Review of the work done by the joint commission -- reorganization of the accounting system and business methods in the executive departments;

United States. Congress. Joint Commission of Congress to Inquire into the Status of Laws Organizing the Executive Departments

Alexander M. Dockery

Charles Waldo Haskins (1852-1903)

Elijah Watt Sells (1858-1924)

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A REVIEW OF THE WORK DONE BY THE JOINT COMMISSION—
REORGANIZATION OF THE ACCOUNTING SYSTEM AND BUSINESS
METHODS IN THE EXECUTIVE DEPARTMENTS.

MARCH 2, 1895.—Ordered to be printed.

Mr. Dockery, from the Joint Commission of Congress to Inquire into the Status of
Laws Organizing the Executive Departments, submitted the following

REPORT:

CREATION OF THE COMMISSION.

The commission was created by the act of Congress approved March 3, 1893, as follows:

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, shall, during the Fifty-third Congress, inquire into and examine the status
of the laws organizing the Executive Departments, bureaus, divisions, and other Government establish­
ments 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 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 chair­
men of said commission.

ORGANIZATION OF THE COMMISSION.

The commission was organized by the appointment of Messrs. Alexander M.
Dockery of Missouri, James D. Richardson of Tennessee, and Nelson Dingley, jr., of
Maine, on the part of the House, of which Mr. Dockery was chairman; and Messrs.
Francis M. Cockrell of Missouri, James K. Jones of Arkansas, and Shelby M. Cullom
of Illinois, on the part of the Senate, of which Mr. Cockrell was chairman, Mr. Dockery
being chairman of the joint commission.

Messrs. James C. Courts and Thomas P. Cleaves, clerks of the House and Senate
Committees on Appropriations, respectively, were appointed clerks of the commission.

On May 24, 1893, the following experts were appointed: Messrs. J. W. Reinhart,
C. W. Haskins, and E. W. Sells. The active work of the experts began June 6, 1893,
with an investigation of the methods of accounting in the Treasury Department. Expert J. W. Reinhart served in a supervisory capacity until the date of his resignation, August 18, 1894. Messrs. Haskins and Sells continued without interruption until the close of the Fifty-third Congress, March 4, 1895.

**EXPENSES OF THE COMMISSION.**

The total expenses of the commission have been as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. W. Haskins and E. W. Sells, for services as experts from June 6, 1893, to March 3, 1895, at $15,000 per annum.</td>
<td>$26,113.52</td>
</tr>
<tr>
<td>J. W. Reinhart, services as advisory expert.</td>
<td>$9,500.00</td>
</tr>
<tr>
<td>T. P. Cleaves and J. C. Courts, $2,500 each, under section 26 of the act of July 31, 1894, for services as clerks to the commission from March 3, 1893, to March 3, 1895, and for services in preparing Senate Report No. 41, and House Report No. 49, Fifty-third Congress, first session, of references to laws creating the Executive Departments and other Government establishments at Washington, and of offices therein, and for compiling Senate Report No. 47, and House Report No. 88, Fifty-third Congress, first session, containing a census of the officers and employees of the Executive Departments and other Government establishments at Washington.</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Rent of room in house occupied by the Bureau of American Republics, being a reimbursement to the Government of an expense otherwise incurred.</td>
<td>$540.00</td>
</tr>
<tr>
<td>Sundry office expenses of the experts, including travel to New York, stationery, telegrams, etc.</td>
<td>$110.51</td>
</tr>
<tr>
<td><strong>Total expenses of the commission</strong></td>
<td><strong>41,264.03</strong></td>
</tr>
</tbody>
</table>

The members of the commission were called to Washington during the vacation of Congress on the business of the commission, and although authorized to charge for their traveling and other expenses, no member of it has presented a bill for or been reimbursed any expense so incurred.

As is shown by the foregoing exhibit, it appears that the entire cost of the commission aggregates $41,264.03, while the actual annual reductions in the Government expenditures, made as a result of the work of the commission, amount to $607,591. This reduction is not for the time being only, but will continue through each of the coming years. The commission, however, feel that the expedition of public business and added security to the Government in its methods of accounting under the new systems inaugurated would have fully justified its existence, even if there had been no diminution of expenditures.

**WHAT THE COMMISSION HAS ACCOMPLISHED.**

**COMPILATION OF LAWS.**

The first work of the commission was the preparation, for the use and information of Congress, by the clerks of the commission, of a compilation of references to laws creating the Executive Departments and the several bureaus and offices thereof and other Government establishments at the national capital. This compilation of the laws relating to the Executive Departments is the first work of this character since the organization of the Government, and has proved not only invaluable in prosecuting the work of the commission, but will be found useful to the committees of Congress for all time. (See Senate Report 41 or House Report 49, Fifty-third Congress, first session.)

**CENSUS OF THE DEPARTMENTS.**

The commission then submitted for the information of Congress statements from the several Executive Departments and other Government establishments at the national capital, prepared by the heads thereof, pursuant to inquiries addressed to them by the commission under date of May 24, 1893.
REVIEW OF WORK DONE BY JOINT COMMISSION.

The information given applies to the eight Executive Departments, stated in the chronological order of their establishment under the Constitution, and to the twelve other Government establishments at the national capital, namely:

Executive Departments.—Department of State, Department of War, Department of the Treasury, Post-Office Department, Department of Justice, Department of the Navy, Department of the Interior, and Department of Agriculture.


A general summary of this report discloses the fact that the Executive Departments and other establishments at the national capital are divided into 136 offices or bureaus and 498 divisions; that there are 17,599 persons employed therein, 11,667 males and 5,932 females; that of the number employed in the eight Executive Departments, the Department of Labor, Civil Service Commission, and Fish Commission, which are under the civil-service law, 8,027 are in the class subject to competitive civil-service examination preliminary to appointment, and 3,265 of that number entered the service after such examination; the residue, 4,762, were employed in the Departments at the time they were classified and placed under the civil-service law by Executive order; that the ages of those employed, stated in multiples of five years, range from 20 years to 90 years, and the length of service of all employees ranges from 20 years to 90 years; and that of the whole number employed 5,610 have from one to nine relatives each in the Government service at Washington. (See Senate Report No. 47 or House Report No. 88, Fifty-third Congress, first session.)

ENROLLMENT OF BILLS.

The commission next reported a concurrent resolution which provided for the engrossing and enrolling of bills by printing. The following excerpt from the report of the commission fully explains the necessity for this legislation:

The commission have considered the House concurrent resolution in reference to the engrossing and enrolling of bills and joint resolutions, and have inquired into and made an investigation of the matters involved therein. The object of this inquiry and investigation was primarily the prevention of mistakes and errors in such engrossment and enrollment, and secondly a reduction in the expenses thereof. Much complaint has arisen by the reason of the errors and mistakes which occur at every session of Congress in the measures which pass that body.

It is believed, and it is doubtless true, that in nearly every instance such errors are directly traceable to the clerical force engaged in the work of engrossing and enrolling these measures. In the nature of things it is almost impossible to prevent them oftentimes in the haste in which the work is done. The commission have made investigation into the methods pursued in the legislative bodies of other countries than our own in respect to these matters. They have also made inquiry as to the system followed in some of the States of the Union. It is found that in nearly all the leading foreign parliamentary bodies, and in several of our own States, the old method or system of engrossment and enrollment by hand and ink and pen has been abandoned.

As far back as 1849 the Parliament of Great Britain abandoned this method and adopted that of printing. They applied it at first only to bills of a public or general character for both houses. It was found, however, that the new "arrangement was so productive of economy, convenience, and dispatch, and tended so much to lessen the chance of errors," that they speedily applied it to private bills and resolutions of every character. The commission is informed by a recent communication received from an officer of that Parliament that since 1849 the practice then adopted has been constantly followed.

It is believed by the commission that the change to printing will largely prevent errors, and that it will considerably reduce expenses. It is not believed that any delay will result by reason of this change in the preparation of the measures which are to be engrossed or enrolled, as the printing can be done quite as expeditiously and it is claimed more rapidly than the engrossing and enrolling can be done by the old method.
This legislation received the approval of both Houses of Congress, and by the legislative, executive, and judicial bill, which has just become a law, the system was made permanent. Its value from the standpoint of both accuracy and economy is illustrated by the fact that not a single error has occurred under the system up to this moment, and the saving to the Government may be indicated by the following letter from the Acting Secretary of the Treasury, dated January 26, 1895, which shows the loss to the Government under the old system in the enrollment of one bill only:

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, D. C., January 26, 1895.

SIR: I have the honor to acknowledge the receipt of your telegram of yesterday, in which you request to be informed if, in engrossing the tariff act of 1883, an error was made by which fruit was placed on the free list, and if so, what was the nature of the apparent error, and what was the probable loss to the Government thereby.

I venture to suggest that your inquiry relates to an apparent error in regard to "fruit-plants" occurring in the free list of the act of June 6, 1872 (17 Stat., p. 235), which, as signed, provided for "fruit, plants, tropical and semi-tropical, for the purposes of propagation or cultivation." The intention of Congress was evidently to put "fruit-plants" on the free list, and not fruit, as appears by the text of the bill which was passed. In engrossing the bill, however, for the President's signature, a comma was placed between the words "fruit" and "plants," thus making the text "fruit, plants," instead of "fruit-plants," as was intended. In consequence of this error refunds were made to the amount of about a half million dollars, and an act was subsequently passed correcting the error. (18 Stat., p. 43.) For your further information in this matter, see House Ex. Doc. No. 245, Forty-third Congress, first session.

Respectfully, yours,
C. S. HAMLIN, Acting Secretary.

Hon. A. M. DOCKERY, House of Representatives.

PURCHASE OF SUPPLIES.

The commission next reported a bill which established a board, consisting of one of the Assistant Secretaries of the Treasury, one of the Assistant Secretaries of the Department of the Interior, and one of the assistants of the Postmaster-General, which board was required to fix uniform dates for inviting proposals for fuel, ice, carpets, stationery, and other miscellaneous supplies for the Executive Departments and other offices in Washington. This board was further required to compare all bids received and recommend the acceptance or rejection of any or all of them to the Departments authorized to contract. The purpose of the law is to secure uniformity of prices, and it is believed that under its operation there will be a very large reduction of the expenditures of the Government at the national capital.

This bill received the favorable consideration of Congress and is now a law.

It is estimated that this provision will save to the Government not less than $100,000 annually. The following letter from the Assistant Secretary of the Treasury shows that 75 per cent of the articles purchased by the Government have been largely reduced in price as the result of this provision:

TREASURY DEPARTMENT, September 25, 1894.

SIR: I have the honor to transmit herewith a comparative schedule of prices paid for supplies by the various Departments in Washington, D. C., during the fiscal year ending June 30, 1894, and the prices for similar articles for the current fiscal year, under the provisions of the amendments of January 27 and April 21, 1894, to section 3709 Revised Statutes of the United States.

The schedule contains only such supplies as were found practicable to compare with any degree of intelligence, and the result indicates a saving on at least 75 per cent of the articles named therein.

The schedule would have been submitted some time since, but its preparation was delayed, owing to the tardiness of some of the Departments in supplying the information necessary to its completion.

Respectfully, yours,
W. E. CURTIS,
Assistant Secretary and Chairman of the Board.

Hon. A. M. DOCKERY,
Chairman Joint Commission of Congress to Inquire into the Status of Laws Organizing the Executive Departments, House of Representatives.
The next bill reported by the commission was a bill to repeal section 311 of the Revised Statutes, which required the Treasurer of the United States to make a certain report to Congress. This report showed the number, name of payee, and amount of warrants; and the last volume printed cost the Government $6,450.11. The report was very voluminous and was of a character that imparted little or no practical information. The expense of the preparation of this undesired publication and the clerical force necessary to prepare it have been saved to the Government.

The bill is now a law.

Estimated annual saving:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two clerks</td>
<td>$2,000</td>
</tr>
<tr>
<td>Printing</td>
<td>6,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,500</strong></td>
</tr>
</tbody>
</table>

CERTIFICATES OF DEPOSITS BY POSTMASTERS.

The commission next reported a bill to amend section 407 of the Revised Statutes. The object of the bill was to require the Government depositories to send duplicate certificates of deposits by the postmasters direct to the Auditor for the Post-Office Department, thus expediting the settlement of postmasters' accounts about one month.

This bill is now a law.

Estimated annual saving, 5 clerks.................................. $6,000

METHODS OF ACCOUNTING IN THE POST-OFFICE DEPARTMENT.

The commission then reported a bill “to improve the methods of accounting in the Post-Office Department.” (See Senate Report 93, or House Report 210, Fifty-third Congress, second session.) This act abolished the postal note. The advisability of this was generally conceded, inasmuch as the postal note afforded no security, and if lost no duplicate was allowed by law.

This law revised the money-order system and reduced the schedule of fees so as to meet the rates charged by the express companies.

It is believed that the reduction of the rates will largely increase the volume of the money-order business, which during the last ten years has not kept pace with the increase in the volume of business in other branches of the postal service.

The act also reduced the rates of commissions paid postmasters for issuing money orders, and in lieu of the schedule then existing for issuing and paying money orders it provided that after July last the uniform rate should be 3 cents for each money order issued. It is thought that the new schedule will operate to the advantage of the postmasters of the smaller offices, whose compensation was not as satisfactory as the compensation paid to the postmasters of the larger offices.

The act also provided for an ingenious coupon, which, when detached from the order, designates the amount for which it was drawn. It also provided that the coupon shall be forwarded to the Auditor's office with the postmaster's report of money orders sold. This device enables the accounting office to settle the money-order accounts of postmasters without waiting until all the money orders sold are received by the Department, as had been the practice under the former system.

The law further provided for turning into the Treasury on the 1st of July, 1894, the amount of all unpaid money orders and postal notes more than one year old. This provision of the law covered into the Treasury for use as current revenues possibly $2,500,000, lying idle in the subtreasury at New York.
This important measure had the approval of the Postmaster-General, and was enacted by Congress January 27, 1894, to take effect on and after the 1st of July, 1894.

Estimated annual saving:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous</td>
<td>$70,000</td>
</tr>
<tr>
<td>Forty clerks</td>
<td>77,780</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>147,780</td>
</tr>
</tbody>
</table>

(At the time the report on this matter was submitted to Congress it was estimated that the saving would be—

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clerk hire</td>
<td>$77,780</td>
</tr>
<tr>
<td>Commissions</td>
<td>52,515</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>130,295</td>
</tr>
</tbody>
</table>

The results of the work since that report was made indicates that these figures are well within bounds. While the number of clerks engaged in the work affected has not actually been reduced, the surplusage of clerk hire has been utilized in bringing up the arrears in the money-order branch of the office of the Auditor for the Post-Office Department. When these arrears are finally brought up, which it is estimated will be within the next fiscal year, a decrease in the number of clerks required can be made to accord with this estimate, unless during the interval, as it is hoped may be the case, there will be such an increase in the money-order business as to demand the services of the additional clerks; but that would not detract from the credit due the commission for the saving resulting from the change in the methods of conducting the business of that office. It was estimated that the saving to the Government in commissions would be $52,515. The experience of the Department thus far indicates that the saving on account of this item is averaging $70,000 per annum.)

Evidence of the successful operation of the changes made by this legislation is set out in the following letter from the honorable the Postmaster-General, dated February 11, 1895, to which there is attached a memorandum from the Superintendent of the Money-Order System bearing date February 9, 1895, together with tables showing the fees formerly charged for money orders and those now charged, and a comparative statement of the 12 offices referred to in the correspondence:

**Office of the Postmaster-General,**

**Washington, D. C., February 11, 1895.**

*Sir: Replying to your oral inquiry as to the operations of the changes in methods of conducting business, which were recommended by your Commission, I have the honor to report as follows:*

The changes recommended, which were carried out by departmental regulation and by the act of January 27, 1894, were more nearly related to the office of the Auditor for the Post-Office Department than to this Department proper, but I take pleasure in testifying to the value of the changes so far as this Department is concerned, and the increased facility afforded the Auditor benefits this Department by bringing about a more expeditious settlement of postmasters’ accounts and resulting in a closer check being kept upon them.

Certificates of deposit, which were formerly sent in duplicate to the postmasters throughout the country from the 22 depositories, one of which certificates (the original) being then forwarded by each postmaster to the office of the Third Assistant Postmaster-General, and from his office sent to the office of the Auditor, its place of final destination, are now sent direct from the depositories, together with a transcript of deposits, to the Auditor’s office, and the duplicate is sent, as formerly, to the postmaster, to be retained by him as a voucher. This has relieved the delay in the Auditor’s office attending the old system, and has also dispensed with the services of several clerks in the finance division of the Third Assistant Postmaster-General’s Office, who were engaged in the perfunctory examination of these certificates but who had no means of knowing of their correctness.

Formerly there has been no voucher furnished to the Auditor by this Department for the charges for stamps and stamped envelopes, etc., sent to postmasters, and, in that respect, the statutes were not
REVIEW OF WORK DONE BY JOINT COMMISSION.

complied with. By departmental rule, following the recommendations of your commission, vouchers for postage stamps, stamped envelopes, etc., are carefully compared with the charges on the ledgers of the Third Assistant Postmaster-General, which have been arranged by States, and are transmitted in order to the office of the Auditor, with a dummy voucher for every receipt not returned by the postmaster. Under this system the Auditor has a voucher for every supply of stamps, stamped envelopes, and postal cards sent to postmasters, and a careful examination, comparison, and arrangement of these vouchers in this Department insure greater accuracy in the auditing of accounts of postmasters in the Auditor's office.

Upon examination I find that the statute requiring the money-order statements of postmasters to be sent direct to the Auditor, instead of, as formerly, through this Department, is a change directly beneficial, as it allows the Auditor to inspect the accounts of these postmasters as soon as received and avoids the circumlocution of these papers being handled in the Money-Order Office where there are no means of knowing their accuracy. The check upon these statements is just as careful in the Auditor's office, where they can refer also to the accounts of the postmasters, and does not increase the volume of his business.

In connection with the operations of the act of January 27, 1894, changing the rate of money orders and abolishing the postal note, I submit herewith the report of the Superintendent of the Money-Order System, which shows that the decrease of rates charged for money orders has increased the business, and that the amount of decrease in fees received for the quarter ending September 30, 1894, has been more than counterbalanced by the amount saved in the reduction of the rate of commissions to postmasters; and it is further shown that the abolition of the postal note has resulted in the use, in its stead, of money orders, which afford greater protection to the people using them. The new form of money order is being handled successfully in the Auditor's office; no friction whatever has followed its introduction. The coupon feature can not be fully tested until the old vouchers are checked and the work brought up to the current date. That time is near at hand, as I am advised, and I think that office will be entirely upon its feet before the close of the coming fiscal year.

I have under advisement in this Department at present a new design of money order, which will give more facility in handling it and in separating the coupon from the money order, and, being more nearly the size of the ordinary bank check, should increase their use.

Very respectfully, W. S. BISSELL, Postmaster-General.

Hon. A. M. DOCKERY,
Chairman Joint Commission of Congress to Inquire into the Status of Laws Organizing the Executive Departments, House of Representatives.

Memorandum concerning money-order business as effected by the act of January 27, 1894.

The act of January 27, 1894, reduced the rate of commissions to be paid third and fourth class postmasters for transaction of money-order business from $3½ cents for each order issued, 3½ cents for each order paid, 1 cent for each postal note issued, and three-fourths of a cent for each note paid, to 3 cents for each order issued.

The amount allowed postmasters at third and fourth class offices for money-order commissions during the quarter ended September 30, 1893, for money-order and postal-note business was:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money order</td>
<td>$95,261.78</td>
</tr>
<tr>
<td>Postal note</td>
<td>13,244.58</td>
</tr>
<tr>
<td><strong>Total allowed</strong></td>
<td><strong>108,506.36</strong></td>
</tr>
</tbody>
</table>

The schedule of fees charged the public for the issue of money orders was considerably reduced by the act of January 27, 1894, and, as was anticipated, the amount received for fees during the third quarter of 1894 was consequently diminished.

Thus, the amount received for fees, for the issue of domestic orders alone, during the quarter ended September 30, 1893, was $382,914.07, while the fees received during the quarter ended September 30, 1894, amounted to $208,922.15, showing a decrease of $173,991.92.

but this loss is more than counterbalanced by the amount saved by the reduction of the rate of commissions to postmasters, which, as shown above, amounted to $18,506.65.
REVIEW OF WORK DONE BY JOINT COMMISSION.

INCREASE OF BUSINESS.

There has unquestionably been a considerable increase in the number of domestic orders issued. The number of such orders issued during the quarter ended September 30, 1894, was 4,463,098; number issued during quarter ended September 30, 1893 was 3,101,574.

Increase of .......................................................... 1,361,524

It is anticipated that the returns of postmasters for the fourth quarter of 1894 (which have not yet been tabulated) will show a much larger increase in the number of money orders issued as compared with the corresponding quarter of 1893, because in order to fill the requisitions of postmasters upon the Department for blank money-order forms, it has been necessary to order during the past four months an average per month of 2,250,000 money-order forms, while the number of such forms ordered of the printers during January, 1894, was 1,028,150. The money-order statements from 12 of the largest offices for the quarter ended December 31, 1894, show an increase in the number of domestic orders issued at those offices of 41.20 per cent over the number of such orders issued thereof during the corresponding quarter of 1893. If the rate of business transacted during the first quarter of the current fiscal year (quarter ended September 30, 1894) is maintained during the remaining three quarters the orders issued during the fiscal year ended June 30, 1895, will reach 17,852,392, an increase of 3,548,351 over the number of domestic orders issued during the fiscal year ended June 30, 1894, which was 14,304,041, equivalent to 2.48 per cent. In view of the increased demand from postmasters for money-order forms, it may fairly be assumed that the number of orders issued will exceed this estimate based upon the business of the quarter ended September 30, 1894.

ISSUE OF MONEY ORDERS IN LIEU OF POSTAL NOTES.

It was anticipated that inasmuch as the issue of postal notes ceased on July 1, 1894, in pursuance of the act of January 27, 1894, the number of domestic orders issued would largely increase, owing to the fact that intending remitters would purchase money orders in lieu of postal notes, inasmuch as the former can now be obtained for sums up to $2.50 for a fee of 3 cents, the amount charged for the issue of a postal note. That this expectation has to a great extent been realized is clearly indicated both by the increased number of orders issued and by the reports of postmasters for the quarter ended September 30, 1894, which show that the total number of orders issued during that period was 4,463,098, which was only 285,743 less than the total number of orders and postal notes issued during the corresponding quarter of 1893. This decrease in the number of transactions may well be due to the general falling off of the business owing to the general financial depression. The returns from the 12 largest offices mentioned above in this memorandum show that during the quarter ended December 31, 1894, the number of domestic orders issued at these offices during the fourth quarter of 1894, was 167,874, and that this number was only 22,368 less than the total number of orders and postal notes issued at the same offices during the fourth quarter of 1893, and was 48,990 more than the total number of money orders issued at these offices during the fourth quarter of 1893, an increase of a little more than 41 per cent.

The number of applications for duplicates of domestic money orders has greatly increased. The average daily issue of duplicates in January, 1894, was 92, while during the last month the average number issued daily has been 135.

This increase is believed to be attributable to the fact that money orders are now largely used where heretofore postal notes would have been bought; and that whereas formerly many postal notes were intercepted in the mails and were readily cashed by a thief, having been drawn payable to bearer, the present money orders, purchased by intending remitters, being drawn payable to a designated payee, are of no value to depredators of the mails, who, finding an order in a letter, destroy it to avoid detection, and the true payee failing to receive the original order secures his money by means of a duplicate. The change from the use of the insecure postal note to the secure money order brought about by the operation of the act of January 27, 1894, has been a decided advantage both to the Department and to the patrons of the system; to the former because the constant source of temptation to pilfer from the mails offered by the postal note has been removed, and to the latter because payment of his remittance is secured, even though the order has been stolen and destroyed.

Respectfully submitted to the Postmaster-General.

E. M. GADSDEN, Superintendent.

FEBRUARY 9, 1895.
REVIEW OF WORK DONE BY JOINT COMMISSION.

Fee charged for money orders.

**OLD SCHEDULE.**

Orders for sums of $5 or less ........................................ 5
Over $5 and not exceeding $10 ................................ 8
Over $10 and not exceeding $15 ...................................... 10
Over $15 and not exceeding $30 ...................................... 15
Over $30 and not exceeding $40 ..................................... 20
Over $40 and not exceeding $50 ...................................... 25
Over $50 and not exceeding $60 ...................................... 30
Over $60 and not exceeding $70 ...................................... 35
Over $70 and not exceeding $80 ...................................... 40
Over $80 and not exceeding $100 .................................... 45

**NEW SCHEDULE.**

Orders for sums not exceeding $2.50 .............................. 3
Over $2.50 and not exceeding $5 ................................... 5
Over $5 and not exceeding $10 ...................................... 8
Over $10 and not exceeding $20 .................................... 10
Over $20 and not exceeding $30 .................................... 12
Over $30 and not exceeding $40 .................................... 15
Over $40 and not exceeding $50 .................................... 18
Over $50 and not exceeding $60 .................................... 20
Over $60 and not exceeding $75 .................................... 25
Over $75 and not exceeding $100 ................................... 30

Domestic money-order transactions at 12 of the largest offices contrasted.

<table>
<thead>
<tr>
<th>Name of office</th>
<th>Fourth quarter, 1893</th>
<th>Fourth quarter, 1894</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago, Ill.</td>
<td>18,611</td>
<td>9,140</td>
</tr>
<tr>
<td>New York, N. Y</td>
<td>14,414</td>
<td>13,411</td>
</tr>
<tr>
<td>St. Louis, Mo.</td>
<td>12,247</td>
<td>7,785</td>
</tr>
<tr>
<td>Philadelphia, Pa.</td>
<td>10,529</td>
<td>8,127</td>
</tr>
<tr>
<td>Boston, Mass.</td>
<td>10,521</td>
<td>8,926</td>
</tr>
<tr>
<td>Buffalo, N. Y</td>
<td>7,833</td>
<td>8,694</td>
</tr>
<tr>
<td>Cincinnati, Ohio</td>
<td>8,827</td>
<td>7,199</td>
</tr>
<tr>
<td>San Francisco, Cal.</td>
<td>8,510</td>
<td>5,434</td>
</tr>
<tr>
<td>Cleveland, Ohio</td>
<td>7,596</td>
<td>4,198</td>
</tr>
<tr>
<td>Washington, D. C.</td>
<td>5,452</td>
<td>2,247</td>
</tr>
<tr>
<td>Detroit, Mich.</td>
<td>7,250</td>
<td>4,265</td>
</tr>
<tr>
<td>Milwaukee, Wis.</td>
<td>5,179</td>
<td>2,903</td>
</tr>
<tr>
<td></td>
<td>118,884</td>
<td>71,058</td>
</tr>
</tbody>
</table>

**REMARKS.**—Total number of domestic orders issued during fourth quarter of 1894 exceeded the number of such orders issued during the fourth quarter of 1893 by 48,990, an increase of 41 per cent. Number of orders issued during fourth quarter of 1894 was 22,986 less than the total number of orders and postal notes issued during fourth quarter of 1893, a decrease of 11 per cent.

PROPERTY RETURNS.

The next bill reported by the commission was a bill “to regulate the making of property returns by officers of the Government.”

Under the law it had been the practice to pass what is known as “property returns” to the accounting officers of the Treasury for audit. This audit could not accomplish any useful purpose, for the reason that the auditing officers were compelled to accept the returns of the administrative departments. Inasmuch, therefore, as the administrative departments have ample checks to secure the Government against loss on account of Government property, it was deemed advisable to discontinue this needless work.

This bill received the approval of Congress and the President and is now a law.

Estimated annual saving, 13 clerks .................................. $15,000

H. Rep. 2000—2
REVIEW OF WORK DONE BY JOINT COMMISSION.

DESTRUCTION OF OLD MONEY ORDERS.

An act approved July 16, 1894, authorized the Secretary of the Treasury and the Postmaster-General to destroy all money orders and postal notes more than ten years old and all papers relating thereto. The act, however, permits the Postmaster-General to pay any money order outstanding ten years after the date of issue upon proof satisfactory to him that it has not been previously paid. The result of this legislation has been to dispose of several hundred tons of paid money orders and postal notes which, by their sale as waste paper, yielded to the Treasury $1,655.90, and there will also be saved to the Government a large sum of money annually for rent of buildings to store this worthless paper.

Estimated annual saving .......................................................... $10,000

WARRANTS AND DRAFTS.

The act reorganizing the accounting system of the Treasury Department, approved July 31, 1894, had a provision that admitted of consolidating the draft and the warrant into one piece of paper in the office of the Secretary of the Treasury, obviating the necessity for copying from the warrant after it reached the office of the Treasurer on to another piece of paper the draft, the essential information that was contained in the warrant. The plan is working admirably and saves time not only in the office of the Secretary of the Treasury in the Division of Bookkeeping and Warrants, but in the Treasurer's office also. The legislation previously requiring the appropriations to be designated on the warrants was changed so that the titles of the appropriations were made to appear upon the requisitions for advances and upon the certificates for settlement accounts.

Estimated annual saving, 4 clerks ........................................ $5,400

REPORTS OF PURCHASES OF MILITARY SUPPLIES.

As recommended by the commission, section 229 of the Revised Statutes was repealed. This section required reports of purchases of supplies by the Quartermaster and Commissary Generals' Departments to be made annually to Congress. The reports were never referred to, and any information they would contain can be obtained from these Departments by application thereto.

Estimated annual saving, 5 clerks ........................................ $6,000

STATISTICS OF INTERNATIONAL MONEY ORDERS.

The report upon this subject was adopted whereby the Auditor for the Post-Office Department dispensed with a very considerable amount of statistics relating to the volume of money-order business between States of the United States and foreign countries, statistics which did not seem to have any value, going much further into the analysis of the international money-order business than was the case with reference to the domestic money-order business. The statistics for both are now similar and seem to meet all the requirements.

Estimated annual saving:

Miscellaneous................................................................. $3,000
Five clerks ........................................................................... 7,000

GENERAL LAND OFFICE.

This report provided for the consolidation of certain divisions of the General Land Office and the preparation of patents in the office of the recorder as now required by the statutes. These two matters can be accomplished by departmental regulation. A
law approved March 2, 1895, permits the preparation of patents in the Land Office by
the use of typewriting machines, and dispenses with certain of the principal clerks of
the Land Office who heretofore have been appointed by the President, making the several
heads of the divisions, except the recorder, to be appointed by the head of the Depart­
ment. It also provides for the consolidation of abstracts from registers and receivers,
so that an immense amount of labor will be saved in the local land offices and in the
General Land Office on these very voluminous abstracts; and it provides for discontin­
uing the printed reports made by the board of equitable adjudication of the land cases
acted upon.

Estimated annual saving:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous</td>
<td>$1,181</td>
</tr>
<tr>
<td>One clerk</td>
<td>$2,000</td>
</tr>
<tr>
<td></td>
<td>$3,181</td>
</tr>
</tbody>
</table>

(The work of the General Land Office is considerably in arrears, and as the intro­
duction of the new plan of preparing patents will have to be done gradually, it is not
expedient to reduce the staff of this office now; but within another year the saving
claimed by the report, estimated at $20,000 additional, can, if the recommendations
are put into effect, be made.)

CUSTOMS SERVICE.

In a part of this report (Senate Report No. 1033, or House Report No. 1975, Fifty-
third Congress, third session) it was recommended that the original papers be sent to
the Auditor for the Treasury Department, and that masters of vessels mail a copy of
the manifest direct to the Department, so that a check can be made upon the disposition
of all importations, and a similar arrangement for consignments coming into the country
by rail under consular seal. At ports where there are no naval officers there is now
absolutely no check upon the collectors except their integrity and official bonds. This
requirement puts a check upon the collector and will operate to prevent fraud in the
collection of the customs revenue.

BONDS OF GOVERNMENT OFFICIALS.

In accordance with a recommendation of the commission (Senate Report No. 1022,
or House Report No. 1910), a law was passed requiring that all bonds of certain Gov­
ernment officials shall be transmitted to the Secretary of the Treasury and filed as he
may direct; that all official bonds be examined at least once every two years as to the
amount and sufficiency of the sureties thereon; that they be renewed every four years,
or renewed and strengthened as much oftener as may be deemed necessary; and that
all such bonds shall remain in force until the appointment and qualification of a suc­
cessor.

It is impossible, of course, to estimate what will be saved to the Government
under this provision, but this provision will undoubtedly protect the Government to a
very large degree, as it not only provides for an examination both as to the sufficiency
of the sureties and amount every two years, but absolutely requires a renewal every
four years, and continues bonds of all officers until the appointment of a successor.
The loss on bad debts on suits that have been determined so far have averaged about
$68,000 a year.

NAMES OF EMPLOYÉS IN DEPARTMENTS.

On the recommendation of the commission section 194 of the Revised Statutes was
repealed.

This section was enacted August 26, 1842 (Stat. L., vol. 5, p. 525), and was as follows:

The head of each Department shall make an annual report to Congress of the names of the clerks and
other persons that have been employed in his Department and the offices thereof, stating the time that
each clerk or other person was actually employed, and the sums paid to each; also, whether they have been usefully employed; whether the services of any of them can be dispensed with without detriment to the public service, and whether the removal of any individuals, and the appointment of others in their stead, is required for the better dispatch of business.

At the last session of Congress reports were made under this law from the War Department, Navy Department, and Treasury Department. The first two were printed in full as executive documents. The letter of the Secretary of the Treasury, accompanying the latter, only was printed. If any other Departments complied with the law Congress appears not to have attached sufficient importance to the reports to have ordered them printed.

Compliance with the law required a great deal of clerical labor, which can now be otherwise much more profitably engaged.

The printing of the documents, when ordered by Congress, amounted to no considerable expense, and if all were printed, as they are submitted, the cost would amount to many thousands of dollars each year.

The Biennial Register, or Blue Book, prepared under section 198 of the Revised Statutes, gives in one volume, every two years, and to each Congress, the principal information required by the section which is repealed. The other requirements of that section are more fully covered by statutes passed in 1882, 1890, and 1893.

**CONDITION OF BUSINESS IN THE DEPARTMENTS.**

The commission made a careful inquiry as to the condition of business in the several Departments of the Government at Washington. The result of the inquiry, embodied in the reports of the commission (Senate Report No. 952 or House Report No. 1851, Fifty-third Congress, third session), under the circumstances, is gratifying in the extreme. Of the 8 Executive Departments and 12 other Government establishments at the national capital, embracing 135 bureaus and 468 divisions, it is shown that the public business is in arrears in but 63 of the divisions. With but little effort it is believed that this arrearage could be brought up with the existing force, and thus have public business current in every Department of the Government.

In the report there is an estimate of the force required in the Land Office for reproducing the press-copy letter books, and should the plan recommended by the commission for doing this work be adopted it would cost $85,800 less than the amount estimated for by the General Land Office.

**PURCHASES OF COAL AND WOOD.**

As recommended by the commission, section 3711 of the Revised Statutes was so amended as to prohibit the future payment of fees of 20 cents per ton for coal and 9 cents per cord for wood to persons designated to inspect the coal and wood purchased for the use of the Government, and requiring, except as to the Navy Department, that the inspection shall be done in the future by persons already in public employment and without additional compensation.

Estimated annual saving ................................................................. $8,300

**BOOKS, STATIONERY, RENT, ETC.**

It is estimated that the recommendations of the commission which have been adopted will incidentally effect an annual saving to the Government of at least $50,000 on account of books, stationery, furniture, and printing in the offices of the Commissioner of Customs, Second Comptroller, First Comptroller, Register of the Treasury, and others affected and for which no estimate heretofore has been made; and for the rent of rooms occupied by the Treasury outside of the Treasury building proper which may be vacated, and the rooms vacated by reason of the abolition of the offices within the Treasury building utilized in their stead.
ACCOUNTING SYSTEM OF THE GOVERNMENT.

A report was made on the methods of accounting in the Treasury which related to the office of Commissioner of Customs (Senate Report No. 240 or House Report No. 409, Fifty-third Congress, second session), and another which related to the offices of First Comptroller, Second Comptroller, Register and Auditors of the Treasury, and the accounting system generally (Senate Report No. 293 or House Report No. 637, Fifty-third Congress, second session). A bill passed the House of Representatives approving the report on the office of Commissioner of Customs and was incorporated in a bill relating to the general accounting system of the Government which was approved July 31, 1894.

The offices of Commissioner of Customs and Second Comptroller were abolished and the detailed work was discontinued in the office of the First Comptroller of the Treasury, which was changed to Comptroller of the Treasury, making the responsibilities of this office of a supervisory character and necessarily of greater protection to the Government service, and provision was made for an appeal thereto by the claimant, the head of the administrative department having jurisdiction over the account, or the Secretary of the Treasury, on accounts settled by the various Auditors, whose titles and duties were changed, greatly expediting the accounting of public officers; increasing the protection to the Government by requiring the rendition of accounts within stated periods, which is made effective by reason of the requirement that the Auditors charged with the settlement of accounts shall approve the requisitions for the advance of money, the approval depending upon the prompt rendition of the accounts, and the further check in the final settlement of accounts by having the warrant for the payment of either advances or settlements accompanied by the requisition of the Auditor's certificate, as the case may be, to the Treasurer's office, where the date and amount of payment is noted, the requisition and certificate being returned to the Auditor who stated the account, to be filed finally therewith.

This change also prevents conflicting constructions of statutes.

It dispensed with passing warrants through the office of the Register of the Treasury, where they were recopied to no possible purpose. The personal ledgers were removed from the office of the Register and certain of the Auditors to a division of the office of the Secretary of the Treasury known as the division of bookkeeping and warrants. The files of accounts were removed from the custody of the Register and put with the Auditor for the Treasury and the Auditor for the State and other Departments, respectively, having jurisdiction over the accounts, making uniform the filing of accounts with the Auditors settling them. The files were removed and adjusted to the new conditions without any interruption to the public business, and they are now uniformly under the jurisdiction of the Auditors having the settlements thereof. The Department is very much crowded for filing space, but not so much as would have been the case under the former plan, for the volume of papers to be filed has been somewhat reduced.

There was very great delay in the settlement of accounts under the former system.

The experts employed by the commission reported that:

The time elapsing from the date of rendering until the final settlement of the accounts (by the Comptrollers) passing through the several Auditors' offices is as follows:

First Auditor's Office, from two to six months.
Second Auditor's Office, from six months to two years.
Third Auditor's Office, from nine to seventeen months.
Fourth Auditor's Office, from five months to one year.
Fifth Auditor's Office, from three to six months.
Commissioner of General Land Office, from three to four months.
These figures represent an average of the various classes of accounts, and many, of course, are delayed much longer period. There are scarcely any accounts finally settled within a reasonable period, while for some of the officers who have gone out of service, as, for instance, Indian agents, it is as much as five years before the accounts are settled, and during all this time the vouchers and papers lie in one or another of the offices of the Treasury, or administrative departments.

These facts are known and acknowledged by all who are conversant with the condition of the public business in the Treasury Department as they existed. Further evidence of the necessity for a revision of the accounting methods was abundant.

In the last annual report of Hon. Charles Foster, Secretary of the Treasury, he tersely reviews the unsatisfactory methods then employed. He said:

The desirability, if indeed it be not a necessity, of a change in the methods of disbursement of public moneys and the examination, adjudication, and settlement of public accounts has long been manifest, not only to the officers of the Treasury Department charged with and responsible for the official working of those methods, but to many committees of Congress, standing and select, which have inquired into and reported upon such methods.

There is now a triplicate system of examination of public accounts which has no counterpart in any other Government, whether European or in the several States of the Union. It is not only vexatious in respect to details, but wrong in respect to system. Beyond that, however, is the fact that it is highly expensive, without compensating results to the Government, while, in spite of the examination by three different officers and "sets" of clerks, accounts and claims are occasionally improperly adjusted or allowed.

The whole duty of control and audit appertaining to the public expenditure should be under the administrative direction of a comptroller-general or chief comptroller of the Treasury, within whose bureau a board of audit might be created for the determination of quasi-judicial questions arising in the examination, statement, and settlement of accounts, if that mode of procedure should be regarded with favor.

Standing and select committees of Congress have from time to time been instructed to inquire into the defects of departmental methods, and have made many valuable reports thereon, recommending or suggesting various changes, many of which have been enacted into law by Congress, with amendments recommended by various Secretaries of the Treasury.

Commissions or committees, composed of officers and clerks of the Treasury Department, have from time to time been appointed to examine into the methods of the Department, and have recommended changes which have been adopted in whole or part as "Treasury regulations."

But these investigations and recommendations, valuable as they were, have fallen far short of meeting the requirements of the situation. In the nature of things it is impossible for committees of Congress, with other duties and obligations as to committee and Department work pressing upon its members, to give their entire time to a study of this great problem, and the same is true as to a commission composed of officers and clerks in the Treasury Department. They have their own current work to perform, most of it important (its members being selected on account of their ability and efficiency), which can not be neglected, postponed, or transferred, and then, trained and accustomed as they are to existing methods, it is but natural to suppose that they would be slow to recommend radical changes therein.

For this reason it is believed that a nonpartisan commission, similar in its organization to the Interstate Commerce Commission, but limited to a period of, say, three years' duration (which can be extended temporarily if necessary), organized exclusively for the purpose of examining into existing methods of business and work in the several Executive Departments, more especially as to the disbursement of public money, and the examination, adjudication, and settlement of public accounts, with the view of either establishing simpler and more accurate as well as economical methods, or providing for a consolidation of the accounting offices of the Treasury Department, thus accomplishing a considerable reduction in the number of employees and a resulting reduction of expenditure for salaries (thereby promoting the efficiency and general good of the public service) is highly desirable, and the subject is earnestly commended to the consideration of the President and Congress.

Citations could be multiplied in support of the proposition that some change in the accounting system of the Treasury was necessary to secure a prompt and accurate audit of claims and public accounts.

The accounting department of the Treasury is designed to secure a speedy and reliable audit of the receipts and expenditures of the Government; that is to say, the function of the accounting branch is to determine the amount to which the Government
is entitled, or the amount the Government should pay under a proper construction of the statutes. The audit, therefore, of the accounting branch looks solely to the ascertained amount of the correct amount under a proper interpretation of the law. The law, so far as it relates to the income of the Government, specifically changes the audit of customs receipts. Under the former system about 90 per cent of our customs revenues were collected at ports where there are naval officers, and the audit of all such receipts involved a quadruple examination of accounts.

Under the old system there was first the joint double audit of the naval officer and the collector of the port before the duties are collected. This was followed by an audit of the First Auditor, and finally the accounts were reviewed by the Commissioner of Customs. The act abolished the office of the Commissioner of Customs, thus dispensing with the fourth and final examination as then existing, and leaving a triplicate system of examination for the protection of the Government by the joint action of the naval officer and collector of the port and the audit of the Auditor.

The new law not only provides a system which requires a triplicate examination of accounts, with the right of appeal to the Comptroller of the Treasury, but also strengthens the audit by requiring original papers to be sent to the Auditor in all cases where the Secretary of the Treasury may so direct. The triplicate safeguards which yet remain with the appellate supervision of the Comptroller would seem to be a sufficient guaranty that the Government will secure a reliable and yet more expeditious audit than the one which then prevailed.

In this connection it is well to state the fundamental proposition that the essential virtue of an audit consists in the act of audit being as nearly contemporaneous with the receipt or expenditure as is practicable to be made. In other words, it would seem to be desirable to make the audit in the lifetime of the officer who receives or expends public money, rather than to deal with his administrator or rely upon his official bond.

The old auditing system of the Government was established in 1789, when the area of the country was 827,844 square miles, its population 3,929,214, and its annual expenditures about $500,000. The Treasury Department was then provided with a Secretary, a Comptroller, an Auditor, a Treasurer, and a Register, but the accounting business devolved alone upon the Auditor and Comptroller. Accounts and claims were presented to, and stated by, the Auditor and reviewed by the Comptroller, thus combining the requirements of a double audit.

Apparently it was the theory of the system, and the early practice thereunder, that all accounts and claims against the Government, with the possible exception of army and navy expenditures, were to be paid only on presentation and after audit by the accounting officers. The appropriations for the support of the Government for the calendar year 1789 were expressed in a statute of thirteen lines, enacted twenty-seven days after the auditing system was adopted. For nearly thirty years the appropriations for the conduct of the several departments of the Government were made in gross and without reference to the number of persons employed, the salaries to be paid, or amounts for specified objects; and for nearly forty years all of the appropriations for the support of the Government were made in but one general bill.

The general system of auditing and bookkeeping adopted in 1789, with its divided responsibility in the Treasury Department, was perhaps the best that could be devised at that time.

The growth of the country, however, and the increase in the expenditures of the Government has required many changes to be made in the original system. The first important change was made by the act of May 8, 1792, which created the office of accountant for the War Department, who was authorized to settle accounts relating to that Department, and to whom advances were made for all the expenses of the Depart-
REVIEW OF WORK DONE BY JOINT COMMISSION.

The act of April 30, 1798, created the Navy Department and provided an accountant therefor, who was authorized to settle all accounts in that Department.

This was followed by the act of 1816, creating an additional accountant for the War Department, but continuing in force the same system of accounting. During this period the accountings for the War and Navy Departments were practically made by the accountants for those Departments. It is true, the power of revision still rested in the Treasury Department, but as a matter of practice it was but nominal, for the reason that payments were made on the audits of the accountants of these Departments without waiting for the revision authorized by the accounting branch of the Treasury Department. This fact is set out in a report of December 17, 1816, made to the Senate by James Monroe and others. As a reason for this practice of payment before the revision of the Treasury Department, they state that the delays necessary to such revision would result in confusion and obstruct the operations of the Government.

The act of 1817 abolished the offices of accountants of the War and Navy Departments and Superintendent General of Military Supplies, and restored the settlement of accounts to the Treasury Department. This act also created the Second Comptroller, the Second, Third, and Fourth Auditors, and transferred the appropriations for clerk hire in the offices of the accountants of the War and Navy Departments and the Superintendent General of Military Supplies to the Auditors' offices, with the duties which they had been performing, thus making it clearly the intention of the act to dispense with all administrative examination of accounts.

Other important changes made in the accounting system were the establishment in 1812 of the General Land Office, with an auditing branch in which all land accounts were settled, and the transfer of the General Land Office to the Interior Department, established in 1849, in which the law authorized the continuance of the same audit; and in both cases the accounts passed from the audit in the administrative office directly to the First Comptroller for review.

The next important change was made by the act of 1836, under which the Auditor of the Treasury for the Post-Office Department was established, the act making his decision final and conclusive except upon appeal to the First Comptroller. Again, in 1849, the office of Commissioner of Customs or Third Comptroller was established for the purpose of relieving the Comptroller of the Treasury from a part of his duties. The Commissioner of Customs was then charged not only with the duties of accounting, but also with administrative functions which have since been withdrawn from that office by the creation of an Assistant Secretary of the Treasury, and the establishment of a division of customs in the office of the Secretary of the Treasury.

Yet another change, made in 1867, restored in express terms the administrative examination which was dispensed with by the act of 1817. The experience of the Departments of the Government having demonstrated the essential importance of an administrative examination, it was gradually resumed and practiced in the Departments until it was finally crystallized in the act of 1862, as amended by the act of 1867, and is now expressed in the Revised Statutes, section 3622, in the following language:

Every officer or agent of the United States who receives public money which he is not authorized to retain as salary, pay, or emolument shall render his accounts monthly. Such accounts, with the vouchers necessary to the correct and prompt settlement thereof, shall be sent, by mail or otherwise, to the bureau to which they pertain within ten days after the expiration of each successive month, and, after examination there, shall be passed to the proper accounting officer of the Treasury for settlement.

Disbursing officers of the Navy shall, however, render their accounts and vouchers direct to the proper accounting officer of the Treasury. In case of the nonreceipt at the Treasury, or proper bureau, of any accounts within a reasonable and proper time thereafter, the officer whose accounts are in default shall be required to furnish satisfactory evidence of having complied with the provisions of this section.
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. Nothing herein contained shall, however, be construed to restrain the heads of any of the Departments from requiring such other returns or reports from the officer or agent, subject to the control of such heads of Departments, as the public interest may require.

It may be well to say that Massachusetts' great Senator, Hon. Henry Wilson, was the author of the act of 1867 which restored the administrative examination as a part of the accounting system of the Treasury.

It thus appears that the original system established in 1789 was changed in 1792, in 1798, in 1812, in 1817, in 1836, in 1849, in 1862, and again in 1867. From its original status, with one Auditor and one Comptroller, the system had developed into a system of five Auditors, acting under three independent Comptrollers, one great Department Bureau (the General Land Office) settling its own accounts directly with a Comptroller without the intervention of an Auditor; and a Sixth Auditor who acted independently of a Comptroller, except upon appeal.

In a report submitted to the House of Representatives under date of March 10, 1866, it appears from the books of the Register that the civil accounts of the Government showed balances due the United States of more than $25,000,000. This exhibit only included the civil accounts, and was entirely exclusive of the military and naval accounts, and the accounts of balances due the Government in the office of the Sixth Auditor.

About 90 per cent of our total appropriations being first expended and then audited, a speedy audit is essential to properly protect the Government and by preventing the advance of money to officers who are either delinquent in rendering their accounts or who have not properly disbursed the public money intrusted to their care.

The delays resulting from a triplicate system of examination were so great that the Auditors became practically "dead letters" in the administration of the accounting branch, and the Government was of necessity compelled to rely largely upon the administrative departments to exercise oversight and secure a proper expenditure of the public money.

The requirements of submitting estimates for appropriations and the existing methods of Congress in making appropriations, involving as they do a detailed and thorough inquiry by committees not only into the purpose for which appropriations are asked, but also into the manner and results of expenditures previously made, and the act covering back into the Treasury balances of appropriations two years after the year for which they are made, and the law passed in the year 1862, as amended in 1867, requiring the examination of accounts by the administrative departments, all combine to make a system of checks absolutely perfect to protect the Government, provided that a final audit can be had practically contemporaneous with expenditures.

A hundred years ago the old system was adequate to meet the wants of less than 4,000,000 people, with a Government whose annual expenditures were only about one-half a million of dollars. The new accounting system is designed to meet the requirements of a country which consists of 3,603,884 square miles, having a population of nearly 70,000,000 and an annual expenditure of $500,000,000.

The new system provides for a double audit of all the expenditures of the Government, whether they be claims or accounts, whether the audit be made after disbursement or prior to payment. A double audit is essential to mathematical accuracy and a correct interpretation of statutes. So far as mere questions of computation are concerned, the examination by the administrative departments and by the auditing branch of the accounting department amply protects the Government. The records of the Departments show that the differences between the Auditors and Comptrollers growing out of mere mathematical errors were infinitesimal.

H. Rep. 2000—3

H. Rep. 2—45
The new law provides that whenever an Auditor makes an original construction, or modifies an existing construction of statutes, such decision shall be forthwith reported to the Comptroller of the Treasury, and the payment of items affected by the decision withheld until the Comptroller approves, disapproves, or modifies the decision. It further authorizes the head of the Department or any disbursing officer to apply to the Comptroller of the Treasury for a decision upon any payment to be made, which decision shall govern in the adjudication of the account containing the disbursement.

It further provides that where a claim is presented to an Auditor which has not had an administrative examination, the Auditor must cause the claim to be examined by two of his subordinates independently of each other.

The law further provides that, upon the allowance of any account or claim, the head of the Department interested shall be forthwith notified of such allowance, thus affording an opportunity to appeal if he so desires. This privilege of appeal is made effective by the provision which requires the Secretary of the Treasury to make regulations which shall fix the time that shall elapse between the allowance of an account and the issue of a warrant, thus affording the administrative department ample opportunity to enter an appeal if desired.

The new accounting system is by far the most important matter disposed of by the commission, and the most fruitful of results. It was the result of months of careful and diligent study. The change from the old system to the new, while involving some very important and extensive changes, was accomplished with very little friction and is now in practical working order. The old system was laborious and the business became congested. Under the new system the accounts of disbursing officers are promptly audited and balances found.

The new system provided for bringing all of the bookkeeping of the Treasury Department into one division, save that relating to the Post-Office accounts, which, on account of its volume, it seemed best to remain with the Auditor for the Post-Office Department. It will be observed that the methods of keeping books in the several Auditor's offices and the office of the Register of the Treasury were not alike, and a recommendation looking to the unification of bookkeeping methods would have been incorporated, but it was thought best to defer it until after the changes contemplated by this act were put in operation. There is a provision in the legislative, executive, and judicial appropriation bill enacted at this session authorizing the Secretary of the Treasury to employ one of the experts heretofore employed by the joint commission, to examine and report upon the bookkeeping methods in the Treasury Department, for the purpose of accomplishing what was known to be advisable at the time the changes were made.

The estimated annual saving resulting from this reform in the accounting system of the Government is:

176 clerks...................................................................................................................................... $239,430

The commission confidently believe that a large saving to the Government will be effected by reason of the administrative examination now given the accounts of marshals and other United States court officials by the Department of Justice, for already during the brief period of the existence of the new system the Department of Justice has been enabled to exercise administrative oversight and discipline which promises to save the Government a very large sum each year; and there is reason to expect under the operation of the system, with the close scrutiny that will result in the administrative oversight consequent upon the audit by the Department, many reforms of long existing abuses of the fee system that will save to the Government hundreds of thousands of dollars each year.
REVIEW OF WORK DONE BY JOINT COMMISSION.

The following letters from the Secretary of the Treasury, the accounting officers of the Treasury, and the Attorney-General, and testimony taken by the House Committee on Appropriations at this session bear directly upon the efficient and successful operation of the new law:

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, D. C., February 27, 1895.

SIR: In compliance with your verbal request I transmit herewith copies of letters received from the accounting officers of the Treasury Department in regard to the practicability of the methods of conducting the business therein, inaugurated October 1, 1894, as follows:

Auditor for Treasury Department
Auditor for War Department.
Auditor for Interior Department.
Auditor for Navy Department.
Auditor for State and other Departments.
Auditor for Post-Office Department.
Comptroller of the Treasury.
Chief, division of bookkeeping and warrants.

The reports of these officers show the system to be working satisfactorily, and I may add that from the limited observation I have been able to give the matter, I am of the opinion that the operation of the system has served to greatly expedite the business of the Government without the sacrifice of accuracy, or the removal of safeguards for the protection of public interests.

Respectfully, yours,

J. G. CARLISLE, Secretary.

Hon. A. M. DOCKERY,
Chairman Joint Commission.

TREASURY DEPARTMENT, OFFICE OF AUDITOR FOR THE TREASURY DEPARTMENT,
Washington, D. C., February 18, 1895.

SIR: In obedience to your request of the 15th instant for my opinion as to the merit and practicability of the new system of transacting the official business assigned to the office of the Auditor for the Treasury Department, and under my charge, as may have been evidenced to me during the period in which it has been in operation, I beg to submit the following:

Any system devised for the transaction of the public business and the settlement of public accounts in the office of the Auditor for the Treasury Department (or any office) should, in my opinion, insure: First, accuracy; second, safety; third, dispatch. Possessing perfect familiarity with both the old and the new system of auditing public accounts I unhesitatingly say that the new system is a great improvement upon the old.

It is fully as accurate, and has safeguards against error that are as effective as any that existed in the system abolished. It is not only as safe as was the old system, but in some cases safer.

The time saved in the dispatch of public business is the greatest merit of the new system, and if it were even more expensive than the old (which it is not) the fact that the public business in this office is disposed of in one-half the time formerly required would justify the increased expenditure.

I am not only fully satisfied that the new system will prove more efficient and satisfactory than the old, but know that under it many things that are necessary to the full and complete adjustment and settlement of public accounts are done that were not done under the old system.

Respectfully, yours,

E. P. BALDWIN, Auditor.

Hon. JOHN G. CARLISLE,
Secretary of the Treasury.

TREASURY DEPARTMENT, OFFICE OF AUDITOR FOR THE WAR DEPARTMENT,
Washington, D. C., February 20, 1895.

SIR: In compliance with your request of the 15th instant for a report as to the merit and practicability of the new system of transacting the official business assigned to this Bureau, as set forth in the act of July 31, 1894, I have the honor to state that the new method has greatly facilitated and expedited almost every branch of work affected thereby, and appears to be safe, businesslike, and economical.

As was to be expected, a certain amount of friction was encountered in putting the new system into operation, but this is being overcome and is gradually disappearing, so that now the work of the
REVIEW OF WORK DONE BY JOINT COMMISSION.

The Secretary of the Treasury.

Washington, D. C., February 18, 1895.

SIR: In compliance with your request contained in letter of the 15th instant, I have the honor to submit the following opinion relative to the merit and practicability of the new system of transacting the official business assigned to this office under act of Congress approved July 31, 1894, as has been evidenced to me during the period in which it has been in operation.

The new system possesses the advantage of working at short range. 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.

The business man who posts his books every day and balances them once a week or month will find it much easier to keep track of his accounts than one who allows his accounts to run on from month to month and year to year.

Respectfully, yours,

T. STOKO FAREW, Auditor.
Prompt and regular settlement is one of the greatest business safeguards, and nowhere is it more necessary than in accounts with the Government. It is an additional incentive to those who have to render accounts to keep them so that they can be made up on short notice. The feeling that they must do it at a certain time fixes their attention upon it. Under the old system they felt that they could take their time and plead any excuse almost that occurred to them. The excuses for tardiness are now limited and must be waived by another than the accounting officers. This I believe to be one of the strong features of the new system.

The concentration of responsibility under the new system is another very important feature that is producing good results. The many inquiries that are now made by clerks into the law, and the apparently careful manner in which they investigate every new question, would seem to show that they feel that “my investigation of this is final and I must be sure of my ground.”

From my standpoint the new system possesses the benefit of promptness, economy, and safety, is less cumbersome, and more easily understood. It is modern and in harmony with the spirit of the age.

Respectfully submitted.

SAM'L BLACKWELL, Auditor.

TREASURY DEPARTMENT, OFFICE OF AUDITOR FOR THE NAVY DEPARTMENT,
Washington, D. C., February 16, 1895.

SIR: Replying to your letter of the 15th instant, requesting me to furnish you with my opinion as to the merit and practicability of the new system of transacting the public business assigned to the office of the Auditor for the Navy Department, I have the honor to inform you that in my opinion the new system of accounting is working satisfactorily, that the interests of the Government appear to be fully protected, and there is no delay in the settlement of accounts nor in the transaction of public business coming before this Bureau.

Respectfully, yours,

C. B. MORTON, Auditor.

TREASURY DEPARTMENT, OFFICE OF AUDITOR FOR THE STATE AND OTHER DEPARTMENTS,
Washington, D. C., February 18, 1895.

SIR: I am in receipt of your letter of the 15th instant requesting my opinion of the merit and practicability of the new system of transacting the official business assigned to this office as may have been evidenced to me during the period in which it has been in operation.

In response to your request I beg leave to say that, from my observation and experience, I am strongly of the opinion that the new system is an improvement on the old.

I regard as one of the most advantageous changes effected by the act of July 31 the requirement of an administrative examination in the Department of Justice of the accounts of United States district attorneys, marshals, clerks, and commissioners, made as thorough as is now possible with its increased clerical force. By that examination the Department of Justice acquires a knowledge of the conduct of those officers which can not be obtained in any other way, and that Department has facilities for the investigation and control of its officials by special examiners which the Treasury accounting officers never had. By cordial cooperation of the accounting officers of the two Departments, which I have constantly sought to promote, the interest of the Government will be advanced, and at the same time justice will be done to those whose accounts are settled.

The accounts from the State Department have a double examination, as they had under the old system, with the difference that both examinations are now made in this office, which has the effect to facilitate their settlement, as the delay incident to their transmission to another office is avoided and the whole responsibility is fixed upon one office. Consequently when delay occurs the fault can not be shifted, but must rest upon one office and the cause sought for in one place only.

The accounts audited in this office from the Department of Agriculture and from the commissions and establishments outside the great Departments, including Congress, the District of Columbia, the Printing Office the Civil Service, and Interstate Commerce Commissions, the Department of Labor, Smithsonian Institution, etc., have some sort of an administrative examination. Many of these examinations, however, are more or less superficial, but under the supervision of skillful accountants in this office they receive careful examinations. A small addition to the clerical force of this office would enable me to make a thorough revision of all these accounts as in the case of those coming from the Department of State. This suggestion is the only one I can make tending to improve upon the execution of the new law in this office.

Respectfully yours,

THOMAS HOLCOMB, Auditor.

Hon. John G. Carlisle,
Secretary of the Treasury.
REVIEW OF WORK DONE BY JOINT COMMISSION.

TREASURY DEPARTMENT, OFFICE OF THE
AUDITOR FOR THE POST-OFFICE DEPARTMENT,
Washington, D. C., February 20, 1895.

Sir: Referring to the changes that have been made in the methods of conducting business in this office by recent acts of Congress and by changes in the departmental rules of the Post-Office Department, which were effected with the aid of the Congressional Commission on the business of the Executive Departments, I have the honor to report:

(1) That the business of this office in its money-order branch is less in arrears than it has ever been, at least since the volume of the business has assumed large proportions.
(2) A new form of money order has been introduced.
(3) The postal note has been abolished.
(4) The money-order statements of postmasters are sent directly to this office instead of through the Post-Office Department.

These changes have been favorable to the dispatch of business, and, while they are radical, they have been put in operation without friction.

The accounts of about eight thousand late postmasters have been settled in the past twelve months, and it is believed that the business of the money-order branch will be brought up to a current date by the close of the present fiscal year.

In the postal branch the business has been greatly facilitated by having the certificates of deposit of postmasters sent directly to this office, which is their destination, from the several depositaries, instead of, as formerly, from the postmasters through the Post-Office Department.

The arrangement of the ledgers in the Post-Office Department to correspond with the account books in this office has been of much service. The vouchers for stamped paper are also arranged and verified in a manner much more accurate than formerly. From that cause they are much more satisfactory when received in this office for comparison with the account of the postmaster.

The organization of this office has been changed by consolidating two of its divisions in the money-order branch and abolishing two in the postal branch. The office was formerly composed of ten divisions; as now organized it is made up of seven divisions.

The general effect of the change of system as it relates to auditing the accounts of postmasters is beneficial.

There is no loss of any check material to accurate auditing. I believe that we shall begin the coming fiscal year with this office in good condition.

Very respectfully,

GEO. A. HOWARD,
Auditor.

Hon. JOHN G. CARLISLE,
Secretary of the Treasury.

TREASURY DEPARTMENT, OFFICE OF COMPTROLLER OF THE TREASURY,
Washington, D. C., February 19, 1895.

Sir: I am in receipt of yours of the 15th instant, referring to the act of Congress approved July 31, 1894, reorganizing the accounting offices of the Treasury, and asking my opinion "as to the merit and practicability of the new system of transacting official business assigned to the office of the Comptroller of the Treasury."

The act of July 31, 1894, made a radical change in the system of accounting which had prevailed practically from the beginning of the Government. The offices of the Second Comptroller and of the Commissioner of Customs were abolished, and the First Comptroller was made the sole Comptroller of the Treasury. While the office of the First Comptroller was not specifically abolished, the duties which he performed, similar to those performed by the Second Comptroller and the Commissioner of Customs in their respective jurisdictions, were so far modified as to take away the detail revision of accounts which had been previously made in those offices. In lieu of such revision, in all cases, there was substituted the right to demand a revision by the Comptroller of all settlements made by the various auditors, either by the person whose accounts were settled, the head of the executive department, or the board, commission, or other establishment to which the account appertained, or by the Comptroller upon his own motion. The right to demand such revision was limited to one year after the auditor's settlement.

It was further provided that when an Auditor made an original construction, or modified an existing construction of a statute, before carrying such decision into effect he should submit the same to the Comptroller for his approval or disapproval in whole or in part.

It was also provided that disbursing officers or the head of an executive department or other establishment might apply to the Comptroller for a decision upon any question involving a payment to be made by or under them before such payment had been actually made.
The jurisdiction of this office under this new act may, therefore, be classed under three distinct heads: First, revision of accounts upon appeal from the settlement of the Auditor; second, approving or disapproving or modifying decisions of the Auditor’s making an original, or modifying an existing, construction of statutes; third, deciding in advance of payment at the request of disbursing officers or heads of departments, questions involving the right to make such payments.

So far as the experience of the last five months is concerned, the act having taken effect on October 1, 1894, the change in the accounting system seems to have been satisfactory in its effect upon the office of the Comptroller. It is not believed that the taking away of the jurisdiction to review in detail all accounts presented to the Auditors for settlement will work any harm, and it relieves the Comptroller’s Office from much routine work which seemed unnecessary, and, at the same time, expedites the settlement of the public accounts. Relieving the Comptroller’s Office from much of this routine duty has left more time to the Comptroller and Assistant Comptroller for a close examination of points involved in the questions presented for their decisions. As such questions can only come before this office in the manner above indicated, they must necessarily be determined either by the Comptroller or Assistant Comptroller personally, and therefore the action taken by this office is the action of the heads thereof, and not of clerks, and subordinates without their knowledge as was formerly necessarily too much the case.

The decisions of the Comptroller, being required to be in writing in order to be certified to the Auditor, become distinct rulings for the guidance of the Auditor and his clerks in the settlement of accounts presented to the Auditors for settlement will work any harm, and it relieves the Comptroller’s Office from much routine work which seemed unnecessary, and, at the same time, expedites the settlement of the public accounts. Relieving the Comptroller’s Office from much of this routine duty has left more time to the Comptroller and Assistant Comptroller for a close examination of points involved in the questions presented for their decisions. As such questions can only come before this office in the manner above indicated, they must necessarily be determined either by the Comptroller or Assistant Comptroller personally, and therefore the action taken by this office is the action of the heads thereof, and not of clerks, and subordinates without their knowledge as was formerly necessarily too much the case.

The decisions of the Comptroller, being required to be in writing in order to be certified to the Auditor, become distinct rulings for the guidance of the Auditor and his clerks in the settlement of accounts involving the point decided. As many of the questions involved in the settlement of accounts are common to all the Departments of the Government, the decision of a question arising upon an appeal from an account settled by one Auditor would guide the other Auditors upon similar matters, and, therefore, such decisions are frequently certified not only to the Auditor who had jurisdiction of the account being revised, but to all the other Auditors likewise, thus bringing about uniformity of practice throughout all the auditing offices immediately upon the determination of the Comptroller of any disputed point of law. This can be accomplished, because there is now only one Comptroller, whose decisions are binding upon all the other accounting officers.

The provision authorizing disbursing officers and heads of departments to obtain the decision of the Comptroller in advance of payment or the incurring of an expenditure, seems to be an extremely beneficial one, and is being largely availed of by the persons authorized to make application for such decisions. It is believed that practice will constantly increase. It has this great advantage, that it enables the persons charged with the power to incur expenditures to definitely obtain in advance the decision of the Comptroller as to the legality of such expenditures, and, such decisions being made before any expenditures have been incurred, the Comptroller is freed from all influence that would lead him to decide in hard cases in favor of one who had actually disbursed money in good faith, believing the expenditures to be authorized by law.

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.

Very respectfully,

R. B. Bowler, Comptroller.

Treasury Department, Office of the Secretary, Washington, D. C., February 28, 1895.

Sir: In compliance with your request of the 15th instant, for report on the merits and practicability of transacting the official business assigned to the division of bookkeeping and warrants, “as may have been evidenced to me during the period in which it has been in operation,” I have the honor to state that under the system established by the act of July 31, 1894, the personal accounts of all disbursing officers of the Government are required to be kept in the division under my charge. These accounts were previously kept in the offices of the Second, Third, and Fourth Auditors, and Register of the Treasury, according to the nature of the disbursements covered by them, those for the Army and the Indian Bureau in the offices of the Second and Third Auditors, and those for the Navy in the office of the Fourth Auditor.

The concentration in one office of this class of work necessarily brings it under closer and more effective supervision, and is found in all respects well adapted to the new requirements of the service.

So far as the general operations of the new accounting system have come to my notice (and I may add parenthetically that a large proportion of the work of the auditing offices passes through my hands) I may say that it has so far worked satisfactorily. It has brought about a more prompt and regular rendition and settlement of accounts than existed under the old system, and without the
abandonment of any safeguard deemed necessary for the protection of the public interests. The practicability of the system is beyond question, so far as anyone may predict from the experience gained during the period in which it has been in operation.

Respectfully, yours,

W. F. MACLENNAN,
Chief Division Bookkeeping and Warrants.

Hon. JOHN G. CARLISLE, Secretary of the Treasury.

DEPARTMENT OF JUSTICE,
Washington, D. C., January 24, 1895.

SIR: I have the honor to acknowledge yours of the 24th instant, inquiring what opinion I have formed respecting the operation of section 13 of the act of July 1, 1894, requiring an administrative examination of accounts and expenditures by this Department before transmission of the accounts to the Treasury Department.

In my judgment the act works well, and will continue to do so for these, among other, reasons:

In the first place, an examination of accounts by this Department, by which many of the items of expenditure have been authorized before being actually incurred, is necessarily more intelligent and more likely to be correct in its results than an examination by the officials of another department.

In the second place, there is no doubt that one beneficial effect of the statute is to prevent a good deal of unnecessary, irritating, as well as expensive, friction between the two Departments of Justice and the Treasury.

Respectfully, yours,

RICHARD OLNEY,
Attorney-General.

Hon. ALEXANDER M. DOCKERY, M. C.,
House of Representatives.

JANUARY 19, 1895.

STATEMENT OF MAJ. FRANK STRONG, GENERAL AGENT DEPARTMENT OF JUSTICE.

The CHAIRMAN. What work have you specially in charge in your office?

Major Strong. I have under my immediate direction seven examiners of accounts. In addition to that there have been recently placed under my direction the examination of all the accounts of marshals, district attorneys, clerks of courts, United States commissioners, which formerly went in the office of the First Auditor of the Treasury.

The CHAIRMAN. What opinion have you in respect to the new accounting system, which requires the accounts of marshals, attorneys, etc., to be sent to the Department of Justice for examination before being sent to the accounting officers?

Major Strong. I have no doubt whatever as to the expediency of the system; it is an improvement over the old system.

The CHAIRMAN. Why?

Major Strong. For the reason that it gives the Attorney-General control over and knowledge of these accounts which it would have been impossible for him to have before. In that connection I would mention one fact. Under the old system the supervision of the United States prisoners and the provision for their maintenance and support was under the Attorney-General, but he had no knowledge of the accounts. By an arrangement which was made between the Attorney-General and the Treasury Department several years ago, marshals were directed to send all those accounts for the support of prisoners to the Attorney-General for a preliminary examination, in order that he might have knowledge of them and control those expenses, and they were instructed that these accounts would not be paid at the Treasury until they were first approved by the Attorney-General. That system has been in practice for a long time, and in that way the Attorney-General could control those expenses, as he made the contracts for the support of prisoners, and pass upon those accounts payable under that appropriation. Now, then, under the new system that class of accounts, as well as all of the others, comes first to the Attorney-General, and he thinks, and I think, he ought to have the auditing of those accounts under his own administration by his own officials, as you may call the marshals, district attorneys, etc.

The CHAIRMAN. What, if any, advantage does the examination of accounts first made by the Attorney-General give for the proper administration of the office?

Major Strong. Of course these judicial offices are under his direction and he can, by having information and knowledge of which these accounts give him, control them by direction before the expenses are incurred, and can see in that way that economy is exercised in the first instance, and in that way effect a considerable saving. Under the new system and by an examination that these accounts now
have under the Attorney-General's direction they go to the Auditor of the State and other Departments, who substantially take the place of the old First Comptroller, so that his work is very much lightened. Under our system, as we have inaugurated it, no suspensions are made under the First Auditor, but improper charges are disallowed, and the disallowed items go to the Fifth Auditor. The work is all gone over carefully and so prepared when it reaches the auditing clerk that the work is comparatively right; it consists in revision to a large extent.

The Chairman. Then, in addition to securing a proper audit of the expenses of your Department, this audit also furnishes information which you could not otherwise secure, enabling the Attorney-General to exercise administrative oversight and discipline over his force?

Major Strong. Yes. Another advantage; for the examiners who constitute the machinery for the prosecution of crime $35,000 is appropriated, and under that appropriation those examiners or agents are authorized to examine the offices and accounts of the district attorneys, marshals, commissioners, and clerks of courts, which they do. Now, under the present system, it often happens that items come up in these accounts which require a careful examination and inquiry, and they are given at once to the examiner who is assigned to the ground, or he goes there and gets at the bottom facts of the whole thing, and makes a report to the Attorney-General for his advice. That is also another mode which has worked to advantage. In other words, as I mentioned to you once before, I had assumed as the Attorney-General and I believed that the fundamental method of the new system was that the accounts of the judicial officers should be first examined where they properly belong, by the Attorney-General and under his supervision. Is that correct?

The Chairman. Yes; there is no trouble under the new accounting system of determining the balances under each separate head of appropriation in your office?

Major Strong. No, sir; balances are certified, however, by the Treasury.

Statement of Hon. Charles S. Hamlin, Assistant Secretary of the Treasury.

Mr. Dingley. We want to inquire of you how the new accounting system has been working since the 1st of October, and whether you have kept a special eye on that?

Mr. Hamlin. I think the system is working admirably. The Secretary recently asked me to represent him in that matter, and to notice any facts that might arise under the comparison of efficiency in the Department. I instituted a series of monthly examinations with reference to the efficiency reports. We have endeavored to determine the efficiency of each clerk, and for that purpose hold a series of examinations. That is done by the clerks, in order to keep the record of the efficiency of each clerk. We can by that at any time learn the efficiency of any clerk. We have had one or two instances where there has been delinquency in the Department, especially in cases coming from things in the administrative department and in cases coming from the Attorney-General's Office, but that is accounted for from the fact that that Department has not had sufficient clerks. But I learn that this trouble is to be corrected by pending bills giving them additional clerks.

Mr. Coombs. The Department gets along with greater expedition than before?

Mr. Hamlin. Yes, sir.

Mr. Coombs. Do you believe the new system to be correct?

Mr. Hamlin. Absolutely. I can not see that there is the slightest deficiency in that respect.

Mr. Dingley. And it protects the Government?

Mr. Hamlin. Yes, sir; and I think the clerks feel that they are brought up to their duty more promptly.

Mr. Dingley. You think it secures higher protection to the Government?

Mr. Hamlin. In my judgment it does. I have prepared a statement of the working of the new accounting system.

The new system of accounting in the Treasury Department is now working smoothly. It has been a matter of great surprise and satisfaction to those interested that such radical changes could be made with so little friction and trouble. Many advantages of the new system have developed since it went into operation, particularly as to the accounts of disbursing officers. The new system does not allow advances to be made to disbursing officers until their former accounts have been rendered and the auditors have full evidence as to the condition of the accounts before the advances are approved. Heretofore advances have been made to disbursing officers simply upon requisitions without any investigation of the accounts in the Treasury Department.

Under the new system no safeguards of the Treasury have been taken down; on the contrary, the careful supervision and close check upon the disbursing officers of the Government by the Auditors affords the greatest possible check on the expenditures that can be devised.

In order to judge of the value or force of the operations of the various Bureaus of the Treasury Department, it is necessary to make a careful detailed examination. Such an examination was made by the commission and their experts. The underlying principle of their report was that business methods in the Department should be introduced, and their recommendations were purely of a business character.

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Under the old system there were two Comptrollers and also the Commissioner of Customs, who performed duties similar to those of a comptroller, making actually three offices doing what might be called comptroller's work. The Sixth Auditor had final settlement of accounts of the Post-Office Department, except upon appeal to the Comptroller, whose decision was final. The accounts of the Land Office were not settled by the Commissioner of that office even as an auditor would settle them. The law simply assigned to the Commissioner's office the duty of stating the accounts to the Comptroller for his decision and settlement. That under the old system there was not more fraud and peculation has been due entirely to the integrity of the disbursing officers and those intrusted with the funds of the Government, as no control over the accounts of disbursing officers was then held by the auditors and comptrollers.

Continual advances were made to disbursing officers, as requested by them by requisitions, without any knowledge on the part of the Treasury Department as to the status of the officers' accounts, notwithstanding the fact that enormous balances were charged against these officers on the books of the Treasury Department, running up oftentimes into millions of dollars. For example, a disbursing officer in one instance received an advance in December, 1893, although there was charged against him on his account, unaccounted for, over $8,000,000. In the case of accounts for Indian agents, they would lie in the office of the Commissioner of Indian Affairs for a year before being taken up for examination; then they would lie in the office of the Second Auditor for a year after he had received them before he could take them up for examination, so that it would be over two years before the Auditor could send them to the Comptroller; then after he had passed upon them and sent them to the Comptroller, they would be retained there possibly another year before the account could be settled and entered; and all this time regular advances were being made to the Indian agent.

Ninety per cent of the money that is disbursed by the Government is paid out by disbursing agents. A system which does not supervise and check accurately and promptly the officer who disburses the money is not a correct system. No amount of triple or quadruple revisions could compensate for this great weakness. The system of accounting in the Treasury Department in times of exigency, such as our late civil war, was entirely lax. For example, the account of a paymaster of the Army stationed at New York was settled November 1, 1867, which included his disbursements up to and including December 3, 1863, being four years behind in the settlement. It showed an aggregate amount of $168,376,000; and November 1, 1867, a balance was brought down and charged against him as unaccounted for of $142,774,000. It is not claimed that this money was not disbursed or that he had not accounted for it in some shape to the Paymaster-General, but as far as concerned the accounting branch of the Government the money was at that settlement practically unaccounted for. This officer had a bond of $40,000. The absurdity of the system could not be better illustrated than by this example.

Since that date the accounts of paymasters have been gradually brought up so that they are nearer the time of expenditures than before, but in settling the accounts of any of these paymasters who do any considerable business the balances charged against them, which is stated as the amount that they owe to the Government, is often from $500,000 to $2,000,000. A system which would allow these enormous balances to accumulate certainly was not a system which should be lauded as a very great protection to the Government.

If any corporation or business concern kept so little supervision over their disbursing agents or people intrusted with their funds as did the Government under the old system, there would be ten times the amount of peculation that has existed, for the reason that greater temptation would be offered.

No system of accounting can be devised that will absolutely protect against possible corruption in the administration of affairs, nor did the system prior to October 1, 1894, prevent irregularities in the administrative branches or secure their detection by the accounting officers. For instance, the Burnside frauds, amounting to $30,000, in the Post-Office Department; the star-route frauds; the horse-claim frauds; frauds in the Department of Justice by Disbursing Clerk Ewing; frauds in the Navy Department under the law authorizing the Treasury to indemnify the survivors of wrecked vessels for the loss of personal property; the Howgate frauds, and many others.

None of these frauds were discovered by the Comptroller, but the knowledge of the irregularities came through either the Auditors' offices or some other source.

Under both the old and the new system in all the administrative departments of the Government an official audit of accounts of disbursing officers and claims is made before the said accounts and claims are sent to the Treasury Department for settlement. There is as complete an audit in each bureau of the War Department, Navy Department, the Interior Department, and the other departments of the Government as would be found in any corporation or commercial house in the world. The new system provides that after this complete audit by the administrative department the accounts should be passed upon thoroughly by an Auditor. This makes a complete double check, and a claim settled by an Auditor is not paid until the administrative department is notified of the result of the audit by the Auditor. There are a few claims, such as back pay and bounty, which go direct to an Auditor without having an administrative examination; but the law provides for a double independent examination of this class of claims in the Treasury Department itself.
The Comptroller acts as the appealing officer where there are differences or errors, and his decisions will guide all the Auditors, making their findings uniform. The Comptroller also has to pass upon every advance to a disbursing officer, so that if the said officer has not complied with the law in rendering his accounts or the balance against him is too large he will refuse to countersign the warrant for such an advance. A similar authority rests with the Secretary of the Treasury.

The new system brings together all the books of the Government, so that a complete statement can now be made, and will be made of the condition of accounts. The new system has already developed the fact that large balances have been standing against disbursing officers unaccounted for, and it will bring these accounts up to date.

Having thus stated my views on the general features of the new system, I will now explain the methods as regards the settlement of accounts, the drawing of requisitions, and the issuing of warrants under the old and the new systems. Take as an illustration a requisition for the advance of funds to a disbursing officer of the War Department. Under the old plan the Secretary of War issued his requisition on the Secretary of the Treasury, who sent it to the Second Comptroller for countersignature. From the Comptroller it went to the Auditor (the Second or Third, according to the nature of the case), who entered upon the books of his office the amount of the requisition as a charge against the propriations upon which drawn, and also as a charge against the officer in his individual account with the Government. It was then sent to the warrant division of the Secretary's Office for warrant.

The warrant being duly prepared, registered, and posted against the proper appropriations, was signed by the Secretary. It then went to the First Comptroller for countersignature, where it was also registered and charged against like propriations on the books of his office. It then went to the Register, where entries were made on the books of his office similar to those made in the warrant division and the office of the First Comptroller. It was then sent to the Treasurer, who issued a draft for the amount called for by the warrant and delivered it to the payee or mailed it to his address. The propriations upon which the warrant was issued were specified on both requisition and warrant. The requisition was attached to and remained with the warrant until it reached the Treasurer's office, where it was detached and returned to the warrant division for file.

The operation under the new system is as follows: The requisition of the Secretary of War is transmitted to the division of bookkeeping and warrants. The condition of the officer's accounts, as shown by the books of the division, is stated on the face of the requisition and is then sent to the Auditor for the War Department for his action. If the terms of section 12 of the act, as regards the rendition of accounts, have been strictly complied with by both officers and administrative department, the requisition is approved and returned to the division of bookkeeping and warrants. The propriations and the individual accounts of the officers are there charged with the amount of the requisition and the warrant is drawn. It is signed by the Secretary and countersigned by the Comptroller, the necessary entries as regards appropriating being also made in the Comptroller's Office. The warrant then goes directly to the Treasurer, and after being entered and signed by him is ready to be mailed or delivered, as the case may be. The requisition accompanies the warrant as under the old plan, but instead of being returned to the warrant division it is sent to the Auditor for the War Department for file with the officers' accounts, the date of issue, number, and amount of warrant being stamped upon its face. It is estimated that a saving of at least three days is effected by this method, and without the sacrifice of accuracy or proper accountability.

Take now the case of a claim pertaining to the same Department: Under the old system it was transmitted to the Second or Third Auditor for settlement, where the account was stated and sent to the Auditor for the War Department and sent to the Second Comptroller for countersignature, and to the Auditor for entry and registry in his office, and for charge against the appropriation upon which drawn. It was then sent to the warrant division for warrant. The warrant was signed by one of the assistant secretaries of the Treasury, sent to the First Comptroller for countersignature and entry against the appropriation, and then sent to the Register for signature and entry upon his books. From the Register it went to the Treasurer, who issued a draft for the amount of the warrant and delivered it to the claimant or mailed it to his address.

The operation under the new system is as follows: The claim is examined and audited by the War Department and sent to the Auditor for the War Department, who certifies it to the division of bookkeeping and warrants, and transmits a copy of the certificate to the Secretary of War. A warrant is issued on the certificate so issued by the Auditor, is signed by the Assistant Secretary, entered and countersigned by the Comptroller, and is then sent to the Treasurer, who makes the necessary entries on the books of his office, signs and delivers it, as in the case of a warrant for advance of money to a disbursing officer, as heretofore explained. The certificate is then detached from the warrant, returned to the Auditor for the War Department, and is finally lodged and filed away with all the papers pertaining to the case.
REVIEW OF WORK DONE BY JOINT COMMISSION.

RECAPITULATION OF ESTIMATED ANNUAL SAVING EFFECTED BY THE COMMISSION.

<table>
<thead>
<tr>
<th>Description</th>
<th>Clerks</th>
<th>Salaries</th>
<th>Miscellaneous</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of supplies</td>
<td>2</td>
<td>$40,000</td>
<td>6,500</td>
<td>$46,500</td>
</tr>
<tr>
<td>Treasurer's report</td>
<td>5</td>
<td>6,000</td>
<td>6,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Certificates of deposits by postmasters</td>
<td>40</td>
<td>77,780</td>
<td>7,000</td>
<td>147,780</td>
</tr>
<tr>
<td>Accounting in Post-Office Department</td>
<td>13</td>
<td>10,000</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>Property returns</td>
<td>13</td>
<td>10,000</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>Destruction of old money orders</td>
<td>4</td>
<td>6,000</td>
<td></td>
<td>6,000</td>
</tr>
<tr>
<td>Warrants and drafts</td>
<td>5</td>
<td>7,000</td>
<td>6,000</td>
<td>13,000</td>
</tr>
<tr>
<td>Returns of quartermaster and commissary general</td>
<td>1</td>
<td>2,500</td>
<td>1,181</td>
<td>3,681</td>
</tr>
<tr>
<td>General Land Office</td>
<td></td>
<td></td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Inspecting coal and wood</td>
<td></td>
<td></td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Books, stationery, rent, etc</td>
<td>176</td>
<td>239,430</td>
<td></td>
<td>239,430</td>
</tr>
<tr>
<td>Treasury accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>251</td>
<td>360,510</td>
<td>246,061</td>
<td>606,571</td>
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</table>

RECOMMENDATIONS NOT ACTED ON.

The following are changes recommended by the joint commission, or reported to Congress for information, but which, owing to lack of time, have not been enacted into law or have not yet been put into effect by departmental regulation:

SUPERVISING ARCHITECT.

A report was made relating to the reorganization of the office of Supervising Architect of the Treasury Department.

Estimated annual saving, 26 clerks | $39,870

CONTESTED LAND CASES.

A report relating to the method of hearing contested land cases appealed from the registers and receivers, and the establishment of a board to hear such cases.

Estimated annual saving, 15 clerks | $24,450

REPEAL OF THE "CONTEST" ACT OF 1880.

The commission recommended the repeal of section 2 of the act approved May 14, 1880, which provided a bonus to successful contestants in land cases. This act, as the records of the General Land Office indicate, occasioned a very large increase in the contest work, and consequently the number of clerks engaged thereon.

The bill to repeal this section passed the House of Representatives, but failed in the Senate.

Estimated annual saving, 19 clerks | $32,200

RECEIVERS OF LOCAL LAND OFFICES.

A report was made (Senate Report No. 1023 or House Report No. 1908, Fifty-third Congress, third session) which recommended that the duties of the receivers be transferred to the registers and the receivers be constituted inspectors of public lands.

PUBLIC SURVEYS.

A report on the system of surveys by the Government, recommending the establishment of a Bureau of Public Surveys by combining the geodetic and topographic part of the United States Coast and Geodetic Survey with the United States Geological Survey and the transfer of the land surveys to this Bureau of Public Surveys, and the consolidation of the hydrographic work of the United States Coast and Geodetic Survey with the Hydrographic Office of the Navy Department. This would make uniform and systematic all the public surveying of the Government.

Estimated annual saving:

- Miscellaneous | $45,000
- Seventy-nine clerks | 74,643

**Total** | 119,643
REVIEW OF WORK DONE BY JOINT COMMISSION.

SOLICITOR OF INTERNAL REVENUE.

A report recommending the abolition of the Solicitor of Internal Revenue and the performance of his duties by the Solicitor of the Treasury.

Estimated annual saving, 1 officer $4,500

BONDS OF GOVERNMENT OFFICIALS.

A report upon this subject, a part of which, as hereinbefore mentioned, was adopted, contained further recommendations which, if adopted, would admit of having bonds from surety companies more general than is practicable under existing law.

Estimated saving $68,000

Based on actual losses in past years.

CHECKING OF MONEY ORDERS.

A report recommending the checking of paid money orders whereby the work of checking the reports of orders paid against the reports of orders sold can be dispensed with.

Estimated annual saving, 30 clerks $30,000

CUSTOMS SERVICE.

A part of the recommendations contained in the report of the commission on the customs service, as previously referred to, have been adopted. The portion which has not been acted upon relates to the abolition of the naval officer at all ports and the establishment of a substitute therefor at the port of New York, which officer should be an assistant to the Auditor for the Treasury Department and omit some of the detailed work that is now performed by the naval officer.

WRITING AND RECORDING LETTERS SENT.

A report was made (Senate Report No. 1034 or House Report No. 1976, Fifty-third Congress, third session) on the manner of keeping a record of letters written in the various Departments, in which the Commission recommended that the handwritten record of letters sent be dispensed with; that they be written upon the typewriter with one or more carbon copies and be press/copied in tissue books, the carbon copy being retained in a convenient place, without handling, for the purpose of binding into volumes, and paged to correspond with the numbers of the pages in press-copy books; that the letter-press copy books be used for the convenience of the office in referring to current matters, and in the course of years, as they become worn and faded or not frequently referred to, be dispensed with, the permanent record being the bound carbon copies.

RECAPITULATION OF ESTIMATED ANNUAL SAVING BY REFORMS PROPOSED BY THE COMMISSION WHICH HAVE NOT YET BEEN ACTED ON.

<table>
<thead>
<tr>
<th></th>
<th>Clerks</th>
<th>Salaries</th>
<th>Miscellaneous</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Supervising Architect</td>
<td>20</td>
<td>$25,970</td>
<td></td>
<td>$25,970</td>
</tr>
<tr>
<td>Contested land cases</td>
<td>15</td>
<td>24,450</td>
<td></td>
<td>24,450</td>
</tr>
<tr>
<td>Act of May 14, 1880, bonuses to contestants' land entries</td>
<td>19</td>
<td>22,300</td>
<td></td>
<td>22,300</td>
</tr>
<tr>
<td>Surveys</td>
<td>79</td>
<td>76,043</td>
<td>45,000</td>
<td>121,043</td>
</tr>
<tr>
<td>Office Solicitor Internal Revenue</td>
<td>1</td>
<td>4,650</td>
<td></td>
<td>4,650</td>
</tr>
<tr>
<td>Bonds of Government officials</td>
<td>30</td>
<td>30,000</td>
<td></td>
<td>30,000</td>
</tr>
<tr>
<td>Checking paid money orders</td>
<td>82</td>
<td>141,385</td>
<td></td>
<td>141,385</td>
</tr>
<tr>
<td>Total</td>
<td>253</td>
<td>336,928</td>
<td>113,600</td>
<td>449,528</td>
</tr>
</tbody>
</table>
AGGREGATE ESTIMATED ANNUAL SAVING TO THE GOVERNMENT EFFECTED AND TO
BE EFFECTED IF ALL THE MEASURES PROPOSED BY THE COMMISSION ARE
ADOPTED.

<table>
<thead>
<tr>
<th>Put into effect</th>
<th>Clerks.</th>
<th>Salary</th>
<th>Miscellaneous</th>
<th>Total.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed but not yet acted on</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In concluding this final report of the work accomplished by the joint commission, it is unnecessary to further speak of its beneficial results, either from the standpoint of economy, accuracy, or expedition. The testimony of the officials in charge of the various Departments, in so far as it relates to the changes which have been put into operation, fully attests their wisdom.

The commission has been unanimous in all its recommendations, and at no time has its work been hampered by personal interests or vexed by partisan controversies.

ALEX. M. Dockey,
JAMES D. Richardson,
NELSON Dingleton, Jr.,

Members on the part of the House of Representatives.

F. M. Cockrell,
JAMES K. Jones,
S. M. Cullom,

Members on the part of the Senate.