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An Early History of the General Accounting Office, 1921-1943

May Hunter Wilbur

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Preface

This document is a printed version of May Hunter Wilbur's brief history of GAO and its predecessor agencies in the Treasury Department, prepared in the months prior to her retirement in December 1943. Mrs. Wilbur worked for the Comptroller of the Treasury and was one of GAO's original staff in 1921.

Mrs. Wilbur first traces the fiscal history of the United States from the days of the American Revolution to the passage of the Budget and Accounting Act of 1921. She then outlines GAO's history over its first 22 years, with emphasis on basic functions, organization, buildings housing GAO personnel, and leading officials, including the Comptrollers General, Assistant Comptrollers General, and others. Perhaps the most important contribution of this account is its emphasis on the human characteristics of GAO, its leaders, and its staff in the early years.

Mrs. Wilbur's original manuscript, prepared on a typewriter, has been typeset to improve its readability, but otherwise appears as she wrote it. Although GAO's employee newspaper, The Watchdog, observed in November 1947 that it hoped Mrs. Wilbur's history "will be available for distribution in printed form in the near future," it has taken 40 years to accomplish that task. The History Program, Office of Policy, is pleased to make it available now.

Roger R. Trask
Chief Historian

January 1988

Biographical Information May Hunter Wilbur

Mrs. Wilbur was born in Ohio on January 8, 1876, and lived in Washington, D.C., since her early childhood. She began her career in 1893 as a teacher in the Washington public schools. In 1917, she accepted a position with the Bureau of War Risk Insurance (now the Veterans Administration). In 1920, she transferred to the Office of the Comptroller of the Treasury, and she remained with the General Accounting Office (GAO) until her retirement in December 1943. She died in September 1947.

While at GAO, Mrs. Wilbur served as Assistant Chief of the Employee Relations Section of the Division of Personnel and as Assistant Director of Personnel. She was one of the organizers of what is now the GAO Employees Association and was very active in welfare, charitable, and employee relations matters.

Mrs. Wilbur's community activities included membership in the Order of the Eastern Star and prominence in musical circles. She served as pianist for the Metropolitan Baptist Church from 1903 to 1910 and then for several years as organist for the Central Presbyterian Church.

Foreword

As the General Accounting Office has now entered upon the third decade of its existence as an independent establishment of the federal government, the time seems appropriate for recording some of the conditions and events leading up to its creation; also to call to mind various occurrences and developments of later years, which may or may not be familiar to those who have served with the organization or who have been otherwise identified with its life for varying periods of time.

What is here set down, however, does not presume to enter into any technical discussion of the fiscal history of our country or of its latter day development, the General Accounting Office, such a task having been ably fulfilled by various writers eminently qualified for its performance. On the contrary, the purpose here is to supplement such writings by preserving in simple form the story of the office as known to employees and friends of today, its functions and past achievements, together with some of its ideals and purposes for the future.

May Hunter Wilbur
1943

Contents

Early Fiscal Developments

Preliminary to such a chronicle it will be well to consider briefly the beginning of our country's fiscal history. In fact, for the origins of the system whose basic principles today are so widely but not always understandingly discussed and criticized, one must go back to the early days of the Revolutionary War when in the endeavor to bring about settlement of differences between the American colonies and Great Britain the Second Continental Congress met in Philadelphia for the purpose of raising revenue for possible military needs and to make provision for the custody and disbursement of funds as obtained.

We learn that as early as the middle of the year 1775 there existed in the colonies some form of financial organization composed of temporary committees, in course of whose management difficulties in settlement of accounts soon became apparent. Thereupon, the Congress by resolution of July 29, 1775, created the office of Treasurer, appointing not one but two treasurers—Michael Hillegas and George Clymer, both residents of Philadelphia. Shortly thereafter Mr. Clymer was appointed a delegate to Congress by the convention of Pennsylvania and one treasurer only was considered sufficient for future needs. Mr. Hillegas continued in such capacity until 1789.[1] The Congress further established in September 1775 a committee of accounts "to examine and report upon all claims or accounts against the government before payment should be made." This appears to have been the first of such groups to perform duties which have developed through the years into the auditing functions of the present day.

Fragmentary records of that early time confirm the belief that the founders of our government were real statesmen, as well as patriots. In their estimation, monetary problems were matters for ample and serious discussion, to the end that funds might be wisely expended and all possible extravagance avoided. The right of their legislative assemblies to direct the financial affairs of the colonists was insisted upon. In February 1776 Congress representing the "United Colonies" appointed a "Standing Committee for Superintending the Treasury." This committee was composed of five delegates and was instructed to examine the accounts of the Treasurer and to employ **and** train proper persons in the liquidation of accounts. Power was also given to request for purpose of audit the books and accounts of any person responsible for public funds, and to report the state of such accounts to Congress. In April of the same year Congress instituted and established a Treasury Office of Accounts headed by an auditor-general who had charge of several assistants and

[1] Journals **of** the Continental Congress—F. W. Powell, Control of Federal Expenditures, p. 3.

clerks engaged in keeping and stating the public accounts. The entire Office of Accounts, however, continued under the superintendence and control of the Standing Committee above described, which about this time was given the designation of "Treasury Board." By one authority[2] it is stated that this same Standing Committee was the nucleus from which the Treasury Department finally developed.

Successive boards of treasury with varying degrees of success maintained control of fiscal affairs until 1789, interrupted only by the introduction of a plan operated from 1781 until 1784 by Robert Morris in the position of Superintendent of Finance. This plan permitted specialization of financial operations under several officers, each directly responsible to Congress for the performance of his own particular function. The system and its administration by Mr. Morris received high praise on account of its efficient and direct operation, but met with bitter antagonism and charges of mismanagement from persons opposed to his scrupulous care particularly in collecting all sums owing the Government. Mr. Morris apparently noted the gradual withdrawal of support from his administration and tendered his resignation in January 1783 stating: "To increase our debts while the prospect of paying them diminishes does not consort with my idea of integrity. I must therefore quit a situation which becomes utterly unsupportable."[3] Nevertheless, he did not actually relinquish his duties until the following year. It has been said of Robert Morris that he was a momentous force in the administration of President Washington and fully earned the title of "Financier of the Revolution."

Major features of the Morris plan were reflected in the establishment of a real accounting system which came to pass through the enactment of the act of September 2, 1789, creating a Treasury Department and carrying forward from the Articles of Confederation, ratified by the states March 1, 1781, certain basic principles underlying early accounting practices, some of which remained unchanged until comparatively recent years.

The Treasury Act of 1789 (1 Stat. L. 65), as finally passed, provided for a Secretary, a Comptroller, an Auditor, a Register and a Treasurer—each to be appointed by the President with the advice and consent of the

[2] Bullock, Finances of the United States from 1775 to 1789, p. 191.

[3] Bullock, Finances of the United States from 1775 to 1789, p. 207.

Senate. The Secretary of the Treasury was instructed to digest and prepare plans for management of the revenue and support of the public credit; to prepare and report estimates of the public revenue and expenditures; to superintend collection of the revenue; to decide on forms for keeping and rendering all public accounts and making returns; to issue warrants subject to limitations imposed by law; to make reports, as requested, to Congress pertaining to the work of his office, and to perform generally, such service relating to finances as might be directed.

The duty of the Comptroller was to superintend adjustments and preservation of the public accounts; to examine all accounts settled by the Auditor and to certify the balances to the Register; to countersign warrants drawn by the Secretary pursuant to law; to report to the Secretary the official forms for use by collectors of the revenue, and the manner and form of keeping their accounts; to provide for the regular and punctual payment of all monies which might be collected, and to direct prosecution for all delinquencies of officers of the revenue and for debts that might be due the United States.

The Auditor was designated to receive all public accounts and after preliminary examination and adjustment, to certify the balances with vouchers to the Comptroller for settlement. Any claimant dissatisfied with a settlement made by the Auditor could appeal to the Comptroller within six months.

The Register was instructed to keep all accounts of receipts and expenditures, all debts due the United States and to preserve them, together with all settled accounts, vouchers, certificates and warrants. In the duties so minutely prescribed for early Treasury officials will be noted the basic similarity in certain respects to customs and practices which have continued through the years in the Department and offices closely associated with it.

Salaries of the above officials were fixed by legislation of September 11, 1789 (1 Stat. L. 67) as follows: Secretary, $3,500; Comptroller, $2,000; Auditor, $1,500; Treasurer, $2,000; and Register, $1,250. As the first Secretary of the Treasury President Washington appointed Alexander Hamilton who continued in such administration until January 1795. Functions proposed for the several officers of the new Treasury Department, as above described, were productive of much discussion in Congress, particularly those of the Comptroller, which office in the opinion of some members appeared to partake of a judicial as well as an executive quality. During debate, this apparent dual responsibility to the

President and to Congress was the subject of remark by James Madison, at that time a representative from Virginia, who advocated a fixed term of office for the Comptroller. No settlement of the matter was effected, however, until the enactment of the Budget and Accounting Act of 1921, in which was incorporated the suggestion of Mr. Madison.

Though the apparent purpose of the act of 1789 was to concentrate settlement of accounts in the Treasury Department, need for a greater degree of accuracy and expedition in accounts of the War and Navy Departments brought about the authorization May 8, 1792, of an accountant specifically for the War Department, whose position was entitled "Accountant to the Department of War" (1 Stat. L. 279). Similar action with respect to Navy accounts was taken by Congress in the act of July 16, 1798 (1 Stat. L. 610), which provided for an "Accountant of the Navy." In 1816 an additional accountant for the Navy was provided. These accountants were required by law to submit their settlements to the Comptroller of the Treasury for inspection and review.

All three of the offices described were abolished in 1817, when Congress passed "an act to provide for the prompt settlement of public accounts" (3 Stat. L. 366), and authorized the employment of four additional auditors and one additional comptroller. Under this legislation the comptroller designated in the act of 1789 became known as the First Comptroller, and was required to examine accounts settled by the First Auditor (the auditor created by the act of 1789) and the Fifth Auditor (an official to whom the act of 1817 assigned the accounts of the Gcpartment of State, the General Post Office, and those relating to Indian affairs). Additional duties of the First Comptroller were "to superintend the recovery of all debts to the United States, to direct suits and legal proceedings, and to take all such measures as may be authorized by the laws to enforce prompt payment of all debts to the United States."

Duties of the Second Comptroller were "to examine all accounts settled by the Second, Third, and Fourth Auditors and certify the balances arising thereon to the Secretary of the Department (of War or Navy) in which the expenditure has been incurred; to countersign all warrants drawn by the Secretaries of the War and Navy Departments which shall be warranted by law; to report to the said Secretaries the official forms to be issued in the different offices for disbursing the public money in those departments, and the manner and form of keeping and stating the accounts of the persons employed therein; and it shall also be his duty to superintend the preservation of the public accounts subject to his revision." Certain other functions of the First Comptroller were taken over by the Second Comptroller, in addition to the duties above set forth.

Notwithstanding the provision for four additional auditors contained in the act of 1817, practically no new duties or responsibilities were added to those already existing. Functions theretofore performed by accountants for the War and Navy Departments (abolished by the act), and miscellaneous duties were divided among the new auditors provided.

The act of July 2, 1836 (5 Stat. L. 80) entitled "An act to change the organization of the Post Office Department and to provide more effectually for the settlement of the accounts thereof," provided for that department a separate auditor to be known as the Sixth Auditor, who was authorized to settle all accounts accruing therein, subject to an appeal by either the Postmaster General or the claimant to the First Comptroller, whose decision was to be final. A committee on retrenchment appointed by Congress in 1842 was much impressed by the promptness of settlements made by the Sixth Auditor, and in its report expressed the opinion that all claims coming before any particular department could readily be adjusted by one auditor only. The committee stated further that such an arrangement would greatly facilitate public business, and recommended its adoption. More than 50 years elapsed, however, before the idea was put into practical use.

Although directing the Secretary of the Treasury to digest plans for management of the public revenue and to prepare and report estimates of the same with expenditures, the act of 1789 (1 Stat. L. 65, 67), gave no indication of the time or manner in which such reports were to be submitted. Additional directions set forth in subsequent legislation—act of May 10, 1800 (2 Stat. L. 79, 80), and act of May 1, 1820 (3 Stat. L. 567, 568, 569)—dealt further with the preparation of estimates and financial plans. Section 2 of the act of 1820 required the Secretaries of War and Navy to lay before Congress in February of each year a compilation of such data as of December 31 of the preceding year. In this connection it is of interest to note that the fiscal year, which theretofore corresponded to the calendar year, was changed to run from July 1 until the following June 30 by the act of August 26, 1842 (5 Stat. L. 536).

Other notable steps in the development of the accounting system include the establishment April 25, 1812, of a General Land Office (2 Stat. L. 716, 717) headed by a Commissioner empowered to audit and settle accounts relating to public lands. The Commissioner was required to transmit such accounts, with related vouchers and certificates, to the Comptroller of the Treasury for review and decision, certifying balances to the Register. These functions were transferred to the Department of the Interior upon its establishment in 1849.

By the act of April 9, 1816 (3 Stat. L. 261, 263) there was created the office of Commissioner to pass upon claims for property lost, captured or destroyed in the military service of the United States. The Commissioner was at first subject to rules and regulations prescribed by the President, but in the year 1818 his duties were transferred to the Third Auditor who for a time settled accounts without review by the Comptroller of the Treasury or other officer. As years passed, claims against the United States increased in volume and complexity, constituting an excessive burden on the various committees of Congress exercising jurisdiction over them. This condition was manifest particularly during the period between 1794 and 1838, when pursuant to a resolution of February 19 of the latter year, inquiry was made into the expediency of establishing by law a board of commissioners to adjust and settle all private claims against the Government. (25th Congress, 2d Session, House Report 730, p. 9—Serial 335)[4] To this resolution report was made that the great mass of claims "was already being settled and adjusted by the accounting officers as a matter of routine, and that the chief difficulty lay with the initial hearing and determination rather than with the adjustment of the matters." No conclusive action was immediately taken with respect to the accumulation of private claims and a further report was made April 26, 1848 (30th Congress, 1st Session, House Report 498, Serial 526), together with a proposed bill to establish a board of three commissioners to hear claims rejected by the accounting officers.

For another period of years no action was taken until by the act of February 24, 1855 (10 Stat. L. 612) there was created a special tribunal to be known as the Court of Claims, for the purpose of hearing and deciding certain classes of such matters, reporting its findings to the Congress for appropriate action.

The act of July 31, 1789 (1 Stat. L. 39), which created the customs service of the United States, provided that the service should be directed by whatever official should be given the duty of superintending collection of the customs. Under the Treasury Act of September 2, 1789, therefore, the Secretary of the Treasury was directed to superintend collection of the revenue, while matters relating to customs receipts,

[4]D. T. Selke, Federal Financial System, p. 490.

accounts of collectors and other customs officers were handled by the Comptroller's office.[5] An act of March 3, 1849 (9 Stat. L. 395, 396) created the office of Commissioner of Customs to exercise all functions of the Comptroller's office relating to collection of customs and accounts of customs officers.

It is generally believed that early accountable officers were accustomed to forward their accounts for examination by the administrative officer concerned before submitting the same to the proper auditor for settlement. This practice, known as administrative examination of accounts, was given legal sanction by a joint resolution of Congress on March 2, 1867 (14 Stat. L. 571, 572), and remains a feature of federal accounting procedure to the present day. It has been stated that Navy accounts were excepted from the required administrative examination, which statement the writer has been unable to verify.

Although few changes of noteworthy significance were made in legislation enacted during the ensuing quarter century, a rising tide of criticism culminating in several congressional investigations demonstrated beyond question the general dissatisfaction with the existing fiscal system. Accordingly, under the act of March 3, 1893 (27 Stat. L. 675, 681), there was appointed a joint commission, since known as the Dockery-Cockrell Commission, which was given authority to inquire into and examine the status of laws governing the executive departments and establishments, the methods and conduct of the same, the degree of efficiency of employees, and to make recommendations as to changes which might be desirable in the interest of efficiency and economy. In a series of reports the Commission advised complete overhauling of the accounting system, embodying its recommendations in a bill introduced in the House by Representative Dockery, chairman of the Commission. This bill which received the endorsement and support of the Treasury Department was reported favorably to the House but was recommended for further consideration. Following extended debate the principal features of the measure were incorporated in the legislative, executive and judicial appropriation act of that year, which was approved July 31, 1894, and became effective October 1, 1894. This legislation, known as the "Dockery Act" (28 Stat. L. 162, 205) marked a notable change in the fiscal history of our country.

Provisions of the Dockery Act abolished the offices of First and Second Comptroller, provided in the act of 1817, also that of the Commissioner

[5] Mayo—A Synopsis of the Commercial and Revenue System of the United States, Volume One, p. 6.

of Customs, created in 1849, substituting therefore a Comptroller of the Treasury and Assistant Comptroller, and changed the titles of the six auditors to indicate the nature of the accounts over which they were authorized to exercise jurisdiction as follows:

Auditor for Treasury Department
Auditor for War Department
Auditor for Navy Department
Auditor for Interior Department
Auditor for State and Other Departments[6]
Auditor for Post Office Department

Under the Dockery Act accounts and vouchers were forwarded through administrative channels to the several auditors for examination and certification of findings, such certificates to be conclusive upon executive departments. They were subject, however, to appeals which might be filed with the Comptroller of the Treasury by claimants or by the departmental head within one year, or to reexamination of the account upon direction of the Secretary of the Treasury, the decision of the Comptroller to be final. Statement has been made that the system prescribed by the Dockery Act, in general, followed lines comparable to those of judicial procedure, the auditors resembling a court of general jurisdiction in passing judgment on accounts and claims submitted to them and the Comptroller being likened to the appellate branch to which settlements of the auditors might be presented for final decision.

Judicial functions of the Comptroller for the first time received specific recognition and adequate legal sanction in the Dockery Act by the provision that upon application of a disbursing officer or head of an executive department, board or establishment, he, the Comptroller, was required to give decision upon any question involving prospective payment of a claim or other expenditure, with construction of the statutes involved. The law further provided that any of the above named officials or any other person whose account had been settled by an auditor might, if dissatisfied with the settlement, appeal to the Comptroller at any time within one year. The Comptroller was also given authority to revise any account of his own accord, within the same period. Also, all decisions by the auditors making an original construction or modifying an existing construction of statutes were required to be submitted to the Comptroller for approval, disapproval or modification. Many of the decisions rendered by the Comptroller dealt with matters of general

[6] State, Justice, Agriculture, Labor and all accounts not within jurisdiction of other auditors.

importance and interest and, in order that precedents therein established might be readily available for settlement of accounts in the future, arrangements were made for their publication at regular intervals, the first volume appearing in 1895. It is of interest to know that decisions of the Second Comptroller's office, which had accumulated from its establishment in 1817 were compiled in 1852, and others, some in digest form, of the several subsequent comptrollers, have been published during the intervening years.

Chapter II

Movement for Change in Fiscal Management

For a number of years following the passage of the act of July 31, 1894, no change in the audit and accounting system was apparent. However, though the procedure therein laid down appeared adequate, various instances of waste of public money and difficulties arising in connection with payments on government contracts continued to engage the attention of the Congress and people of the country. Undercurrents of desire for more business-like conduct of financial matters developed into insistence for definite and vigorous action, and the Secretary of the Treasury in 1903 instituted an investigation into the scope and practices of the accounting system, but without tangible results. Two years later the President, upon his own initiative, appointed a group headed by C. H. Keep, Assistant Secretary of the Treasury, to make a study of departmental methods and practices, with recommendations for possible improvement therein. The survey conducted by this group, known as the Keep Commission, covered a wide range, and some changes suggested as a result of the findings, requiring no legislative action, were later adopted.

In March 1911 there was organized the President's Commission on Economy and Efficiency, whose reports served still further to stimulate the interest in government administration, which had been manifested for several years through the efforts of certain citizens and organizations to bring about the establishment of a national budget. One report: in particular, recommended consolidation of the offices of the six auditors of the Treasury, thus returning the organization to the form originally planned in 1789, and until the enactment of the act of 1817, with but one Comptroller and one Auditor. Comparison of opinions advanced from time to time by students of government finance and other progressive thinkers gave clear indication of the country-wide trend toward centralization of financial control under one designated authority. In the meantime, the outbreak of war in Europe in 1914 and subsequent participation by the United States greatly increased the work of the auditing offices and emphasized their urgent need for coordinated control.

As the initial action toward that end the Secretary of the Treasury on October 25, 1918, combined all the auditing offices under the administrative supervision and direction of the Comptroller of the Treasury, pending enactment of legislation realigning the entire fiscal program.

Congressional activity concerning the budget movement began promptly when the 66th Congress met in extraordinary session on May 19, 1919.

[7] 62d Congress, 2d Session, House Document 670, **Appendix 4.**

On the second day of the session, May 20, 1919, Chairman Good of the appropriations committee of the House introduced a bill "to provide a national budget system and an independent audit of government accounts and for other purposes," while similar action was taken in the Senate by Senator McCormick. The House bill called for an independent bureau directly under the President, to act as his staff in preparation of the budget, while the group of ten bills and resolutions comprising Senator McCormick's program provided that the Secretary of the Treasury represent the President in preparing the budget. In each proposal provision was made that the audit of accounts be conducted by an independent office or agency.

Extended hearings were held by select committees of.both Houses, the opinions developed manifesting unanimity—on principles, at least—with respect to the audit of public accounts. In the matter of a national budget, however, divergent views were expressed. It was generally agreed that the audit phase of the program should be transferred from the Treasury Department to an agency independent of the executive departments and responsible directly to the Congress?whose control over expenditure of funds and means of compliance with conditions governing the same would thus be strengthened.

Hearings were concluded in January 1920 but not until the following April was a bill reported out of committee, redrafted and revised in many particulars, although theoretically in general agreement with the House bill. Though passed by both House and Senate the bill was returned without signature by President Wilson, who in his veto message expressed entire sympathy with its objectives and his willingness to approve it but for the provision regarding the removal from office of the Comptroller General and Assistant Comptroller General.

The President's message said:

"I am in entire sympathy with the objects of this bill and would gladly approve it, but for the fact that I regard one of the provisions contained in Section 303 as unconstitutional. This is the provision to the effect that the Comptroller General and the assistant comptroller general, who are to be appointed by the President with the advice and consent of the Senate may be removed at any time by a concurrent resolution of Congress after notice and hearing, when, in their judgment, the comptroller general or assistant comptroller general is incapacitated or inefficient, or has been guilty of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude, and for no other cause and in no other manner except by impeachment. The effect of this is to prevent the removal of these officers for any cause except by impeachment or a concurrent resolution of Congress. It has, I think, always been the accepted construction of the Constitution that the power to appoint officers of this kind carries with it, as an incident, the power to remove. I am convinced that the Congress is without constitutional power to limit the appointing power and its incident, the power of removal derived from the Constitution. The section referred to not only forbids the Executive to remove these officers but undertakes to empower the Congress by a concurrent resolution to remove an officer appointed by the President with the advice and consent of the Senate. I can find in the Constitution no warrant for the exercise of this power by the Congress. * * * I am returning the bill at the earliest possible moment with the hope that the Congress may find time before adjournment to remedy this defect."

Subsequent efforts to pass the bill over the President's veto failed of accomplishment and the matter of budget legislation remained inactive until the next assembling of Congress in April 1921, when the bills were re-introduced. In the measure as finally passed the only change of importance was that the Comptroller General and the Assistant Comptroller General should be removable by a joint resolution instead of a concurrent resolution of the two Houses of the Congress, the essential difference being that the former requires the approval of the President and the latter does not. On June 10, 1921, the bill, Public No. 13, 67th Congress, was approved by President Harding, and has since been known as the "Budget and Accounting Act, 1921," (42 Stat. L. 20).

Enactment of the Budget and Accounting Act brought to a close the long period of effort leading toward establishment of a budget system and an independent audit in the federal government. That the Congress realized fully the inadequacy of former methods of financial administration and control is evident not only from the act itself but from the very full debates on the pending measure which was considered reconstruction legislation of the greatest importance—the beginning of a new order.

Treasury Department Auditing Offices

The resume just given would be incomplete without some mention of those offices of the Treasury Department which, under provisions of the Budget and Accounting Act of 1921 were merged to form the General Accounting Office, and of various well remembered personalities whose names are inseparably linked with the older organization.

Notable among these appears the figure of Walter W. Warwick, last Comptroller of the Treasury, incumbent of that office from 1915 until the creation of the General Accounting Office in 1921. Judge Warwick, a native of Ohio, was a veteran employee of the office over which he presided, having served there as law clerk from 1893 to 1898. His early education was obtained in Cincinnati, where upon completion of a course in the Cincinnati College Law School, he began the practice of law. The degree of L.L.M. was later conferred upon him by George Washington University in Washington, D.C. While practicing law in the Ohio city, young Warwick served for some time as secretary to Honorable William Howard Taft, then judge of the United States Circuit Court, who became greatly interested in his development and progress, and the friendship thus formed continued for many years, in fact, during the lifetime of both men.

Returning to Washington Judge Warwick entered the service of the Panama Canal as auditor, subsequently journeying to the Isthmus in the capacity of Associate Judge, Supreme Court of the Canal Zone. In 1911 he was called back to Washington to become a member of President Taft's Commission on Economy and Efficiency, a group whose investigations and recommendations in regard to audit and accounting matters in the federal government played no small part in the development of the system prevailing today.

In 1913 Judge Warwick became Assistant Comptroller of the Treasury and in 1915 was appointed Comptroller, which position he occupied until the enactment of the Budget and Accounting Act of 1921 replaced the Comptroller's office by the new independent agency, the General Accounting Office.

Following a period of service as the assistant to the director of the Bureau of the Budget, Judge Warwick spent about two years as fiscal agent of the Republic of Panama, then accepted the position of chief counsel to the United States Employees' Compensation Commission in Washington, where he remained until his death in April 1932.

As an outstanding official of the Treasury Department] progressive in his attitude toward changing fiscal policies and a strong advocate of independence for accounting offices of the government, Judge Warwick earned the confidence and respect, if not the actual support, of departmental executives.[8] For these characteristics he will long be remembered, as well as for the signal service rendered in each and every phase of life, whether public or private, whence he heard and responded to the call of duty.

Under Judge Warwick's supervision as Comptroller were the six auditors of the Treasury for the several departments, each because of lack of proper space conducting the work of his clerks in quarters outside the Treasury Building. The auditors, with the location of their respective offices, were as follows:

Auditor for Treasury Department—Samuel Patterson—Graham Building, 14th and F Street NW.

Auditor for Interior Department—J. E. R. Ray—Auditors' Building] 14th and B Streets SW.

Auditor for War Department—James L. Baity—Walker Johnson Building, 1734 New York Avenue NW.

Auditor for Navy Department—Edward L. Lucken—Winder Building] 17th and F Streets NW.

Auditor for State and Other Departments—Edward D. Hearns—Auditors' Building, 14th and B Streets SW.

Auditor for Post Office Department—Charles A. Kram—Post Office Department Building, 12th and Pennsylvania Avenue NW.

Employees of long service in the Treasury Department will recall Mr. Charles Marshall Force, Assistant Comptroller of the Treasury from 1913 to 1921, kindly, courteous Kentuckian, who was held in affectionate regard by all who knew him. Judge Force had rendered service in the office of the Comptroller of the Treasury from 1893, and at the expiration of his term as Assistant Comptroller was appointed an attorney in the General Accounting Office. He died in April 1926.

[8] Selke—the Federal Financial System, **p.** 426 (Extract from 1919 Report of **Secretary** of the Treasury **Glass, p.** 124).

For many years the suite of offices on the second floor of the Treasury Building overlooking Fifteenth Street was occupied by successive Comptrollers of the Treasury with their associates and employees. To these spacious quarters, pervaded by memories of long gone legal dignitaries came the new Comptroller General **of** the United States on July 1, 1921, provided by the Congress with greatly enlarged powers and duties, to lead the forces of the newly created General Accounting Office in a campaign against waste and extravagance of whatever sort might be found in administration of government.

General Accounting Office—Officials

Because of his interest in the establishment of independence for the accounting offices of the government, as well as his participation in legislation to that end, the name of Comptroller of the Treasury Warwick was prominently mentioned as a possible selection for the new office of the Comptroller General of the United States, created under the Budget and Accounting Act of 1921. Choice fell, however, upon John Raymond McCarl, a native of Iowa, and educated in Nebraska, with which state his name is associated in the public mind. He received the degree of L.L.B. from the University of Nebraska, and for some years was a member of a law firm in McCook, where he made his home. Mr. McCarl came to Washington in 1914 as private secretary to Senator George W. Norris, and in 1918 became executive secretary of the National Republican Congressional Committee. He assumed his duties as Comptroller General of the United States July 1, 1921, and from that hour endeavored with the utmost seriousness to uphold the responsibilities devolving upon him, as he interpreted them. It may be said with truth of Mr. McCarl that he purposed to live up to the expectations of those who framed the Budget and Accounting Act as expressed during debate by Chairman Good of the House Committee, that the Comptroller General should be—

> "Something more than a bookkeeper or accountant, that he should be a real critic, and at all times should come *to* Congress, no matter what the political complexion of Congress or the Executive might be, and point out inefficiency * * * and that he should bring such facts to the notice of the committees having jurisdiction of appropriations."[9]

The Budget and Accounting Act created the positions of Comptroller General and Assistant Comptroller General of the United States, prescribed their appointment by the President with confirmation by the Senate, their tenure of office for a period of fifteen years, defined the powers and duties of the General Accounting Office, to be under their control and direction, their respective salary rates and the conditions and method of their removal from office. Provision was also made for the abolishment of the offices of the Comptroller of the Treasury and Assistant Comptroller of the Treasury and for the transfer to the General Accounting Office of their personnel, together with all powers and duties now conferred or imposed by law upon them. Exception was made, however, with respect to the administrative accounting performed by the auditor for the Post Office Department, which function was transferred to a Bureau of Accounts newly established in the Post Office Department in charge of a Comptroller who replaced the former

[9] Representative Good, Congressional Record, 67th Congress, 2d Session, Volume 61, Part 2, p. 1090.

auditor for that department. Other functions as set forth in sections 305, 309, and 312 of the act furnish basis, in part, for the widespread activities of the General Accounting Office in later years, concerning which more detailed information will appear in subsequent pages.

Appointed to the position of the Assistant Comptroller General of the United States was Mr. Lurtin R. Ginn, a native of Indiana, long employed in the Treasury Department, office of the Auditor for the War Department and office of the Comptroller of the Treasury. In October 1917 Mr. Ginn was appointed Assistant Comptroller of the Treasury under authority of section 12 of the act of September 24,1917 (40 Stat. 293) and shortly thereafter was designated to have charge of the work of that office abroad. With a group of especially chosen assistants he maintained an office in Paris until the latter part of 1919, and he remained abroad in the capacity of Special Representative of the Treasury Department until July 1920.

Upon reaching the statutory age for retirement, Assistant Comptroller General Ginn received an extension of service in the position of Counsel in the General Accounting Office, which continued until June 30,1932. Endowed with great natural diplomacy and charm of manner, Mr. Ginn's contacts with the public as with the personnel of the office were invariably in the interest of harmony. He died in December 1935.

A widely known personality in the auditing offices of the Treasury Department and subsequently in the General Accounting Office was Mr. James L. Baity, Auditor for the War Department and later Assistant to the Comptroller General of the United States (Executive and Budget Officer). As the War Auditor during the trying years of World War I Mr. Baity had jurisdiction over a greatly augmented force of clerks engaged in the audit of all accounts and claims arising by reason of military activity, also those relating in any way to the Military Establishment. Many of the personnel thus employed were transferred directly to the General Accounting Office upon its creation. Born in Missouri Mr. Baity served for a time as secretary to former Senator James A. Reed of that state before entering the departmental service. He was twice continued in service after reaching the age for automatic retirement but finally retired October 31, 1943.

The machinery of public business in the General Accounting Office began to function without delay or interruption aside from a certain amount of apprehension, perhaps not unnatural, prevalent on the part of some of the personnel of the former auditing offices, regarding the continuance of their employment, which in many cases had begun only during the World War period. In the interest of efficient administration, some curtailment and adjustments among employees were necessary, inasmuch as at that time there was available no one building in which could be housed the entire working force of over 1,700 persons,. together with essential office records. Activities of the several organization divisions, however, for a time continued along lines similar to those previously established in the Treasury Department under the respective auditors.

The group of employees engaged on legal and related duties in the office of the Comptroller of the Treasury formed a nucleus in the General Accounting Office for what was later known as the Division of Law, under immediate supervision of the Comptroller General. About 1926, such work was centralized in charge of a Solicitor, whose official title was changed to that of General Counsel in 1928. This position was held for a number of years by Mr. Rudolph L. Golse, who retired in 1939 and was succeeded by Mr. John C. McFarland. The wide diversity of legal problems presented to the corps of attorneys comprising the staff of the General Counsel for consideration and solution preclude description, or even enumeration, in the limited space here available.

The compilation and publication of decisions of the accounting officers of the Treasury Department which had been in progress for many years was carried on after the creation of the General Accounting Office by a group of employees within the office of the General Counsel, and therefrom has developed into a service of high efficiency and immeasurable usefulness to government offices in general. In 1926 there was inaugurated a card index-digest key system whereby decisions of the Comptroller General, both published and unpublished, are daily recorded on cards in accordance with key headings and cross references, together with citations of statutes, judicial opinions and decisions of prior accounting officers, the whole forming a current index-digest, from which such information on duplicate cards is supplied to various parts of the General Accounting Office and other departments and establishments as requested. Another helpful service of the Index-Digest Section is found in the issuance of daily synopses of important decisions in mimeograph form for use within the office and for limited outside distribution.

Selected decisions of particular and general interest, with accompanying index-digest, tables of statutes and cited prior decisions are published in pamphlet form and issued monthly for distribution throughout the government service. A compilation of twelve monthly pamphlets bound as one volume is distributed annually in like manner.

In this connection it is of interest to note the publication in 1931 of a reference book entitled "Index to the Published Decisions of the Accounting Officers of the United States, 1894 to 1929," a compilation of indexes previously issued. This volume was prepared under the direction of Mr. Stuart B. Tulloss and was followed by another, the "Index-Digest to the Published Decisions of the Comptroller General of the United States," which covers the period 1929 to 1940, and was prepared under the personal supervision of the Digest Attorney, Mr. Russel G. Young.

Chapter V

Changes in Organization

The years 1922 and 1923 brought to the General Accounting Office a number of organization changes which came about as a result of better understanding of its basic purpose and functions, and greater familiarity with its work, as it increased rapidly in scope and volume.

Reapportionment of duties in the Bureau of Accounts of the Post Office Department made possible the return to the General Accounting Office of several hundred employees formerly engaged in the audit of postal accounts under the jurisdiction of the Auditor for the Post Office Department. This change, effective April 16,1922, by including the postal audit among the powers and duties already transferred by the Budget and Accounting Act of 1921 to the General Accounting Office restored that organization to the form existent at the time of its creation. The postal audit has ever occupied an important place in the fiscal affairs of the Government and more details concerning it will be found in succeeding pages.

Pursuant to the action of Congress approved March 20,1922, arrangements were made for a complete audit of the financial transactions of the United States Shipping Board, Emergency Fleet Corporation, under rules and regulations prescribed by the Comptroller General. This work was inaugurated by a small force of employees who were later absorbed into a general inspection and investigation section organized in the autumn of the same year. The purpose of this section, composed of carefully selected personnel of special qualification and training, was to conduct such investigations as might be directed by the Comptroller General or Assistant Comptroller General under the authority conferred by section 312 of the Budget and Accounting Act. Such investigations might take place at the seat of Government or elsewhere, and concern matters relating to the receipt, disbursement or application of public funds, financial transactions or matters of business in the various departments and establishments, and were conducted with the view of effecting economies of administration wherever possible.

The group organized for the specific duty above referred to continued its work along lines indicated by legislation covering such activities in the General Accounting Office and is now known as the Office of Investigations. Employees assigned thereto are required to study accounting problems of the Government; to make investigations concerning appropriation and fund accounting in the several departments and establishments, with reports artd recommendations as to simplification of methods, etc.; to conduct inspections of departmental disbursing offices, and such other matters of similar character as may be designated. The

Office of Investigations was organized by Mr. Homer A. A. Smith who held the position of Chief of Investigations until 1931 when he was succeeded by Mr. Stuart **B.** Tulloss.

In accordance with requirements of section 309 of the Budget and Accounting Act, forms, systems and procedures for the functions above named and others of like character as carried on in the various departments and offices are to be prescribed by the Comptroller General. Preparation of appropriate forms is an important duty of the Office of Investigations, whence General Regulations prescribing symbols and other details for observance in their use are issued at frequent intervals. All accounting forms are now in process of standardization.

Another step of far reaching importance to the General Accounting Office was the organization July 1, 1922, of the Transportation Division for the purpose of auditing and settling charges for freight and passenger service rendered to all departments of the Government. This activity had its origin in an organization unit known as the Transportation Rate Board, for many years a notable phase of audit work in the Treasury Department. Records show that the first Transportation Rate Board existed in the office of the Auditor for the War Department as far back as 1906, having been formed for the purpose of concentrating the audit of transportation accounts in the hands of a group of specially trained employees. At that time it was also planned to establish a complete file of transportation tariffs, an undertaking whose results have fully justified the labor involved. In fact, it is believed that the compilation of tariffs, both freight and passenger, division sheets, land grant and other transportation information, now available in the General Accounting Office, much of which data cannot be duplicated, is unequalled anywhere.

As of April 1, 1923, there was created a Civil Division in which were incorporated the functions and personnel of three others, namely, the Treasury Department Division, the Interior Department Division and the State and Other Departments Division. The Civil Division, as implied by its title, was charged with the examination and settlement of accounts other than military, that is, those arising in the Treasury, Interior, State, Justice, Commerce, Labor and Agriculture Departments, and the following independent establishments: the White House, both houses of Congress, Supreme Court, Government Printing Office, Interstate Commerce Commission, Smithsonian and National Museums, District of Columbia, Federal Trade Commission, Civil Service Commission, the General Accounting Office itself, and all other independent establishments of the

Government not provided for under the administration of any specific department. At that time the Civil Division occupied a building at 1800 E Street, NW, the present site of the new Interior Department Building.

On the same date there was established a Check Accounting Division for the purpose of handling matters pertaining to paid and cancelled checks and warrants, other than those relating to the Post Office Department. Subsequent organization developments have necessitated changes in the supervision and conduct of this important work, of which further account will later be given.

The matter of consolidating the War and Navy Department Divisions also received serious consideration, but due to the lack of available office room action was deferred until May 16, 1923, when they were finally combined under the title of Military Division, and assigned quarters at the Walker Johnson Building, 1734 New York Avenue, NW, Washington, D.C. While the move proved advantageous in some respects, it failed to relieve to any considerable extent the ever increasing need for additional space in which to house the vast quantity of records and files—priceless because irreplaceable-of the fiscal system of the United States Government from its beginning.

Many of these records even now are stored in non-fireproof buildings throughout the District of Columbia and in nearby Alexandria, Virginia, under constant risk of damage, if not actual destruction, by fire or otherwise. Notwithstahding periodic efforts to secure adequate accommodations for its greatly increased personnel—to say nothing of the records above mentioned—each passing year finds the General Accounting Office still short of the goal for which it long has striven, namely, a building of adequate size and suitable location to provide for its daily needs and activities and their inevitable expansion.

Early in the nineteenth century the Congress made provision for an official called the Commissioner of Claims whose duty was to examine and settle claims against the United States on account of property lost or destroyed in military service. (See Chapter I) Successive officials and groups of employees in larger numbers have carried on the work then begun which later was broadened to include cases of both military and civilian character. Special sections in both Military and Civil Divisions of the General Accounting Office performed such duties until combined, effective December 1, 1923, to form a Claims Division which still functions as one of the leading activities of the General Accounting Office, and appears destined for even greater development and importance under the able leadership of Mr. David Neumann, who as Chief of Division has administered its affairs since April 6, 1931.

To provide for greatly expanded wartime needs the Claims Division presently (November, 1943) occupies a temporary building, recently erected in connection with a war housing development, at Friendship, the old McLean estate at Wisconsin Avenue and Newark Street, NW.

Bookkeeping as performed in the Treasury Department and in the General Accounting Office prior to 1923 was pen-written by hand, a metho by no means adequate for the purposes of the latter organization, in view of its responsibility for maintaining complete accounts of appropr ated funds, expenditures, withdrawals, etc., in addition to the personal accounts of disbursing officers. The installation of bookkeeping machines greatly facilitated all phases of such work, which in July 192 were designated to be functions of a Bookkeeping Division under the supervision of Mr. Frank H. Bogardus.

The act of September 2, 1789, 1 Stat. 65, establishing the Treasury Department, wherein were created the offices of Comptroller and Audi tor, directed the Comptroller "to provide for the regular and punctual payment of all monies which may be collected"; also "to direct prosecutions of all delinquencies of officers of the revenue and for debts that will or shall be due the United States." Under the Budget and Accounting Act of 1921, however, control over collections of amounts due the United States, as exercised by the accounting officers in early days, wa not restored in its entirety; that is to say, while the Comptroller Genera is empowered by section 4 of the act of July 1, 1894, 28 Stat. 206, as amended by section 304 of the Budget and Accounting Act to superintend recovery of all debts certified by the General Accounting Office to be due the United States, his responsibility does not extend, as formerly to the direction and prosecution of suits to recover erroneous, illegal or other payments due the United States.

By the establishment in 1923 of a Collections Unit, the General Accounting Office took what has been proved to be a decided advance step in Federal collection methods. Heads of departments and establishments were requested to report to the Collections Unit any debts appearing of record in their respective organizations. Records of indebtedness, thus gathered from various sources, together with those found due by the General Accounting Office through its audit and settlement of disbursing accounts, have been assembled in the form of a debtor's card index which provides a means of check against any allowances or adjustment which might be made by the Government in favor of the debtor. The Collections Unit which maintains the debt record index is a part of the Claims Division.

Much of the controversy regarding the authority and jurisdiction of the Comptroller General has arisen in connection with cases where liability in the matter of collection is disputed by the debtor. In such cases, if collection cannot be made by offset against amounts which may be due the debtor from the Government, or otherwise, the matter usually is reported to the Attorney General for institution of suit, or such other action as may be deemed proper by the Department of Justice.

Personnel Activities Removal to Pension Building

Effective April **1, 1926,** there was established a Division of Personnel in which was absorbed the previously existing Division of Appointments, which was in reality a survival of a similar organization in the former office of the Auditor for the War Department. Duties of the new division, performed under the supervision of the Comptroller General, comprised all matters relating to personnel in the General Accounting Office, such as appointments, transfers, promotions, reductions, removals and other changes, time and leave records, efficiency ratings and records, welfare and working conditions of employees. At the time this division was created the personnel of the entire office numbered slightly less than **2,000** persons, a group small indeed when compared with the numerical strength manifested in later years, particularly since **1935.**

With Mr. David Neumann as its first chief, the Division of Personnel began its work in restricted quarters in the Treasury Building. Additions to the working force of the office were selected in conformity with Civil Service rules and regulations, with particular regard to the requirements of the position to be filled and the potential fitness of each worker under consideration to meet a specific need in the organization as a whole.

As the General Accounting Office through its widely varied functions has vital contacts with every phase of governmental activity, there was early engendered in its personnel an unusually broad knowledge and understanding of the workings of the Federal service in general. It is worthy of note, furthermore, that the consequent alertness and interest was strongly reflected in enthusiasm for assigned duties and pride in their satisfactory performance.

Organization of the Division of Personnel fully under way, its management was taken over by Mr. Earl Taggart, theretofore Chief of the Civil Division, who served as Chief of Personnel for about eight years and was succeeded by Mr. W. W. Richardson, who has been Assistant Chief of Audit Division since 1939.

Reassignment of certain duties brought about a partial reorganization of the Division of Personnel which became effective July **1, 1939.** All personnel matters were placed under the jurisdiction of a Director of Personnel, which position was first held by Mr. Thomas A. McNamara. The present (November **1943)** Director, Mr. E. E. Ballinger, took charge in April **1942,** and under his administration the General Accounting Office has entered upon a period of great personnel expansion. To meet the requirements of war created activity hundreds of new employees have been secured for service in Washington and in the several field offices opened in various sections of the country, notably in or near war production centers. Records disclose that the total number of employees, which as of June 30, 1939, **was** slightly less than 5,000, in **1943** has risen beyond the 10,000 mark, and is still increasing.

Early in the year 1926 plans were laid for removal of the administrative offices and as many of the General Accounting Office working force as could be accommodated from the Treasury Department Building and other quarters then occupied to the old Pension Building at Fifth and G Streets, NW, in Judiciary Square.

This historic edifice adjacent to the Court House was designed by General Montgomery C. Meigs of the Corps of Engineers, U.S. Army, well known as the builder of the aqueduct conveying the city water supply from Great Falls of the Potomac River, over the famous Cabin John Bridge to Washington. Construction of the Pension Building was begun in the autumn of 1882 and was finished to such an extent as to permit its use on the evening of March 4, 1885, for the ball in honor of the inauguration of President Cleveland and Vice President Hendricks. Then known as the largest brick building in the world, the Pension Building has been referred to, somewhat disrespectfully, as "Meigs' Old Brick Barn." Nevertheless, the structure has a dignity all its own, and until the removal of its first occupant, the Bureau of Pensions, to the Interior Department Building in 1926, it had the responsibility of housing the pension claims of millions of men who fought for their country from the Revolution to the first World War. In its great court, which now echoes to the clickety-clack of typewriters and the busy hum of clerical workers, thousands have danced to the music of the Marine Band at inaugural balls ushering in the administrations of Presidents-Cleveland, Harrison, McKinley, Theodore Roosevelt and Taft. Days of inaugural festivities are long past and well nigh forgotten, but the old Pension Building remains a landmark, its great windows overlooking what is left of a once lovely park, while on the weather-beaten frieze above them, shadowy forms of soldiers still seem to march beside their ancient cannon, silent suggestions of a memorable past.

Far-reaching organization changes marked the actual removal of the General Accounting Office to the Pension Building in the late summer of 1926. Some hope had been entertained that the move might be the forerunner of early union of scattered divisions and units of the office in one building, possibly **a** new one, built for that express purpose. However, developments through subsequent years have failed to bring about that long desired consummation, which at this time appears more than ever remote. A site for such a building was secured, comprising the greater part of the block bounded by Fourth, Fifth, G, and H Streets, NW, across from the Pension Building. Houses and other buildings in the area have been razed, with the exception of St. Mary's Church and its parish buildings. The church, one of the oldest in the District of Columbia, has been located on Fifth Street for many years. Excavation for the General Accounting Office building was begun but has been abandoned, as the advent of war conditions with accompanying scarcity and restriction of building materials speedily put an end to all plans for construction. A new home for the office, therefore, once more becomes an object of speculation, a vision of the future. Again, as prior to its creation in 1921, office activities have been placed in buildings located in widely separated sections of the city, to occupy whatever quarters are obtainable, irrespective of association and coordination of the functions involved.

The consolidation of Claims and Transportation Divisions, effective July 1, 1926, received and has since borne the title of Claims Division. Mr. Stuart B. Tulloss was named Chief of that Division, which position he held until 1931.

Functions and personnel of the Civil and Military Divisions as previously described, together with the group of employees handling matters concerning veterans, were combined effective September 1, 1926, to form the Audit Division. To these were added in November of the same year all activities pertaining to the reconciliation of depository accounts, which prior to that time had been handled by a unit of the Check Accounting Division. Following his brief assignment as Chief of Personnel Mr. David Neumann's ability as an organizer was again requisitioned to formulate and carry out plans for the Audit Division, of which he was appointed chief, with Mr. E. W. Bell as assistant. The audit division was originally located in the Pension Building, but subsequently, due to rapidly increasing work and personnel expansion, has been forced to occupy space in various other buildings.

The great accumulation of General Accounting Office records, files and miscellaneous papers, most of which must be readily accessible for research purposes, has ever presented a problem in the matter of handling and storage. Therefore, in the interest of greater efficiency there was established a Records Division, effective September 1, 1926, wherein were assembled under one supervision all such documents, including settled accounts of disbursing officers of the various departments and establishments (other than those of the Post Office Department). contracts, settled claims and paid checks. Mr. Reed F. Martin was made Chief of that Division. The Records Division was also responsible for the furnishing of information and transcripts, including photostatic copies of documents on file, to other agencies of the Government for use as specified by regulations governing such work.

For many years, there was maintained in the Interior Department a Returns Office wherein, in conformity with existing law, were filed contracts made by the Secretaries of War, Navy and Interior for the stated purpose of rendering such contracts available to the public generally. Pursuant to the act of February 4, 1929 (45 Stat. 1147), the Returns Office was transferred to the General Accounting Office and made a part of the Records Division, where its functions were continued until abolished by Office Order No. 31 of September 18, 1942, pursuant to the act of October 21, 1941 (55 Stat. 743).

In 1928, Mr. Martin was appointed Chief Clerk of the General Accounting Office, his duties as Chief, Records Division, being assumed by Mr. W. W. Richardson who was succeeded by Mr. Russell H. Herrell who in turn was succeeded by Mr. Vernon R. Durst. Mr. Herrell subsequently left the General Accounting Office and now holds the position of Administrative Assistant to the Public Printer.

Functions and personnel of the Check Section **and** that part of the Receiving and Computing Section, also of the Audit Division, which had to do with the receiving, recording, searching and checking of accounts, vouchers and collateral papers for audit were made component parts of the increased and enlarged Records Division, which on August 1, 1940, was renamed the Reconciliation and Clearance Division, and continued in charge of Mr. Vernon R. Durst.

As in other employee groups there arose among the personnel of the General Accounting Office occasional cases of distress due to illness, bereavement, or other misfortune, when through no fault of his own, an employee was forced to seek financial assistance. To provide for such persons with the minimum of formality and publicity there was created in the autumn of 1928, through voluntary contribution of employees, a general welfare fund, which was administered by a Board of Control consisting of five persons appointed by the Comptroller General. The original fund was augmented from time to time by individual gifts and by proceeds of various benefit entertainments. Through the courtesy of the Chamber of Commerce of the United States, several such affairs were held in the beautiful auditorium of that organization thereby realizing considerable sums for the welfare fund. Another source of revenue was found in donations made by the Welfare and Recreational Association of Public Buildings and Grounds from the net proceeds of the lunch counter located in the General Accounting Office Building.

Aside from the material aid rendered to employees temporarily in difficulties, the spirit of friendliness and mutual helpfulness manifested through these early welfare activities, unpretentious though they were, was not without beneficent effect upon the morale of the entire office and will long be remembered by those privileged to participate in the work. Upon the organization in 1940 of the present General Accounting Office Athletic, Welfare and Recreational Association, all activities, funds, etc., of the former welfare set-up were absorbed therein.

Postal Accounts—Preaudit

The ancient gray stone building on Pennsylvania Avenue, between 11th and 12th Streets, surmounted by the clock whose gleaming face long has been familiar to the wayfarer in downtown Washington, was occupied for many years by the Post Office Department, now located in its handsome new building immediately west of 12th Street. For purposes of convenience the old building also housed the office of the Auditor for the Post Office Department and its successor, the Post Office Department Division of the General Accounting Office, in which offices was performed the audit work of the postal branch of the Government as distinguished from claims and accounts originating in other branches which are audited and settled in the Audit and Claims Divisions.

The Post Office Department Division whose designation was changed July 1, 1939, to that of Postal Accounts Division (18 Comp. Gen. 1026) is responsible for the audit and settlement of all accounts of the great Post Office Department and its widespread activities, including money order and postal savings services, as well as matters having to do with national and international transportation of the mails by land, sea and air. The audit of money order accounts is carried on with the aid of electrically operated office appliances of the most modern character, a system which was inaugurated as early as July 1, 1912. By this means data appearing on postal money orders is reproduced by punching on specially prepared cards, which are then run through sorting and tabulating machines and the totals shown compared with those claimed by the paying postmasters for verification. It is interesting here to note that the General Accounting Office installation is claimed to be the largest in the world using such equipment for purely auditing purposes.

The normal flow of postal business into the General Accounting Office has been seriously affected by disturbed world conditions of recent years, evidencing general disruption and curtailment of the mail service, particularly to and from foreign countries. Because of changes in administration brought about by such conditions it was deemed expedient to effect the transfer of the entire Postal Accounts Division to Asheville, North Carolina, a move undertaken at the suggestion and with the assistance of the Bureau of the Budget and the Public Buildings Administration, in cooperation with the Post Office Department. The change was effected about the close of the calendar year 1942 and after the passage of several months it may be said that removal of the postal audit from the congested atmosphere of Washington to the North Carolina city has been a decided success from all points of view. Under the direction of

Mr. John C. Nevitt, Chief of Division, work has been expedited and conditions in general manifest improvement. Those employees who, for various reasons, were unable to leave Washington with the Postal Accounts Division have been placed in other parts of the General Accounting Office.

Under authority originally conferred by the Dockery Act of 1894, the Comptroller General is required, upon request of a disbursing officer or the head of an executive department or other Government establishment to render advance decision upon questions involving payments to be made by them, such decisions to be binding in the settlement of the accounts concerned. (Under more recent legislation (act of December 29, 1941, 55 Stat. 875) certain certifying officers, also, are authorized to request and receive decision of the Comptroller General on any question of law involved in payment of vouchers presented for his certification.)

The right as above indicated was not exercised by disbursing officers at all times, however, and amounts illegally paid, when later disclosed in the audit, were for collection, insofar as possible, and return to the Treasury. With the view of eliminating need for and consequent expense of collecting such amounts, there was inaugurated in 1927 the procedure known as preaudit, or audit before payment. This plan provided for approval of expenditures by the Comptroller General after the obligations are incurred, but before actual payment should be made, and was not an entirely new idea, as its value had been demonstrated through application to certain postal expenditures by the Post Office Department Division of the General Accounting Office and its predecessors, the Auditor for the Post Office Department and the Sixth Auditor over an extended period of years.

General use of preaudit in the General Accounting Office began through the audit of disbursement vouchers of the United States Veterans Bureau covering payments under the World War Adjusted Compensation Act of May 19, 1924 (43 Stat. L. 121) and amendments. Soon thereafter requests were received for its extension to vouchers-other than those for personal services—of certain bureaus of the Department of Agriculture. By successful operation the plan gained favor with administrative officials, particularly those directly concerned with disbursement matters, bringing about its adoption, wholly or in part, in the audit of vouchers of many departments and establishments.

Preaudit service reached its highest level about the middle 1930's, when cotton pool payments under the Agricultural Adjustment Act were successfully preaudited in regional field offices, physically adjacent to sources **of** all necessary information. Because of the absolute accuracy and extreme speed required, only carefully selected personnel of high qualification and experience were assigned to preauditing duties. Therefore, in view of the increasing need for such employees on various activities associated with preparation for and prosecution of the war effort, it was found necessary to curtail and ultimately to discontinue the practice of preauditing vouchers with the exception of the limited number received under certain farm programs. Such action was directed by the Comptroller General in Office Order No. 32 dated September 16,1942.

For a number of years, there has been assigned to a select group of employees the task of computing and preparing reports and financial statements for presentation to the United States Court of Claims in connection with suit filed by certain Indian tribes under jurisdictional acts passed by Congress for recovery of moneys alleged to be due them in fulfillment of treaty obligations, or to more adequately compensate the tribes for land taken.

Extensive study and research is required in the preparation of these reports, together with a thorough knowledge and understanding of the statutes, treaties, claims involved, records and other data of the Indian Office and Bureau of Ethnology, and other material relative to the particular tribes concerned and their transactions with the Government. Information concerning these Indian matters is frequently requested by Members and Committees of Congress, requiring detailed statements of the facts of record, reports submitted, etc.

During the period 1925 to 1936 the volume of Indian tribal claims work was comparatively large, but the considerable number of employees then assigned thereon since has diminished. Though receiving little public notice this work is nevertheless deserving of special mention here as a notable function of the Claims Division of the General Accounting Office.

Assistant Comptrollers General Richard Nash Elliot Frank L. Yaks

The close in 1931 of the first decade following establishment of the General Accounting Office revealed the completion of numerous changes within the organization, and the adoption of improved procedures and methods of work. Comparatively little unrest or turnover was apparent among the personnel during that period; on the contrary, there was noted the growing tendency of many employees to fit themselves for more difficult and responsible duties through the study of law, accountancy or some other of the various courses available in local institutions of learning. Quite a number of those who so qualified continued with the office organization, and by reason of intimate knowledge of its functions and practical experience in its work were able to render service of inestimable value during the unsettled conditions of ensuing years.

Upon the retirement at the statutory age of Assistant Comptroller General Lurtin **R.** Ginn, President Hoover named as his successor Honorable Richard Nash Elliott, former Member of Congress from Indiana, who assumed his duties March **9,** 1931. This was a recess appointment which was followed by a regular appointment confirmed by the Senate the following December.

Judge Elliott was born near Connersville, Indiana, April 25, 1873, attended local schools and subsequently taught school in that vicinity. He studied law, was admitted to the bar and engaged in practice in Connersville, where he was made city attorney in 1905. Following service as county attorney of Fayette County, and as a Member of the State Legislature for several years, he was elected to the 65th Congress at a special election held to fill the vacancy caused by the death of Representative Daniel W. Comstock. He was reelected to the 66th, 67th, 68th, 69th, 70th and 71st Congresses, which service **of** more than 13 years beginning July 3, 1917, covered the stormy period of the first world war and the bitter contests over woman suffrage and prohibition.

Deeply interested in the modern development of the nation's capital, Judge Elliott while in Congress served as Chairman of the Committee on Public Buildings and Grounds, which directed the Federal Triangle building program. He was also one of those chiefly responsible for the erection of the magnificent Supreme Court Building, which in the opinion of many is unsurpassed for classic beauty and dignity by any other edifice in Washington.

It so happened that Judge Elliott acted as Comptroller General for much of his term in the General Accounting Office. Upon the statutory retirement of Comptroller General McCarl after fifteen years of official service, no successor was appointed for approximately three years; and in the interim Judge Elliott, as Acting Comptroller General, passed judgment on expenditures contemplated and made, in amounts running far into the millions, as well as many other important and frequently controversial matters.

Necessity again required him to take over the helm of the General Accounting Office when the tenure of office of Comptroller General Fred H. Brown, appointed in April, 1939, to succeed Mr. McCarl, was shortened by illness in December, 1939, and his resultant resignation, and he continued as Acting Comptroller General until the accession to office of the Honorable Lindsay C. Warren, appointed Comptroller General effective November 1, 1940.

An exceedingly human individual, the place of Assistant Comptroller General Elliott in hearts of the General Accounting Office people has ever been secure. The warm friendliness which endeared him to the "folks back home in Indiana" met with ready response from officials and employees alike. Devotees of the rod and reel found in him a kindred spirit and followed with interest his periodic excursions to nearby or distant sections of some fisherman's paradise. Judge Elliott's love of poetry, particularly that of Burns, is well known; moreover, he frequently expresses his own thoughts in bits of verse, more often than not in praise of his favorite sport or of some particular spot by the waterside which holds for him delightful memories.

The term of office of the Assistant Comptroller General—15 years—was curtailed in Judge Elliott's case by reason of the intervention of the statutory retirement age, and his service in the General Accounting Office terminated April 30, 1943. He continues to reside in Washington, the scene of his life and work for many useful years.

In the selection of Mr. Frank L. Yates as successor to Assistant Comptroiler General Elliott, the General Accounting Office is exceedingly fortunate, Mr. Yates, a native. of West Virginia, served in the office of the Auditor for the War Department, Treasury Department, and subsequently in the General Accounting Office as an attorney, as a special assistant to the Comptroller General, and most recently as attorney-conferee in the immediate office of the Comptroller General. His wide knowledge and experience in matters coming before the General

Accounting Office should be of incalculable value in the years that lie ahead. He is personally known to many employees of longer service who unite in gratification at his appointment.

Industrial Depression, Economy Legislation, Unemployment Relief, Centralization — Disbursing System

Widespread dissatisfaction with the confusion prevalent in the nation's fiscal affairs and continued agitation for more businesslike management contributed in large measure to the enactment of the Budget and Accounting Act of **1921,** which, for a time, appeared to afford opportunity for some improvement, even though opinions and judgment differed as to the manner in which it should be brought about. Machinery of the Government was already complex, due to the continued existence of numerous commissions, boards, councils, and the like, created during World War I, and maintaining limited activity after its close. Some of these organizations were consolidated, wholly or in part, with established departments while others, their usefulness at an end, were abolished within the decade following.

A few years later industrial depression with its attendant economic and social problems spread through many sections of the country, arousing popular sentiment for immediate curtailment of Government expenditures, particularly costs of operation. ***As*** a remedial measure, the 72nd Congress enacted legislation which has become generally known as the "Economy Act of 1932" **(47** Stat. **382)** as a part of "an act making appropriations for the Legislative Branch of the Government for the fiscal year **1933** and for other purposes.'' Under provisions of this act, which was approved June **30,1932,** the compensation of Government employees in general was reduced by **8-1/3** percent, the savings so obtained to be impounded in the Treasury. The reduction in pay, though at an increased rate of **15** percent, was continued during the fiscal year **1934** by the act of March **3,1933 (47** Stat. **1515,** section 4(d)). To effect further savings existing vacancies were left unfilled and salaries thereof also impounded. Other measures adopted in the interest of economy included the withdrawal of annual leave privileges of employees and the substitution therefore of furlough — leave without pay. In addition, pursuant to section **204** of the Economy Act, certificates retaining employees in the service beyond the statutory retirement age, were terminated, and such extensions could be effected only by action of the President.

Another provision which caused much discussion and general unrest among those employees directly concerned was found in section **213** of the Economy Act—to the effect that in any reduction of personnel, married persons (living with husband or wife) employed in the class to be reduced, should be dismissed before any other persons employed in such class were dismissed. That ways and means of effecting retrenchment held a prominent place in the congressional mind was again evidenced the following year when in the Independent Offices Appropriations Act for **1934,** approved June **16, 1933** (48 Stat. 305), it was provided that any employee within the purview of the Civil Service Retirement Act of May 29,1930, having a period of service aggregating 30 or more years, if involuntarily separated from the service for reasons other than his own misconduct, would be entitled to an annuity computed as provided in section 4 of said act, less a sum equal to 3-1/2 percent of such annuity, full annuity to be paid if and when the annuitant reached the statutory age for retirement.

Although no general reduction in the working force of the General Accounting Office took place at that particular time, numerous separations occurring in various parts of the organization brought about a net drop in the number of personnel from 1,988 as of June 30,1931, to 1,950 as of the corresponding date in 1932, and to 1,943 a year later.

The early act establishing the office of Treasurer of the United States delegated to that official the duty of making disbursements of public moneys "upon warrants drawn by the Secretary of the Treasury, countersigned by the Comptroller and recorded by the Register, and not otherwise" (1 Stat. L. 65, 66). However, under the prior act of July 31, 1789 (1 Stat. L. 29) collectors of customs had already been authorized to make disbursements from their collections, and it was soon evident that other payments would have to be provided for in order that public business might not be delayed. Provision was made in the act of February 20,1792 (1 Stat. L. 232) for employment of deputies (postmasters) in the Post Office Department, whose accounts were to be adjusted and settled in the same manner as other public accounts. The act of May 8, 1792 (1 Stat. L. 279,280) which established an "accountant to the department of War" provided for a paymaster of–the Army "to reside near the headquarters of the troops of the United States." Although other persons designated by department heads continued to disburse funds on their order, there was no general statute regulating such disbursements until 1823 when, by the act of January 31 (3 Stat. L. 723) Congress specifically forbade advances of public moneys, except under the special direction of the President of the United States. Several other attempts were made to regulate the disbursing system, which, despite certain recognized defects, continued without substantial change for more than 140 years.

As previously stated, disbursing officers were agents of the department or establishments to which they were attached, and acted under orders from the heads of such organizations though at the same time responsible to the accounting officers of the Government (in the Treasury Department until 1921 and since that time in the General Accounting

Office) for the custody and proper disposition of the funds they received. In his annual report to Congress for 1926 the Comptroller General suggested the advisability of removing disbursing officers from the control of the spending agencies and advocated a comprehensive study of the existing system with the view of effecting needed changes and economies. These recommendations were repeated in successive annual reports until 1932 when Senator King of Utah introduced a bill "to secure greater economy and efficiency in the disbursement of public money and for other purposes."[10] The bill did not receive the support of the Treasury Department and died with the Congress. However, on June 10, 1933, President Roosevelt transferred and consolidated in the Treasury Department the disbursing activities of the civilian executive agencies by Executive Order No. 6166, section 4 of which reads as follows:

> "The function of disbursement of moneys of the United States exercised by any agency is transferred to the Treasury Department and, together with the Office of Disbursing Clerk of that Department, is consolidated in a Division of Disbursement, at the head of which shall be a Chief Disbursing Officer.
>
> "The Division of Disbursement of the Treasury Department is authorized to establish local offices, or to delegate the exercise of its functions locally to officers or employees of other agencies, according as the interests of efficiency and economy may require.
>
> "The Division of Disbursement shall disburse moneys only upon the certification of persons by law duly authorized to incur obligations upon behalf of the United States. The function of accountability for improper certification shall be transferred to such persons, and no disbursing officer shall be held accountable therefore."

Disbursements in the General Accounting Office theretofore were handled by Mr. Carl Collier with necessary clerical assistance. Mr. Collier served in such capacity from the creation of the General Accounting Office and was its only disbursing officer. With the consolidation above mentioned he was transferred to the office of the Chief Disbursing Officer, Treasury Department, where he remained until his retirement in 1939.

[10] 72nd Congress, 2nd Session, S. 5021.

Chapter X

Personnel Expansion—Emergency Appointments, Relocation of Audit Division, Accounting and Bookkeeping Division

Following in the wake of the economic depression of the early **1930's** came unemployment, first manifested in industrial centers and later spreading to practically every calling and occupation. To an unprecedented degree the multitudes of unemployed persons throughout the nation became a leading object of concern, a problem whose solution baffled resources and powers of both business and Government.

In Public Resolution No. 11, better known as the Emergency Relief Appropriation Act of 1935, the 74th Congress made available funds aggregating over $4,880,000,000, to be used in the discretion and under the direction of the President, to provide relief, work relief and to increase employment by creation of useful work projects. Of this huge amount the greater part was allocated for work projects, with lesser allocations for other uses including the fund provided for the Federal Emergency Relief Administration through whose organization grants were made to the States for relief purposes pending development of the works program. Other allocations were made to various agencies for administrative expenses in connection with said program, for rural relief and the purchase of certain lands, also for loans made by the Farm Credit Administration. In connection with allocations made to other departments and agencies, the General Accounting Office received funds in an amount sufficient to employ labor, purchase supplies, equipment, etc., for performance of the greatly increased activities developing in connection with the works program.[11]

With all possible expedition the working force of the General Accounting Office was increased to meet conditions arising as the new work-relief program took shape. Large numbers of appointments were made for the service during the period of emergency, rolls of the office showing an increase in numbers from 2,758 to 4,401 in the years 1935-1936 alone. Many of the persons so hastily appointed, without regard to civil service requirements, were wholly lacking in training and experience, with backgrounds ill adapting them for performance of the technical work of grave importance required in the General Accounting Office.

At the same time the congestion of accumulating work and workers filled the Pension Building to overflowing and emphasized afresh the old problem of inadequate space for changing office conditions and ever expanding needs. A partial solution of the matter was arranged, by

[11] For details of the various allocations and explanation of their use see First Deficiency Appropriation Bill for 1936, Hearing before the Subcommittee of House Committee on Appropriations in charge of Deficiency Appropriations (Part 11, pages 2, 10, 296 and 298) (Legislative File).

removing the rapidly growing Audit Division, then under the supervision of Mr. E. W. Bell as Chief of Division, to the Moses Building at Eleventh and F Streets, NW, which took place during the summer of 1935.

Effects of the great increase in work were apparent in every part of the office but particularly in the Audit Division, where the receipt of accounts prepared and submitted by recently organized or expanded agencies manned by inexperienced personnel presented difficulties and inaccuracies theretofore not encountered. Such conditions, due in large measure to the vast expenditures resulting from emergency legislation caused by the business depression, demanded exhaustive study with mutual cooperation, in order to ensure prompt settlement, as well as adequate protection for the interests of the Government.

The audit of adjusted service certificates issued to veterans under the World War Adjusted Compensation Act of May 19, 1924 (43 Stat. 121), and declared immediately payable under the Adjusted Compensation Payment Act, 1936, approved January 27, 1936 (49 Stat. 1099) began in August 1936, and was well on the way to completion by the close of the fiscal year 1937.

Expansion in every phase of federal activity was of necessity reflected in Government claims work. With the establishment of many new governmental agencies, innumerable new contracts were required for purchase of supplies and equipment, as well as for construction work of all sorts to meet the needs of the vast relief organizations. In brief, such a personnel expansion as that previously referred to was equally necessary to provide for the increase in the claims work of the General Accounting Office.

During this same period another new division was added to the General Accounting Office organization. This was the Accounting and Bookkeeping Division, created September 1, 1935, under General Regulations No. 82, dated August 20, 1935, by consolidation of the Bookkeeping Division and certain parts of the Audit Division, namely, the Accounting Section, which had to do with the settlement of the accounts of accountable officers and the adjustment of appropriations and funds; those parts of the Audit Review Section wherein were considered replies to postaudit exceptions received after completion of initial audit exceptions; the Difference Sheet Section and the Supplemental Settlement Unit. The Accounting and Bookkeeping Division also keeps control accounts of appropriations and limitations thereof; keeps accounts of advances, disbursements and collections of accountable officers; reviews and countersigns (or disapproves) for the Comptroller General certain classes of warrants; prepares transfer settlements to settle interdepartmental claims and adjust erroneous deposits; and settles the accounts of accountable officers.

The functions of the Accounting and Bookkeeping Division have been enumerated in detail as above for the reason, apparent to some observers, that many employees and friends of the General Accounting Office have but a vague understanding of the importance of the work of the division as compared with that performed in the longer established organization units, with which they are perhaps better acquainted. Since its creation the affairs of the Accounting and Bookkeeping Division have been administered by Mr. J. Darlington Denit, with a large corps of assistants.

Pursuant to the requirements of section 309 of the Budget and Accounting Act some steps were taken looking toward the establishment of a uniform system of administrative accounting, though the variety of operations and methods in use rendered such uniformity a difficult task. However, as a result of investigation and study of the accounting needs of various offices and establishments, administrative accounting systems were established in several bureaus. Thus was formed a nucleus to which the departments and establishments might make additions and adaptations best suited to their particular needs. To the Accounting and Bookkeeping Division was delegated the duty of coordinating the departmental systems and maintaining the control accounts.

On June 30, 1936, there terminated the incumbency of the first Comptroller General of the United States, Mr. J. R. McCarl, who remained in Washington, engaged in private law practice. He died very suddenly August 2,1940.

As stated earlier in this chronicle, at the expiration of the term of Mr. McCarl administration of the General Accounting Office was taken over by Assistant Comptroller General Richard N. Elliott as Acting Comptroller General of the United States. No changes of note took place, although the findings of the President's Committee on Administrative Management (popularly known as the Brownlow Committee) as set forth in the report of the committee, submitted January 8,1937, gave rise to rather general discussion of possible—or probable—reorganization of departments and agencies of the executive branch of the Government.

On March 30, 1939, President Roosevelt nominated to fill the vacant office of Comptroller General of the United States the Honorable Fred H. Brown, former Senator from New Hampshire, which nomination was confirmed April 3, 1939.

Comptroller General Brown, who took office April 11, 1939, was born at Ossippee, New Hampshire, April 12, 1879. He became an attorney at law and practiced in Somersworth, New Hampshire, where he served as mayor from 1914 to 1922, at the same time holding the office of United States Attorney for the District of New Hampshire. From 1923 to 1925 he served as Governor of the State and subsequently as a member of the New Hampshire Public Service Commission until his election to the United States Senate in 1932. Mr. Brown's illness during the winter of 1939-1940 compelled him to relinquish his duties as Comptroller General in the early summer of the latter year. He returned to his home in New Hampshire and upon restoration to health served for a brief period as a member of the United States Tariff Commission, eventually resuming the practice of law.

August 1, 1940, the President named as successor to Comptroller General Brown the Honorable Lindsay C. Warren, member of Congress from North Carolina, whose First Congressional District he had represented for 16 years, the nomination being confirmed the same day.

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Preface

This document is a printed version of May Hunter Wilbur's brief history of GAO and its predecessor agencies in the Treasury Department. prepared in the months prior to her retirement in December 1943, Mrs. Wilbur worked for the Comptroller of the Treasury and was one of GAO's original staff in 1921.

Mrs. Wilbur first traces the fiscal history of the United States from the days of the American Revolution to the passage of the Budget and Accounting Act of 1921. She then outlines GAO's history over its first 22 years, with emphasis on basic functions, organization, buildings housing GAO personnel. and leading officials, including the Comptrollers General, Assistant Comptrollers General. and others. Perhaps the most important contribution of this account is its emphasis on the human characteristics of GAO, its leaders, and its staff in the early years.

Mrs. Wilbur's original manuscript, prepared on a typewriter, has been typeset to improve its readability, but otherwise appears as she wrote it. Although GAO's employee newspaper, The Watchdog, observed in November 1947 that it hoped Mrs. Wilbur's history "will be available for distribution in printed form in the near future," it has taken 40 years to accomplish that task. The History Program, Office of Policy, is pleased to make it available now.

Roger R. Trask
Chief Historian

January 1988

Biographical Information
May Hunter Wilbur

Mrs. Wilbur was born in Ohio on January 8,1876. and lived in Washington, D.C., since her early childhood. She began her career in 1893 as a teacher in the Washington public schools. In 1917, she accepted a position with the Bureau of War Risk Insurance (now the Veterans Administration). In 1920, she transferred to the Office of the Comptroller of the Treasury, and she remained with the General Accounting Office (GAO) until her retirement in December 1943. She died in September 1947.

While at GAO, Mrs. Wilbur served as Assistant Chief of the Employee Relations Section of the Division of Personnel and as Assistant Director of Personnel. She was one of the organizers of what is now the GAO Employees Association and was very active in welfare, charitable, and employee relations matters.

Mrs. Wilbur's community activities included membership in the Order of the Eastern Star and prominence in musical circles. She served as pianist for the Metropolitan Baptist Church from 1903 to 1910 and then for several years as organist for the Central Presbyterian Church.

Foreword

As the General Accounting Office has now entered upon the third decade of its existence as an independent establishment of the federal government. the time seems appropriate for recording some of the conditions and events leading up to its creation: also to call to mind various occurrences and developments of later years. which may or may not be familiar to those who have served with the organization or who have been otherwise identified with its life for varying periods of time.

What is here set down, however, does not presume to enter into any technical discussion of the fiscal history of our country or of its latter day development, the General Accounting Office. such a task having been ably fulfilled by various writers eminently qualified for its performance. On the contrary, the purpose here is to supplement such writings by preserving in simple form the story of the office as known to employees and friends of today, its functions and past achievements, together with some of its ideals and purposes for the future.

May Hunter Wilbur
1943

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arly Fiscal Developments

Preliminary to such a chronicle it will be well to consider briefly the beginning of our country's fiscal history. In fact. for the origins of the system whose basic principles today are so widely but not always understandingly discussed and criticized. one must go back to the early days of the Revolutionary War when in the endeavor to bring about settlement of differences between the American colonies and Great Britain the Second Continental Congress met in Philadelphia for the purpose of raising revenue for possible military needs and to make provision for the custody and disbursement of funds as obtained.

We learn that as early as the middle of the year 1775 there existed in the colonies some form of financial organization composed of temporary committees, in course of whose management difficulties in settlement of accounts soon became apparent. Thereupon. the Congress by resolution of July 29, 1775. created the office of Treasurer. appointing not one but two treasurers—Michael Hillegas and George Clymer, both residents of Philadelphia. Shortly thereafter Mr. Clymer was appointed a delegate to Congress by the convention of Pennsylvania and one treasurer only was considered sufficient for future needs. Mr. Hillegas continued in such capacity until 1789.[1] The Congress further established in September 1775 a committee of accounts "to examine and report upon all claims or accounts against the government before payment should be made." This appears to have been the first of such groups to perform duties which have developed through the years into the auditing functions of the present day.

Fragmentary records of that early time confirm the belief that the founders of our government were real statesmen. as well as patriots. In their estimation, monetary problems were matters for ample and serious discussion, to the end that funds might be wisely expended and all possible extravagance avoided. The right of their legislative assemblies to direct the financial affairs of the colonists was insisted upon. In February 1776 Congress representing the "United Colonies" appointed a "Standing Committee for Superintending the Treasury.– This committee was composed of five delegates and was instructed to examine the accounts of the Treasurer and to employ and train proper persons in the liquidation of accounts. Power was also given to request for purpose of audit the books and accounts of any person responsible for public funds. and to report the state of such accounts to Congress. In April of the Same year Congress instituted and established a Treasury Office of Accounts headed by an auditor-general who had charge of several assistants and

[1] Journals of the Continental Congress—F. W. Powell. Control of Federal Expenditures. p. 3.

clerks engaged in keeping and stating the public accounts. The entire Office of Accounts, however. continued under the superintendence and control of the Standing Committee above described, which about this time was given the designation of "Treasury Board." By one authority[2] it is stated that this same Standing Committee was the nucleus from which the Treasury Department finally developed.

Successive boards of treasury with varying degrees of success maintained control of fiscal affairs until 1789, interrupted only by the introduction of a plan operated from 1781 until 1784 by Robert Morris in the position of Superintenaent of Finance. This plan permitted specialization of financial operations under several officers, each directly responsible to Congress for the performance of his own particular function. The system and its administration by Mr. Morris received high praise on account of its efficient and direct operation, but met with bitter antagonism and charges of mismanagement from persons opposed to his scrupulous care particularly in collecting all sums owing the Government. Mr. Morris apparently noted the gradual withdrawal of support from his administration and tendered his resignation in January 1783 stating: "To increase our debts while the prospect of paying them diminishes does not consort with my idea of integrity. I must therefore quit a situation which becomes utterly unsupportable."[3] Nevertheless, he did not actually relinquish his duties until the following year. It has been said of Robert Morris that he was a momentous force in the administration of President Washington and fully earned the title of "Financier of the Revolution."

Major features of the Morris plan were reflected in the establishment of a real accounting system which came to pass through the enactment of the act of September 2. 1789, creating a Treasury Department and carrying forward from the Articles of Confederation, ratified by the states March 1, 1781, certain basic principles underlying early accounting practices, some of which remained unchanged until comparatively recent years.

The Treasury Act of 1789 (1 Stat. L. 65), as finally passed, provided for a Secretary, a Comptroller. an Auditor. a Register and a Treasurer—each to be appointed by the President with the advice and consent of the

[2]Bullock. Finance of the United States from 1775 to 1789. p. 191.

[3]Bullock. Finances of the United States from 1775 to 1789. p. 207.

Senate. The Secretary of the Treasury was instructed to digest and prepare plans for management of the revenue and support of the public credit: to prepare and report estimates of the public revenue and expenditures: tu superintend collection of the revenue: to decide on forms for keeping and rendering all. public accounts and making returns; to issue warrants subject to limitations imposed by law; to make reports. as requested, to Congress pertaining to the work of his office. and to perform generally, such service relating to finances as might be directed.

The duty of the Comptroller was to superintend adjustments and preservation of the public accounts: to examine all accounts settled by the Auditor and to certify the balances to the Register; to countersign warrants drawn by the Secretary pursuant to law; to report to the Secretary the official forms for use by collectors of the revenue, and the manner and form of keeping their accounts; to provide for the regular and punctual payment of all monies which might be collected, and to direct prosecution for all delinquencies of officers of the revenue and for debts that might be due the United Stares.

The Auditor was designated to receive all public accounts and after preliminary examination and adjustment, to certify the balances with vouchers to the Comptroller for settlement. Any claimant dissatisfied with a settlement made by the Auditor could appeal to the Comptroller within six months.

The Register was instructed to keep all accounts of receipts and expenditures, all debts due the United States and to preserve them, together with all settled accounts, vouchers, certificates and warrants. In the duties so minutely prescribed for early Treasury officials will be noted the basic similarity in certain respects to customs and practices which have continued through the years in the Department and offices closely associated with it.

Salaries of the above officials were fixed by legislation of September 11, 1789 (1 Stat. L. 67) as follows: Secretary, $3,500; Comptroller, 52,000; Auditor, $1,500; Treasurer, $2,000; and Register, $1,250. As the first Secretary of the Treasury President Washington appointed Alexander Hamilton who continued in such administration until January 1795. Functions proposed for the several officers of the new Treasury Department, as above described, were productive of much discussion in Congress, particularly those of the Comptroller, which office in the opinion of some members appeared to partake of a judicial as well as an executive quality. During debate, this apparent dual responsibility to the

President and to Congress was the subject of remark by James Madison at that time a representative from Virginia, who advocated a fixed term of office for the Comptroller. No settlement of the matter was effected, however, until the enactment of the Budget and Accounting Act of 192 in which was incorporated the suggestion of Mr. Madison.

Though the apparent purpose of the act of 1789 was to concentrate settlement of accounts in the Treasury Department, need for a greater degree of accuracy and expedition in accounts of the War and Navy Departments brought about the authorization May 8.1792, of an accountant specifically for the War Department. whose position was entitled "Accountant to the Department of War" (1 Stat. L. 279). Simila action with respect to Navy accounts was taken by Congress in the act of July 16, 1798 (1 Stat. L. 610), which provided for an "Accountant of the Navy." In 1816 an additional accountant for the Navy was provided These accountants were required by law to submit their settlements to the Comptroller of the Treasury for inspection and review.

All three of the offices described were abolished in 1817, when Congres passed "an act to provide for the prompt settlement of public accounts" (3 Stat. L. 366), and authorized the employment of four additional auditors and one additional comptroller. Under this legislation the comptroller designated in the act of 1789 became known as the First Comptroller and was required to examine accounts settled by the First Auditor (the auditor created by the act of 1789) and the Fifth Auditor (an official to whom the act of 1817 assigned the accounts of the Department of State, the General Post Office, and those relating to Indian affairs). Additional duties of the First Comptroller were "to superintend the recovery of all debts to the United States, to direct suits and legal proceedings, and to take all such measures as may be authorized by the laws to enforce prompt payment of all debts to the United States."

Duties of the Second Comptroller were "to examine all accounts settled by the Second, Third, and Fourth Auditors and certify the balances arising thereon to the Secretary of the Department (of War or Navy) in which the expenditure has been incurred; to countersign all warrants drawn by the Secretaries of the War and Navy Departments which shall be warranted by law; to report to the said Secretaries the official forms to be issued in the different offices for disbursing the public money in those departments, and the manner and form of keeping and stating the accounts of the persons employed therein; and it shall also be his duty tc superintend the preservation of the public accounts subject to his revision." Certain other functions of the First Comptroller were taken over by the Second Comptroller. in addition to the duties above set forth.

Notwithstanding the provision for four additional auditors contained in the act of 1817, practically no new duties or responsibilities were added to those already existing. Functions theretofore performed by accountants for the War and Navy Departments (abolished by the act), and miscellaneous duties were divided among the new auditors provided.

The act of July 2, 1836 (5 Stat. L. 80) entitled "An act to change the organization of the Post Office Department and to provide more effectually for the settlement of the accounts thereof," provided for that department a separate auditor to be known as the Sixth Auditor, who was authorized to settle all accounts accruing therein, subject to an appea! by either the Postmaster General or the claimant to the First Comptroller, whose decision was to be final. A committee on retrenchment appointed by Congress in 1842 was much impressed by the promptness of settlements made by the Sixth Auditor, and in its report expressed the opinion that all claims coming before any particular department could readily be adjusted by one auditor only. The committee stated further that such an arrangement would greatly facilitate public business, and recommended its adoption. More than 50 years elapsed, however, before the idea was put into practical use.

Although directing the Secretary of the Treasury to digest plans for management of the public revenue and to prepare and report estimates of the same with expenditures, the act of 1789 (1 Stat. L. 65, 67), gave no indication of the time or manner in which such reports were to be submitted. Additional directions set forth in subsequent legislation—act of May 10, 1800 (2 Stat. L. 79, 80), and act of May 1, 1820 (3 Stat. L. 567, 568, 569)—dealt further with the preparation of estimates and financial plans. Section 2 of the act of 1820 required the Secretaries of War and Navy to lay before Congress in February of each year a compilation of such data as of December 31 of the preceding year. In this connection it is of interest to note that the fiscal year, which theretofore corresponded to the calendar year, was changed to run from July 1 until the following June 30 by the act of August 26, 1842 (5 Stat. L. 536).

Other notable steps in the development of the accounting system include the establishment April 25, 1812. of a General Land Office (2 Stat. L. $16, 717) headed by a Commissioner empowered to audit and settle accounts relating to public lands. The Commissioner was required to transmit such accounts, with related vouchers and certificates. to the Comptroller of the Treasury for review and decision. certifying balances to the Register. These functions were transferred to the Department of the Interior upon its establishment in 1849.

By the act of April 9.1816 (3 Stat. L. 261, 263) there was created the office of Commissioner to pass upon claims for property lost, captured or destroyed in the military service of the United Stares. The Commissioner was at first subject to rules and regulations prescribed by the President. bur in the year 1818 his duties were transferred to the Third Auditor who for a time settled accounts without review by the Comptroller of the Treasury or other officer. As years passed, claims against the United States increased in volume and complexity. constituting an excessive burden on the various committees of Congress exercising jurisdiction over them. This condition was manifest particularly during the period between 1794 and 1838, when pursuant to a resolution of February 19 of the latter year, inquiry was made into the expediency of establishing by law a board of commissioners to adjust and settle all private claims against the Government. (25th Congress, 2d Session, House Report 730. p. 9—Serial 335)[4] To this resolution report was made that the great mass of claims "was already being settled and adjusted by the accounting officers as a matter of routine, and that the chief difficulty lay with the initial hearing and determination rather than with the adjustment of the matters." No conclusive action was immediately taken with respect to the accumulation of private claims and a further report was made April 26,1848 (30th Congress. 1st Session. douse Report 498, Serial 526), together with a proposed bill to establish a board of three commissioners to hear claims rejected by the accounting officers.

For another period of years no action was taken until by the act of February 24, 1855 (10 Stat. L. 612) there was created a special tribunal to be known as the Court of Claims. for the purpose of hearing and deciding certain classes of such matters. reporting its findings to the Congress for appropriate action.

The act of July 31,1789 (1 Stat. L. 39), which created the customs service of the United States, provided that the service should be directed by whatever official should be given the duty of superintending collection of the customs. Under the Treasury Act of September 2. 1789. therefore. the Secretary of the Treasury was directed to superintend collection of the revenue, while matters relating to customs receipts.

[4] D T. Selke. Federal Financial System. p. 490

accounts of collectors and other customs officers were handled by the Comptroller's office.[5] An act of March 3, 1849 (9 Stat. L. 395,396) created the office of Commissioner of Customs to exercise all functions of the Comptroller's office relating to collection of custom and accounts of customs officers.

It is generally believed that early accountable officers were accustomed to forward their accounts for examination by the administrative officer concerned before submitting the same to the proper auditor for settlement. This practice, known as administrative examination of accounts, was given legal sanction by a joint resolution of Congress on March 2, 1867 (14 Stat. L. 571, 572), and remains a feature of federal accounting procedure to the present day. It has been stated that Navy accounts were excepted from the required administrative examination, which statement the writer has been unable to verify.

Although few changes of noteworthy significance were made in legislation enacted during the ensuing quarter century, a rising tide of criticism culminating in several congressional investigations demonstrated beyond question the general dissatisfaction with the existing fiscal system. Accordingly, under the act of March 3, 1893 (27 Stat. L. 675, 681), there was appointed a joint commission, since known as the Dockery-Cockrell Commission, which was given authority to inquire into and examine the status of laws governing the executive departments and establishments, the methods and conduct of the same, the degree of efficiency of employees, and to make recommendations as to changes which might be desirable in the interest of efficiency and economy. In a series of reports the Commission advised complete overhauling of the accounting system. embodying its recommendations in a bill introduced in the House by Representative Dockery, chairman of the Commission. This bill which received the endorsement and support of the Treasury Department was reported favorably to the House but was recommended for further consideration. Following extended debate the principal features of the measure were incorporated in the legislative, executive and judicial appropriation act of that year. which was approved July 31, 1894, and became effective October 1.1894. This legislation, known as the "Dockery Act" (28 Stat. L. 162,205) marked a notable change in the fiscal history of our country.

Provisions of the Dockery Act abolished the offices of First and Second Comptroller, provided in the act of 1817, also that of the Commissioner

[5] Mayo—A Synopsis of the Commercial and Revenue System of the United States, Volume One. p. 6.

of Customs, created in 1849, substituting therefore a Comptroller of the Treasury and Assistant Comptroller. and changed the titles of the six auditors to indicate the nature of the accounts over which they were authorized to exercise jurisdiction as follows:

Auditor for Treasury Department
Auditor for War Department
Auditor for Navy Department
Auditor for Interior Department
Auditor for State and Other Departments[*]
Auditor for Post Office Department

Under the Dockery Act accounts and vouchers were forwarded through administrative channels to the several auditors for examination and certification of findings, such certificates to be conclusive upon executive departments. They were subject, however, to appeals which might be filed with the Comptroller of the Treasury by claimants or by the departmental head within one year, or to reexamination of the account upon direction of the Secretary of the Treasury, the decision of the Comptroller to be final. Statement has been made that the system prescribed by the Dockery Act, in general, followed lines comparable to those of judicial procedure, the auditors resembling a court of general jurisdiction in passing judgment on accounts and claims submitted to them and the Comptroller being likened to the appellate branch to which settlements of the auditors might be presented for final decision.

Judicial functions of the Comptroller for the first time received specific recognition and adequate legal sanction in the Dockery Act by the provision that upon application of a disbursing officer or head of an executive department, board or establishment?he, the Comptroller, was required to give decision upon any question involving prospective payment of a claim or other expenditure. with construction of the statutes involved. The law further provided that any of the above named officials or any other person whose account had been settled by an auditor might, if dissatisfied with the settlement?appeal to the Comptroller at any time within one year. The Comptroller was also given authority to revise any account of his own accord. within the same period. Also, all decisions by the auditors making an original construction or modifying an existing construction of statutes were required to be submitted to the Comptroller for approval. disapproval or modification. Many of the decisions rendered by the Comptroller dealt with matters of general

[*]State. Justice. Agriculture. Labor and all accounts not within jurisdiction of other auditors.

importance and interest and, in order that precedents therein established might be readily available for settlement of accounts in the future. arrangements were made for their publication at regular intervals, the first volume appearing in 1895. it is of interest to know that decisions of the Second Comptroller's office, which had accumulated from its establishment in 1817 were compiled in 1852. and others. some in digest form, of the several subsequent comptrollers. have been published during the intervening years.

Movement for Change in Fiscal Management

For a number of years following the passage of the act of July 31.1894. no change in the audit and accounting system was apparent. However, though the procedure therein laid down appeared adequate, various instances of waste of public money and difficulties arising in connection with payments on government contracts continued to engage the attention of the Congress and people of the country. Undercurrents of desire for more business-like conduct of financial matters developed into insistence for definite and vigorous action, and the Secretary of the Treasury in 1903 instituted an investigation into the scope and practices of the accounting system, but without tangible results. Two years later the President, upon his own initiative, appointed a group headed by C. H. Keep, Assistant Secretary of the Treasury, to make a study of departmental methods and practices, with recommendations for possible iniprovement therein. The survey conducted by this group, known as the Keep Commission, covered a wide range, and some changes suggested as a result of the findings, requiring no legislative action, were later adopted.

In March 1911 there was organized the President's Commission on Economy and Efficiency, whose reports served still further to stimulate the interest in government administration, which had been manifested for several years through the efforts of certain citizens and organizations to bring about the establishment of a national budget. One report,[7] in particular, recommended consolidation of the offices of the six auditors of the Treasury, thus returning the organization to the form originally planned in 1789, and until the enactment of the act of 1817, with but one Comptroller and one Auditor, Comparison of opinions advanced from time to time by students of government finance and other progressive thinkers gave clear indication of the country-wide trend toward centralization of financial control under one designated authority. In the meantime, the outbreak of war in Europe in 1914 and subsequent participation by the United States greatly increased the work of the auditing offices and emphasized their urgent need for coordinated control.

As the initial action toward that end the Secretary of the Treasury on October 25,1918, combined all the auditing offices under the administrative supervision and direction of the Comptroller of the Treasury. pending enactment of legislation realigning the entire fiscal program

Congressional activity concerning the budget movement began promptly when the 66th Congress met in extraordinary session on May 19.1919.

[7] 62d Congress, 2d Session. House Document 670. Appendix 4.

On the second day of the session, Slay 20,1919, Chairman Good of the appropriations committee of the House introduced a bill "to provide a national budget system and an independent audit of government accounts and for ocher purposes," while similar action was taken in the Senate by Senator McCormick. The House bill called for an independent bureau directly under the President, to act as his staff in preparation of the budget, while the group of ten bilk and resolutions comprising Senator McCormick's program provided that the Secretary of the Treasury represent the President in preparing the budget. In each proposal provision was made that the audit of accounts be conducted by an independent office or agency.

Extended hearings were held by select committees of both Houses, the opinions developed manifesting unanimity—on principles, at least—with respect to the audit of public accounts. In the matter of a national budget, however, divergent views were expressed. It was generally agreed that the audit phase of the program should be transferred from the Treasury Department to an agency independent of the executive departments and responsible directly to the Congress, whose control over expenditure of funds and means of compliance with conditions governing the same would thus be strengthened.

Hearings were concluded in January 1920 but not until the following April was a bill reported out of committee, redrafted and revised in 'manyparticulars, although theoretically in general agreement with the House bill. Though passed by both House and Senate the bill was returned without signature by President Wilson, who in his veto message expressed entire sympathy with its objectives and his willingness to approve it but for the provision regarding the removal from office of the Comptroller General and Assistant Comptroller General.

The President's message said

"I am in entire sympathy with the objects of this bill and would gladly approve it. but for the fact that I regard one of the provisions contaiaed in Section 303 as unconstitutional. This is the provision to the effect that the Comptroller General and the assistant comptroller general, who are to be appointed by the President with the advice and consent of the Senate may be removed at any time by a concurrent resolution of Congress after notice and hearing, when, in their judgment. the comptroller general or assistant comptroller general is incapacitated or inefficient, or has been guilty of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude. and for no other cause and in no other manner except by impeachment. The effect of this is to prevent the removal of these officers for any cause except by impeachment or a concurrent resolution of Congress. It has, I think, always been the accepted construction of the Constitution that the power to appoint officers of this kind carries with it, as an incident. the power to remove. I am convinced that the Congress is without constitutional power to limit the appointing power and its incident, the power of removal derived from the Constitution. The section referred to not only forbids the Executive to remove these officers but undertakes to empower the Congress by a concurrent resolution to remove an officer appointed by the President with the advice and consent of the Senate. I can. find in the Constitution no warrant for the exercise of this power by the Congress. • • • I am returning the bill at the earliest possible moment with the hope that the Congress may find time before adjournment to remedy this defect."

Subsequent efforts to pass the bill over the President's veto failed of accomplishment and the matter of budget legislation remained inactive until the next assembling of Congress in April 1921. when the bills were re-introduced. In the measure as finally passed the only change of importance was that the Comptroller General and the Assistant Comptroller General should be removable by a joint resolution instead of a concurrent resolution of the two Houses of the Congress, the essential difference being that the former requires the approval of the President and the latter does not. On June 10, 1921, the bill, Public No. 13, 67th Congress, was approved by President Harding, and has since been known as the "Budget and Accounting Act, 1921," (42 Stat. L. 20).

Enactment of the Budget and Accounting Act brought to a close the long period of effort leading toward establishment of a budget system and an independent audit in the federal government. That the Congress realized fully the inadequacy of former methods of financial administration and control is evident not only from the act itself but from the very full debates on the pending measure which was considered reconstruction legislation of the greatest importance—the beginning of a new order.

Treasury Department Auditing Offices

The resume just given would be incomplete without some mention of those offices of the Treasury Department which, under provisions of the Budget and Accounting Act of 1921 were merged to form the General Accounting Office, and of various well remembered personalities whose names are inseparably linked with the older organization.

Notable among these appears the figure of Walter W. Warwick, last Comptroller of the Treasury, incumbent of that office from 1915 until the creation of the General Accounting Office in 1921. Judge Warwick, a native of Ohio, was a veteran employee of the office over which he presided, having served there as law clerk from 1893 to 1898. His early education was obtained in Cincinnati, where upon completion of a course in the Cincinnati College Law School, he began the practice of law. The degree of L.L.M. was later conferred upon him by George Washington University in Washington, D.C. While practicing law in the Ohio city, young Warwick served for some time as secretary to Honorable William Howard Taft, then judge of the United States Circuit Court, who became greatly interested in his development and progress. and the friendship thus formed continued for many years, in fact, during the lifetime of both men.

Returning to Washington Judge Warwick entered the service of the Panama Canal as auditor, subsequently journeying to the Isthmus in the capacity of Associate Judge, Supreme Court of the Canal Zone. In 1911 he was called back to Washington to become a member of President Taft's Commission on Economy and Efficiency, a group whose investigations and recommendations in regard to audit and accounting matters in the federal government played no small part in the development of the system prevailing today.

In 1913 Judge Warwick became Assistant Comptroller of the Treasury and in 1915 was appointed Comptroller, which position he occupied until the enactment of the Budget and Accounting Act of 1921 replaced the Comptroller's office by the new independent agency, the General Accounting Office.

Following a period of service as the assistant to the director of the Bureau of the Budget, Judge Warwick spent about two years as fiscal agent of the Republic of Panama, then accepted the position of chief counsel to the United States Employees' Compensation Commission in Washington, where he remained until his death in April 1932.

As an outstanding official of the Treasury Department, progressive in his attitude toward changing fiscal policies and a strong advocate of independence for accounting offices of the government, Judge Warwick earned the confidence and respect, if not the actual support. of departmental executives.[8] For these characteristics he will long be remembered. as well as for the signal service rendered in each and every phase of life. whether public or private. whence he heard and responded to the call of duty.

Under Judge Warwick's supervision as Comptroller were the six auditors of the Treasury for the several departments. each because of lack of proper space conducting the work of his clerks in quarters outside the Treasury Building. The auditors. with the location of their respective offices, were as follows:

Auditor for Treasury Department—Samuel Patterson—Graham Building, 14th and F Street NW.

Auditor for Interior Department—J. E. R. Ray—Auditors' Building. 14th and B Streets SW.

Auditor for War Department—James L. Baity—Walker Johnson Building. 1734 New York Avenue NW.

Auditor for Navy Department—Edward L. Lucken—Winder Building. 17th and F Streets NW.

Auditor for State and Other Departments—Edward D. Hearns—Auditors' Building, 14th and B Streets SW.

Auditor for Post Office Department—Charles A. Kram—Post Office Department Building, 12th and Pennsylvania Avenue NW.

Employees of long service in the Treasury Department will recall Mr. Charles Marshall Force, Assistant Comptroller of the Treasury from. 1913 to 1921, kindly, courteous Kentuckian, who was held in affectionate regard by all who knew him. Judge Force had rendered service in the office of the Comptroller of the Treasury from 1893, and at the expiration of his term as Assistant Comptroller was appointed an attorney in the General Accounting Office. He died in April 1926.

[8] Selke—the Federal Financial System, p. 426 (Extract from 1919 Report of Secretary of the Treasury Glass, p. 124)

For many years the suite of offices on the second floor of the Treasury Building overlooking Fifteenth Street was occupied by successive Comptrollers of the Treasury with their associates and employees. To these spacious quarters, pervaded by memories of long gone legal dignitaries came the new Comptroller General of the United States on July 1,1921, provided by the Congress with greatly enlarged powers and duties, to lead the forces of the newly created General Accounting Office in a campaign against waste and extravagance of whatever sort might be found in administration of government.

General Accounting Office—Officials

Because of his interest in the establishment of independence for the accounting offices of the government, as well as his participation in legislation to that end, the name of Comptroller of the Treasury Warwick was prominently mentioned as a possible selection for the new office of the Comptroller General of the United States, created under the Budget and Accounting Act of 1921. Choice fell. however. upon John Raymond McCarl, a native of Iowa, and educated in Nebraska. with which state his name is associated in the public mind. He received the degree of L.L.B. from the University of Nebraska, and for some years was a member of a law firm in McCook, where he made his home. Mr. McCarl came to Washington in 1914 as private secretary to Senator George W. Norris, and in 1918 became executive secretary of the National Republican Congressional Committee. He assumed his duties as Comptroller General of the United States July 1, 1921, and from that hour endeavored with the utmost seriousness to uphold the responsibilities devolving upon him, as he interpreted them. It may be said with truth of Mr. McCarl that he purposed to live up to the expectations of those who framed the Budget and Accounting Act as expressed during debate by Chairman Good of the House Committee, that the Comptroller General should be—

> **"Something more than a bookkeeper or accountant, that he should be a real critic. and at all times should come to Congress. no matter what the political complexion of Congress or the Executive might be, and point out inefficiency • • • and that he should bring such facts to the notice of the committees having jurisdiction of appropriations."[1]**

The Budget and Accounting Act created the positions of Comptroller General and Assistant Comptroller General of the United States, prescribed their appointment by the President with confirmation by the Senate, their tenure of office for a period of fifteen years, defined the powers and duties of the General Accounting Office, to be under their control and direction, their respective salary rates and the conditions and method of their removal from office. Provision was also made for the abolishment of the offices of the Comptroller of the Treasury and Assistant Comptroller of the Treasury and for the transfer to the General Accounting Office of their personnel. together with all powers and duties now conferred or imposed by law upon them. Exception was made. however, with respect to the administrative accounting performed by the auditor for the Post Office Department, which function was transferred to a Bureau of Accounts newly established in the Post Office Department in charge of a Comptroller who replaced the former

[1]Representative Good. Congressional Record. 67th Congress. 2d Session. Volume 61. Part 2. p. 1090.

auditor for that department. Other functions as set forth in sections 30.5, 309, and 312 of the act furnish basis, in part, for the widespread activities of the General Accounting Office in later years, concerning which more detailed information will appear in subsequent pages.

Appointed to the position of the Assistant Comptroller General of the United States was Mr. Lurtin R. Gina a native of Indiana, long employed in the Treasury Department, office of the Auditor for the War Department and office of the Comptroller of the Treasury, in October 1917 Mr. Ginn was appointed Assistant Comptroller of the Treasury under authority of section 12 of the act of September 24, 1917 (40 Stat. 293) and shortly thereafter was designated to have charge of the work of that office abroad. With a group of especially chosen assistants he maintained an office in Paris until the latter part of 1919, and he remained abroad in the capacity of Special Representative of the Treasury Department until July 1920.

Upon reaching the statutory age for retirement, Assistant Comptroller General Ginn received an extension of service in the position of Counsel in the General Accounting Office, which continued until June 30.1932. Endowed with great natural diplomacy and charm of manner, Mr. Ginn's contacts with the public as with the personnel of the office were invariably in the interest of harmony. He died in December 1935.

A widely known personality in the auditing offices of the Treasury Department and subsequently in the General Accounting Office was Mr. James L. Baity, Auditor for the War Department and later Assistant to the Comptroller General of the United States (Executive and Budget Officer). As the War Auditor during the trying years of World War I Mr. Baity had jurisdiction over a greatly augmented force of clerks engaged in the audit of all accounts and claims arising by reason 9f military, activity, also those relating in any way to the Military Establishment. Many of the personnel thus employed were transferred directly to the General Accounting Office upon its creation. Born in Missouri Mr. Baity served for a time as secretary to former Senator James A. Reed of that state before entering the departmental service. He was twice continued in service after reaching the age for automatic retirement but finally retired October 31.1943.

The machinery of public business in the General Amounting Office began to function without delay or interruption aside from a certain amount of apprehension, perhaps not unnatural, prevalent on the part of some of the personnel of the former auditing offices, regarding the continuance of their employment, which in many cases had begun or during the World War period. In the interest of efficient administrat some curtailment and adjustments among employees were necessary inasmuch as at that time there was available no one building in whi could be housed the entire working force of over 1,700 persons, toge with essential office records. Activities of the several organization d sions, however, for a time continued along lines similar to those pre ously established in the Treasury Department under the respective auditors.

The group of employees engaged on legal and related duties in the of of the Comptroller of the Treasury formed a nucleus in the General Accounting Office for what was later known as the Division of Law. under immediate supervision of the Comptroller General. About 192 such work was centralized in charge of a Solicitor, whose official titl was changed to that of General Counsel in 1928. This position was h for a number of years by Mr. Rudolph L Golse, who retired in 1939 was succeeded by Mr. John C. McFarland. The wide diversity of lega problems presented to the corps of attorneys comprising the staff of General Counsel for consideration and solution preclude description, even enumeration, in the limited space here available.

Tie compilation and publication of decisions of the accounting office of the Treasury Department which had been in progress for many ye was carried on after the creation of the General Accounting Office by group of employees within the office of the General Counsel, and the from has developed into a service of high efficiency and immeasurab usefulness to government offices in general. In 1926 there was inaug rated a card index-digest key system whereby decisions of the Comp troller General. both published and unpublished, are daily recorded c cards in accordance with key headings and cross references, together with citations of statutes. judicial opinions and decisions of prior accounting officers, the whole forming a current index-digest, from which such information on duplicate cards is supplied to various par of the General Accounting Office and other departments and establis ments as requested. Another helpful service of the Index-Digest Secti is found in the issuance of daily synopses of important decisions in m eograph form for use within the office and for limited outside distribution.

Selected decisions of particular and general interest, with accompany indexdigest, tables of statutes and cited prior decisions are publishec pamphlet form and issued monthly for distribution throughout the government service. A compilation of twelve monthly pamphlets bound as one volume is distributed annually in like manner.

In this connection it is of interest to note the publication in 1931 of a reference book entitled "Index to the Published Decisions of the Accounting Officers of the United States, 1894 to 1929," a compilation of indexes previously issued. This volume was prepared under the direction of Mr. Stuart B. Tulloss and was followed by another, the "Index-Digest to the Published Decisions of the Comptroller General of the United States," which covers the period 1929 to 1940, and was prepared under the personal supervision of the Digest Attorney, Mr. Russel G. Young.

Chapter V

Changes in Organization

The years 1922 and 1923 brought to the General Accounting Office a number of organization changes which came about as a result of better understanding of its basic purpose and functions, and greater familiarity with its work, as it increased rapidly in scope and volume.

Reapportionment of duties in the Bureau of Accounts of the Post Office Department made possible the return to the General Accounting Office of several hundred employees formerly engaged in the audit of postal accounts under the jurisdiction of the Auditsr for the Post Office Department. This change, effective April 16, 1922, by including the postal audit among the powers and duties already transferred by the Budget and Accounting Act of 1921 to the General Accounting Office restored that organization to the form existent at the time of its creation. The postal audit has ever occupied an important place in the fiscal affairs of the Government and more details concerning it will be found in succeeding pages.

Pursuant to the action of Congress approved March 20, 1922, arrangements were made for a complete audit of the financial transactions of the United States Shipping Board, Emergency Fleet Corporation, under rules and regulations prescribed by the Comptroller General. This work was inaugurated by a small. force of employees who were later absorbed into a general inspection and investigation section organized in the autumn of the same year. The purpose of this section, composed of carefully selected personnel of special qualification and training, was to conduct such investigations as might be directed by the Comptroller General or Assistant Comptroller General under the authority conferred by section 312 of the Budget and Accounting Act. Such investigations might take place at the seat of Government or elsewhere, and concern matters relating to the receipt. disbursement or application of public funds, financial transactions or matters of business in the various departments and establishments, and were conducted with the view of effecting economies of administration wherever possible.

The group organized for the specific duty above referred to continued its work along lines indicated by legislation covering such activities in the General Accounting Office and is now known as the Office of Investigations. Employees assigned thereto are required to study accounting problems of the Government; to make investigations concerning appropriation and fund accounting in the several departments and establishments, with reports and recommendations as to simplification of methods, etc.; to conduct inspections of departmental disbursing offices, and such other matters of similar character as may be designated. The

Office of Investigations was organized by Mr. Homer A. A. Smith who held the position of Chief of Investigations until 1931 when he was succeeded by Mr. Stuart B. Tulloss.

In accordance with requirements of section 309 of the Budget and Accounting Act, forms, systems and procedures for the functions above named and others of like character as carried on in the various departments and offices are to be prescribed by the Comptroller General. Preparation of appropriate forms is an important duty of the Office of Investigations, whence General Regulations prescribing symbols and other details for observance in their use are issued at frequent intervals. All accounting forms are now in process of standardization.

Another step of far reaching importance to the General Accounting Office was the organization July 1,1922, of the Transportation Dirision for the purpose of auditing and settling charges for freight and passenger service rendered to all departments of the Government. This activity had its origin in an organization unit known as the Transportation Rate Board, for many years a notable phase of audit work in the Treasury Department. Records show that the first Transportation Rate Board existed in the office of the Auditor for the War Department as far back as 1906, having been formed for the purpose of concentrating the audit of transportation accounts in the hands of a group of specially trained employees. At that time it was also planned to establish a complete file of transportation tariffs, an undertaking whose results have fully justified the labor involved. In fact, it is believed that the compilation of tariffs, both freight and passenger, division sheets, land grant and other transportation information, now available in the General Accounting Office, much of which data cannot be duplicated, is unequalled anywhere.

As of April 1,1923, there was created a Civil Division in which were incorporated the functions and personnel of three others, namely, the Treasury Department Division, the Interior Department Division and the State and Other Departments Division. The Civil Division, as implied by its title, was charged with the examination and settlement of accounts other than military, that is, those arising in the Treasury, Interior, State, Justice, Commerce, Labor and Agriculture Departments, and the following independent establishments the White House, both houses of Congress, Supreme Court, Government Printing Office. Interstate Commerce Commission, Smithsonian and National Museums, District of Columbia, Federal Trade Commission, Civil Service Commission, the General Accounting Office itself, and all other independent establishments of the

Government not provided €or under the administration of any specific department. At that time the Civil Division occupied a building at 1800 E Street, NW, the present site of the new Interior Department Building.

On the same date there was established a Check Accounting Division for the purpose of handling matters pertaining to paid and cancelled checks and warrants, other than those relating to the Post Office Department. Subsequent organization developments have necessitated changes in the supervision and conduct of this important work. of which further account will later be given.

The matter of consolidating the War and Navy Department Divisions also received serious consideration, but due to the lack of available office room action was deferred until May 16,1923, when they were finally combined under the title of Military Division, and assigned quarters at the Walker Johnson Building, 1734 New York Avenue. NW, Washington. D.C. While the move proved advantageous in some respects, it failed to relieve to any considerable extent the ever increasing need for additional space in which to house the vast quantity of records and files—priceless because irreplaceable—of the fiscal system of the United States Government from its beginning.

Many of these records even now are stored in non-fireproof buildings throughout the District of Columbia and in nearby Alexandria, Virginia. under constant risk of damage, if not actual destruction, by fire or otherwise. Notwithstanding periadic efforts to secure adequate accommodations for its greatly increased personnel—to say nothing of the records above mentioned-each passing year finds the General Accounting Office still short of the goal for which it long has striven, namely. a building of adequate size and suitable location to provide for its daily needs and activities and their inevitable expansion.

Early in the nineteenth century the Congress made provision for an official' called the Commissioner of Claims whose duty was to examine and settle claims against the United States on account of property lost or destroyed in military service. (See Chapter I) Successive officials and groups of employees in larger numbers have carried on the work then begun which later was broadened to include cases of both military and civilian character. Special sections in both Military and Civil Divisions of the General Accounting Office performed such duties until combined. effective December 1, 1923, to form a Claims Division which still functions as one of the leading activities of the General Accounting Office, and appears destined for even greater development and importance under the able leadership of Mr. David Neumann, who as Chief of Division has administered its affairs since April 6, 1931.

To provide for greatly expanded wartime needs the Claims Division presently (November, 1943) occupies a temporary building, recently erected in connection with a war housing development, at Friendship, the old McLean estate at Wisconsin Avenue and Newark Street, NW.

Bookkeeping as performed in the Treasury Department and in the General Accounting Office prior to 1923 was pen-written by hand. a method by no means adequate for the purposes of the latter organization. in view of its responsibility for maintaining complete accounts of appropriated funds, expenditures, withdrawals, etc., in addition to the personal accounts of disbursing officers. The installation of bookkeeping machines greatly facilitated all phases of such work, which in July 1925 were designated to be functions of a Bookkeeping Division under the supervision of Mr. Frank H. Bogardus.

The act of September 2, 1789, 1 Stat. 65, establishing the Treasury Department, wherein were created the offices of Comptroller and Auditor, directed the Comptroller "to provide for the regular and punctual payment of all monies which may be collected"; also "to direct prosecutions of all delinquencies of officers of the revenue and for debts that will or shall be due the United States." Under the Budget and Accounting Act of 1921, however, control over collections of amounts due the United States, as exercised by the accounting officers in early days, was not restored in its entirety; that is to say, while the Comptroller General is empowered by section 4 of the act of July 1, 1894, 28 Stat. 206, as amended by section 304 of the Budget and Accounting Act to superintend recovery of all debts certified by the General Accounting Office to be due the United States, his responsibility does not extend, as formerly, to the direction and prosecution of suits to recover erroneous, illegal or other payments due the United States.

By the establishment in 1923 of a Collections Unit, the General Accounting Office took what has been proved to be a decided advance step in Federal collection methods. Heads of departments and establishments were requested to report to the Collections Unit any debts appearing of record in their respective organizations. Records of indebtedness, thus gathered from various sources, together with those found due by the General Accounting Office through its audit and settlement of disbursing accounts, have been assembled in the form of a debtor's eard index which provides a means of check against any allowances or adjustments which might be made by the Government in favor of the debtor. The Collections Unit which maintains the debt record index is a part of the Claims Division.

Much of the controversy regarding the authority and jurisdiction of the Comptroller General has arisen in connection with cases where liability in the matter of collection is disputed by the debtor. In such cases, if collection cannot be made by offset against amounts which may be due the debtor from the Government, or otherwise, the matter usually is reported to the Attorney General for institution of suit, or such other action as may be deemed proper by the Department of Justice.

Chapter VI

Personnel Activities
Removal to Pension Building

Effective April 1, 1926, there was established a Division of Personnel in which was absorbed the previously existing Division of Appointments, which was in reality a survival of a similar organization in the former office of the Auditor for the War Department. Duties of the new division, performed under the supervision of the Comptroller General, comprised all matters relating to personnel in the General Accounting Office, such as appointments, transfers, promotions, reductions, removals and other changes, time and leave records, efficiency ratings and records, welfare and working conditions of employees. At the time this division was created the personnel of the entire office numbered slightly less than 2,000 persons, a group small indeed when compared with the numerical strength manifested in later years, particularly since 1935.

With Mr. David Neumann as its first chief, the Division of Personnel began its work in restricted quarters in the Treasury Building. Additions to the working force of the office were selected in conformity with Civil Service rules and regulations, with particular regard to the requirements of the position to be filled and the potential fitness of each worker under consideration to meet a specific need in the organization as a whole.

As the General Accounting Office through its widely varied functions has vital contacts with every phase of governmental activity, there was, eaiiy engendered in its personnel an unusually broad knowledge and understanding of the workings of the Federal service in general. It is worthy of note, furthermore, that the consequent alertness and interest was strongly reflected in enthusiasm for assigned duties and pride in their satisfactory performance.

Organization of the Division of Personnel fully under way, its management was taken over by Mr. Earl Taggart, theretofore Chief of the Civil Division, who served as Chief of Personnel for about eight years and was succeeded by Mr. W. W. Richardson, who has been Assistant Chief of Audit Division since 1939.

Reassignment of certain duties brought about a partial reorganization of the Division of Personnel which became effective July 1, 1939. All personnel matters were placed under the jurisdiction of a Director of Personnel, which position was first held by Mr. Thomas A. McNamara. The present (November 1943) Director, Mr. E. E. Ballinger, took charge in April 1942, and under his administration the General Accounting Office has entered upon a period of great personnel expansion. To meet the requirements of war created activity hundreds of new employees have been secured for service in Washington and in the several field offices opened in various sections of the country. notably in or near war production centers. Records disclose that the total number of employees. which as of June 30,1939. was slightly less than 5.000, in 1943 has risen beyond the 10,000 mark. and is stilt increasing.

Early in the year 1926 plans were laid for removal of the administrative offices and as many of the General Accounting Office working force as could be accommodated from the Treasury Department Building and other quarters then occupied to the old Pension Building at Fifth and G Streets, NW, in Judiciary Square.

This historic edifice adjacent to the Court House was designed by General Montgomery C. Meigs of the Corps of Engineers, U.S. Army, well known as the builder of the aqueduct conveying the city water supply from Great Falls of the Potomac River, over the famous Cabin John Bridge to Washington. Construction of the Pension Building was begun in the autumn of 1882 and was finished to such an extent as to permit its use on the evening of March 4,1885, for the ball in honor of the inauguration of President Cleveland and Vice President Hendricks. Then known as the largest brick building in the world, the Pension Building has been referred to, somewhat disrespectfully, as "Meigs' Old Brick Barn." Nevertheless, the structure has a dignity all its own, and until the removal of its first occupant, the Bureau of Pensions, to the Interior Department Building in 1926, it had the responsibility of housing the pension claims of millions of men who fought for their country from the Revolution to the first World War. In its great court, which now echoes to the clickety-clack of typewriters and the busy hum of clerical workers, thousands have danced to the music of the Marine Band at inaugural balls ushering in the administrations of Presidents Cleveland, Harrison, McKinley, Theodore Roosevelt and Taft. Days of inaugural festivities are long past and well nigh forgotten, but the old Pension Building remains a landmark, its great windows overlooking what is left of a once lovely park, while on the weather-beaten frieze above them. shadowy forms of soldiers still seem to march beside their ancient cannon, silent suggestions of a memorable past.

Far-reaching organization changes marked the actual removal of the General Accounting Office to the Pension Building in the late summer of 1926. Some hope had been entertained that the move might be the forerunner of early union of scattered divisions and units of the office in one building, possibly a new one, built for that express purpose. However, developments through subsequent years have failed to bring about that long desired consummation, which at this time appears more than ever remote. A site for such a building was secured, comprising the greater pan of the block bounded by Fourth, Fifth. G. and H Streets, NW, across from the Pension Building. Houses and other buildings in the area have been razed, with the exception of St. Mary's Church and its parish buildings. The church, one of the oldest in the District of Columbia. has been located on Fifth Street for many years. Excavation for the General Accounting Office building was begun but has been abandoned, as the advent of war conditions with accompanying scarcity and restriction of building materials speedily put an end to all plans for construction. A new home for the office, therefore, once more becomes an object of speculation. a vision of the future. Again, as prior to its creation in 1921. office activities have been placed in buildings located in widely separated sections of the city. to occupy whatever quarters are obtainable. irrespective of association and coordination of the functions involved.

The consolidation of Claims and Transportation Divisions, effective July 1, 1926, received and has since borne the title of Claims Division. Mr. Stuart B. Tulloss was named Chief of that Division, which position he held until 1931.

Functions and personnel of the Civil and Military Divisions as previously described. together with the group of employees handling matters concerning veterans, were combined effective September 1, 1926, to form the Audit Division. To these were added in November of the same year all activities pertaining to the reconciliation of depository account.., which prior to that time had been handled by a unit of the Check Accounting Division. Following his brief assignment as Chief of Personnel Mr. David Neumann's ability as an organizer was again requisitioned to formulate and carry out plans for the Audit Division, of which he was appointed chief, with Mr. E. W. Bell as assistant. The audit division was originally located in the Pension Building, but subsequently, due to rapidly increasing work and personnel expansion, has been forced to occupy space in various other buildings.

The great accumulation of General Accounting Office records, files and miscellaneous papers, most of which must be readily accessible for research purposes, has ever presented a problem in the matter of handling and storage. Therefore, in the interest of greater efficiency there was established a Records Division, effective September 1, 1926, wherein were assembled under one supervision all such documents, including settled accounts of disbursing officers of the various departments and establishments (other than those of the Post Office Departmerit). contracts, settled claims and paid checks. Mr. Reed F. Martin was made Chief of that Division. The Records Division was also responsible for the furnishing of information and transcripts, including photostatic copies of documents on file, to other agencies of the Government for use as specified by regulations governing such work.

For many years, there was maintained in the Interior Department a Returns Office wherein, in conformity with existing law, were filed contracts made by the Secretaries of War, Navy and Interior for the stated purpose of rendering such contracts available to the public generally. Pursuant to the act of February 4,1929 (45 Stat. 1147), the Returns Office was transferred to the General Accounting Office and made a part of the Records Division, where its functions were continued until abolished by Office Order No. 31 of September 18,1942. pursuant to the act of October 21,1941 (55 Stat. 743).

In 1928, Mr. Martin was appointed Chief Clerk of the General Accounting Office, his duties as Chief, Records Division, being assumed by Mr. W. W. Richardson who was succeeded by Mr. Russell H. Herrell who in turn was succeeded by Mr. Vernon R. Durst. Mr. Herrell subsequently left the General Accounting Office and now holds the position of Administrative Assistant to the Public Printer.

Functions and personnel of the Check Section and that part of the Receiving and Computing Section, also of the Audit Division, which had to do with the receiving, recording, searching and checking of accounts, vouchers and collateral papers for audit were made component parts of the increased and enlarged Records Division, which on August 1,1940, was renamed the Reconciliation and Clearance Division, and continued in charge of Mr. Vernon R. Durst.

As in other employee groups there arose among the personnel of the General Accounting Office occasional cases of distress due to illness, bereavement, or other misfortune, when through no fault of his own, an employee was forced to seek financial assistance. To provide for such persons with the minimum of formality and publicity there was created in the autumn of 1928, through voluntary contribution of employees, a general welfare fund, which was administered by a Board of Control consisting of five persons appointed by the Comptroller General. The original fund was augmented from time to time by individual gifts and by proceeds of various benefit entertainments. Through the courtesy of the Chamber of Commerce of the United States, several such affairs were held in the beautiful auditorium of that organization thereby realizing considerable sums for the welfare fund. Another source of revenue was found in donations made by the Welfare and Recreational Association of Public Buildings and Grounds from the net proceeds of the lunch counter located in the General Accounting Office Building.

Aside from the material aid rendered to employees temporarily in difficulties, the spirit of friendliness and mutual helpfulness manifested through these early welfare activities, unpretentious though they were, was not without beneficent effect upon the morale of the entire office and will long be remembered by those privileged to participate in the work. Upon the organization in 1940 of the present General Accounting Office Athletic, Welfare and Recreational Association, all activities, funds, etc.. of the former welfare set-up were absorbed therein

'ostal Accounts—Reaudit

The ancient gray stone building on Pennsylvania Avenue, between 11th and 12th Streets, surmounted by the clock whose gleaming face long has been familiar to the wayfarer in downtown Washington, was occupied for many years by the Post Office Department, now located in its handsome new building immediately west of 12th Street. For purposes of convenience the old building also housed the office of the Auditor for the Post Office Department and its successor, the Post Office Department Division of the General Accounting Office, in which offices was performed the audit work of the postal branch of the Government as distinguished from claims and accounts originating in other branches which are audited and settled in the Audit and Claims Divisions.

The Post Office Department Division whose designation was changed July 1, 1939. to that of Postal Accounts Division (18 Comp. Gen. 1026) is responsible for the audit and settlement of all accounts of the great Post Office Department and its widespread activities. including money order and postal savings services, as well as matters having to do with national and international transportation of the mails by land, sea and air. The audit of money order accounts is carried on with the aid of electrically operated office appliances of the most modem character, a system which was inaugurated as early as July 1, 1912. By this means data appearing on postal money orders is reproduced by punching on specially prepared cards, which are then run through sorting and tabulating machines and the totals shown compared with those claimed by the paying postmasters for verification. It is interesting here to note that the General Accounting Office installation is claimed to be the largest in the world using such equipment for purely auditing purposes.

The normal flow of postal business into the General Accounting Office has been seriously affected by disturbed world conditions of recent years, evidencing general disruption and curtailment of the mail service, particularly to and from foreign countries. Because of changes in administration brought about by such conditions it was deemed expedient to effect the transfer of the entire Postal Accounts Division to Asheville, North Carolina, a move undertaken at the suggestion and with the assistance of the Bureau of the Budget and the Public Buildings Administration, in cooperation with the Post Office Department. The change was effected about the close of the calendar year 1942 and after the passage of several months it may be said that removal of the postal audit from the congested atmosphere of Washington to the North Carolina city has been a decided success from all points of view. Under the direction of

Mr. John C. Nevitt, Chief of Division, work has been expedited and conditions in general manifest improvement. Those employees who, for various reasons, were unable to leave Washington with the Postal Accounts Division have been placed in other parts of the General Accounting Office.

Under authority originally conferred by the Dockery Act of 1894, the Comptroller General is required, upon request of a disbursing officer or the head of an executive department or other Government establishment to render advance decision upon questions involving payments to be made by them, such decisions to be binding in the settlement of the accounts concerned. (Under more recent legislation (act of December 29, 1941, 55 Stat. 875) certain certifying officers, also, are authorized to request and receive decision of the Comptroller General on any question of law involved in payment of vouchers presented for his certification.)

The right as above indicated was not exercised by disbursing officers at all times, however, and amounts illegally paid, when later disclosed in the audit, were for collection, insofar as possible, and return to the Treasury. With the view of eliminating need for and consequent expense of collecting such amounts, there was inaugurated in 1927 the procedure known as preaudit, or audit before payment. This plan provided for approval of expenditures by the Comptroller General after the obligations are incurred, but before actual payment should be made, and was not an entirely new idea, as its value had been demonstrated through application to certain postal expenditures by the Post Office Department Division of the General Accounting Office and its predecessors, the Auditor for the Post Office Department and the S i h Auditor over an extended period of years.

General use of preaudit in the General Accounting Office began through the audit of disbursement vouchers of the United States Veterans Bureau covering payments under the World War Adjusted Compensation Act of May 19, 1924 (43 Stat. L. 121) and amendments. Soon thereafter requests were received for its extension to vouchers—other than those for personal services—of certain bureaus of the Department of Agriculture. By successful operation the plan gained favor with administrative officials, particularly those directly concerned with disbursement matters, bringing about its adoption, wholly or in part, in the audit of vouchers of many departments and establishments.

Preaudit service reached its highest level about the middle 1930's, wh cotton pool payments under the Agricultural Adjustment Act were suc cessfully preaudited in regional field offices, physically adjacent to sources of all necessary information. Because of the absolute accuracy and extreme speed required. only carefully selected personnel of high qualification and experience were assigned to preauditing duties. Ther fore, in view of the increasing need €or such employees on various acti ities associated with preparation for and prosecution of the war effort. it was found necessary to curtail and ultimately to discontinue the pra tice of preauditing vouchers with the exception of the limited number received under certain farm programs. Such action was directed by the Comptroller General in Office Order No. 32 dated September 16, 1942.

For a number of years, there has been assigned to a select group of employees the task of computing and preparing reports and financial statements for presentation to the United States Court of Claims in connection with suit filed by certain Indian tribes under jurisdictional acts passed by Congress for recovery of moneys alleged to be due them in fulfillment of treaty obligations, or to more adequately compensate the tribes for land taken.

Extensive study and research is required in the preparation of these reports, together with a thorough knowledge and understanding of the statutes, treaties, claims involved, records and other data of the Indian Office and Bureau of Ethnology, and other materia1 relative to the particular tribes concerned and their transactions with the Government. Information concerning these Indian matters is frequently requested by Members and Committees of Congress, requiring detailed statements of the facts of record, reports submitted, etc.

During the period 1925 to 1936 the volume of Indian tribal claims work was comparatively large, but the considerable number of employees then assigned thereon since has diminished. Though receiving little public notice this work is nevertheless deserving of special mention here as a notable function of the Claims Division of the General Accounting Office.

Chapter VIII

Assistant Comptrollers General
Richard Nash Elliot
Frank L. Yates

The close in 1931 of the first decade following establishment of the General Accounting Office revealed the completion of numerous changes within the organization. and the adoption of improved procedures and methods of work. Comparatively little unrest or turnover was apparent among the personnel during that period: on the contrary. there was noted the growing tendency of many employees to fit themselves for more difficult and responsible duties through the study of law, accountancy or some other of the various courses available in local institutions of learning. Quite a number of those who so qualified continued with the office organization. and by reason of intimate knowledge of its functions and practical experience in its work were able to render service of inestimable value during the unsettled conditions of ensuing years.

Upon the retirement at the statutory age of Assistant Comptroller General Lurtin R. Ginn. President Hoover named as his successor Honorable Richard Sash Elliott. former Member of Congress from Indiana. who assumed his duties March 9, 1931. This was a recess appointment which was followed by a regular appointment confirmed by the Senate the following December.

.Judge Elliott was born near Connersville, Indiana, April 2.5. 1873. attended local schools and subsequently taught school in that vicinity. He studied law, was admitted to the bar and engaged in practice in Connersville. where he was made city attorney in 1905. Following service as county attorney of Fayette County, and as a Member of the State Legislature for several years, he was elected to the 65th Congress at a special election held to fill the vacancy caused by the death of Representative Daniel W. Comstock. He was reelected to the 66th, 67th, 68th, 69th. 70th and 71st Congresses, which service of more than 13 years beginning .July 3, 1917, covered the stormy period of the first world war and the bitter contests over woman suffrage and prohibition.

Deeply interested in the modern development of the nation's capital. Judge Elliott while in Congress served as Chairman of the Committee on Public Buildings and Grounds, which directed the Federal Triangle building program. He was also one of those chiefly responsible for the erection of the magnificent Supreme Court Building, which in the opinion of many is unsurpassed for classic beauty and dignity by any other edifice in Washington.

It so happened that Judge Elliott acted as Comptroller General for much of his term in the General Accounting Office. Upon the statutory retirement of Comptroller General McCarl after fifteen years of official service, no successor was appointed for approximately three years; and in the interim Judge Elliott, as Acting Comptroller General. passed judgment on expenditures contemplated and made, in amounts running far into the millions. as well as many other important and frequently controversial matters.

Secessity again required him to take over the helm of the General Accounting Office when the tenure of office of Comptroller General Fred H. Brown. appointed in April, 1939. to succeed Mr. McCarl, was shortened by illness in December. 1939, and his resultant resignation. and he continued as Acting Comptroller General until the accession to office of the Honorable Lindsay C. Warren. appointed Comptroller General effective November 1, 1940.

An exceedingly human individual. the place of Assistant Comptroller General Elliott in hearts of the General Accounting Office people has ever been secure. The warm friendliness which endeared him to the "folks back home in Indiana" met with ready response from officials and employees alike. Devotees of the rod and reel found in him a kindred spirit and followed with interest his periodic excursions to nearby or distant sections of some fisherman's paradise. Judge Elliott's love of poetry;.particularly that of Burns. is well known; moreover, he frequently expresses his own thoughts in bits of verse, more often than not in praise of his favorite sport or of some particular spot by the waterside which holds for him delightful memories.

The term of office of the Assistant Comptroller General—15 years—was curtailed in Judge Elliott's case by reason of the intervention of the statutory retirement age. and his service in the General Accounting Office terminated April 30. 1943. He continues to reside in Washington, the scene of his life and work for many useful years.

In the selection of Mr. Frank L. Yates as successor to Assistant Comptroiler General Elliott. the General Accounting Office is exceedingly fortunate. Mr. Yates. a native of West Virginia, served in the office of the Auditor for the War Department, Treasury Department. and subsequently in the General Accounting Office as an attorney. as a special assistant to the Comptroller General..and most recently as attorney-conferee in the immediate office of the Comptroller General. His wide knowledge and experience in matters coming before the General

Accounting Office should be of incalculable value in the years that lie ahead. He is personally known to many employees of longer service who unite in gratificarion at his appointment.

Industrial Depression, Economy Legislation, Unemployment Relief, Centralization— Disbursing System

Widespread dissatisfaction with the confusion prevalent in the nation's fiscal affairs and continued agitation for more businesslike management contributed in large measure to the enactment of the Budget and Accounting Act of 1921. which. for a time, appeared to afford opportunity for some improvement. even though opinions and judgment differed as to the manner in which it should be brought about. Machinery of the Government was already comples. due to the continued existence of numerous commissions. boards. councils. and the like. created during World War I. and maintaining limited activity after its close. Some of these organizations were consolidated. wholly or in part. with established departments while others, their usefulness at an end. were abolished within the decade following.

A few years later industrial depression with its attendant economic and social problems spread through many sections of the country. arousing popular sentiment for immediate curtailment of Government expenditures, particularly costs of operation. As a remedial measure. the 72nd Congress enacted legislation which has become generally known as the "Economy Act of 1932"(47 Stat. 382) as a part of "an act making appropriations for the Legislative Branch of the Government for the fiscal year 1933 and for other purposes." Under provisions of this act. which was approved June 30,1932. the compensation of Government employees in general was reduced by 8-1/3 percent. the savings so obtained to be impounded in the Treasury. The reduction in pay. though at an increased rate of 15 percent, was continued during the fiscal year 1934 by the act of March 3, 1933 (47 Stat. 1515, section 4(d)). To effect further savings existing vacancies were left unfilled and salaries thereof also impounded. Other measures adopted in the interest of economy included the withdrawal of annual leave privileges of employees and the substitution therefore of furlough—leave without pay. In addition, pursuant to section 204 of the Economy Act. certificates retaining employees in the service beyond the statutory retirement age, were terminated. and such extensions could be effected only by action of the President.

Another provision which caused much discussion and general unrest among those employees directly concerned was found in section 213 of the Economy Act—to the effect that in any reduction of personnel, married persons (living with husband or wife) employed in the class to be reduced, should be dismissed before any other persons employed in such class were dismissed. That ways and means of effecting retrenchment held a prominent place in the congressional mind was again evidenced the following year when in the Independent Offices Appropriations Act for 1934, approved June 16.1933 (48 Stat. 305). it was provided that any employee within the purview of the Civil Service Retirement Act of May 29. 1930. having a period of service aggregating 30 or more years, if involuntarily separated from the service for reasons other than his own misconduct. would be entitled to an annuity computed as provided in section 4 of said act. less a sum equal to 3-1/2 percent of such annuity. full annuity to be paid if and when the annuitant reached the statutory age for retirement.

Although no general reduction in the working force of the General Accounting Office took place at that particular time, numerous separations occurring in various parts of the organization brought about a net drop in the number of personnel from 1,988 as of June 30, 1931. to 1,950 as of the corresponding date in 1932, and to 1,943a year later.

The early act establishing the office of Treasurer of the United States delegated to that official the duty of making disbursements of public moneys "upon warrants drawn by the Secretary of the Treasury, countersigned by the Comptroller and recorded by the Register, and not otherwise" (1 Stat. L. 65, 66). However, under the prior act of July 31, 1789 (1 Stat. L. 29) collectors of customs had already been authorized to make disbursements from their collections, and it was soon evident that other payments would have to be provided for in order that public business might not be delayed. Provision was made in the act of February 20, 1792 (1 Stat. L. 232) for employment of deputies (postmasters) in the Post Office Department, whose accounts were to be adjusted and settled in the same manner as other public accounts. The act of May 8, 1792 (1 Stat. L. 279,280) which established an "accountant to the department of War" provided for a paymaster of tne Army "to reside near the headquarters of the troops of the United States." Although other persons designated by department heads continued to disburse funds on their order, there was no general statute regulating such disbursements until 1823 when, by the act of January 31 (3 Stat. L. 723) Congress specifically forbade advances of public moneys, except under the special direction of the Resident of the United States. Several other attempts were made to regulate the disbursing system, which, despite certain recognized defects, continued without substantial change for more than 140 years.

As previously stated, disbursing officers were agents of the departments or establishments to which they were attached, and acted under orders from the heads of such organizations though at the same time responsible to the accounting officers of the Government (in the Treasury Department until 1921 and since that time in the General Accounting

Office) for the custody and proper disposition of the funds they received. In his annual report to Congress for 1926 the Comptroller General suggested the advisability of removing disbursing officers from the control of the spending agencies and advocated a comprehensive study of the existing system with the view of effecting needed changes and economies. These recommendations were repeated in successive annual reports until 1932 when Senator King of Utah introduced a bill "to secure greater economy and efficiency in the disbursement of public money and for other purposes."[10] The bill did not receive the support of the Treasury Department and died with the Congress. However, on June 10, 1933, President Roosevelt transferred and consolidated in the Treasury Department the disbursing activities of the civilian executive agencies by Executive Order No. 6166, section 4 of which reads as follows:

"The function of disbursement of moneys of the United States exercised by any agency is transferred to the Treasury Department and, together with the Office of Disbursing Clerk of that Department, is consolidated in a Division of Disbursement, at the head of which shall be a Chief Disbursing Officer.

"The Division of Disbursement of the Treasury Department is authorized to establish local offices, or to delegate the exercise of its functions locally to officers or employees of other agencies, according as the interests of efficiency and economy may require.

"The Division of Disbursement shall disburse moneys only upon the certification of persons by law duly authorized to incur obligations upon behalf of the United States. The function of accountability for improper certification shall be transferred to such persons, and no disbursing officer shall be held accountable therefore."

Disbursements in the General Accounting Office theretofore were handled by Mr. Carl Collier with necessary clerical assistance. Mr. Collier served in such capacity from the creation of the General Accounting Office and was its only disbursing officer. With the consolidation above mentioned he was transferred to the office of the Chief Disbursing Officer, Treasury Department, where he remained until his retirement in 1939.

[10] 72nd Congress, 2nd Session, S. 5021.

Personnel Expansion—Emergency Appointments, Relocation of Audit Division, Accounting and Bookkeeping Division

Following in the wake of the economic depression of the early 1930's came unemployment. first manifested in industrial centers and later spreading to practically every calling and occupation. To an unprecedented degree the multitudes of unemployed persons throughout the nation became a leading object of concern. a problem whose solution baffled resources and powers of both business and Government.

In Public Resolution So. 11. better known as the Emergency Relief Appropriation Act of 1935, the 74th Congress made available funds aggregating over $4,880,000,000. to be used in the discretion and under the direction of the President. to provide relief, work relief and to increase employment by creation of useful work projects. Of this huge amount the greater part was allocated for work projects. with lesser allocations for other uses including the fund provided for the Federal Emergency Relief Administration through whose organization grants were made to the States for relief purposes pending development of the works program. Other allocations were made to various agencies for administrative expenses in connection with said program. for rural reiief and the purchase of certain lands, also for loans made by the Farm Credit Administration. In connection with allocations made to other departments and agencies, the General Accounting Office received funds in an amount sufficient to employ labor, purchase supplies, equipment. etc.. for performance of the greatly increased activities developing in connection with the works program.[11]

With all possible expedition the working force of the General Accounting Office was increased to meet conditions arising as the new work-relief program took shape. Large numbers of appointments were made for the service during the period of emergency. rolls of the office showing an increase in numbers from 2,758 to 4,401 in the years 1935-1936 alone. Many of the persons so hastily appointed, without regard to civil service requirements. were wholly lacking in training and experience. with backgrounds ill adapting them for performance of the technical work of grave importance required in the General Accounting Office.

At the same time the congestion of accumulating work and workers filled the Pension Building to overflowing and emphasized afresh the old problem of inadequate space for changing office conditions and ever espanding needs. A partial solution of the matter was arranged by

[11] For details of the various allocations and explanation of their use see First Deficiency Appropriation Bill for 1936. Hearing before the Subcommittee of House Committee on Appropriations in charge of Deficiency Appropriations (Part II. pages 2. 10. 296 and 298) (Legislative File).

removing the rapidly growing Audit Division, then under the supervision of Mr. E. W. Bell as Chief of Division, to the Moses Building at Eleventh and F Streets, NW, which took place during the summer of 1935.

Effects of the great increase in work were apparent in every part of the office but particularly in the Audit Division. where the receipt of accounts prepared and submitted by recently organized or expanded agencies manned by inexperienced personnel presented difficulties and inaccuracies theretofore not encountered. Such conditions, due in Iarge measure to the vast expenditures resulting from emergency legislation caused by the business depression. demanded exhaustive study with mutual cooperation, in order to ensure prompt settlement. as well as adequate protection for the interests of the Government.

The audit of adjusted service certificates issued to veterans under the World War Adjusted Compensation Act of May 19. 1924 (43 Stat. 121). and declared immediately payable under the Adjusted Compensation Payment Act, 1936, approved January 27. 1936 (49 Stat. 1099) began in August 1936, and was well on the way to completion by the close of the fiscal year 1937.

Expansion in every phase of federal activity was of necessity reflected in Government claims work. With the establishment of many new governmental agencies, innumerable new contracts were required for purchase of supplies and equipment, as well as for construction work of all sorts to meet the needs of the vast relief organizations. In brief, such a personnel expansion as that previously referred to was equally necessary to provide for the increase in the claims work of the General Accounting Office.

During this same period another new division was added to the General Accounting Office organization. This was the Accounting and Bookkeeping Division. created September 1, 1935. under General Regulations No. 82, dated August 20, 1935, by consolidation of the Bookkeeping Division arid certain parts of the Audit Division, namely, the Accounting Section. which had to do with the settlement of the accounts of accountable officers and the adjustment of appropriations and funds; those parts of the Audit Review Section wherein were considered replies to postaudit exceptions received after completion of initial audit exceptions; the Difference Sheet Section and the Supplemental Settlement Unit. The Accounting and Bookkeeping Division also keeps control accounts of appropriations and limitations thereof; keeps accounts of advances. disbursements and collections of accountable officers; reviews and countersigns (or disapproves) for the Comptroller General certain classes of warrants; prepares transfer settlements to settle interdepartmental claims and adjust erroneous deposits: and settles the accounts of accountable officers.

The functions of the Accounting and Bookkeeping Division have been enumerated in detail as above for the reason, apparent to some observers, that many employees and friends of the General Accounting Office have but a vague understanding of the importance of the work of the division as compared with that performed in the longer established organization units, with which they are perhaps better acquainted. Since its creation the affairs of the Accounting and Bookkeeping Division have been administered by Mr. J. Darlington Denit, with a large corps of assistants.

Pursuant to the requirements of section 309 of the Budget and Accounting Act some steps were taken looking toward the establishment of a uniform system of administrative accounting, though the variety of operations and methods in use rendered such uniformity a difficult task. However, as a result of investigation and study of the accounting needs of various offices and establishments. administrative accounting system were established in several bureaus. Thus was formed a nucleus to which the departments and establishments might make additions and adaptations best suited to their particular needs. To the Accounting and Bookkeeping Division was delegated the duty of coordinating the departmental systems and maintaining the control accounts.

On June 30, 1936, there terminated the incumbency of the first Comptroller General of the United States, Mr. J. R. McCarl, who remained in Washington, engaged in private law practice. He died very suddenly August 2, 1940.

As stated earlier in this chronicle. at the expiration of the term of Mr. McCarl administration of the General Accounting Office was taken over by Assistant Comptroller General Richard N. Elliott as Acting Comptroller General of the United States. No changes of note took place, although the findings of the President's Committee on Administrative Management (popularly known as the Brownlow Committee) as set forth in the report of the committee, submitted January 8, 1937 gave rise to rather general discussion of possible—or probable—reorganization of departments and agencies of the executive branch of the Government.

On March 30, 1939, President Roosevelt nominated to fill the vacant office of Comptroller General of the United States the Honorable Fred H. Brown. former Senator from New Hampshire. which nomination was confirmed April 3,1939.

Comptroller General Brown, who took office April 11.1939. was born at Ossippee, New Hampshire, April 12,1879. He became an attorney at law and practiced in Somersworth, New Hampshire. where he served as mayor from 1914 to 1922, at the same time holding the office of United States Attorney for the District of New Hampshire. From 1923 to 1925 he served as Governor of the State and subsequently as a member of the New Hampshire Public Service Commission until his election to the United States Senate in 1932. Mr. Brown's illness during the winter of 1939-1940 compelled him to relinquish his duties as Comptroller General in the early summer of the latter year. He returned to his home in New Hampshire and upon restoration to health served for a brief period as a member of the United States Tariff Commission. eventually resuming the practice of law.

August 1,1940, the President named as successor to Comptroller General Brown the Honorable Lindsay C. Warren. member of Congress from North Carolina. whose First Congressional District he had represented for 16 years, the nomination being confirmed the same day.

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United States General Accounting Office
GAO Office of Public Affairs

Reports and Testimony: January 1990

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Food Assistance: The National WIC Evaluation: Reporting and Follow-Up Issues

GAO/RCED-90-3, Dec. 14.

At an annual cost of about $1.93 billion, the Special Supplemental Food Program for Women, Infants, and Children (WIC) provides nutritional supplements and education to needy pregnant women, breast feeding mothers, and children up to age 5. In 1986 the U.S. Department of Agriculture published a study entitled The National WIC Evaluation, which discussed the effects of the program on participants' nutrition and health. Almost immediately questions surfaced about how the study was reviewed and reported. USDA said it deleted the original chapter and executive summaries and replaced them with a compendium of results because the data did not justify the research team's favorable conclusions about the WIC program. However, GAO found that USDA's compendium of results (1) contained errors and misleading statements about some of the data and (2) deleted the study team's overall conclusions about WIC's impact on participants. In contrast, the original executive *summary* used appropriate methodology, was accurately presented, and reported the study's main conclusions: that WIC improves the diet of pregnant women and children, adds to maternal weight gain, increases the use of prenatal care, and reduces preterm deliveries. In 1984, arguing that the response rate would be too low, USDA withdrew a proposal to assess WIC's impact on the physical and mental development of children **born** to mothers who had participated in the National WIC Evaluation. Since the response rate probably would have been higher than USDA reported, GAO believes USDA acted prematurely in canceling this follow-up study. USDA is now deciding whether to pursue a study of WIC's impact on a different group of children. GAO summarized this report in testimony before Congress; see:

GAO'S Review of USDA's National WIC Evaluation Report and Follow-up Issues, by Keith O. N t z, Director of Planning and Reporting, before the House Select Committee on Hunger, the Senate Committee on Agriculture, Nutrition, and Forestry, and the Subcommittee on Nutrition and Investigations, Senate Committee on Agriculture, Nutrition, and Forestry. GAO/T-RCED-90-21, Jan. 24.

Federal Agricultural Mortgage Corporation: GAO Actions to Meet Requirements in the Agricultural Credit Act of 1987

GAO/RCED-90-90, Jan. 5.

The Agricultural Credit Act of 1987 requires GAO to complete certain studies by January 6, 1990, on a new secondary market for agricultural real estate and rural housing loans created by the Act. However, because the new market—to be administered by the Federal Agricultural Mortgage Corporation (known as Farmer Mac)—was not yet fully operational, GAO was unable to complete the required studies and other periodic reviews. Farmer Mac officials said the secondary market should be fully operational in early 1990. This report provides information on (1) Farmer Mac's development and current status, (2) GAO's past work on agricultural real estate secondary market issues and Farmer Mac, (3) the studies and reviews of Farmer Mac that the Act required GAO to do, and (4) GAO's planned work relating to the statutory requirements.

Testimony

Issues Surrounding the Role and Mission of the Farmers Home Administration's Farm Loan Programs, by John W. Harman, Director of Food and Agriculture Issues, before the Subcommittee on Conservation, Credit, and Rural Development, House Committee on Agriculture. GAO/T-RCED-90-22, Jan. 25.

Despite a general improvement in the overall agricultural economy, FmHA's financial condition continues to deteriorate as the agency tries to achieve its difficult statutory objective of keeping farmers in business for extended periods regardless of their financial condition. As long as FmHA has to balance its role as both an assistance provider and a loan-making institution for distressed farmers, the likely outcome will be further multibillion dollar financial losses. FmHA is also still plagued by weaknesses in its internal accounting controls, although progress is being made in improving the financial management of its operations. See GAO's audit of FmHA's financial statements for fiscal year 1988 on page 11.

Budget and Spending

Budget Issues:
Earmarking in the Federal Government

GAO/AFMD-90-8FS, Jan. 19.

Federal revenues are earmarked when authorizing legislation designates them for particular uses. GAO's study of this practice showed that the percentage of budget revenues that were earmarked grew from fiscal years 1974 through 1988. Almost half of that growth came from increases in earmarked Social Security payroll tax revenues. GAO also found that earmarking practices vary. While earmarking provides a relatively predictable financing procedure that can help achieve budget policy or programmatic goals, it also lessens congressional flexibility to adjust program funding levels and priorities.

Deficit Reductions for Fiscal Year 1990
Compliance With the Omnibus Budget Reconciliation Act of 1989

GAO/AFMD-90-49, Jan. 26.

The Omnibus Budget Reconciliation Act of 1989 rescinded the President's sequester order in October 1989 and required him to issue a new final order complying with the Act. Under the Act, the Office of Management and Budget must issue a revised sequester report. GAO is required to submit a report to Congress and the President on whether the President's orders and OMB's report have complied with the Act. In GAO's opinion, OMB's revised final sequester report and the President's order complied with the Act's requirements. GAO reiterates, however, that compliance does not necessarily result in meaningful deficit reduction. GAO continues to believe that a fundamentally different approach to reducing the deficit is needed.

Testimony

Fiscal Year 1991 Budget Estimates for the General Accounting Office, by Charles A. Bowsher, Comptroller General of the United States, before the Subcommittee on Legislative, House Committee on Appropriations. GAO/T-OCG-90-1, Jan. 31.

The quickly changing global political landscape is affecting many issues—trade, defense, and international competitiveness among them. World events are also challenging GAO in the work it does for Congress. At the same time, congressional demand for GAO work has increased dramatically. In discussing GAO's fiscal year 1991 budget request, which encompasses salaries, training, equipment, travel, building renovation, and other expenses, the Comptroller General pledged his support for GAO'S continuing efforts to address the tough issues facing Congress and the Nation; GAO remains committed to providing quality products in a timely fashion. The Comptroller General believes GAO'S record of accomplishment speaks to the return on investment, both monetary and non-monetary, that it is capable of delivering. Yet such a return requires continued investment. GAO's most important asset is its people, and that, in the Comptroller General's view, is where continued investment is paramount.

Civil Rights

Persons With Disabilities: Reports on Costs of Accommodations

GAO/HRD-90-44BR, Jan. 4.

The proposed Americans With Disabilities Act of 1989 (S. 933 and H.R. 2273) would prohibit discrimination based on disability against any qualified person in employment and in programs and activities run by state governments. The Act would also prohibit discrimination based on disability in public accommodations and services, public transportation, and telecommunications relay service. Examining the Act's potential costs, particularly to the private sector, GAO reviewed 12 published reports on the costs of removing or avoiding architectural, transportation, employment, and communication barriers to persons with disabilities. However, GAO found these reports only marginally useful in evaluating the costs of implementing the Act. In addition to being outdated, the reports applied only to the cost of avoiding or removing selected barriers to accessibility by persons with disabilities in selected situations. In some cases, the studies used questionable or unexplained methodologies.

Equal Employment Opportunity: Representation of Minorities and White Women at Fort Lee Army Post, Virginia

GAO/GGD-90-27, Jan. 17

GAO reviewed the equal employment opportunity program for civilians assigned to the U.S. Army Post at Fort Lee, Virginia, and found that blacks, overall, were underrepresented in the work force there, but that other minorities and women were not. Essentially, all pay grades 13 through 16 are in the professional and administrative occupational categories at Fort Lee. GAO found that black men, black women, and white women were underrepresented in both categories. Fort Lee has taken several actions since 1987 to reduce underrepresentation. For example, it has started an EEO affirmative action employment plan for fiscal years 1988 to 1992 to eliminate underrepresentation, particularly at grades 13 through 15. Between December 1986 and June 1989, the representation of black men, black women, and white women in grades 13 through 15 professional and administrative occupations generally improved. Fort Lee has also started issuing written policies and procedures to govern the EEO program and has started clarifying the EEO performance standards that apply to managers and supervisors. GAO endorses completion of these actions and believes Fort Lee should also look at ways to reduce the time taken to resolve formal discrimination complaints.

Education

Early Childhood Education: What Are the Costs of High-Quality Programs?

GAO/HRD-90-43BR, Jan. 24.

To assist Congress in its consideration of legislation that would fund education programs for children too young for kindergarten (mainly 4-year-olds), GAO looked at the costs of high-quality early childhood education programs. In this briefing report, GAO (1) estimates the average annual cost per child, (2) compares the average annual salaries of early childhood education teachers with those of public elementary school teachers, and (3) determines the extent to which the costs of a typical early childhood education center change when factors like the teacher/student ratio change.

Employment

Job Training Partnership Act: Information on Set-Aside Funding for Assistance to Older Workers

GAO/HRD-90-59FS, Jan. 22.

Under Title IIA of the Job Training Partnership Act, funding has been set aside to help train and employ older workers. Seventy-eight percent of this annual funding to states is devoted to job training eligible people, including older workers, at the local level. In addition, 3 percent of the state allocation is set aside specifically to help economically disadvantaged older workers. This fact sheet provides information on the extent to which states have been able to spend their 3 percent set-aside funds. Information is also provided on the expenditure rate of other Job Training Partnership Act programs, for comparison, and the extent to which the Act is serving older workers.

Job Training Partnership Act: Youth Participant Characteristics, Services, and Outcomes

GAO/HRD-90-46BR, Jan. 24.

The Job Training Partnership Act offers training to economically disadvantaged youth, many of whom lack basic work skills and remain unemployed despite economic expansion and a shortage of qualified workers. This briefing report provides information on the characteristics of youth (age 14 to 21) enrolled under Title IIA of the Act, the services they received, and the outcomes they attained.

Energy

Nuclear Waste: Storage Issues at DOE's Waste Isolation Pilot Plant in New Mexico

GAO/RCED-90-1, Dec. 8.

At a cost of $700 million, the Department of Energy has built a mined geologic depository—the Waste Isolation Pilot Plant—near Carlsbad, New Mexico, to dispose of nuclear waste produced and stored at its defense facilities in 10 states. DOE is seeking legislation that would withdraw the land from public use and allow waste storage to begin. The discovery of saltwater seepage, however, has raised serious questions about the site's suitability as a nuclear waste depository. By storing waste in the plant years before determining compliance with disposal standards that are as yet uncertain, DOE might either have to abandon the plant if it does not comply with the new standards or to remove and/or rehandle wastes in order to comply with the standards. GAO recommends that DOE give Congress (1) technical justification for storing waste in the plant before determining if the facility can be used as a repository, (2) contingency plans for disposing of wastes stored in the plant in case DOE finds that the facility does not comply with disposal standards, and (3) options for continued waste storage at other DOE facilities while DOE is finishing its assessment of the plant's compliance with the standards.

Uranium Enrichment: U.S. Imports of Soviet Enriched Uranium

GAO/RCED-90-70BR, Dec. 8.

This briefing report looks at the following issues: How much Soviet uranium ore and enriched uranium are imported into the United States and what is the extent to which utilities "flag swap" to disguise these purchases? What are the U.S.S.R.'s enriched uranium trading practices? To what extent are utilities required to return used fuel to the Soviet Union as part of the enriched uranium sales agreement? Why have U.S. utilities ended their contracts to buy enrichment services from DOE?

Naval Petroleum Reserve No.1: Work Still Needed to Improve Accuracy of Reserve Estimates

GAO/RCED-90-16, Dec. 13.

For several years, the administration has proposed selling the government's ownership interest in the Naval Petroleum Reserves, arguing that it would help reduce the federal budget deficit. The administration's latest proposal calls for the sale of reserves in fiscal year 1990. DOE estimates that if the reserves are sold in 1990, proceeds would amount to about $3.4 billion. The Naval Petroleum Reserve at Elk Hills, California, is the largest of the reserves and is jointly owned with Chevron, U.S.A., Inc. GAO reviewed and analyzed the new reserve data in DOE's July 1988 reserve study and found that DOE'S reserve estimates for Elk Hills are still neither accurate nor up-to-date. While the 6-month contract time frame allowed the contractor to organize a large amount of existing Elk Hills data into a single reserve report, the contractor did not have enough time to prepare new technical analyses needed to address uncertainties in the data. DOE recognizes that more work is needed and told GAO that work now underway Will address most of the uncertainties. DOE is also considering two other factors—deep well testing and enhanced oil recovery methods—that could substantially increase the estimated proved reserves at Elk Hills. However, until DOE completes these studies, it will be impossible to accurately assess the reserve estimates and, ultimately, the value of the Elk Hills reserve.

Environmental Protection

Air Pollution: Improved Atmospheric Model Should Help Focus Acid Rain Debate

GAO/RCED-90-14, Nov. 3.

Acid rain continues to be one of the most hotly debated environmental issues facing the Nation. Much of the disagreement centers on the level of controls to be imposed on emissions of sulfur dioxide and nitrogen oxides. In 1980 Congress authorized an interagency research effort—the National Acid Precipitation Assessment Program—to help provide better information on the causes and effects of acid rain. An important element of this research effort is the Regional Acid Deposition Model, which is designed to (1) simulate the process in which acid rain is created and (2) estimate changes in the amount of acid rain due to emission controls. This report discusses the Program's progress in researching the effects of acid rain on man-made and natural resources. The report also closely examines the Program's progress in developing, applying, and evaluating the Regional Acid Deposition Model.

Superfund A More Vigorous and Better Managed Enforcement Program Is Needed

GAO/RCED-90-22, Dec. 14.

Although the federal government has an important financial stake in the success of Superfund enforcement, GAO found that EPA's enforcement efforts have been hampered by (1) delayed and incomplete attempts to find responsible parties, (2) insufficient use of section 106 orders to compel recalcitrant parties to begin cleanup operations, (3) growing backlogs of cases where a recovery of federal cleanup costs should be sought, and (4) narrow interpretations of what federal costs are recoverable. A June 1989 comprehensive management review of Superfund recognized many of the problems discussed in this report and proposed corrective action. However, EPA has not yet acted in two areas that GAO believes are critical to improving enforcement: establishing long-term, measurable goals and determining the resources required to reach these goals.

Financial Institutions

Testimony

Thrift Crisis: Strategic Plan for Resolution Trust Corporation and Management of FSLIC Deals, by Richard L. Fogel, Assistant Comptroller General for General Government Programs, before the House Committee on Banking, Finance and Urban Affairs. GAO/T-GGD-90-14, Jan. 25.

This testimony focuses on the Resolution Trust Corporation's strategic plan for resolution of thrifts for which a conservator or receiver had been appointed between January 1, 1989, and August 8, 1992. GAO believes the strategic plan presents the RTC Oversight Board's policies in a reasonably comprehensive and understandable manner and that, with the issuance of implementing procedures and certain additions, it can serve as a roadmap for RTC operations. However, the plan needs to discuss more fully several key policy and procedure issues. GAO'S preliminary work on FSLIC's efforts to resolve insolvent institution cases has borne out GAO'S earlier concerns about the extreme difficulty of managing transaction agreements. And, GAO's general impression is that FDIC, which was given responsibility for managing the assistance agreements, has not given its new responsibility enough priority. GAO found several problems relating to assistance agreement management that need to be corrected.

Financial Management

Government Financial Vulnerability: Fourteen Areas Needing Special Review

GAO/OCG-90-1, Jan. 23.

The magnitude of the problems at the Department of Housing and Urban Development has fueled speculation about whether similar problems exist at other federal departments and agencies. It is GAO'S belief that unless something is done to stop the breakdowns plaguing the government's internal control and financial management systems, major losses of federal funds due to fraud and abuse will continue. Yet no mechanism now exists to ensure that agencies take corrective action. GAO is beginning a special audit effort to identify areas likely to result in material losses and to ensure that corrective action is taken to stem or minimize the losses. GAO has compiled an initial list of 14 areas it intends to target. These areas include the following: the Resolution Trust Corporation, IRS receivables, management of seized and forfeited assets, questionable

Medicare claims, ERISA/Pension Benefit Guaranty Corporation, guaranteed student loans, State Department real property management overseas, DOD inventory management systems, DOD major systems acquisition, NASA contract management, Farmers Home Administration loan programs, Superfund enforcement and contractor oversight, Urban Mass Transportation Administration grants, and Department of Energy contractor oversight.

Financial Audit:
Farmers Home Administration's Financial Statements for 1988 and 1987

GAO/AFMD-90-37, Jan. 25.

While the U.S. agricultural economy has shown signs of improvement over the last two years, the Farmers Home Administration's losses continue to mount. FmHA lost $13.8 billion in fiscal year 1988, and its accumulated deficit is now **$42.6** billion. Delinquent farm loan balances were $12.5 billion--almost half of the farm loan portfolio. After examining FmHA's financial statements for fiscal year 1988, GAO was unable to satisfy itself that FmHA's acquired property accounts were presented fairly. GAO found the following material internal control weaknesses relating to acquired property: (1) FmHA's loan classification system used to estimate losses on individual farm loans is unreliable, (2) FmHA's tracking system for acquired property contained inaccurate and incomplete information, **(3)** FmHA has not finished changes to its tracking system that would allow it to record acquired property at fair market value or to record the associated gain or loss at the time of acquisition, and **(4)** FmHA has not come up with a way to determine property holding and disposition costs for estimating loan losses and for computing the acquired property balance. See GAO's testimony on the role and mission of FmHA's farm loan programs on page **3.**

Financial Audit:
Pennsylvania Avenue Development Corporation's 1988 Financial Statements

GAO/AFMD-90-22, Jan. 11.

In GAO's opinion, the Pennsylvania Avenue Development Corporation's financial statements for fiscal year 1988 present fairly, in all material respects, its financial position and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles. Because the 1987 financial statements, which are presented for comparative purposes, have not been audited, GAO did not express an opinion on them.

Lease Refiincing: Observations on GSA's Proposed Master Leasing and Army's Lease Programs

GAO/AFMD-90-7, Nov. 24.

In this report on the Master Installment Purchasing System (MIPS) program proposed by the General Services Administration and the lease refinancing program that the Army now has underway, GAO looked at whether separating lease financing from equipment procurement could significantly reduce costs to the government. The report discusses (1) current federal government equipment lease requirements, procedures, and practices; (2) GSA's proposed MIPS program to reduce future equipment lease costs; and (3) the Army's ongoing lease refinancing program to reduce current equipment lease costs.

Foreign Military Sales: Defense Efforts Are Improving Program Accounting

GAO/AFMD-90-18, Jan. 17

The Department of Defense has made several proposals to correct long-standing accounting problems in foreign military sales (FMS). These proposals included the creation of a new central FMS accounting and billing system and the establishment of a second FMS trust fund. GAO found that DOD's changes to the central FMS accounting system should ensure that central FMS records are accurate and that discrepancies between disbursement and billing records are promptly identified and corrected. DOD has also made progress in reconciling the differences between disbursement and billing records. These efforts have reduced the net differences from $229 million in December 1987 to $67 million as of August 1989. GAO believes DOD's decision in June 1989 to postpone the implementation of the second trust fund was appropriate because this measure would not have segregated activity associated with newly initiated FMS cases from cumulative balances associated with cases in the existing trust fund. In November 1989, the Air Force submitted its plan for establishing a second trust fund independent of the existing trust fund. The Air Force Audit Agency is now evaluating DOD's enhancements to the FMS accounting system, and the Air Force will need to correct any system weaknesses identified by this testing.

Government Operations

1990 Census: Change in Minicomputer Acquisition Strategy

GAO/GGD-90-10, Dec. 6.

In response to concerns raised during the 1988 Census dress rehearsal, the Bureau of the Census decided to use a higher capacity minicomputer in its district offices than it had originally planned. The Bureau, in order to avoid cost increases in acquiring and maintaining the equipment, elected to lease most rather than buy all of the minicomputers. This action has not delayed the delivery of the minicomputers, and no software modifications were required. GAO calculated that the Bureau will spend about $165,000 more for the later model computers. While GAO found it difficult to accurately estimate the future market value of this type of used equipment, GAO believes the minicomputers would have a residual value to other federal, state, or local government agencies or on the open market.

Federal Real Property: Conflicting Appraisals of Land Near Columbia Hospital for Women

GAO/GGD-90-15, Dec. 11.

Congress is considering legislation that would direct the General Services Administration to sell government-owned property in the District of Columbia to the Columbia Hospital for Women. Under this arrangement, the Hospital would pay $7 million initially and another $3 million in 15 years. GAO examined the differences between two appraisals of the property. The first appraisal, done by GAO's contractor, was for $20 million. The second appraisal, which was obtained by the Hospital, was for $9 million. GAO found that the main difference between the two appraisals was that the first was prepared in accordance with federal appraisal standards. The first appraisal based the fair market value on the highest and best use of the land, while the second appraisal based the market value of the land on the development now being proposed by the Hospital. GAO believes the fair market value of the property should reflect the highest and best use and the fact that unused development rights could be used at a late date. Consequently, GAO believes that the first appraisal represent a reasonable and appropriate estimate of the property's fair market value.

Wastepaper Recycling: Programs of Civil Agencies Waned During the 1980s

GAO/GGD-90-3, Dec. 15.

The federal government spends millions of dollars on paper each year, uses it once or twice, and then spends millions to get rid of it. The Resource Recovery Act of 1970 requires federal agencies to (1) separate their wastepaper so that it can be sold for recycling and (2) procure recycled paper. Yet GAO found that today most federal civilian agencies lack the wastepaper recovery programs envisioned by the legislation. Further, where wastepaper is being sold, the government is not getting what it should for the paper because of poor contract administration. The inability of agencies to retain the proceeds from the sale of wastepaper and a general perception that wastepaper recycling is not cost effective are strong deterrents to increased recycling. In addition, due to delays in issuing paper procurement guidelines, the government has not been stimulating demand for recyclable wastepaper through its own buying practices.

Federal Construction: Use of Construction Management Services

GAO/GGD-90-12, Jan. 18.

The federal government has selectively used the concept of construction management to some degree for two decades. Under the traditional sequential approach to construction, a client hires an architect/engineer to design a building and then hires a general contractor to build it. The construction management concept rearranges traditional construction responsibilities by adding a construction manager who represents the owner through the various stages of project design and construction. GAO's work at eight agencies showed that six civilian agencies had used some type of construction management; the two defense agencies had not used outside construction managers because they relied on in-house staff. While the experience at agencies has shown that private sector construction management techniques can be adapted to federal projects, agencies tend to use construction managers in an advisory role because the government has less flexibility than do private firms. In addition, factors like competition and conflict of interest rules discourage federal entities from using contractor construction management.

Federal Employees:
Commerce Department's Reclassification **of** Three Managerial Positions

GAO/GGD-90-41, Jan. **18.**

GAO looked into allegations about improper classification of three top management positions at the Department of Commerce's Office of Finance and Federal Assistance. In **1984** and **1985** the Commerce Department moved the three positions from the Accounting and Budget group to the administrative and clerical grouping. It was alleged that the positions had been improperly classified, at least in part, to put unqualified persons in accounting positions. It was further alleged that the misclassification relegated the top accounting position at the departmental level to too low a level relative the importance of the accounting functions. GAO asked the Office of Personnel Management's opinion on the situation. OPM concluded that two positions—the Director of the Office of Financial Management and the Chief **of** the Financial Management Division—were more appropriately categorized in the Accounting and Budget Group. While OPM preferred that the third position—the Director **of** the Office of Financial Management—also be classified in the Accounting and Budget Group, it accepted Commerce's classification because of the authority agencies have in classifying senior executive service positions. Commerce, saying it had misinterpreted the classification guidelines, reclassified the two positions in the Accounting and Budget Group in July **1989.** GAO is concerned that Commerce, when filling the position of Director of the Office of Financial Management, may have given **an** employee unfair promotion advantage, thereby violating merit principles regarding fair and open competition. Because the Office of Finance and Federal Assistance provides technical supervision over Commerce's seven accounting systems that control over **$2** billion annually, GAO believes the Director of the Office of Financial Management—now a grade 14—should be at a higher management level and should be qualified to do technical supervision. Commerce said it is working on creating a new chief financial officer position.

Corporation for Public Broadcasting: Congressional Guidance Needed on Administrative Expenses

GAO/HRD-90-5, Jan. 22.

In 1988 legislation, Congress limited the Corporation for Public Broadcasting's (CPB) administrative expenses for fiscal year 1989 to $10.2 million, or less than five percent of the appropriation; for 1990 and beyond, administrative expenses could grow by four percent of the previous year's allowance or by the increase in the consumer price index, whichever is greater. Discussions on the Senate floor suggest that these changes were intended to make funds more available for program production. GAO found that CPB's 1988 administrative expenses fell within the limits set by the legislation and that the CPB practice of considering certain expenditures as administrative expenditures in some cases and as program services expenses in others was not at odds with the law. It is unclear, however, whether this practice is consistent with the discussion of administrative expenses found in the Senate report accompanying the 1988 legislation. If Congress finds CPB's recording of administrative expenses to be inappropriate, GAO suggest Congress consider providing CPB with further guidance.

Testimony

Critical Issues for Census Adjustment: Completing Post Enumeration Survey on Time While Protecting Data Quality, by L. Nye Stevens, Director of Government Business Operations Issues, before the Subcommittee on Census and Population, House Committee on Post Office and Civil Service. GAO/T-GGD-90-15, Jan. 30.

In the 1988 dress rehearsal for the 1990 census, the post enumeration survey confirmed, once again, a disproportionate undercount of blacks, particularly black men. If an adjustment to the 1990 census counts is to be made, it will be based largely on the results of the post enumeration survey. In an attempt to meet its July 1991 deadline for publishing adjusted counts, the Census Bureau has accelerated its 1990 timetable for post enumeration survey operations. However, despite the accelerated time schedules, GAO doubts that the Census Bureau will be able to meet the 1991 deadline using the 1990 timetable for post enumeration survey results. For instance, the 1988 dress rehearsal post enumeration survey was finished six months later than planned, and the 1990 post enumeration survey will be much larger and administratively more complicated. Moreover, if the 1990 census is anything like 1980, many district offices may again be late in completing basic census operations, running a risk that the census and the post enumeration survey will overlap in some key field operations. GAO is also concerned that schedule compressions and the changes made in basic 1990 census procedures to achieve operational economies could impair data quality.

Health

Drug Testing: Management Problems and Legal Challenges Facing DOT's Industry Programs

GAO/RCED-90-31, Nov. 27

Concerned about drug use in the transportation industry, in 1989 the Department of Transportation began requiring over 200,000 employers to test 4 million private-sector transportation workers in safety-sensitive and security-related positions. In this report, GAO (1) determined the status of m’s private-sector drug-testing programs; (2) evaluated DOT's program implementation; (3) described the present legal challenges to m’s regulations; and (4) analyzed proposed congressional legislation that would impose drug testing for certain private-sector transportation industry workers, comparing the bills' provisions with m’s drug-testing regulations.

Screening Mammography: Low-Cost Services Do Not Compromise Quality

GAO/HRD-90-32, Jan. 10.

Breast cancer kills over 40,000 Americans every year, mostly women. The best tool available today for early detection is mammography, an x-ray that can find cancers too small to feel. While the Medicare Catastrophic Coverage Act of 1988 made screening mammography for symptom-free women a new Medicare benefit, it limited the charge for Medicare-funded screening to $50. GAO, in looking at whether this limit could compromise womens' ability to obtain quality services, found that many providers lack adequate quality assurance programs. This may contribute to the wide range of image quality and patient radiation dose that occurs in mammography practice. GAO found no relationship between the price charged for screening mammography and adherence to quality standards. Providers with higher mammography volume, however, were more likely to comply with quality standards than were those with lower volume. There is evidence that high volume permits economies of scale and does not compromise quality. GAO found that the absence of legally binding quality standards has limited federal and state oversight programs. In September 1989, the Department of Health and Human Services published proposed regulations for Medicare-funded screening mammography that parallel professional quality standards. However, because Congress repealed the Medicare Catastrophic Coverage Act of 1988, HHS will withdraw its proposed regulations.

Aging Issues: Related GAO Reports and Activities in Fiscal Year 1989

GAO/HRD-90-56, Jan. 12.

This report is a compilation of GAO's fiscal year 1989 work concerning older Americans. GAO looked at a wide range of issues—income security, health care, housing, nutrition, community and legal services, employment, and age discrimination among them. Appendixes in the report list the following types of GAO efforts: issued reports on policies and programs directed mainly at older Americans; issued reports on policies and programs in which the elderly were one of several target groups; testimony; ongoing activities; and other activities by GAO officials, like speaking engagements and publications. The report also notes that GAO policies prohibit age discrimination and that as of September 30, 1989, 54 percent of GAO's work force was 40 years of age or older.

Medicare: Increased Denials of Home Health Claims During 1986 and 1987

GAO/HRD-90-14BR, Jan. 24.

Medicare provides a home health care benefit for beneficiaries who are confined to their home, under a physician's care, and in need of part-time intermittent skilled nursing care or physical or speech therapy. Congressional concern over increased denials of Medicare home health care claims during 1986 and 1987 prompted GAO to look into the situation. This briefing report addresses the reasons for the increased denials, the extent and causes of variation in denial rates among regions of the country, the number of home health agencies that lost their waiver of liability during this period, and the effects of the increased denials on the appeals process.

Testimony

Medigap Insurance: Expected 1990 Premiums After Repeal of the Medicare Catastrophic Coverage Act, by Janet Shikles, Director of Health Financing and Policy Issues, before the Senate Special Committee on Aging. GAO/T-HRD-90-9, Jan. 8.

Congress repealed the Medicare Catastrophic Coverage Act in November 1989. As a result, private insurance—known as Medigap policies—must now provide benefits that insurers did not expect to provide in 1990. GAO surveyed 29 commercial Medigap insurers, each with at least $10 million in earned premiums for Medigap policies in 1987. Twenty insurers responded and said they expected to raise their 1990 Medigap insurance premiums by an average of 19.5 percent. The companies attributed about half of this increase to increased benefits and administrative costs necessitated by repeal of the Act. The rest of the increase was attributed to inflation, increased use of medical services, prior years' claim experience, and other factors. The Blue Cross and Blue Shield Association also surveyed its member organizations and found that the median increase in 1990 non-group Medigap insurance premiums would be about 29 percent.

Housing

Homelessness:
Homeless and Runaway Youth Receiving Services at Federally Funded Shelters

GAO/HRD-90-45, Dec. 19.

This report analyzes the characteristics of youths who were served by shelters funded under the Runaway and Homeless Youth Act. GAO found that while there have been reports of a growing population of homeless youth, little information is available on the size or characteristics of either the total homeless youth population or the subgroup seeking assistance from runaway and homeless shelters. As the result of its analysis, however, GAO does make the following observations: (1) Homeless youth seem to be a diverse group of people facing many problems. (2) The shelter network may not be able to meet some needs of homeless and runaway youth. (3) Many youth may not be receiving needed services after they leave the shelters. (4) Many homeless youth who do not return to their families after leaving a shelter move on to unstable living arrangements. (5) Very few of the homeless youth appear to leave shelters for independent living programs. Because troubled youth and those who are younger than 16 years old may not be suitable for independent living programs, more information is needed on alternative programs.

Income Security

Social Security: Many Administrative Law Judges Oppose Productivity Initiatives

GAO/HRD-90-15, Dec. 7.

Individuals whose applications for Social Security disability or Medicare benefits have been denied may challenge such decisions before an administrative law judge (ALJ). The number of appeals to ALJS has risen substantially over the years. The Social Security Administration's Office of Hearings and Appeals (OHA) manages the ALJS. Over the years, many ALJS have opposed various management practices on the grounds that they interfere with decisional independence. This report examines (1) the causes of recent conflicts between the OHA and the ALJS and (2) whether reductions in staff, especially in judges, adversely affected the adjudicative process.

Information Management

Automated Systems: Treasury's Efforts to Improve Its Payroll and Personnel Systems

GAO/IMTEC-90-4, Dec. 15.

GAO found that the Department of the Treasury is on schedule with a plan approved in February 1989 to convert its payroll and personnel processing systems into a single, integrated system. However, during GAO'S review, Treasury and IRS experienced problems in three areas that threatened the successful completion of the 3-year effort. First, Treasury and IRS faced potential funding shortfalls in fiscal year 1990. Second, IRS' portion of the conversion effort was understaffed. Finally, IRS had not selected a system for transmitting time and attendance data to the Department of Agriculture's National Finance Center. Treasury and IRS officials said they are taking actions, including reprogramming funds and making staff available for the conversion, to address these problems. However, GAO believes it is too early to predict the effect these measures will have on the conversion process.

Air Force ADP: Systems Funded Without Adequate Cost/Benefit Analyses

GAO/IMTEC-90-6, Dec. 28.

GAO looked at the cost/benefit analyses the Air Force Logistics Command did when justifying and planning the following four management information programs: (1) Air Force Equipment Management System, (2) Air Force Technical Order Management System, (3) Automated Technical Order System, and (4) Reliability and Maintainability Information System. The four systems, estimated to cost $435.6 million, will replace 38 outdated automated and manual systems. In three of the four projects, the Command did inadequate cost/benefit analyses that GAO characterized as "no more than paper exercises." The cost/benefit analysis for the fourth project has not been finished. The inadequacies included incomplete analysis of alternatives, overstatement of benefits, and understatement of costs. Department of Defense and Air Force officials acknowledge that more complete analyses could have been done, but believe the analyses performed met the minimum requirements needed to approve the projects. Requirements are not met, however, when the analyses present misleading information. The Air Force has consistently allowed systems to proceed into development without adequate cost/benefit analyses, and these systems have been plagued by significant cost increases and schedule slippages. GAO recommends strengthening controls so that adequate cost/benefit analyses are done before projects begin development.

ADP Budget:
Potential Reductions to the Department of Defense's Budget Request

GAO/IMTEC-90-12, Jan. 10.

This report contains information on budget requests from the Departments of the Air Force, Army, and Navy and from the Defense Communications Agency that relate to the World Wide Military Command and Control System. It also contains information on four automation projects managed by the Air Force. This information provides background and budget data and, where appropriate, identifies funds requested for fiscal year 1990 that could be eliminated from the Air Force's budget request.

IRS Automation:
Procurement Practices Need Strengthening

GAO/IMTEC-90-24, Jan. 12.

GAO reviewed several procurements under IRS' automated data processing acquisition program. GAO found that the procedures used by IRS to award a contract noncompetitively to Vanguard Technologies Corporation were inappropriate. In this estimated $1.7 million contract for ADP support services for the Electronic Filing System, IRS circumvented laws designed to maximize competition in government contracting. In July 1989, IRS agreed to pay Vanguard Corporation $15,000 to withdraw its bid protest before the General Services Board of Contract Appeals. The protest centered on a $500 million award for ADP support services. In GAO'S view, the agreement was inappropriate because IRS had no reason to believe it had violated any laws or regulations in eliminating Vanguard from the competition. GAO found that the services provided by Vanguard under a prior ADP support services contract were within the contractor's scope. GAO's review also showed that the requests for proposals for the Treasury Multiuser Acquisition Contract and Integrated Collection System procurements permitted full and open competition.

Aviation: FAA's Use and Management of Communications Resources

GAO/IMTEC-90-8, Jan. 24.

Communications resources, which include transmission systems and the equipment connecting information senders and receivers, are vital to FAA's promotion of the safe, orderly, and expeditious flow of air traffic. With increasing FAA ownership of communications—FAA estimates that it will need $2.7 billion through the 1990s to develop and purchase communications—it is critical that FAA carefully manage and control these resources. Although FAA established an organization in 1987 to centralize its management of communications, this entity lacks control over many key communications functions; systems engineering, procurement and deployment of owned resources, and real-time operations and maintenance are all the responsibility of other FAA components. Without greater consolidation of communications responsibilities or enough coordination, GAO foresees the potential for significant equipment compatibility, system integration, and network monitoring and control problems. FAA recognizes the negative consequences of these problems and is considering improving its communications management as part of a new strategic telecommunications plan. GAO believes that timely completion of this plan should help FAA to effectively control these critical resources.

International Affairs

AID-Financed Procurement: Allegations of Irregularities in the Procurement of an Oil Drilling Chemical

GAO/NSIAD-90-41, Dec. 15.

GAO reviewed allegations that the sodium carboxymethyl cellulose (CMC) involved in two contracts awarded to Messina, Inc., by the governments of Jordan and Pakistan failed to meet contract specifications and AID'S "source of origin" regulations. CMC is a semisynthetic, water soluble polymer used for oil drilling. GAO found that the CMC shipped by Messina under the two contracts met the specifications established by the Oil Companies Materials Association for low-viscosity CMC. Although the allegations of noncompliance with Association specifications and with AID source and origin requirements proved to be generally incorrect, GAO noted that AID lacks written procedures for investigating allegations of noncompliance with technical specifications or source and origin requirements. AID'S policy in these cases is to inform the host country of the allegations and to rely on the host country to investigate the matter.

State Department: Proposed Overseas Housing Standards Not Justified

GAO/NSIAD-90-17, Dec. 18.

GAO reviewed the State Department's proposed revision of the housing space standards for U.S. employees assigned overseas. In summary, GAO found that State lacked sufficient evidence to support its proposed change—namely using an employee's grade as a significant factor in the authorized size of housing. State did not use an adequate methodology or current data on the housing employees have in the Washington, D.C., area to ensure that the proposed increases are appropriate. Moreover. GAO found that the data State used was old, incomplete, and inappropriate for the analysis. The federal government may have to pay millions of dollars more to house personnel abroad under the proposed standards than if current standards were appropriately applied. For State Department employees alone, the proposed standards would authorize an additional 1.3 million square feet and cost almost $11 million more. GAO concludes that rather than implementing the proposed revision, State should enforce the current standards until it can justify revising them.

International Trade: Foreign Market Development for High Value Agricultural Products

GAO/NSIAD-90-47, Jan. 17.

Highly developed marketing networks have expanded some foreign competitors' share of the lucrative high value agricultural product market. This is particularly true of the European Community. In this report, GAO seeks to fill the information void on foreign competitors' market development programs. Although most of the foreign competitors GAO reviewed spend less on high value market development than does the United States, some spend their money in a highly targeted way. In an integrated marketing approach, market research is coordinated with production and distribution capacity to meet consumer demand. Foreign competitors then work with producers to develop or adapt products to meet those needs. While the Department of Agriculture has invested heavily in foreign market development in recent years, the main responsibility for conducting foreign market development activities remains with the private sector. Most countries GAO reviewed have either centralized marketing organizations or independent marketing boards; some are managed by public officials while others have a combination of public and private management. Some competitor marketing organizations promote virtually all agricultural products in both domestic and foreign markets while other promote products of a specific sector. The relationship between the public and private sectors is more distant in the United States. Generally, foreign governments play a larger role both in managing and funding market development organizations.

Foreign Economic Assistance: Better Controls Needed Over Property Accountability and Contract Close Outs

GAO/NSIAD-90-67, Jan. 22.

In reviewing ways to streamline and revise the Agency for International Development's contracting and procurement system, GAO found that (1) AID does not exercise adequate accountability for project-funded nonexpendable property in the possession of contractors and (2) AID's current policy and reporting requirements do not ensure systematic close out and final audit of completed contracts at the two overseas missions GAO visited. AID internal audits and evaluations have found similar weaknesses, but the audit recommendations have not been acted upon satisfactorily. These continuing weaknesses make the agency vulnerable to contractor misuse of AID-financed property and can lead to delays in the deobligation or decommitment of funds, unfulfilled contractual commitments, and uncertainty over whether only allowable contract costs have been paid.

Central America:
Humanitarian Assistance to the Nicaraguan Democratic Resistance

GAO/NSIAD-90-62, Jan. 23.

Has the assistance given the Nicaraguan Resistance in Central America been spent as intended? Concerns about this prompted GAO to examine $27.1 million in humanitarian aid administered by the Agency for International Development. GAO found that, in accordance with the law, AID provided only authorized assistance to the Resistance and suspended family assistance payments for four Resistance members convicted or accused of human rights abuses. GAO also found that AID applied adequate controls in administering the procurement and delivery of goods and services. After monthly ceilings on spending were lifted, AID was able to procure larger quantities of clothing and medical supplies at one time, thus reducing the frequency of deliveries from the United States. AID improved medical assistance and provided training through the use of contractors and other support and increased the number of recipients of cash payments.

Justice and Law Enforcement

U.S. Customs Service:
Unresolved Audit Issues Between Customs and the Virgin Islands

GAO/GGD-90-21, Dec. 8.

This report responds to congressional concerns about disputes between the U.S. Customs Service and an auditor employed by the Virgin Islands. In June 1987, the auditor hired by the Virgin Islands Governor gave Customs a draft of his findings and recommendations concerning money collected by Customs for the Virgin Islands. GAO was asked to render an opinion on some of the issues in dispute. GAO concluded that the United States is the rightful recipient of preclearance duty collections, the Virgin Islands is not entitled to interest on Virgin Island funds kept in an account maintained by the U.S. Treasury, and the Virgin Islands is not entitled to any portion of U.S. customs duties collected in the United States when the cargo on which the duty is based is ultimately shipped to the Islands. The Virgin Islands auditor claims Customs collected $5 million but did not credit it to the Virgin Islands account. Because of insufficient Customs records, GAO was unable to reconstruct the financial history of Customs' collections and disbursements that GAO needed to decide whether the Virgin Islands was owed the money. This report also provides information on (1) the amount charged to the Customs user fee account to pay for certain costs of collecting duties in the Virgin Islands, (2) the calculation and allocation of Customs' administrative support costs for collecting the Virgin Islands' import duties, and (3) the recovery of erroneous payments made to former Customs employees who have worked in the Virgin Islands.

National Defense, Security, and Military Procurement

Battlefield Automation: Army's *Air* Defense Command and Control System Status and Program Issues

GAO/NSIAD-90-12BR, Dec. 20.

This briefing report provides information on the technical performance, delivery schedules, and cost of the Army's Forward Area Air Defense Command, Control, and Intelligence system. The Army is acquiring this system to automate command and control of the short-range air defense weapons it plans to deploy in fiscal year 1993. The system is intended to automatically detect and identify incoming aircraft and provide targeting and tracking information to air defense units operating in forward combat zones. This interim report addresses the current status of four system components: (1) computers and software for system automation of command and control functions, (2) a ground-based sensor to detect and track aircraft, (3) an aerial sensor to spot helicopters and other low-flying aircraft hidden from the ground-based sensor's view, and (4) devices to distinguish between friendly and threat aircraft.

Army Procurement: Costs and Benefits of Electronic and Mechanical Time Fuzes

GAO/NSIAD-90-38, Dec. 22.

GAO found that the M762 electronic time fuze and the M577 mechanical time fuze are both capable of satisfying the Army's current requirement for artillery time fuzes. The electronic time fuze has two operational advantages over the mechanical time fuze: (1) it can be set both manually and automatically and (2) it can be set manually without the use of a tool. During its first three years of production, however, the M762 fuze will cost more than the M577 mechanical fuze. Also, its most important advantage, the autoset capability, cannot be utilized now because existing systems are not designed to use a fuze that can be set automatically from a remote location. The M577 mechanical time fuze, on the other hand, fully meets the requirements of current and near-future artillery weapon systems. It is economical to procure, has a safe and reliable record, and can be made by the current manufacturer in higher quantities than the Army's stated annual requirements. GAO believes the Army's request for $54.9 million for electronic fuzes in fiscal year 1990 was not fully justified. GAO estimates that the requirement could have been met with the $23.2 million already appropriated for procuring electronic time fuzes in fiscal year 1989.

Navy Shipbuilding:
Cost and Schedule Problems on the DDG-51 AEGIS Destroyer Program

GAO/NSIAD-90-84, Jan. 17.

Faced with aging battle-force destroyers, the Navy plans to acquire, at a total cost of about $27 billion, at least 33 guided missile destroyers (DDG-51 class) equipped with the AEGIS combat system. In April 1985, the Navy awarded Bath Iron Works a fixed-price incentive contract for the lead ship of the DDG-51 class destroyers. Bath Iron Works has since encountered design and construction problems. As a result of these problems and Navy changes in the contract requirements, costs have risen substantially over original estimates and the ship's expected delivery has been delayed by 17 months. While Bath Iron Works estimates that more than 50 percent of the lead ship is complete, most of the ship's outfitting needs to be done; the combat system and other technical components have yet to be installed and integrated within the ship. GAO believes DOD should ensure that there is sufficient information on program development and affordability before awarding future contracts for follow ships. GAO summarized this report in testimony before Congress; see:

Navy Shipbuilding: Cost and Schedule Problems on the DDG-51 AEGIS Destroyer Program, by Martin M. Ferber, Director of Navy Issues, before the Subcommittee on Seapower and Strategic and Critical Materials, House Committee on Armed Services. GAO/T-NSIAD-90-14, Jan. 24.

Air Force Procurement:
Accuracy of Commercial Activity Study for Niagara Falls Air Force Reserve Base

GAO/NSIAD-90-92, Jan. 25.

Government agencies must review their commercial activities once every five years to determine whether it is more economical to retain work in-house or to contract it out. In 1989, after reviewing base support services at the Niagara Falls Air Force Reserve Base, the Air Force concluded it would be more economical to contract out services. GAO examined the accuracy of the commercial activity study done at Niagara Falls and found that it complied with OMB's Circular **A-76** and with Air Force implementing regulations. GAO found no discrepancies in the way the ***Air*** Force did the study or in the ***Air*** Force's results. There was no support for the contention that the contractor underestimated the number of personnel needed to perform base support services or that estimated unemployment costs for displaced federal workers should be considered as a specific addition to the contractor's costs. In comparing the Niagara Falls study with a commercial activity study for a similar installation, GAO found no significant differences either in the way the two studies were done or in the cost factors considered.

Government Contracting:
Compensation of Defense Contractors' Working Capital Financing Costs

GAO/NSIAD-90-33, Jan. 31.

GAO reviewed **DOD's** profit policy and found that it generally takes into account the important factors that affect a contractor's working capital costs. **GAO'S** analysis of **a** sample of contracts showed that in the aggregate the policy resulted in about the right amount of these financing costs being included in the profit objective. That is, the costs likely to be incurred during the life of the contract were close to the amounts estimated by DOD. In most of the individual contracts, however, there were differences **of** 10 percent or more between **DOD's** and **GAO'S** estimates of working capital costs. Therefore, if contracting officers do not adjust for the specific circumstances of an individual contract, too much or too little profit could be included in the contract price. While these adjustments for working capital financing costs generally would not be large relative to the total contract price, in some cases GAO's analysis showed differences of close to **$1** million between DOD and **GAO** estimates. GAO believes DOD contracting officers need to carefully consider whether adjustments are needed in working capital financing costs to more closely approximate cost actually incurred.

Science, Space, and Technology

High-Definition Television: Applications for This New Technology

GAO/IMTEC-90-9FS, Dec. 11.

High-definition television is the next generation in video technology. By increasing the number of scanning lines from 525 to over 1,000, high-definition television transmits an image that is wider than and twice as sharp as current television. This fact sheet contains information on 14 applications of high-definition television. Defense, medical, space exploration, and other uses are discussed. The report also presents the opinions of key industry officials on the effect that a high-definition television standard would have on potential applications of this technology.

Standards and Technology: Update of Information About Fee Increases for Measurement Services

GAO/RCED-90-63BR, Jan. 12.

This report discusses the impact of proposed price increases on sales of standard reference materials and calibration services by the National Institute of Standards and Technology, which is part of the Department of Commerce. GAO examined (1) fiscal year 1989 sales and revenue data for NIST measurement services, (2) information about NIST's efforts to monitor the effects of price increases for measurement services on small and medium-sized firms, and (3) NIST's process for evaluating proposals for new measurement services. NIST'S data showed that between fiscal years 1987 and 1989, the number of standard reference materials sold increased by about 11 percent, while the real average price remained constant. NET data also showed that the number of calibration tests performed decreased by 2 percent, while the real average price increased by 9 percent. GAO could not determine how much impact price alone had on the demand for measurement services; however, NET sales and revenue figures do not suggest a substantial effect on demand. KIST has begun to track sales to samples of consumers, including small- and medium-sized businesses.

NASA Project Status Reports:
Congressional Requirements Can Be Met, But Reliability Must Be Ensured

GAO/NSIAD-90-40, Jan. 23.

If proposals like a lunar outpost or an expedition to Mars become reality, NASA's funding needs could rise dramatically in the 1990s and even triple by the year 2000. The current federal budget deficit adds to the challenge facing Congress in deciding what space projects will be undertaken and at what pace they will be funded. Because sound information on the cost and progress of NASA's major projects is important in making budget allocation decisions, GAO was asked to assess NASA's ability to produce reliable status reports on major projects. Congress and NASA's Comptroller's Office have jointly established new criteria for the selection of projects for reporting, the timing and duration of reports, and the report format and structure. These criteria combine NASA's reporting capabilities with Congress' need for cost, schedule, and reporting information. While NASA is able to produce the reports using the new criteria, GAO believes additional controls over the process are needed to ensure the reliability of the reports.

Tax Policy and Administration

Tax Administration:
Need for More Management Attention to IRS' College Recruitment Program

GAO/GGD-90-32, Dec. 22.

Faced with a mounting budget deficit, the Nation's leaders have looked to IRS. Providing the agency with additional enforcement staff was expected to result in more vigorous enforcement of existing tax laws, thereby increasing revenue. Concerns have been raised, however, about whether IRS' college recruitment program can attract the talent needed to fill these positions. Despite starting salaries that are considerably below those offered by competitors, IRS field managers spoke positively about the quality of their enforcement recruits. Yet IRS lacks agencywide quantitative data to support this positive outlook; in fact, existing information seems to raise questions about quality. In GAO'S view, the absence of strong National Office direction and oversight over the recruitment program has impeded IRS in obtaining better data on quality and in improving the recruitment program. More active National Office involvement might help IRS to use its limited recruitment resources more effectively. It might also help IRS to determine whether enough is being done at the local level to forge effective relationships with targeted schools.

Tax Administration: Monitoring the Accuracy and Administration of IRS' 1989 Test Call Survey

GAO/GGD-90-36, GAO/GGD-90-37, Jan. 4.

The Internal Revenue Service's Integrated Test Call Survey System (ITCSS) measures the quality of service IRS provides through its toll-free telephone system—a nationwide telephone system in which IRS assistors answer taxpayers' telephone inquiries. GAO evaluated IRS' administration of the ITCSS during the 1989 tax filing season. ITCSS results for the season showed that IRS telephone assistors correctly answered the survey's tax law questions about 63 percent of the time. GAO agrees with this overall accuracy rate and found that IRS administered its test call survey fairly. The test question scoring criteria for correct assistor responses that GAO used in its assessment are those that GAO and IRS agreed upon. During the filing season, however, IRS reported a much higher accuracy rate that was based on a more liberal scoring criteria that GAO did not agree with. IRS said that for the 1990 season it would only report accuracy rates that were based on scoring criteria that IRS and GAO agreed upon.

Tax Administration: IRS Needs to Improve Distribution of Tax Materials to the Public

GAO/GGD-90-34, Jan. 10.

Forms, schedules, instructions, and publications are all needed by taxpayers when filing their federal tax returns. Because IRS encourages taxpayers to file early, it is important that these materials be available early. GAO found that while IRS tried to make tax materials more available, taxpayers may still have had problems obtaining materials in 1989. Early in the filing season, GAO checked walk-in sites and found that, on average, about 15 percent of the required items and 22 percent of the sampled optional items were missing. Although availability improved later, the lack of availability early in the season may have hampered taxpayer efforts to file early. Taxpayers who tried to order items from the distribution centers also may have encountered problems. As of May 31, 1989, GAO had not received about 20 percent of the ordered items and in many cases IRS did not explain why an item was not sent.

Without an explanation, a requester does not know whether to look for the item elsewhere, to wait for IRS to ship it, or to reorder it. Even when explanations were given, they were not always correct.

Transportation

Mass Transit Grants: UMTA Needs to Increase Safety Focus at Local Transit Authority

GAO/RCED-90-41, Dec. 1.

GAO reviewed the Urban Mass Transportation Administration's (UMTA) oversight of the Southeastern Pennsylvania Transportation Authority (SEPTA). SEPTA provides public transportation for the Philadelphia area. Since 1984 UMTA has awarded SEPTA $738 million in grants for its transit system. Studies of SEPTA'S commuter rail and rapid rail lines disclosed safety problems in 1983 and 1984. GAO's review showed that while commuter rail and rapid rail safety conditions have improved, accident and injury rates for motor bus, trolleys, and streetcars have risen. GAO's review also showed that UMTA's oversight has not been adequate to assess SEPTA's safety conditions. Further, GAO found that UMTA did not consider safety in approving SEPTA's annual programs or projects and that SEPTA only recently developed a formal process for assessing the safety importance of proposed projects. Consequently, UMTA has little assurance that its formula and discretionary grant awards are being used to improve safety conditions. Written documentation justifying award decisions was not maintained. As a result, GAO was unable to determine the specific factors the UMTA Administrator considered in awarding discretionary grants to SEPTA. Because GAO believes written documentation would help ensure that the discretionary grant award process is open and fair, it views the lack of such documentation as a serious flaw.

Aviation Safety: FAA Is Considering Changes to Aviation Medical Standards

GAO/RCED-90-68FS, Jan. 9.

The safety of millions of aircraft passengers depends, in part, on the skills and medical fitness of an aircraft's crew. FAA requires pilots, flight navigators, and flight engineers to have a medical certificate indicating they have passed a medical evaluation by an FAA-approved physician. This fact sheet describes the nature and status of revisions FAA is considering for aviation medical standards in the following categories:

visual acuity; ear, nose, throat, and equilibrium; mental and neurological; cardiovascular; and general medical conditions.

Veterans' Affairs

Housing Programs: Increased Use of Alternatives to Foreclosure Could Reduce VA's Losses

GAO/RCED-90-4, Dec. 20.

The Department of Veterans Affairs helps eligible veterans buy homes by guaranteeing the lender that VA will repay part of the loan amount if the homebuyer defaults. Concern about the drain on the program's resources—foreclosures on VA-guaranteed loans rose from about 12,490 to 40,336 between fiscal years 1981 and 1989—prompted GAO to review VA's loan termination practices and see whether the number and cost of foreclosures and program losses could be reduced. GAO found that foreclosure, generally the most expensive way to terminate a defaulted loan, was used in about 97 percent of the cases it reviewed; alternatives to foreclosure were seldom used. In deciding whether to allow a lender to foreclosure on defaulted loans or to use alternatives to foreclosure, VA does not consider all of the costs involved in foreclosure. GAO estimates that VA could have saved between $42 and $94 million in fiscal year 1987 if VA regional offices had used foreclosure alternatives more often. Private mortgage insurers said they are more aggressive than VA in finding alternatives to foreclosure and believe their efforts save millions of dollars each year. GAO recommends that VA do a cost analyses of loan termination alternatives and then pursue the least costly alternative.

VA Health Care: Nursing Issues at the Albuquerque Medical Center Need Attention

GAO/HRD-90-65, Jan. 30.

GAO looked at several concerns—ranging from inadequate staffing and pay inequities to waste and loss of supplies and equipment—raised by nurses at the VA's Medical Center in Albuquerque, New Mexico. GAO found that management at the Medical Center has resolved many of these issues. Nurse vacancies and overtime have been reduced, pay issues have been addressed, the number of promotions and awards has increased, disciplinary actions have been reduced, the nursing home care unit is being renovated, and the number of beds operated in the facility has been reduced. In addition, VA has submitted a legislative proposal to OMB that would address pay issues that cannot be handled at Center level. While progress has been made in many areas, staff injuries, support services, paperwork, and acuity determinations need to be addressed more fully during the monthly meetings between management and the registered nurses' union. GAO believes an independent human resources specialist should be brought in to enhance the dialogue between the two groups. The Medical Center director also needs actively participate in the meetings. In addition to the labor-management issues, Center management must improve its internal controls over property. To eliminate any inconsistencies, management also needs to reexamine the physical requirements it places on nursing hires and nurses returning to work after an injury.

Infection Control: VA Programs *Are* Comparable to Nonfederal Programs but Can Be Enhanced

GAO/HRD-90-27, Jan. 31.

The Centers for Disease Control estimate that 5 percent of all patients who enter a hospital contract an infection during their stay. This means that about 60,000 veterans could get infections each year while being treated at VA hospitals. The 159 medical centers that VA operates throughout the United States are required to have an infection control program to identify existing infections and to prevent future ones. In the course of its work, GAO found that the program guidance that VA issues to its medical centers was too broad to be helpful in assessing the infection control programs. GAO also discovered that no other U.S. health care organization had up-to-date and specific guidance. Working with an infection control expert and with representatives of nine organizations, including the Centers for Disease Control, GAO put together a list of 56 basic elements of an effective infection control program. GAO found that both VA and nonfederal infection control programs are using most of these elements. Several of GAO's infection control elements, however, should be used by more practitioners in both the public and private sector. These elements—such as coursework in hospital infection control programs and reporting of surgical wound infection rates to practicing surgeons—are generally more labor intensive than those in widespread use. To be most effective, VA programs also need management attention. VA infection programs are generally understaffed, not coordinated at the central office, and inadequately monitored by regional offices.

GAO

Order Form

GAO Form **458**
(Rev 9-87)
Report Order Form

Check appropriate box, tear out entire form, and send to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

Be sure to include mailing label form on back cover.

AGRICULTURE AND FOOD

☐ Food Assistance:
The National WIC Evaluation:
Reporting and Follow-Up Issues
GAO/RCED-90-3, Dec. 14.

☐ Federal Agricultural Mortgage Corporation:
GAO Actions to Meet Requirements in the Agricultural Credit Act of 1987
GAO/RCED-90-90, Jan. 5.

Testimony

☐ GAO's Review of USDA's National WIC Evaluation Report and Follow-Up Issues
GAO/T-RCED-90-21, Jan. 24.

☐ Issues Surrounding the Role and Mission of the Farmers Home Administration's Farm Loan Programs
GAO/T-RCED-90-22, Jan. 25.

BUDGET AND SPENDING

☐ Budget Issues:
Earmarking in the Federal Government
GAO/AFMD-90-8FS, Jan. 19.

☐ Deficit Reductions for Fiscal Year 1990:
Compliance With the Omnibus Budget Reconciliation Act of 1989
GAO/AFMD-90-49, Jan. 26.

Testimony

☐ Fiscal Year 1991 Budget Estimates for the General Accounting Office
GAO/T-OCG-90-1, Jan. 31.

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☐ Persons With Disabilities:
Reports on Costs of Accommodations
GAO/HRD-90-44BR, Jan. 4.

☐ Equal Employment Opportunity:
Representation of Minorities and White Women at Fort Lee Army Post, Virginia
GAO/GGD-90-27, Jan. 17.

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☐ Early Childhood Education:
What Are the Costs of High-Quality Programs?
GAO/HRD-90-43BR, Jan. 24.

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☐ Job Training Partnership Act:
Information on Set-Aside Funding for Assistance to Older Workers
GAO/HRD-90-59FS, Jan. 22.

☐ Job Training Partnership Act:
Youth Participant Characteristics, Services, and Outcomes
GAO/HRD-90-46BR, Jan. 24.

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☐ Nuclear Waste:
Storage Issues at DOE's Waste Isolation Pilot Plant in New Mexico
GAO/RCED-90-1, Dec. 8.

☐ Uranium Enrichment:
U.S. Imports of Soviet Enriched Uranium
GAO/RCED-90-70BR, Dec. 8.

☐ Naval Petroleum Reserve No. 1:
Work Still Needed to Improve Accuracy of Reserve Estimates
GAO/RCED-90-16, Dec. 13.

ENVIRONMENTAL PROTECTION

☐ Air Pollution:
Improved Atmospheric Model Should Help Focus Acid Rain Debate
GAO/RCED-90-14, Nov. 3.

☐ Superfund:
A More Vigorous and Better Managed Enforcement Program Is Needed
GAO/RCED-90-22, Dec. 14.

FINANCIAL INSTITUTIONS

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☐ Thrift Crisis: Strategic Plan for Resolution Trust Corporation and Management of FSLIC Deals
GAO/T-GGD-90-14, Jan. 25.

FINANCIAL MANAGEMENT

☐ Government Financial Vulnerability:
Fourteen Areas Needing Special Review
GAO/OCG-90-1, Jan. 23.

☐ Financial Audit:
Farmers Home Administration's Financial Statements for 1988 and 1987
GAO/AFMD-90-37, Jan. 25.

☐ Financial Audit:
Pennsylvania Avenue Development Corporation's 1988 Financial Statements
GAO/AFMD-90-22, Jan. 11.

☐ Lease Refinancing:
Observations on GSA's Proposed Master Leasing and Army's Lease Programs
GAO/AFMD-90-7, Nov. 24.

☐ Foreign Military Sales:
Defense Efforts Are Improving Program Accounting
GAO/AFMD-90-18, Jan. 17.

GOVERNMENT OPERATIONS

☐ 1990 Census:
Change in Minicomputer Acquisition Strategy
GAO/GGD-90-10, Dec. 6.

☐ Federal Real Property:
Conflicting Appraisals of Land Near Columbia Hospital for Women
GAO/GGD-90-15, Dec 11.

☐ Wastepaper Recycling:
Programs of Civil Agencies Waned During the 1980s
GAO/GGD-90-3, Dec. 15.

☐ Federal Construction:
Use of Construction Management Services
GAO/GGD-90-12, Jan. 18.

☐ Federal Employees:
Commerce Department's Reclassification of Three Managerial Positions
GAO/GGD-90-41, Jan. 18.

☐ Corporation for Public Broadcasting:
Congressional Guidance Needed on Administrative Expenses
GAO/HRD-90-5, Jan. 22.

Testimony

☐ Critical Issues for Census Adjustment: Completing Post Enumeration Survey on Time While Protecting Data Quality
GAO/T-GGD-90-15, Jan. 30.

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☐ Drug Testing:
Management Problems and Legal Challenges Facing DOT's Industry Programs
GAO/RCED-90-31, Nov. 27.

☐ Screening Mammography:
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