It is obvious that these matters are closely interrelated, that in many cases the line of demarcation between them is vague, that allocation for discussion must be more or less arbitrary and that overlapping is bound to appear. However, with these considerations in mind we may proceed to a review of the activities of the Office under the headings set down.

**Control of Treasury Receipts and Issues.** Congress has power of the purse under the Constitution (Art. I, Sec. 9, Cl. 7) which says:

No money shall be drawn from the Treasury but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

and further (in Art I, Sec. 8, Cl. 1):

The Congress shall have power: . . .  
To lay and collect taxes, duties, imposts, and excises. . . .

In exercising these powers Congress makes use of the General Accounting Office for passing upon the operations of the Treasury Department with regard to fiscal affairs, that is, in controlling Treasury receipts<sup>25</sup> and issues. The officer through whom the moneys flow, both as to income and issue, is the Treasurer of the United States, who is custodian of the funds and who acts in the capacity of a receiving and paying teller, being concerned only that deposits and withdrawals are executed in proper form.

<sup>23</sup> R. S., Secs. 236-300, 28 Stat. L., 162, 205; and 42 Stat. L., 20, 23.

<sup>24</sup> To these might be added an eighth; intramural administration.

<sup>25</sup> With exceptions. See pp. 73, *ante* and 94 *et seq.*, *post*.

The receipts of the United States government are derived from various sources; from revenues, which include customs collections, income, tobacco, and excess profits taxes, and moneys from operations;<sup>24</sup> from sale of lands; from fees of various sorts;<sup>25</sup> and from miscellaneous items, such as refunds, repayments, interest on deposits, satisfaction of claims, etc.<sup>26</sup>

The instrument through which money is placed to the credit of the government, in the hands of the Treasurer, after collection, is called the "covering warrant," which is a document ordering that such money be "covered into" the Treasury. This must be signed by the Secretary of the Treasury, and countersigned by the Comptroller General before it is valid.

The receipts from customs and internal revenue are deposited by collecting officers to the credit of the Treasurer of the United States in various designated local banks, while other receipts, such as refunds, payments, etc., are usually forwarded to the Treasurer direct. In exceptional cases, such as postal revenues and the income from certain activities of The Panama Canal, receipts are credited directly against expenditures.

Revenue receipts are credited to the general fund of the United States and can only become available through appropriation by Congress, and such is usually true also of receipts from operations. However, in certain cases, such as those mentioned in connection with The Panama Canal and the Postal Service, appropriations are not necessary, since the procedure of crediting receipts against expenditures has established, in effect, a revolving fund.<sup>27</sup>

<sup>24</sup> Panama Canal, Post Office Department, etc.

<sup>25</sup> As in the Immigration Service, the Division of Passport Control, Department of State, and the Patent Office.

<sup>26</sup> The principal civil receipt accounts as set up on the books include: Treasurer of the United States; internal revenue; customs; public land; reclamation; Forest Service; receipts, fines, and forfeitures, United States courts; consular receipts; fees, fines, and forfeitures incident to enforcement of immigration and navigation laws; patent and copyright fees; Indian receipts; Government Printing Office receipts; Alaska Railroad; Federal Power Commission; interest and principal on account of foreign loans; interest and principal on account of loans to railroads and shipowners under transportation and merchant marine acts; excess earnings of railroads under transportation act; taxes, and other receipts of the District of Columbia; operation of Center Market.

<sup>27</sup> Appropriations are necessary, of course, for the amount for which receipts fall short of expenditures. It may be noted here that one high ranking officer of the General Accounting Office maintains that all revolving funds are unconstitutional.

Miscellaneous receipts vary as to crediting, though most of them go to the general fund.

The procedure with regard to issues is somewhat more complex, though the principle is the same, the Treasurer being the officer of immediate issue and "appropriation," "settlement," "transfer," and "accountable" warrants being the instruments. These warrants also, while signed by the Secretary of the Treasury as requisitioning authority, are not valid unless countersigned by the Comptroller General. He, thus, has final check upon both issues and receipts, though this does not, necessarily, connote "control."

A résumé of issue procedure is pertinent.

Congress, in accord with its constitutional powers, may pass general or special appropriation acts, which, when signed by the President (or passed over his veto), make available for expenditure funds in the Treasury "not otherwise appropriated."<sup>19</sup> Such appropriations are made for each of the executive departments and independent establishments<sup>20</sup> and frequently in the most minute detail.<sup>21</sup> Executive officers must conform, in their use of appropriations, to the purposes designated by Congress and to the numerous laws existing on the statute books limiting the discretion of expending officers, and with such limitations in law and regulation the General Accounting Office is intimately concerned. The control of the General Accounting Office over Treasury issues is established in the following procedure:

When appropriation acts have become law the Secretary of the Treasury issues what are called "appropriation warrants," placing upon the books of the Treasury Department the amounts of the various appropriations. These warrants, like the others mentioned, are not valid, however, unless countersigned by the Comptroller General, who may withhold signature if, in his opinion, the law

<sup>19</sup> For a discussion of the situation where the executive branch fails to use an appropriation made by Congress, thus instituting, in effect, a veto of congressional action with regard to the purse, see W. F. Willoughby, *The National Budget System*.

<sup>20</sup> In regular, special, and deficiency appropriations. (For discussion of latter, see Willoughby.) Appropriations are also made for the legislative and judicial branches of the government but with these we are not concerned in this monograph.

<sup>21</sup> In the Indian Service, for instance, Congress has set up hundreds of separate appropriation items.

fails to make the appropriation as intended.<sup>22</sup> In such case new legislation is required before the money is available.

If the appropriation warrant is approved and countersigned by the Comptroller General, the funds included become available for expenditure or obligation by the executive departments and independent establishments concerned, subject to the general and special restrictions of law and regulation. The actual payment of money (though not the incurring of obligations) is entrusted to disbursing officers (or departments or corps) attached to the various administrative units or it may be made, as previously noted, by direct "settlement warrant."

The head of an executive department or independent establishment in order actually to obtain the funds or credit available for his expenditure or obligation must make requisition upon the Treasury Department, represented by the Treasurer of the United States. Upon approval of this requisition by the Comptroller General, an "accountable warrant" is issued in the Office of the Secretary of the Treasury which serves as an order on the Treasurer of the United States to give credit on his books to the disbursing officer concerned.<sup>23</sup>

With the above regulations complied with and approvals confirmed, the disbursing officer may issue checks in payment of departmental vouchers and obligations or claims, and at this point the authority of the General Accounting Office begins to operate in connection with audit and settlement<sup>24</sup> later discussed.

<sup>22</sup> He thus exercises a quasi-judicial function in such matters.

<sup>23</sup> The process is analogous to a checking account in a bank, the order above mentioned, or better, the warrant, serving as a deposit upon which the disbursing officer draws his checks. The Treasurer of the United States, acting as teller, does not concern himself beyond assurance that the withdrawal is in due form and that he has in his possession documentary authority for his act. The principal civil disbursement accounts existing on the books are: Treasury, Interior, State, Justice, Agriculture, Commerce, and Labor Departments, together with numerous independent establishments, including the White House, both Houses of Congress, the Supreme Court, and all Federal courts, the municipal government of the District of Columbia, Interstate Commerce Commission, Shipping Board, Tariff Commission, Bureau of Efficiency, Civil Service Commission, Fine Arts Commission, Smithsonian Institution, Government Printing Office, Library of Congress, Employees' Compensation Commission, Alaskan Government, Alaska Railroad, etc.

<sup>24</sup> Disbursing officers' checks are cleared through the banks to the Treasurer of the United States.

The above described duties of the Comptroller General with regard to control of Treasury receipts and issues, while of prime importance, constituting as they do the basic function of the Office, are in essence and in operation comparatively simple. This statement does not hold true with regard to the next subject to be discussed, namely, the settlement and adjustment of claims.

**Settlement and Adjustment of Claims.** The settlement and adjustment of claims and accounts against the executive departments and establishments of the United States is one of the most important duties of the General Accounting Office. It is a clear and direct inheritance from the earliest days of the government, and has descended, with little fundamental change (through a series of progenitors reviewed previously); to the auditing office of to-day.<sup>28</sup>

The jurisdiction of the Office with regard to settlement and adjustment is broad and inclusive, according to Section 305 of the Budget and Accounting Act of 1921 (amending Section 236 of the Revised Statutes) which reads, as we have seen, as follows:

All claims and demands whatever by the Government of the United States or against it and all accounts whatever in which the Government of the United States is concerned either as debtor or creditor shall be settled and adjusted in the General Accounting Office.

While the wording of this provision seems concise and conclusive, there are close students of the situation who claim that, due to legislation subsequent to the act of 1817,<sup>29</sup> it has lost most of its force. In other words, even at the time Section 305 of the present law was drafted the effectiveness of the section of the Revised Statutes of which it was a repetition (except for the substitution of the words "General Accounting Office" for "Treasury Department") was almost *nil*. The presentation of this viewpoint is important, and is quoted practically *in toto*:

. . . the question is not so much a settlement of claims as determination of availability of appropriations.

<sup>28</sup>It is to be noted that the audit is an integral part of this process, as it is, broadly speaking, of most General Accounting Office activities. The distinction between "settlement and adjustment" and "payment" should also be kept actively in mind.

<sup>29</sup>3 Stat. L., 366, Sec. 2, from which Sec. 236, R. S., was taken and of which Sec. 305 of the Budget and Accounting Act of 1921 is an amendment.

. . . in the early days Congress made lump sum appropriations for the activities of the Government . . . [Later] Congress departed from this practice and adopted the procedure of specifying with particularity the uses to which appropriations might be placed. It also provided in the act of 1809, Section 3678 Revised Statutes, that appropriations for one purpose could not be diverted to some other purpose. So long as appropriations were general, the accounting officers could, under Section 236, settle and adjust all claims against the Government, but after the limitation as to uses of appropriations they adopted the practice of not settling claims for which there were no appropriations; that is, they would disallow such claims. The Congress later required all appropriations to be covered into the Treasury after the end of two fiscal years, but authorized the accounting officers to continue to receive claims incurred thereunder and to certify to Congress any balances for payment. (See 23 Stat. 254.) Apparently, this confirmed the prior procedure of the accounting officers to settle and adjust only claims for which appropriations had been made. In later years the procedure has been adopted of allowing claims for which there was statutory authority.

The result of this was twofold. Many claims were incurred by administrative officers for which there were no appropriations for payment. These claims swamped the claims committees in the Congress and . . . Congress, in 1855, with later amendments, established the Court of Claims to take over some of these duties. This situation might have been met by enlarging the jurisdiction of the comptrollers; that is, authorizing them to settle and adjust all claims regardless of appropriations with an additional right of appeal to the court. However, this was not done.

A consideration of the foregoing line of thought will demonstrate that the true function of the comptroller is that of a control officer; that is, to determine the availability of general appropriations to pay claims without further Congressional action. This involves, of course, the consideration of the merits of the claim, but however meritorious a claim, it cannot be allowed by the comptroller unless there is some appropriation or statutory authority therefor. Even when there is statutory authority, but not appropriation, it must go to Congress for an appropriation. The courts on the other hand, have nothing to do with appropriations and determine claims on their merits.

Furthermore . . . there are certain statutes which even limit the comptroller's authority to determine the availability of the appropriation. . . .

When the matters are viewed in this light, there is little to Section 236, Revised Statutes, other than words.<sup>28</sup>

<sup>28</sup> G. A. O. Typewritten letter—January 28, 1927.



However, regardless of the extent to which this section applies in practice, the settlement and adjustment of a claim, even in accordance with this provision of the law, is not always final. Provision is made for review or revision and demand for reconsideration may be made within one year of the original settlement by,

. . . any person whose accounts may have been settled, the head of the executive department or of the board, commission or establishment not under the jurisdiction of an Executive Department, to which the account pertains, or the Comptroller [General himself].<sup>28</sup>

After such review or revision, or providing the period of limitation of appeal has passed, decision of the General Accounting Office (or Comptroller General) becomes final, the only recourse lying in the courts, or in Congress.

For a clearer understanding of the "settlement and adjustment" process, a brief description of how accounts and claims appear before the General Accounting Office is pertinent. In practice all accounts and claims of the executive departments and establishments (except these forwarded for pre-audit, etc.) receive administrative examination by the executive department or establishment concerned before they are stated to the General Accounting Office, and most disbursing officers conduct an audit of their own accounts for self protection. While in theory this is for administrative purposes only, or at least does not go so far as to constitute any duplication of the work of the General Accounting Office, in practice it has been found to constitute such duplication in a number of places.<sup>29</sup> Not all of this is remediable, however, and in certain cases there is rooted antagonism to a change, the officers concerned (where the law does not except certain accounts and types of expenditure from independent audit) taking the position that the acts of the General Accounting Office result in a conflict of administrative authority.

That there may be ground for such a position by executive officers, in numerous cases, is made evident by exceptions to be found

<sup>28</sup> 28 Stat. L., 162, 207, as amended and transferred (Sec. 304, 42 Stat. L., 20). The above paragraphs are further illustrations of the fact also that payment does not constitute settlement. A disbursing officer may also apply for review. (Cir. 2, G. A. O., 1921.)

<sup>29</sup> This matter is under study at present and some duplications have been eliminated. Other such conditions are being remedied as rapidly as possible.

frequently in the statutes permitting fiscal matters to go unchecked by the General Accounting Office. Certain of these have been recognized by the Comptroller General (under what he considers "reasonable construction") as limiting his jurisdiction over accounts involving funds and appropriations.<sup>22</sup>

Power to enforce still resides in the General Accounting Office by means of disapproval of requisitions of funds, but the Comptroller General has construed that form of action as properly to be used only as a last resort in the most flagrant instances and that the contemplation of the law was that it was only to be so used and not generally.

Cases thus arise where, in spite of general practice and the usual construction of the law, administrative examination and audit is final.

Returning to the general practice, however, under the law the General Accounting Office receives and examines all accounts of salaries and incidental expenses of all executive departments and independent establishments of the United States government and certifies balances arising therefrom, which balances are "final and conclusive upon the executive branch of the government."<sup>23</sup> Generally speaking, such accounts are submitted by regulation, either monthly or quarterly, to the General Accounting Office for "settlement and adjustment," and this constitutes the type of case, where "payment" precedes "settlement." Such cases are in the preponderant majority, though in the case of settlement of claims the situation is somewhat complicated. It is thus described by the Comptroller General:

Claims certified by the General Accounting Office are divided into four classes affecting the manner and time of payment. If the

<sup>22</sup> "To correct the situation would not only require all revenue and expenditure accounts to be audited and settled by a single agency but such audit should be before the accounts are closed by final receipt or payment." G. A. O., Ann. Rpt., 1925, p. 1. See also under "Recoveries" p. 104, *et seq.*, *post*. For evidence as to the desire of Congress originally and the probable intent of the law the reader is referred to "Congressional Documents Regarding the Adoption of a National Budget System—1919." See also p. 59, *ante* and 44 Stat. L. 904, 911.

<sup>23</sup> These provisions are derived from various acts and lie in Section 277, R. S. They are supplement and transferred to the General Accounting Office by Section 304 of the Budget and Accounting Act, 1921. The finality of certification and the matters of recourse and appeal are elsewhere discussed.

appropriation is current and has not been exhausted payment may be readily accomplished, but if the appropriation has been exhausted it is necessary for the obligating establishment to seek a deficiency to pay future accounts and claims. However, repayments to the appropriation chargeable may, if properly shown, permit the payment of the claim without seeking a deficiency appropriation. If the appropriation has lapsed and a sufficient balance to pay the claim has been carried to surplus the amount may be certified to the Secretary of the Treasury for report to the Congress for deficiency appropriation, pursuant to section 2 of the deficiency appropriation act of July 7, 1884. If a sufficient sum has not been carried to surplus and repayments do not permit its certification and report to the Congress such claims must also be reported to the obligating establishment for seeking legislative relief. The other class of claims are those arising pursuant to statutory authority for the payment of which the Congress has provided no funds. Under the law such claims may also be certified to the Secretary of the Treasury for reporting to the Congress for deficiency appropriations.\*

Responsibility of the disbursing officer does not terminate with payment. It can only terminate with "settlement" by the General Accounting Office which agrees with his payment.† If the General Accounting Office, after examination, disapproves items or accounts, and claims overpayment of a creditor or claimant, the disbursing officer is responsible. He may satisfy the claims against him by restitution from his personal funds or he may recover the overpayment from the recipient. In case neither is possible nor desirable, he may appeal to Congress for an act to relieve him, or suit may be instituted in the courts.

These are the penalties of payment before settlement, but the practice of such pre-payment is necessary to avoid long delay and dissatisfied claimants.

In some 5 per cent of cases, "settlement and adjustment" comes before payment. Such payments are usually (though not always) made directly to the claimant by "settlement warrant" on the Treasurer of the United States. The procedure here involved comes about as the result of a long existing practice whereby claims or accounts against the government which are doubtful as to fact or law in the opinion of disbursing officers, or valid obligations re-

\* G. A. O., Ann. Rpt., 1925, p. 4.

† Even this is subject to revision under certain circumstances.

garding which disbursing officers do not have means accurately to determine the amount due and payable, are forwarded to the General Accounting Office for settlement or adjustment before payment.<sup>18</sup>

A third method is possible under the law in connection with the question of pre- or post-audit, which will be taken up in greater detail later; that is, the request for Comptroller's decision upon a prospective expenditure in advance of contracting the obligation. Such decision by the Comptroller General, in effect, confirms legality in advance of payment, but, nevertheless, requires subsequent examination for accuracy, etc., before it is considered "settled."

The powers and duties involved in the preceding description are derived from the Dockery Act (28 Stat. L., 162, 209), which reads in the pertinent sections as follows:

All powers and duties now conferred or imposed by law upon the Comptroller of the Treasury or the six auditors of the Treasury Department, and the duties of the Division of Bookkeeping and Warrants of the Office of the Secretary of the Treasury relating to keeping the personal ledger accounts of disbursing and collecting officers, shall, so far as not inconsistent with this Act, be vested in and imposed upon the General Accounting Office and be exercised without direction from any other officer. The balances certified by the Comptroller General shall be final and conclusive upon the executive branch of the Government. The revision by the Comptroller General of settlements made by the six auditors shall be discontinued, except as to settlements made before July 1, 1921.<sup>19</sup>

Broadly speaking, no claim, nor any account, can be certified properly previous to an adequate audit. The vouchers and accounts must be checked for their accuracy, must be charged to the proper appropriation and allotment, must not obligate beyond the available balance, and must conform in signature and detail with regulations. They must also conform to contract provisions and to the law. Decision as to the latter obviously goes beyond facts and details to the exercise of discretion and judgment, and involves interpretation not only of the sense of agreements but also of the meaning of the law. This is required before a settlement can be made or cer-

<sup>18</sup> Such payments may be made either by disbursing officer's check or by Treasury warrant, as mentioned.

<sup>19</sup> As amended. Powers transferred to Comptroller General by Sec. 304 of the Budget and Accounting Act.

tification issued, and hence settlement and adjustment involves the legal and quasi-judicial functions of the General Accounting Office. With these, however, later paragraphs will deal.

It is to be noted, clearly, in connection with the settlement and adjustment of claims and accounts, which includes the audit thereof, that the General Accounting Office has no power to disallow a claim or expenditure on the ground that is unwise, or that it represents an extravagant use of money. It is the duty of the Office, however, to call all such items to the attention of Congress.

With these brief explanations of the general process of settlement and adjustment and the work of administrative examination in mind, we may take up a review of the accounts of the executive departments and establishments and their intimate relation to the necessary accompaniment of settlement and adjustment, namely, the audit.

Broadly speaking, government accounting may be said to comprehend three major branches: (a) accounting for property, (b) administrative accounting, and (c) accounting for money. With the first, accounting for property, the General Accounting Office is not concerned except for an indirect relation later to be mentioned.\* With administrative accounting, the Office is more directly, though not immediately, concerned.\*\* The auditing function (in connection with settlement and adjustment) has a direct and immediate interest, however, in accounting for money, which includes accounts relating to advances to disbursement offices and payments therefrom.

The major auditing work thus concerns itself with expenditures and payments; that is, money accounts. As has previously been outlined, government auditing is primarily concerned with the legality of expenditures, though conformance to regulations is necessary, and accuracy is, of course, vital.

The accounting officers are required to receive and examine all accounts and to certify the balances arising therefrom. Hence, accounts are required to be transmitted by fiscal officers to the General Accounting Office at given periods, accompanied by vouch-

\* Always, of course, excepting accounting for its own property.

\*\* With the same exception and with amplification appearing in later pages.

ers and other evidence supporting the transactions covered thereby, in such detail as may be prescribed by the accounting officers.

The law in this regard specifies:

All monthly accounts shall be mailed or otherwise sent to the proper officer at Washington within ten days after the end of the month to which they relate, and quarterly and other accounts within twenty days after the period to which they relate, and shall be transmitted to and received by the Auditors within twenty days of their actual receipt at the proper office in Washington in the case of monthly, and sixty days in the case of quarterly and other accounts. Should there be any delinquency in this regard at the time of the receipt by the Auditor of a requisition for an advance of money, he shall disapprove the requisition, which he may also do for other reasons arising out of the condition of the officer's accounts for whom the advance is requested . . . *Provided*, That the . . . [Comptroller General may] prescribe suitable rules and regulations, and may make orders in particular cases, relaxing the requirement of mailing or otherwise sending accounts, as aforesaid, within ten or twenty days, or waiving delinquency, in such cases only in which there is, or is likely to be, a manifest physical difficulty in complying with the same, it being the purpose of this provision to require the prompt rendition of accounts without regard to the mere convenience to the officers, and to forbid the advance of money to those delinquent in rendering them: *Provided further*, That should there be a delay by the administrative Departments beyond the aforesaid twenty or sixty days in transmitting accounts, an order of the President in the particular case shall be necessary to authorize the advance of money: " . . .

Auditing, however, need not await the ordinary procedure, since the law specifically provides that:

The Comptroller [General] in any case, where, in his opinion the interests of the Government require it, shall direct any of the Auditors forthwith to audit and settle any particular account which such auditor is authorized to audit and settle."

In any case the practice in the auditing differs in no essential from the usual business methods, including the examination of accounts as stated quarterly or monthly by disbursing or other spending officers, vouchers, contracts, invoices, and other pertinent

" 28 Stat. L., 162, 209. The General Accounting Office has appealed to Congress to simplify this procedure. (G. A. O. Ann. Rpt., 1926, p. 10.)

\* Sec. 271, R. S., as amended by 28 Stat. L., 162, 206 and 42 Stat. L., 20, Sec. 304.

original documents and data. In addition to the disbursing officers' accounts, the audit extends to those accounts, previously mentioned, which involve settlement prior to payment and to the accounts of officers of the Treasury charged with public funds.

While the principles, as recounted, are simple, the practice is less so. Public funds are advanced or credited to some three thousand disbursing officers for payment of obligations administratively incurred. Under this system, as has previously been touched upon, the administrative office not only incurs the obligation, but, in effect, makes payment thereof, the record of the transaction reaching the General Accounting Office for final audit usually months later in the accounts of the disbursing officer.<sup>44</sup> The result is that while disallowances may be made, they are certified after the unauthorized transaction has been completed. This throws the entire matter into the field of restitution and recovery which is later dealt with.

In practice, therefore, differences in the accounts of disbursing officers exist in a large number of cases. While such officers are bonded (usually for \$10,000) the funds handled by them during the term of their bonds often run into the millions, and it has been estimated that in 1924 the average difference between disbursing officers' and control accounts amounted to more than \$10,000.<sup>45</sup>

Power lies with the General Accounting Office to withhold approval of requisitions for funds until such condition is cured, but this is construed as an extraordinary remedy, resulting in confusion and delay, to say nothing of injustice to legitimate claimants. Since fiscal officers are employees of their respective departments or establishments and not of the General Accounting Office, no immediate remedy is available.

The general audit, therefore, while in theory a matter of routine, involves numerous difficult conditions. Elimination of some, but not all, of these lies in the practice of pre-audit next discussed.

Pre-audits are the exceptional cases at present and involve but a few classes of work. The first class involves those claims or accounts against the government which, in the opinion of disbursing

<sup>44</sup> The law contemplates and provides for previous submission, as has been mentioned, but it is not compulsory. The practice is not prevalent.

<sup>45</sup> G. A. O., Ann. Rpt., 1924, p. 7. This is held to be no longer so pronounced, however.

officers, are doubtful as to fact or law, or concerning which such officers do not have means properly to determine the amount due and payable. These claims, as has been seen, are forwarded to the General Accounting Office for audit before payment.

Such accounts after audit, settlement, and adjustment may be paid in either of two ways. The usual practice is for the General Accounting Office to forward them, with certification, to the Treasurer of the United States for payment by Treasury ("settlement") warrant to the claimant, resulting in a charge against appropriation and allotment. However, such practice is not now (as it was formerly) necessary. The law at present makes special provision that:

The Comptroller General may provide for the payment of accounts or claims adjusted and settled in the General Accounting Office, through disbursing officers of the several departments and establishments instead of by warrant.\*

Such provision naturally tends still further to reduce the estimated percentage of claims or accounts (5 per cent) paid directly by warrant.

The second general class of work falling under the pre-audit designation is that concerned with transportation accounts or claims. Under regulations issued by the General Accounting Office, effective January 1, 1923, all claims and demands of common carriers were required to be transmitted, after administrative examination thereof, to the Transportation Division of the General Accounting Office for settlement before payment. Certain executive departments refused to comply with the regulation, and they were upheld by the Attorney General. As a result, the military departments of the government pay most of their freight and passenger accounts before settlement, certain civil departments and independent establishments send all freight and passenger accounts to the General Accounting Office for settlement, and other civil departments and independent establishments send freight accounts forward for settlement before payment but pay passenger accounts before settlement. This pre-audit, thus, while complete in theory, is not so in practice.

The third pre-audit group of accounts is concerned with the World War adjusted compensation act so far as payments are to be made by the Veterans' Bureau. The General Accounting Office

\* Sec. 307, 42 Stat. L., 20.



details personnel to conduct a pre-audit of all payments to be made and all certificates issued to be paid at a future date.\*

Before leaving the matter of pre-audit, certain facts should be emphasized. An audit is "pre" or "post" only in relation to "payment" and not to "settlement and adjustment." That is, the audit, if made after a claim or account has been paid by a disbursing officer, is a "post" audit. If it is made before payment by such officer or by direct payment from the Treasury, it is a "pre" audit. In both cases it is assumed that the audit accompanies "settlement and adjustment" as an integral factor thereof or follows after certain other functions of the settlement process, such as legal interpretation, have been exercised. In no case, however, does a "pre" audit precede what has, in this monograph, been termed "settlement and adjustment."

Still another form of audit may be designated as "special." This audit, as contrasted with the general or routine type, may be initiated either under order of, or pursuant to, legislation by Congress, or by order of the Comptroller General.

The former type usually constitutes merely an essential feature or accompaniment of an investigation involving matters in addition to the audit, and as such is dealt with elsewhere in this monograph. Examples of this type include the audit of the United States Shipping Board Emergency (now Merchant) Fleet Corporation accounts and the books of the retail coal dealers of the District of Columbia.

The second type of special audit is that which, normally, would conform to the general or routine classification, but which has been made the object of a special order by the Comptroller General under powers granted him by the law. Section 271 of the Revised Statutes, as amended and transferred to the jurisdiction of the Comptroller General, provided, as we have seen, for the audit, forthwith, of any account within the jurisdiction and at the discretion of that officer.

This constitutes, thus, an audit special as to time or order of initiation, but regular so far as form and procedure are concerned.

\*The War and Navy departments did not join in this plan. The Comptroller General considers it so successful in practice, however, that he has used it as an example in a statement indicating the desirability of an extension of the pre-audit system to other services and units, which is now being done.

A final class of audit, differing in certain essentials from all others, may be termed the "field" audit, which partakes of the nature of both general or routine and special audits, and may be either. The essential feature is the fact that it is carried on, not at headquarters, or the central repository of control and summary accounts, but in branches or stations of the various executive departments, where detailed transactions are recorded and original data lie. The field audit is thus essentially an audit of fact.

The special audit, when applying to field offices, differs only (except for location) in that it deals with original entries, accounts, and documents, rather than with control accounts or central files. This statement applies to the general or routine audit also, though with regard to such audit another word must be added.

The general or routine field audit is "routine" only in so far as it conforms to an established and systematized procedure whereby during a stated period of time (whether it be a month or a year) the accounts concerned are examined one or more times. These audits, however, unlike headquarters audits, where accounts are submitted monthly or quarterly for inspection and certification, do not occur at regular intervals. They may be undertaken at any time, and as a matter of practice are, to a degree, initiated unexpectedly, or at least not at stated or previously announced intervals, for obvious reasons.

They constitute, thus, not only an audit of fact, but a test audit, and may be conducted in scattered places at various times to provide a test check both on field and headquarters records.\*

It must be emphasized in conclusion of this section that while the audit has here been elaborated as an integral and important part of the "settlement and adjustment," actually it may, and does, exist separately therefrom in certain instances.\*\* The matter of "settlement and adjustment" constitutes a broader and more comprehensive work than does the audit, and involves, in addition to checking, comparing, and computing details, the exercise of discretion and judgment in interpretation of law and regulation; that is, quasi-judicial functions.

\* The theory and practice follow those of a bank examiner.

\*\* In some governments the two powers are exercised independently and by separate establishments. For a discussion of this theory and practice see W. F. Willoughby, *Status*, etc.

While the preceding paragraphs have discussed settlement, adjustment, and audit as they affect claims *against* the government, they have not touched upon the opposite side of the picture concerned with moneys received.

**Audit of Receipts.** A more inclusive designation of the subject under review, that is, the audit of receipts, would probably be the "settlement and adjustment of claims due the government," for, as in the case of issues or disbursements, more than a mere audit is involved and in the final analysis all receipts are, in essence, claims against a debtor. "Audit of receipts" is the generally accepted term, however, and hence is here employed.

This function, in theory, is exactly analogous to that of settling and adjusting claims against the government, differing only in the object to which applied. This is made clear by Section 236 of the Revised Statutes before quoted, which says:

All claims and demands whatever *by* the government of the United States or against it and all accounts whatever in which the Government of the United States is concerned *either* as debtor or *creditor*, shall be settled and adjusted in the General Accounting Office."

The sources of receipts of the United States government have previously been mentioned.\* They may be classified generally under the heads of (1) internal revenue, (2) customs receipts, and (3) miscellaneous receipts, the last including all forms of collections not covered under the first two headings. The jurisdiction and authority of the General Accounting Office is not the same with respect to all of these classes of collections, so far as settlement and adjustment is concerned, and interpretation of the extent of the Comptroller General's authority has given rise to considerable friction.

With regard to the first class of receipts, internal revenue, the law makes definite reservations which are recognized by the Comptroller General. These limit his activity to the audit of internal revenue accounts for fraud and correct computation, and prohibit the larger phases involved in "settlement and adjustment." The law provides:

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\* As amended. Italics not in original.

\* See p. 79, *ante*.

Sec. 1107. That in the absence of fraud or mistake in mathematical calculation, the findings of facts in and the decision of the Commissioner upon (or in case the Secretary [of the Treasury] is authorized to approve the same, then after such approval) the merits of any claim presented under or authorized by the internal-revenue laws *shall not*, except as provided in Title IX of the Revenue Act of 1924 [related to the Board of Tax Appeals] as amended *be subject to review by any other administrative or accounting officer, or agent of the United States.*<sup>44</sup>

The activity of the General Accounting Office is obviously restricted to seeing that all collections made are duly accounted for and covered into the Treasury, and in no sense may it determine what collections should be made; in fact, as the law now stands, even Congress has no independent check over receipts of customs and taxes. Real control rests in the Treasury, and neither Congress nor the General Accounting Office can determine whether the taxes levied or the customs assessed have been collected.<sup>45</sup>

While the General Accounting Office, as previously stated, is concerned with the covering-in warrants, in such cases it does not exercise intimate control over the receipts, nor does it have real control over the appropriations in so far as they are made to refund taxes or drawbacks.<sup>46</sup>

With regard to customs receipts, considerable dispute has arisen and as yet the matter has not been adjusted. The situation has developed as follows: Warehouse bond accounts are reported to the General Accounting Office quarterly from forty-one non-naval customs districts. The audit of imported merchandise held in custody in such warehouses had not, in 1922, been made since 1913. Such audit was revived in 1922, and an added audit assumed.

<sup>44</sup> Stat. L., 9, 113. Italics not in original.

<sup>45</sup> The same is true as to whether sums refunded as taxes or as drawback actually are collected.

<sup>46</sup> G. A. O. Letter—*Op. cit.*, pp. 4 and 5. . . . Congress itself, may lay and collect [taxes]. For practicable purposes it has delegated the collection to the Treasury Department, but there is no reason why it might not provide an independent agency to collect the tax or an independent agency to see that the tax had been collected . . . Congress has authority . . . to control the withdrawal of money from appropriations to pay refund of taxes but unless it exercises the control in some manner nothing is accomplished. . . . Many of these claims for refunds are not paid from appropriations but are allowed as abatements from current taxes."

The act of March 2, 1799 (1 Stat. L., 642), imposed upon naval officers appointed for customs work the duty:

First: To receive copies of all manifests and entries.

Second: To estimate . . . the duties on all merchandise subject to duty . . . .

Third: To keep a separate record of such estimates.

Fourth: To countersign all permits, clearances, certificates, debentures, and other documents, to be granted by the collector.

Fifth: To examine the collector's abstracts or duties and other accounts of receipts, bonds, and expenditures and certify the same if found right.<sup>22</sup>

These auditing duties continued until the year 1922, when under Section 523 of the Tariff Act (42 Stat. L., 858, 975), a change was made. The pertinent portion of this section is as follows:

Naval officers of customs and their successors shall hereafter be known as Comptrollers of Customs.

Comptrollers of Customs shall examine the collector's accounts of receipts and disbursements of money and receipts and disposition of merchandise and certify the same to the Secretary of the Treasury for transmission to the General Accounting Office. . . .

With the passage of this act the General Accounting Office undertook to audit such accounts and initiated an investigation of matters relating to the collection of customs duties in order to determine the class of papers which should be forwarded to that office for final audit of the accounts of customs collectors.

As a result of this study an outline of minimum requirements was submitted to the Secretary of the Treasury in April, 1923, and studies of the offices of collectors were made. During 1924 a more extensive investigation was carried on,<sup>23</sup> demonstrating, according to the Comptroller General, "the desirability of an audit of the accounts of the collectors separate from that performed under the supervision of the Secretary of the Treasury."<sup>24</sup>

The Treasury Department vigorously opposed the action of the General Accounting Office in demanding original data of the collectors of customs, such objection being based on numerous grounds which, while seemingly sound, need not be gone into here.

<sup>22</sup> R. S., Sec. 2626.

<sup>23</sup> Including all offices except a few on the South Atlantic Coast.

<sup>24</sup> G. A. O. Ann. Rpt., 1925, p. 13.

The conflict was accentuated when the Comptroller General disallowed certain drawback payments and refunds made by collectors of customs and charged the collectors personally for the amounts in question.<sup>18</sup> The result was consternation among the collecting officers, and a ruling was asked for. The Treasury Department appealed to the Attorney General, who rendered the following opinion:

1. The Comptroller-General has no statutory authority to require to be forwarded to him any other papers relating to entries of imported merchandise than those prescribed by the Secretary of the Treasury.

2. The Comptroller-General has no authority express or implied to review the collector's liquidation of entries of imported merchandise and drawback entries.<sup>19</sup>

Pursuant to this, customs officers refused to submit data demanded by the General Accounting Office and auditing became impossible to the latter organization. The Comptroller General in turn, following the principle which has guided that office, refused to accede to the Attorney General's opinion or, indeed, to follow any authority except that of the Supreme Court or an act of Congress.

A deadlock resulted, and to relieve the situation legislation was sought. On June 7, 1926, a bill was introduced in the Senate,<sup>20</sup> designed to remove from the Comptroller General the duty of auditing the accounts of collectors of customs, as follows:

. . . on and after September 21, 1922, the findings and decisions of the proper customs officials as to the rates and amounts of duties chargeable and collected upon imported merchandise and the amounts due as refund of excessive duties or in payment of drawbacks upon exported merchandise shall not be subject to review except by the Secretary of the Treasury, by the Board of General Appraisers, by the Court of Customs Appeals, or by the Supreme Court of the United States as provided by law.<sup>21</sup>

<sup>18</sup> These payments had been approved by superior customs officers and hence no effort was made by collectors to recover from the recipients of the payments and refunds.

<sup>19</sup> Attorney General, Letter to the Secretary of the Treasury, October 21, 1924.

<sup>20</sup> H. R. 11658, 69 Cong., 1 sess. See also original bill, H. R., 10939, 69 Cong. 1 sess. (Apr. 1, 1926).

<sup>21</sup> This was, thus, retroactive in effect and amended Sec. 523 of the Tariff Act of 1922. The original bill (H. R. 10939) did not make the provisions retroactive and did not mention the Supreme Court.

The bill did not reach a vote and died with the session,<sup>40</sup> but was productive of debate, hearings, and reports which are illuminating as to viewpoints on the jurisdiction and authority of the Comptroller General.<sup>41</sup>

The situation thus exists wherein the settlement and adjustment of customs receipts remains in dispute and suspense and the settlement and adjustment (but not audit) of internal revenue receipts by the General Accounting Office is prohibited. The only class of receipts, therefore, where the authority and jurisdiction of the Comptroller General with regard to settlement and adjustment is neither disputed nor curtailed is that designated as "miscellaneous." Here, seemingly, the General Accounting Office may exercise its full powers, but so far as available information discloses, this has not been done. Limitations of time and personnel have evidently precluded the extension of true "settlement and adjustment" activities further than to custom receipts.

The term "audit of receipts" is thus pertinent, rather than "settlement and adjustment of claims due the government," such audit having for its general purpose the establishment of a check against collecting or receiving officers so that they may not withhold or expend receipts improperly, rather than the disclosure of new sources of revenue or the proper or more complete exploitation of existing sources.<sup>42</sup>

The settlement and adjustment of receipts, obviously, is, at present, a potential, rather than an actual, operation; a power and duty, but only to a limited extent an activity. Nowhere does such control assume the completeness of that in the settlement and adjustment of claims against the government.

**Quasi-Judicial and Legal Activities.** In the preceding sections dealing with the settlement and adjustment of claims for and against the government, reference has been made frequently to the quasi-judicial and legal activities of the General Accounting Office. While these constitute, in many cases, an integral part of the settlement and adjustment process and, together with the audit, may be

<sup>40</sup> Meanwhile, no audit has been carried on.

<sup>41</sup> See: *Cong. Record*, June 7, 1926, pp. 10806-11 and p. 10941, 2; *Comm. Ways and Means*, 69 Cong. 1 sess. on H. R. 10939 (Apr. 16, 1926); 69 Cong., H. rep. 1137, and S. rep. 1026.

<sup>42</sup> It is a preventive or negative rather than a positive action.

said to comprise that process, they are of sufficient importance to be treated separately. As herein discussed, therefore, the term "legal and quasi-judicial" covers, in general, two phases of the work of the General Accounting Office, one of which deals with construing the law and regulations and the other with suits, recoveries, etc.

The former phase may be designated for discussion as "quasi-judicial," and this work, as with so many other activities, is an inheritance. The judicial functions of the Comptroller were recognized from the earliest days of the government, especially on the appellate side, but he was not freed from other work so that he might exercise them properly until the enactment of the Dockery Act (1894). Under that law however, as has been detailed, the Comptroller's appellate jurisdiction was broadened and an authoritative advisory jurisdiction given to him. The duties were confirmed and transferred to the Comptroller General by the Budget and Accounting Act (Sec. 304).

The Comptroller General construes the statutes as applied to expenditure accounts and claims (but not revenue accounts<sup>10</sup>) and renders decisions thereon, the general work being classified by the Office under the heads of advance decisions, reviews, and memorandum decisions. The first of these, as the name indicates, precedes the statement or payment of the account or even the incurring of the obligation, while the two latter (between which there is no real distinction as to type of activity involved) come after payment, statement, or obligation, and arise, usually, in the course of routine audit, settlement, and adjustment.

Decisions as a whole,<sup>11</sup> are, in this monograph, interpreted to include those decisions as to the balance of accounts "found and certified" by the Comptroller General. In other words the certification of any balance about which question arises or irregularity occurs, involves a Comptroller's decision.<sup>12</sup>

<sup>10</sup> Construction of the statutes as applied to expenditure accounts for refunds of taxes and customs, however, is limited to questions of law. To repeat: Except for certain perfunctory matters of control, Congress has no independent check on receipts of customs, and taxes nor on refunds of the taxes and payment of drawback.

<sup>11</sup> In support of this position the following may be quoted:

" . . . the accounting officers in deciding on the availability of appropriations for the payment of any particular claim either in the accounts of a



Such decisions, then, under the law, are final and conclusive upon the executive branch of the government and are subject to no direction from any other officer, though, as has been pointed out, such decisions are subject to review, and recourse to the courts is always open.\*

It has further been stated that "the decision of the Comptroller is conclusive upon the executive branch of the government and the President does not possess the power to enter into the correctness of the account for the purpose of repairing any errors which the accounting officers may have committed."\*\*

Request for review, however, as we have seen, may be made within one year by affected persons or organizations or upon initiation of the Comptroller General himself, but the decision upon such revision is final and conclusive upon the executive branch of the government.\*\*

When recourse is had to the Court of Claims after a decision by the Comptroller General adverse to the claimant, the decisions of this court, in the opinion of the General Accounting Office, are not absolutely and imperatively binding, and the influence of Circuit, District and state courts is even less authoritative.\*\* Decisions of the Supreme Court are interpreted as binding, while those of other courts are considered as persuasive but not compulsory, and are accepted only when, in the opinion of the Comptroller General, they are correct.\*\*

Legislative approval has apparently been granted this practice in acts of Congress which provide, in a limited class of claims, that

disbursing officer, on a demand presented by a claimant, or in a decision to the head of an establishment in advance of incurring the obligation or to a disbursing officer in advance of payment, perform a judicial function. . . ." McGuire, *Illinois Law Review*, XIX, 526.

\* Except in regard to certain classes of claims where no appeal may be taken (See *United States v. Babcock* (1918); *United States* 328, 63 Law ed. 1011). "The decisions of the Comptroller as to balance of accounts found and stated by him are conclusive upon the executive branch of the government, but not upon Congress or the courts." *Real Estate Sav's. Bank Case* (1880), 16 Ct. Cl. 335, as reported in 7 Fed. Stat. 374.

\*\* 2 Op. Atty. Gen. 507 (1832).

\*\* 28 Stat. L., 162, 207, Sec. 8.

\*\* Suits may be brought against the United States on limited causes of action in the district courts.

\*\* 20 Compt. Dec. 830; 18 Ct. Claims 47; 3 Comp. Gen. Dec. 316. See also McGuire, as above, and Hotchkiss.

accounting officers shall follow decisions of the courts in adjusting such claims,<sup>10</sup> the inference being that in cases other than those specified the officers need not do so.

The above methods of court recourse involve suits or the filing of claims. The courts also may be, and indeed are, used to combat Comptroller's decisions in other ways. The first of these is the injunction, restraining the General Accounting Office from contemplated action, such as withholding funds as contra-account against alleged indebtedness. The second involves mandamus proceedings compelling the Office to pay moneys allegedly due in spite of contra-indebtedness.

Failing the courts (or directly and independent of them in some cases) the person affected may appeal to Congress for a special appropriation for reimbursement for loss sustained by the Comptroller General's decision. This method is frequently employed by disbursing officers of the government when recovery from the recipient is impossible. Such practice is approved by the General Accounting Office where the law is clear, but the culpability of the disbursing officer is not patent (as with a large class of war claims and disbursements).

A final method which anticipates, rather than reverses, decisions, is legislation relieving disbursing officers from responsibility in certain classes of claims or disbursements.<sup>11</sup>

In those cases where the General Accounting Office chooses to ignore court decisions, where appeal does not lie in a higher court or is not taken, and where Congress fails to act, the claim must go unsatisfied.

The above paragraphs have dealt wholly with decisions as they are connected with, or lie implicit in, audit, settlement, and adjustment of accounts and claims. The quasi-judicial functions also extend to other fields. As previously touched upon, one of these is in the interpretation of appropriation acts.

It is the duty of the Comptroller General to determine to what extent an act authorizes the payment of money, and in practice no act is regarded as an appropriation unless the intention of

<sup>10</sup>Act of March 4, 1907 (34 Stat. L., 1295, 1356); claims of federal soldiers for Civil War service. Act of March 2, 1923 (42 Stat. L., 1377, 1390); claims of land-grant railroads for transportation of persons and property.

<sup>11</sup>Usually war-time obligations.

Congress is manifest. Any language however, which clearly directs payment by an executive officer is recognized as making an appropriation, and the General Accounting Office, wherever possible, so construes acts as to give effect to the object designed by Congress.<sup>7</sup>

Practically every undertaking, thus, which requires an appropriation for its execution, is, in some form or other passed upon by the Comptroller General.

Comptroller General's decisions, also, may involve revenues, though this type of construction or judicial work is much limited, applying principally to claims for refunding taxes alleged to have been illegally collected, including drawbacks on customs. Revenue stamp and mortgage tax refunds are other forms.

Decisions on disbursements for government services constitute a large proportion of the work, involving, as we have seen, frequent appeals and the mandamus and injunction. A large number of decisions are concerned with expense allowances of government employees. Since such cases are so numerous and the amounts involved usually small, few of them ever reach the courts, and hence, in this field, the decisions of the Comptroller General are, to all intents and purposes, final.

Another form upon which the Comptroller General exercises his judicial powers and which involves a large number of cases is the contract, which usually comes before him because of alleged failure to carry out expressed or implied terms.

In all of these forms the same principles and practices govern the General Accounting Office, and recourse and relief lie in the same quarters.

The preceding paragraphs have dealt in some detail with the decisions of the Comptroller General without distinction as to whether such decisions precede or follow expenditure or the contracting of the obligation. A considerable proportion of decisions, however, are those rendered in advance. With regard to such the law originally provided:

Disbursing officers, or the head of any Executive Department, or other establishment not under any of the Executive Departments may apply for and the Comptroller of the Treasury shall render his decision upon any question involving a payment to be made by them

<sup>7</sup> 6 Comp. Dec. 514; 8 Comp. Dec. 818; Hotchkiss, p. 39.

or under them, which decision, when rendered, shall govern the Auditor and the Comptroller of the Treasury, in passing upon the account containing said disbursement."<sup>28</sup>

This service was, therefore, obligatory,<sup>29</sup> and executive officers have interpreted their privileges in this regard liberally, even under the new law (1921), at times, requesting decisions when no payment was contemplated. The Comptrollers of the Treasury, under such conditions, consistently held that they possessed no jurisdiction in rendering decisions, except such as referred to proposed payments actually under consideration,<sup>30</sup> and that they had no authority to render decisions at the request of an executive officer when the appropriation concerned was under the control of another officer.<sup>31</sup> The Comptroller General, under the act of 1921, has not, however, fully accepted these views. He renders no decisions to disbursing officers unless on a matter actually before them for payment, but he does render decisions to the head of the department or establishment concerned on the construction of the appropriation before any liability is incurred, if such decision be requested.<sup>32</sup>

Advance decisions deal with legality and regularity of proposed expenditures and, as the law states, govern the General Accounting Office when the expenditure concerned is later submitted for audit and settlement. In such cases, therefore, the Comptroller General may not revise or review settlement of such items so far as legality is concerned, though he may still refuse certification upon other grounds.

The term "legal matters" as here used in connection with the General Accounting Office includes numerous duties of a miscellaneous nature. That such duties are assumed to be an integral part of the work of the Office, is indicated in the Budget and Accounting Act, which says (Sec. 311(a)):

The Comptroller General shall appoint, remove, and fix the compensation of such attorneys . . . in the General Accounting Office as may from time to time be provided for by law.

<sup>28</sup> 28 Stat. L., 162, 208.

<sup>29</sup> "This act makes it obligatory upon the comptroller of the treasury to make a decision upon any question involving a payment to be made by or under the head of any executive department, and it contemplates by him the construction of the statutes." 21, Opp. Atty. Gen. 181. (1895).

<sup>30</sup> 1 Comp. Dec. 139; 1 Comp. Dec. 411; 2 Comp. Dec. 58.

<sup>31</sup> 1 Comp. Dec. 317.

<sup>32</sup> G. A. O. Letter Jan. 28, 1927. Written statement, March, 1927.

And in Section 311(f)

The Comptroller General shall make such rules and regulations as may be necessary for carrying on the work of the General Accounting Office, including rules and regulations concerning the admission of attorneys to practice before such office.

Much of the legal work consists in the collation of data upon which decisions may be based; a work of research and compilation. In rare instances the Office, or accounting officers, may have a part in the defense of suits against the United States. This comes about usually only upon request of the Attorney General for such officers to prepare briefs or to cooperate in arguing certain cases.

The law activities may include also the recommendation of appeals, but the question of whether there shall be appeals from judgments rendered against the United States rests wholly with the Attorney General (R. S., Sec. 359).<sup>17</sup> Should he refuse, the only recourse for the General Accounting Office is to refuse to follow the decision.<sup>18</sup>

Perhaps the most onerous of the legal duties of the Office is that imposed by the Dockery Act, which provided:

The Auditors, under the direction of the Comptroller of the Treasury shall superintend the recovery of all debts finally certified by them . . . to be due the United States.<sup>19</sup>

The recovery of amounts due the United States which have been discovered in the audit and settlement of accounts of disbursing officers has concerned the General Accounting Office from the first, and it is from this field of work that most of the disputes regarding the Comptroller General's authority and jurisdiction have arisen. As to the procedure involved, an annual report speaks as follows:

The procedure followed in attempting to collect moneys due the United States after administrative failure so to do, is to demand

<sup>17</sup> The General Accounting Office states that it is questionable whether the Comptroller General may not proceed on appeal where the suit is against him without the consent of the Department of Justice, though the practice has been to seek the cooperation of the Attorney General.

<sup>18</sup> In cases where such refusal has forced appeal and such appeal has been lost in the Supreme Court, the General Accounting Office has followed the decision of this Court.

<sup>19</sup> 28 Stat. L., 162, 206. Transferred by 42 Stat. L., 20, Sec. 304.

payment of the amount due on or before a certain date, the time being adjusted according to the nature of the indebtedness and the distance the debtor resides from this city. If there is no response a final demand is made advising that unless the demands of this office are complied with the matter will be referred to the Department of Justice with recommendation that legal proceedings be instituted to recover the amount due. When amicable means of collection have been exhausted, a transcript from the books and proceedings of this office is prepared and forwarded to the Solicitor of the Treasury for suit. If the amount be small a statement as to the nature of the indebtedness may be forwarded to the Solicitor of the Treasury with the request that it be referred to the United States attorney with the suggestion that collection be attempted without suit.<sup>28</sup>

The work of such recovery, together with the audit, was considerably speeded up by the relief act of April 21, 1922 (42 Stat. L., 497), which provided:

That the Comptroller General of the United States be, and he hereby is authorized, through such officer as he may designate, and within two years from the passage of this Act, (a) to relieve disbursing officers or special disbursing agents of the War and Navy Departments from accountability or responsibility for losses, occurring between April 6, 1917, and November 18, 1921, of funds, or of accounts, papers, records, vouchers, or data pertaining to said funds, for which said officers or agents were accountable or responsible; and (b) to allow credits, in the settlement of accounts of said officers or agents, for payments made in good faith on public account during said period, notwithstanding failure to comply with requirements of existing law or regulations pursuant thereto: *Provided*, That in cases of losses or payments involving more than \$1,000 the Comptroller General shall exercise the authority herein only upon the written recommendation of the Secretary of War or the Secretary of the Navy, which recommendation shall also set forth the facts relative to such loss or payment: *Provided further*, That the Comptroller General in all cases shall certify that the transactions, expenditures, losses, or payments appear to be free from fraud or collusion.<sup>29</sup>

Nevertheless, difficulties have remained. In the first place an important officer in connection with recovery of amounts due the

<sup>28</sup> G. A. O. Ann. Rpt., 1923, p. 37.

<sup>29</sup> The act did not, it will be observed, relieve the recipients of erroneous payments from accountability, however. The original term of this act was for two years, but it was extended to four years additional by the act of February 11, 1925 (43 Stat. L., 860).

government, namely, the Solicitor of the Treasury, remains under the jurisdiction of that department (though nominally directed by the Department of Justice) and bears no responsibility to the General Accounting Office. Secondly, accounting officers lack the authority (which they once had) to go into court to enforce settlements.<sup>2</sup>

In many cases it has been necessary to proceed for collection of sums erroneously disbursed, but outside the provisions of this law, however, in which case the General Accounting Office has endeavored to institute such proceedings against the recipient rather than the disbursing officer concerned. Where suit is necessary, joint action is brought against the disbursing officer, his surety, and the beneficiary of the payment, thus extending the available sources of recovery, aiding the disbursing officer, and placing the burden of proof upon defendants.

The reports of the General Accounting Office, while complaining in no way about the procedure with regard to recoveries of amounts due from private firms and individuals outside the government, have much to say about obstruction and lack of cooperation of government employees and officers in recovering moneys allegedly due from them.<sup>3</sup> In such cases, where court action ensues, legal work involves the preparation of necessary motions, answers, and briefs for court presentation and the attorneys' arguments, but participation of the General Accounting Office in the defense of suits against the government is rare.

In 1924, particularly, the General Accounting Office began to encounter difficulties in the recovery of amounts alleged to be due the United States as revealed by settlements in that office. A number of these cases arose when an attempt was made to withhold pay from certain officers against whom a contra-account was claimed. On the contention that no authority existed for the withholding of pay to satisfy an existing indebtedness against the payee

<sup>2</sup> In 1855, when the Court of Claims was established, an independent attorney was created to represent the United States in that court. When the Court of Claims act was amended, this duty was transferred to the Department of Justice. It is said this was done, possibly, through a failure to appreciate the fact that the defense of such claims as are here being considered, is a fiscal matter, which, in England, for example, is under the control of officers appointed by and responsible to the Exchequer.

<sup>3</sup> In this connection the courts are freely used against the General Accounting Office and the mandamus and injunction are frequent.

writs of mandamus to pay or injunctions against withholding pay were obtained from the courts by defendants. The Comptroller General contended that this was done in the face of conditions described in an annual report as follows:

Under existing procedure, which has endured for many years, overpayments to officers and employees occurring inadvertently or otherwise, if not refunded when discovered, are adjusted by proper deduction from payments subsequently becoming due whether for salary or otherwise. Where the amounts of the indebtedness is large and conditions justify, the deductions are permitted to be made in installments for the convenience of the debtor.<sup>18</sup>

Cases similar to those mentioned also have arisen in the Navy under provisions of the law which entitle naval officers to allowances for quarters (or commutation in lieu thereof) for certain dependents. Upon discovery of affidavits allegedly made contrary to fact regarding such dependents the General Accounting Office attempted recovery of sums paid out under such affidavits either by installment restitution or by withholding a percentage of pay. These cases were also thrown into the courts, and in addition to the mandamus and injunction, legislative remedy was sought.<sup>19</sup>

In all such cases the General Accounting Office has contended that no writ of mandamus might lie against the Comptroller General, because his acts involve discretion and judgment and none is, or can be, ministerial. In 1924 the Comptroller General said:

If there is a single ministerial function devolving upon the General Accounting Office I have been unable to observe it.<sup>20</sup>

The function of settlement and adjustment, involving as basic components quasi-judicial and legal activities, particularly with regard to the recoveries of amounts allegedly due the United States, has brought seriously into question the status of the Comptroller General and the General Accounting Office. Although as early as 1924 remedial legislation was attempted, no result was forthcoming.

<sup>18</sup> G. A. O., Ann. Rpt., 1924, p. 3.

<sup>19</sup> For example, an act of July 2, 1926 (44 Stat. L., 780, 789), provided that the decision of the Secretary of War or the Secretary of the Navy with respect to contracts for aircraft parts and accessories should not be reviewable except by the President or the federal courts.

<sup>20</sup> But see footnote 83 previous page.



On January 8, 1924, Representative Madden introduced a bill (H. R. 4975, 68 Cong. 1 sess.), which provided:

That disbursing officers shall make no payments of any claim or class of claims or on any account whatsoever wherever the Comptroller-General of the United States has by regulation or decision otherwise directed the method of payment, and all branches of the Government are hereby required and directed to comply with such regulation or decision.

This was followed on March 4, by a bill of Representative Dallinger (H. R. 7621, 68 Cong. 1 sess.), which pursued an opposite course. It provided:

That hereafter when any difference of opinion arises between the Comptroller-General and the head of any executive department or establishment not part of an executive department concerning the interpretation of a statute, or the validity, meaning or effect of a regulation, order or other administrative action, or involving a conflict of jurisdiction between the Comptroller-General and such head of a department or establishment, it shall be the duty of the Attorney-General to render his opinion upon the question thereby presented if requested so to do by the President or the head of the executive department concerned, and such opinion of the Attorney-General shall be final and conclusive unless and until modified by the President or a court of competent jurisdiction.

Both of these bills were referred to the Committee on the Judiciary, and formed the basis for hearings of interest and importance.<sup>11</sup> The bills, however, died in committee, and clarification of the Comptroller General's position was deferred.

It was assumed by many that the decision of the United States Supreme Court in *Myers v. United States*, involving the removal power of the executive placed the Comptroller General in a position of subordination to the President, but others maintained that he was a legislative and not an executive officer and hence the decision did not govern. Matters remain, then, as they have been since creation of the Office.

One or two minor phases of legal recovery work remain to be mentioned. These concern the forgery of checks and similar irregularities. Such legal activities involve the examination of checks and investigation with the purpose of recovery and prosecution of

<sup>11</sup> Unfortunately these hearings were never printed and hence are not available.

the wrongdoer. Photostats of checks and documents are furnished (or the originals when necessary), transcripts of evidence are made up, and representatives appear in court.

A final phase of legal work consists of the compilation of laws in order to indicate conditions under which the United States is exempt from the payment of state taxes and for the purpose of assisting in securing refunds from states of amounts paid out to which the United States may be entitled.<sup>8</sup>

**Accounting.** The accounting duties of the General Accounting Office, like the auditing function, are largely an inheritance, and are provided for by law. Under the Budget and Accounting Act (Sec. 304) it is specified that

. . . the duties of the Division of Bookkeeping and Warrants of the Office of the Secretary of the Treasury relating to keeping the personal ledger accounts of disbursing and collecting officers, shall, so far as is not inconsistent with this act, be vested in and imposed upon the General Accounting Office. . . .<sup>9</sup>

Since the same section of the act conferred all the powers and duties of the former Comptroller and the six Auditors of the Treasury upon the Comptroller General (and hence upon the General Accounting Office), such accounts as these officers were required to keep were inherited.

The Budget and Accounting Act also provides (Sec. 309):

The Comptroller General shall prescribe the forms, systems, and procedure for administrative appropriation and fund accounting in the several departments and establishments, and for the administrative examination of fiscal officers' accounts and claims against the United States.<sup>10</sup>

<sup>8</sup> Such compilations include state gasoline sale and use taxes, automobile license fees for United States vehicles, etc.

<sup>9</sup> The administrative accounting, or better, those accounts concerned wholly with intramural matters in the Treasury Department were not transferred. The same act (Sec. 308) also provided as follows:

"The duties now appertaining to the Division of Public Moneys of the Office of the Secretary of the Treasury, so far as they relate to the covering of revenues and repayments into the Treasury, the issue of duplicate checks and warrants, and the certification of outstanding liabilities for payment, shall be performed by the Division of Bookkeeping and Warrants of the Office of the Secretary of the Treasury."

<sup>10</sup> This is an amendment to the provisions of Section 5 of the Dockery Act (July 31, 1894; 28 Stat. L., 162, 206), which provided:

"The Comptroller of the Treasury shall . . . prescribe the forms of keeping and rendering all public accounts, except those relating to the postal revenues and expenditures therefrom."

It is readily seen, therefore, that the accounting duties of the General Accounting Office fall naturally into two groups; first, those concerned with the actual keeping and preservation of accounts, and, secondly, those concerned with the accounts as kept by others. Taking those up in order we may designate the first as "account keeping."

As has been explained previously the General Accounting Office is not concerned with accounting for property<sup>18</sup> but with administrative accounting (as will be taken up shortly) indirectly and money accounting directly and immediately.

While the last named constitutes the prime concern of the Office, nevertheless, in carrying out this activity, control accounts only are maintained;<sup>19</sup> that is, the personal ledger accounts of disbursing and collecting officers and the summaries necessary to show available balances in appropriation warrant, transfer appropriation warrant, pay warrant, adjustment warrant, and covering warrant accounts.

The operating accounts of the executive departments and independent establishments, to repeat, are kept in those departments and not in the General Accounting Office, and such departments may keep such form of cost, property, and money accounts as will best serve their needs.<sup>20</sup> The rules and regulations made by the accounting officers of the executive departments and independent establishments vary considerably, and the task of developing uniformity in such accounts is dealt with in succeeding pages. To understand adequately the methods of accounting of the government as a whole, however, it would be necessary to analyze the laws beginning with the Revised Statutes of 1874 and continuing through all the laws passed since that time,<sup>21</sup> a matter beyond the scope of this monograph.

<sup>18</sup> Except, as will be recalled, in connection with its own property or where property of the government is sold and money is received which shows shortage.

<sup>19</sup> Again, excepting its own operations, and with regard to the retirement funds.

<sup>20</sup> Subject to certain control by the General Accounting Office.

<sup>21</sup> Congress at every session legislates, in the appropriation bills and otherwise, to restrict the use of appropriations and to prevent waste or to deny expenditures considered unnecessary by that body. The study mentioned would have to be most exhaustive and intensive, since many permanent provisions are obscured in nonpermanent legislation.

While the detailed accounting procedure of the General Accounting Office follows normal practice in most respects, it differs fundamentally (as with all other government accounting) from business or private accounting. Government accounting is essentially legal in its nature. Its guiding principle is legislative authorization<sup>10</sup> as contrasted with business accounting, which operates so largely under lump-sum appropriations entrusted to the discretionary authority of the spending officers. Private accounting is primarily concerned with solvency and profits (thus costs—and expediency), while government accounting is controlled by legality and regularity. Private accounting may, possibly, ignore a rule or regulation if increased profits or decreased costs result. Public accounting, with solvency assured and profits unconsidered, dare not ignore law or regulation, especially since a separate body, Congress, is given power over the purse and jealously guards it.

To repeat, therefore, the General Accounting Office actually keeps only control accounts shaped to govern legality and regularity of receipts and expenditures, not costs and administrative operations.<sup>11</sup> To this last, however, one exception must be added, resulting from the act of July 3, 1926 (44 Stat. L., 904, 911), which provided: "The Comptroller General shall establish and maintain an account showing the annual liabilities of the Government under this [Retirement] Act, and shall keep such other accounts as may be deemed necessary for a proper administration of the Act." Under this provision administrative accounts may be kept.

The check accounting work of the General Accounting Office may be considered to depart somewhat from the broad classification here adopted in that it bears a three-fold aspect. While it is essentially a control account, yet it involves detailed accounting which, did conditions differ, might be performed in the executive departments, and on the third aspect is a custodial or repository activity.

<sup>10</sup> Recall the minute specification of appropriations and the manifold restrictions on expenditures in most appropriation acts.

<sup>11</sup> In this regard it may be recalled that government accounts as a whole are on a cash and not an accrual basis. Under present conditions the receipts from the sale of an asset (bonds, ships, buildings) are treated in the same manner in the accounts as cash received from income tax or customs. The same is true regarding capital outlay and running expenses. Double-entry bookkeeping is not practiced, and no general balance sheet can be produced or anything comparable to a statement of income, profit and loss.

Since it bears a close relation to "account keeping" in the Office, it is here mentioned.

The work of check accounting is concerned with the proving, reconciling, and adjustment of depository balances of fiscal agents of the various departments, offices, commissions, boards, etc., excepting the Post Office Department and the United States Shipping Board.

The procedure involved conforms to ordinary practice and necessitates no detailed exposition. The custodial and legal aspects (recovery on forged endorsements, etc.) of the check accounting work are mentioned elsewhere.

The duties of the General Accounting Office relating to the prescription of forms, systems, and procedure of accounting have been outlined in the quotation from the law previously mentioned. These duties may, for lack of a more accurate nomenclature, be termed "accounting studies" as distinct from the account "keeping" work of the Office.

In making such studies, prescribing changes, and supervising installations, the General Accounting Office concerns itself immediately with administrative accounts and under certain circumstances with property accounts.

The duties imposed upon the Comptroller General under this section (309) of the Budget and Accounting Act of 1921, while, in a degree, previously required of the Comptroller of the Treasury under the Dockery Act are, on the whole, new. If the budget hearings are to be taken as evidence, such provisions were included in the law on the assumption that a proper budget system was impossible without an almost complete reorganization of the accounting system of the government.

Existing systems, while satisfactory in certain instances for the department or establishment concerned, were not uniform or in any adequate way coördinated and were intended almost solely to insure the fidelity of officers and employees charged with receipt and disbursement of public funds."

"Attempts at control have been made by increasing the number and restrictions of appropriations with the result that in some departments it is impossible to correlate appropriations and expenditures in a proper accounting system.

As a result of conditions the procedure adopted has been that of the "survey method," including, first, a study of the general accounting system as a whole, and then proceeding to more intensive studies of various units in the executive departments and independent establishments. The combination of these studies develops certain basic weaknesses of omission and commission which apply to all and these can be incorporated into a set of standards or principles for improvements.

After the findings of the studies have been analyzed, installation of systems of appropriation and fund accounting control is begun, the attempt being made to set up accounts which will not only perform more adequately the necessary fiscal recording of the unit but also conform to a standard government practice and present adequate data to the General Accounting Office. As an integral part of this the process of standardizing forms is carried on, such forms having to be approved, before installation, by the General Accounting Office.<sup>■</sup>

The studies are extended and installations made as rapidly as conditions permit,<sup>■</sup> although, according to the reports of the Comptroller General, much remains to be done. It is of interest and pertinence in this connection to append the conclusions of that officer after four years' study of the situation. They will make clearer the necessities of the "accounting study" activities.

(a) A satisfactory accounting system for the United States requires revision of appropriation methods and the establishment of a control of the use of appropriations.

(b) The activities of the governmental establishments should be analyzed and the expenditures required carefully classified, and the appropriation therefor should be for comparatively large lump sums with such limitations as to the uses thereof as Congress may deem necessary. Such limitations should conform so far as practicable to the classification previously determined upon and should be enforced by means of a simple method of accounting and reporting.

<sup>■</sup> It must be obvious in this connection that the studies mentioned partake of the nature of investigations, inspections and reportings thereon, in addition to the accounting side and hence will be touched upon later.

<sup>■</sup> Such conditions include the opinion of many officers in administrative departments and establishments that the jurisdiction of the General Accounting Office extends only to appropriated moneys and not to trust moneys and special funds.

(c) Annual appropriations should cover the actual expenses to be incurred each year—that is, they should include the amount required to pay for personal and other services and the value of material and supplies used, and should not be so made as to place a premium on the incurring of obligations and the purchase of large stocks of materials and supplies near the close of the fiscal year.

(d) Industrial establishments operated by the Government should be provided with a working capital sufficient to carry on their authorized business, and the cost of work done should then be charged to the proper expense account.

(e) Accounts should be opened on the books of the General Accounting Office for materials and supplies purchased for issue and for the amounts of accounts receivable and other current assets, which accounts should be coördinated with the cash accounts.

(f) The well-defined distinction between funds should be recognized and public funds required for expenditure should be kept separate from trust funds, as indicated below:

Authority to make refundments of excess or erroneous collections should not be confused with appropriations to pay expenses, and moneys received from the sale of capital items such as lands, buildings, ships and equipment, or from negotiable securities or in the payment of foreign loans, etc., which should not be accounted for in the same category with ordinary revenue receipts.

Appropriations from local revenues should not be treated as part of the appropriations from the general revenues of the United States nor should the local revenues collected be taken in as a part of the miscellaneous receipts of the United States. Only the amount of the appropriation that is paid out of the general revenues of the United States should be considered as an expenditure from the general funds of the United States.<sup>1</sup>

**Investigation and Reporting.** The jurisdiction, powers, and duties of the Comptroller General and the General Accounting Office as regards investigations and reports are comprehensive. They constitute, to a great extent, newly imposed obligations and newly acquired powers and owe less to inheritance than other phases of the work. Such inquisitorial duties are predicated upon one section of the Budget and Accounting Act, which reads (Sec. 313):

All departments and establishments shall furnish to the Comptroller General such information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective offices as he may from time to time require

<sup>1</sup> G. A. O., Ann. Rpt., 1925, p. 11.

of them; and the Comptroller General, or any of his assistants or employees, when duly authorized by him, shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department or establishment. . . .<sup>2</sup>

The way is thus cleared for the inspectional and investigational aspects of General Accounting Office work.<sup>3</sup>

While Section 301 of the Budget and Accounting Act laid down the first cardinal point in the scheme of independent audit by making the General Accounting Office independent of the executive branch, Section 312 stands out as almost equally important in that it provides for Congress an agency responsible to it alone, with broad inquisitory powers. Under this provision the legislature has at its command facilities for exercising adequate scrutiny over the executive branch (a scrutiny which is not inherent in the auditing and settlement functions), while the succeeding section of the law compels compliance of the executive departments and establishments.

The pertinent sections follow:

Sec. 312(a) The Comptroller General shall investigate, at the seat of government or elsewhere, all matters relating to the receipt, disbursement, and application of public funds, and shall make to the President when requested by him, and to Congress at the beginning of each regular session, a report in writing of the work of the General Accounting Office, containing recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt, disbursement, and application of public funds as he may think advisable. In such regular report, or in special reports at any time when Congress is in session, he shall make recommendations looking to greater economy or efficiency in public expenditures.

(b) He shall make such investigations and reports as shall be ordered by either House of Congress or by any committee of either House having jurisdiction over revenue, appropriations, or

<sup>2</sup> The last sentence, here omitted, exempts confidential matters in the Department of State.

<sup>3</sup> Discussion has arisen from time to time as to whether this phase of work has been adequately exercised. This is not the place to weigh the evidence but the reader is referred to the following for opposing viewpoints: *Cong. Record*, Jan. 5, 1922, p. 845; Jan. 30, 1925, p. 2720; June 2, 1926, p. 10540; and Bureau of the Budget, Annual Report, 1924, p. 26.



expenditures. The Comptroller General shall also, at the request of any such committee, direct assistants from his office to furnish the committee such aid and information as it may request.

(c) The Comptroller General shall specially report to Congress every expenditure or contract made by any department or establishment in any year in violation of law.

(d) He shall submit to Congress reports upon the adequacy and effectiveness of the administrative examination of accounts and claims in the respective departments and establishments and upon the adequacy and effectiveness of departmental inspection of the offices and accounts of fiscal officers.

(e) He shall furnish such information relating to expenditures and accounting to the Bureau of the Budget as it may request from time to time.

The duties imposed upon the Comptroller General by these provisions are numerous, and in the interest of clarity demand some sort of classification before discussion is taken up. Obviously, such a classification must be arbitrary and open to criticism at some points, but the aim is convenience in discussion and not accuracy of definition.

A convenient broad classification may be made on the basis of the method of initiation; that is, (a) those activities required by Congress and (b) those requested by officers in the executive branch. Those required by Congress might be subdivided into investigations and reports required (1) by Congress as a whole in the Budget and Accounting Act, or other acts and resolutions, (2) by either House of Congress under resolution, and (3) by any committee of either House, by order or resolution.

Work for bodies or officers in the executive branch of the government falls into two classes: reports requested (1) by the President and (2) by the Bureau of the Budget.

The reports under the latter general head are restricted in nature. In the first place they are made only upon request and not regularly. Those to the President are required to include merely a recital of the work of the General Accounting Office, the data being derived from records of work accomplished during any period and involving no necessity for research or investigation.

Reports to the Bureau of the Budget may be more comprehensive, since they include "information relating to expenditures and accounting" which may not be compiled or made available in the

course of regular or routine work.<sup>4</sup> In either case it is to be noted that the submission of such reports, upon request, is obligatory upon the General Accounting Office.

The reports required by Congress, as a body, are, in general, what may be designated as regular, although special reports may be required from time to time. Those reports required by either House of Congress separately, or by any committee of Congress, however, are special in nature, usually involving investigation or study.

*Regular Reports.* The term "regular reports" as here used includes those which are produced from data developed and recorded in the normal course of work in the Office. The annual report of the Comptroller General to Congress is an example of this type in that it adheres to the classification above given and in addition is periodical in appearance. By direction of the law, however, this report is more than a recital of work done. It must contain recommendations concerning legislation deemed "necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt, disbursement and application of public funds" as the Comptroller General considers advisable.

Such report<sup>5</sup> also must "make recommendations looking to greater economy or efficiency in public expenditures," and is thus constructive or advisory as well as descriptive. It is, in part, therefore, a routine administrative document and in part a report upon one of the primary functions of the Office under the law.

A second "regular" type of report is that submitted to the President upon his request. While it is "special" in the sense that it is not compiled at stated periods it is "regular" in that it is produced from the same data as the annual report and requires no special study or investigation.

A third form of regular report is specified under Section 312c of the act of 1921.<sup>6</sup> It is required to include a list of all expenditures and contracts made in violation of the law by any department or establishment. The report is regular (annual) by necessity, for

<sup>4</sup> It is apparent that the distinction here made between reports requested by the President and those by the Bureau of the Budget is nominal, since a report destined ultimately for the former may be requested through the latter.

<sup>5</sup> Or special reports at any time Congress is in session.

<sup>6</sup> The word "specially" in the first line of the section cited refers to "outside of" or "in addition to" the annual report.

it is required to include *every* expenditure, etc., made in any year. It is also regular in that the information sought is revealed in the normal routine process of audit and settlement and inspection and filing of contracts without special study or investigation.

A fourth form of report is that mentioned in Section 312d. This may be considered as regular in type, since it requires no special order or act to demand submission. This report informs Congress as to the "adequacy and effectiveness of the administrative examination of accounts and claims in the respective departments and establishments and upon the adequacy and effectiveness of departmental inspection of the offices and accounts of fiscal officers."

Such reports, while issued at no regular period, are the results of a continuous and regular activity, proceeding from department to department and unit to unit; that is, they are a by-product of a routine system which, however, is not repetitive in that it deals successively with different offices.

These paragraphs cover such reports as we have arbitrarily defined as regular. The second general group includes those designated as "special."

*Special Reports.* Special reports are those produced from time to time only upon request or order. They usually involve an investigation or examination not included in the regular or routine work of the General Accounting Office. The initiation may be under special act of Congress, resolution of either House, resolution or order of a committee of either House, or request from the Bureau of the Budget.

The annual report may include recommendations "looking to greater economy or efficiency in public expenditures," but such recommendations may also be made "in special reports at any time when Congress is in session." Recommendations, then, may be either special or regular in nature, and come with either class of report.

The information furnished to the Bureau of the Budget upon request comes in the nature of a special report, since it is produced only upon such request and not otherwise. It may or may not involve special study or investigation, depending upon the type of information desired.

Other reports here designated as "special" simply embody the facts, findings, and recommendations of studies or investigations

which have been made. The investigation is the dominating feature and the report a necessary corollary to put the results in available form.

*Investigations.* The investigations conducted under the law by the General Accounting Office are classified by that Office as concerning:

- I. Administrative appropriation and fund accounting
- II. Administrative examination of accounts and claims against the United States
- III. Departmental inspection of offices and accounts of financial officers
- IV. Inspection and examination of books, papers, and other matters relating to the offices or accounts of disbursing officers
- V. Miscellaneous matters relating to the receipt, disbursement and application of public funds, including the rendition and audit of accounts of fiscal officers
- VI. Prescribing forms used in rendering accounts to the General Accounting Office
- VII. Auditing financial transactions of the United States Shipping Board Emergency [Merchant] Fleet Corporation in accordance with usual methods of steamships or corporation accounting

This classification includes inspection, study, and audit as parts of the investigational activity, and covers both general and specific duties. It is arranged not according to any differences in method of approach or technique, however, but with reference to the particular type of record or activity to which the investigation or audit or inspection is applied. As such it offers a convenient basis for discussion and is here adopted.

*Administrative Accounts.* The Budget and Accounting Act of 1921 (Sec. 309) imposes upon the Comptroller General the duty of prescribing forms, systems, and procedure for administrative appropriation and fund accounting, a duty which was only partially required of the Comptroller of the Treasury.

This duty was prescribed as a necessary accompaniment to a successful budget system, it having been brought out in Congressional hearings that a reorganization of the accounting system of the government was prerequisite to the proper operation of the budget.

The work of the General Accounting Office in this respect involves an intensive and continuous study and analysis of government accounting systems in the various departments and establishments, followed, as rapidly as conditions permit, by the installation of improved accounting procedure.

Such work includes the improvement and standardization of forms for economy, uniformity, and the better presentation of the fiscal data desired; the improvement of the theory involved looking toward simplification, and conformity with a general system into which it may be incorporated or to which it must supply figures which may be easily and properly classified for entry; the elimination of duplication and unnecessary labor, the latter, in many cases involving the installation of machine accounting; and the establishment of a system of universal application which will afford easier and more accurate audit.<sup>1</sup>

Appropriation control and expenditures are both included, as well as revenue and miscellaneous receipts. The ultimate goal is a system of double-entry and accrual bookkeeping which will produce costs and an accurate balance sheet and statement of income, profit, and loss.

A specific statement of general accomplishment may serve to give a clearer idea of the activity under discussion.

A general study of accounting procedure was put under way as early as 1923, and special examination of the appropriation accounts of four administrative units was made. In May, 1923, installation of a system of administrative appropriation and fund accounting was begun in the Bureau of Foreign and Domestic Commerce. Later the Bureau of Internal Revenue undertook a similar installation, but with bookkeeping machines, while on July 1, 1923, a modified system of accounting was established in the offices directly under the Secretary of Agriculture. The Government Printing Office was also studied with a view to similar action.

In 1924 a revision of accounting methods in the General Accounting Office was made in order to pave the way for the installation of a uniform accounting system in the various departments

<sup>1</sup> Such studies go beyond the field of money accounting and may include property accounting. They also may touch upon costs. Extension to trust and special funds has been objected to by certain executives on the ground that the jurisdiction of the General Accounting Office does not include such funds.

and independent establishments. The process of examining and approving accounting forms for the various accounting offices and purposes was continued and extended. A uniform appropriation accounting system was also worked out, applicable to either hand or machine methods, and installation was begun in several departments.<sup>1</sup> The new system included provision for supply and equipment accounting and for cost ascertainment.

A system of forwarding appropriations statements taken off General Accounting Office ledgers to various offices operating under the uniform accounting system was initiated, thus affording such offices a check upon their records, while attention was given to the gradual adoption of standard or approved accounting forms.

On the side of installation progress an annual report speaks as follows:

Administrative appropriation and fund-accounting systems approved by this office were either established or formulated for the following offices at the end of the fiscal year: Department of Agriculture, Secretary's office and Bureau of Public Roads; Department of Commerce, Bureau of Mines and Bureau of Foreign and Domestic Commerce; Department of the Interior, General Land Office and Geological Survey; Department of Justice; Treasury Department, Coast Guard and Internal Revenue Bureau; Board of Tax Appeals; General Accounting Office; recorder of deeds, District of Columbia; Superintendent of Documents; and United States Veterans' Bureau.

In seven of these services—the Secretary's office and Public Roads, of the Department of Agriculture; General Land Offices and the Geological Survey, of the Department of the Interior; Coast Guard, Treasury Department; Board of Tax Appeals; and the Veterans' Bureau—accounting under the new system began with the transactions affecting the fiscal year beginning July 1, 1925.

\* \* \* \*

The following are among the offices concerning which more or less extensive inquiries were made during the year: Alaska Railroad; Alaskan Engineering Commission; Washington-Alaska Military Cable and Telegraph System; Pikes Peak Auto Highway; Superintendent of Documents; Patent Office of the Department of Commerce; disbursing officers afloat, Navy Department; Internal Revenue Bureau (refundment of taxes); United States Housing Corporation.

<sup>1</sup> The system was designed not only to show the status of appropriation and fund accounts but interest of the department as well.

Investigations have been made preliminary to prescribing administrative appropriation and fund-accounting systems in the Department of Commerce, Bureau of Census, Bureau of Fisheries, Bureau of Standards, Bureau of Navigation, Steamboat Inspection Service, Department of the Interior, and St Elizabeths Hospital cafeteria.<sup>9</sup>

*Administrative Examination.* As will be recalled, all accounts and claims before statement for submission to the General Accounting Office are subjected to scrutiny or examination by disbursing or other officers of the various executive departments and establishments. This process is termed "administrative examination," and the Comptroller General is required to prescribe the forms, systems, and procedure for such examination (Sec. 309) and also to report upon the adequacy and effectiveness of methods.

Request was made in November, 1922, on all departments and establishments to report upon work performed in making administrative examination of accounts and claims against the United States. After analyses of these reports, steps were taken to prescribe procedure to be followed in making such examinations. In numerous cases it was found that the procedure was so detailed and thorough as to comprise, in effect, a duplication of the work done by the General Accounting Office, and plans were made to reduce this work. In other cases inadequate and inaccurate administrative examination was discovered, and improvements were installed.

These activities connote inspection or investigation,<sup>10</sup> aimed, as with the accounts, at efficiency, economy, accuracy, uniformity, and elimination of duplication of work.

*Departmental Inspection.* The requirements of the law that the General Accounting Office report upon the adequacy and effectiveness of departmental inspection of offices and accounts of fiscal officers may involve special investigation or mere inspection. As at present carried on, this work is to a degree merely an accompaniment of the inspection of such offices by the General Accounting Office for other purposes.

*Disbursement Inspection.* The General Accounting Office is charged with the duty of inspecting and examining books, papers,

<sup>9</sup> G. A. O., Ann. Rpt., 1925, pp. 12, 13.

<sup>10</sup> Though reports upon adequacy may result from material gathered in the routine work of inspection rather than from special investigation.

and other matters relating to the offices or accounts of disbursing officers. This involves an examination eventually of all such offices, and it is carried on as continuously as conditions permit. Reports and recommendations are made from time to time looking toward uniformity in methods and use of forms and in general improvement of records.

Inspection of disbursing offices and accounts, which had virtually been abandoned during the war, was resumed in 1922, at least so far as Washington units were concerned. It was extended to the field as rapidly as conditions permitted. During 1923 attention was directed especially to the task of ascertaining the adequacy and effectiveness of inspection carried on by the various departments and establishments with regard to their own accounts. These studies were continued during 1924 and 1925, but not brought to the point where general conclusions might be reached or final recommendations made.

*Miscellaneous.* Under the head of miscellaneous matters are included all those special investigations and studies which follow no routine process and are inaugurated from time to time as conditions dictate. Subjects touched upon in such investigations include, for example: Undelivered checks, illegal payment of employees, accounts of register of wills and deeds, Naval housing project at Indian Head, proceeds of sale of property seized by United States Marshals, collection of costs adjudged by courts in favor of the United States, submission of repayments by executive officers, customs duties, etc.

Such miscellaneous studies and investigations constitute an important and onerous portion of the duties of the General Accounting Office and may result from legislative act, resolution, or order, or from the initiative of the Comptroller General.

*Form Prescription.* The prescribing of forms for use of the various accounting officers of the executive departments and independent establishments, in rendering accounts to the General Accounting Office, is closely allied to other activities. It requires investigation or study with regard to how the administrative accounts tie in, or shall tie in, with the accounts of the Comptroller General and may require alteration of either group.

This activity or duty is obviously and intimately related to the work connected with administrative appropriation and fund ac-



counting studies and installations. The two must be carried on together in order to provide the necessary *liaison*.

*Recommendations.* Recommendations may result from data gathered in routine work or procedure or come as integral parts of special reports or investigations. They may apply to legislation, regulations, procedure, or organization, and are, in effect, the by-product of routine work and the object of special study and investigations. They constitute the exercise of judgment by the General Accounting Office upon facts produced by that organization, and form one of the most important features of the work of the Comptroller General so far as service to Congress is concerned.

The reports and investigations of the General Accounting Office, to repeat, differ in the object or unit to which applied and with regard to method of initiation, and hence have been discussed under both classifications. The technique or method, with the possible exception of the Emergency Fleet audit, differs in no essential, however, regardless of application or method of initiation.

**Custodial and Recording.** The custodial and recording work of the General Accounting Office arises from various provisions of the law. Section 8 of the Dockery Act (28 Stat. L., 162, 207) provides:

The Auditors shall, under the direction of the Comptroller of the Treasury, preserve, with their vouchers and certificates, all accounts which have been finally adjusted.

This duty was transferred to the General Accounting Office under the Budget and Accounting Act of 1921 (Sec. 304), which act in addition (Sec. 313) provided that all departments and establishments should "furnish to the Comptroller General such information regarding . . . financial transactions . . . as he may . . . require . . . and [he] shall . . . have access to and the right to examine any books, documents, papers, or records. . . ."

Backed by this legal authority and by administrative necessity, the custodial and recording activities have been developed and expanded.

*Adjusted Accounts.* The preservation of adjusted accounts, together with pertinent vouchers and certificates, involves the simplest form of custody. It requires space and equipment for deposit-

ing the material and the keeping of an indexing or "finding" classification which will make each account available readily. The work differs in no essential from ordinary filing procedure.

*Contracts.* The necessity for inspection of contracts in order to audit accounts arising under such contracts is obvious, and has a special bearing where penalty clauses are attached or time is the essence. Much of the legal work of the Office is involved in the wording and interpretation of contracts, and hence a central repository or file for such documents is maintained and is being steadily expanded.

A system of indexing, filing, and abstracting all contracts is in operation so that all contracts may be examined immediately upon receipt thereof and a complete record of all payments thereunder be maintained.

*Debtors.* An index record of all persons indebted to the United States is maintained in the General Accounting Office. This is compiled from information disclosed in the settlement of claims and accounts. Certificates of claims settlements, which authorize payments, are checked against this index record for the purpose of revealing contra-indebtedness and making possible the stoppage of proposed payments to debtors of the United States and the application of the debit against existing credit.

In addition to the revelation of such debtors in the routine process of settlement, all cases of indebtedness against the United States are recorded as reported by executive departments and establishments.

*Checks.* A central repository for the safe-keeping and filing of checks is operated. This includes all paid and cancelled checks and warrants,<sup>21</sup> which thus become available at one point for inspection and for photographing or removal for use as evidence in case of suit, fraud, or other legal process, since a large part of check accounting duties consists of recovering on forged endorsements. A photostating service is maintained in connection with this work in order to supply evidence, so far as possible, without the removal of original records. Where the latter is necessary, an employee is assigned to court as custodian of the original records.

This repository also serves to preserve checks which have been transferred to the General Accounting Office as undeliverable.

<sup>21</sup> Except those from the Post Office Department Division.

Claims for lost checks drawn by disbursing officers who have since left the service are received, and if liability lies and proper identification is established payment is made.

It will be seen from the preceding paragraphs that the classification of custodial and recording functions adopted reveals (as with many other phases of General Accounting Office work) the objects to which applied rather than any differentiation in method or type of activity.

**Summary.** The chapter here completed has dealt in some detail with the activities of the General Accounting Office and the Comptroller General, and with the provisions of the law relating thereto. Effort has been made to avoid details of procedure and to present a general classification of duties which will be an aid to clarity of description and reveal to some extent the broader phases of the work.

We may now turn to a description of the organization which has been set up to carry out the duties, powers, and activities described.

## CHAPTER III

### ORGANIZATION

The General Accounting Office is a major organization unit of the United States Government which, by wording of the law, is "independent of the executive departments." The Office, hence, considers itself responsible to no authority but Congress or a decision of the Supreme Court of the United States, this position being assumed from the Budget and Accounting Act of 1921.

**Comptroller General.** The executive head of the General Accounting Office is the Comptroller General of the United States, who is appointed by the President, with the advice and consent of the Senate, for a term of fifteen years, is ineligible for reappointment, and ". . . may be removed at any time by joint resolution of Congress after notice and hearing, when in the judgment of Congress the Comptroller General . . . has become permanently incapacitated or has been inefficient, or guilty of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude, and for no other cause and in no other manner except by impeachment."<sup>1</sup>

Upon the shoulders of the Comptroller General rests the entire responsibility for the work of the General Accounting Office, and unlike other executive officers of the government, he has no immediate superior to whom to turn for instructions but must be guided solely by his interpretation of the law.

Many duties have been imposed upon him directly by the Budget and Accounting Act of 1921,<sup>2</sup> while others were transferred to him from previous laws.<sup>3</sup> He may, however, delegate authority to the Assistant Comptroller General and "make such rules and regulations as may be necessary for carrying on the work of the General

<sup>1</sup> 42 Stat. L., 20, 24, Sec. 303. Compulsory retirement at age seventy is also provided.

<sup>2</sup> That is rather than upon the General Accounting Office as such.

<sup>3</sup> See Sec. 304, 42 Stat. L., 20, 24; 28 Stat. L., 162, *et seq.* and Secs. 236, 277, 297, and 305, R. S.

Accounting Office," and hence does not immediately bear all of the burdens indicated.

**Office of the Comptroller General.** Although no such official designation exists, the Office of the Comptroller General, for purposes of description, may be said to consist of those officers, advisors, and other employees immediately surrounding the Comptroller General, who aid him in his executive duties. These include the Assistant Comptroller General, the Executive Officer, the Solicitor, and the Counsels.<sup>4</sup>

*Assistant Comptroller General.* The Comptroller General is aided in his executive duties by the Assistant Comptroller General, whose position and title are specified in the law and the provisions for whose appointment, tenure of office, retirement, and removal are identical with those for the Comptroller General.<sup>5</sup>

The Assistant Comptroller General is required to "perform such duties as may be assigned to him by the Comptroller General, and, during the absence or incapacity of the Comptroller General, or during a vacancy in that office, shall act as Comptroller General." The Assistant Comptroller General also acts, at all times, as advisor to the Comptroller General. He is aided by a secretary and a messenger.

*Executive Officer.* The Executive Officer or Administrative Assistant is charged with the duty of coördinating the work of the entire General Accounting Office. He is responsible directly to the Comptroller General for maximum production in all branches, which duty involves problems of organization, improved methods, elimination of unnecessary activities, etc. He supervises the business affairs of the entire establishment, including all purchases and disbursements, and has supervision over all buildings assigned to the General Accounting Office.

As budget officer, in addition, his duties include the preparation of estimates for funds with which to prosecute the work entrusted by law to this Office and the task of coördinating the work of the

<sup>4</sup>What may be called the Office Proper of the Comptroller General includes the Comptroller General himself, his private secretary, a special assistant, and two messengers.

<sup>5</sup>Except that the Assistant Comptroller General is not ineligible for reappointment unless removed from office. The law also specifies salaries: \$10,000 per annum for the Comptroller General and \$7500 for the Assistant Comptroller General.

General Accounting Office with that of the Bureau of Budget, to the end that all information obtainable from accounts, claims, and investigations may be made fully and promptly available to the Bureau of the Budget for its use, not only in connection with submitted estimates for appropriations, but also in relation to its coordinating activities.

The Executive Officer, as budget officer, also appears before committees of Congress with regard to appropriations for, and the work of, the General Accounting Office.

Since the Executive Officer heads the administrative branch of the General Accounting Office, the organization under his immediate supervision is later discussed under the title of "Administrative Work."<sup>6</sup>

*Solicitor.* The Solicitor of the General Accounting Office is the principal legal advisor of the Comptroller General. As he is also head of a major subdivision of the organization, he is dealt with under that head, namely, the Division of Law.

*Counsels.* Included among the advisors of the Comptroller General, and hence in the "Office of Comptroller General," are two Counsels, each responsible directly to the Comptroller General. Each Counsel is responsible for a special phase of work, one of which is designated as "legal" and the other as "investigations."

The legal advisor acts upon special assignments from the Comptroller General involving intricate legal matters, and especially upon those wherein differences of opinion arise which require exhaustive consultation and study of authorities and the enunciation of legal principles where no precedents are found. This Counsel gives special advice, and prepares for submission to Congress and to committees thereof information as required, on matters demanding legislation. He also appears before the committees of Congress as representative of the Comptroller General to explain statutory enactments which come within the jurisdiction of the Comptroller General for decision or involve decisions upon already existing statutes.

The investigational Counsel<sup>7</sup> acts as advisor to the Comptroller General on intricate and difficult problems arising in connection with investigations, and is intended to appear before committees

<sup>6</sup> P. 147, *post*.

<sup>7</sup> At the time of writing this office was vacant.

of Congress as the representative of the Comptroller General in matters relating to, or arising from, investigations made, or to be made, by this Office.

It is obvious that these two officers bear a close relation to the Solicitor and the Division of Law and to the Investigation Section.

The latter Counsel (Investigations) also bears a close coöperative relation with the Assistant Comptroller General.

**General Organization.** The duties and offices just described may be said to comprise those of the Executive Division of the General Accounting Office as distinct from the strictly administrative and the technical.

The remaining work of the Office has been organized along lines partly functional and partly non-functional. For convenience of discussion the various major organization units under the Office may be classified according to two main heads; namely, technical and administrative.

Under such a classification the remaining units fall as follows:

Technical	Administrative
1. Division of Law	1. Office of Executive Officer
2. Claims Division	2. Personnel Division
3. Audit Division	
4. Bookkeeping Division	
5. Post Office Division	
6. Investigation Division *	

Each of these units is further subdivided for convenience of administration, all being responsible ultimately to the Comptroller General. The units of the General Accounting Office which are concerned with the technical or primary functions of the establishment and which carry on the duties prescribed under the law are here included under the term "technical." As above indicated they are six in number, the first to be considered being the Division of Law.

*Division of Law.* The Division of Law is headed by the Solicitor of the General Accounting Office, who is the principal legal advisor of the Comptroller General. All decisions are here drafted and

\* While the work of this Division ranks in importance with that of the Law Division, it is not so closely connected as the latter with the other divisions listed. Hence it is discussed last to give a better perspective.

reviews of audit settlements of accounts and claims made. The Solicitor has charge of all litigation emanating from the General Accounting Office; he appears in court in special cases involving the Comptroller General, and acts as Chairman of the Committee on Enrollment and Disbarment.\* He also acts as Comptroller General in the absence of that officer and the Assistant Comptroller General. The Solicitor is aided by three Reviewing Attorneys.

To the Division of Law is assigned the duty of preparing decisions for the final action of the Comptroller General or the Acting Comptroller General, on appeals made from settlements by the Claims and Audit Divisions and advance decisions requested by heads of departments and independent establishments, and by disbursing officers. All legal questions arising from investigations in the audit of claims and accounts in the General Accounting Office, or in any branch of the Office, are required to be reported to the Division of Law. The Solicitor, aided by the reviewing attorneys mentioned, reviews all decisions prepared by the attorneys and law clerks of the Division before they are submitted to the Comptroller General.

The Division of Law is, thus, in substance, the office of the former Comptroller of the Treasury.

The Office of Solicitor may be said to consist of the Solicitor and three reviewing attorneys, aided by a secretary and a clerk. In addition, there are attached to this office three administrative units: a Digest Section, a Stenographic Section, and a Library Unit.

The Digest Section is engaged in digesting laws, decisions, etc., for the convenience and use of the officers of the Division of Law. It consists of a digest clerk, two assistant digest clerks, and a clerk-typist.

The Stenographic Section consists of two subdivisions or units: Stenographic and Verification. The Stenographic Unit includes stenographers who are engaged in taking and transcribing dictation consisting of legal and technical terms and phrases, copying from rough drafts, cutting stencils, etc.

The Verification Unit checks the accuracy of all quotations, determines and records the output of the stenographers, and cuts stencils for the "Daily List of Synopses."

\* Consisting of three members: Solicitor, Chief Clerk, and one member assigned from the Audit Division. The Secretary to the Solicitor acts as secretary of the committee.



The Stenographic Section is supervised by a Chief Stenographer, who is also in charge of the Stenographic Unit.

The Library Unit, under a Librarian, receives, records, and places for reference the various volumes of reference books, regulations, etc., and keeps a record of the class of volumes called for, and of visitors to the library.

The remainder of the work of the Division of Law is grouped under three classifications, or units, for reasons of convenience and efficiency. These units are:

1. Contract Review Group
2. Service Review Group
3. Miscellaneous Review Group

The work of each group is primarily reviewed by an assistant solicitor or reviewing attorney under the immediate direction of the Solicitor, any differences between drafter and reviewer requiring presentation to the Solicitor.

A secretary is attached to the Contract Review Group, and there is also a secretary serving jointly for the other two groups. The Miscellaneous Review Group has attached to it a Transportation Subunit or Section.

The work of all the groups is the same in essence, the difference lying only in the object, or type of case, to which applied.

*Claims Division.* The duties of the Claims Division include the settlement of all claims of and against the United States on account of supplies, services, etc., obtained by all departments and establishments of the government (except the Post Office Department); claims under judgments of all United States courts and foreign admiralty courts; claims, payment of which has been authorized by special legislation; and other claims for the settlement of which the Comptroller General is made responsible by statute.<sup>29</sup>

This Division also settles all claims for services rendered by common carriers and audits all transportation accounts. It is authorized to act on all claims and accounts properly before it, but when in doubt as to the proper action, the proposed settlement is required to be forwarded to the Comptroller General for approval, disapproval, or modification.

<sup>29</sup> Secs. 236, R. S., and 305, 40 Stat. L., 20.

The Division is headed by a Chief, who is responsible directly to the Comptroller General. An Assistant Chief aids the Chief in his work, and these two officers, together with the necessary clerical assistants, form the administrative group of the Division. The primary or technical work of the Division is divided among the following organization units:

- |                             |                          |
|-----------------------------|--------------------------|
| 1. Preliminary Section      | 4. Civil Claims          |
| 2. Appeals Unit             | 5. Service Claims        |
| 3. Forgery-Liabilities Unit | 6. Transportation Claims |

The Preliminary Section operates under a Section Chief, who reports directly to the Chief of Division. This section receives, records, indexes, and distributes to the proper settling sections, all claims, vouchers, and correspondence received in the Division; and conducts all correspondence on settled claims and on all requests for general information received in the Division. It acts as a clearing, distributing, and "filtering section."

The work of the Section is divided among three "development" units; (1) Service, (2) Civil, and (3) Transportation. These units receive and examine all claims of their respective classes and settle them immediately where the record is complete and does not contain a question requiring mature consideration. If the record is incomplete, the required development is carried out by correspondence with the claimant or government office concerned. All claims presenting new or difficult questions are assigned to the respective settlement units for their action.

All settlements made in the development units are reviewed in the review units of the "settling sections."<sup>22</sup>

The Appeals Unit, under a Unit Head, is the second of two subdivisions reporting directly to the Chief of Division. It rests, however, at the opposite end of the routine from the Preliminary Section. The latter "clears" all claims before they go further through the Division. The Appeals Unit, on the other hand, reconsiders those claims which have been passed upon or settled by other units of the Division and against, or from which, protests, or appeals, have been made. The work is legal in nature, and has been established to prevent the reconsideration of a protested or appealed settlement by the same officer who originally settled or reviewed it.

<sup>22</sup> Collection Service, Civil Claims, Passenger or Freight.

Such cases are required to be reported to the Division of Law for action upon the application for review.<sup>29</sup>

The Forgery-Liabilities Unit is supervised by a Unit Head, who reports directly to the Chief of Division. This unit examines, investigates, and settles claims involving the forgery and improper payment of government negotiable checks; conducts correspondence with payees of checks, their legal representatives and others; compares and examines handwritings; develops and compiles transcripts of evidence to be used as a basis for the reclamation of amounts of improperly paid checks; makes counterclaims and collects amounts due the United States on forgery and liabilities cases; maintains a file of unclaimed and undelivered checks, and remails such checks after investigation and determination as to persons entitled to receive them; and withdraws and submits, at the end of each fiscal year, checks which have remained outstanding and unpaid three full fiscal years.

The head of this Unit personally submits evidence in court cases, and confers with claimants, secret service operatives, and representatives of government departments in regard to negotiable checks. He also investigates the methods of handling government checks in the various departments and establishments, and recommends changes, when necessary, better to safeguard the handling and payment of such checks.<sup>30</sup>

The Unit Head is assisted, at present, by a Senior Claims Adjuster, a Custodian of Undelivered Checks, and correspondence and review and file clerks.

All civil claims, plus certain other duties to be mentioned, come within the province of what may be called the Civil Claims Group, under an Assistant Chief of Division in charge of Civil Claims, who is directly responsible to the Chief of Division.

This group includes the Civil Claims Section, and the Collection Service Section.

The Civil Claims Section, under a Section Chief, examines and settles all claims of the Division (except those cared for by the Preliminary Section) other than those concerned with transporta-

<sup>29</sup> Circular 2, August 23, 1921. 1 Comp. Gen. Dec. 775.

<sup>30</sup> These investigations usually follow the submission of claims for certain classes of negotiable checks which have been paid on forged signatures or under other irregular conditions.

tion or with the uniformed services.\* It consists of five units: Development, Contracts, Miscellaneous, Accounts, and Review, each under a Unit Head.

The Collection Service Section, also under a Section Chief, is charged with maintaining a record of indebtedness to the United States by firms and individuals; making initial determination of amounts collectible; effecting settlements by collection or application of sums payable by the United States; and preparing cases for reference to the Solicitor of the Treasury with recommendation for legal action.

The head of this Section directly conducts the work in setting up debt cards against individuals and firms and recommending removal of charges raised under authority of Section 236 of the Revised Statutes as amended by the Budget and Accounting Act of 1921; in effecting collection by direct correspondence or conferences with debtors; in collecting data to support cases in legal proceedings; in recommending whether a claim of the United States should be brought to suit, and, if not, whether a charge should be raised for future offset; in arranging terms of settlement by installments; and in various matters of similar importance.

The Service Claims Section is also under direction of an Assistant Chief of Division, who reports directly to the Chief of Division. This Section settles all claims filed by the personnel of the Army, Navy, Marine Corps, Coast Guard, Public Health Service, Coast and Geodetic Survey, and adjunct forces thereof, of whatsoever nature, and all claims by civilians for amounts due deceased personnel of the military and related services or their beneficiaries, which must be distributed to heirs or legal representatives, and other miscellaneous claims. It is divided into five subsections or units: Development, Settling, Review, Soldiers' Home and Soldiers' Effects, the first three under Unit Heads, the last two under Claims Adjusters.

Transportation claims are placed under an organization unit headed by an Assistant Chief of Division, who is supervised directly by the Chief of Division. The work of this group is concerned wholly with transportation claims, and is divided between two sections, Passenger, and Freight.

\* Army, Navy, Marine Corps, Coast Guard, Public Health Service, Coast and Geodetic Survey, etc.

The Passenger Section examines and settles all claims and audits all accounts of common carriers covering passenger service furnished to the United States, except such as arise under the Postal Service. It is subdivided into three units: Eastern, Western, and Review, the two former under Unit Heads and the last under a Senior Reviewer.

The Freight Section examines and settles all claims and audits all accounts of common carriers covering freight and express service, with the same exceptions as the Passenger Section. The Freight Section is composed of five units: Eastern, Western, and Southern, under Unit Heads, Review composed of Reviewers, and Tariff under a Principal Tariff Clerk.

In all of the settlement sections (Civil Claims, Service Claims, Transportation Claims) a review unit is maintained to pass finally upon all settlements before they leave the section.

*Audit Division.* The Audit Division is charged with the examination, audit, and settlement of the accounts of all fiscal officers of the United States Government, with the exception of those of the Post Office Department.

The Division is headed by a Chief, who reports directly to the Comptroller General, and who is aided by an Assistant Chief of Division and a special Assistant. The accounts when received in this Division, are broken down and the vouchers are grouped into classes according to the nature of the expenditures, and assigned to the subdivision organized to care for such vouchers.

The various organization subdivisions are as follows:

- |                                    |                                  |
|------------------------------------|----------------------------------|
| 1. Contract Examining Unit         | 7. Military Pay Section          |
| 2. Receiving and Computing Section | 8. Receipts and Deposits Section |
| 3. Check Section                   | 9. Audit Review Section          |
| 4. Contract Voucher Section        | 10. Accounting Section           |
| 5. Miscellaneous Section           | 11. Indian Tribal Claims Section |
| 6. Civil Pay and Travel Section    | 12. Veterans' Bureau Section     |

Each of these subdivisions, except the first, is supervised by a Chief of Section who reports to the Chief of Division.

The Contract Examining Unit examines and analyzes contracts, leases, proposals, and related instruments, points out omissions, defects, etc., as to advertising, form, legality, bond, and other

requirements for the protection of the government's interests; conducts legal research work; compiles reports; and performs such other special work as may be assigned.

This Unit also indexes and briefs contracts on cards for use of the auditors in examination of vouchers and maintains files of cards and contracts. At present it bears a slightly different status from the others above listed, appearing more in the nature of a staff agency directly connected with the Office of the Chief of Division, to which it reports immediately. There is no designated head of the Unit.

The Receiving and Computing Section receives, coördinates, and controls the flow of work through the Audit Division; verifies computations on vouchers; distributes accounts and vouchers for audit; and performs the stenographic and typing work of the entire Audit Division. It also is charged with evolving plans to expedite the settlement of accounts in the Audit Division.

The Check Section reconciles the depository accounts of all disbursing officers of the Government Service, including the Post Office Department and the Veterans' Bureau; prepares memoranda of exceptions taken; considers and passes upon sufficiency of replies relative to exceptions taken; advises disbursing officers how to effect adjustment of depository differences; reports checks which have remained unpaid for three fiscal years, so that they may be covered into "outstanding liabilities"; answers inquiries concerning the status of checks; and transfers the amounts of checks which are not properly due payees from officers' official balances to pertinent appropriations.

The Section makes use of two subdivisions in carrying out its work, the Reconciliation Unit (a consolidation of the previous Accounting Section and Adjustment and Review Section of the former Check Accounting Division), and the Veterans'-Pension-Interest Unit.

The Reconciliation Unit proves reconciling current depository accounts with the Treasurer of the United States, and with government depositories abroad, of disbursing officers of the government departments and establishments, except the depository accounts of the disbursing clerks of the Veterans' Bureau, the Bureau of Pensions, and the Secretary of the Treasury (Public Debt—Interest on Registered Bonds). It also lists outstanding

checks by use of card-punch and list machines. In addition it proves, reconciles, and adjusts final and supplemental depository accounts of the disbursing officers in the government service (with the exceptions noted above); instructs disbursing officers in the adjustment of their accounts; and cancels checks and deposits the amounts thereof.

The Veterans'-Pension-Interest Unit proves and reconciles the depository accounts of disbursing officers of the Veterans' Bureau, the Pension Bureau, and the Secretary of the Treasury (Public Debt—Interest on Registered Bonds), and verifies the correctness of claims for amounts of checks covered into "Outstanding Liabilities" and claims for amounts of lost checks.

The Contract Voucher Section audits the purchase and contract vouchers of all government departments, except the Post Office Department and the Veterans' Bureau.

The Miscellaneous Section audits portions of accounts and certain complete accounts which require a specialized audit and hence cannot be handled in other audit sections, such as Mint and Assay accounts, Treasurer's accounts, Diplomatic, Consular, Military, and Naval Attaché accounts, accounts covering customs drawbacks and internal revenue refundments, individual Indian moneys, etc.

The Civil Pay and Travel Section audits for all government departments (except the Post Office Department and the Veterans' Bureau), all vouchers for reimbursement of traveling expenses for civilians; all civilian payrolls; fee vouchers; military and civil pension rolls and vouchers; and refunds of retirement collections.

The work of the Section is carried on through two subsections, each under direction of a Subsection Head. These subsections are called Civil Pay, and Travel. They attend to the type of auditing which the name indicates, the Civil Pay Subsection including miscellaneous accounts as well, such as employees' compensation and retirement refunds.

The Military Pay Section audits the accounts of disbursing officers covering pay and allowances of officers, nurses, and enlisted men of the Army, Navy, National Guard, Naval Reserve, Marine Corps, Marine Corps Reserve, and the personnel of the Coast Guard, Coast and Geodetic Survey, and Public Health Service.

The Receipts and Deposits Section audits the principal revenues and receipts of the United States Government; audits receipts and

disbursements in special deposit accounts; and initiates and assists in the development and maintenance of more effective methods for collecting and accounting for moneys due the United States.<sup>24</sup>

The Audit Review Section reviews proposed suspensions made in the audit of accounts involving government receipts and expenditures, excepting the Postal Service; prepares decision memoranda and appeal reports; reviews vouchers allowed in the audit of accounts; considers and passes upon the sufficiency of replies relative to exceptions; takes action looking to the final closing of all accounts; and reports final balances, uncollected, to the proper officers of the government for collection.

The Accounting Section finally audits the accounts current, schedules, abstracts, and miscellaneous supporting papers of all fiscal officers' accounts coming into the Audit Division; prepares the accounts for posting on the books of the General Accounting Office; recommends necessary adjustments of appropriations; prepares memoranda of accounting differences and considers replies thereto; and works out problems of accounting referred to the Division but not connected with the settlement of accounts.

The Indian Tribal Claims Section is charged with the work of preparing for the Attorney General, on order of the Court of Claims, detailed schedules of disbursements made for the benefit of various Indian tribes during the past one hundred years in fulfillment of treaty obligations.<sup>25</sup> The work of this Section is limited in time and quantity to the preparation of data to be filed with the Government's answer to the petitions on file or to be filed in the Court of Claims.<sup>26</sup>

<sup>24</sup> "It might be said in this connection that the development of the audit in the past has been more with respect to securing a better and more efficient audit of disbursements, with slight regard to securing an efficient audit of receipts and deposits. It was the purpose in establishing this Section to secure a better audit of receipts and deposits and to that end the Section has been instructed to go into these accounts thoroughly, with a view to recommending better procedure and administrative means of handling for improving the auditing thereof." Typewritten manuscript, G. A. O. Undated.

<sup>25</sup> "These schedules will be made the basis for credits to the United States against the tribal claims which have been filed in the Court of Claims in pursuance of recent acts of Congress. Twenty-four such claims are now pending before the Court, totaling over \$511,000,000." G. A. O., typewritten manuscript.

<sup>26</sup> "It is estimated, with the present working force, that it will take approximately five years to complete the work now at hand and that which has been authorized." *Ibid.*



The Veterans' Bureau Section *pre-audits*, audits and settles all accounts of the Veterans' Bureau.<sup>28</sup> The Section also prepares memoranda of exceptions taken; prepares decision memoranda and appeal reports; considers and passes upon sufficiency of replies relative to exceptions taken in accounts of disbursing officers; allows or disallows items suspended; and conducts correspondence relative to exceptions.<sup>29</sup>

*Bookkeeping Division.* The Bookkeeping Division is headed by a Chief of Division, who is directly responsible to the Comptroller General. The Division is responsible for keeping a control account of appropriated funds and their disbursement; furnishing the several executive departments periodically with a detailed statement of the condition of funds appropriated for their respective uses; keeping accounts of funds drawn, collected, and disbursed by fiscal officers of the United States; preparing certificates of settlement and submitting them to the proper agencies for payment; and preparing transfer settlements for adjustment of erroneous deposits and the settlement of claims between government departments and agencies.

To carry on this work the Division is subdivided into administrative and technical groups of employees, the former consisting of a unit including administrative clerks and another including watchman and messengers. The technical group consists of two organization units, Accounts Section, and Claims Stating Section.

The Accounts Section, headed by a Section Chief, includes some thirty-four employees, ten of whom are employed in the general and administrative work of the Section. The remainder of the personnel of the Section is divided into three groups known as (1) General and Consolidated Accounts Unit, (2) Appropriation and Personal Accounts Unit, and (3) Posting Unit.

The General and Consolidated Accounts Unit is responsible for bringing fiscal officers' audited expenditures into agreement with the balances of control accounts by appropriation and period; supplying periodical statements of expenditures and balances to the general and appropriation ledgers; and supplying data for proper adjustment of entries in the general ledgers.

<sup>28</sup> The accounts paid by the central office are pre-audited and all other accounts are post-audited.

<sup>29</sup> The work performed in this Section embraces every phase of work performed in the other audit sections.

The Appropriation and Personal Accounts Unit keeps current ledger accounts of appropriated funds by appropriation classification, to prevent overdraft thereon; supplies detailed statements for transmission to the several executive departments; and supplies statements of withdrawals, repayments, and transfers between appropriations to the General and Consolidated Accounts Unit. In addition this Unit is responsible for keeping current ledger accounts of funds drawn, collected, and disbursed by fiscal officers; and supplying periodical statements of the condition of these accounts to the General and Consolidated Accounts Unit.

The Posting Unit is charged with posting correctly the entries in the personal and appropriation ledgers and preparing posting sheets and schedules.\*

The Claims Stating Section, supervised by a Section Chief, prepares certificates of settlement and transfer settlements for adjustment of erroneous deposits and settles claims between government departments and agencies by adjustment of appropriations.

To carry out this work numerous subsections have been set up, the title indicating the function, as follows:

- |                                  |                                     |
|----------------------------------|-------------------------------------|
| 1. Correspondence Unit           | 4. Registers and Miscellaneous Unit |
| 2. Preliminary Review Unit       | 5. Stating Unit                     |
| 3. Transfer and Settlements Unit | 6. Reviewing Unit                   |

*Post Office Department Division.* The Post Office Department Division is headed by a Chief of Division, who is directly responsible to the Comptroller General and is aided by an Assistant Chief. The Division is charged with the audit and settlement of all accounts of the Post Office Department, including those for salaries, postal and money-order accounts, accounts for transportation of mails, and incidental expenses, the balances of which are certified to the Postmaster General, covering the postal revenues and expenditures therefrom, and to the Secretary of the Treasury for other accounts; the countersigning and registering of warrants upon the Treasury issued in liquidation of indebtedness; superintending the collection of all debts due the United States under the Post Office Department and all penalties and fines imposed; directing suits and all legal proceedings in civil actions and taking all legal measures to enforce the payment of money due the United States for the

\* This work is performed on bookkeeping machines.

service of the Post Office Department through the Solicitor of the Treasury; and receiving and accepting, with the consent of the Postmaster General, offers to compromise under Sections 295 and 409 of the Revised Statutes.

The Post Office Department Division carries on its work through the agency of numerous subdivisions which may be listed, for descriptive reasons, as follows:

- |                                       |                                   |
|---------------------------------------|-----------------------------------|
| 1. Administrative Section             | 7. Miscellaneous Section          |
| 2. Bookkeeping Section                | 8. Postal Service Payroll Section |
| 3. Late Postmasters' Accounts Section | 9. Postal Savings Section         |
| 4. Foreign Section                    | 10. Computing Section             |
| 5. Controlling Accounts Section       | 11. Current Files Section         |
| 6. Postmasters' Accounts Section      | 12. Electrical Accounting Section |
|                                       | 13. Stenographic Section          |

The Administrative Section may be said to be composed of the Chief of the Division, the Assistant Chief of Division, four auditors, and four clerks. This Section carries on the general administrative work of the Division and might also be designated as the Office Proper of the Chief of Division.

The Bookkeeping Section, headed by the Chief Accountant, maintains a complete double-entry system of ledgers and subsidiary accounts for the Post Office Department and the Postal Service, from which may be determined the resources and liabilities of the entire service. The Chief Accountant reports to the Chief of Division.

The Late (former) Postmasters' Accounts Section is directed by an Attorney who is responsible to the Chief of Division. This Section collects and pays all balances due to or from the United States from postmasters on account of money-order and postal transactions.

The Foreign Section, under a Chief of Section, is charged with responsibility for producing statements of amounts expended and received between the United States and foreign countries, and stating such accounts connected with foreign postal intercourse as to postal, miscellaneous, tolls, parcel post, steamship, and money-order classifications.

The Controlling Accounts Section verifies postmasters' postal accounts, journalizes them, and proves out the controlling ac-

counts; keeps the accounts for the postal depositories; compiles statistical tables for the quarterly and annual reports; and recapitulates the postal and money-order accounts of postmasters and former postmasters. A Principal Accounting Clerk is in charge.

The Postmasters' Accounts Section has for its province the statement and settlement of postal and money-order accounts; the preparation and verification of statements of differences and data for correspondence pertaining thereto; the recording of leases for premises occupied by post offices; the settlement of all allowances made for rent, light, and fuel, of clerk hire at third- and fourth-class post offices, and of the pay of mail messengers; the annual adjustment of compensation of fourth class postmasters; the reporting of offices of the fourth-class postmasters; and the certification of offices of the fourth class to the Postmaster General for advancement to a higher class.

At the head of the Section is a Section Chief reporting to the Chief of Division.

The Miscellaneous Section is responsible for auditing and settling all accounts for transporting mails on a space basis, by rail-ways; for transporting of mail on street cars, power boats, and screened wagons; and for star route contract payments for mail carrying. The Section also audits and settles accounts for open-market and contract purchases of supplies, expense accounts of employees traveling for the Post Office Department, indemnities for loss, rifling, and damage of insured parcels and C. O. D. insured mail, freight bills on land-grant and non-land-grant roads, claims for personal and property damage, and the accounts of the Disbursing Clerk of the Post Office Department, and countersigns warrants and drafts.

The Section is directed by a Chief, who reports to the Chief of Division.

The Postal Service Pay Roll Section audits all payrolls from post offices of the first and second class, *vis.*, those of clerks, letter carriers, railway mail clerks, rural delivery carriers, post office inspectors and motor vehicle employees, as well as vouchers for air mail and motor vehicle service. The Section is also responsible for the preparation of data for correspondence relative to pay rolls and to differences therein, and the recording of changes of personnel and salaries of employees in post offices of the first and second class.

This Section, like the others, is supervised by a Chief, who is responsible to the Chief of Division.

The Postal Savings Section, organized and headed as are the other sections discussed, is charged with the audit, stating, and settlement of all postmasters' accounts constituting postal savings depositories; the preparation and verification of statements of differences and data for correspondence pertaining thereto; the preparation of the lists of outstanding postal certificates and the as-sorting numerically by denomination and the filing of postal savings certificates; and the audit, stating, and settlement of Treasury savings certificates and documentary stamp accounts submitted by postmasters.

The Computing Section computes and verifies all accounts and schedules received, prepares the quarterly analysis of settlement warrant accounts, proves the correct issues of checks, keeps a list of outstanding checks, and audits the minor accounts received in the Division.

The Chief of the Section reports directly to the Chief of Division.

The Current Files Section is charged with the custody of all files coming into the Division. In addition it requests delinquent postal and money-order accounts and vouchers from postmasters; associates replies with suspended accounts; makes necessary adjustments and releases such adjustments for stating and settlement by the Auditing Section; records double payments of money-orders and determines the postmaster to be charged therewith; compiles quarterly statements showing the number of money-orders, domestic and international, issued and paid, according to states; prepares list of delinquent money-order and postal accounts of all classes for quarterly report to the Postmaster General; and withdraws from the files and furnishes to employees of the Post Office Department data to be used for review, correspondence, or other purposes as well as all accounts, vouchers, or other papers relating to the Division.

The Section is directed by a Chief, who is responsible to the Chief of Division.

The Electrical Accounting Section receives and distributes all mail, has custody of the permanent files of the Division, and punches cards for paid domestic money-orders and for coupons of issued international orders for use in auditing money-order

accounts of postmasters. It also punches cards for checks used in connection with the audit of the postmasters' money-order accounts, prepares tabulations of money-order and coupon accounts, checks money-order deposit accounts, prints and issues such tabulations and adjusts all discrepancies appearing in the accounts mentioned.

The work of this Section, under a Chief who reports to the Chief of Division, is divided among seven subdivisions, the titles of which are explanatory of the work involved. These include:

- |                          |                          |
|--------------------------|--------------------------|
| 1. Administrative Unit   | 5. Paid Auditing Unit    |
| 2. Mail Room Unit        | 6. Assorting Unit        |
| 3. Card Perforating Unit | 7. Issued Auditing Unit. |
| 4. Tabulating Unit       |                          |

The Stenographic Section performs the work usual to such a unit, and is headed by a Chief of Section or Principal Stenographer, who reports to the Chief of Division.

*Investigation Division.* The Investigation Division is headed by a Chief of Division, who is aided by an Assistant Chief of Division and an Assistant Chief of Division, Emergency Fleet Audit.

To this Division the following duties have been assigned:

To study the accounting problems of the government and devise suitable forms, records, and procedure for a comprehensive accounting system for the United States; to make investigations of the problems of appropriation and fund accounting in the several departments and independent establishments for the purpose of simplifying procedure and records and effecting economies in operation, prepare reports thereof with recommendations and devise accounting forms, records, and procedure necessary to carry the recommendations into effect; to devise and install appropriation and fund accounting systems for the several departments and independent establishments; to make investigations of the problems of accounting in disbursing offices for the purpose of simplifying procedure and records and effecting economies in operation; to prepare reports thereon with recommendations, devise accounting forms, records, and procedure necessary to carry such recommendations into effect; to devise and install accounting systems for disbursing offices; to pass upon accounting forms and records submitted by administrative offices as to their sufficiency; to cooperate with administrative offices in studying their accounting activities

and devising improved methods and records; to determine and report upon the adequacy and effectiveness of administrative examination of accounts and claims; and to examine and report upon the procedure followed in rendering and settling the accounts of accounting officers, with suggestions for the simplification of procedure.

The Division is further required to conduct inspections of disbursing offices to ascertain whether organization and procedure are adequate to protect the receipt and disbursement of public and other funds; to audit certain accounts of disbursing officers; to prepare reports of such inspections and audits, recommending changes in organization, procedure, and records (1) to protect the interests of the United States, (2) to improve the accounting for all financial transactions, and (3) to conform to statutory and departmental accounting requirements; to make other inspections and audits as may be required under authority of the law; and to determine the adequacy and effectiveness of the departmental inspection of fiscal offices and accounts.

The Chief of Investigations is responsible directly to the Comptroller General. The Assistant Chief is engaged in the assistance of the Chief in the general work of the Division, while the Assistant Chief, Emergency Fleet Audit, is charged with special responsibility for the work indicated by the title. The group under the Assistant Chief is designated for payroll purposes as Emergency Fleet Audit Section, and a Chief of Section is listed as in charge.

Another group has also been set up: Customs Field Audit Section, the name of which indicates the type of work. This group is only nominally under the Investigation Division, however, as the Chief Investigator, who heads the work, is assigned by, and reports directly to, the Comptroller General.

The remainder of the Division personnel comprises a shifting and flexible force not subdivided into units. It is organized as required by the work under way, and such additional personnel as may be required on especially large or important assignments is recruited from other divisions of the Office.

The administrative work of the General Accounting Office, as distinguished from the technical, is conducted through two major units; the Office of Executive Officer and the Personnel Division.

**Office of Executive Officer.** As previous discussion has indicated and the title would confirm, the Executive Officer or Administrative Assistant supervises the entire administrative branch or service of the General Accounting Office.<sup>28</sup> The work assigned to this officer may be said to be carried out through the direction of the Office of Executive Officer, though no such designation exists in practice.

To assist in the execution of this work, two subdivisions are employed, namely, the Offices of the Disbursing Officer and of the Chief Clerk, each responsible directly to the Executive Officer.

The work of the Disbursing Office is that usual to such a unit, namely, the custody of funds received from appropriations or other sources and the payment of obligations lying against the General Accounting Office. The Disbursing Officer is assisted by two employees.

The Office of Chief Clerk is the organization through which the great preponderance of the administrative work of the General Accounting Office is carried on. It is headed by the Chief Clerk. This officer together with the Assistant Chief Clerk, Assistant to the Chief Clerk, Administrative Bookkeeper, and certain clerical assistants, may be said to compose the Office Proper of Chief Clerk, that is, the directing or administrative unit of the organization under discussion.

The Chief Clerk is responsible for the purchase and distribution of all supplies, equipment, materials for repairs, and printing and binding, including the drawing of all specifications therefor, as well as the hire and distribution of all non-personal services for the General Accounting Office. He is also charged with the supervision of mechanical shops and repair work, including carpenters, chauffeurs, auto mechanics, typewriter repairmen, etc.; the supervision and direction of watchmen in such buildings as house the General Accounting Office; the institution of orders and responsibility for results in the maintenance of all office quarters and files space or buildings; and the execution of leases for buildings used in connection with the Office. In addition this Officer draws and awards contracts for the disposition of paper stock (money orders, tabulating cards, etc.); makes contracts for necessary services; and is responsible for all obligations against the appropriations for

<sup>28</sup> See p. 128, *ante*.



the General Accounting Office for contingent and miscellaneous expenses and for printing and binding; keeps administrative bookkeeping records; approves vouchers for supplies and equipment and the reimbursement of traveling expenses; and performs all other general duties usually devolving upon such an officer. Finally, the Chief Clerk supervises the automobile garage and the maintenance of trucking, mail, and messenger service for the entire General Accounting Office; acts as custodian of the records of the office; and performs all duties in connection with the files, including the furnishing to the courts and to others, of photostatic copies and information from the records.

The Assistant Chief Clerk assumes the above duties and responsibilities in the absence of the Chief Clerk.

To carry out the numerous duties placed upon this office the work is distributed among a number of subdivisions, variously termed sections, units, services, and divisions. These are as follows:

- |   |  |
|---|--|
| 1. Records Division                         | 9. Telephone Service                               |
| 2. Supply Section                           | 10. Mechanical Repair Shops<br>and Garage Service  |
| 3. Photostat Section                        | 11. Information Service                            |
| 4. Comptroller General Rec-<br>ords Section | 12. Messenger Service                              |
| 5. Duplicating Section                      | 13. Watch Service                                  |
| 6. Mail Section                             | 14. Maintenance and Repair<br>of Buildings Service |
| 7. Translation Unit                         |  |
| 8. Carpenter and Labor Ser-<br>vice         |  |

The Records Division, headed by a Chief of Division, is charged with the custody of settled accounts of fiscal officers of all government departments and establishments (except the Post Office Department) from the beginning of the government to date.<sup>28</sup> It furnishes information upon which certain classes of claims, pensions, insurance, refunds, etc., are paid and also furnishes information and copies of records, or allows access, under supervision, to the records and files.<sup>29</sup>

The Records Division also performs original research work for the purpose of obtaining information or data called for by com-

<sup>28</sup> The settlements are indexed and filed under approximately 150 separate series and are located in fourteen widely separated buildings.

<sup>29</sup> According to law and office regulations.

mittees or members of Congress, the courts, the Comptroller General, officers and responsible employees of the General Accounting Office, governmental departments and establishments, and others; compiles and prepares reports, memoranda, statistics, financial statements, etc.; and verifies the service of government employees for retirement and pension purposes.

For purposes of administration the Records Division is subdivided into subordinate units, which may be designated as follows:

- |                        |                                    |
|------------------------|------------------------------------|
| 1. Administrative Unit | 5. Card Index Unit                 |
| 2. Assembling Unit     | 6. Searching and Transcribing Unit |
| 3. Current Files Unit  |                                    |
| 4. Research Unit       | 7. Voucher Repair Unit             |

The first four of these units are housed in the main building, while the last three are scattered, and hence are discussed separately in a later paragraph.

The Administrative Unit or Office of Chief of Division carries on the general administration of the Division. It is composed of the Chief of Division, the Assistant Chief of Division, and various specialized clerical assistants,<sup>28</sup> including photostat clerks and operators.

The Assembling Unit, under a Clerk in Charge, collects all papers in the accounts of fiscal officers that have been previously separated and assigned to the various examining sections of the Audit Division. The Unit, upon receipt of all examined vouchers in an account, is charged with reporting the account as ready for settlement.

The Current Files Unit indicates its custodial function by its name. It is headed by a Chief of Files and is composed of five sub-units, as follows:

- |                                |                                    |
|--------------------------------|------------------------------------|
| 1. Fiscal Officers' Accounts   | 4. Navy and Marine Rolls and Files |
| 2. Miscellaneous Claims Files  |                                    |
| 3. Transportation Claims Files | 5. Army Rolls and Files            |

The Research Unit is composed of research clerks and special searchers,<sup>29</sup> two of each being employed at present. This Unit answers all calls for information from the files.

<sup>28</sup> Eight at present.

<sup>29</sup> One at present located in the Auditors' Building.

The remaining units, because of lack of central accommodation, are scattered among outside buildings and hence are treated as a separate group. They are so only physically, however, as they might properly be included under the main office so far as functions are concerned. This group is generally designated as the Walker-Johnson Group,<sup>10</sup> and since it is separately housed, demands a separate administrative head, who is the Assistant Chief of the Records Division. He is aided by three clerks, one a Research Clerk (Military).

The Card Index Unit under a Clerk-in-Charge maintains all necessary card indexes for finding purposes, and employs special searchers and recorders.

The Searching and Transcribing Unit is divided among numerous buildings as the location of various records demands. These include:

- |                             |                              |
|-----------------------------|------------------------------|
| 1. Walker-Johnson Building  | 5. Cox Building              |
| 2. Temporary Building No. 3 | 6. Temporary Building, No. 6 |
| 3. Canal Street Building    | 7. Winder Building           |
| 4. Corcoran Building        |                              |

But one clerk is located in each of three buildings and two in another.

The Voucher Repair Unit, as the name indicates, repairs, deciphers, and transcribes vouchers and other records, which as a result of constant use<sup>11</sup> have become torn or illegible. The Unit is supervised by a Clerk-in-Charge.

The Supply Section, under supervision of a Chief of Section, procures, receipts for, stores, issues, and maintains stocks of supplies and equipment for the entire General Accounting Office; prepares requisitions for the Public Printer, and receives and issues printed forms, blanks, publications, etc.; prepares specifications and solicits bids and quotations in the purchase of materials and supplies; prepares all orders for equipment, stationery, and office supplies; examines all vouchers in payment of equipment and supplies and prepares them for signature of approving officers; keeps property accounts of the Office and maintains the files and

<sup>10</sup> After the Walker-Johnson Building.

<sup>11</sup> This is true only because, during the war, a flimsy grade of paper was used.

records necessary for the proper handling of supplies ; supervises the repair shop for typewriters, adding machines, clocks, and other mechanical office equipment ; supervises maintenance and operation of automobile truck service ; and supervises the administrative cost accounting and bookkeeping procedure.\*

This Section maintains for its own use three subsections: a Repair Shop, Labor-Saving Devices, under a Senior Mechanic-in-Charge, a Transportation Service unit, and a Garage under a Mechanic-in-Charge.

The Photostat Section, headed by a Section Chief, is charged with the production of photostats and certified copies and transcripts of records of the General Accounting Office, and the determination as to whether requests therefor are *bona fide* and should be complied with. It includes the photostat (forgery and liabilities) work carried on under the former Check Accounting Division, and the printing and photostat work previously under the Post Office Department Division.

The Comptroller General Records Section is directed by a Chief of Section and, for the purposes of carrying on its work, is divided into two subordinate units: Recording and Filing.

The Recording and Mail Unit, under a Senior Mail and Record Clerk, maintains a record of all requests for review of audited claims and accounts, and requests for advance decisions regarding the expenditure of public funds.\*\* The Unit is responsible for routing cases to the Solicitor and through him to an attorney for consideration and action, and for recording each step in the receiving and sending out of correspondence pertaining to the various cases. The Unit is, further, custodian of the master cards, and on final disposition of the case, is responsible for dating and mailing the decision and returning papers to the proper division with a copy of the decision for information and guidance.

The Filing Unit, composed of one file clerk, maintains a numerical card index and correspondence file, and an alphabetical card index and correspondence file, as well as a subject file and a file of "Court of Claims Cases."

\* This bookkeeping unit is used by the Chief Investigator as the model for demonstration and instruction for other government services, which have been directed to install similar systems within a reasonable time.

\*\* These requests are numbered, briefed as to subject matter, and filed numerically on record index cards. An alphabetical cross-index file is maintained.

The Duplicating Section, directed by a Head Operator (Office Devices), is charged with the duty of operating multigraph, mimeograph, addressograph, and hectograph duplicating machines.\*

The Mail Section receives, opens, stamps, sorts, and distributes mail to the various divisions and subdivisions of the General Accounting Office. It receives all incoming registered mail and handles all routine for registry of important outgoing mail. All remittances through the medium of cash, checks, drafts, money-orders, etc., are received and recorded and transmitted to the "accountable officer" of the office (the disbursing clerk).

Outgoing mail is dispatched to the divisions of the Office, the various departments, or to the city post office, and the registry of all General Accounting Office mail is attended to. The Section is supervised by a Chief of Section.

The Translation Unit, composed of one employee, a translator, receives, records, and translates, or arranges for translation, all communications that are written in a foreign language, and composes letters sent out from the Office in foreign languages.

The Carpenter and Labor Service, in the charge of a Foreman of Labor, is responsible for all construction and repair work and the moving of files and office equipment, supplying of ice, etc.

The Telephone Service consists of one operator with the usual duties of such an employee, operating a switchboard arranged for both general and intra-office communication service.

The Mechanical Repair Shop and Garage Service, reporting directly to the Chief Clerk, repairs, cleans and stores the automobiles and trucks of the General Accounting Office. In addition to automobile repairs this shop cares for other work, such as repairing hand trucks, steel boxes for transporting tabulating cards from the regional postal accounting offices to Washington, etc. Two mechanics are employed.

The Information Service operates through the Office of Chief Clerk and is under the immediate supervision of a clerk in that office. It receives, in the Office of Chief Clerk, all visitors and all phone calls for general information, and attempts to furnish all information through this source.

\* The variety of machines includes two type-printing multigraph machines, two mimeograph machines, two addressograph machines, two hectograph machines, one graphotype machine, one mimeoscope, one electrically operated stapling machine, and one envelope addressing machine.

The Messenger Service is under the supervision of the Assistant Chief Clerk, who assigns to the messengers the places they are to serve. All messengers in the various divisions of the General Accounting Office are subject to control and assignment of duties from the Messenger Service and are directed, immediately, by the Chief Messenger.

The Watch Service consists of employees who take up leave and property passes, direct visitors to proper destinations, and perform general guard work and "watch" duties.

To the Maintenance and Repair of Buildings Service is assigned the duty of reporting and remedying all defects and wear and tear of property pertaining to the buildings occupied by the General Accounting Office.

*Personnel Division.* Corresponding to, and coördinate with, the Office of Executive Officer as one of two major subdivisions of the duties here included under "general administration," is the Personnel Division, headed by a Chief, who is responsible directly to the Comptroller General. He is aided by an Assistant Chief of Division, in charge of welfare work.\*

The work of the Division is divided between two sections, one of which may be termed "General" and the other of which is called the Appointment Section.

The General Section, directly supervised by the Chief of Division, is responsible for all matters relating to personnel in the General Accounting Office. These include appointments, transfers, promotions, reductions, removals, and all other changes in the personnel of the establishment, including applications for positions; the preparation and submission to the Comptroller General of all matters concerning the personnel of the establishment under the Civil Service laws, rules and regulations, involving time and leave records of employees, relating to the compilation of statistics in regard to personnel and including data required by the Budget Officer, the Official Register, etc., and concerning efficiency records and rating of employees, the classification of employees under the Classification Act, and the working conditions and general welfare of employees.

\* A nurse is also employed for this work.

In addition this Section cares for all records and correspondence relating to the foregoing duties and such additional matters as may, be assigned from time to time, by the Comptroller General.

The Appointment Section, under the direction of a Chief of Section, is charged with the administration and application of Civil Service laws and rules and the regulations and policies of the office in connection with the procurement and status of employees, and provides the contact between the Civil Service Commission and the General Accounting Office. This Section compiles data for salary estimates ; keeps all records of personnel, including time, leave, and service records ; prepares and examines all pay rolls ; maintains a record of averages of all grades ; and furnishes the Budget Officer a complete record of all expenditures by pay periods for personal services.

## APPENDIX I

### OUTLINE OF ORGANIZATION

#### EXPLANATORY NOTE

The purpose of the Outlines of Organization in this series of Monographs is to show in detail the organization and personnel of the several services of the national government to which they relate. They have been prepared in accordance with the plan followed by the President's Commission on Economy and Efficiency in its outlines of the organization of the United States government.<sup>1</sup> They differ from those outlines, however, in that whereas the Commission's report showed only organization units, the presentation herein has been carried far enough to show the personnel embraced in each organization unit.

These outlines are of value not merely as an effective means of making known the organization of the several services. If kept revised to date, they constitute exceedingly important tools of administration. They permit the directing personnel to see at a glance the organization and personnel at their disposal. They establish definitely the line of administrative authority and enable each employee to know his place in the system. They furnish the essential basis of plans for determining costs by organization division and sub-division. They afford the data for a consideration of the problem of classifying and standardizing personnel and compensation. Collectively they make it possible to determine the number and location of organization units of any particular kind, such as, laboratories, libraries, blue-print rooms, or other plants, to what services attached and where located, or to determine what services are maintaining stations at any city or point in the United States. The Institute hopes that upon the completion of the present series it will be able to prepare a complete classified statement

<sup>1</sup> 62 Cong., H. doc. 458, 1912, 2 vols.



of the technical and other facilities at the disposal of the government. The present monographs will then furnish the details regarding the organization, equipment, and work of the institution so listed and classified.

OUTLINE OF ORGANIZATION  
GENERAL ACCOUNTING OFFICE  
MARCH 1, 1927

<i>Units of Organization;</i>		<i>Number</i>	<i>Salary Range</i>
<i>Classes of Employees</i>			
I. Office of the Comptroller General			
1. Office proper of the Comptroller General			
Comptroller General	1		\$10,000
Private Secretary	1		2400-3000
Special Assistant	1		2200*
Messenger	2		1140-1500
2. Office of the Assistant Comptroller General			
Assistant Comptroller General	1		7500
Secretary	1		2100-2700
Messenger	1		1140-1500
3. Assistants to the Comptroller General			
1. Executive and Budget Officer	1		6000
Secretary-Stenographer	1		1500-1860
2. Counsel	1		6000
3. Special Assistant to the Comptroller General			
Attorney-Conferee (Legal)	1		5200-6000
Attorney-Conferee (Claims)	1		3800-5000
Attorney-Conferee (Audit)	1		3000-3600
Conference Clerk	1		2400*
Clerk to Conferees	1		1680-2040
4. Office of the Chief Clerk			
1. Administrative			
Chief Clerk	1		3600*
Assistant Chief Clerk	1		2700*
Assistant to Chief Clerk	1		2200*
Translator	1		1860-2400
Administrative Bookkeeper	1		1860-2400
Information Clerk	1		1440*
Telephone Operator	1		1440

NOTE.—The asterisk throughout this outline indicates "Reclassification pending."

OUTLINE OF ORGANIZATION

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2. Records Division		
Chief of Division	1	2700*
Assistant Chief of Division	1	2040*
Assistant Chief of Division in charge of Walker-Johnson Group	1	2100-2700
Clerk	2	1860-2400
	10	1680-2040
Clerk-Stenographer to Chief of Division	1	1860*
Clerk	25	1500-1860
Clerk-Stenographer	1	1320-1680
Clerk-Typist	1	1320-1680
Photostat Operator	1	1320-1680
Clerk	58	1320-1680
Typist	1	1140-1500
Clerk	27	1140-1500
Laborer	1	900-1140
3. Comptroller General's Records Section		
Chief of Section	1	2000*
Senior Mail and Record Clerk	1	1860*
Mail and Record Clerk	2	1500-1860*
File Clerk	1	1140-1500
4. Supply Section		
Chief of Section	1	2400-3000
Assistant Chief of Section	1	1680*
Legislative and Publications Clerk	1	1860*
Clerk-Typist	1	1500*
Clerk	3	1320-1680*
File Clerk	1	1140-1500
Assistant Storekeeper	1	1140-1500
Senior Mechanic in Charge	2	1500-1860*
Mechanic	1	1500-1860
Chauffeur	1	1140-1500
	1	1020-1260
Chauffeur-Mechanic	4	1020-1260
Mechanic	1	1020-1260
5. Mail Section		
Chief of Section	1	1860*
Mail Clerk	1	1500-1860*
	1	1140-1500*
Messenger	2	1020-1260
Motorcycle Messenger	1	1020-1260
6. Duplicating Section		
Head Operator (Office Devices)	1	1680-2040
Senior Typist	1	1320-1680
Senior Operator (Office Devices)	1	1320-1680
Operator (Office Devices)	5	1140-1500

7. Custodial Unit		
Foreman	1	1680-2040
Carpenter	2	1500-1860
Messenger and Laborer	3	1140-1500
	55	1020-1260
Junior Messenger and Laborer	26	900-1140
Assistant Messenger and Laborer	12	600-780
5. Office of the Disbursing Clerk		
Disbursing Clerk	1	3000-3600
Deputy Disbursing Clerk	1	2100-2700
Clerk-Stenographer	1	1680-2040
6. Division of Personnel		
1. Office of Chief of Division		
Chief of Division	1	3800-5000
Assistant Chief of Division (In charge of Welfare work)	1	2400-3000
Special Investigator	1	2100-2700
Classification Clerk	1	2100-2700
Nurse	1	1500-1860
Junior Clerk-Stenographer	1	1320-1680
File Clerk	1	1140-1500
2. Appointment and Time Section		
Chief of Section	1	2400-3000
Assistant Chief of Section	1	1860-2400
Principal Time Clerk	1	1680-2040
Time and Payroll Clerk	3	1500-1860
Clerk-Typist	2	1500-1860
7. Investigations Division		
1. Office Proper		
Chief of Division	1	6000-7500
Assistant Chief of Division	1	5200-6000
Investigator	30	3000-5000
Associate Investigator	6	2700-3300
Assistant Investigator	1	2400-3000
Secretary	1	1860-2400
2. Emergency Fleet Audit Section		
Chief of Section	1	5200-6000
Assistant Chief of Section	1	2700-3300
Assistant Investigator	3	2400-3000
Auditor	9	1680-2700
3. Customs Field Audit Section		
Chief Investigator	1	3800-5000
Investigator	1	3000-3600
Assistant Investigator	3	2100-3000
8. Division of Law		
1. Administrative		
Solicitor	1	6000-7500

OUTLINE OF ORGANIZATION

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	Secretary	1	2100-2700
	Clerk to Solicitor	1	1860-2400
	Librarian	1	1320-1680
2.	Legal		
	Senior Attorney	4	5200-6000
	Attorney	7	3800-5000
	Associate Attorney	16	3000-3600
	Assistant Attorney	8	2400-3000
3.	Digest Unit		
	Digest Clerk	1	2100-2700
	Assistant Digest Clerk	2	1680-2040
	Clerk-Typist	1	1320-1680
4.	Stenographic Section		
	Chief of Section	1	1860-2400
	Assistant Chief of Section	1	1680-2040
	Stenographer	9	1500-1860
	Secretary-Stenographer	2	1500-1860
9.	Claims Division		
	1. Administrative		
	Chief of Division	1	5200-6000
	Assistant Chief of Division	1	3800-5000
	Conferee	1	2400-3000
	Clerk to Chief of Division	1	1860-2400
	2. Appeals Unit		
	Unit Head	1	2700-3300
	Claims Law Clerk	1	2400-3000
	Appeals Reviewer (Civil)	2	2300-3000
	Appeals Reviewer (Service)	3	2100-2700
	3. Forgery-Liabilities Unit		
	Unit Head	1	2200*
	Custodian of Undelivered Checks	1	1860*
	Correspondence Clerk	2	1320-1680*
	Review and File Clerk	2	1320-1680
	4. Preliminary Section		
	Chief of Section	1	2400-3000
	Assistant Chief of Section	1	2100-2700
	Correspondence Clerk	2	1860-2400
	Clerk (Supervisor)	1	1680-2040
	Clerk	8	1500-1860
	Expert Stenographer	6	1500-1860
	Stenographer	3	1320-1680
	Expert Typist	1	1320-1680
	Clerk	18	1320-1680
	Typist	2	1140-1500
	5. Civil Claims		
	1. Office of Assistant Chief of Division		
	Assistant Chief of Division	1	3800-5000

## THE GENERAL ACCOUNTING OFFICE

2. Civil Claims Section		
Chief of Section	1	3000-3600
1. Development Unit		
Unit Head	1	2700-3300
Claims Law Clerk	2	2400-3000
Senior Claims Adjuster	14	2100-2700
Check Voucher Clerk	2	1500-1860
Follow-up Clerk	1	1500-1860
Unit Clerk	1	1320-1680
2. Contracts Unit		
Unit Head	1	2700-3300
Claims Law Clerk	5	2400-3000
3. Miscellaneous Unit		
Unit Head	1	2700-3300
Claims Law Clerk	6	2400-3000
Senior Claims Adjuster	4	2100-2700
Clerk-Comptometer	1	1560*
4. Accounts Unit		
Special Auditor in charge	1	2100-2700
Auditor	1	1860-2400
Assistant Auditor	3	1680-2040
5. Review Unit		
Unit Head	1	3000-3600
Senior Reviewer	2	2700-3300
Reviewer	4	2400-3000
3. Collections Section		
Chief of Section	1	3000-3600
Unit Head	1	2400-3000
Debt Law Clerk	2	2400-3000
Senior Adjuster	4	2100-2700
Adjuster	4	1860-2400
Correspondence Clerk	1	1500-1860
Clerk in charge of		
Debt Cards	1	1500-1860
Debt Record Clerk	2	1320-1680
Clerk-Stenographer	1	1320-1680
Stenographer-Typist	1	1320-1680
6. Service Claims		
1. Office of Assistant Chief of Division		
Assistant Chief of Division	1	3000-3600
2. Service Claims Section		
Chief of Section	1	2700-3300
1. Development Unit		
Unit Head	1	2400-3000
Senior Claims Adjuster	2	2100-2700
Claims Adjuster	3	1860-2400
Unit Clerk	1	1320-1680

OUTLINE OF ORGANIZATION

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2.	Settling Unit		
	Unit Head	1	2400-3000
	Senior Claims Adjuster	5	2100-2700
	Claims Adjuster	3	1860-2400
	Clerk-Typist	1	1320-1680*
3.	Review Unit		
	Unit Head	1	2700-3300
	Senior Reviewer	2	2400-3000
	Reviewer	2	2100-2700
4.	Soldiers' Home Unit		
	Claims Adjuster	1	1860-2400
	Soldiers' Home Fund Clerk	1	1680-2040
5.	Soldiers' Effects Unit		
	Senior Claims Adjuster	1	2100-2700
7.	Transportation Claims		
1.	Office of Assistant Chief of Division		
	Assistant Chief of Division	1	3800-5000
	Assistant to Assistant Chief of Division	1	3300-3900
	Clerk to Assistant Chief of Division	1	1680-2040
	Stating Clerk	5	1500-1860
	Stating Reviewer	5	1500-1860
2.	Freight Section		
1.	Office of Chief of Section		
	Chief of Section	1	3000-3600
	Assistant Chief of Section	1	2700-3300
2.	Eastern Unit		
	Unit Head	1	2700-3300
	Special Rate Clerk	2	2400-3000
	Senior Land-Grant Rate Clerk	5	2100-2700
3.	Western Unit		
	Unit Head	1	2700-3300
	Special Rate Clerk	3	2400-3000
	Senior Land-Grant Rate Clerk	3	2100-2700
4.	Southern Unit		
	Unit Head	1	2700-3300
	Special Rate Clerk	1	2400-3000
	Senior Land-Grant Rate Clerk	4	2100-2700
	Non Land-Grant Rate Clerk	5	1680-2040
5.	Review Unit		
	Senior Reviewer	3	2700-3300
	Reviewer	4	2400-3000

6.	Tariff Unit		
	Principal Tariff Clerk	1	1680-2040
	Tariff Clerk	3	1500-1860
2.	Passenger Section		
1.	Office of Chief of Section		
	Chief of Section	1	3000-3600
	Assistant Chief of Section	1	2700-3300
	Passenger Tariff Clerk	1	1680-2040
2.	Eastern Unit		
	Unit Head	1	2700-3300
	Special Rate Clerk	1	2400-3000
	Senior Land-Grant Rate Clerk	4	2100-2700
	Junior Land-Grant Rate Clerk	2	1860-2400
	Non Land-Grant Rate Clerk	6	1680-2040
3.	Western Unit		
	Unit Head	1	2700-3300
	Special Rate Clerk	1	2400-3000
	Senior Land-Grant Rate Clerk	4	2100-2700
	Non Land-Grant Rate Clerk	7	1680-2040
4.	Review Unit		
	Senior Reviewer	1	2700-3300
	Reviewer	2	2400-3000
10.	Audit Division		
1.	Administrative		
	Chief of Division	1	5200-6000
	Assistant Chief of Division	1	3800-5000
	Special Assistant to Chief of Division	1	2600*
	Clerk to Chief of Division	1	1860-2400
2.	Contract Examining Unit		
	Contract Reviewer (Legal)	7	2400-3000*
	Audit Clerk (Contract Briefing)	9	1500-2040*
	Clerk	6	1320-1680
	Clerk-Checker	1	1380*
3.	Receiving and Computing Section		
	Chief of Section	1	2800*
	Unit Head (Computing and Stenographic)	1	2200*
	Unit Head (Checking Unit)	1	1860*
	Assistant Unit Head (Computing and Stenographic)	1	1980*
	Assistant Unit Head (Checking Unit)	1	1680-2040
	Clerk	7	1500-1860

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	Special Computer	12	1500-1860
	Computer-Checker	47	1320-1680
	Stenographer	6	1320-1680
	Senior Typist	12	1320-1680
	Junior Typist	6	1140-1500
	Clerk	24	1320-1680
	Clerk	8	1140-1500
4.	Civil Pay and Travel Section		
	Chief of Section	1	3400*
	Auditor	48	1680-2400
	Audit Clerk	4	1500-1860
	Section Clerk	1	1320-1680
5.	Military Pay Section		
	Chief of Section	1	3000*
	Auditor	72	1680-3000
	Audit Clerk	4	1500-1860
	Section Clerk	1	1320-1680
	Record Clerk	1	1320*
6.	Contract Voucher Section		
	Chief of Section	1	2900*
	Auditor	66	1680-3000
	Audit Clerk	1	1500-1860
	Section Clerk	1	1320-1680
7.	Receipts and Deposits Section		
	Chief of Section	1	2800*
	Auditor	29	1680-3000
	Section Clerk	1	1320-1680
8.	Miscellaneous Section		
	Chief of Section	1	3000*
	Auditor	32	1680-3300
	Audit Clerk	6	1500-1860
	Section Clerk	1	1320-1680
	Check Assorter (Clerk)	2	1140-1500
9.	Accounting Section		
	Chief of Section	1	3000*
	Auditor	29	1680-3000
	Clerk	1	1500-1860*
	Record Clerk	3	1320-1680
10.	Audit Review Section		
	Chief of Section	1	3800*
	Auditor	63	1860-3300
	Clerk	1	1680-2040
		3	1320-1680
		1	1140-1500
11.	Veterans' Bureau Section		
	Chief of Section	1	3000*
	Auditor	52	1680-3000



## THE GENERAL ACCOUNTING OFFICE

	Audit Clerk	4	1500-1860
	Clerk	1	1680-2040
	Stenographer	1	1500-1860
	Clerk	8	1320-1680
	Computer	2	1140-1500
12.	Indian Tribal Claims Section		
	Chief of Section	1	2800*
	Assistant Chief of Section	1	2600*
	Legal Research Clerk	4	2100-2700
	Auditor	44	1680-2700
	Audit Clerk	27	1500-1860
	Audit Clerk-Typist	3	1500-1860
	Clerk (Supervisory)	2	1680-2040
	Expert Typist	8	1320-1680
	Clerk-Typist	5	1320-1680
	File Clerk	1	1140-1500
13.	Check Section		
	Chief of Section	1	2600*
	Auditor	26	1680-2700
	Reconciliation Clerk (Audit Clerk)	19	1500-1860
	Clerk (Bookkeeping)	7	1500-1860
	Clerk	1	1500-1860
	Special Computer	1	1500-1860
	Clerk (Supervisory)	3	1680-2040
	Computer	7	1320-1680
	Comptometer and Dalton Listing		
	Machine Operators	2	1320-1680
	Clerk	4	1320-1680
		45	1140-1500
	Files Messenger	4	1020-1260
	Messenger Boy	1	690*
II.	Post Office Department Division		
	1. Administrative		
	Chief of Division	1	3800-5000
	Assistant Chief of Division	1	3300-3900
	Auditor	4	1860-3000
	Correspondence Clerk	2	1860-2400
	Clerk	1	1680-2040
		1	1500-1860
	2. Electrical Accounting Section		
	1. Administrative Unit		
	Chief of Section	1	2700-3300
	Assistant Chief of Section	1	2400-3000
	Secretary	1	1500-1860
	Auditor	4	1680-2400
	Clerk	2	1500-1860
		2	1320-1680

OUTLINE OF ORGANIZATION

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	Stenographer-Typist	1	1320-1680
	File Clerk	2	1140-1500
2.	Assorting Machine Unit		
	Clerk in Charge	1	1680-2040
	Electrical Assorting Machine Operator	65	1140-1860
3.	Card Perforating Unit		
	Chief of Unit	1	2700-2700
	Assistant Chief of Unit	1	1680-2040
	Card Perforating Operator	140	1500-1860
4.	Issued Auditing Unit		
	Verification Clerk	1	1860-2400
	Issued Auditing Clerk	26	1680-2040
		15	1500-1860
		6	1320-1680
5.	Mail Room Unit		
	Clerk in Charge	1	1500-1860
	Clerk	2	1320-1680
		10	1140-1500
6.	Paid Auditing Unit		
	Clerk in Charge	1	1680-2040
	Clerks (Paid Auditing)	2	1500-1860
		5	1320-1680
	Clerk	7	1140-1500
7.	Tabulating Unit		
	Clerk in Charge	1	1500-1860
	Tabulating Machine Operator	1	1500-1860
		22	1320-1680
3.	Postmasters' Accounts Section		
	Chief of Section	1	2700-3300
	Assistant Chief of Section	1	2400-3000
	Auditor	35	1680-2400
	Record and File Clerk	1	1140-1500
4.	Postal Service Pay Roll Section		
	Chief of Section	1	2700-3300
	Assistant Chief of Section	1	2400-3000
	Auditor	18	1680-2400
	Audit Clerk	1	1500-1860
5.	Foreign Section		
	Chief of Section	1	2700-3300
	Auditor	2	1860-2700
6.	Miscellaneous Section		
	Chief of Section	1	2700-3300
	Auditor	17	1680-2700
	Stenographer-Typist	1	1320-1680
	Typist	1	1140-1500
	Clerk	2	1140-1500

7.	Postal Savings Section		
	Chief of Section	1	2400-3000
	Settlement Clerk	6	1680-2040
		2	1500-1860
	File Clerk	10	1140-1500
8.	Late Postmasters' Section		
	Auditor	5	1860-2400
9.	Controlling Accounts Section		
	Principal Accounting Clerk	1	2400-3000
	Auditor	4	1680-2400
	Clerk	1	1320-1680
10.	Computing Section		
	Chief of Section	1	2100-2700
	Bookkeeping Machine Operator	8	1500-1860
	Comptometer Operator	11	1500-1860
	Adding Machine Operator	1	1320-1680
	Billing Machine Operator	1	1320-1680
	Adding Machine Operator	1	1140-1500
11.	Stenographic Section		
	Chief of Section (Principal Stenographer)	1	1680-2040
	Senior Stenographer	2	1500-1860
	Junior Stenographer	3	1320-1680
	Senior Typist	2	1320-1680
12.	Current Files Section		
	Chief of Section	1	1860-2400
	File Clerk	1	1320-1680
	Clerk	11	1140-1500
12.	Bookkeeping Division		
	1. Administrative		
	Chief of Division	1	3300-3900
	Assistant Chief of Division	1	3000-3600
	Clerk to Chief of Division	1	1680-2040
	Requisition and Bond Clerk	1	1500-1860
	2. Accounts Section		
	1. Appropriation and Personal Accounts Unit		
	Unit Head	1	2400-3000
	Assistant Unit Head	1	2100-2700
	Bookkeeper	5	1860-2400
	Certificate Control Clerk	1	1500-1860
	Unit Clerk	1	1320-1680
	Checker	1	1140-1500
	2. General Ledger and Control Accounts Unit		
	Unit Head	1	2700-3300
	Assistant Unit Head	1	2400-3000

## OUTLINE OF ORGANIZATION

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	Control Accountant	12	2100-2700
	Preliminary Control Accountant	1	1860-2400
		1	1680-2040
	Miscellaneous Machine Operator	1	1500-1680
3.	Posting Unit		
	Supervisory Bookkeeping		
	Machine Operator	1	1680-2040
	Bookkeeping Machine		
	Operator	11	1500-1860
3.	Claims Stating Section		
	Chief of Section	1	2400-3000
	Assistant Chief of Section	1	1860-2400
	Correspondence Clerk	1	1860-2400
	Clerk	2	1680-2040
		4	1500-1860
		7	1320-1680
	Certificate Writer (Expert		
	Typist)	15	1320-1680
	Clerk-Typist	1	1140-1500

## APPENDIX 2

### CLASSIFICATION OF ACTIVITIES

#### EXPLANATORY NOTE

The Classifications of Activities have for their purpose to list and classify in all practicable detail the specific activities engaged in by the several services of the national government. Such statements are of value from a number of standpoints. They furnish, in the first place, the most effective showing that can be made in brief compass of the character of the work performed by the service to which they relate. Secondly, they lay the basis for a system of accounting and reporting that will permit the showing of total expenditures classified according to activities. Finally, taken collectively, they make possible the preparation of a general or consolidated statement of the activities of the government as a whole. Such a statement will reveal in detail, not only what the government is doing, but the services in which the work is being performed. For example, one class of activities that would probably appear in such a classification is that of "scientific research." A subhead under this class would be "chemical research." Under this head would appear the specific lines of investigation under way and the services in which they were being prosecuted. It is hardly necessary to point out the value of such information in planning for future work and in considering the problem of the better distribution and coördination of the work of the government. The Institute contemplates attempting such a general listing and classification of the activities of the government upon the completion of the present series.

#### CLASSIFICATION OF ACTIVITIES

- I. Control of Treasury Receipts and Issues
  1. Approval (countersignature) of warrant
    1. Receipts
      1. Covering warrant

2. Issues
  1. Appropriation warrants
  2. Settlement warrants
  3. Accountable warrants
  4. Transfer and other warrants
2. Disapproval (refusal of countersignature) of warrant because of
  1. Interpretation of appropriation act
  2. Irregularities discovered in settlement, adjustment and audit
2. Settlement and adjustment of claims against Government
  1. Quasi-judicial acts
    1. Interpretation and construction of laws and regulations
      1. Comptrollers decisions
        1. In course
        2. In advance
  2. Legal matters
    1. Recoveries of sums due from
      1. Government officers
        1. Suit for recovery
        2. Withholding of pay
          1. Defense against mandamus and injunction
      2. State or other non-Federal governmental jurisdictions
      3. Private citizens and firms
        1. Preparation of briefs
        2. Appearance in court
        3. Appeals
    2. Assistance in defense of suits brought by
      1. Government officers
      2. States, etc.
      3. Citizens and firms
    3. Miscellaneous
3. Audit
  1. Regular
    1. Washington
    2. Field
  2. Pre-audit
    1. Veterans' claims
    2. Transportation claims

3. Special, resulting from
  1. Acts of Congress
  2. Order of Committees
  3. Initiation of Comptroller General
3. Audit of receipts (settlement and adjustment of claims due the government)
  1. Internal revenue
    1. Audit for accuracy and fraud only <sup>1</sup>
    2. Customs receipts
      1. Settlement and adjustment <sup>2</sup> and audit
    3. Miscellaneous receipts
      1. Settlement and adjustment and audit
  4. Quasi-judicial and legal  
(Listed under "settlement and adjustment" (2) above)
  5. Accounts
    1. Keeping
      1. Control accounts (money)
      2. Checks
      3. Administrative <sup>3</sup>
    2. Study
      1. Recommendations
      2. Installations
      3. Prescription of forms
  6. Investigations and Reports
    1. Investigations
      1. Administrative accounts
      2. Administrative examinations
      3. Departmental inspection of disbursing officers
      4. Disbursing office methods
      5. Miscellaneous
        1. Upon Congressional initiation
          1. Legislation
          2. Order of committee
            1. Either house

<sup>1</sup> Under the law.

<sup>2</sup> In dispute.

<sup>3</sup> General Accounting Office and Retirement funds only.

## CLASSIFICATION OF ACTIVITIES

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2. Committee with jurisdiction over
  1. Revenue
  2. Appropriations
  3. Expenditure
2. Upon initiative of Comptroller General
2. Reports
  1. Annual
  2. Special, upon
    1. Order of Congress
    2. Request of
      1. President
      2. Bureau of Budget
3. Recommendations
  1. Procedure
  2. Methods
  3. Organization
  4. Legislation
7. Custodial
  1. Settled accounts and pertinent data
  2. Checks
    1. Paid
    2. Undelivered
  3. Contracts
  4. List of debtors to United States
8. Intramural Administration



## APPENDIX 3

### PUBLICATIONS

The regular publications of the General Accounting Office consist of two titles, the Annual Report and the Decisions of the Comptroller General of the United States.

*Annual Report.* The Annual Report is addressed to Congress by the Comptroller General in conformance with Section 312(a) of the Budget and Accounting Act of 1921, which says:

The Comptroller-General . . . shall make . . . to Congress at the beginning of each regular session, a report in writing of the work of the General Accounting Office, containing recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt, disbursement and application of public funds as he may think advisable. In such regular report . . . he shall make recommendations looking to greater economy or efficiency in public expenditures.

The format of the Annual Report follows in all essentials that of other governmental reports, and has varied from sixteen to fifty-nine pages.<sup>1</sup> The first part of the report is concerned with general discussion and recommendations, while the remainder is devoted to a recital of the accomplishments of the Office under organization unit titles.

*Decisions.* The Decisions of the Comptroller General of the United States are issued originally in monthly pamphlets, each containing the decisions rendered during a calendar month. These are bound into a volume at the end of each fiscal year, each volume containing the twelve monthly bulletins from July to June, inclusive.<sup>2</sup>

The bound volume contains, (in addition to the text of the decisions in chronological order and serially numbered, with an index-digest) a list of claimants, tables of statutes, decisions of the

<sup>1</sup> 1922 contains 16 pages; 1923, 42; 1924, 28; 1925, 34, and 1926, 59.

<sup>2</sup> The volumes are No. 1, 1921-2; No. 2, 1922-3; No. 3, 1923-4; No. 4, 1924-5; No. 5, 1925-6.

Comptroller General, decisions of the Comptroller of the Treasury, Second Comptroller's decisions, decisions overruled or modified, opinions of the Attorney General, and decisions of the courts, referred to in the Comptroller General's decisions included in the volume.

The volume also includes an appendix embracing General Accounting Office Circulars, Bulletins, and General Regulations issued during the fiscal year.<sup>3</sup>

*Miscellaneous Publications.* The miscellaneous publications are those just mentioned, namely, circulars, bulletins, and general regulations which appear from time to time as conditions dictate. No classification is made as to contents included under the three titles mentioned, and such issues appear variously in printed, multi-graphed, or mimeographed form. They are on letter-size sheets and are serially numbered.

<sup>3</sup> Such of these as relate to office procedure and are not for general information are cited by title, date and number, but the text is omitted.

## APPENDIX 4

### LAWS

#### (A) INDEX TO LAWS

##### *Organisation*

Establishment (chronological sequence) of office or position of:

Comptroller <sup>1</sup> .....	1 Stat. L., 65
Auditor <sup>1</sup> .....	1 Stat. L., 65
Accountant, War Department .....	1 Stat. L., 279, 280
Accountant, Navy Department.....	1 Stat. L., 610
Commissioner of General Land Office.....	2 Stat. L., 716, 717
Commissioner to pass upon claims for property lost, captured or destroyed in the Military Service of the United States .....	3 Stat. L., 261, 263
Additional Accountant, War Department.....	3 Stat. L., 322
First Auditor .....	3 Stat. L., 366
Second Auditor .....	3 Stat. L., 366
Third Auditor .....	3 Stat. L., 366
Fourth Auditor .....	3 Stat. L., 366
Fifth Auditor .....	3 Stat. L., 366
First Comptroller .....	3 Stat. L., 366, 367
Second Comptroller .....	3 Stat. L., 366, 367
Sixth Auditor, or Auditor for Post Office Department....	5 Stat. L., 80, 81
Commissioner of Customs ("Third Comptroller")....	9 Stat. L., 395, 396
Comptroller of Treasury.....	28 Stat. L., 162, 205
Auditor for Treasury Department.....	28 Stat. L., 162, 205
Auditor for War Department.....	28 Stat. L., 162, 205
Auditor for Interior Department.....	28 Stat. L., 162, 205
Auditor for Navy Department.....	28 Stat. L., 162, 205
Auditor for State and Other Departments.....	28 Stat. L., 162, 205
Auditor for Post Office Department.....	28 Stat. L., 162, 205
Division of Bookkeeping and Warrants.....	28 Stat. L., 162, 208
General Accounting Office <sup>2</sup> .....	42 Stat. L., 20, 23
Comptroller General <sup>3</sup> .....	42 Stat. L., 20, 23
Assistant Comptroller General <sup>3</sup> .....	42 Stat. L., 20, 23
Abolition, supercession, change of title or transfer of duties of:	
Auditor <sup>1</sup> .....	3 Stat. L., 366
Comptroller <sup>1</sup> .....	3 Stat. L., 366, 367

<sup>1</sup>The office, in effect, was never abolished. Duties were cumulative and transferred to new title or titles.

<sup>2</sup>Continuing, consolidating, and adding to previous powers and duties under other titles. Essential matter was change of status.

Accountant, War Department .....	3 Stat. L., 366
Accountant, Navy Department .....	3 Stat. L., 366
Additional Accountant, War Department.....	3 Stat. L., 366
Commissioner to pass upon claims, etc.....	3 Stat. L., 466
Commissioner of General Land Office <sup>a</sup> .....	9 Stat. L., 395
First Comptroller .....	28 Stat. L., 162, 205
Second Comptroller .....	28 Stat. L., 162, 205
First Auditor .....	28 Stat. L., 162, 205
Second Auditor .....	28 Stat. L., 162, 205
Third Auditor .....	28 Stat. L., 162, 205
Fourth Auditor .....	28 Stat. L., 162, 205
Fifth Auditor .....	28 Stat. L., 162, 205
Sixth Auditor .....	28 Stat. L., 162, 205
Commissioner of Customs.....	28 Stat. L., 162, 205
Comptroller of Treasury <sup>b</sup> .....	42 Stat. L., 20, 23
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Auditor for War Department.....	42 Stat. L., 20, 25
Auditor for Interior Department.....	42 Stat. L., 20, 25
Auditor for Navy Department.....	42 Stat. L., 20, 25
Auditor for State and Other Departments.....	42 Stat. L., 20, 25
Auditor for Post Office Department <sup>c</sup> .....	42 Stat. L., 20, 25
Division of Bookkeeping and Warrants <sup>d</sup> .....	42 Stat. L., 20, 25

#### *Personnel*

##### *Positions established*

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Comptroller General .....	42 Stat. L., 20, 23
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##### *Removal*

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Attorneys and other employees.....	42 Stat. L., 20, 25

##### *Compensation*

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Assistant Comptroller General.....	42 Stat. L., 20, 24
Attorneys and other employees.....	42 Stat. L., 20, 25

##### *Powers and duties*

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forms, prescription of.....	42 Stat. L., 20, 25
fund .....	42 Stat. L., 20, 25
information concerning .....	42 Stat. L., 20, 26

<sup>a</sup> Transferred to jurisdiction Interior Department.

<sup>b</sup> Transfer of status rather than discontinuance except for title.

<sup>c</sup> Duties transferred to Bureau of Accounts, Post Office Department, by 42 Stat. L., 20, 24.

<sup>d</sup> Duties concerning Treasury Department itself left with Division and Division not transferred.

Accounts, adjusted, payment.....	42 Stat. L., 20, 25
administrative appropriation .....	42 Stat. L., 20, 25
examination of .....	42 Stat. L., 20, 26
examination and settlement of, by auditors.....	28 Stat. L., 162, 206, 207 <sup>1</sup>
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keeping of .....	44 Stat. L., 904, 911
legislation concerning .....	42 Stat. L., 20, 25
payment of .....	42 Stat. L., 20, 25
preservation of .....	28 Stat. L., 162, 207
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	42 Stat. L., 20, 26
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Auditors, administer oaths.....	Sec. 297, R. S. <sup>1</sup>
duties of .....	Sec. 277, R. S. <sup>1</sup>
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Balances, certification of.....	28 Stat. L., 162, 207 <sup>1</sup>
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Books, right of access to.....	42 Stat. L., 20, 26
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	42 Stat. L., 20, 24
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<sup>1</sup> As amended by 42 Stat. L., 20.

Committees of Congress may order reports, etc.....	42 Stat. L., 20, 26
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makes advance decisions.....	28 Stat. L., 162, 207 <sup>†</sup>
Contracts violating law.....	42 Stat. L., 20, 26
Congress may order investigations and reports.....	42 Stat. L., 20, 26
may levy and collect taxes, etc.....	Const., Art. I, Sec. 8, Cl. 1
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Decisions, advance .....	28 Stat. L., 162, 207 <sup>†</sup>
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42 Stat. L., 20, 26	
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Investigations .....	42 Stat. L., 20, 25, 26

<sup>†</sup> As amended by 42 Stat. L., 20.

Joint committees .....	42 Stat. L., 20, 26
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	42 Stat. L., 20, 23, 26
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Preservation of accounts.....	28 Stat. L., 162, 207 <sup>1</sup>
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Public accounts, settlement.....	Sec. 236, R. S. <sup>1</sup>
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moneys, account and statement of.....	Const., Art. 1, Sec. 9, Cl. 6
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	28 Stat. L., 162, 206, 207 <sup>1</sup>
	42 Stat. L., 20, 24, 25, 26
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## (B) COMPILATION OF LAWS

1787—Constitution of the United States—Article I, Section 8,  
Clause I.

\* \* \*

The Congress shall have power: To lay and collect taxes, duties, imposts and excises. . . .

1787—Constitution of the United States—Article I, Section 9,  
Clause 6.

\* \* \* \*

No money shall be drawn from the Treasury but in consequence of appropriations made by law; and a regular statement and account of the



receipts and expenditures of all public money shall be published from time to time.

1789—Act of September 2, 1789 (1 Stat. L., 65)—An Act To establish the Treasury Department.

[SECTION 1]. That there shall be a Department of Treasury, in which shall be the following officers, namely: a Secretary of the Treasury, to be deemed head of the department; a Comptroller, an Auditor, a Treasurer, a Register, and an Assistant to the Secretary of the Treasury, which assistant shall be appointed by the said Secretary.

R. S., Sec. 297—Auditors may administer oaths.

SEC. 297. The several Auditors are empowered to administer oaths to witnesses in any case in which they may deem it necessary for the due examination of the accounts with which they shall be charged.

R. S., Sec. 305—Duties of the Treasurer.

SEC. 305. The Treasurer shall receive and keep the moneys of the United States, and disburse the same upon warrants drawn by the Secretary of the Treasury, countersigned by either Comptroller, and recorded by the Register, and not otherwise. He shall take receipts for all moneys paid by him, and shall give receipts for all moneys received by him; and all receipts for moneys received by him shall be indorsed upon warrants signed by the Secretary of the Treasury, without which warrant, so signed, no acknowledgment for money received into the public Treasury shall be valid. He shall render his accounts to the First Comptroller quarterly, or oftener if required, and shall transmit a copy thereof, when settled, to the Secretary of the Treasury. He shall at all times submit to the Secretary of the Treasury and the First Comptroller, or either of them, the inspection of the moneys in his hands.

1894—Act of July 31, 1894 (28 Stat. L., 162, 205)—An Act Making appropriations for the legislative, executive and judicial expenses of the Government for the fiscal year ending June thirtieth, eighteen hundred and ninety-five and for other purposes.

\* \* \* \*

SEC. 3. The Auditors of the Treasury shall hereafter be designated as follows: The First Auditor as Auditor for the Treasury Department; the Second Auditor as Auditor for the War Department; the Third Auditor as Auditor for the Interior Department; the Fourth Auditor as Auditor for the Navy Department; the Fifth Auditor as Auditor for the State and other Departments; the Sixth Auditor as Auditor for the Post-Office Department. The designations of the deputy auditors and other subordinates shall correspond with those of the Auditors. And each deputy auditor, in addition to the duties now required to be performed by him, shall sign, in the name of the Auditor, such letters and papers as the Auditor may direct.

SEC. 4. The offices of the Commissioner of Customs, Deputy Commissioner of Customs, Second Comptroller, Deputy Second Comptroller, and Deputy First Comptroller of the Treasury are abolished, and the First Comptroller of the Treasury shall hereafter be known as Comptroller of the Treasury. He shall perform the same duties and have the same powers and responsibilities (except as modified by this act) as those now performed by or appertaining to the First and Second Comptrollers of the Treasury and the Commissioner of Customs; and all provisions of law not inconsistent with this Act, in any way relating to them or either of them, shall hereafter be construed and held as relating to the Comptroller of the Treasury. His salary shall be five thousand five hundred dollars per annum. There shall also be an Assistant Comptroller of the Treasury, to be appointed by the President, with the advice and consent of the Senate, who shall receive a salary of five thousand dollars per annum and a chief clerk in the office of the Comptroller of the Treasury, who shall receive a salary of two thousand five hundred dollars per annum.

The Assistant Comptroller of the Treasury shall perform such duties as may be prescribed by the Comptroller of the Treasury and shall have the power, under the direction of the Comptroller of the Treasury, to countersign all warrants and sign all other papers.

The Chief clerk shall perform such duties as may be assigned to him by the Comptroller of the Treasury, and shall have the power, in the name of the Comptroller of the Treasury, to countersign all warrants except accountable warrants.

The Auditors, under the direction of the Comptroller of the Treasury, shall superintend the recovery of all debts finally certified by them, respectively, to be due to the United States.

Section thirty-six hundred and twenty-five of the Revised Statutes is amended by substituting the words "proper Auditors" for the words "First Comptroller of the Treasury (or the Commissioner of Customs, as the case may be)."

Section thirty-six hundred and thirty-three of the Revised Statutes is amended by substituting the words "proper Auditors" for the words "First or Second Comptroller of the Treasury."

SEC. 5. The Comptroller of the Treasury shall, under the direction of the Secretary of the Treasury, prescribe the forms of keeping and rendering all public accounts, except those relating to the postal revenues and expenditures therefrom.

The returns of fees mentioned in section seventeen hundred and twenty-five of the Revised Statutes shall be made as prescribed by the Comptroller of the Treasury.

SEC. 6. Section two hundred and seventy-one of the Revised Statutes is amended to read as follows:

"SEC. 271. The Comptroller of the Treasury, in any case where, in his opinion, the interests of the Government require it, shall direct any of the Auditors forthwith to audit and settle any particular account which such Auditor is authorized to audit and settle."

SEC. 7. Accounts shall be examined by the Auditors as follows:

First. The Auditor for the Treasury Department shall receive and examine all accounts of salaries and incidental expenses of the office of the Secretary of the Treasury and all bureaus and offices under his direction, all accounts relating to the customs service, public debt, internal revenue,

Treasurer and assistant treasurers, mints and assay offices, Bureau of Engraving and Printing, Coast and Geodetic Survey, Revenue-Cutter Service, Life-Saving Service, Light-House Board, Marine-Hospital Service, public buildings, Steamboat-Inspection Service, immigration, navigation, Secret Service, Alaskan fur-seal fisheries, and to all other business within the jurisdiction of the Department of the Treasury, and certify the balances arising thereon to the Division of Bookkeeping and Warrants.

Second. The Auditor for the War Department shall receive and examine all accounts of salaries and incidental expenses of the office of the Secretary of War and all bureaus and offices under his direction, all accounts relating to the military establishment, armories and arsenals, national cemeteries, fortifications, public buildings and grounds under the Chief of Engineers, rivers and harbors, the Military Academy, and to all other business within the jurisdiction of the Department of War, and certify the balances arising thereon to the Division of Bookkeeping and Warrants, and send forthwith a copy of each certificate to the Secretary of War.

Third. The Auditor for the Interior Department shall receive and examine all accounts of salaries and incidental expenses of the office of the Secretary of the Interior, and of all bureaus and offices under his direction, and all accounts relating to Army and Navy Pensions, Geological Survey, public lands, Indians, Architect of the Capitol, patents, census, and to all other business within the jurisdiction of the Department of the Interior, and certify the balances arising thereon to the Division of Bookkeeping and Warrants, and send forthwith a copy of each certificate to the Secretary of the Interior.

Sections two hundred and seventy-three and two hundred and seventy-five of the Revised Statutes are repealed.

Section four hundred and fifty-six of the Revised Statutes is amended to read as follows:

"Sec. 456. All returns relative to the public lands shall be made to the Commissioner of the General Land Office."

Fourth. The Auditor for the Navy Department shall receive and examine all accounts of salaries and incidental expenses of the office of the Secretary of the Navy, and of all bureaus and offices under his direction, all accounts relating to the Naval Establishment, Marine Corps, Naval Academy, and to all other business within the jurisdiction of the Department of the Navy, and certify the balances arising thereon to the Division of Bookkeeping and Warrants, and send forthwith a copy of each certificate to the Secretary of the Navy.

Fifth. The Auditor for the State and other Departments shall receive and examine all accounts of salaries and incidental expenses of the offices of the Secretary of State, the Attorney General, and Secretary of Agriculture, and of all bureaus and offices under their direction; all accounts relating to all other business within the jurisdiction of the Departments of State, Justice, and Agriculture; all accounts relating to the diplomatic and consular service, the judiciary, United States courts, judgments of United States courts, Executive Office, Civil Service Commission, Interstate Commerce Commission, Department of Labor, District of Columbia, Fish Commission, Court of Claims and its judgments, Smithsonian Institution, Territorial governments, the Senate, the House of Representatives, the Public Printer, Library of Congress, Botanic Garden, and accounts of all boards, commissions, and establishments of the Government not within the

jurisdiction of any of the Executive Departments. He shall certify the balances arising thereon to the Division of Bookkeeping and Warrants, and send forthwith a copy of each certificate, according to the character of the account, to the Secretary of the Senate, Clerk of the House of Representatives, Sergeant-at-Arms of the House of Representatives, or the chief officer of the Executive Department, commission, board or establishment concerned.

Sixth. The Auditor for the Post-Office Department shall receive and examine all accounts of salaries and incidental expenses of the office of the Postmaster-General and of all bureaus and offices under his direction, all postal and money-order accounts of postmasters, all accounts relating to the transportation of the mails, and to all other business within the jurisdiction of the Post-Office Department, and certify the balances arising thereon to the Postmaster General for accounts of the postal revenue and expenditures therefrom, and to the Division of Bookkeeping and Warrants for other accounts, and send forthwith copies of the certificates in the latter cases to the Postmaster General.

The further duties of this Auditor shall continue as now defined by law, except as the same are modified by the provisions of this Act.

Sec. 8. The balances which may from time to time be credited by the Auditors to the Division of Bookkeeping and Warrants, or to the Postmaster-General, upon the settlements of public accounts, shall be final and conclusive upon the Executive Branch of the Government, except that any person whose accounts may have been settled, the head of the Executive Department, or of the board, commission, or establishment not under the jurisdiction of an Executive Department, to which the account pertains, or the Comptroller of the Treasury, may, within a year, obtain a revision of the said account by the Comptroller of the Treasury, whose decision upon such revision shall be final and conclusive upon the Executive Branch of the Government: *Provided*, That the Secretary of the Treasury may, when in his judgment the interests of the Government require it, suspend payment and direct the re-examination of any account.

Upon a certificate by the Comptroller of the Treasury of any differences ascertained by him upon revision the Auditor who shall have audited the accounts shall state an account of such differences, and certify it to the Division of Bookkeeping and Warrants, except that balances found and accounts stated as aforesaid by the Auditor for the Post-Office Department for postal revenues and expenditures therefrom shall be certified to the Postmaster-General.

Any person accepting payment under a settlement by an Auditor shall be thereby precluded from obtaining a revision of such settlement as to any items upon which payment is accepted; but nothing in this Act shall prevent an Auditor from suspending items in an account in order to obtain further evidence or explanations necessary to their settlement. When suspended items are finally settled a revision may be had as in the case of the original settlement. Action upon any account or business shall not be delayed awaiting applications for revision: *Provided*, That the Secretary of the Treasury shall make regulations fixing the time which shall expire before a warrant is issued in payment of an account certified as provided in sections seven and eight of this Act.

The Auditors shall, under the direction of the Comptroller of the Treasury, preserve, with their vouchers and certificates, all accounts which have been finally adjusted.

All decisions by Auditors making an original construction or modifying an existing construction of statutes shall be forthwith reported to the Comptroller of the Treasury, and items in any account affected by such decisions shall be suspended and payment thereof withheld until the Comptroller of the Treasury shall approve, disapprove or modify such decisions and certify his actions to the Auditor. All decisions made by the Comptroller of the Treasury under this Act shall be forthwith transmitted to the Auditor or Auditors whose duties are affected thereby.

Disbursing officers, or the head of any Executive Department, or other establishment not under any of the Executive Departments, may apply for and the Comptroller of the Treasury shall render his decision upon any question involving a payment to be made by them or under them, which decision, when rendered, shall govern the Auditor and the Comptroller of the Treasury in passing upon the account containing said disbursement.

Sections one hundred and ninety-one and two hundred and seventy of the Revised Statutes are repealed.

SEC. 9. This Act, so far as it relates to the First Comptroller of the Treasury and the several Auditors and Deputy Auditors of the Treasury, shall be held and construed to operate merely as changing their designations and as adding to and modifying their duties and powers, and not as creating new officers.

All laws not consistent with this Act, relating to the Auditors of the Treasury in connection with any matter, shall be understood in each case to relate to the Auditor to whom this Act assigns the business of the Executive Department of other establishments concerned in that matter.

SEC. 10. The Division of Warrants, Estimates, and Appropriations in the office of the Secretary of the Treasury is hereby recognized and established as the Division of Bookkeeping and Warrants. It shall be under the Direction of the Secretary of the Treasury as heretofore. Upon the books of this division shall be kept all accounts of receipts and expenditures of public moneys except those relating to the postal revenues and expenditures therefrom; and section three hundred and thirteen and so much of sections two hundred and eighty-three and thirty-six hundred and seventy-five of the Revised Statutes as require those accounts to be kept by certain Auditors and the Register of the Treasury are repealed. The duties of the Register of the Treasury shall be such as are now required of him in connection with the public debt and such further duties as may be prescribed by the Secretary of the Treasury.

SEC. 11. Every requisition for an advance of money, before being acted on by the Secretary of the Treasury, shall be sent to the proper Auditor for action thereon as required by section twelve of this Act.

All warrants, when authorized by law and signed by the Secretary of the Treasury, shall be countersigned by the Comptroller of the Treasury, and all warrants for the payment of money shall be accompanied either by the Auditor's certificate, mentioned in section seven of this Act, or by the requisition for advance of money, which certificate or requisition shall specify the particular appropriation to which the same should be charged, instead of being specified on the warrant, as now provided by section thirty-six hundred and seventy-five of the Revised Statutes; and shall also go with the warrant to the Treasurer, who shall return the certificate or requisition to the proper Auditor, with the date and amount of the draft issued indorsed thereon. Requisitions for the payment of money on all audited

accounts, or for covering money into the Treasury, shall not hereafter be required. And requisitions for advances of money shall not be countersigned by the Comptroller of the Treasury.

Section two hundred and sixty-nine and so much of section three hundred and five of the Revised Statutes as requires the Register of the Treasury to record warrants is repealed.

SEC. 12. All monthly accounts shall be mailed or otherwise sent to the proper officer at Washington within ten days after the end of the month to which they relate, and quarterly and other accounts within twenty days after the period to which they relate, and shall be transmitted to and received by the Auditors within twenty days of their actual receipt at the proper office in Washington in the case of monthly, and sixty days in the case of quarterly and other accounts. Should there be any delinquency in this regard at the time of the receipt by the Auditor of a requisition for an advance of money, he shall disapprove the requisition, which he may also do for other reasons arising out of the condition of the officer's accounts for whom the advance is requested; but the Secretary of the Treasury may overrule the Auditor's decision as to the sufficiency of these latter reasons: *Provided*, That the Secretary of the Treasury shall prescribe suitable rules and regulations, and may make orders in particular cases, relaxing the requirement of mailing or otherwise sending accounts, as aforesaid, within ten days or twenty days or waiving delinquency, in such cases only in which there is, or is likely to be, a manifest physical difficulty in complying with the same, it being the purpose of this provision to require the prompt rendition of accounts without regard to the mere convenience of the officers, and to forbid the advance of money to those delinquent in rendering them: *Provided further*, That should there be a delay by the administrative Departments beyond the aforesaid twenty or sixty days in transmitting accounts, an order of the President in the particular case shall be necessary to authorize the advance of money requested: *And provided further*, That this section shall not apply to accounts of the postal revenue and expenditures therefrom, which shall be rendered as now required by law.

The Secretary of the Treasury shall, on the first Monday of January in each year, make report to Congress of such officers as are then delinquent in the rendering of their accounts or in the payment of balances found due from them for the last preceding fiscal year. Sections two hundred and fifty and two hundred and seventy-two of the Revised Statutes are repealed.

Section thirty-six hundred and twenty-two of the Revised Statutes is amended by striking therefrom the following words: "The Secretary of the Treasury may, if in his opinion the circumstances of the case justify and require it, extend the time hereinbefore prescribed for the rendition of accounts."

SEC. 13. Before transmission to the Department of the Treasury, the accounts of district attorneys, assistant attorneys, marshals, commissioners, clerks, and other officers of the courts of the United States, except consular courts, made out and approved as required by law, and accounts relating to prisoners convicted or held for trial in any court of the United States, and all other accounts relating to the business of the Department of Justice or of the courts of the United States other than consular courts, shall be sent with their vouchers to the Attorney-General and examined under his supervision.

Judges receiving salaries from the Treasury of the United States shall be paid monthly by the disbursing officer of the Department of Justice, and to him all certificates of nonabsence or of the cause of absence of judges in the Territories shall be sent. Interstate Commerce Commissioners and other officers, now paid as judges are, shall be paid monthly by the proper disbursing officer or officers.

SEC. 14. In the case of claims presented to an Auditor which have not had an administrative examination, the Auditor shall cause them to be examined by two of his subordinates independently of each other.

SEC. 15. It shall be the duty of the Secretary of the Treasury annually to lay before Congress, on the first day of the regular session thereof, an accurate, combined statement of the receipts and expenditures during the last preceding fiscal year of all public moneys, including those of the Post-Office Department, designating the amount of the receipts, whenever practicable, by ports, districts, and States, and the expenditures, by each separate head of appropriation.

SEC. 16. In section three hundred and seven of the Revised Statutes the words "Secretary of the Treasury" are substituted for the words "Register of the Treasury."

SEC. 17. The transcripts from the books and proceedings of the Department of the Treasury, provided for in section eight hundred and eighty-six of the Revised Statutes, shall hereafter be certified by the Secretary or an Assistant Secretary of the Treasury, and the copies of contracts and other papers therein provided for shall be certified by the Auditor having the custody of such papers.

SEC. 18. Section thirty-seven hundred and forty-three of the Revised Statutes is amended to read as follows:

"SEC. 3743. All contracts to be made, by virtue of any law, and requiring the advance of money, or in any manner connected with the settlement of public accounts, shall be deposited promptly in the offices of the Auditors of the Treasury, according to the nature of the contracts: *Provided*, That this section shall not apply to the existing laws in regard to the contingent funds of Congress."

SEC. 19. Section twenty-six hundred and thirty-nine of the Revised Statutes is amended by substituting the words "proper Auditor" for the words "Commissioner of Customs."

SEC. 20. It shall be the duty of the collectors of customs and other officers of customs to transmit, with their accounts, to the officers charged with the settlement of their accounts, all such papers, records, or copies thereof relating to their transactions as officers of customs as the Secretary of the Treasury may direct.

1921—Act of June 10, 1921 (42 Stat. L., 20)—An Act To provide a national budget system and an independent audit of Government accounts and for other purposes.

[SECTION 1]. This Act may be cited as the "Budget and Accounting Act, 1921."

SEC. 2. When used in this Act—

The terms "department and establishment" and "department or establishment," mean any executive department, independent commission, board,

bureau, office, agency, or other establishment of the Government, including the municipal government of the District of Columbia, but do not include the Legislative Branch of the Government or the Supreme Court of the United States;

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### TITLE III—GENERAL ACCOUNTING OFFICE

SEC. 301. There is created an establishment of the Government to be known as the General Accounting Office, which shall be independent of the executive departments and under the control and direction of the Comptroller General of the United States. The offices of the Comptroller of the Treasury and Assistant Comptroller of the Treasury are abolished, to take effect July 1, 1921. All other officers and employees of the office of the Comptroller of the Treasury shall become officers and employees in the General Accounting Office at their grades and salaries on July 1, 1921, and all books, records, documents, papers, furniture, office equipment and other property of the office of the Comptroller of the Treasury shall become the property of the General Accounting Office. The Comptroller General is authorized to adopt a seal for the General Accounting Office.

SEC. 302. There shall be in the General Accounting Office a Comptroller General of the United States and an Assistant Comptroller General of the United States, who shall be appointed by the President with the advice and consent of the Senate, and shall receive salaries of \$10,000 and \$7,500 a year, respectively. The Assistant Comptroller General shall perform such duties as may be assigned to him by the Comptroller General, and during the absence or incapacity of the Comptroller General, or during a vacancy in that office, shall act as Comptroller General.

SEC. 303. Except as hereinafter provided in this section, the Comptroller General and the Assistant Comptroller General shall hold office for fifteen years. The Comptroller General shall not be eligible for reappointment. The Comptroller General or the Assistant Comptroller General may be removed at any time by joint resolution of Congress after notice and hearing, when, in the judgment of Congress, the Comptroller General or Assistant Comptroller General has become permanently incapacitated or has been inefficient, or guilty of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude, and for no other cause and in no other manner except by impeachment. Any Comptroller General or Assistant Comptroller General removed in the manner herein provided shall be ineligible for reappointment to that office. When a Comptroller General or Assistant Comptroller General attains the age of seventy years, he shall be retired from his office.

SEC. 304. All powers and duties now conferred or imposed by law upon the Comptroller of the Treasury or the six auditors of the Treasury Department, and the duties of the Division of Bookkeeping and Warrants of the Office of the Secretary of the Treasury relating to keeping the personal ledger accounts of disbursing and collecting officers, shall, so far as not inconsistent with this Act, be vested in and imposed upon the General Accounting Office and be exercised without direction from any other officer. The balances certified by the Comptroller General shall be final and conclusive upon the executive branch of the Government. The revision by the



Comptroller General of settlements made by the six auditors shall be discontinued, except as to settlements made before July 1, 1921.

The administrative examination of the accounts and vouchers of the Postal Service now imposed by law upon the Auditor for the Post Office Department shall be performed on and after July 1, 1921, by a bureau in the Post Office Department to be known as the Bureau of Accounts, which is hereby established for that purpose. The Bureau of Accounts shall be under the direction of a Comptroller, who shall be appointed by the President with the advice and consent of the Senate, and shall receive a salary of \$5,000 a year. The Comptroller shall perform the administrative duties now performed by the Auditor for the Post Office Department and such other duties in relation thereto as the Postmaster General may direct. The appropriation of \$5,000 for the salary of the Auditor for the Post Office Department for the fiscal year 1922 is transferred and made available for the salary of the Comptroller, Bureau of Accounts, Post Office Department. The officers and employees of the Office of the Auditor for the Post Office Department engaged in the administrative examination of accounts shall become officers and employees of the Bureau of Accounts at their grades and salaries on July 1, 1921. The appropriations for salaries and for contingent and miscellaneous expenses and tabulating equipment for such office for the fiscal year 1922, and all books, records, documents, papers, furniture, office equipment, and other property shall be apportioned between, transferred to, and made available for the Bureau of Accounts and the General Accounting Office, respectively, on the basis of duties transferred.

SEC. 305. Section 236 of the Revised Statutes is amended to read as follows:

"SEC. 236. All claims and demands whatever by the Government of the United States or against it, and all accounts whatever in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office."

SEC. 306. All laws relating generally to the administration of the departments and establishments shall, so far as applicable, govern the General Accounting Office. Copies of any books, records, papers, or documents, and transcripts from the books and proceedings of the General Accounting Office, when certified by the Comptroller General or the Assistant Comptroller General under its seal, shall be admitted as evidence with the same effect as the copies and transcripts referred to in sections 882 and 886 of the Revised Statutes.

SEC. 307. The Comptroller General may provide for the payment of accounts or claims adjusted and settled in the General Accounting Office, through disbursing officers of the several departments and establishments, instead of by warrant.

SEC. 308. The duties now appertaining to the Division of Public Moneys of the Office of the Secretary of the Treasury, so far as they relate to the covering of revenues and repayments into the Treasury, the issue of duplicate checks and warrants, and the certification of outstanding liabilities for payment, shall be performed by the Division of Bookkeeping and Warrants of the Office of the Secretary of the Treasury.

SEC. 309. The Comptroller General shall prescribe the forms, systems, and procedure for administrative appropriation and fund accounting in the

several departments and establishments, and for the administrative examination of fiscal officers' accounts and claims against the United States.

SEC. 310. The offices of the six auditors shall be abolished, to take effect July 1, 1921. All other officers and employees of these offices except as otherwise provided herein shall become officers and employees of the General Accounting Office at their grades and salaries on July 1, 1921. All books, records, documents, papers, furniture, office equipment, and other property of these offices, and of the Division of Bookkeeping and Warrants, so far as they relate to the work of such division transferred by section 304, shall become the property of the General Accounting Office. The General Accounting Office shall occupy temporarily the rooms now occupied by the office of the Comptroller of the Treasury and the six auditors.

SEC. 311. (a) The Comptroller General shall appoint, remove, and fix the compensation of such attorneys and other employees in the General Accounting Office as may from time to time be provided for by law.

(b) All such appointments, except to positions carrying a salary at a rate of more than \$5,000 a year, shall be made in accordance with the civil-service laws and regulations.

(c) No person appointed by the Comptroller General shall be paid a salary at a rate of more than \$6,000 a year, and not more than four persons shall be paid a salary at a rate of more than \$5,000 a year.

(d) All officers and employees of the General Accounting Office, whether transferred thereto or appointed by the Comptroller General, shall perform such duties as may be assigned to them by him.

(e) All official acts performed by such officers or employees specially designated therefor by the Comptroller General shall have the same force and effect as though performed by the Comptroller General in person.

(f) The Comptroller General shall make such rules and regulations as may be necessary for carrying on the work of the General Accounting Office, including rules and regulations concerning the admission of attorneys to practice before such office.

SEC. 312. (a) The Comptroller General shall investigate, at the seat of government or elsewhere, all matters relating to the receipt, disbursement, and application of public funds, and shall make to the President when requested by him, and to Congress at the beginning of each regular session, a report in writing of the work of the General Accounting Office, containing recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to receipt, disbursement, and application of public funds as he may think advisable. In such regular report, or in special reports at any time when Congress is in session, he shall make recommendations looking to greater economy or efficiency in public expenditures.

(b) He shall make such investigations and reports as shall be ordered by either House of Congress or by any committee of either House having jurisdiction over revenue, appropriations, or expenditures. The Comptroller General shall also, at the request of any such committee, direct assistants from his office to furnish the committee, such aid and information as it may request.

(c) The Comptroller General shall specially report to Congress every expenditure or contract made by any department or establishment in any year in violation of law.

(d) He shall submit to Congress reports upon the adequacy and effectiveness of the administrative examination of accounts and claims in the respective departments and establishments and upon the adequacy and effectiveness of departmental inspection of the offices and accounts of fiscal officers.

(e) He shall furnish such information relating to expenditures and accounting to the Bureau of the Budget as it may request from time to time.

SEC. 313. All departments and establishments shall furnish to the Comptroller General such information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective offices as he may from time to time require of them; and the Comptroller General, or any of his assistants or employees, when duly authorized by him, shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department or establishment. The authority contained in this section shall not be applicable to expenditures made under the provisions of section 291 of the Revised Statutes.

SEC. 314. The Civil Service Commission shall establish an eligible register for accountants for the General Accounting Office, and the examinations of applicants for entrance upon such register shall be based upon questions approved by the Comptroller General.

SEC. 315. (a) All appropriations for the fiscal year ending June 30, 1922, for the offices of the Comptroller of the Treasury and the six auditors, are transferred to and made available for the General Accounting Office, except as otherwise provided herein.

(b) During such fiscal year the Comptroller General, within the limit of the total appropriations available for the General Accounting Office, may make such changes in the number and compensation of officers and employees appointed by him or transferred to the General Accounting Office under this Act as may be necessary.

(c) There shall also be transferred to the General Accounting Office such portions of the appropriations for rent and contingent and miscellaneous expenses, including allotments for printing and binding made for the Treasury Department for the fiscal year ending June 30, 1922, as are equal to the amounts expended from similar appropriations during the fiscal year ending June 30, 1921, by the Treasury Department for the offices of the Comptroller of the Treasury and the six auditors.

(d) During the fiscal year ending June 30, 1922, the appropriations and portions of appropriations referred to in this section shall be available for salaries and expenses of the General Accounting Office, including payment for rent in the District of Columbia, traveling expenses, the purchase and exchange of law books, books of reference, and for all necessary miscellaneous and contingent expenses.

SEC. 316. The General Accounting Office and the Bureau of Accounts shall not be construed to be a bureau or office created since January 1, 1916, so as to deprive employees therein of the additional compensation allowed civilian employees under the provisions of section 6 of the Legislative, Executive, and Judicial Appropriation Act for the fiscal year ending June 30, 1922, if otherwise entitled thereto.

SEC. 317. The provisions of law prohibiting the transfer of employees of executive departments and independent establishments until after service of three years shall not apply during the fiscal year ending June 30, 1922, to the transfer of employees to the General Accounting Office.

SEC. 318. That Act shall take effect upon its approval by the President: *Provided*, That sections 301 to 317, inclusive, relating to the General Accounting Office and the Bureau of Accounts, shall take effect July 1, 1921.

1926—Act of July 3, 1926 (44 Stat. L., 841, 844)—An Act Making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1926, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1926, and June 30, 1927, and for other purposes.

\* \* \* \*

#### GENERAL ACCOUNTING OFFICE

Salaries: For additional personal services in accordance with the "Classification Act of 1923" to enable the General Accounting Office to furnish from its records evidence of financial transactions between the Government and Indian claimants for use of the Department of Justice in defense of suits filed by such Indian claimants against the Government under various Acts of Congress, fiscal year 1927, \$150,360.

1926—Act of July 3, 1926 (44 Stat. L., 904, 911)—An Act To Amend the Act entitled "An Act for the retirement of employees in the classified Civil Service, and for other purposes," approved May 22, 1920, and Acts in amendment thereof.

\* \* \* \*

The Comptroller General shall establish and maintain an account showing the annual liabilities of the Government under this Act, and shall keep such other accounts as may be deemed necessary for a proper administration of the Act.

1927—Act of February 11, 1927 (44 Stat. L., 1069, 1074)—An Act Making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1928, and for other purposes.

\* \* \* \*

#### GENERAL ACCOUNTING OFFICE

Salaries: Comptroller General, \$10,000; Assistant Comptroller General, \$7,500; and for other personal services in the District of Columbia in accordance with the Classification Act of 1923, \$3,557,500; in all \$3,575,000.

Contingent expenses: For traveling expenses, materials, supplies, equipment, and services; rent of buildings and equipment; purchase and exchange

of books, books of reference and periodicals, tabulating cards, typewriters, calculating machines, and other office appliances, including their development, repairs and maintenance, including motor-propelled passenger-carrying vehicles; and miscellaneous items, \$232,000.

For all printing and binding for the General Accounting Office, including monthly and annual editions of selected decisions of the Comptroller General, \$26,000.

1927—Act of March 4, 1927 (44 Stat. L., 1424, 1444, 1445)—An Act To provide compensation for disability or death resulting from injury to employees in certain maritime employments, and for other purposes.

\* \* \* \*

#### SPECIAL FUND

SEC. 44. (a) There is hereby established in the Treasury of the United States a special fund for the purpose of making payments in accordance with the provisions of subsections (f) and (g) of Section 8 of this Act. Such fund shall be administered by the commission. The Treasurer of the United States shall be the custodian of such fund, and all moneys and securities in such fund shall be held in trust by such Treasurer and shall not be money or property of the United States.

\* \* \* \*

(f) The Comptroller General of the United States shall audit the account for such fund, but the action of the commission in making payments from such fund shall be final and not subject to review, and the Comptroller General is authorized and directed to allow credit in the accounts of any disbursing officer of the commission for payments made from such fund authorized by the commission.

APPENDIX 5  
FINANCIAL STATEMENT

EXPLANATORY NOTE

Statements showing appropriations, receipts, expenditures, and other financial data for a series of years constitute the most effective single means of exhibiting the growth and development of a service. Due to the fact that Congress has adopted no uniform plan of appropriations for the several services and that the latter employ no uniform plan in respect to the recording and reporting of their receipts and expenditures, it is impossible to present data of this character according to any standard scheme of presentation. In the case of some services the administrative reports contain tables showing financial conditions and operations of the service in considerable detail; in others financial data are almost wholly lacking. Careful study has in all cases been made of such data as are available, and the effort has been made to present the results in such a form as will exhibit the financial operations of the services in the most effective way that circumstances permit.

**GENERAL ACCOUNTING OFFICE**  
**APPROPRIATIONS AND EXPENDITURES, FISCAL YEARS 1922-28, INCLUSIVE**

	1922		1923		1924	
	Appropriations	Expenditures	Appropriations	Expenditures	Appropriations	Expenditures
Salaries and expenses.....	\$2,499,868.21	\$2,239,477.91	.....	.....	.....	.....
Salaries .....	.....	.....	\$2,997,650.00	\$2,774,394.60	\$2,989,440.00	\$2,917,028.26
Increase of compensation *.....	268,017.87	267,098.99	506,400.00	469,997.84	504,288.00	481,511.40
Contingent expenses.....	.....	.....	186,738.00	146,829.84	349,573.00	293,251.37
Printing and binding.....	.....	.....	31,630.00	22,171.71	27,500.00	20,186.78
Cards and tabulating equipment.....	.....	.....	200,000.00	160,404.52	.....	.....
Rent of Lexon Building.....	.....	.....	.....	.....	\$5,400.00	5,400.00
<b>Total .....</b>	<b>\$2,867,886.08</b>	<b>\$2,626,576.90</b>	<b>\$3,922,418.00</b>	<b>\$3,573,798.49</b>	<b>\$3,876,201.00</b>	<b>\$3,717,377.81</b>

\* Includes \$40,000 transferred to "Civil Service retirement and disability fund." The remainder of the amount (\$2,499,868.21) is made up of transfers from the appropriations listed:

Salaries, Auditor for P. O. Dept., 1922.....	\$6,947.98
Postal Savings System, Auditor for P. O., 1922.....	40,610.86
Office, Auditor for Interior Dept., 1922.....	129,230.00
Navy Dept., 1922.....	354,790.00
Post Office Dept., 1922.....	101,350.00
State and other Depts., 1922.....	178,470.00
Treasury Dept., 1922.....	345,360.00
War Dept., 1922.....	714,410.00
Comptroller of the Treasury, 1922.....	177,340.00
Contingent and misc. expenses, Office, Auditor for P. O. Dept., 1922.....	1,300.00
Contingent expenses, Treasury Dept.	
File holders and cases, 1922.....	6,000.00
Furniture, etc., 1922.....	4,000.00
Miscellaneous stores, 1922.....	1,325.00
Newspaper clippings and books, 1922.....	330.00
Stationery, 1922.....	26,554.37
Labor-saving machines, Treas. Dept., 1922.....	2,150.00
Salaries, Bureau of Accounts, P. O. Dept., 1922.....	344,700.00
Contingent and misc. expenses, Bur. Accts., P. O. Dept., 1922.....	2,000.00
Tabulating equipment, Bur. Accts., P. O. Dept., 1922.....	50,000.00
Maintenance and operation, Panama Canal.....	1,000.00

<sup>b</sup> Includes \$40,000 transferred to "Civil Service retirement and disability fund." (2 years.)

<sup>c</sup> Includes \$60,000 transferred to "Civil Service retirement and disability fund."

<sup>d</sup> Includes \$68,225.72 transferred to "Civil Service retirement and disability fund." (2 years.)

<sup>e</sup> Includes \$65,000 transferred to "Civil Service retirement and disability fund."

<sup>f</sup> Includes \$70,043.73 transferred to "Civil Service retirement and disability fund."

<sup>g</sup> Without year.

<sup>h</sup> Transferred from "Rent of buildings, Quartermasters Corps, 1924."

APPROPRIATIONS AND EXPENDITURES, FISCAL YEARS 1922-28, INCLUSIVE

	1925		1926		1927	1928
	Appropriations	Expenditures	Appropriations	Expenditures	Appropriations	Appropriations
Salaries and expenses.....						
Salaries .....	\$3,524,852.00	<sup>b</sup> \$3,489,466.15	<sup>c</sup> \$3,384,960.00	<sup>c</sup> \$3,364,376.03	\$3,393,850.00	\$3,575,000
Increase of compensation <sup>d</sup> .....						
Contingent expenses .....	300,000.00	<sup>e</sup> 275,940.17	295,000.00	<sup>e</sup> 259,473.62	284,500.00	232,000
Printing and binding.....	25,000.00	<sup>e</sup> 23,864.63	22,000.00	<sup>e</sup> 21,500.00	36,000.00	26,000
Cards and tabulating equipment.....						
Rent of Lemon Building.....						
<b>Total .....</b>	<b>\$3,799,852.00</b>	<b>\$3,789,270.95</b>	<b>\$3,701,960.00</b>	<b>\$3,645,349.65</b>	<b>\$3,714,350.00</b>	<b>\$3,833,000</b>

<sup>a</sup> Includes \$80,000 transferred to "Civil Service retirement and disability fund," and \$50,000 for 1925-26.

<sup>b</sup> Cash basis. Includes \$80,000 transferred to "Civil Service retirement and disability fund," and \$49,750 disbursed for 1925-26, of which \$1,000 went to "Civil Service retirement, etc."

<sup>c</sup> Cash basis. Includes \$75,000 transferred to "Civil Service retirement and disability fund."

<sup>d</sup> Without year.

<sup>e</sup> Cash basis.



APPENDIX 6  
BIBLIOGRAPHY<sup>1</sup>

EXPLANATORY NOTE

The bibliographies appended to the several monographs aim to list only those works which deal directly with the services to which they relate, their history, activities, organization, methods of business, problems, etc. They are intended primarily to meet the needs of those persons who desire to make a further study of the services from an administrative standpoint. They thus do not include the titles of publications of the services themselves, except in so far as they treat of the services, their work and problems. Nor do they include books or articles dealing merely with technical features other than administrative of the work of the services. In a few cases explanatory notes have been appended where it was thought they would aid in making known the character or value of the publication to which they relate.

After the completion of the series the bibliographies may be assembled and separately published as a bibliography of the Administrative Branch of the National Government.

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