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REPORT TO THE CONGRESS

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UNITED STATES
GENERAL ACCOUNTING OFFICE
BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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The Government Can Save More Under The Composite Check Program

Department of the Treasury

There is potential for greater savings through the composite check program if Federal agencies can encourage more personnel to let their pay be sent directly to banks.

FGMSD-76-11

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NOV. 10, 1975



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

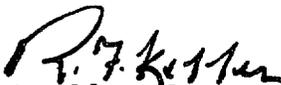
B-141025

To the President of the Senate and the
Speaker of the House of Representatives

This report describes the extent to which Federal personnel have their pay sent directly to banks and the potential for additional Government savings by increasing participation in the composite check program.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of the Treasury; and the heads of all other Federal departments and major agencies.


Acting Comptroller General
of the United States

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D I G E S T

Federal agencies are authorized to use composite checks to pay employees when several employees have requested that their net pay be sent directly to the same bank, savings and loan association, or credit union. This system

- saves money because the Government doesn't have to write as many paychecks,
- saves the Federal Reserve money by reducing the volume of checks to be processed,
- lessens the chances of paychecks being lost or stolen, and
- saves employees the trouble of cashing or depositing their checks.

In 1974, 864,000 Federal employees--about 19 percent of the Federal work force--were paid through the composite check system. As a result, the Government saved about \$2.3 million, according to the Treasury.

There is potential for greater savings if Federal agencies can encourage more employees to let their pay be sent directly to banks. However, efforts by agencies to promote the composite check program have varied considerably.

The Air Force has actively promoted the program. It uses composite checks to pay about 45 percent of its personnel. About \$1.2 million of the total Government-wide savings of \$2.3 million, estimated by the Treasury, is attributable to the Air Force.

Several agencies, including the Department of Health, Education, and Welfare and the Government Printing Office, have not

implemented composite check procedures. Other agencies are using composite checks only to a limited extent.

Since program participation is voluntary, it is difficult to estimate the extent of participation and attendant savings attainable through increased promotion. However, if the 45-percent participation rate of the Air Force could be achieved Government-wide, an additional \$3 million could be saved.

In view of such potential savings, GAO is advocating that Federal agencies take more positive actions to promote the use of composite checks. GAO is recommending that the Treasury take certain actions to assist agencies in promoting the program. (See p. 9.)

GAO is sending this report to the heads of all Federal departments and major agencies. They are asked to make sure that the program receives appropriate management emphasis in their agencies and that responsibility for the program be assigned at a high level in each agency.

The Treasury generally agreed with GAO's recommendations.

CHAPTER 1

INTRODUCTION

In 1965 the Congress enacted Public Law 89-145, amending 31 U.S.C. 492 and establishing procedures which allow agencies, on an optional basis, to have a check drawn in favor of a bank ^{1/} for direct deposit to a payee's account when the payee so designates. In addition, if more than one payee designates the same bank, a single check may be issued for the total amount and data on amounts to be credited to each person's account is provided.

In 1968 Public Law 90-365 further amended 31 U.S.C. 492, as it applied to salary payments. Drawing paychecks in favor of banks, which was previously optional for the agency, became mandatory if an employee requested to be paid by credit to his account.

In 1972, 31 U.S.C. 492 was again amended. Public Law 92-366 extended the authority of agency heads to have checks drawn in favor of banks for any class of recurring payment. The amendment enables direct deposits to be made to the accounts of social security beneficiaries, veterans, Federal retirees, and others. We did not review the use of composite checks for these payment classes because the Department of the Treasury plans to implement a pilot electronic funds-transfer system for these payments in 1976.

Military personnel participation in the composite check program was provided for under chapter 13, title 37, United States Code.

The Treasury has overall responsibility for prescribing regulations to agencies for the composite check program. On September 28, 1970, the Treasury issued instructions requiring that a single composite check be issued when five or more employees designate that their pay be sent to the same bank. On November 10, 1971, the Treasury eliminated the requirement that a minimum of five or more employees must designate the same bank before a composite check can be issued.

^{1/} The term "bank" as used in this report is meant to include any bank, savings bank, savings and loan association or similar institution, or Federal- or State-chartered credit union.

PROGRAM OPERATING PROCEDURES

Procedures for issuing composite checks to banks are contained in Treasury Fiscal Requirements Manual, part III, chapter 7000. A general summary of the procedures follows.

Personnel electing to have their net pay credited regularly to their bank account must complete a form authorizing payment directly to the bank. An authorized bank representative must also sign the form, agreeing to accept payment for the individual. Both parties retain a copy of the form, and the original is forwarded to the appropriate agency payroll office.

The agency payroll office sends each bank a listing every pay period showing the name, account number, social security number, and amount to be deposited in each account. The disbursing office separately mails the composite check for the total amount shown on the payroll office's listing. The check is mailed in time to be received on the established payday.

Because the listing and the check are sent in separate mailings (both in timing and mailing point), the likelihood of both being delayed or lost is extremely remote. Banks have been instructed to inform the agency payroll office or the disbursing office if one of the two mailings are not received promptly. Upon notification these officials are to take actions necessary to promptly transmit the funds or listing to the banks. The Treasury states that the employee is guaranteed credit to his account on payday if either the check or the remittance record is received by the financial organization by the established payday.

PROGRAM BENEFITS

In 1974 the Treasury estimated that \$2.3 million was saved by combining the net pay of personnel and issuing composite checks. This savings was achieved with only 18.9 percent of Federal personnel being paid by composite checks. (See app. I.) Therefore, there is an opportunity to realize greater savings through increased personnel participation in the composite check program.

Besides saving Government disbursing offices millions of dollars by reducing the volume of checks to be issued and distributed, the composite check program saves the Federal Reserve

System money by reducing the volume of checks to be "cleared."

Personnel also benefit from the composite check program. By having their pay sent directly to banks, the risk of loss or theft is reduced. The program also enables personnel to have access to their pay while on leave or in a travel status.

Another benefit to the Government of direct paycheck deposit is that it will enable payment by an electronic funds-transfer system. Public Law 93-495 established the National Commission on Electronic Fund Transfers to study this system. Early plans anticipate that each disbursing office will make payments by magnetic tape or wire transmission to an applicable Federal Reserve bank instead of sending checks to banks. The Air Force is in the process of implementing an electronic funds-transfer system for some military payroll operations. In the future the savings available through the composite check program could be further increased by implementing an electronic funds-transfer system.

CHAPTER 2

HOW TO INCREASE PROGRAM PARTICIPATION AND SAVINGS

In 1974, 18.9 percent of Federal personnel were paid by composite checks. (See app. I.) An additional 3.2 percent had their checks sent to banks but not by composite checks. We believe that participation can increase if (1) more agencies use composite check procedures and (2) agencies vigorously promote to their personnel the option of being paid by direct credit in banks. Further, in addition to its responsibility for prescribing regulations governing the composite check program, we believe that the Treasury needs to provide leadership to the individual agencies in promoting the program.

The Air Force has demonstrated that a high rate of participation can be achieved by actively promoting the program. The Air Force now uses composite checks to pay about 45 percent of its personnel.

Additional savings could be realized by increasing Government-wide participation in the composite check program. For example, in 1974, when only 18.9 percent of the personnel were paid by composite checks, the Treasury estimated Government-wide savings of \$2.3 million. Using this estimate, we project an additional \$3 million savings by achieving, Government-wide, the Air Force's overall rate of 45 percent.

MORE AGENCIES NEED TO USE COMPOSITE CHECK PROCEDURES

At the time of our review, nine agencies had not implemented composite check procedures. Agencies were required to do so not later than June 30, 1971, by Treasury instructions issued on September 28, 1970. The nine agencies were the Architect of the Capitol; Department of Health, Education, and Welfare; Department of Labor; National Labor Relations Board; U.S. Courts; Government Printing Office; Canal Zone Government and Panama Canal Company; Federal Deposit Insurance Corporation; and Saint Lawrence Seaway Development Corporation.

We visited two of the nine agencies--the Departments of Health, Education, and Welfare and Labor. The Department of Health, Education, and Welfare was beginning to develop procedures; it had not done so in the past because of payroll system problems. According to the Department of Labor, it had not developed composite check procedures because other work was assigned a higher priority. After completion of our

review, however, we were advised that the Department of Labor had begun using the composite check method of paying employees in the pay period which ended on June 21, 1975.

We also noted that, in two departments with composite check procedures, some locations with Army civilian and Coast Guard military personnel had not fully implemented the procedures. Development of composite check procedures for these locations is pending implementation of standard payroll systems.

NEED FOR AGENCIES TO VIGOROUSLY
PROMOTE THE PROGRAM

Personnel participation among the agencies ranged from zero to 80.9 percent participation. The following table shows the personnel participation range among the agencies.

<u>Number of agencies (note a)</u>	<u>Percent of personnel paid by checks drawn in favor of banks (note b)</u>
10	0 - 10
10	10 - 20
9	20 - 30
8	over 30

a

The average participation rate of numerous small agencies was combined in the Treasury's statistics and is shown as one agency in this table. Also, where one agency provides payroll services for others, it is shown as one agency in the table. (See app. I.)

b

These percentages include both composite and individual checks drawn in favor of banks.

Most of the agencies reviewed with a composite check program did not vigorously promote it. Although agencies generally notify new personnel of the program, they need to periodically inform personnel of the program on an agencywide basis. Observations made at two agencies visited follow.

--Veterans Administration personnel were informed of the program agencywide only when the Administration implemented the program in 1973. At the time of our review, only 15 percent of the Administration's employees had their pay sent directly to banks. Administration officials indicated that they planned to promote the program as a result of our review.

--In 1973 Postal Service headquarters personnel were reminded of the option of having their pay sent directly to banks. However, Postal Service personnel had not been notified of this option on an agencywide basis since 1970. At the time of our review, only 1.5 percent of the Postal Service's personnel had their pay sent directly to banks. In addition to the lack of an overall promotion program, the Postal Service did not fully implement composite check procedures.

We believe that these agencies cannot realize the full potential of the composite check program until they make a vigorous effort to promote to employees the benefits of the option authorizing their pay to be sent to banks.

We also noted that many agencies visited needed to emphasize program management. For example, two agencies had no specific office or person responsible for the program. At others a payroll office individual was assigned the responsibility, which included the procedural aspects of processing composite checks. We believe that responsibility for the program should be established at a high enough level in the agencies to insure that the program receives management emphasis.

THE AIR FORCE--AN EXAMPLE OF A VIGOROUS PROMOTIONAL CAMPAIGN

Although many agencies visited needed to vigorously promote the composite check program, the Air Force already had a very active promotional campaign.

According to Treasury statistics, the Air Force paid 43.4 percent of its military personnel and 49.2 percent of its civilian personnel by composite check. With these participation rates the Air Force accounted for \$1.2 million of the

Treasury's 1974 estimate of Government-wide savings of \$2.3 million.

In carrying out its campaign, the Air Force frequently published articles in newsletters and other Air Force publications promoting the composite check program. Promotional pamphlets and other material were periodically distributed to personnel. Program advantages were printed on the back of some Air Force earnings and leave statements.

Program participation is one aspect of the Air Force Accounting and Finance Center's evaluation of major commands' performance in the accounting, payroll, and disbursing areas. In addition, participation statistics are periodically provided to commands to encourage competition within the Air Force. Also, the Air Force distributes paychecks to personnel at their job sites only in unusual circumstances.

The high participation rates in the Air Force indicate that the program's success can be achieved through vigorous promotion and strong management.

TREASURY RESPONSIBILITIES AND ACTIONS TAKEN

Under the provisions of 31 U.S.C. 492, as amended, the Secretary of the Treasury prescribes regulations governing the composite check program. In carrying out its responsibilities, the Treasury provides agencies with procedures for issuing composite checks. In addition, it provides guidance to banks participating in the program.

On September 28, 1970, the Treasury issued instructions requiring all Federal agencies to implement composite check procedures by June 30, 1971, and requested that agencies convey to all personnel a general reminder of the option of having pay sent directly to banks. Subsequently, mass mailings were sent to banks to solicit their participation in the program, meetings were held with agencies to clarify the program, and changes and improvements to program procedures were issued. In 1972 the Treasury published, for agency use, a directory of participating banks, which has been periodically updated. We believe that through these actions the Treasury has provided the foundation for building a successful program.

ADDITIONAL ACTIONS THE TREASURY
CAN TAKE TO PROVIDE LEADERSHIP
IN PROGRAM PROMOTION

As part of its broad fiscal responsibilities, the Treasury issues Government-wide instructions on payroll, disbursing, and other fiscal matters. It also provides disbursing services for many Government agencies; for these agencies, the savings from the composite check program would accrue to the Treasury. We believe therefore that, along with its responsibility for prescribing composite check procedures, the Treasury should provide leadership to individual agencies for promoting the program.

The Treasury has taken four Government-wide surveys (September 1969, December 1970, December 1972, and September 1974) of participation in the composite check program. Information from the surveys was presented to the Legal and Monetary Affairs Subcommittee, House Committee on Government Operations. We believe that if program participation statistics were provided to individual agencies, this information would enable them to compare and evaluate their participation with that of others, thereby encouraging competition among the agencies.

In addition to circulating program participation statistics to agencies, we believe that the Treasury, with agency cooperation, could establish Government-wide and individual agency participation goals and milestones, so that overall and individual agency progress can be assessed.

To encourage personnel to have their checks sent to banks, the Air Force has used various successful promotional techniques. The Treasury could inform agencies of these techniques.

POTENTIAL SAVINGS THROUGH
GREATER PROGRAM PARTICIPATION

Because employee program participation is voluntary and all employees do not have bank accounts, it is unreasonable to expect that 100-percent program participation can be attained. According to the latest Treasury statistics, however, about 3.7 million Government employees were not paid by composite check. We therefore believe a sufficient base exists for program expansion.

Increased program participation could result in additional Government savings. For example, in 1974 the Treasury estimated Government-wide savings of \$2.3 million when only about 864,000 or 18.9 percent of the approximately 4.6 million personnel were paid by composite check. Using these statistics, we project an additional \$3 million savings if the Air Force's overall participation rate of 45 percent could be achieved Government-wide.

CONCLUSIONS

The full potential of the composite check program cannot be determined or realized until (1) all agencies implement composite check procedures and (2) a vigorous effort is made to promote program participation.

In view of program benefits to both personnel and the Government, we believe that individual agencies need to vigorously promote the benefits to employees of having their pay sent directly to banks. We also believe that, along with its responsibility for issuing composite check procedures, the Treasury can take the lead in encouraging Government-wide and individual agency program participation.

RECOMMENDATIONS

We recommend that the Secretary of the Treasury

- provide agencies with statistics on agency program participation so they may compare their own participation with that of others,
- assist other agencies in establishing goals and in periodically assessing progress toward their goals, and
- keep agencies informed of more effective techniques used by other agencies to promote the program.

Department and agency heads are asked to insure that the program receives appropriate management emphasis in their agencies and that responsibility for the program be assigned at a high level in the agency.

AGENCY COMMENTS

In a letter, dated September 18, 1975 (see app. II), the Commissioner, Bureau of Government Financial Operations, Fiscal Service, Department of the Treasury, pointed out that program participation increased in every year the Treasury gathered information on the program (1969, 1970, 1972, and 1974) even though several large agencies never implemented the program. He said the Treasury intended to continue promoting participation in the composite check program.

The Commissioner concurred in general with the above recommendations and indicated that the Treasury would disseminate program participation statistics, assist in establishing agency goals, and keep agencies informed of effective promotional techniques.

CHAPTER 3

SCOPE OF REVIEW

Our review was limited to examining the composite check program as it relates to distributing paychecks to civilian and military personnel. We reviewed the legislation authorizing the composite check program and implementing Treasury regulations.

We discussed the program with Treasury officials and personnel at the agencies listed below for information on (1) promoting the program, (2) Treasury guidance, and (3) suggestions for improving the program.

We made our review at the Department of the Treasury and at the

- Department of Health, Education, and Welfare;
- Department of State;
- Department of the Interior;
- Department of Labor;
- Department of Justice;
- Department of Transportation;
- Postal Service;
- Veterans Administration;
- Department of the Army, Army Finance Support Agency and Army Finance and Accounting Office, Fort Benjamin Harrison, Indiana, and Fort George G. Meade, Fort Meade, Maryland;
- Department of the Air Force, and the Air Force Accounting and Finance Center, Denver, Colorado;
- Department of the Navy, and the Naval Avionics Facility, Indianapolis, Indiana; and
- Defense Supply Agency.

SEPTEMBER 1974 STATISTICS ON AGENCY PERSONNEL PAID

BY DIRECT CREDIT TO A BANK (note a)

Agency	Total personnel paid by check (note b)	Percent of personnel paid by checks drawn in favor of banks			Number of individual checks eliminated annually by using composite checks	Annual savings estimated by the Treasury (note c)
		Total	Individual checks	Composite checks		
Legislative branch:						
Architect of the Capitol	1,808	-	-	-	-	\$ -
General Accounting Office	5,273	41.1	16.7	24.4	32,006	4,096.77
Government Printing Office	8,298	2.2	2.2	-	-	-
Library of Congress	4,289	27.4	.9	26.5	28,210	3,602.00
Judicial branch:						
Supreme Court of the United States	294	18.0	-	18.0	754	175.40
U.S. Courts	7,474	5.2	5.2	-	-	-
Executive branch:						
Executive Office of the President (note d)	1,684	11.8	11.8	(d)	(d)	(d)
Agriculture (note e)	93,853	14.3	2.5	11.8	226,954	29,050.11
Commerce (note f)	29,333	28.4	7.4	21.0	147,160	18,836.48
Defense:						
Air Force:						
Civilian	244,761	53.9	4.7	49.2	3,058,354	\$ 412,677.00
Military	637,229	45.7	2.3	43.4	6,051,024	816,888.00
Total	881,990	48.0	3.0	45.0	9,109,378	\$1,229,765.00
Army:						
Civilian	436,625	24.6	7.9	16.7	1,803,958	232,674.80
Military	700,551	27.9	4.5	23.4	1,892,688	194,655.00
Total	1,137,176	26.6	5.8	20.8	3,696,646	\$ 427,329.80
Navy (including Marine Corps):						
Civilian	309,491	16.4	1.0	15.4	1,167,322	145,180.78
Military	426,151	4.5	1.1	3.4	316,752	38,258.79
Total	735,642	9.5	1.1	8.4	1,484,074	183,439.57
Total Defense:						
Civilian	990,877	29.3	5.0	24.3	6,029,634	790,732.58
Military	1,763,931	28.7	2.9	25.8	8,260,464	1,049,801.79
Total	2,754,808	28.9	3.6	25.3	14,290,098	\$1,840,534.37
Health, Education, and Welfare						
Housing and Urban Development	136,786	6.1	6.1	-	-	\$ -
Interior	17,022	28.8	9.3	19.5	80,730	10,333.44
Justice	80,297	25.0	9.0	16.0	306,618	39,247.10
Labor (note e)	52,050	12.3	1.5	10.8	118,846	15,212.29
	13,855	31.5	31.5	-	-	-
State:						
Agency for International Development	5,332	70.0	23.2	46.8	61,282	\$ 7,844.10
Other	7,237	32.4	4.0	28.4	50,440	6,456.32
Total	12,569	48.3	12.1	36.2	111,722	\$ 14,300.42
Transportation:						
Civilian	71,809	39.5	4.0	35.5	578,526	\$ 74,051.33
Military (notes e and g)	34,906	6.8	.9	5.9	47,164	6,036.99
Total	106,715	28.8	3.0	25.8	625,690	\$ 80,088.32

BEST DOCUMENT AVAILABLE

Agency	Total personnel paid by check (note b)	Percent of personnel paid by checks drawn in favor of banks			Number of individual checks eliminated annually by using composite checks	Annual savings estimated by the Treasury (note e)
		Total	Individual checks	Composite checks		
Treasury (notes e and f)	121,545	18.6	4.3	14.3	371,254	\$ 47,520.51
ACTION	414	80.9	-	80.9	6,058	775.42
Atomic Energy Commission	6,875	52.7	2.8	49.9	84,604	10,829.31
Canal Zone Govt. and Panama Canal Company	15,409	-	-	-	-	-
Civil Service Commission	7,998	15.4	.7	14.7	21,658	2,772.22
District of Columbia Govt. (note e)	47,247	6.5	-	6.5	74,074	9,481.47
Export-Import Bank	422	16.1	2.8	13.3	1,118	5,701.80
Federal Deposit Insurance Corp.	2,673	-	-	-	-	-
General Services Administration (note f)	46,025	19.0	2.6	16.4	162,578	20,809.98
National Aeronautics and Space Adm.	24,465	52.6	4.3	48.3	298,558	38,215.42
National Labor Relations Board	2,457	-	-	-	-	-
Postal Service	705,860	1.5	-	1.5	138,034	3,468.70
Selective Service System	3,050	22.3	12.6	9.7	4,446	569.09
Small Business Administration	4,654	32.5	4.4	28.1	22,152	2,835.46
Smithsonian Institution	2,906	27.0	3.3	23.7	16,666	2,133.25
Saint Lawrence Seaway Development Corp.	199	-	-	-	-	-
Tennessee Valley Authority	25,508	15.5	.5	15.0	89,960	9,431.58
U.S. Information Agency	2,999	31.6	6.4	25.2	18,824	2,409.47
Veterans Administration	206,348	15.0	.9	14.1	678,470	86,844.16
All other (note h)	17,325	24.4	10.1	14.3	45,370	5,807.36
Total:						
Civilian personnel (note e)	2,771,950	18.1	3.4	14.7	9,694,984	\$1,249,243.12
Military personnel (note e)	1,798,837	28.3	2.9	25.4	8,307,628	1,055,838.78
Total Government-wide (note e)	4,570,787	22.1	3.2	18.9	18,002,612	\$2,305,081.90

a/ Data extracted from Treasury report entitled "Payments to Government Personnel by Checks Drawn in Favor of Financial Organizations for Credit to Accounts of Personnel Electing to be Paid Regularly in this Manner."

b/ Excludes certain individuals paid by check, such as State Department personnel who are paid by overseas disbursing offices.

c/ Represents allocated costs avoided, which include costs relating to check imprinting, punching, insertion into envelopes, and mailing (including postage). Where disbursements are made by the Treasury, the savings indicated accrue to the Treasury, not to the individual administrative agencies involved.

d/ In addition to the 1,684 personnel listed, this agency has other personnel for which it obtains payroll and disbursing services from other agencies. For these personnel, the payments and program participation are included in the data for the servicing agencies.

e/ Certain data shown in the Treasury report has been corrected based on our audit information.

f/ This agency provides payroll services for other agencies and the applicable data is included here.

g/ Included are 5,068 Coast Guard military personnel whose pay is disbursed by other than the Treasury and are not under composite check procedures.

h/ Covers numerous small agencies.



IN REPLYING QUOTE

DEPARTMENT OF THE TREASURY
FISCAL SERVICE
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS
WASHINGTON, D.C. 20226

September 18, 1975

Mr. D. L. Scantlebury, Director
Division of FGMS, Rm. 6001
U.S. General Accounting Office
441 G Street, N.W.
Washington, D. C. 20543

Dear Mr. Scantlebury:

Thank you for the opportunity to review and comment on your revised draft report, "The Government Can Save More Under the Composite Check Program." The report recommends that the Secretary of the Treasury disseminate data on program participation to agencies; that we assist agencies in establishing goals; and that we keep agencies advised of promotional devices utilized by other agencies. Essentially it urges more action by both agencies and the Treasury in the expectation that greater participation (and savings) will accrue to the Government. The draft report concludes that the full potential of the composite check program cannot be determined or realized until (1) all agencies implement composite check procedures and (2) a vigorous effort is made to promote participation in the program. I assure you that Treasury intends to continue to promote participation in the composite check program.

We concur with your recommendation that the Treasury disseminate statistics on agency participation in the program to agencies so that they may compare and evaluate their own participation and that of others.

We also concur with your recommendation that Treasury assist other agencies in establishing goals and periodically assessing their progress towards those goals to help promote the program. It is Treasury's view, however, that agencies cannot be helped unless they help themselves by setting their own priorities at a high enough level to improve their participation. Without this attitude Treasury's goal setting for agencies would accomplish little. We will consider the feasibility of requiring agencies to establish goals when we ask for data in the next census report. (However this may require a restructuring of the way in which we gather data.)

GAO also recommends that Treasury should keep agencies advised of the more effective techniques used by other agencies to promote the program. It is our view that this may not be effective. Payroll systems vary greatly between agencies. Techniques that are effective for one agency may not be effective or workable for another. For example, the draft report cites the Air Force's practice of not distributing paychecks



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to personnel at their job sites as an effective technique to promote the program. This has proven to be effective for the Air Force but may not be for another agency. However, we will attempt to gather such information and to the extent that agencies are responsive, we will make the information available to other agencies.

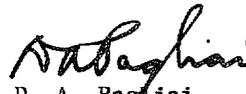
The draft report states that Treasury compiled statistics on composite check participation in 1969, 1970, 1972 and 1974; and, that these statistics were sent to the Legal and Monetary Affairs Subcommittee, Committee on Government Operations of the House of Representatives. However, GAO has failed to point out that participation levels have increased in every year the census was taken from 12.2% in 1969, 14.5% in 1970, 17.8% in 1972, to 18.9% in 1974 with a cost savings increase from \$159 thousand in 1969 to \$2.3 million in 1974. These results have been accomplished despite the fact that several of the largest Federal employers have never implemented the program. The trend shows that the program is growing in use and in savings. This should be mentioned in the report, especially in light of the GAO recommendation that agencies be advised of the statistics so that they can evaluate their own participation.

(See GAO note 1)

On page six of the report, nine agencies are listed as not having implemented the composite check program. Postal Service should be part of this listing. Although the Postal Service does have a direct mailing option available to its employees they do not adhere to Treasury regulations in that they mail the check and the listing together instead of using separate mailings as required by Treasury. Consequently their employees do not benefit from the guarantee feature of the program. They are really not representative of a participating agency either in concept or practice.

If we can be of any further assistance, please let us know.

Sincerely yours,


D. A. Pagliai
Commissioner

- GAO notes:
1. The deleted comments relate to matters which are not included in this report.
 2. Page number references in this appendix may not correspond to pages of this report.

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF THE TREASURY
RESPONSIBLE FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF THE TREASURY:		
William E. Simon	May 1974	Present
George B. Schultz	June 1972	May 1974
John B. Connally	Feb. 1971	June 1972
David Kennedy	Jan. 1969	Feb. 1971
Joseph W. Barr	Dec. 1968	Jan. 1969
Henry W. Fowler	Apr. 1965	Dec. 1968
UNDER SECRETARY FOR MONETARY AFFAIRS:		
Edwin H. Yeo III	Aug. 1975	Present
Vacant	July 1975	Aug. 1975
Jack F. Bennett	July 1974	June 1975
Paul A. Volcker	Jan. 1969	June 1974
Frederick L. Deming	Feb. 1965	Jan. 1969
FISCAL ASSISTANT SECRETARY:		
L. D. Mosso	July 1975	Present
John K. Carlock	June 1962	June 1975
COMMISSIONER, BUREAU OF GOVERNMENT FINANCIAL OPERATIONS (note a):		
Dario A. Pagliai	Mar. 1975	Present
L. D. Mosso	Mar. 1971	Mar. 1975
Sidney S. Sokol	Feb. 1965	Feb. 1971

a
Under Treasury's Order 229, effective January 14, 1974, the Bureau of Accounts was incorporated into the newly established Bureau of Government Financial Operations.

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