Annual Report
of the
Secretary of the Treasury
on the
State of the Finances

For the Fiscal Year Ended June 30, 1963
FISCAL SERVICE
BUREAU OF ACCOUNTS

The Bureau's major functions are Government-wide in scope. They cover the Government's central accounts and financial reports; disbursing for virtually all civilian Federal agencies; supervising the Government's depository system; determining qualifications and underwriting limitations of surety companies to write fidelity and other surety bonds covering Government activities; investing Government trust funds and other funds; administering Treasury loans and advances to Government corporations and agencies; accounting and reporting for foreign currencies acquired by the U.S. Government; and staff participation in the joint financial management improvement program.

Central Accounting and Reporting

Resume of advances since 1948

In October 1948, there was established what is now referred to as the joint financial management improvement program. Briefly, one of its purposes was to develop sound accounting within each agency, as a working arm of management, in terms of financial information and control. Fifteen years ago when the program began, the system of central accounts was geared to certain statutory (warrant) requirements which, although having served an essential purpose earlier, had become outmoded, resulting in overlapping and duplication of effort by the Treasury, the General Accounting Office, and the administrative and disbursing agencies concerned. That system has evolved into an accounting for the cash operations of the Government, a system based on the considerations that served as the framework for sections 114 and 115 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 666b-66c). The present system is tied to the reporting of cash transactions by disbursing, collecting, and administrative offices and the Treasury of the United States, is based on the accounts maintained by these offices, and is unified centrally to present results for the Government as a whole.

During this fifteen-year period, the central financial reporting of the Government has undergone considerable change. As a result of cooperative efforts by the Bureau of the Budget, the General Accounting Office, the Treasury Department, and other agencies, in carrying out the objectives of the Budget and Accounting Procedures Act of 1950, the scope has been expanded and the quality of central financial reporting improved, replacing inadequate disclosure of information, lack of consistency, and duplication.

The following chart illustrates developments over this period. It necessarily represents only a general outline of a major modernization of central accounting and reporting. The system which has evolved since 1948, apart from simplifications and better quality of results in Treasury operations, has freed the operating agencies from central rigid bookkeeping requirements, thereby permitting talent and energy to be applied in the basic financial services to management as was envisioned by the 1950 act.
FIFTEEN YEARS OF PROGRESS IN CENTRAL ACCOUNTING FOR CASH OPERATIONS OF THE GOVERNMENT

1948

1. OUTMODED STATUTORY REQUIREMENTS
   - U.S. Statutes Required Maintenance of the Warrant System of Accounts

2. CREATED AN ACCOUNTING PAPER MILL
   - Appropriation and Issue Accounts in the General Accounting Office and Disbursing Offices
   - Many Thousand Fledged Checking Accounts for Disbursing Officers with Treasurer, U.S.

3. WHICH RESULTED IN THE MAINTENANCE OF
   - Uncoordinated, Inconsistent, Incomplete and Duplicate Accounting

4. AND CONSEQUENTLY INADEQUATE SUPPORT FOR THE

SIGNIFICANT ELIMINATIONS

1963

1. BUDGET AND ACCOUNTING PROCEDURES ACT
   - Authorized Establishment of a Simulated System of Accounts

2. UTILIZING THE ACCOUNTING DATA OF
   - Departments and Agencies
   - Collection and Disbursing Officers

3. AS SOURCE DATA FOR AN INTEGRATED SYSTEM OF CENTRAL ACCOUNTS
   - Central General Ledger and Subsidiary Records of the Treasury

4. PROVIDING INTERLOCKING ACCOUNTING SUPPORT FOR THE

- Account of Advances for the Military Department