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## Municipal and Governmental Accounting \*

BY LLOYD MOREY

On the façade of the city hall at Los Angeles appears this inscription: "The greatest of all sciences and services—the government."

If by greatness is meant size and scope, the inscription is obviously a true one. We have only to look at our tax bills to realize that government is one of our major industries. Total taxes levied in the United States exceed ten billion dollars a year. Even this figure does not represent the aggregate volume of public business. To it must be added the revenue from fees, licences and similar items, the collections on account of special assessments, the income of publicly operated utilities and numerous other receipts not included in the general tax bill. Clearly, such an enterprise is worthy of the most expert management which can be applied to it, and no one, in this assembly certainly, will deny that good accounting, reporting and auditing are absolutely essential for the successful conduct of such an enterprise and an intelligent appraisal of its results.

In recent years public interest in the financial affairs of government has greatly increased. It is common parlance to say that taxes are too high and that government costs too much. Who knows that this is actually the case? If government costs too much, how much too high is the bill? Why is the cost so high? Only through the media of intelligent budgets, adequate accounts and informative financial reports can the answers to these questions be determined on the basis of fact.

This is not to be a discussion of a system of accounting. Our concern today is with the state or condition of governmental accounting and the relation of the public accountant thereto. The questions before us are as to how well the accounts of municipalities and other governments are being kept, how thoroughly the public accountant is abreast of his opportunity in this field, and what, if anything, may be done to improve existing conditions in these respects if we find that improvement is needed.

In using the term, government, with respect to fiscal matters,

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\*An address delivered at the annual meeting of the American Institute of Accountants at New Orleans, Oct. 17, 1933.

I embrace every public activity. I include, first of all, the national government with its varied and far-flung operations. I include the various state governments with their many departments. To these must be added a group most numerous and extensive of all, namely, the local governments. In this group are included such units as the county, the municipality, the township, the school and sundry districts dealing with special activities, such as parks, highways and drainage. Lastly are to be mentioned the long list of public institutions, such as colleges and universities, hospitals, libraries and others.

In undertaking to determine the present state of advancement of the science of governmental accounting, we find that governmental accounting has not received, in research, in teaching or in practice, the attention that has been given to private accounting. The literature dealing with public accounts is very brief as compared with that devoted to the operations of private business. There are, in fact, only a few books dealing specifically with governmental or municipal accounting as compared with the great number of works dealing almost exclusively with private accounting. It is a hopeful sign that there has been a marked increase in the literature of governmental accounting in the past few years. But this literature is still much too brief, considering the importance of the subject, and is lacking in unity and comprehensiveness.

Courses in municipal or governmental accounting are not offered separately except in a small number of colleges and universities. A survey made in 1930 (L. L. Briggs, *Accounting Review*, June, 1930) indicated that in only 10 out of 42 institutions making up the membership of the American Association of Collegiate Schools of Business were such courses offered.

The terminology of governmental accounting is not adequately covered in the preliminary report on terminology issued by the Institute. Terms common to both governmental and private accounting are discussed in that report mainly from the point of view of private accounts. Several terms which are of prime importance in public accounts are omitted from the list.

Little attention has been paid to the subject of governmental accounting in accountancy examinations. Very few such questions have appeared in the examinations set by the Institute. One or two states do make it obligatory to include material on these subjects. A few states give special examinations for

accountants who desire to do work in the field of municipal accounting.

Public accountants generally have not taken governmental accounting seriously. In many cases they have taken the view that it is simply one of the many branches of accounting and does not present any special problems. In general, they have left its development to public officers or employees, many of whom, even if honest and sincere, lack the training and ability to proceed in accordance with sound principles of accounting.

In making these observations, one must not overlook the excellent work done in many instances by individual accountants and accounting organizations. Mention should be made of the interest and activity in this field by the Florida Institute of Accountants and the New York, New Jersey, and Illinois societies of certified public accountants. Such efforts deserve our whole-hearted commendation and support and should stand as examples of what should be done on a wider scale.

Any consideration or practice of governmental accounting must recognize its distinctive qualities and requirements. Too often the fact that such qualities do exist has not been realized. Many public accountants have assumed that there should be no difference between private accounts and public accounts and have attempted the same line of procedure for both. Serious consequences have sometimes resulted from this method of approach.

“Not a little damage to the efficient conduct of public affairs has resulted from the efforts that have been made by commercial accountants, who have been called in by governments to assist them in working out their accounting problems, to have these governments follow too closely commercial practices. Their failure has been due to their lack of appreciation of the essentially different character of government financing as contrasted with the undertakings with which they were familiar.”—W. F. Willoughby, *Principles of Public Administration*.

The government is not operated for profit, it is not privately owned, and its property is not to be disposed of or pledged for the payment of debts. Its various items of income are often earmarked for specific purposes. It is not only responsible for collecting and expending revenues, but also for the administration of numerous permanent funds, the principal of which is to be invested and the income only to be expended. The financial operations of governmental bodies are subject to many constitutional and statutory limitations.

These conditions necessitate certain distinctive qualities in the accounts and reports, among which may be mentioned the following:

(1) The accounts must be classified by funds in such a way that all accounts necessary to indicate the assets, liabilities and equity of every fund or class of funds will stand out as a separately balanced group.

(2) The accounts relating to current operations and those accounts showing the fixed assets and liabilities must be separately balanced to show that surplus which is represented by liquid assets and is available for appropriation and expenditure distinct from that which is represented only by fixed or permanent property.

(3) The accounts must include not only the usual accounts of assets and liabilities, but also other accounts necessary properly to reflect and control the budget operations.

This does not mean that governmental accounts are different in all respects from commercial accounts. Business activities of government for example, such as publicly owned utilities, should be accounted for in much the same manner as similar enterprises under private management.

We should now endeavor to take stock of the present status of accounting, reporting and auditing in the various types of government. Let it be recognized, first of all, that there is much excellent work done in this field. Instances will be found in considerable number in practically every branch of government, in which the system of accounting and reporting measures up to good standards and meets well the purposes which it should serve. Speaking broadly, however, and allowing for the good work done in many places, public accounts in this country are imperfectly kept, poorly reported and inadequately audited. Time will by no means permit the array of evidence which could be assembled in support of this statement. Scattering illustrations only are possible. In the case of the national government, provision is made in the general accounting act of 1921 for the setting up of a comprehensive accounting system. The provisions of this act should ensure a permanent and capable personnel to deal with this problem in an adequate manner. Although over a decade has elapsed since the act went into effect, its provisions and possibilities with respect to accounts and reports are still far from being carried out. Here, let me refer to an analysis of the situation presented by W. F. Willoughby of the Institute for

Governmental Research, in *Financial Condition and Operations of the National Government, 1921-1930*, the following extracts from which will indicate the condition which exists in this respect:

"Though the national government, following the adoption of its budget system, has done much more than most other governments in the way of preparing special analytical and informative statements, it still remains true that it has by no means prepared the statements that are necessary in order to make known its real financial condition and its real income and expenditures, and that many of the statements that it has prepared with this end in view are defective and at times absolutely misleading. (Page 5.)

"While the accounting officers of the government must, perforce, observe fund distinctions in keeping their accounts, no adequate effort has been made to observe these distinctions in stating public accounts. (Page 17.)

"The first thing that it is desirable to know regarding the financial affairs of an enterprise is its financial condition and how this condition compares with prior showings. The statement employed by private undertakings for imparting this information is known as a 'balance-sheet'. No well-run private corporation would for a moment contemplate the establishment of an accounting system that did not permit of the preparation of such a statement.

"In marked contrast, few governments have provided themselves with accounting systems that permit of the preparation of statements of this character. Certainly the national government has never done so." (Page 21.)

With respect to the state governments, the extent of sound development varies greatly. The published reports of these governments indicate that there is still much to be accomplished. A recent study of the situation in one state (*The Administration of Endowments of the State of Idaho*, Charles F. Dienst) with respect to one important operation in that state indicated a variety of shortcomings and it is probable that many other cases would be found in which similar conditions exist. An extract from the study to which I refer will be of interest—

"At present endowment accounting is practically restricted to the making of documentary records and single-entry bookkeeping in the departments in charge of endowment administration. The classification of accounts is confused and incomplete and no attempt is made to provide unified financial statements of endowment accounts. Each department issues its own report of assets and transactions. Consequently, those in charge of administration are without the information essential to intelligent operation of the accounting and the citizens of the state are without statements of values and operation essential to confidence and coöperation." (Page 115.)

The accounts and reports of the municipalities of the country range all the way from very good to very poor. One large city not long ago reported at the close of the year a current surplus of approximately \$4,000 while the audit revealed a deficit of over \$1,500,000. In the smaller cities there is likewise much variation. A preliminary survey made recently by the Municipal Finance Officers Association arrived at the following conclusions:

- (1) Uniform classifications and terminology are totally lacking.
- (2) Many cities are not able to present balance-sheets.

- (3) The reports are prepared for the few who know accounting and are not generally written for citizens at large.
- (4) A few cities have unusually good reports and the number in this class is increasing.

Other branches of local government in many cases are in a worse state than are the municipalities. This condition is particularly true with respect to counties. With rare exceptions, county governments are lacking in adequate systems of budgeting, accounting, reporting and auditing. The same is true of smaller units of local government.

There is under way an important movement toward state supervision of local finance, usually carrying with it the authority vested in the state government to prescribe systems of accounting and reporting and often to see that audits of those accounts are made. At the present time there is no unity as to the basis on which such supervision is to be carried out. Every variety of approach to the problem is found in the different states. In only a few cases is anything like adequacy being secured with respect to uniformity or completeness in financial accounting and reporting of local government.

In public institutions the average standard of excellence is probably higher than that in other governmental agencies. This is particularly true in colleges and universities, which have had the benefit of the work done by the national committee on standard reports for such institutions. Similar work has been done in the field of hospitals through the United Hospital Fund of New York.

Among all governments there is a deplorable lack of uniformity in the classification of accounts or in the form of published reports.

This condition makes it difficult and in many cases impossible to secure complete data concerning public finances in this country or to make accurate comparisons among similar governments or activities, or to provide standards by which the financial efficiency of any one of them can be measured.

The relation of public accountants to governmental accounting is splendidly reviewed in *THE JOURNAL OF ACCOUNTANCY* for March, 1930. The conclusion reached at that time as set forth in the following brief extract has probably not materially changed since this statement was published—

“In view of the wide acceptance and approval of the principle of independent audit in business, industrial and financial circles, it is astonishing, not to say

discouraging, to discover to what a comparatively limited extent public accountants are engaged in the audit of the accounts and records of government offices and public institutions."

An example of the lack of suitable provision for audit in one of the largest cities of the country is found in the following conditions—

(1) The city code provides that the comptroller shall prepare an annual financial report which he shall submit "to the city council in printed form accompanied by the certification of a public accountant who shall be appointed by the finance committee. Such accountant shall certify that the statements contained in the comptroller's report are true reflections of the books of his office."

(2) The statutes relating to the municipal court provide that the clerk and the bailiff shall keep accounts of the money collected by them and their deputies, "and such accounts shall, under the direction of the chief justice of the same municipal court, be examined and audited monthly, the expense thereof to be paid by the city."

(3) There is no specific provision for an audit of the treasurer's accounts, but an auditor has been engaged by the present treasurer to make such an audit and the expense has been allowed by the city council.

No other provisions for the audit of accounts seem to appear either in the statutes or in the code. The provisions above referred to obviously are incomplete since they do not provide for a general audit of the accounts of the city and give the auditors access only to the records of the particular office mentioned. Furthermore, the provision for the audit of the comptroller's report and accounts specifies that the auditors shall merely determine that the report agrees with the books.

It is clear from the foregoing that there is pressing need for improvement in the accounting of a great many public bodies. In fact, it must be said that, in general, public fiscal affairs are in need of better administration in many respects. Government is constantly calling on private business to conduct its affairs with increasing regularity and efficiency. Government must not expect private business to do more in this respect than it is able or willing to do itself, and it is obvious that it has yet a long way to go before it can be given a clean slate in these matters.

There is need, first, for a better trained personnel in public fiscal offices. There is need for better knowledge on the part of



that personnel of sound principles of accounting and of business procedure. As a corrective of this situation it has sometimes been proposed that the certificate of C. P. A. be required for certain public fiscal offices. This suggestion, on the face of it, would seem to have merit and if practicable, would doubtless bring about a better condition. However, it is obvious that there are not enough C. P. A.'s to do the work of independent auditing and at the same time fill the accounting positions in government. Furthermore, the standards required of the C. P. A. of the present day are not sufficiently uniform nor do they require a knowledge of public accounts sufficient to guarantee a suitably qualified person merely through the setting up of this requirement. Moreover, any such rule would undoubtedly result in an attempt to qualify, without examination, all present incumbents of such offices.

What is said herein concerning the present unfavorable status of public accounts and reports and lack of ability of officers and employees in this respect is not intended to reflect upon the honesty, sincerity or ability of many public servants in fiscal offices over the country. The number of them is large and in many cases they are able to make themselves felt effectively. In other cases, however, they are handicapped through the lack of sympathetic superiors or political considerations. All praise to the many people who work sincerely and honestly in governmental positions. It is they whom we should strive to encourage and to aid.

There is a crying need for the elimination of overlapping functions and territory of government, for the reduction in the number of governmental agencies and for closer coördination among governmental officers. A quotation from an article in a recent issue of a national monthly, somewhat humorous in its style but nevertheless serious in its implications, will help to illustrate the problem in this respect—

“Have you visited the county seat lately? The next time you do, go to the courthouse and take a look around. Notice the unused rooms and the number of petty politicians standing about talking and idling all over the place. That's unemployment for you. But those fellows are unemployed on a salary, and if farmers want to know why their taxes are so high that's the answer.

“Each little county is overrun with its horde of office-holders, and the sole purpose of their existence seems to be to make taxes higher. The whole system needs overhauling, and everybody knows it, yet nobody does anything about it. Today five counties could be governed as easily as one was fifty years ago, and with a smaller staff of officials, and governed far better too, because we enjoy improved methods of communication—telegraph, telephone, and telowoman—while in those days they had only the last.”—*Atlantic Monthly*, August, 1933.

One of the most critical problems of the present day in public organizations is the duplication of work among various offices and departments. It is probable that the various governments in the main are performing only the service which the public demands of them and are not attempting to expand except in response to public request. Many cases would be found, however, where certain offices duplicate work that other offices are doing. For example, in many organizations both the treasurer and the auditor or comptroller keep complete accounts of appropriations and disbursements, each relying on some statutory or constitutional obligation for which he considers himself responsible. An intelligent analysis of such situations would undoubtedly indicate the possibility of material savings by doing away with such duplication. If laws stand in the way of such improvements, then the laws should be changed and can be changed if the public is informed of the facts.

Not only are improved systems of accounting, better and more complete financial reports needed in practically all branches of government, but more and better audits by independent auditors are greatly needed. A. E. Buck, authority on governmental organization and procedure, emphasizes in *Municipal Finance* the place of the independent audit in governmental bodies. He points out that this audit may be performed by the public accountant, who should report directly to the legislative body.

"Control of the public purse, in the final analysis, rests with the legislative body. This body designates the sources from which money may be raised for the support of the government; it specifies the general purposes for which this money may be spent; it shapes the administration to perform the work which it thinks is necessary to the well-being of the citizens. In order to be assured that its wishes, as expressed in law, are being properly carried out, the legislative body must have some means of checking the income and the outgo of the government, of reviewing the methods and processes of the administration. This is attained by an independent audit of the accounts and records kept by the administration under the direction of the executive. Such audit is a necessary and final step in the completion of the system of budgetary control. Only through this audit can the legislative body be assured that the executive is carrying out the budget according to the general policy defined in the law and also in keeping with the stipulations set forth in the appropriation and revenue acts."

Standards of audit practice for municipalities and other governments are also urgently needed. In many cases bids are asked for audits without specifications as to the scope of work and without limitations as to qualifications of bidders. Often low bids are rendered and accepted and no check is made of the scope

or quality of the work. Such a procedure opens the way for unqualified people to present low bids with no expectation of doing the work thoroughly. It shuts the door to the engagement of accountants whose standards are too high to permit them to submit proposals in the face of such competition.

One of the greatest deficiencies in the field of governmental accounting is the lack of authoritative standards of terminology and form. The absence of such standards at the present time leads to endless confusion and difficulty. Such terms as "income," "revenue," "receipts" are intermingled without regard for their distinction. The meaning and significance of the important term "fund" are not clear, and the confusion of this term with the title "appropriation" is widespread. These are only passing examples of many which could be cited. Points upon which understanding should be reached by accountants, teachers and officers include (a) terminology; (b) classification of accounts; (c) form of reports. Uniformity in these matters should be sought for the different units of government.

There can be little doubt that large opportunities for the public accountant now present themselves in the field of governmental accounting. In the first place, accountants may be of service as public officers provided their appointments are made on the basis of merit only. During the past few years several prominent accountants have been appointed to such positions under these conditions. In most cases they have been able to bring about substantial improvement in the accounting and reporting of the activities with which they are connected.

Public accountants can be of service in the installation of systems of accounting and fiscal control, including cost systems, in governmental bodies and public institutions. Too often the forms and procedure in such offices are devised mainly from the printing or mechanical point of view, rather than in accord with sound accounting technique.

Public accountants should serve, to a far greater extent than at present, in the capacity of independent auditors of public accounts. Whatever may be the system of internal audit provided in any public organization, an independent audit by public accountants has its place and value.

In the increase of the supervision of state and other governments over the affairs of local governments, there is a tendency toward the building up of fully-manned bureaus of audit in the

state fiscal offices. Such an arrangement tends to prevent the engagement of public accountants in work of this kind and rarely succeeds in building up an organization equal to that of the public accountant. The advantage of engaging public accountants is recognized by the former state auditor of Virginia (himself a public accountant) in his report for the past year (T. Coleman Andrews, *Report of the Auditor of Public Accounts of Virginia*, 1933.) in which he recommends that the audits of county accounts be made by public accountants in accordance with specifications and forms laid down by his office.

The work of the public accountant in this respect could well be extended to the examination of banks and, if such a plan had been followed in recent years, probably it would have resulted in less banking difficulties than we have experienced.

Another important field for the public accountant is in the issuance of debt obligations by governments. The new federal securities act provides that no issue of securities by a private business concern may be made without the certification of the financial facts of that concern by a public accountant. Such a rule might well be applied to the issuance of public obligations, particularly those of local governments. These obligations at the present time are carefully checked as to their legal form, but little check in most cases is required as to the financial facts. Banks and other purchasers would do well to require the same kind of a check on these matters by accounting counsel as they now require on the legal phase of the proposition by legal counsel.

As many of you know, the New York State Society of Certified Public Accountants recently inaugurated a campaign for clearer and better accounting systems for public and governmental units. Walter A. Staub, president of the society, said in reference to this undertaking—

“Defaults in interest and principal of numerous municipal issues have caused holders of such securities, and also prospective purchasers, to seek complete information regarding municipal finances. In past years investors and taxpayers concerned themselves but very little with reports of municipal finances.

“Public opinion is demanding that sound principles of accounting be applied to municipal finances and that complete and understandable financial statements be published at least annually.

“Every municipality should recognize the right of the taxpayer and investor to such information and it should be placed regularly at their disposal.”

Public accountants can render great service as advisers to groups which are interested in the promotion of improved ac-

counting. Opportunities of this kind are illustrated by the work of the National Committee on Standard Reports for Institutions of Higher Education and the work of the Hospital Fund of New York, in both of which public accountants participated in an important way as consultants.

If the public accountant is to secure for himself a reasonable share of the benefits of these various opportunities there are several things which he must do if he is to obtain and hold these advantages. First of all, he must possess himself of a thorough knowledge of the science of governmental accounting. The usual understanding of accountancy in general, while essential to the practice of governmental accounting, is not of itself sufficient. The accountant must recognize and must acquaint himself with the distinctive qualities and requirements of governmental organization and procedure.

Some states, in order to make certain that accountants who undertake municipal audits possess the proper qualifications, have provided for special examinations in this field. Such a procedure is no doubt defensible as a temporary measure, but is not sound as a permanent policy. All public accountants should possess the knowledge necessary to enable them to make a satisfactory audit of a municipal government. The evidence of knowledge in this distinct field of accountancy should be a part of every examination for a licence or a certificate as a public accountant.

Having prepared himself for such work through formal education, private study or experience, the public accountant, through appropriate channels, should let it be known that he is in a position to render this service and is interested in securing such engagements. He must convince the public and public officers that it is to the interest of both to have work of this kind done by professional accountants and in accordance with professional standards. He must let these parties know that he can render a real service which will be of use and benefit to them. In the present state of affairs it is the public that needs to be convinced of these points and if public sentiment is properly aroused it will not be difficult to convince the politicians.

He must do his work well to secure and hold public and official confidence in his ability in this respect. Too often in past years, work of this kind has not been thoroughly done and discredit upon the profession as a whole has resulted. The public does not distinguish between the competent and the incompetent practitioner.

It judges all by the results which it gets from the person it happens to engage.

The public accountant should resist with all of his strength the practice of public bodies to award work of this kind on the basis of the low bid. Public bodies must protect themselves by having some understanding as to what the cost of the work will be. Many public corporations may not enter into a contract except with stated limits of cost. That fact, however, does not justify nor necessitate competitive price-making. We must endeavor to convince public officers and the public in general that accountancy service is professional service similar to architectural and legal service and that it should be engaged in a manner like those of the latter named professions. Competitive bidding tends to keep the whole standard of the service of any profession on a low plane.

The public accountant should not expect to get governmental work through patronage or pull. If work of this kind must be gotten through these channels, it had better be left undone or left to the patronage seeker. The accountant should seek such work only on his comparative merits and the merits of the service he can render. If he gets an engagement in any other way he will be placed in such a position that the value of his report will be made negative. In this work, as in all other accountancy work, he must hold himself in a thoroughly independent position. He should be prepared to withdraw from an engagement if at any time it appears that political or personal considerations are to have any bearing or influence whatever on the contents of his report.

On the other hand, the accountant should recognize the practical necessities of various situations. He should realize that in government the coördination of many different points of view is necessary to progress. He must recognize that it may not be possible to accomplish at one step or at one time all that he believes to be necessary. He must, without sacrificing fundamental principles and independence of judgment, be willing to "work along" with the conditions under which the job must be done. Otherwise, his entire recommendations may come to naught.

To my mind, the American Institute can do much to promote the development of public accounting service in the field of government. It seems to me that the possibility of activity in this respect can be stated under certain specific headings:

- (1) The Institute can lead or cooperate in the development and dissemination of a standard terminology and procedure for

governmental accounting, including particularly standard forms of financial reports for various types of government. In this work it should cooperate with other organizations which are interested in the same subject. Among these organizations may be mentioned the Municipal Finance Officers Association of United States and Canada; the National Association of State Auditors, Comptrollers and Treasurers; the council on accounting research of the American Association of University Instructors in Accounting; the American Society of Certified Public Accountants and the National Society of Cost Accountants. Practically all these organizations have indicated their interest in this problem. A cooperative movement would result in the setting up of standards which would rapidly become accepted and put into practice.

(2) The Institute can promote the discussion of problems of municipal and governmental accounting in meetings and in literature. Happily, much of this has been done in the recent past and doubtless will continue.

(3) The Institute can urge the extension of instruction in municipal and governmental accounting in collegiate schools of business.

(4) The Institute can and should include questions on governmental accounting in its examinations. To do this with success will necessitate the adoption and circulation of recognized standards of terminology and procedure in this field.

(5) The Institute can inform the public as to the advantages of the independent audit by public accountants and the services which public accountants can render in public fiscal affairs.

(6) The Institute can set up standards of audit procedure on the basis of which uniformity in the estimating of the cost of engagements can be followed. It can work for the elimination of the "bid" system in engagements of this kind.

Some of these undertakings involve the expenditure of money on the part of the profession. Such an expenditure, however, will not be a loss, but will be an investment from which generous returns can be expected for those who interest themselves in this important field of activity. These returns should be significant in a financial way but they are not limited to that quality. They have the advantage of representing a rare opportunity for usefulness in public service.

The public, without perhaps realizing it, is calling for the exact kind of service in relation to government finance that the public

accountant can render. The public mind is astir because of its conviction that inefficiency and excessive expenditures exist in government. It has found to date no certain means of satisfying itself when a governmental enterprise is necessary and when it is honestly, efficiently and economically conducted. Who is better qualified to answer these questions than the public accountant, provided he acquires the knowledge that is necessary to enable him to make an intelligent appraisal of the situation? The problems that are before the public with respect to the conduct of its government are technical in character. They must be dealt with by capable technicians.

One would be foolish indeed to assume that in this brief discussion he had covered the possibilities of such a large problem thoroughly or with unflinching accuracy. He would be equally foolish to think that the opportunities presented can be forthwith realized or that the objectives described can be rapidly achieved. I do have confidence that my analysis of the situation is substantially correct and that a significant opportunity exists. It is enough to hope that it may constitute a challenge sufficiently alluring and compelling to stimulate progress toward the desired goal.

This paper was opened by quoting an inscription found on the municipal building of one of our great cities. It is to be closed by reference to another. Above the entrance to the beautiful new city hall of Columbus, Ohio, this dedication is engraved: "A place to which the wise and honest can repair." Here are expressed the two qualities that are essential in improving the government of our land. Knowledge must be coupled with honesty and when these are put together there will be no lack of the power needed for achievement.