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IN THE SENATE OF THE UNITED STATES.

FEBRUARY 27, 1894.—Ordered to be printed.

Mr. PROCTOR, from the Committee on Organization, Conduct, and Expenditures of the Executive Departments, submitted the following

REPORT:

[To accompany S. 1553.]

The Senate Committee on Organization, Conduct, and Expenditures of the Executive Departments, to whom was referred the bill (S. 1553) to regulate the making of property returns by officers of the Government, having considered the same, make a favorable report thereon.

The report of the Joint Commission of Congress to Inquire into the Status of Laws Organizing the Executive Departments, and of the experts under said Joint Commission, submitted herewith, sufficiently state the reason for the passage of the bill.

[Senate Report No. 201, Fifty-third Congress, second session.]

The Joint Commission of Congress to Inquire into the Status of Laws Organizing the Executive Departments, to whom was referred the bill (H. R. 5530) to regulate the making of property returns by officers of the Government, having considered the same, report it back herewith and recommend its passage.

The bill has been carefully examined, and is approved by the Secretaries of the Treasury, War, Navy, and Interior Departments.

This bill provides for the discontinuance of the examination by the Auditors of such returns for property as are now forwarded to them.

The property returns are the statements of such officers or agents who have property of the Government in their custody, and of the receipt and disposition of said property. It is necessary that the distinction between money accounts and the property returns should be clearly kept in mind; the former relate to the expenditure of public money, and are financial transactions within the jurisdiction of the Treasury Department; and property returns relate to physical operations, and are, as they should be, within the jurisdiction of the Executive Departments.

The functions of the auditors, according to the principles governing the organization of the accounting branch of the Treasury Department, should not extend over these property returns. The control of this property is with the administrative office, and the examination of these returns by the auditors does not effect any good purpose, as all decisions regarding the responsibility for this property rest with the administrative office.

The sending of these property returns to the auditors delays the settlement of disbursing agents' accounts, as the auditors find it incumbent upon them to correspond about small technical differences which may exist in the returns, and which, in most cases, are satisfactorily explained.

An examination of a year's returns of Army officers having charge of property, made to the Third Auditor's Office, shows that the examination of the Auditor did not result in establishing any differences resulting in a money charge against the officers other than those that were found in the administrative office.

These property returns are thoroughly and completely checked in the administrative office, and their records are in proper form to afford them this check, while the

auditors have not in all cases such records as would allow them this check of the returns; for example, in the case of the clothing, camp, and garrison equipage returns, the settlement for the purchase of these are made by the Third Auditor, while the returns for the property go to the Second Auditor.

It is not consistent to have the auditors examine and pass upon returns on the settlement of which their decisions have no practical bearing. It is more consistent with the principles governing the Departments to have the administrative office held responsible for the proper custody and disposition of the property, and not to have a divided responsibility.

In regard to the money accounts, it is the duty of the auditors to see that the official who is charged with the money has properly disposed of or expended the sums so charged to him. The function of the accounting officers, in connection with the money accounts, has a practical bearing, and the result to be attained is definite and conclusive, while such is not the case with their examination of the property returns.

The time that will actually be saved in the adjustment of money accounts by stopping the sending of property returns to the auditors can not be exactly computed. The property returns from the Indian agents involve a great deal of detail, which requires much more time than is the case with their money accounts, so that the latter are delayed more or less. The principal delay in the settlement of Indian agents' accounts, which are notoriously behind—say about two years—is mainly due to the delay in the settlement of the property returns.

All property returns of the Army are made quarterly, except commissary of subsistence stores, which are rendered monthly, and Signal Service returns, which are rendered semiannually.

The bill proposes, instead of sending these property returns to the auditors, that the administrative office shall send, in case of loss through the fault of a public officer, to the auditors a certificate setting forth the state of the officer's property return and the amount that should be charged against the officer by the accounting officers of the Treasury. This places the responsibility for the charge directly where, by law, it should be placed, with the administrative office.

The bill extends this system over all the Departments, even those Departments which do not now render any property returns, making it incumbent upon them to render such a certificate. It will have the effect of placing the responsibility more directly upon the administrative office, so that the charges for property will be made against officers who are in delinquency.

There will be a direct saving, resulting from the adoption of this recommendation, of about \$15,000 per annum, and the settlement of both the cash accounts and the property returns of officials of the Government will be greatly expedited.

It was formerly the practice to have the Second Comptroller also revise the property returns of the Quartermaster's and Subsistence Departments. This was discontinued in 1864 for the reason that such revision was in direct conflict with the laws governing the jurisdiction over the property, as the decision of the Comptroller in all matters affecting the accounting, by law, is final, while the jurisdiction over these property returns is by law vested in the heads of the Executive Departments.

We submit herewith, as an appendix, letters from the Secretaries of the Treasury, War, Navy, and Interior Departments, approving the bill, and the report of the experts under the joint commission covering the recommendations herein.

F. M. COCKRELL,

S. M. CULLOM,

Members on the part of the Senate.

ALEX. M. DOCKERY,

JAMES D. RICHARDSON,

NELSON DINGLEY, JR.,

Members on the part of the House of Representatives.

APPENDIX.

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, D. C., January 30, 1894.

SIR: I have examined the bill (H. R. 5530) to regulate the manner of making property returns by officers of the Government, referred to me by the Joint Commission of Congress. I approve the purposes of the bill and recommend its passage.

Very respectfully,

J. G. CARLISLE,
Secretary.

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

FEBRUARY 1, 1894.

SIR: I have examined the bill (H. R. 5530) to regulate the manner of making property returns by officers of the Government, referred to me by the Joint Commission of Congress, and beg to say that the purpose of the bill is approved by the officers of this Department.

Very respectfully,

DANIEL S. LAMONT,
Secretary of War.

Hon. A. M. DOCKERY,
Chairman Joint Commission of Congress, Washington, D. C.

NAVY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, D. C., January 30, 1894.

SIR: I have examined the bill (H. R. 5530) to regulate the manner of making property returns by officers of the Government, referred to me by the Joint Commission of Congress. I approve the purposes of the bill and recommend its passage.

Very respectfully,

H. A. HERBERT,
Secretary.

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

DEPARTMENT OF THE INTERIOR, OFFICE OF THE SECRETARY,
Washington, D. C., January 30, 1894.

SIR: I have examined the bill (H. R. 5530) to regulate the manner of making property returns by officers of the Government, referred to me by the Joint Commission of Congress. I approve the purposes of the bill and recommend its passage.

Very respectfully,

HOKE SMITH,
Secretary.

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

[Report No. 4.]

OFFICE OF THE EXPERTS UNDER THE
COMMISSION TO EXAMINE THE EXECUTIVE DEPARTMENTS,
Washington, D. C., January 20, 1894.

Hon. A. M. DOCKERY,
Chairman, Joint Commission, etc., Washington, D. C.:

DEAR SIR: Your experts, in an examination of the accounts and returns made for property or supplies, beg to make the following report and recommendations thereon: Property returns are the statements of the receipt and issue of the various kinds of property or supplies in the custody of the officers or subordinates of the Executive Departments.

These returns are made for the purpose of effecting a check as to the receipt and disposition of the property. This property comes into the possession of the offices having jurisdiction thereof by purchase under contract, by advertising or in open market, according to the rules and regulations of the various Departments, and is paid for by the Treasury by a regularly audited claim, charged against the proper appropriations or in accounts of disbursing agents rendered to the Treasury Department. Much of this property is bought in large quantities for future use, and some of the material may be converted after purchase from one class of property into another, like the manufacture of guns for the Navy, clothing for the Army and Marine Corps, and lumber at sawmills for the Indian agencies; and some one is held responsible for the property until it is issued or consumed.

The accounting for the property, except the proof of delivery at the time of payment for the same, is entirely independent of the money accounting. The latter relates to the expenditure of public money and is fiscal in its character and amenable to the Treasury Department; the property returns relate to the physical operations and are, as they should be, within the jurisdiction of the Executive Departments.

The following property returns are made to the auditors of the Treasury Department:

To the Second Auditor:

Clothing, camp, and garrison equipage.

(Through the office of the Quartermaster-General of the War Department.)

Indian agents.

(Through the office of the Commissioner of Indian Affairs of the Interior Department.)

To the Third Auditor:

Engineers.

Quartermasters.

Commissary of subsistence property. (Stationery, furniture, and store fixtures.)

Commissary of subsistence stores.

(Through the respective offices of the War Department.)

Other and various property returns do not go to the accounting officer of the Treasury; the principal ones are as follows:

Settled by the War Department:

Ordnance.

Medical

Signal Service.

Settled by the Navy Department:

Clothing and small stores.

General stores.

Equipment.

Engineers.

Yards and docks.

Ordnance.

Construction and repairs.

Marine Corps.

The only existing law which specifically requires the sending of the property returns to the auditors is section 1221 of the Revised Statutes, "to be sent to the proper accounting officer of the Treasury Department," relates to clothing, camp and garrison equipage. According to the interpretation of the laws defining the duties of the auditors, these returns go to the Second Auditor, while the money accounts therefor, being quartermasters', are sent to the Third Auditor for settlement. This is inconsistent, since the theory that the clothing returns should be checked against the soldier's pay accounts (the latter being sent to the Second Auditor for settlement) is not practiced.

The other property returns which are sent to the auditors are so transmitted under the interpretation of the act of March 3, 1817, creating additional auditors in the Treasury Department, at which time the offices of the accountants of the War and the Navy Departments were abolished, and also that of the Superintendent-General of Military Supplies. Prior to this act the money accounts of the War and Navy Departments were settled by their respective accountants, and the property returns were settled by the Superintendent-General of Military Supplies. The sixteenth section of this act authorizes the Secretary of the Treasury "to assign the several sums appropriated for clerk hire in the offices of the accountant, additional accountant, Superintendent-General of Military Supplies, and the accountant of the Navy to the officers hereby created, to which their respective duties shall be assigned." This law was interpreted to require, as evidenced by practice, and later from the opinion of the Attorney-General (Opinions 13, p. 492), that the returns of property should be sent to the auditors; the Attorney-General holding (Opinions 13, p. 502) "that these accounts should be transmitted from the War Department to the accounting officers of the Treasury for settlement, these officers being charged by law with such settlement under the direction of the Secretary of War." This makes a very anomalous condition of affairs, as all the money accounts are settled by the accounting officers of the Treasury Department independent of the Executive Departments, and the decision of the Comptroller is final.

It is questionable whether the interpretation of the law, as shown by practice and the opinion of the Attorney-General was the intention of the framers thereof, as making the settlement of the property returns subject to the direction of the Secretary of War, is a direct violation of the principles governing the organization of the accounting branch of the Treasury Department.

In the statutes relating to the duties of the accounting officers the word "accounts" is generally used. By referring to section 283 of the Revised Statutes the meaning of the word "accounts" is made clearer, the statutes reading as follows: "The auditors charged with the examination of the accounts of the Depart-

ments of War and of the Navy shall keep all accounts of the receipts and expenditures of the *public money* in regard to those Departments." * * *

Revised Statutes, section 219 and section 1139, give the Quartermaster-General, under the direction of the Secretary of War, full jurisdiction over the settlement of all quartermasters' property returns; and Revised Statutes, section 463, gives the Commissioner of Indian Affairs, under the direction of the Secretary of the Interior, full jurisdiction over the Indian agents' property returns; yet these returns are sent to the accounting officer of the Treasury.

The Second Comptroller formerly examined the quartermaster's and subsistence property returns. This practice was discontinued in 1864, but there seems to be no official record of the action taken. From that date until October 13, 1877, the Third Auditor rendered an abstract of the settlement of property to the Second Comptroller, which abstracts were discontinued by direction of the Second Comptroller by indorsement on one of the abstracts, as follows: "The action of the Third Auditor upon the above-mentioned returns of quartermaster's stores is deemed sufficient. I am of opinion that the custom of presenting this class of abstracts to this office for approval is unnecessary, and that this office has no means of acting advisedly upon it, and I respectfully recommend a discontinuance of the practice." Since which time the Third Auditor has not submitted settlements of property returns to the Second Comptroller. It is said that the property returns settled by the Second Auditor have never been sent to the Second Comptroller for revision.

It will thus be seen that there is much confusion in the laws and regulations governing the returns for property, and that there is necessity for some modification and simplification thereof.

The accounting officer has no knowledge of the disposal or proper distribution of the supplies and property in the hands of the various officers and agents of the Executive Departments; and the work done in the Auditors' offices depends for its results entirely upon the action taken by the executive officers as to the disposal of the property. The facilities for checking these returns in the Executive Departments are complete, and the jurisdiction over the property returns is by law delegated to them; therefore, the work or audit of the Auditor is to no purpose.

It is therefore recommended:

That no returns for property or supplies should be rendered to the Auditors.

That it should be the duty of the administrative officers to certify to the proper accounting officers of the Treasury the receipt of property covered by claims and money accounts.

That it should be the duty of the administrative officers to call to account all persons having charge of any property of the Government and settle such returns; and in case of a delinquency—that is, when an officer fails to account satisfactorily for property intrusted to him—it should be their further duty to transmit an account of the same, setting a value on the articles unaccounted for by such delinquency, to the proper accounting officer of the Treasury for final settlement and recovery of such balance.

That statutory provisions be enacted to carry out the foregoing.

The adoption of these recommendations would result in the saving of the work of 8 clerks in the Second Auditor's office and 5 clerks in the Third Auditor's office, approximately, \$15,000 per annum. There is an additional value to this recommendation, in that it will cause a more prompt settlement of the various officers' and agents' money accounts by avoiding the delay incident to the purposeless examination of the property returns; and, further, that it will create uniformity throughout the Departments in the manner of the settlement of property returns.

Respectfully submitted.

J. W. REINHART,
C. W. HASKINS,
E. W. SELLS,
Experts.