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Statement of T. Coleman Andrews, President of the American Institute of Accountants, 270 Madison Ave., New York City, Before the Senate Committee on Expenditures in the Executive Departments, May 15, 1951

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Statement of T. Coleman Andrews, president of the
American Institute of Accountants, 270 Madison Ave.,
New York City, before the Senate Committee on
Expenditures in the Executive Departments, May 15, 1951.

Mrs. Smith and Gentlemen:

I am here to speak for myself and as president of the American Institute of Accountants in response to invitations addressed to me in both capacities by your distinguished chairman.

Both the American Institute of Accountants and I appreciate and thank you for your invitation, and we have accepted this invitation because the subject of S.913 is one concerning which we feel that we are in position to speak with some claim to special knowledge, for fiscal problems are the certified public accountants' daily fare.

This is as true of the Federal Government's fiscal problems as it is of those of private enterprises, for the accounting profession has contributed liberally, in peace as well as in war, not only the rank and file of its membership but also its leaders, toward finding solutions for the Government's constant succession of fiscal difficulties.

Being aware of your distinguished chairman's interest in simplification and economy, we are reluctant to raise our voice in opposition to a bill authored by him and intended to help deal more intelligently with the perplexing problem of judging and passing upon appropriation requests. However, we do not believe that S.913 will either simplify the present situation or effect any economy.

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We believe, on the contrary, that it will further complicate what appears to us to be an already over-organized, unduly complex, and dangerously obfuscated situation, and, in addition, add substantially to the already intolerable cost of managing the nations's business.

Worse still, if S.913 should have these undesirable effects, it will add to the growing loss of confidence and faith in the government and those who run it that now is apparent to every discerning citizen.

We urgently suggest that there is bound to be a point beyond which the people will not be willing to go in their tolerance of consistently unsuccessful experimentation with the job of gaining and maintaining control of the fiscal aspects of their national affairs. Business, both large and small--even business that is world-wide in its operations--licked the problem of fiscal control long ago. Sooner or later the people will cease to tolerate the government's failure to deal effectively with the aspect of management. We cannot longer afford the "trial-and-error" method of dealing with a problem that is no longer a problem anywhere except in government.

We heartily agree with the declaration by Senator McClellan at the outset of his address to the Senate concerning S.913 on February 19, 1951, that Congressional control over the expenditures of the Executive Branch of the Government is much needed; and we applaud his further declaration that Congress's possession of control over the Government's expenditures heightens its duty in times like these "to appropriate only as much (as), but no more than, is actually needed."

We also agree with the Senator's declaration further along in the same address that the budget hearings held by the Appropriations Committee of Congress have become practically "ex parte" proceedings. But, considering the fact that the Appropriations Committees of Congress have had at their elbows a means, established

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30 years ago, whereby this deplorable evolution might have been avoided, it is somewhat disappointing that for so long a time the full usefulness of this fine and proven tool not only has not yet been employed but apparently has not even been recognized. More's the pity when we consider that this tool was created by Congress itself, to be its eyes and ears in fiscal matters. But this is getting a little ahead of our story.

At first blush, the idea of having a "Joint Committee on the Budget" sounds like a good one. But on analysis, it becomes clear that, in some of its activities at least, a merry-go-round situation would be created. For instance, we find, beginning in line 16 on page 4 of S.913 that one of the duties of the Joint Committee would be:

"(c) to consider all available information relating to estimated revenues, including revenue estimates of the Joint Committee on Internal Revenue Taxation * * *"

This sounds like hiring auditors to check auditors; the Joint Committee on Internal Revenue Taxation checks the Treasury Department--it just recently reported that the Treasury Department's current revenue estimates were too low--and the Joint Committee on the Budget would check the Joint Committee on Internal Revenue Taxation. This would be duplication of the most inexcusable sort.

The idea of creating a Joint Committee on the Budget from the Appropriations Committees of House and Senate, similar to the Joint Committee on Internal Revenue Taxation, is appealing at first glance. But actually the parallel is misleading.

Under the Constitution all revenue bills must originate in the House of Representatives, and the Senate can in effect originate methods of raising revenue only by the expedient of amending House bills. The Joint Committee on Internal Revenue Taxation was created primarily as a means of avoiding the difficulties

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and delays which often resulted from this Constitutional provision.

No such special problem justifies the creation of a Joint Committee on the Budget from the Appropriations Committees of the two houses. On the contrary, it might well lead to circumventing the checks and balances on appropriations which now exist through separate consideration of appropriations bills by the House of Representatives and the Senate.

Now to be more specific. On page 3 of his Senate address of February 19, 1951, Senator McClellan called his colleagues' attention to the fact that the Appropriations Committees of the House and Senate had a combined staff of 55 persons, whereas Congress had given the Bureau of the Budget a staff of more than 500.

What the Senator was getting at here is not clear to us. Surely he could not have been suggesting that if the Bureau of the Budget needs a staff of 500 the proposed Joint Committee on the Budget would have to have one of that number. The only clue he gave to the proposed Joint Committee's needs is to be found on page 6 of the same address, where he said that "This Joint Committee would be empowered to employ an adequate expert staff ***." An "adequate expert "staff" might easily become a full-blown Congressional Bureau of the Budget.

Agreeing, as we said earlier, with your distinguished Chairman's declaration that Congress needs to get control over the expenditures of the Executive Branch of the Government, we would not argue for maintaining the status quo; but we believe that we should say in passing that we think that a good case could be made for the proposition that the better than 1-to-10 ratio of the combined staffs of the Appropriations Committees of Congress to the staff of the Bureau of the Budget is ample. One expert certainly ought to be able to check the finished work of ten others. If what we recommend in place of S.913 is adopted, some of the 55 members

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of the staffs of the Appropriations Committees of Congress may find themselves hard put to keep busy with budget matters.

In his address of February 19, Senator McClellan pointed out that the Appropriations Committees of the House and Senate have authority under the Legislative Reorganization Act of 1946 to expand their staffs "in order to make a more systematic and intensive analysis of departmental spending requests" but that neither of these committees had fully availed itself of this authority.

He then also pointed out that if these committees should take advantage of their authority to expand their staffs they would create a duplication of service and expense.

Next he asserted that there are only two approaches to solution (of the problem of putting Congress in the saddle with a stout bridle and a bit that would really enable it to control expenditures). "One," he said, "is by having each of the Appropriations Committees adequately expand its staff and confer additional authority and powers on the staffs of the two Committees to perform these services. The other *** is the approach made in the bill which I have introduced."

The Senator's reminder that the maintaining of a staff for the same purpose by each of the two Appropriations Committees would be a duplication of both service and expense is not open to question. Nor can there be any doubt that a single staff for review of the administration's proposed and actual expenditures is highly desirable and would be tremendously helpful; such a staff would provide a check on expenditures such as is now provided on revenues by the staff of the Joint Committee on Internal Revenue Taxation.

But the staffs of the two Appropriations Committees already duplicate each other to a degree, and the past affords no hope that this duplication would be ended by the adoption of S.913. Moreover, there is a better way--a proven one--

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one that already is at hand and, therefore, makes the creation of a new organization unnecessary. Hence, we disagree with the Senator's statement that the course laid out in S.913 is the only alternative to parallel expansion of the staffs of the two Appropriations Committees.

Our suggestion is a very simple one: USE THE COMPTROLLER GENERAL AND THE GENERAL ACCOUNTING OFFICE. The arguments in favor of this course are so obvious and compelling that it seems hardly necessary even to state them; but here are a few:

1. The Comptroller General and the staff of the General Accounting Office stand second to none in knowledge of the organization and management of the Government. They've been reviewing the Government's affairs most meticulously for the past 30 years.
2. They would be moving at full speed before any new organization could get up enough steam to get started.
3. The Comptroller General is a member of the Congressional family. Use him.
4. The services that the staff of the proposed Joint Committee on the Budget would render are among those that the General Accounting Office was created to render to Congress. Let the General Accounting Office render these services.
5. Use of the Comptroller General and the General Accounting Office would give the staffs of the Appropriations Committees the help of people who are out in the front lines of fiscal operations every day and who not only know what's going on but also how to interpret what they see in terms of economical organization and management.

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6. Use of the Comptroller General and the General Accounting Office would employ existing personnel and facilities and thus would avoid making things more complicated and costly than they already are.
7. Proper employment of the facilities of the General Accounting Office should reduce substantially the time devoted to budget matters by the staffs of the Appropriations Committees.

What more appropriate organization than the General Accounting Office could possibly be found to provide the Appropriations Committees and Congress with the information they require in order to determine whether the appropriations requested by the administration are necessary and reasonable? The staff of this establishment has been reviewing the revenues and expenditures of the Government for the past thirty years.

True enough, the review was on a pretty narrow basis until the Government Corporation Control Act was passed in 1945. But every transaction was reviewed; and since the passage of the Government Corporation Control Act the basis of the examinations conducted has been steadily broadened, until today in every examination the auditors not only inquire into the legality of expenditures but also weigh them from the standpoint of whether they were necessary. They also consider whether the activities that they review are economically organized as well as whether they are economically managed.

But one doesn't have to argue the logic of using the Comptroller General and the General Accounting Office. Congress has already twice said that they shall be used. It did so when it passed the Budget and Accounting Act of 1921. It did it again when it passed the Legislative Reorganization Act of 1946. Unfortunately, however, Congress has never used the tools that it thus provided and has had at hand.

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Here, for instance, is what section 206 of the Legislative Reorganization Act of 1946 says:

"Section 206. The Comptroller General is authorized and directed to make an expenditure analysis of each agency in the executive branch of the Government (including Government corporations), which, in the opinion of the Comptroller General, will enable Congress to determine whether public funds have been economically and efficiently administered and expended * * * * *" (Underscoring ours)

We suggest that no group is likely to become better qualified to analyze plans for future expenditures than those whose business it is to ascertain and report to Congress whether public funds previously appropriated have been economically and efficiently administered and expended. Those who know the past are most likely to be the best judges of the future.

So there you have it. WHAT S.913 WOULD PROVIDE ALREADY IS REQUIRED BY EXISTING LAW! Moreover, to a degree it is being provided in audits now being made by the General Accounting Office. BUT CONGRESS ISN'T USING IT! Congress is fond of calling the Comptroller General its "right arm" and its "watchdog." The moving finger of that right arm oft has become cramped from its prodigious report-writing, and the watchdog's throat equally as often has been hoarsened by the vigorous warnings it has barked; but Congress seldom has either seen or heard these emanations from the hand and throat of its diligent and faithful servant in the cloistered and crowded depths of the Old Pension Building, or so it has seemed. Often has the Comptroller General been heard to say proudly yet sadly, as he did at a Senate sub-committee hearing on his appropriation requests for the year ended June 30, 1950:

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"I might say that I have sent more reports to the Congress on waste and extravagance in one year than my predecessors sent during their entire terms of office."

I should point out, lest someone get the erroneous impression that I am saying that the Comptroller General has not done his duty under Section 206 of the Legislative Reorganization Act of 1946, that this directive never has been implemented by an appropriation. The record indicates that \$1,000,000 was requested for the fiscal year ended June 30, 1948, for initiation of the work called for by this section, but this request was denied by the Independent Offices Subcommittee of the House Appropriations Committee. In reporting on this denial, Congressman Wigglesworth, Chairman of the Independent Offices Subcommittee of the House Appropriations Committee, had this to say:

"The Committee feels that with the assistance already being furnished by the General Accounting Office in its regular reports and otherwise to Congress and to many of its committees, and with the additional help now available in the augmented committee staffs, no additional appropriation to enable the General Accounting Office to begin its new duties under Section 206 of the Legislative Reorganization Act can be justified at this time.

"The Committee believes that if such expenditures analyses are to be made on such a scale by a permanent staff it should be done by the General Accounting Office.

I have discussed this matter with the Comptroller General and he does not object to the elimination of the item of \$1,000,000, under all the circumstances involved, provided it is understood that his office cannot begin work pursuant to this new function unless and until an appropriation is made therefor at some later time. I think this, of course, will be clearly understood."

Congressional Record, Vol. 93, Part 6, Page 7175,

June 17, 1947

(Underscored ours)

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As we understand it, the Senate, in considering the Independent Offices Appropriations Act of 1950, added \$800,000 to the General Accounting Office's appropriation for initiating the work required under Section 206 of the Legislative Reorganization Act of 1946, but this \$800,000 was stricken from the bill in conference and so was not included in the 1950 appropriation as finally approved.

Thus, it is apparent that the General Accounting Office never has been given any money to carry out the directive given to the Comptroller General by Section 206 of the Legislative Reorganization Act of 1946. However, the directive remains on the statute books, and we understand that in spite of not having been given funds to carry it out the Comptroller General has nevertheless so drawn his audit programs that at least some of the expenditure analyses required by this section will be made-- in fact, are now being made--in the course of his staff's discharge of its regular auditing duties.

Finally, it must be pointed out that if it were decided to use the Comptroller General and the General Accounting Office to do what is provided by S.913, even this salutary step might duplicate investigative work now being done by staffs of committees of Congress and by the legislative staff located in the Library of Congress. The same would be true, of course, if S.913 were adopted. But Congress can very quickly terminate this duplication by requiring that all investigations of fiscal matters be referred to the Comptroller General and the General Accounting Office, and we strongly urge that this be done. The Comptroller General is Congress's man; he and the staff of the General Accounting Office work for and report to Congress, and their qualifications for making fiscal examinations and investigations are of the very highest order.

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To summarize, we heartily concur in the opinion that control of appropriations by the Executive Branch of the Government is dangerous and intolerable and that Congress should move without further delay to cure its surrender of this vital prerogative. But we strongly urge:

- (a) That creation of a Joint Committee on the Budget is unnecessary and would worsen rather than improve the present situation;
- (b) That full advantage should be taken of the potentialities of the Comptroller General and the General Accounting Office as the independent auditor and investigator for Congress;
- (c) That, specifically, the Comptroller General and the General Accounting Office be used to provide the Congress with the services called for by S.913; and
- (d) That the conducting of all investigations of fiscal matters be entrusted to the Comptroller General and the General Accounting Office.

Last year I testified before this Committee in opposition to a bill that became the Budget and Accounting Procedures Act of 1950. I objected to this bill on several grounds--primarily on the grounds that it failed to provide an accounting department for the government under a qualified director and that it unduly and improperly made the Comptroller General a party to administrative decisions that should never be imposed upon any independent auditor. I pointed out that if the Comptroller General were to be in fact the independent auditor for Congress and as such a member of the Congressional family, he should be used accordingly and should be relieved of his part in the management of those affairs that should be regarded as--and made--the exclusive responsibility of the Executive Branch of the government.

There were some who chose to assail that testimony as an effort on our part to reduce the importance and prestige of the Comptroller General's office.

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We hope that what we have recommended here today will dispel this groundless fear, because these recommendations make specific application of the philosophy upon which what we said on that occasion was based. We sought then, and we seek today, to prevail upon the Congress to avail itself of all of the potential usefulness of an officer and of the staff of an organization who are Congress's own, and who could be made not only more useful to Congress than they now are--and their present usefulness is undeniably great--but also the most powerful influence for public thrift at the national level that the country has ever seen.

We say this with the deepest sincerity and with some emotion, because we entertain grave concern about what will happen if the present costly situation is not corrected.

So we say: We already have the man, the organization, and the law that it takes to do what is called for by S.913. Let's not make the mistake of piling more organization on top of the present bewildering colossus and more expense on top of the already inordinate cost of government. What we already have isn't just good enough; it is exceptionally good. All we have to do is use it. So, let's use it