

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-3715

May 12, 1923.

SUBJECT: Functional Expense Report,
First Quarter 1923.

Dear Sir:

There is being sent to your bank today under separate cover a summary of the functional expense reports for the first quarter of 1923. Your particular attention is invited to figures shown on pages 25 and 26 of this report, which relate to the currency and coin function.

You will note that under "Currency Receiving and Sorting" unit there is a variation in the unit cost ranging from .071 to .124 in the figures reported for the main banks, and from .044 to .32 in the case of the branches. A comparison of the methods of all banks for the handling of this work does not indicate any variations in the practice which would account for such a wide spread in the cost. It seems probable, therefore, that the methods used by the banks are not uniform, either with respect to the figures reported for "Number of bills received and counted", or in making the allocation of expenses for this unit.

The figures reported for "Coin" result in an even greater variation, the unit cost ranging from .01 to .059 for the main banks from .015 to .562 for the branches.

The recent comparison of methods indicates that all banks are not reporting the volume figures on the same basis; there is, therefore, enclosed a memorandum which, it is hoped, will make clear exactly how the volume figures to be reported for this function should be determined. It is requested that all figures, hereafter reported, beginning with the month of April, be arrived at by this method.

It also seems probable that some of the banks have not been particular about making a distribution of the salary cost. In cases where help is borrowed from other departments to assist in the counting of money, or when money counters are loaned for other work an allocation of expense should be made. If this is not done the expense figures reported will be of little value.

Will you kindly advise whether or not the volume figures already reported by your bank for the first quarter of 1923 conform to the enclosed memorandum, and also whether or not the expense figures as reported are substantially correct. In case either of these figures is incorrect, will you, if figures are available, submit corrected figures for this particular function and period. Please reply to Mr. L. R. Rounds, Secretary, care Federal Reserve Bank of New York.

Very truly yours,

A. C. Miller, Chairman,
Board's Committee on Economy
and Efficiency.

(Enclosure)

TO Bank Representative,
Currency & Coin Function.

Copy to all Governors.
" " Procedure Committee Chairmen.

METHOD TO BE USED IN REPORTING VOLUME OF CURRENCY AND COIN
HANDLED IN CONNECTION WITH FORM E.

CURRENCY

Number of Pieces Actually Received and Counted.

The figure reported under this heading should be the number of bills handled and should include all bills received in the bank from every source, which are counted, each bill to appear in the count but once. This would include the following:

- (a) Deposits received over the counter.
- (b) Shipments received from member and non-member banks.
- (c) Shipments of fit notes from other Reserve banks.

It should not include:

- (a) Shipments of new money from Washington.
- (e) Money received from the Agent, either new or fit.
- (f) Money received from branches or head office.

The figure reported, as above, should correspond with the number of bills counted and sorted within the month, and should not include any bills received and stored for subsequent handling. Any such bills should be taken up in the later report for the month in which they are actually sorted and counted.

If, in making up the above figures, it is the practice of your bank to base this count on the aggregate of the whole number of pieces of currency handled in your currency sorting department, it will then probably be necessary for you to subtract from such aggregate the number of pieces which have been sorted or handled a second time. This would include such items as the following:

- (g) Notes of other Reserve banks, both fit and unfit, not put up on original sort in proper form for shipment.
- (h) Odds which have been included in one day's aggregate and carried overnight to be included in a subsequent aggregate.

It is important that the figure reported shall not include a duplicate count of any bills regardless of the reason for the recount.

In addition to and supplementing the above figure, you are also requested to report as a separate item the number of bills rehandled, that is, not put up on original sort in proper form for final disposition. This might include classes "g" and "h" above referred to. It should not include the recount or verification count of any bills. This

figure may be reported against the caption "Number of pieces rehandled" which should be written in on the blank line under "Currency" on page 35 of Form E.

COIN

Number of Coins Received and Counted.

In determining the number to be reported under this heading, the same principle should be followed as in determining the count of bills. Coin handled a second time in connection with wrapping or re-bagging to smaller units should not be included in this count. Coin received from the Mint or other Federal Reserve Banks or Branches may be included in this count once, provided it is actually counted, but not otherwise.