

REPORT TO THE
NATIONAL MONETARY COMMISSION

ON THE

FISCAL SYSTEMS

OF THE

UNITED STATES, ENGLAND
FRANCE, AND GERMANY



WASHINGTON : GOVERNMENT PRINTING OFFICE

1910

NATIONAL MONETARY SYSTEM.

NELSON W. ALDRICH, Rhode Island, *Chairman*.

EDWARD B. VREELAND, New York, *Vice-Chairman*.

JULIUS C. BURROWS, Michigan.

JESSE OVERSTREET, Indiana.

EUGENE HALE, Maine.

JOHN W. WEEKS, Massachusetts.

PHILANDER C. KNOX, Pennsylvania.

ROBERT W. BONYNGE, Colorado.

THEODORE E. BURTON, Ohio.

SYLVESTER C. SMITH, California.

JOHN W. DANIEL, Virginia.

LEMUEL P. PADGETT, Tennessee.

HENRY M. TELLER, Colorado.

GEORGE F. BURGESS, Texas.

HERNANDO D. MONEY, Mississippi.

ARSÈNE P. PUJO, Louisiana.

JOSEPH W. BAILEY, Texas.

ARTHUR B. SHELTON, *Secretary*.

A. PIATT ANDREW, *Special Assistant to Commission*.

TABLE OF CONTENTS.



	Page.
Letter of transmittal	5
The Fiscal System of England.....	7
The Fiscal System of France	55
The Fiscal System of Germany	67
The Fiscal System of the United States.....	75

LETTER OF TRANSMITTAL.



TREASURY DEPARTMENT,
OFFICE OF TREASURER OF THE UNITED STATES,
Washington, December 23, 1908.

Hon. NELSON W. ALDRICH,
Chairman National Monetary Commission,
United States Senate.

DEAR SIR: In compliance with your request of June 13, 1908, I was designated by the Secretary of the Treasury on August 5, 1908, to make inquiry into the manner of receiving, handling, and disbursing the public moneys in England, France, and Germany, and to report in detail such information for the use of the National Monetary Commission.

In the performance of this task it was necessary to visit the capitals of the countries named, and to confer with the officials of the executive departments in each country directly charged with the supervision of such transactions. It is a pleasure to state that uniform courtesy and every facility for acquiring the information was extended by those officials.

The information respecting the fiscal systems of the respective countries, together with that of the United States, is submitted herewith. The preliminary of each chapter

National Monetary Commission

contains a brief recital of the legislative enactments providing for revenue, expenditure, and accounting. It is believed that this form of introduction makes a more complete statement.

Respectfully,

J. O. MANSON,
Chief of Division.

THE FISCAL SYSTEM OF ENGLAND.



The foundation of the English fiscal system is the exchequer and audit-departments act, 1866 (a copy of which is appended hereto), under the provisions of which Parliament is enabled to maintain a perfect control over the gross revenues collected and the money issued to meet the public expenditure. Also, to insure that correct accounts for all receipts and payments are rendered in accordance with law.

Fiscal year.—The fiscal year of the United Kingdom runs from April 1 to March 31.

Estimates of expenditures.—At the beginning of December of each year, or as soon after as practicable, the several departments forward to the treasury estimates of the amounts required to meet the expenditure in the ensuing fiscal year. These estimates, after revision and approval by the treasury, are presented to the House of Commons as soon as possible after the meeting of Parliament. The supply estimates are divided into votes (or chapters), and the House grants the money by votes or chapters—a separate vote on each chapter.

Budget statement.—Early in each fiscal year the chancellor of the exchequer in his budget speech submits to the House of Commons in “committee of ways and means” a review of the receipts and expenditures of the past year, and gives a general and explanatory statement with regard

National Monetary Commission

to the estimated expenditure for the ensuing year, and of the anticipated revenue to meet the same, and states the proposals of the Government with regard to the changes they deem advisable in the taxation of the country.

Resolutions granting duties and taxes.—After the chancellor of the exchequer has made his statement, resolutions are passed in “committee of ways and means,” granting for the ensuing year the duties and taxes which it is the custom to fix annually, and declaring it expedient to alter any others with regard to which a change is proposed. The substance of these resolutions is then embodied in the finance bill.

The “committee of supply” is then appointed for a future day; and it is ordered that the several estimates presented to the House of Commons during the then current session be referred to that committee. When the estimates have been presented, printed, and circulated among the members, the sittings of the “committee of supply” can begin.

The House of Commons discusses the estimates in “committee of supply,” and from time to time passes resolutions granting to His Majesty the sums necessary to defray the expenditure of the several services in the ensuing year. Resolutions are also passed granting the moneys required to cover the supplementary estimates for the current year, and the excess of expenditure, if any, on the grants of the preceding year. The resolutions passed in “committee of supply” are then reported to the House.

When the first report of the “committee of supply” has been received by the House, and agreed to, a day is

Fiscal System of England

appointed for the House to resolve itself into a committee "to consider of ways and means for raising the supply granted to His Majesty," or, as it is briefly denominated, "the committee of ways and means." The House will not appoint this committee until the "committee of supply" shall have voted a sum of money as the foundation of its future proceedings; nor is the committee permitted subsequently to vote ways and means in excess of the expenditure voted by the "committee of supply."

The "committee of ways and means" gives practical effect to the resolutions in "committee of supply" by voting grants from time to time out of the "consolidated fund" toward making good the supply granted to His Majesty. The resolutions passed by the "committee of ways and means" are incorporated in bills which when passed into law are termed "consolidated fund (No. —) act."

These acts authorize issues from the consolidated fund to make good the supply granted for the service of any year, but the sums granted are not appropriated to any service and may be applied to meet any supply so granted at the time of the *issue*, whether the vote in supply has been taken before or after the passing of the consolidated fund act.

The sums of money granted in advance by the "committee of supply" for the service of the year are issued, as stated, under the authority of the consolidated fund acts, because the appropriation bill, which, when passed into law, gives complete legal sanction to these issues, can not be introduced until the financial arrangements

National Monetary Commission

of the session are concluded. Accordingly, when all the supply grants necessary for the service of the year have been voted, the resolution finally proposed in the committee of ways and means is for a grant out of the consolidated fund which provides the balance of "ways and means" required to cover the supply grants voted for the current year. Upon the report of this resolution the appropriation bill is brought in, which authorizes the issue out of the consolidated fund of the remaining sums necessary for the service of the year and appropriates the sum so granted, as well as the grants under the previous consolidated funds acts, to the specific purposes and services expressed in schedule B annexed to the act.

Royal order.—Supplies having been granted by Parliament to His Majesty, it is requisite, before the treasury can authorize any issue for supply services from the consolidated fund out of credits granted by the comptroller and auditor-general, that such issue should be sanctioned by the Crown. This is done in the form of a royal order, as follows:

ROYAL ORDER FOR PUBLIC SUPPLY SERVICES.

[For His Majesty's Royal Sign Manual.]

ROYAL ORDER.

SUPPLY SERVICES.

Whereas the several sums mentioned in the schedule hereunto annexed have been granted to us (by act, or by resolution, of the House of Commons, as the case may be) to defray the expenses of the public supply services therein specified, which will come in course of payment in the year

Fiscal System of England

ending the 31st March, 19—: Our will and pleasure is, that you do, from time to time, authorize the governor and company of the Bank of England, or the governor and company of the Bank of Ireland, to issue or transfer from the account of our exchequer at the said banks to the accounts of the persons charged with the payment of the said services such sums as may be required, from time to time, for the payment of the same, not exceeding the amounts respectively stated in the said annexed schedule: Provided, that such issues or transfers shall be made out of the credits granted or to be granted to you, from time to time, on the account of our exchequer at the said banks, by the comptroller and auditor-general, under the authority of the exchequer and audit departments act, 1866 (29 and 30 Vict., ch. 39, sec. 15), and shall not exceed in the whole the amount of the credits so granted out of the ways and means appropriated by Parliament to the service of the said year.

Given at our court at ——— this ——— day of ———,
19—.

By His Majesty's command:

(To be countersigned by two lords of the treasury.)

To the COMMISSIONERS OF OUR TREASURY.

Schedule.

Supply service for which valued or granted.	Amount.

National Monetary Commission

Appropriations in aid.—In addition to the grants out of the consolidated fund, the appropriation act sanctions the application of departmental receipts as *appropriations in aid* for the purposes and to the amounts specified in schedule B of the act. Formerly the bulk of the receipts by departments in respect to fees, penalties, proceeds of sale, etc., were paid into the exchequer as miscellaneous revenue, the total amount estimated to be required for each service being voted. The present system of appropriating departmental receipts in aid of expenditure has been introduced gradually since 1881 and received legal sanction by the public accounts and charges act of 1891. In the appropriation act of 1894 the amount of receipts which might be so appropriated in aid was shown for the first time.

REVENUES AND EXPENDITURES.

The revenue departments are customs, inland revenue, post-office, crown lands, and miscellaneous. The direction and control of these departments is as follows:

Customs, by three commissioners of customs.

Inland revenue, by three commissioners of inland revenue.

Post-office, by the postmaster-general.

Crown lands, by three commissioners of woods, etc.

Miscellaneous, by various receivers of public moneys, etc.

The collectors, receivers, postmasters, and miscellaneous agents in the respective departments receive the public moneys, which are payable in cash, consisting of Bank of

Fiscal System of England

England or Bank of Ireland notes, in the respective countries, and the current coin of the realm. Checks covered by a banker's guarantee may be accepted in certain instances, as well as exchequer bills, post-office money orders, and postage stamps (for small amounts) in payment of revenues. Collectors may, at their discretion, and upon their own responsibility, receive the notes of country bankers or the checks of respectable persons, but they must use due diligence to convert them into cash. The collections as a general rule, are deposited daily in depository banks (selected by the directing authority) in the name of "Collector of ——— (as the case may be) for the time being, of ——— collection." All checks, drafts, bills at sight, and due bills, received by collectors must be sent to bank for realization with the least possible delay, and in no case later than the following day. The collectors and receivers of revenue are allowed to cash out the moneys collected by them, *orders issued for any authorized service*; and they also meet the ordinary expenditure of their departments, in the first instance, from the revenue collected. *The amounts so advanced are, however, repaid to the revenue departments out of the moneys provided by Parliament for the several services.* If the collections in hand or in bank to the credit of the collector are not sufficient to meet the required disbursements, upon request the directing authority of his department forwards the necessary funds, and when received the collector debits himself with the amount and deposits it in the revenue banking account, against which he may draw checks in making disbursements.

National Monetary Commission

Collectors report weekly the amount and source from which collections are made, and remit to their respective departments the whole of the moneys in hand except a small balance—any fractional part of fifty pounds (£50).

Moneys are generally remitted through the Bank of England, Bank of Ireland, or banks approved by the directing authority of each department. At the end of each month a complete report of the transactions for the month with proper vouchers for all authorized disbursements is sent to the departments by the collectors, receivers, etc.

The remittances centralize the collections of the respective departments in the hands of the directing authority thereof, who keep separate accounts in bank, and who make deposit daily therefrom in the Bank of England or Bank of Ireland to the credit of "the account of His Majesty's exchequer," otherwise known as the "consolidated fund."

In each department there is an accountant and comptroller-general who keeps strict supervision over the revenue collected and expenditure thereof; he examines and settles the accounts rendered by collectors and others; makes reclamation from other departments for amounts disbursed on account thereof; adjusts collections of revenue made through his department belonging to other departments. He is also the principal disbursing officer for his department.

In the case of the revenue departments the expenditure chargeable against the appropriations is in the first instance advanced by them out of the revenue received, and

Fiscal System of England

the amount so advanced is replaced monthly (three months in arrears) by issues out of the exchequer on account of the respective appropriations. It is the duty of the accountant and comptroller-general to prepare and adjust such accounts.

The total income of the country is thus paid into the consolidated fund. A daily account of the exchequer receipts and issues is furnished by the Banks of England and Ireland to the comptroller and auditor-general and to the treasury, while the revenue departments forward each day to the treasury and to the comptroller and auditor-general a statement of the amounts transferred by them to the exchequer. They are thus enabled to check the correctness of the revenue receipts shown in the bank statement.

Treasury department.—The treasury is required at the end of every quarter to prepare and furnish to the comptroller and auditor-general an account showing the income of and the charges on the consolidated fund in Great Britain and Ireland for such quarter; and if it should appear from such account that the income is not sufficient to defray the charges, the comptroller and auditor-general, if satisfied of the correctness of the deficiency, certifies the amount to the Bank of England or Bank of Ireland, as the case may be, and on such certificate the banks are empowered to make advances during the succeeding quarter, on application from the treasury, to an amount not exceeding in the aggregate that certified by the comptroller and auditor-general as the deficiency of the quarter. These advances are placed by the banks to the credit of

National Monetary Commission

the exchequer account, and the principal and interest thereon are payable out of the growing produce of the consolidated fund in the said succeeding quarter.

ISSUES FROM THE EXCHEQUER.

The issues from the exchequer for the service of the year are subject to very strict regulation and control, as provided by the exchequer and audit departments act, 1866, and are of two kinds, viz:

1. *Consolidated fund services.*—Issues in respect to permanent grants under act of Parliament charged directly on the consolidated fund. These provide for payments for the interest on the national debt, His Majesty's civil list, judges' salaries, etc., and, having been permanently authorized by statute, do not require to be voted annually and are beyond the control of the "committee of supply."

2. *Supply services.*—Issues in respect to the grants voted annually by the "committee of supply" for the army, navy, the various civil services, and the revenue departments.

Under the provisions of the fourteenth section of the exchequer and audit departments act the treasury, as soon as resolutions in "committee of supply" are agreed to, may make issue from the exchequer in accordance therewith, provided such issues are within the amounts at their disposal, of the credits which may have been granted by the comptroller and auditor-general.

On receipt of a requisition signed by two lords of the treasury, requiring and authorizing him to grant a credit to the treasury on the account of His Majesty's exchequer

Fiscal System of England

at the Bank of England or Ireland, the comptroller and auditor-general, if satisfied of the correctness of the requisition, notifies to the Bank of England or Ireland the grant of such credit. The forms used for requisition and grant are as follows:

TREASURY REQUISITION AUTHORIZING CREDITS FOR SUPPLY SERVICES.

Supply services, year 19..

By virtue of the exchequer and audit departments act, 1866 (29 and 30 Vict., ch. 39, sec. 15): We authorize and require you to grant to the lords commissioners of His Majesty's treasury for the time being, on account of the ways and means granted for the service of the year ending 31st March, 19.., credit on the account of His Majesty's exchequer at the Bank of England and Bank of Ireland, or on the growing balances thereof, for the following sums, viz:

At the Bank of England	£.....
At the Bank of Ireland	£.....

Treasury Chambers, Whitehall, 19..

.....
.....
(To be signed by two lords of the treasury.)

To the COMPTROLLER AND AUDITOR-GENERAL.

GRANT OF CREDIT BY THE COMPTROLLER AND AUDITOR-GENERAL FOR SUPPLY SERVICES.

Credit for supply services, year 19..

By virtue of the exchequer and audit departments act, 1866 (29 and 30 Vict., ch. 39, sec. 15), and of a requisition from the lords commissioners of His Majesty's treasury

National Monetary Commission

authorizing the same, I hereby grant a credit to the lords commissioners of His Majesty's treasury for the time being, on the account of His Majesty's exchequer at the Bank of, or on the growing balance thereof, to the amount of on account of the ways and means granted for the service of the year ending 31st March, 19....

Exchequer and audit department. 19....

Comptroller and Auditor-General.

TO the GOVERNOR AND COMPANY OF
THE BANK OF

The amount of the credits which the comptroller and auditor-general may grant is, however, subject to certain limits. He is prohibited from granting any credit on the exchequer for supply services in excess of the amount granted by the ways and means acts.

For services payable during a quarter out of the consolidated fund under the authority of any act he is empowered to grant the treasury credits out of the growing produce of the consolidated fund.

The issues from the consolidated fund are thus limited to the amounts sanctioned by Parliament, and no greater sum can be issued than is necessary to meet the total charge for the quarter.

Credits on the exchequer accounts at the Bank of England and Bank of Ireland having been granted by the comptroller and auditor-general, the treasury from time to time, as may be necessary, by order signed by one of the secretaries of the treasury, direct the Bank of England or Bank of Ireland to make transfers out of such credits to the

Fiscal System of England

account of the paymaster-general or other principal accountants, as the case may be. The order is in the following form:

TREASURY ORDER FOR ISSUES FROM THE EX-CHEQUER ACCOUNT FOR SUPPLY SERVICES.

Supply services, year 19...

TREASURY, WHITEHALL,

.....19....

GENTLEMEN: Under the authority of the exchequer and audit departments act, 1866 (29 and 30 Vict. ch. 39, sec. 15), and of the credit granted to the lords commissioners of His Majesty's treasury, by the comptroller and auditor-general, on the account of His Majesty's exchequer at the bank of ———, under the provisions of the said act, I am commanded by the lords commissioners of His Majesty's treasury to request that you will transfer the following sums, on the ——— instant, from the said account to the "supply account" of ——— ——— in your books, on account of the supply services under-mentioned:

Supply services.	Amount.

I am to request that when these sums shall have been transferred accordingly, you will transmit this authority to the comptroller and auditor-general.

I am, etc.,

.....
To be signed by one of the secretaries of the treasury.

To the GOVERNOR AND COMPANY OF THE BANK OF ———.

National Monetary Commission

After being acted on by the bank the treasury orders are transmitted to the comptroller and auditor-general for purposes of record and account.

Duties of the paymaster-general.—The paymaster-general fulfills all the duties of a banker to the various public departments (other than the revenue departments). The moneys issued from the exchequer for the various services are paid to his supply account at the Bank of England. For each of the civil-service appropriations he keeps a separate account; but the several appropriations for army and navy services are included in accounts under the general heads of "Army" and "Navy" respectively. To these accounts he credits the sums issued from the exchequer, and debits the amount of the various orders or checks drawn on him by the several accounting officers.

Schedules or orders for payments.—The payments to be made by the paymaster-general are authorized on these forms, specifying the grants or services to which such payments are chargeable, the persons to whom payable and the amounts, with particulars of any sums subject to income tax. These schedules enable the paymaster-general to check the correctness of the advices presented to him for payment.

An advice of each payment so authorized, with a form of receipt appended, is sent to the person to whom the amount is due. This letter of advice and the receipt must be presented *entire* at the office of the paymaster-general, either by the person entitled to payment or by a banker or other authorized person. The receipt form may be

Fiscal System of England

crossed by the department for security, in which case payment will necessarily be obtained *through a banker*.

The paymaster-general forwards to the several accounting officers the vouchers in support of his transactions on their accounts; and at the end of every month furnishes to each a statement of account, showing his receipts and payments during the month for their accounts and the balances remaining in his hands. The accounting officer, after examination of this account, forwards to the paymaster-general certificates of the correctness of the total amounts of the receipts and payments included therein. These certificates are subsequently furnished by the paymaster-general as vouchers to his banking account.

TREASURY CHEST FUND.

The treasury chest fund, which is regulated by act 40 and 41, Victoria, chapter 45, has a fixed capital of seven hundred thousand pounds (£700,000).

The treasury may employ this fund in making temporary advances for any public service, but no expenditure whatever is finally defrayed out of the fund or permanently charged thereto.

The treasury chest fund is principally employed for purposes connected with the public service abroad, such as the receiving and remitting of money and supplying cash to subaccountants of the army, navy, and civil services at distant stations. The several treasury chest officers supply themselves with funds by drawing bills on the treasury, and they also receive specie direct from England. The

National Monetary Commission

net gain which may result from transactions connected with the raising of money is paid into the exchequer, while any loss is met out of an appropriation by Parliament.

As soon as practicable after the end of every fiscal year, the treasury prepares two accounts, the one showing for the year the receipts and payments of the treasury chest fund, distinguishing those of the several treasury chests, and the assets, liabilities, and available balance of the treasury chest fund at the end of the said year, and showing separately the balance of each treasury chest; the other account showing for the same fiscal year the profit and loss arising out of the employment of the treasury chest fund during the year, whether from exchange, expenses of remittance of specie, or otherwise.

These accounts are then forwarded by the treasury to the comptroller and auditor-general for his examination certificate, and report, and it is provided by the above-mentioned act that the treasury shall present them to the House of Commons, together with the certificate and report of the comptroller and auditor-general, on or before the last day of the fiscal year next following the year for which the accounts are made up, if the House be then sitting, or, if not, within one week after the next meeting of Parliament.

The location of the several treasury chest officers is Pretoria, Straits Settlements, Hongkong, Ceylon, Mauritius, Sierra Leone, Malta, Gibraltar, Cairo, Bermuda and Jamaica.

Fiscal System of England

CIVIL CONTINGENCIES FUND.

The civil contingencies fund is regulated by treasury minute of May 13, 1862, and has a fixed capital of one hundred and twenty thousand pounds (£120,000).

As with the treasury chest, no payment whatever is finally charged to this fund, which is employed by the treasury in making advances in anticipation of an appropriation by Parliament or which are payable from other sources, and to defray unforeseen expenditure of a special character not provided for by Parliament. These last payments are repaid to the fund in the following year from an appropriation made for the purpose. The treasury prepares two accounts in connection with the fund, viz.

1. An account of the receipts and payments in the fiscal year, showing the cash balance on the 1st of April in the hands of the paymaster-general, all payments within the year by way of temporary advances, all repayments to the fund within the year, and the cash balance remaining on the 31st of March in the hands of the paymaster-general.

2. An account showing the distribution of the capital of the fund at commencement and close of the fiscal year, the amount of advances outstanding being shown in detail and the date of each advance appended. The account of the fund is sent by the treasury to the comptroller and auditor-general for examination, and is returned by him to the treasury with his remarks thereon. The account is presented to Parliament by the treasury with the remarks of the comptroller and auditor-general appended.

National Monetary Commission

RENDERING OF ACCOUNTS.

Consolidated fund account.—The treasury, on or before the 30th of September in every year, renders to the comptroller and auditor-general an account showing the issues from the consolidated fund during the fiscal year ended the 31st of March preceding, for the interest and management of the public funded and unfunded debt, for the civil list, and all other issues for services charged directly on the said fund. This account is examined and certified by the comptroller and auditor-general, and with his report thereon is presented to Parliament by the treasury on or before the 31st of January in the following year, or within one week of the meeting of Parliament, if Parliament be not then in session.

Appropriation account of the army and navy.—The appropriation account of the army and navy for the preceding fiscal year is rendered to the comptroller and auditor-general not later than the 31st of December in each year; the comptroller and auditor-general forwards it with his report thereon to the treasury by the 31st of January following, and it is presented by the latter department to the House of Commons by the 15th of February.

In addition to the appropriation audit, the accounts of the army and navy services are, under the direction of the treasury, subjected to a general review; that is, the whole of the receipts and payments are scrutinized, and in such cases as it may seem necessary or desirable the comptroller and auditor-general goes behind the certificate of the departmental officer, and satisfies himself that the several

Fiscal System of England

transactions are properly vouched and correct in other respects, and the payments in accordance with the royal warrants, orders in council, and other authorities governing the expenditure.

Accounts of the civil service and revenue departments.—The accounting officer of each of the civil service and revenue departments renders to the comptroller and auditor-general, not later than the 30th day of November, an appropriation account for the fiscal year ended the 31st of March preceding. This account is designed to show, under the several subheads, the amount granted by Parliament for the service, as detailed in the estimate, the expenditure as compared with the grant, the *appropriations in aid* estimated and realized, the surplus or deficit under each subhead of the appropriation, with an accompanying explanation of the causes which led thereto, the total surplus to be surrendered to the exchequer or the deficit to be appropriated, and the amount of extra receipts received and paid over to the exchequer.

In addition to the foregoing accounts, the comptroller and auditor-general, if required to do so by the treasury, examines and audits the accounts of all principal accountants, the accounts of the receipt of revenue by the customs, inland revenue, and post-office departments, the accounts of every receiver of money which is by law payable into His Majesty's exchequer, and any other public accounts which, though not relating directly to the receipt or expenditure of imperial funds, the treasury may by minute direct to be laid before Parliament. After examination of these accounts the comptroller and auditor-general is re-

National Monetary Commission

quired to make up a statement thereof, and if the balance thereon agrees with the accountant's balance he is required to sign and pass the statement of account as made up by him. If the balance should not agree, he transmits the statement of account to the lords of the treasury, who having considered the same return it to him with their warrant, directing him to sign and pass the account, either conformably to the statement thereof, or with such alterations as they may deem just and reasonable. Immediately any account has been signed and passed by the comptroller and auditor-general, he is required to transmit to the accounting officer a certificate, in which the total of the sums forming, respectively, the charge and discharge of such account, and the balance, if any, remaining due to or by such accounting officer, are set forth; and such certificate is a valid discharge to the accounting officer of the amounts therein shown.

PRINTING AND PRESENTATION OF APPROPRIATION ACCOUNTS.

As soon as the examination of the appropriation accounts is completed by the comptroller and auditor-general, they are printed under his direction, together with his reports thereon, and, as provided by the exchequer and audit departments act, are forwarded to the treasury, for presentation to the House of Commons. The treasury submits the accounts and reports to the House of Commons in the case of the civil service and revenue departments not later than the 31st of January in each year, or within one week after the meeting of Parliament.

Fiscal System of England

PROCEEDINGS BEFORE COMMITTEE ON PUBLIC ACCOUNTS.

In accordance with a standing order of the House of Commons the reports of the comptroller and auditor-general on the appropriation accounts on being presented to the House of Commons are referred to the committee of public accounts, which is nominated each year early in the session. The consolidated fund account and certain other accounts are also referred to this committee.

In order that action may be taken in "committee of supply" to cover the deficits on such appropriations as may have been exceeded, the committee first inquire into and report as to these deficits. They then proceed to go through the several appropriations, taking evidence on the matters reported by the comptroller and auditor-general, and report thereon to the House of Commons. In these reports they give the conclusions at which they have arrived with regard to the observations and objections of the comptroller and auditor-general, and make such recommendations as they think desirable with regard thereto, and as to the principles and regulations which should govern the receipt and expenditure of public money and the method of accounting.

After the committee of public accounts has made its final report the treasury each year issue a minute, conveying to the several departments the instructions necessary in order that effect may be given to the decisions and directions of the committee. This minute is laid before the committee of public accounts at its first meeting in the following session.

National Monetary Commission

SUMMARY.

The main features of the foregoing system may be summarized as follows:

The gross revenue collected is paid into the exchequer.

Issues from the exchequer can only be made to meet expenditure which has been sanctioned by Parliament and to an amount not exceeding the sums authorized.

The issues from the exchequer and the audit of accounts are under the control of the comptroller and auditor-general, who is an independent officer responsible to the House of Commons, and who can be removed only by vote of both Houses of Parliament.

Such payments only can be charged against the appropriation of a year as actually came in course of payment within the year.

The correct appropriation of each item of receipt and expenditure is insured.

All unexpended balances of the grants of a year are surrendered to the exchequer.

The accounts of each year are finally reviewed by the House of Commons, through the committee of public accounts, and any excess of expenditure over the amount voted by Parliament for any service must receive legislative sanction.

The Bank of England, its branches, and other depositary banks do not pay interest on the public deposits placed therein. However, they render valuable services to the treasury and other departments by transferring, free of expense, public funds from one agent or place to another as they may be needed to meet expenditures.

Fiscal System of England

THE EXCHEQUER AND AUDIT DEPARTMENTS ACT, 1866.

[29 and 30 Vict., ch. 39.]

AN ACT To consolidate the duties of the exchequer and audit departments, to regulate the receipt, custody, and issue of public moneys, and to provide for the audit of the accounts thereof. (28th June, 1866.)

Whereas it is expedient to consolidate the powers and duties of the comptroller of Her Majesty's exchequer and of the commissioners for auditing the public accounts, and to unite in one department the business hitherto conducted by the separate establishments under them, and to make other provisions for the more complete examination of the public accounts of the United Kingdom: Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords spiritual and temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. This act may be cited for all purposes as "The exchequer and audit departments act, 1866."

2. In this act "the treasury" shall mean the commissioners of Her Majesty's treasury for the time being, or any two or more of them; "the Bank of England" shall mean the governor and company of the Bank of England; "the Bank of Ireland" shall mean the governor and company of the Bank of Ireland; "the national debt commissioners" shall mean the commissioners for the reduction of the national debt; "principal accountants" shall mean those who receive issues directly from the accounts of Her Majesty's exchequer at the Banks of England and Ireland, respectively; "subaccountants" shall mean those

National Monetary Commission

who receive advances, by way of imprest, from principal accountants or who receive fees or other public moneys through other channels; "the secretaries of the treasury" shall include the assistant secretary.

3. At any time within twelve months after the passing of this act it shall be lawful for Her Majesty, her heirs and successors, by letters patent under the great seal of the United Kingdom, to nominate and appoint the person who shall at that time hold the office of comptroller-general of the receipt and issue of Her Majesty's exchequer, and chairman of the commissioners for auditing the public accounts, to be comptroller-general of the receipt and issue of Her Majesty's exchequer and auditor-general of public accounts, in this act referred to as "comptroller and auditor-general," and also to nominate and appoint one of the persons who shall at that time hold the offices of commissioners for auditing the public accounts to be "assistant comptroller and auditor."

The said comptroller and auditor-general and assistant comptroller and auditor shall hold their offices during good behavior, subject, however, to their removal therefrom by Her Majesty, her heirs and successors, on an address from the two Houses of Parliament; and they shall not be capable of holding their offices together with any other office to be held during pleasure under the Crown, or under any officer appointed by the Crown; nor shall they be capable while holding their offices of being elected or of sitting as members of the House of Commons; nor shall any peer of Parliament be capable of holding either of the said offices.

4. Her Majesty may, by such letters patent, grant to the persons therein named the following salaries; that is to say, to the comptroller and auditor-general a salary of two thousand pounds per annum, and to the assistant comptroller and auditor a salary of one thousand five hundred pounds per annum; and such salaries shall be charged upon and paid out of the consolidated fund of the United Kingdom or the growing produce thereof.

It shall be lawful for Her Majesty, her heirs and successors, by letters patent as aforesaid, to grant to any person who shall have executed the offices of comptroller and auditor-general, or assistant comptroller and auditor, on his ceasing to hold such office, an annuity or pension not exceeding one-half of the salary of his office to which he shall have been entitled immediately before he ceased to hold such office, if he shall have held either, or one after the other, of the said offices of the commissioner of audit for a period not less than fifteen years, and two-thirds of his said salary if he shall have held either, or one after the other, of the said offices for a period not less than twenty years: *Provided always*, That no such annuity or pension shall be granted to either of the said officers unless he be sixty years of age at the least, or be afflicted with some permanent infirmity disabling him from the execution of his office, the same to be distinctly recited in such grant: *Provided, also*, That nothing herein contained shall prevent either of the said officers from receiving, in lieu of such annuity or pension, if he shall so elect, the amount of superannuation allowance to which he would have been entitled in respect of the full period during which he shall have

National Monetary Commission

served in the permanent civil service of the State, under the provisions of "the superannuation act, 1859."

5. On the appointment as aforesaid of a comptroller and auditor-general and an assistant comptroller and auditor, the then existing letters patent of appointments of comptroller-general of the exchequer and of commissioners of audit shall be ipso facto revoked, and the present offices of comptroller-general of the exchequer and commissioners of audit shall be abolished, but the person appointed to be comptroller and auditor-general shall have and perform all the powers and duties conferred or imposed on the comptroller-general of the exchequer and the commissioners for auditing the public accounts respectively by any enactments relative to those authorities respectively, as far as the same are not repealed or altered by this act or any other act of the present session of Parliament; and it shall be lawful for the treasury to grant to each of the said commissioners of audit whose offices shall be abolished under the provisions of this act, and who shall not be appointed to either of the said offices of comptroller and auditor-general or assistant comptroller and auditor, an annual allowance, by way of compensation, not exceeding the sum charged on the consolidated fund as the salary of such commissioners: *Provided always*, That any commissioners who may be in receipt of emoluments exceeding the salary so charged on the consolidated fund shall be entitled to receive, in addition to the aforesaid compensation allowance, such proportion of the said emoluments as the treasury are empowered to grant under the provisions of "the superannuation act, 1859;" and such allowances shall be

Fiscal System of England

charged upon and paid out of the consolidated fund of the United Kingdom or the growing produce thereof.

6. On the death, resignation, or other vacancy in the office of the comptroller and auditor-general, or of the assistant comptroller and auditor, Her Majesty, her heirs and successors, may, by letters patent as aforesaid, nominate and appoint a successor, who shall have the same powers, authorities, and duties, and who shall be paid the like salary and the like annuity or pension out of the consolidated fund.

7. Anything which under the authority of this act is directed to be done by the comptroller and auditor-general may, in his absence, be done by the assistant comptroller and auditor, except the certifying and reporting on accounts for the House of Commons.

8. The treasury shall from time to time appoint the officers, clerks, and other persons in the department of the comptroller and auditor-general, and Her Majesty by order in council may from time to time regulate the numbers and salaries of the respective grades or classes into which the said officers, clerks, and others shall be divided.

9. The comptroller and auditor-general shall have full power to make from time to time orders and rules for the conduct of the internal business of his department, and to promote, suspend, or remove any of the officers, clerks, and others employed therein; and to prescribe regulations and forms for the guidance of principal and of subaccountants in making up and rendering their periodical accounts for examination: *Provided always*, That all such regulations and forms shall be approved by the treasury previously to the issue thereof.

National Monetary Commission

10. The commissioners of customs, the commissioners of inland revenue, and the postmaster-general shall, after deduction of the payments for drawbacks, bounties of the nature of drawbacks, repayments, and discounts, cause the gross revenues of their respective departments to be paid, at such times and under such regulations as the treasury may from time to time prescribe, to accounts to be intituled "The account of Her Majesty's exchequer," at the Bank of England and at the Bank of Ireland, respectively, and all other public moneys payable to exchequer shall be paid to the same accounts, and accounts of all such payments shall be rendered to the comptroller and auditor-general daily, in such form as the treasury may prescribe: *Provided always*, That this enactment shall not be construed to prevent the collectors and receivers of the said gross revenues and moneys from cashing, as heretofore, under the authority of any act or regulation, orders issued for naval, military, revenue, civil, or other services, repayable to the revenue departments out of the consolidated fund or out of moneys provided by Parliament.

11. All moneys paid into the Bank of England and the Bank of Ireland on account of the exchequer shall be considered by the governor and company of the said banks respectively as forming one general fund in their books; and all orders directed by the treasury to the said banks for issues out of credits to be granted by the comptroller and auditor-general, as hereinafter provided, for the public service, shall be satisfied out of such general fund; and with a view to economize the public balances,

Fiscal System of England

the treasury shall restrict the sums to be issued or transferred from time to time to the credit of accounts of principal accountants at the said banks, as hereinafter provided, to such total sums as they may consider necessary for conducting the current payments for the public service intrusted to such principal accountants; and the said principal accountants may consider the sums so transferred to their accounts as constituting part of their general drawing balance applicable to the payment of all the services for which they are accountable; but such sums shall be carried in the books of such accountants to the credit of the respective services for which the same may be issued, as specified in such orders: *Provided always*, That this enactment shall not be construed to empower the treasury or any authority to direct the payment, by any such principal accountant, of expenditure not sanctioned by any act whereby services are or may be charged on the consolidated fund, or by a vote of the House of Commons, or by an act for the appropriation of the supplies annually granted by Parliament.

12. At the close of each of the quarters ending on the thirty-first day of March, the thirtieth day of June, the thirtieth day of September, and the thirty-first day of December in every year the treasury shall prepare an account of the income and charge of the consolidated fund in Great Britain and in Ireland for such quarter, and the charges for the public debt due on the fifth day of April, the fifth day of July, the tenth day of October, and the fifth day of January shall be included in the accounts of the said charge for the quarters ending on

the days preceding the latter dates; and a copy of such account shall forthwith be transmitted by the treasury to the comptroller and auditor-general; and if it shall appear by such account that the income of the consolidated fund in Great Britain or in Ireland for the quarter is not sufficient to defray the charge upon it, the comptroller and auditor-general, if satisfied of the correctness of the deficiency, shall certify the amount thereof to the Bank of England or to the Bank of Ireland, as the case may be, and upon such certificates the said banks shall be authorized to make advances, from time to time, during the succeeding quarter, on the application of the treasury, by writing, in a form to be from time to time determined by them, to an amount not exceeding in the aggregate the sums specified in such certificates; and all such advances shall be placed to the credit of the exchequer accounts at the said banks, and be available to satisfy the orders for credits granted or to be granted upon the said accounts by the comptroller and auditor-general; and the principal and interest of all such advances shall be paid out of the growing produce of the consolidated fund in the said succeeding quarter.

13. The comptroller and auditor-general shall grant to the treasury from time to time, on their requisitions authorizing the same, if satisfied of the correctness thereof, credits on the exchequer accounts at the Banks of England and Ireland, or on the growing balances thereof, not exceeding the amount of the charge in the aforesaid quarterly account of the income and charge of the consolidated fund remaining unpaid.

Fiscal System of England

The comptroller and auditor-general shall also grant from time to time to the treasury, on similar requisitions, supplemental credits for services payable under any act out of the growing produce of the consolidated fund, and not included in the aforesaid quarterly account; and the issues or transfers of moneys required from time to time by the principal accountants to enable them to make the payments intrusted to them shall be made out of such credits on orders issued to the said banks, signed by one of the secretaries of the treasury, or in their absence by such officer or officers as the treasury may from time to time appoint to that duty, and in all such orders the services for which the issues may be authorized shall be set forth.

A daily account of all issues or transfers made from the exchequer accounts, in pursuance of such orders, shall be transmitted by the said banks to the comptroller and auditor-general.

14. When any sum or sums of money shall have been granted to Her Majesty by a resolution of the House of Commons, or by an act of Parliament, to defray expenses for any specified public services, it shall be lawful for Her Majesty from time to time, by her royal order under the royal sign manual, countersigned by the treasury, to authorize and require the treasury to issue, out of the credits to be granted to them on the exchequer accounts as hereinafter provided, the sums which may be required from time to time to defray such expenses, not exceeding the amount of the sums so voted or granted.

National Monetary Commission

15. When any ways and means shall have been granted by Parliament to make good the supplies granted to Her Majesty by any act of Parliament or resolution of the House of Commons, the comptroller and auditor-general shall grant to the treasury, on their requisition authorizing the same, a credit or credits on the exchequer accounts at the Bank of England and Bank of Ireland, or on the growing balances thereof, not exceeding in the whole the amount of the ways and means so granted. Out of the credits so granted to the treasury issues shall be made to principal accountants from time to time on orders issued to the said banks, signed by one of the secretaries of the treasury, or in their absence by such officer or officers as the treasury may from time to time appoint to that duty; and the services or votes on account of which the issues may be authorized shall be set forth in such orders: *Provided always*, That the issues for army and navy services shall be made under the general heads of "Army" and "Navy," respectively.

A daily account of all issues made from the exchequer accounts in pursuance of such orders shall be transmitted by the said banks to the comptroller and auditor-general.

(NOTE.—Sections 16 and 17 repealed.)

18. The treasury may from time to time determine at what banks accountants shall keep the public moneys intrusted to them, and they may also determine what accounts so opened in the names of public officers or accountants in the books of the Bank of England, of the Bank of Ireland, or of any other bank shall be deemed public

accounts; and on the death, resignation, or removal of any such public officers or accountants, the balances remaining at the credit of such accounts shall, upon the appointment of their successors, unless otherwise directed by law, vest in and be transferred to the public accounts of such successors at the said banks, and shall not, in the event of the death of any such public officers or accountants, constitute assets of the deceased, or be in any manner subject to the control of their legal representatives.

19. It shall be lawful for the treasury, whenever they shall consider it for the advantage of the public service, to direct that the accounts of any public officer or department, which by any act or acts are required to be kept under separate heads at the Bank of England or at the Bank of Ireland, shall be consolidated in such manner as they shall judge most convenient for the public service.

20. It shall be lawful for the Bank of England and Bank of Ireland, at the request of the treasury, signified by one of their secretaries, for the public convenience, to open and keep accounts of government stock and annuities in the books of the said banks under the official description of any public officer for the time being without naming him; and the dividends on such stock and annuities may from time to time be received and the stock and annuities or any part thereof to the credit of such account may from time to time be transferred by the officer for the time being holding such office as if such stock and annuities stood in his own name; and upon the death, resignation, or removal of any such public officer, the stock and annuities standing to the credit of such account, and all dividends thereon, including

National Monetary Commission

any dividends not theretofore received, shall become vested in his successor in office and be receivable and transferable accordingly. And any such public officer in whose official description such government stock and annuities may be standing may, by letter of attorney, authorize the Bank of England or Bank of Ireland, or all or any of their cashiers, to sell and transfer all or any part of the stock or annuities from time to time standing in the books of the said banks on such account, and to receive the dividends due and to become due thereon; but no stock or annuities shall be sold or transferred at the said banks under the authority of such general letter of attorney, except upon an order in writing, signed by one of the secretaries of the treasury, directed to the proper officers of the said banks.

APPROPRIATION ACCOUNTS.

21. The treasury shall cause an account to be prepared and transmitted to the comptroller and auditor-general for examination on or before the thirtieth day of September in every year, showing the issues made from the consolidated fund of Great Britain and Ireland in the fiscal year ended on the thirty-first day of March preceding, for the interest and management of the public funded and unfunded debt, for the civil list, and all other issues in the fiscal year for services charged directly on the said fund; and the comptroller and auditor-general shall certify and report upon the same with reference to the acts of Parliament under the authority of which such issues may have been directed; and such accounts and reports shall be laid before the House of Commons by the treasury on or before the thirty-

first day of January in the following year, if Parliament be then sitting, and if not sitting, then within one week after Parliament shall be next assembled.

22. On or before the days specified in the respective columns of schedule A annexed to this act, accounts of the appropriation of the several supply grants comprised in the appropriation act of each year shall be prepared by the several departments and be transmitted for examination to the comptroller and auditor-general and to the treasury, and when certified and reported upon as hereinafter directed they shall be laid before the House of Commons; and such accounts shall be called the "appropriation accounts" of the moneys expended for the services to which they may respectively relate; and the treasury shall determine by what departments such accounts shall be prepared and rendered to the comptroller and auditor-general, and the comptroller and auditor-general shall certify and report upon such accounts as hereinafter directed; and the reports thereon shall be signed by the comptroller and auditor-general; *Provided always, and it is the intention of this act*, That the treasury shall direct that the department charged with the expenditures of any vote under the authority of the treasury shall prepare the appropriation account thereof: *Provided also*, That the term "department," when used in this act in connection with the duty of preparing the said appropriation accounts, shall be construed as including any public officer or officers to whom that duty may be assigned by the treasury.

23. A plan of account books and accounts, adapted to the requirements of each service in order to exhibit, in a

National Monetary Commission

convenient form, the whole of the receipts and payments in respect of each vote, shall be designed under the superintendence of the treasury; and Her Majesty may from time to time by order in council, prescribe the manner in which each department of the public service shall keep its accounts.

24. An appropriation account of supply grants shall exhibit on the charge side thereof the sum or sums appropriated by Parliament for the service of the fiscal year to which the account relates; and on the discharge side thereof the sums which may have actually come in course of payment within the same period; and no imprest or advance, of the application of which an account may not have been rendered to and allowed by the accounting department, shall be included on the discharge side thereof.

25. The department charged with the duty of preparing the appropriation account of a grant shall, if required to do so by the comptroller and auditor-general, transmit to him, together with the annual appropriation account of such grant, a balance sheet so prepared as to show the debtor and creditor balances in the ledgers of such department on the day when the said appropriation account was closed, and to verify the balances appearing upon the annual appropriation account: *Provided always*, That the comptroller and auditor-general may, if he thinks fit, require the said department to transmit to him in lieu of such balance sheet a certified statement showing the actual disposition of the balances appearing upon the annual appropriation account on the last day of the period of such account.

Fiscal System of England

26. Every appropriation account when rendered to the comptroller and auditor-general shall be accompanied by an explanation showing how the balance or balances on the grant or grants included in the previous account have been adjusted, and shall also contain an explanatory statement of any excess of expenditure over the grant or grants included in such account, and such statement as well as the appropriation account shall be signed by such department.

27. Every appropriation account shall be examined by the comptroller and auditor-general on behalf of the House of Commons; and in the examination of such accounts the comptroller and auditor-general shall ascertain, first, whether the payments which the accounting department has charged to the grant are supported by vouchers or proofs of payments, and, second, whether the money expended has been applied to the purpose or purposes for which such grant was intended to provide: *Provided always, and it is hereby enacted,* That whenever the said comptroller and auditor-general shall be required by the treasury to ascertain whether the expenditure included or to be included in an appropriation account, or any portion of such expenditure, is supported by the authority of the treasury, the comptroller and auditor-general shall examine such expenditure with that object, and shall report to the treasury any expenditure which may appear, upon such examination, to have been incurred without such authority; and if the treasury should not thereupon see fit to sanction such unauthorized expenditure, it shall be regarded as being not properly chargeable

National Monetary Commission

to a parliamentary grant, and shall be reported to the House of Commons in the manner hereinafter provided.

28. In order that such examination may as far as possible proceed *pari passu*, with the cash transactions of the several accounting departments, the comptroller and auditor-general shall have free access, at all convenient times, to the books of account and other documents relating to the accounts of such departments, and may require the several departments concerned to furnish him, from time to time, or at regular periods, with accounts of the cash transactions of such departments respectively up to such times or periods.

29. In conducting the examination of the vouchers relating to the appropriation of the grants for the several services enumerated in schedule (B) to this act annexed, the comptroller and auditor-general, after satisfying himself that the accounts bear evidence that the vouchers have been completely checked, examined, and certified as correct in every respect, and that they have been allowed and passed by the proper departmental officers, may admit the same as satisfactory evidence of payment in support of the charges to which they may relate: *Provided always*, That if the treasury should desire any such vouchers to be examined by the comptroller and auditor-general in greater detail, the comptroller and auditor-general shall cause such vouchers to be subjected to such a detailed examination as the treasury may think fit to prescribe.

30. In conducting the examination of the vouchers relating to the appropriation of the grants for any services

not enumerated in the aforesaid schedule, the comptroller and auditor-general shall test the accuracy of the castings and computation of the several items of such vouchers: *Provided always*, That when any vouchers have been certified to be correct by any officers specially authorized to examine the same, it shall be lawful for the comptroller and auditor-general, with the consent of the treasury, to dispense with a second examination of the particular items of such vouchers.

31. If during the progress of the examination by the comptroller and auditor-general hereinbefore directed any objections should arise to any item to be introduced into the appropriation account of any grant, such objections shall, notwithstanding such account shall not have been rendered to him, be immediately communicated by him to the department concerned, and if the objections should not be answered to his satisfaction by such department, they shall be referred by him to the treasury, and the treasury shall determine in what manner the items in question shall be entered in the annual appropriation account.

32. In reporting as hereinbefore directed, for the information of the House of Commons, the result of the examination of the appropriation accounts, the comptroller and auditor-general shall prepare reports on the appropriation account of the army and on that of the navy separately.

He shall prepare a report on the appropriation accounts of the department of customs, inland revenue, and post-office.

National Monetary Commission

He shall prepare a report or reports on the accounts relating to the several grants included within each of the classes into which the grants for civil services are divided in the appropriation act.

In all reports as aforesaid he shall call attention to every case in which it may appear to him that a grant has been exceeded, or that money received by a department from other sources than the grants for the year to which the account relates has not been applied or accounted for according to the directions of Parliament, or that a sum charged against a grant is not supported by proof of payment, or that a payment so charged did not occur within the period of the account, or was for any other reason not properly chargeable against the grant.

If the treasury shall not, within the time prescribed by this act, present to the House of Commons any report made by the comptroller and auditor-general on any of the appropriation accounts, or on the accounts of issues for consolidated fund services, the comptroller and auditor-general shall forthwith present such report.

ACCOUNTS OTHER THAN APPROPRIATION ACCOUNTS.

33. Besides the appropriation accounts of the grants of Parliament, the comptroller and auditor-general shall examine and audit, if required so to do by the treasury, and in accordance with any regulations that may be prescribed for his guidance in that behalf by the treasury, the following accounts, viz, the accounts of all principal accountants, the accounts of the receipt of revenue by the departments of customs, inland revenue, and post-office, the

accounts of every receiver of money which is by law payable into Her Majesty's exchequer, and any other public accounts which, though not relating directly to the receipt or expenditure of imperial funds, the treasury may by minute, to be laid before Parliament, direct.

34. The accounts which by the last preceding section the treasury are empowered to subject to the examination of the comptroller and auditor-general shall be rendered to him by the departments or officers who may be directed so to do by the treasury; and the term "accountant," when used in this and the following sections of this act with reference to any such accounts, shall be taken to mean the department or officer that may be so required by the treasury to render the same; and every public officer into whose hands public moneys, either in the nature of revenue or fees of office, shall be paid by persons bound by law or regulation to do so, or by subordinate or other officers whose duty it may be to pay such moneys, wholly or in part, into the receipt of Her Majesty's exchequer, or to apply the same to any public service, shall, at such times and in such form as the treasury shall determine, render an account of his receipts and payments to the comptroller and auditor-general; and it shall be the duty of the treasury to inform him of the appointment of every such officer.

35. Accountants shall transmit their accounts together with the authorities and vouchers relating thereto to the office of the comptroller and auditor-general in such form, and for such periods, and under such regulations as he may from time to time prescribe for the guidance of

National Monetary Commission

such accountants: *Provided always*, That no such regulations shall be obligatory on such accountants until they shall have been approved by the treasury.

36. The comptroller and auditor-general shall examine the several accounts transmitted to him with as little delay as possible, and when the examination of each account shall be completed he shall make up a statement thereof in such form as he may deem fit, and if it shall appear from the statement so made up of any account, being an account current, that the balance thereon agrees with the accountant's balance, or if it shall appear from any account rendered by an accountant, as well as from the statement of such account by the comptroller and auditor-general, that the accountant is "even and quit," the comptroller and auditor-general is hereby required to sign and pass such statement of account so made up by him as aforesaid: *Provided always*, That in all other cases whatever, the comptroller and auditor-general having made up the statement of account as hereinbefore directed shall transmit the same to the treasury, who, having considered such statement, shall return it to him, with their warrant attached thereto, directing him to sign and pass the account either conformably to the statement thereof, or with such alterations as the treasury may deem just and reasonable; and a statement of the account made up by the comptroller and auditor-general, in accordance with such treasury warrant, shall then be signed and passed by him. *Provided further*, That a list of all accounts which the comptroller and auditor-general may sign and pass (such list to be prepared as to show thereon the

charge, discharge, and balance of each account respectively) shall be submitted by him to the treasury twice in every year, videlicet, not later than the first week of February and the first week of August.

37. It shall be lawful for the comptroller and auditor-general, in the examination of any accounts, to admit and allow, in cases where it shall appear to him to be reasonable and expedient for the public service, vouchers for any moneys expressed therein, although such vouchers be not stamped according to law.

38. As soon as any account shall have been signed and passed by the comptroller and auditor-general, he shall transmit to the accountant a certificate, in which the total amount of the sums forming respectively the charge and discharge of such account, and the balance, if any, remaining due to or by such accountant, shall be set forth; and every such certificate shall be signed by him, and shall be valid and effectual to discharge the accountant, as the case may be, either wholly, or from so much of the amount with which he may have been chargeable, as he may appear by such certificate to be discharged from: *Provided always*, That when any account, not being an account current, has been signed and passed by the comptroller and auditor-general with a balance due thereon to the crown, he shall not make out or grant any such certificate as aforesaid until the accountant has satisfied him either that he has discharged the full amount of such balance, and any interest that may, as hereinafter provided, be payable thereon, or that he has been relieved from the payment thereof, or of so much thereof as has not been paid, by a warrant from the treasury.

National Monetary Commission

39. No declaration shall be made by the comptroller and auditor-general before the chancellor of the exchequer in relation to any account, or any state or statement thereof; nor shall any such state or statement be enrolled as of record in the office of Her Majesty's remembrancer of the court of exchequer, any law, usage, or custom to the contrary notwithstanding; but every statement of an account made out, signed, and passed as aforesaid, shall be recorded in the office of the comptroller and auditor-general, and the recording of such statement of account in his office shall be as valid and effectual for enabling any process in the law against the party chargeable, and any other proceeding for the recovery of any balances and any interest thereon, and for all other purposes, as the enrollment of a declared account in the office of Her Majesty's remembrancer would have been if this act had not been passed; and a copy, certified under the hands of the comptroller and auditor-general, of the record of any such statement of account, shall be taken notice of and proceeded upon in the like manner as the record of any such declared account, enrolled as aforesaid, might have been if this act had not been passed.

40. In all cases where the comptroller and auditor-general shall be required by the treasury to examine and audit the accounts of the receipt, expenditure, sale, transfer, or delivery of any securities, stamps, government stock or annuities, provisions, or stores, the property of Her Majesty, he shall, on the examination of such accounts being completed, transmit a statement thereof, or a report thereon, to the treasury, who shall, if they think fit, signify

their approval of such accounts to him, and he shall thereupon transmit to the accountant a certificate in a form to be from time to time determined by the comptroller and auditor-general, which shall be to such accountant a valid and effectual discharge from so much as he may thereby appear to be discharged from.

41. Every accountant shall, on the termination of his charge as such accountant, or in case of a deceased accountant his representatives shall forthwith pay over any balance of public money then due to the public in respect of such charge to the public officer authorized to receive the same; and in all cases in which it shall appear to the comptroller and auditor-general that balances of public money have been improperly and unnecessarily retained by an accountant, he shall report the circumstances of such cases to the treasury; and the treasury shall take such measures as to them may seem expedient for recovering by legal process, or by other lawful ways and means, the amount of such balance or balances, together with interest thereon, upon the whole or part of such balance or balances, for such period of time and at such rate, not exceeding five pounds per centum per annum, as to the treasury may appear just and reasonable.

42. In all cases where any estate belonging to a public accountant shall be sold under any writ of extent or any decree or order of the courts of chancery or exchequer, and the purchaser thereof or of any part thereof shall have paid his purchase money into the hands of any public accountant authorized to receive the same, such purchaser shall be wholly exonerated and discharged from all further claims

of Her Majesty for or in respect of any debt arising upon the account of such accountant, although the purchase money so paid be not sufficient in amount to discharge the whole of the said debt.

43. In all cases in which an accountant may be dissatisfied with any disallowance or charge in his accounts made by the comptroller and auditor-general, such accountant shall have a right of appeal to the treasury, who, after such further investigation as they may consider equitable, whether by viva voce examination or otherwise, may make such order, directing the relief of the appellant wholly or in part from the disallowance or charge in question, as shall appear to them to be just and reasonable, and the comptroller and auditor-general shall govern himself accordingly.

44. It shall be lawful for the treasury, from time to time, if they see fit so to do, to dispense with the transmission, to the comptroller and auditor-general, of any accounts not being accounts of the receipt and expenditure of public money, and with the audit of such accounts by him, any law, usage, or custom to the contrary notwithstanding: *Provided always*, That copies of any treasury minutes dispensing with the audit of such accounts shall be laid before Parliament.

45. Nothing in this act contained shall extend to abridge or alter the rights and powers of Her Majesty to control, suspend, or prevent the execution of any process or proceeding, under this act or otherwise, for recovering money due to the Crown.

46. The acts mentioned in schedule (C) to this act annexed shall be repealed to the extent mentioned in

Fiscal System of England

such schedule, and all accounts required or directed to be audited by the board of audit shall be audited according to the provisions of this act; but nothing herein shall be deemed to confer upon the treasury the powers with respect to audit vested in the admiralty by the "Greenwich Hospital act 1865," or to affect any right, title, obligation, or liability acquired or accrued before the commencement of this act: *Provided always*, That this act shall not affect any proceeding which may have been commenced under any of the said acts before this act comes into operation.

47. This act shall commence on the first day of April, one thousand eight hundred and sixty-seven.

NOTE.—Schedules A, B, and C referred to in the foregoing act are omitted.

THE FISCAL SYSTEM OF FRANCE.



The fiscal system of France is uniform in all the Departments or Provinces—a centralized administration organized on identical lines, and it extends to the chief town of a Department, of an arrondissement, of a canton, or a simple commune. The supervision is so well directed that there is perfect control over the revenue and expenditure thereof and a prompt rendering of accounts in accordance with legal requirements.

The fiscal year.—The fiscal year in France begins on January 1 and ends on December 31.

Estimates of expenditures.—In the month of October the minister of finance applies to his colleagues for the estimates of their respective departments, which the permanent staff of the various offices proceed to prepare. The minister of finance having received them, adjusts the public expenditure with the revenue estimates made in his own department and presents this rudimentary draft to the Chamber of Deputies.

The budget.—The Chambers (the legislature) vote every year the duties and taxes necessary to support the Government and fix the amount of public expenditure by a law of finance, which is called, ordinarily, the budget. This law fixes the amount of the direct taxes for the whole of France and apportions it among the Departments. The *council*

National Monetary Commission

general of each Department in its turn distributes it among the *arrondissements*, and, lastly, the *council* of the *arrondissements* divides it among the different *communes*. In each *commune* there is a *commission composed of seven members* who assign to each individual his quota.

Principal revenues of the Government.—The principal revenues of the Government are direct taxes, indirect taxes, customs duties, registration, stamp duties, forest dues, and products. To these must be added the net profits from the mails, telegraph and telephone services, and the tax of 3 per cent on the revenues from personal property.

Execution of the appropriations.—When promulgated, the law of the appropriations becomes executive, and the duty of the minister of finance is to insure the collection of taxes and the payment of expenses in conformity therewith.

Administration of the treasury.—One of the most important auxiliaries of the minister of finance for the execution of the legislative appropriations is the “*service of the movement of funds*.” This service is specially charged with the supreme direction of all operations which concern the collection, the movement, and the employment of public moneys over the whole extent of the country. It makes up the account of the assets and liabilities of the treasury, determines the application of the receipts to the expenditures in the whole of France, and directs the necessary funds to the pay offices where they are needed.

The regularity of the financial administration which the *direction generale* of the movement of funds is called upon

to secure by its daily actions has valuable agents in the inspectors of finance, who are sent to different points in order to inspect on the spot all financial services having a public character, whether these services concern the Government directly or not. The inspectors of finance send detailed reports to the minister of finance in regard to the situation of the offices which they have inspected.

The Bank of France.—The Bank of France is a depository of the Government, in which is placed the balance of public funds in excess of the amount needed for transacting the public business in treasury offices under the control of the minister of finance. There is a branch of this bank in the principal town of each of the 86 Departments of France, through which the treasury makes transfers of the public moneys to and from the offices of the treasurers-payeur-general, as may be required, and without expense to the Government. The general direction of the movement of funds is in direct and constant communication with the treasurers-payeur-general, who, without its authorization, may not make any payment nor dispose of any public moneys for any purpose whatever.

Treasurers-payeur-general.—In addition to the central service of the movement of funds and inspection, the principal auxiliaries of the minister of finance are the treasurers-payeur-general. In every Department (Province) the financial administration is directed by a treasurer-payeur-general who resides in its chief town, and is the depository of public funds. He is charged with the centralization of all the receipts of the Government, whatever be their source, to pay all the expenses of the different bu-

reaus and to make advances, if there is need, on his personal credit, to the treasury, on the taxes to be collected. He is charged to secure at all points of the Province, first, the punctual collection of the receipts of the Government; second, the expenditures—that is to say, the payment of public and provincial expenses. He is thus the receiver and disbursing officer. He transmits every ten days to the minister of finance, with whom he has to keep in constant communication, the copy of his daily cash book, and at the end of each month a statement showing the balance on hand to the credit of the treasury, as per ledger, as well as the monthly account of his receipts and disbursements, with the vouchers attached. At their entrance on duty they furnish bonds for the faithful performance of their duties. They are responsible not only for their own errors or malpractices but also for those of the employees under their control. Every year, during their term of service, they submit to the court of the exchequer the accounts of their administration.

Under the treasurer-payeur-general are the special receivers, one of which is stationed at the capital of each *arrondissement*; except at the capital of the Department where the treasurer-payeur-general resides; and he, besides his other duties, performs the same functions as the special receivers of the other *arrondissements*. The special receivers are required to keep a strict supervision over the financial agents of their *arrondissement*; they centralize the revenues collected by their agents and hold the amount at the disposition of the treasurer-payeur-general, whether it be to turn it into his cash account or to employ it for

payment of public obligations on the spot. Every ten days they must send to the treasurer-payeur-general a copy of their daily cash book and a statement of the condition of their receipts, and at fixed dates, the accounts of their administration with proper vouchers for payments made. The special receivers give bonds for the faithful performance of their duties.

Kinds of money receivable.—All duties and taxes are payable in the current cash of the Republic, including notes of the Bank of France; collectors may also receive checks on the Bank of France or other banks, but at their own risk.

Collectors—their duties in regard to direct taxes.—The collectors may not demand any sum from the taxpayers except by virtue of a list prepared by the director of direct taxes, declared executive by the prefect of the Department and made public by the mayor of the commune.

Before January 1 in each year, the special receiver sends to the collectors of his arrondissement the lists of direct taxes which they are to collect. The direct taxes are payable by twelfths, and in some instances the taxpayers have the privilege of paying several installments at a time. The collectors are not only charged with the collection of the direct taxes and those of similar character, but they are also charged with the collection of all pecuniary fines and penalties, and in most localities fulfill the functions of receivers of the *communes*, hospitals, etc. They make payments from the public moneys received when the treasurer-payeur-general requires their cooperation. They pay the listed salaries, the pensions of the Government, of the Legion of Honor, and the office of the marine hospital,

and in certain cases may pay interest coupons from mixed securities of the public debt.

The collectors receive, at their offices, subscriptions to loans of the Government. Returns and reports depend upon the amount of the collections; some of the collectors report daily, others weekly and monthly, with proper vouchers for all payments made.

The public expenditures.—From the foregoing it will be observed that the public expenditures are made by the disbursing officers of the treasury, the treasurers-payeur-general, the special receivers, the collectors, and, in addition thereto, at Paris, the central disbursing cashier.

Every month the minister of finance, through the “director of the movement of funds,” apportions the available cash among the different ministers of the executive departments; after this apportionment these ministers are charged with the ordering of the relative expenses of their departments. The director of the movement of funds receives all the *ordonnances of payment* issued by the different ministers, indicates the subjects of the appropriation to which they belong, and directs payment thereof in the place where the funds are required.

Ordonnancement is the act by which the authorized official declares payable a mandate (check or draft) or signs a mandate of payment. It is a rule in the matter of finances in France that the *ordonnateur* (the one who orders the payment in writing) may never be at the same time the *ordonnateur* and the payer. The principal *ordonnateurs* are the ministers, prefects, mayors, military commanders, governors of colonies, etc. The *ordonnances* are

F i s c a l S y s t e m o f F r a n c e

called *ordonnances of payment* if they are remitted directly to the creditors themselves, and *ordonnances of delegation* if they are remitted to secondary ordonnateurs charged with the distribution among the creditors of the Government of the sums which are due them. The minister of finance is himself the ordonnateur of the expenditures of his ministry.

The ordonnateur has not the power to exceed the amounts available nor to make clearances between the amounts of different subjects of his appropriations in order to make up the deficit in one by the over appropriation in another case. He can make such clearances only between articles under the same heading.

The excess of appropriations which have not been used are annulled at the end of the year for which made.

RENDERING OF ACCOUNTS.

General direction of the public accounts.—The direction, which exists in the ministry of finance under the title “general direction of the public accounts,” is charged with the regulation of all the accounts of public funds and the maintenance of a uniform method of bookkeeping in all the bureaus. It has, through the ministers, the supervision of the administration of all the accountants; it follows and controls their operations; it centralizes all the facts relative to the collection and the employment of the funds of the budget; it receives monthly from the central accounting offices of each bureau, on one hand, a balance developed from the accounts of the collections in course of execution; on the other hand, from the various

National Monetary Commission

accounting officials of the treasury, statements of their receipts and expenditures, and it prepares finally the "general account of the administration of the finances."

Accounts of the ministerial bureaus.—After the close of the fiscal year they proceed in the ministerial bureaus to prove the accounts. Each minister proves the account of the operations relating to his own department. This ministerial account is composed of two classes of documents—a general table presenting by sections and headings all the definite results of the annual collection and distribution of the public revenues; in the second place the enlargement of the account by subdivisions of the headings, intended to explain the results of the general statement—thus, a general statement and a statement in detail. These accounts of the expenses of the ministries are made from the official books. There exists in each ministerial bureau a *division of accounts*, which corresponds at regular periods with the general direction of public accounts in the treasury and transmits each month a copy of its accounts. The minister of finance makes also the special account of the expenditures of his administration; then he centralizes the other ministerial accounts of expenditures; in addition, he alone prepares the general account of the receipts of the fiscal year just ended.

Administrative control and examination.—There is a periodical administrative control which works in two ways; first, every year the accounts of the ministers for the fiscal year just ended are submitted to a special commission composed of members chosen from the

Senate, the Chamber of Deputies, the council of state, and the court of accounts. This control bears on the *ordonnateurs*. The other periodical administrative control is that of the officials of the *inspection of finances*. This one bears on the accountants; that is to say, on the treasurers-payeur-general, the special receivers, the collectors, and receivers of the financial revenues. Thus far there is a double control; the one legislative, bearing upon the *ordonnateurs and their operations*, without which the legislature would have no means of verifying these operations; the other administrative, bearing at the same time on the *ordonnateurs and the accountants*, keeping up an incessant supervision by revisions and periodical inspections. As an additional safeguard, there is a *third control*; this is the judicial or that of the "court of accounts," to which are referred all the principal accounts for final revision.

The court of accounts was founded by Napoleon in 1807. It is a veritable court of justice, which has for its object to verify the actions of the accountants, to discharge them from their responsibility in case their management is regular and correct, or to place to their charge any balances they may be owing through fraud, imprudence, or infraction of rules; in such cases the court of accounts pronounces judgment. It is a tribunal which judges at the same time in the first and last instance for the superior accountants; for example, the receivers-general, the receivers of registration, etc.; it judges on appeal, the receivers of communes and other accountants first tried by the councils of the prefecture.

National Monetary Commission

One may appeal for a reversal of its judgments to the council of state for violation of the law or the nonobservance of forms. Thus the court of accounts revises in detail by the vouchers, the administration of the accountants; it verifies the fact that there has been no speculation; that is the principal and original function of the court of accounts. It has no direct power over the *ordonnateurs*; *that is to say, over those who order the expenditures*, but have not the management of the funds. These are outside its jurisdiction. The reason why the court of accounts has no direct power over those who order the expenditures is that it was thought the court *should not encroach on the domain of administration*. If the accountants have made the payments *on the orders regularly delivered*, the court of accounts *must make valid their payments*.

SUMMARY.

The main features of the French system may be summarized as follows:

The gross revenue collected is brought to account in the general cash.

Payments from the general account can be made only to meet public expenditure authorized by legislative sanction, and are limited to the appropriation made therefor.

The accounts of public expenditures are under the immediate control and supervision of the treasury (minister of finance), subject to a final judicial examination and audit by the court of accounts, which verifies the fact

F i s c a l S y s t e m o f F r a n c e

that there has been a correct application of each item of the appropriation free from speculation.

Unexpended balances of appropriations are annulled at the end of the fiscal year for which made.

The Bank of France does not pay interest on the public deposits placed therein, but renders valuable services to the Government in transferring, free of expense, public funds from one treasury office to another as they may be required to meet disbursements.

THE FISCAL SYSTEM OF GERMANY.



The fiscal system of the German Empire is based upon legislation of the German Diet enacted since 1870, and under its operation the Reichstag maintains control over all imperial revenue and directs the manner in which it shall be used to meet the public requirements; it also requires the prompt rendering of all accounts therefor and the audit of the same.

Fiscal year.—The fiscal year begins on July 1 in each year.

Revenue and expenditure.—The federal council makes recommendation relative to the changes the Government has to propose in the taxation of the country, and the imperial secretary of the treasury prepares estimates of the revenues and expenditures of the Empire, which the imperial chancellor presents to the German Diet at the commencement of its session as the requirements of the public service for the coming year.

The Reichstag usually responds favorably to the demands of the Government and enacts the legislation necessary to produce the revenues required and makes appropriations for the public service. The public expenditures are appropriated, as a rule, for a year, but they may, in special cases, be granted for a longer period.

National Monetary Commission

In cases of extraordinary need the imperial legislature may authorize the issue of a loan to be used in the discharge of the debts of the Empire.

Principal sources of revenue.—The principal sources of revenue are customs duties, taxes direct and indirect, and miscellaneous, to which must be added the net income from the post and telegraph services and from railroads belonging to the Empire. In so far as the expenditures are not covered by these revenues, they have to be raised by contributions from the separate States of the Empire in proportion to their population, which tax is levied by the imperial chancellor in the sum necessary for the quota. Such contributions are not reimbursable, but they may be refunded at the end of the year to the different States in such proportion as the unexpended ordinary receipts exceed the necessary expenses. Any surplus from preceding years is so utilized, in so far as it is not otherwise directed by law to be used, for covering any special public expenditure.

Administration of the treasury.—To the officials of the imperial treasury belong the appropriations, the cash and the keeping of the accounts of the Empire, the affairs of the mint, the imperial paper currency, and the public debt, the administration of public property in so far as it does not belong to other departments, and the management of the taxes and duties, as well as the direction of the expenditures.

Comptroller for the supervision of revenues.—There is located in the imperial treasury a comptroller who has charge of the direction relative to taxes and excise duties,

Fiscal System of Germany

and his direction extends to the collectors and subagents in the various States and subdivisions in the Empire.

Depositories of public funds.—The depositories of public funds are in many respects like those of France. For instance, in each State of the Empire there is a central office of the imperial treasury known as the “*regierungs haupt kasse*” (chief cash office of the Government), into which the imperial revenues are paid by the various collectors, receivers, or agents in the State, and from which disbursements are made by direction of the imperial treasury.

The revenues from the various sources are collected by collectors with a trained corps of assistants, none of whom give bonds for the faithful performance of their duties. These officers are classified and paid in accordance with the responsibilities attaching to their respective duties; they hold their positions during good behavior, and are retired upon a pension when unable to longer perform their duties.

Where the collectors receive large amounts of revenue they are required to deposit daily with the manager of the chief cash office, but where small amounts are collected and the collector is located some distance from the place of deposit, the requirements are not so exacting, and the deposits are made weekly, semimonthly, or monthly.

The chief cash office is in charge of a manager who submits reports daily, weekly, and monthly to the imperial treasury, giving the sources and amounts of revenues deposited and the accounts on which disbursements have been made, with the vouchers properly receipted, as well as the balance standing to the credit of the general account.

National Monetary Commission

Transfers of public funds.—The public funds may be transferred from one cash office to another by the imperial treasury to meet public requirements. Such transactions are usually effected by exchange through the Imperial Bank of Germany and its branches, one of which is located in each city where there is a cash office of the Empire and the transfer is made without expense to the imperial treasury.

The Imperial Bank of Germany.—The Imperial Bank of Germany is a special depository of the imperial treasury, that is to say, the bank is the custodian of the excess of the general balance not required in the chief cash offices of the treasury located in the different States; and when on special occasions it is necessary to anticipate the revenues by the issue of short term treasury bills (or exchequer bills), the bank usually discounts such bills, placing the proceeds to the credit of the imperial treasury. The funds are transferred from the bank to the chief cash offices as may be required by the imperial treasury.

Kinds of money receivable.—The regulations require that all taxes be paid in cash of the Empire or such bank notes as are current in the payment of public obligations. Collectors or agents can not take checks in payment of duties or taxes except at their own risk.

Requisitions for expenditures.—The heads of the various departments have control of the funds appropriated therefor, and make requisition on the imperial treasury when such moneys are required for disbursement; payment thereof is directed to be made to the payees named through the several cash offices where wanted. Some of

Fiscal System of Germany

the departments of the Empire receive certain revenues coming under their control, which they use for authorized expenditures; however, they account for the same to the imperial treasury, where such items are brought to account in the treasury as revenues and are charged as payments against the respective appropriations made for the public service.

RENDERING OF ACCOUNTS.

The system of supervising and auditing accounts of public expenditure by departments is similar in many respects to that of the French Government. All accounts involving the receipt and expenditure of public moneys must be rendered promptly to the treasury by the different departments receiving the same or for which such disbursements have been made, and after a departmental audit and verification they are referred to the "court of accounts for the German Empire," which sits at Potsdam.

The court of accounts.—The control of the imperial German budget is directed by a division of the royal Prussian chamber of accounts under the title of "court of accounts of the German Empire." The public expenditures as authorized by the appropriations in the budget for each year, the inspection of accounts relative to the public debt, the accounts of the funds for disabled soldiers, and also the accounts of the Imperial Bank of Germany are examined and audited by the court of accounts, and if there are irregularities discovered or any variance from the regular provisions of law, or if it shall appear that the appropriations in any instance have been exceeded, the court ascertains

National Monetary Commission

the reasons therefor and makes report of the facts with such comments as may be necessary to invite the attention of the legislature thereto when it is called upon to approve the same.

The duties of the court of accounts of the German Empire are practically identical with those of the court of accounts in France; its decisions are final and the accountants are governed thereby. When the court of accounts has passed upon the accounts of the expenditures and revenues of the Empire, they are laid before the Bundesrath and the Reichstag for approval by the imperial chancellor. When the Imperial Legislature has approved the findings of the court of accounts, the expenditures are then entered and published as the authorized disbursements of the Government for the time involved.

SUMMARY.

The gross revenue collected is deposited in the treasury.

Payments from the public funds can be made only by the treasury on authorized appropriations and are limited to the amount thereof.

The treasury has immediate supervision and control of the revenues and expenditures, prescribes the manner of keeping the public accounts, and after examination, refers such accounts as relate to revenue and expenditure to the court of accounts for final examination and audit.

When the Imperial Legislature has approved the findings of the court of accounts, the expenditures are then entered and published as the authorized disbursements of the Government for the period involved.

Fiscal System of Germany

Transfers of public moneys to offices where they are needed for disbursement are effected through the Imperial Bank of Germany without expense to the Government.

FISCAL SYSTEM OF THE UNITED STATES.



The fiscal system of the United States is based upon the act of September 2, 1789, creating the Treasury Department, supplemented by the act of August 6, 1846, and subsequent legislation.

Fiscal year.—The fiscal year commences on July 1 in each year.

Estimates of revenue and expenditure.—The Secretary of the Treasury prepares and lays before Congress, at the commencement of every session, a report on the subject of finance, containing estimates of the public revenue, and public expenditure, also plans for improving and increasing the revenue, for the purpose of giving information to Congress in adopting modes of raising the money requisite to meet the public expenditure.

Taxation and appropriations.—Congress enacts legislation that authorizes the collection of taxes for public purposes, and makes all appropriations for the support of the Government.

Principal sources of revenue.—Customs duties, internal revenue, land sales, and miscellaneous are the principal sources of revenue.

Supervision of the revenue.—The Secretary of the Treasury, through the aid of supervising bureau officers, superintends the collection of the revenue and prescribes the forms of keeping and rendering all public accounts.

National Monetary Commission

Depositories of public moneys.—The Treasury, and sub-treasuries located at Baltimore, Boston, Chicago, Cincinnati, New Orleans, New York, Philadelphia, St. Louis, and San Francisco, together with 427 national banks designated in all sections of the country, are the regular depositories in which all public moneys are received and deposited to the credit of the Treasurer of the United States. There are 1,009 national banks designated as special depositories to hold fixed balances of public moneys to the credit of the Treasurer, but they receive such balances by transfer from the Treasurer's general account, and have no transactions with collectors or receivers.

Kinds of money receivable for public dues.—At the present (1908) all taxes and other dues to the United States are payable in United States notes, treasury notes, national bank notes, gold certificates, silver certificates, gold coin, and silver coin. Checks are not receivable, though in many instances they are taken by collectors, but always at their risk.

There are many transactions at treasury offices in which checks collectible through the clearing-house associations are received, but in such instances the checks are converted into cash before final credit is given in the accounts involved.

Public moneys subject to draft.—All public money paid into any depository is subject to the draft of the Treasurer of the United States, drawn agreeably to appropriations made by law.

The Secretary of the Treasury may transfer the moneys in the hands of any depository of public moneys to the Treasury of the United States to the credit of the Treasurer;

Fiscal System of the United States

and he may transfer moneys in the hands of one depositary to any other depositary, as the safety of the public moneys and the convenience of the public service require. The regular depositary banks transfer all public moneys received in excess of the balance they are allowed to hold to the treasury offices without expense to the Government, and in fact all transfers of public moneys to or from depositary banks are effected without expense to the Government.

The bullion fund.—For the purpose of enabling the mints and assay offices to make returns to depositors with as little delay as possible, the Secretary of the Treasury keeps in such mints and assay offices such an amount of public money as may be convenient and necessary, out of which those who bring bullion to the said institutions are paid the value thereof, as soon as practicable after the value has been ascertained. Such moneys constitute what is known as the “bullion fund,” and are held in the accounts of the said mints and assay offices to the credit of the Treasurer of the United States.

REVENUES.

Gross amount of collections to be deposited.—The gross amount of all moneys received from whatever source for the use of the United States (except as otherwise provided in section 3618 of the Revised Statutes) are paid by the collectors, receivers or agents receiving the same into the Treasury, usually daily; otherwise, at as early a day as practicable, without any abatement or deduction on account of salary, fees, costs, charges, expenses, or claim of any description whatever.

National Monetary Commission

The receipts and disbursements of postal moneys are under the exclusive control of the Postmaster-General. The Treasurer of the United States receives certain amounts of the postal revenues in a special account for the service of the Post-Office Department; the Treasury has no control over these funds. They are disbursed by the warrants of the Postmaster-General and are not included in the ordinary revenues and expenditures of the Government.

Revenues received by collectors, receivers, etc.—The Secretary of the Treasury and the Treasurer of the United States receive from subtreasuries daily and depository banks weekly reports of the public moneys deposited therein to the credit of the Treasurer by collectors, receivers, and other agents required by provisions of law to make such deposits. Receipts in duplicate are issued for such deposits, the original of which is sent to the Secretary of the Treasury and the duplicate is delivered to the depositor.

From the foregoing returns the Secretary of the Treasury, through the Division of Bookkeeping and Warrants, issues warrants, technically called "covering warrants," quarterly on the collectors, etc., making said deposits, to bring the revenues into the Treasury to the debit of the Treasurer of the United States. The warrants are entered upon the books of this division, where all accounts of the revenues and expenditures of public moneys, except those relating to the postal accounts, are recorded, and are sent to the Comptroller of the Treasury, who records, countersigns, and forwards them to the Treasurer. After verification of the amounts the Treasurer indorses his

Fiscal System of the United States

receipt for the moneys upon said warrants and enters the amounts thereof in his quarterly account, which is rendered to the Auditor for the Treasury Department.

The proceeds from sales of United States bonds and issues of United States paper currency in accordance with provisions of law are brought into the Treasury to the debit of the Treasurer of the United States in like manner by "covering warrants."

EXPENDITURES.

Appropriation warrants.—The Secretary of the Treasury at the beginning of each fiscal year issues warrants, called "yearly appropriation warrants," to the Comptroller of the Treasury and other officers of the Treasury requiring them to bring, on the books of the Treasury, the specific appropriations made by Congress for the service of the said fiscal year. Duplicates of said warrants are sent to the heads of departments and others interested for their official information.

Requisitions by heads of departments, etc.—The head of each department or independent bureau of the public service is charged with the duty of making requisitions, in accordance with law, on the Secretary of the Treasury for the public moneys that are to be expended under the supervision of said department or bureau.

Disbursement of public moneys.—The Secretary of the Treasury, in accordance with law and authorized settlement certificates or "requisitions," issues warrants to draw money from the Treasury, as follows:

1. Settlement warrants are drawn on the Treasurer of the United States to pay claims found due to individuals,

etc., on the official settlement of their accounts by the auditors, and such warrants, when paid by the Treasurer, effect their object completely.

2. Accountable warrants are drawn on the Treasurer for the purpose of advancing money to disbursing officers and agents of the several departments or bureaus authorized to receive advances, under "requisitions for disbursements chargeable to particular heads of appropriation, and for which they are required to render accounts, accompanied with proper vouchers, to the respective auditors of the Treasury."

All pay warrants drawn by the Secretary of the Treasury are recorded in the Division of Bookkeeping and Warrants, sent to the Comptroller of the Treasury, who countersigns, records, and delivers them to the Treasurer of the United States.

Treasurer of the United States.—The Treasurer of the United States disburses the public moneys upon warrants drawn by the Secretary of the Treasury, countersigned by the Comptroller of the Treasury, and not otherwise.

When pay warrants are received from the Secretary of the Treasury, the Treasurer pays them or directs payment thereof by an assistant treasurer or a depositary bank, and said warrants when paid are debited in the general account of the paying office and returned to the Treasurer as vouchers for the disbursement of public funds, for which he takes credit in his quarterly account rendered to the Auditor for the Treasury Department. The Treasurer takes receipts for all moneys paid by him; he is the fiscal agent of the United States and as such pays the interest

Fiscal System of the United States

on the public debt and redeems matured obligations of the Government, for which he is reimbursed upon statement of account therefor.

The Treasurer, under direction of the Secretary of the Treasury, issues the United States paper currency in accordance with provisions of law, debiting himself with the new issues, and when such currency is worn and returned to the Treasury he redeems the same and is reimbursed therefor upon statement of account; he is the agent for redeeming the national-bank circulation, the funds for which are furnished by the banks; he is trustee for bonds held to secure national-bank circulation and public deposits in national banks.

RENDERING OF ACCOUNTS.

All monthly accounts are required to be mailed or otherwise sent to the proper officer at Washington within ten days after the end of the month to which they relate, and quarterly and other accounts within twenty days after the period to which they relate, and must be transmitted to and received by the auditors within twenty days of their actual receipt at the proper office in Washington in the case of monthly and sixty days in the case of quarterly and other accounts.

AUDITING OF ACCOUNTS.

The duty of auditing and settling the accounts of receipts and disbursements of the public revenue, rendered at stated periods, by receiving and disbursing officers is dis-

National Monetary Commission

tributed among six auditors as follows: Auditor for the Treasury Department, Auditor for the War Department, Auditor for the Interior Department, Auditor for the Navy Department, Auditor for the State and other Departments, and Auditor for the Post-Office Department.

The Auditor for the Treasury Department receives and examines all accounts of salaries and incidental expenses of the office of the Secretary of the Treasury and all bureaus and offices under his direction. All accounts relating to the customs service, the public debt, internal revenue, Treasurer and assistant treasurers, mints and assay offices, Bureau of Engraving and Printing, Revenue-Cutter Service, Life-Saving Service, Public Health and Marine-Hospital Service, public buildings, secret service, and all other business within the jurisdiction of the Department of the Treasury, and certifies the balances arising thereon to the Division of Bookkeeping and Warrants.

The Auditor for the War Department audits and settles all accounts of salaries and incidental expenses of the office of the Secretary of War, and all bureaus and offices under his direction; all accounts relating to the military establishment, armories, and arsenals, national cemeteries, fortifications, public buildings and grounds under the Chief of Engineers, rivers and harbors, the Military Academy, the Isthmian Canal Commission, and all other business within the jurisdiction of the War Department, and certifies the balances arising thereon to the Division of Bookkeeping and Warrants.

The Auditor for the Interior Department audits and settles all accounts of salaries and incidental expenses of

Fiscal System of the United States

the office of the Secretary of the Interior, and of all bureaus and offices under his direction; all accounts relating to the protection, survey, and sale of public lands and the reclamation of arid public lands, the Geological Survey, army and navy pensions, Indian affairs, Howard University, the Government Hospital for the Insane, the Columbia Institution for the Deaf and Dumb, the Patent Office, the Capitol and grounds, the Hot Springs Reservation, the reimbursement from accrued pensions of the expenses of the last sickness and burial of pensioners under the act of March 2, 1895, and all other business within the jurisdiction of the Department of the Interior, and certifies the balance arising thereon to the Division of Bookkeeping and Warrants.

The Auditor for the Navy Department receives and examines all accounts of salaries and incidental expenses of the office of the Secretary of the Navy, and of all bureaus and offices under his direction, all accounts relating to the naval establishment, Marine Corps, Naval Academy, and all other business within the jurisdiction of the Department of the Navy, and certifies the balances arising thereon to the Division of Bookkeeping and Warrants.

The Auditor for the State and other Departments receives and examines all accounts of salaries and incidental expenses of the office of the Secretary of State, the Attorney-General, the Secretary of Agriculture, the Secretary of Commerce and Labor, and of all bureaus and offices under their direction; all accounts relating to the diplomatic and consular service, the judiciary, United States courts, judgments of the United States courts, executive office, Civil

National Monetary Commission

Service Commission, Interstate Commerce Commission, District of Columbia, Court of Claims and its judgments, Smithsonian Institution, territorial governments, the Senate, the House of Representatives, the Public Printer, Library of Congress, Botanic Garden, and all accounts of boards, commissions, and establishments of the Government not within the jurisdiction of any other of the executive departments, and certifies the balances arising thereon to the Division of Bookkeeping and Warrants.

The Auditor for the Post-Office Department receives, examines, and audits all accounts of salaries and incidental expenses of the office of the Postmaster-General and of all bureaus and offices under his direction, all postal and money-order accounts of postmasters, all accounts relating to the transportation of the mails, and to all other business within the jurisdiction of the Post-Office Department, and certifies the balances arising thereon to the *Postmaster-General for accounts of the postal revenues and expenditure thereof*, and to the Division of Bookkeeping and Warrants for other accounts.

Certified balances.—The balances certified by the auditors to the Division of Bookkeeping and Warrants, or to the Postmaster-General, upon the settlement of public accounts are final and conclusive upon the executive branch of the Government, except that any person whose accounts may have been settled may, within a year, obtain a revision of the said account by the Comptroller of the Treasury.

The auditors, under the direction of the Comptroller of the Treasury, are charged with the recovery of all debts

Fiscal System of the United States

finally certified by them, respectively, to be due to the United States.

The Secretary of the Treasury on the 1st Monday of January in each year makes report to Congress of such officers as are then delinquent in the rendering of their accounts or in the payment of balances found due from them for the last preceding fiscal year.

Annual detailed report of receipts and expenditures.—It is the duty of the Secretary of the Treasury annually to lay before Congress, on the first day of the regular session thereof, an accurate, combined statement of the receipts and expenditures during the last preceding fiscal year of all public moneys, including those of the Post-Office Department, designating the amount of the receipts, whenever practicable, by ports, districts, and States, and the expenditures, by each separate head of appropriation.

Unexpended balances of appropriations.—All balances of appropriations contained in the annual appropriation bills and made specifically for the service of any fiscal year, and remaining unexpended at the expiration of such fiscal year, can only be applied to the payment of expenses properly incurred during that year, or to the fulfillment of contracts properly made within that year; and balances not needed for such purposes are carried to the surplus fund.

SUMMARY.

The gross revenues received by collectors, etc., are deposited in the Treasury to the credit of the Treasurer of the United States.

National Monetary Commission

The Secretary of the Treasury has control of the ordinary revenues and directs the expenditure thereof in accordance with law, by warrants drawn upon the Treasurer of the United States.

Separate accounts of the revenues and expenditures are rendered to and audited by the auditors for the several departments.

Regular depositary banks pay interest at the rate of 1 per cent per annum on the average monthly amount of public deposits held in excess of the sum needed therein (which sum is fixed by the Secretary of the Treasury) for the transaction of the public business. Special depositary banks pay interest at the same rate on the average amount of public deposits held.

Transfers of public moneys to or from national bank depositaries are effected without expense to the Government.

Transfers of public moneys from one Treasury office to another are effected by contract for the transportation at stipulated rates per \$1,000 thereof.

The Secretary of the Treasury annually lays before Congress an accurate, combined statement of the receipts and expenditures of all public moneys during the last preceding fiscal year.

