SEE GREAT MERIT IN NEW CITY PLAN OF BOOKKEEPING

Hyde Tells How Proposed System Will Cut Tax Rate.

COOPERATION EXPERTS GIVE THEIR SERVICES

Methods Evolved Said To Be Best In United States.

By Henry M. Hyde.

HERE'S where we all get excited! For why? They are going to change their system of bookkeeping over at the City Hall. Doesn't that sound thrilling?

For one thing it will save the city—once the new plan is adopted—a least $75,000 a year in one branch of bookkeeping alone. That is one went and more off the tax rate.

It is a new system of bookkeeping without books. It was invented in Baltimore. It is fast being adopted by the great public service corporations of the United States.

Come to think of it, the city government of Baltimore is the biggest public service corporation of them all.

HERE are some of the things the new plan of bookless bookkeeping will accomplish:

1. It will make it unnecessary for City Hall clerks to work overtime.

2. It will almost automatically mail bills to all taxpayers, so that a trip to the City Hall to get your tax bill will be unnecessary.

3. Balances due from former bills will appear on each new tax bill, so that each taxpayer will receive a full statement of all his indebtedness to the city.

4. It provides checks and controls which eliminate the common collection of and accounts accounting for all money due the city.

5. Frauds in assessment for taxes, such as are now in the courts, will be made almost impossible. Five men in as many different places would have to cooperate together to make such a fraud even remotely possible.

6. Audits can be made in any year, saving a large amount of money in branch of bookkeeping.

IT is generally agreed that at present the system of accounting in the District of Columbia is the best municipal system in the United States. Major Daniel J. Donovan is the auditor in charge of the municipal bookkeeping in Washington. He made a thorough study of the new system proposed for Baltimore.

Washington is no seven years ahead of all other American cities in its system of bookkeeping, says Major Donovan. When Baltimore adopts the new plan suggested for keeping its municipal accounts it will be 10 years ahead of Washington.

So that's that.

THE new plan of bookless bookkeeping for Baltimore was worked out by Mayor Jackson's Commission on Efficiency and Economy.

The people of Baltimore do not begin to understand that this commission means what it has done. It means that the leading experts of all the largest corporations in Baltimore have given their time, free, for months to study the business methods of the city and to make suggestions for their improvement.

This expert service, which no private corporation could secure at any price, has been given to the public without charge. Furthermore, subcommittees have been sent to study the systems in use in other cities, and the corporations which employ the members of these subcommittees have paid their expenses as well as their salaries.

It is an example of voluntary and unguaranteed service on the part of big corporations which is entirely without precedent anywhere else in the United States.

HERE, for instance, is a list of the members of the commission: Ezra B. Whitman, chairman; Norton, Bird & Whitman, engineers; William J. Casey, chairman; vice-president, the Continental Trust Company; John J. Elkin, controller, the Baltimor & Ohio Railroad Company; John C. Kirk, Pennsylvania Railroad Company; John C. Koontz, vice-president, the Chesapeake and Potomac Telephone Company; Arthur B. Lawrence, assistant manager, Baltimore works; General Electric Company; William H. Mullin, special counsel, United Railways and Electric Company; Richard Mommers, general superintendent, the American Sugar Refining Company; Howard R. Pratt, chief engineer, Western Maryland Railway; Geo. E. Proctor, Jr., treasurer, the Baltimor & Ohio Railroad Company; William Schmidt, Jr., secretary and assistant treasurer, Consolidated Gas, Electric Light and Power Company of Baltimore; Thomas W. Stingley, superintendent of real estate, Bethlehem Steel Company; Abraham L. Weinberg, treasurer, American Woolen Company; Henry J. Horn, executive secretary, and Edward S. Brittain, secretary.

The general committee on accounting, which gave itself to the study of bookkeeping methods, was composed of William Schmidt, Jr., secretary and assistant treasurer of the Consolidated Gas Electric Light and Power Company; John J. Elkin, controller of the Baltimor & Ohio Railroad Company; George E. Proctor, treasurer of the Baltimor & Ohio Railroad Company, and Abraham L. Weinberg, treasurer of the American Wholesale Corporation.

This committee put to work many months ago a large staff of expert accountants, who spent weeks in the City Hall studying, with the hearty cooperation of the city heads of departments and employees, the methods at present in use. Their findings were reported to a summarizing committee composed of three expert general accountants. They are O. J. Rider, Baltimor & Ohio; H. C. Greer, Chesapeake and Potomac Telephone Company, and J. E. Kasee, Gas and Electric Company.

FINALLY, with all the facts and findings before them, two experts were put to work to design and recommend the best possible system of billing for and collecting the revenue of the city. They are J. Irving Canon, revenue accounting department, Chesapeake and Potomac Telephone Company, and John G. Kimes, department of customers accounts, Gas and Electric Company.

Wednesday afternoon at 2 o'clock a meeting will be held in Mayor Jackson's reception room, which will be attended by all the heads of city departments and their assistants and by the members of the committees which have devised the new plan. At this meeting the steps will be taken to secure the final adoption of the plan by the City Hall.
NEW ACCOUNTING SYSTEM BORN OF WAR EMERGENCY

Hyde Tells How Gas Company Evolved "Bookless Bookkeeping."

ITS FAME SPREADS AS FAR AS JAPAN

City's Proposed Methods Based On Same Principles.

By Henry M. Hyde.

The Consolidated Gas Electric Light and Power Company used to spend about $40,000 every four years in opening a new set of ledgers in which to keep the accounts of its more than 200,000 regular customers. The ledgers were huge books with 45 lines on each page—one line for each month. When the page was filled it showed a formidable mass of figures.

The war and drew many men into the armies from the bookkeeping department of the gas company. At the same time a severe epidemic of flu laid up many of the remaining accountants. And then, to add the last straw, the four-year ledgers were nearly filled up. It was necessary to start at once to open new ledgers in which to keep the customers' accounts. And the employment department reported it was practically impossible to find, any where, the necessary number of bookkeepers to do the work.

What to do?

Many conferences were held in the office of William Schmidt, Jr., secretary of the company. It seems that 80 per cent of the 200,000 customers pay their monthly bills within 10 days of the time they are rendered. With them it was practically a cash business. Why not a lot of ledgers for them?

"What do we need ledgers for?" asked Mr. Schmidt. "Let's throw them out of the window!"

Expert accountants looked to see if the secretary had suddenly become insane. He didn't look it. And besides there seemed to be absolutely no chance to get the necessary ledgers opened in time.

Necessity was the wet nurse of invention. Half a dozen experts concentrated on developing a system which would work and which did not require ledgers.

And finally what has come to be known as the bookless system of bookkeeping was evolved.

As a first experiment it was put into force with the accounts of some 10,000 customers. Each bill showed not only the monthly amount due for gas and electric light but also all amounts due from previous months or for installations on merchandise purchased. Most of the posting was done by machinery. Two duplicates were printed at practically the same time. A machine was developed which made 125 impressions in a minute.

Within a year the system had been successfully put into force for all the more than 200,000 customers' accounts. The scheme worked.

In 1919 it was presented before the annual convention of the gas and electric light companies of the United States, where it was warmly received. But that was nearly five years ago.

Since then the bookless system of bookkeeping has attracted the attention of accountants from all over the world. Experts have come from all parts of the United States and from countries as far away as Japan and Czecho-Slovakia to study here in Baltimore the working of the plan. Some of them have spent weeks in going over all its details.

Gradually its use has spread among public utility companies, until at present it has been adopted by at least 150 of the largest gas and electric and telephone companies in the country. In the aggregate the savings which have resulted are very large.

No attempt has ever been made to patent or copyright the plan or any of its features. It has been freely given for adoption wherever it seemed practical.

It is an adaptation of this system which has been suggested for the use of the accounting department in the City Hall by Mayor Jackson's Commission on Efficiency and Economy.

Therefore in the City Hall what amounts to a new set of ledgers has been opened every year. Bills were made out annually for 170,000 people who pay taxes on real estate. To citizens who pay for water on the fluctuate basis went 391,000 bills. Personal property tax payers number 28,000 and those who are billed for minor privileges 22,000.

Recently some 22,000 people who buy their water on the meter basis are billed and 59,000 more for taxes for paving alleys and footways and sewer connections.

Altogether the City Hall must make out considerably more than half a million bills each year.

It is to save time and money in this work—as well as to prevent, so far as possible, errors and frauds—that the new plan has been suggested.
CITY PLANS 'SPENDING' BUREAU

Saving Seen In System to Take Care of All Disbursements.

A bureau of disbursements—a twin to the Bureau of Receipts—which will simplify spending of the city's money, is being formulated by accounting experts on the Mayor's Committee for Efficiency and Economy and will be put into effect some time this summer, City Comptroller R. Walter Graham said today.

The plans, by doing away with quadruple system of bookkeeping now in use, would throw scores of city clerks out of work. Under it all disbursements would be made directly through the Comptroller's office.

Unlike the Bureau of Receipts, which will require $50,000 for additions and alterations to office equipment, the bureau of disbursements will require very little money to be put into effect.

Tentative plans have the endorsement of Mayor Jackson. At present disbursements are recorded in the Highways, Water, Street Cleaning and other city departments and pass through three sets of books before they arrive at the Comptroller's office.

In transit, errors are frequently recorded on the ledgers, city officials said. The new system, by direct disbursements, will not only expedite payments and decreases the possibility of error, but also will save the city more than $50,000 a year.
KINES IS MENTIONED AS NEW BUREAU HEAD

Efficiency Subcommittee Member Reported In Lead For Disbursements Job.

John G. Kines, a member of a subcommittee of Mayor Jackson's Commission on Efficiency and Economy, is said to be in the lead among those being considered to head the new Bureau of Disbursements at the City Hall, it was reported today.

Mr. Kines is a member of the subcommittee that worked out the plan and helped establish the new Bureau of Receipts which has charge of collection of all municipal charges, including taxes and water rents. He has been at the City Hall almost daily for some months supervising the establishment of the new system.

Declines Appointment.

Recently Sherwood R. Murphy, chief accountant in the office of City Controller R. Walter Graham, was appointed to the place subject to a Merit System examination. A few days later Mr. Murphy declined to accept the appointment.

Mr. Graham then announced the place would be filled through the Merit System. At a conference soon with the Efficiency Commission details of the requirements to be asked of applicants will be worked out.

Mr. Kines, who shares the credit for establishment of the modern collection system for the city government, is being backed for the place as head of the disbursements bureau by members of the Efficiency Commission, it is reported.
FIRST BALANCE SHEET
SUBMITTED BY BUREAU

Shows Exact State Of Every
City Appropriation At
Glance.

The first monthly balance sheet of municipal expenditures, devised by the Economy and Efficiency Commission to exercise more efficient financial control, was submitted to City Comptroller R. Walter Graham today by the Bureau of Disbursements.

This department, planned by the commission, began to function January 1. Its first balance sheet covers operations for that month. It shows at a glance the exact condition of every separate city appropriation, whether tax levy or loan fund or derived from some other source.

Expenditures Shown.
Against each appropriation is shown cash expended from it, amount obligated by contracts, or work started and not yet paid for, and the net unencumbered balance.

In the past, under the old system which this replaces, appropriations often were overapplied. This resulted because additional outlays were incurred when the actual balance of the appropriations was much less than the cash remaining due to obligations not shown in the cash report.

Overspending Prevented.
Under the new system of checks and controls, the overspending of appropri-
Auditor's Request For 11 Extra Employees Surprises Mayor

Beck's Statement That Work Of Two City Bureaus Necessitates Increase Unexpected By Estimates Board Under Efficiency Commission's Plan.

Howard C. Beck, City Auditor, surprised Mayor Jackson and the Board of Estimates yesterday by asking for eleven additional employees on account of the operation of the Bureau of Receipts and the Bureau of Disbursements, established by the Commission on Efficiency and Economy.

"I thought the Efficiency and Economy Commission was going to lessen the work instead of increasing it and reduce the number of employees," the Mayor said. "I want to confer with members of the commission before the Board of Estimates takes any action on these increases." Mr. Beck's request was referred to the Mayor for action.

Mr. Beck said more auditors were necessary if the work of the two bureaus was to be carried on successfully.

 Asked About Mistakes.

"Have you found any mistakes in the accounts?" R. Walter Graham, City Comptroller, inquired.

"We have had numerous instances in which one amount was shown on the cashier's stub and a different amount shown on the auditor's stub," Mr. Beck replied. He said, however, such instances were due to "clerical errors, purely."

Mr. Beck submitted a long letter to the board, in which he made some sharp criticisms of the two bureaus, particularly the Bureau of Receipts.

"I am of the opinion," he said, "that some modification should be made of the transfer of unpaid items from the 1922, 1923 and 1924 tax ledgers to the 1925 accounts. This is particularly necessary because of those accounts on the old ledgers marked 'forward to 1925 tax roll' nearly 3,500 items of a face value of over $207,000 have not yet been entered on the 1925 accounts because of the inability of the clerks engaged thereon to find the accounts on which to make the charge."

Believes Errors Were Made.

"How many errors were made in the many thousands of items which were transferred in, of course, unknown. From the numerous errors made in the current bills it is to be presumed that they were not absent in the transfer process."

In his letter to the Board of Estimates Mr. Beck said the work involved in carrying on an audit of the city's accounts under the new form of organization of the Bureau of Receipts and the Bureau of Disbursements "makes it imperative that the staff of the auditor's office be materially increased."

In the past, he declared, it has been possible to verify the city collections of the Tax and Water departments, including statements, and the Comptroller and Register, with a staff of seven in addition to himself. This staff, he asserted, also checked the disbursement vouchers and pay rolls and verified the stock transactions.

Cites Need Of Auditors.

"In the new form of organization," he said, "I am required to furnish in the Bureau of Receipts an auditor for each cashier."

"In order to make prompt verifications of daily collections and to check with the distribution room I have found it necessary to strike totals several times a day for each cashier. This involves constant sorting and listing and requires two persons all the time. Delays in balancing are a frequent occurrence because of the difference between the auditors' and cashiers' stubs."

"As the general plan of the bureau contemplates that the receipts now made by the Comptroller's office shall, as soon as possible, be made by the Bureau of Receipts, it is altogether likely that at times three persons will be required on this daily verification work."

Says Work Is Slowed Up.

Mr. Beck declared he was unable to say how many auditors will be necessary on checking the credits to the taxpayers' accounts. Owing to the stub system of ledger accounts, he said, "the work of posting credits has materially slowed up. Where formerly it was a rare occasion to have more than six persons in the two offices posting credits, including abatements, from twelve to fifteen are now engaged daily. The auditors' verification of posting herefore has required the time of from three to four persons."

"With respect to the verification of the controlling accounts, which are the main safeguard of the new system, I am unable to make an estimate of the help required therefor, as no controls have been set up. Without these controls there is absolutely no safeguard around the package of ledger stubs, any individual account of which can be removed in a moment."

Mr. Beck said he would need nine additional auditors for the Bureau of Receipts, at $1,350 a month, and two more later for the Bureau of Disbursements.

Old System Blamed.

Members of the Efficiency and Economy Commission at the City Hall said it "could hardly be expected that the Bureau of Receipts or the Bureau of Disbursements would be working perfectly in so short a time." They said defects pointed out by Mr. Beck were the result of the old system of making up the assessment rolls and collecting taxes.

It was asserted that the city had lost any money through the failure of the bureau to enter the 3,500 items having a face value of more than $207,000, referred to by Mr. Beck.
BECK’S CRITICISM BRINGS CHARGES AGAINST HIMSELF

City Auditor Acused Of Putting Obstacles In Way Of Economy.

WORK OFTEN USELESS, THINKS ONE OFFICIAL

Mayor's Committee Expected To Send Sharp Reply To Fault-Finder.

By Henry M. Hyde.

NINE more auditors at once; two more a little later; a lot of confusion in accounts, and plenty of trouble ahead. Those were the high points in a letter sent by City Auditor Howard C. Beck to the Board of Estimates. The need for additional help and the impending trouble are declared by Mr. Beck to be due to the work of Mayor Jackson’s Economy and Efficiency Committee in installing central bureaus of collections and of disbursements. His letter contained severe criticism of both plans.

It is understood that the committee will send a letter to the Board of Estimates answering Mr. Beck’s charges and making none of their own. It is expected to reach the board in time for consideration at the meeting on Tuesday.

In the meantime a merry war is under way at the City Hall, and facts not generally understood are coming to the surface.

The conditions under which Mr. Beck is employed by the city are widely different from those affecting other employees. He is, in effect, a contract worker, being paid an annual lump sum of $10,000 to cover the cost of his office and the city’s accounts. In this work he employs and pays his son and six other clerks.

Mr. Beck came to Baltimore in 1914 as a member of the force of an expert accountant employed during the Preston administration to audit the books of the city. He presently offered to do the auditing for an annual lump sum, which was somewhat less than the amount previously paid. He has been retained ever since from year to year, the Board of Estimates appropriating $10,000 to cover the cost for each of the last two years. There has not been apparently, for a long time, any regular contract between the city and Mr. Beck.

At present the auditor and his clerks occupy part of the hallway outside the main entrance to the Council Chamber in the City Hall.

From the time the Committee on Economy and Efficiency started its first investigation into the accounts of the City Hall, it is declared that Mr. Beck failed to cooperate in any way and, in fact, they saw many obstacles in the way. The committee asked him at the start to make suggestions based on his long acquaintance with the accounting systems of the city. There was a considerable delay before a brief letter was submitted in which, it is understood, the inference was clear that these systems were not near perfection that improvements would be hard to make.

Counter-charges are made that the checking of vouchers and accounts as done by Mr. Beck and his force is of little or no real use to the city.

OFTEN," says one City Hall official, "the auditor will not get around to checking vouchers for four or five months after the money has been actually paid out. Perhaps in the last two or three years such checking has turned up clerical errors amounting to a couple of hundred dollars. But I have never heard of any really important discovery of any constructive work done.

"Once in a while some petty defalcation or other is discovered in the City Hall, but I do not recall that any of them has ever been turned up by the city auditor. The last case was that of the tax frauds. They were not detected until one of the assessors came to the hall and reported what had happened. The auditor knew nothing about it until after it had been figured out by the assessors."

ONE of the important things developed by the investigation of the experts of the Economy and Efficiency Committee was the existence of an accumulated deficit in the city accounts amounting to more than a million dollars, which was taken care of by an extra allowance in the 1923 tax rate.

The existence and continued growth of this deficit, it is said, was never emphasized by the reports of Auditor Beck. It remained for outside experts to point it out on the attention of the city authorities.

Ezra B. Whitman, chairman of the Committee on Economy and Efficiency, said yesterday that he had no reply to make at present to the charges presented in the letter of Auditor Beck. "Mayor Jackson has referred Mr. Beck's letter to us," said Mayor Whitman. "and we shall, of course, send our answer direct to the Mayor."

"I was a member of the joint committee of City Hall officials and outsiders appointed by the Economy and Efficiency Commission to study the systems in use in the City Hall," said Auditor Beck.

After a short time I was ignored. Meetings were held without notice to me. I did not feel like forcing myself in where I was not wanted.

"But so far as cooperation is concerned, at the request of the commission early in January I threw as much force into the work of mailing out the tax bills, and I spent over $1,000 out of my own pocket in helping them out."

"So far as my force not detecting many or important errors in tax bills, vouchers, etc., is concerned, I have now under investigation literally hundreds of tax bills in which one kind or another have been made. The auditor's office has also detected double payments for the same material bought by the city and has detected several small embezzlements in the city government. I recall one case in which we caught an overpayment of $800 in a single voucher."

"As long ago as 1916 I recommended that the city should establish better safeguards and checks on the handling of its funds, but nothing was done about it."

"I have devoted all my time to city accounting since 1902 and I am here to say that at present I am working for nothing. I am paying out more than I get from the city. My own personal income from the city has been about $2,500 a year."
ASKS THAT BECK BE REFUSED NINE ADDITIONAL AIDES

Efficiency Body Tells Mayor Auditor's System Is Ineffective.

ADOPTION OF A NEWER PLAN IS HELD CERTAIN

Belief Voiced That Existing Bookkeeping Bureau Will Be Scrapped.

The Efficiency and Economy Commission, in a letter to Mayor Jackson today, recommends that the request of City Auditor Howard C. Beck for nine additional auditors be refused for the time being.

The commission declared that municipal auditing under Mr. Beck's management has been ineffective, and has failed to protect the city against large deficits. The efficiency body also disclosed that a more modern system of auditing, is to be established as an integral part of the municipal government.

End Of Service Seen.

Adoption of these accounting plans, which seems certain, would mean, it is said, that the existing auditing bureau directed by Mr. Beck would be scrapped and his contract with the city terminated.

He has conducted the general city auditing work under an oral contract with the Board of Estimates, and is paid $10,000 a year for the work, out of which he pays the cost of operating his bureau.

Easy To Terminate, Belief.

Since the agreement he has with the city is merely an understanding, it is believed that it could be terminated whenever the Board of Estimates adopts the recommendations of the Efficiency Commission.

The commission announced that a general accounting of the statistical bureau under the City Comptroller is to be prepared. It would be centralized all general accounting, auditing and statistical work.

Would Supplant Bureau.

It would be a subdivision of the Comptroller's Department, and would take the place of the bureau conducted by Mr. Beck. As part of the duties of the new bureau recommended by the commission, a sub-bureau of general audits would be established, the chief of which will be responsible for the audits and report functions, now vested in Mr. Beck by oral contract.

Auditing work under Mr. Beck, in accord with the plan that has been in vogue for years, is entirely perfunctory and consists chiefly of the verification of extensions, totals, etc.; the commission declared.

Proof in Examination.

"An examination of this detail will prove conclusively that no controlling accounts had been installed by which could be measured the accuracy or inaccuracy of city transactions, and that the audit as made was performed after the real actions, namely receipt and disbursement, had long been accomplished," the letter reads.

"Under the old accounting system, deficits in appropriations and commitments further increasing deficits were ignored. Delinquent accounts, items due to the city for taxes and other services, since found to be considerably over $11,000,000, were disregarded."

The efficiency body stated that this audit system would not have been tolerated by private corporations, and that similar methods had been rejected by numerous cities throughout the country.

Answer to Criticisms.

The commission's letter in reply to criticism made by Mr. Beck regarding details of the operation of the new Bureau of Receipts, and to this extent of the Bureau of Disbursements, these criticisms were made by Mr. Beck in a letter to the Board of Estimates, in which he asked for nine additional auditors, because of the large amount of extra work which he declared the bureau had put on his department. Both the Receipts and Spending Bureaus were planned and installed by the Efficiency Commission.

In regard to Mr. Beck's request for more employees the commission wrote:

Commission Gives Reasons.

After due consideration, it is the earnest and unanimous recommendation of the Commission on Efficiency and Economy that the Board of Estimates defer any action upon Mr. Beck's request for reasons here and after set forth.

The Bureau of Receipts, Disbursements and Pay Rolls were the first steps in a plan contemplated to rehabilitate the accounting system in the city of Baltimore. There need be no comment, we believe, concerning the wisdom of establishing these departments. These bureaus are but stepping stones to the establishment in the near future of a general accounting and statistical bureau—a bureau under the Comptroller—wherein would be centralized all accounting and statistical work.

Sub-bureau For Audits.

A sub-bureau of general audits, part of the larger bureau, will conduct audits and make reports to the Mayor and Board of Estimates. This will give the city an auditing bureau whose full time will be devoted to this important work, the commission in contrast with the present contract system where those engaged in audit work for the city of Baltimore also are employed on outside audits. In reference to Mr. Beck's criticism of the Bureau of Receipts regarding the enormity of detail over the system installed, the commission stated that probably a lack of thorough understanding of the detailed plans occluded "these unimportant remarks." The commission's letter was signed by William J. Casey, vice-chairman.
PLAN WILL SCRAP AUDIT BUREAU, MAYOR DECLARES

Jackson Feels Beck Will Not Sever City Connection, However.

MAY BE MADE CHIEF IN NEW DEPARTMENT

Commission's Request For Refusal On More Jobholders Not Discussed.

Adoption of the Efficiency and Economy Commission's new accounting plans for the city government would mean the scrapping of the Auditing Bureau maintained by City Auditor Howard C. Beck under a verbal contract with the city, Mayor Jackson said today.

The change in methods, however, would not necessarily mean that Mr. Beck would have to sever his connection with the city, the Mayor pointed out. It may be that Mr. Beck will be employed to take charge of the new Auditing Bureau proposed by the commission as an integral part of the city machinery, Mr. Jackson said.

Silent On Recommendation.
The Mayor declined to comment on the commission's recommendation that Mr. Beck's request for nine additional auditors be refused for the present. Mr. Jackson said that he wanted to discuss the matter with the commission before taking it up with the Board of Estimates, to whom Mr. Beck made his request.

Mr. Beck is preparing an answer to the allegations made by the commission to the effect that auditing work under his management has been ineffective, failing to protect the city against deficits and delinquent accounts.

Was Double Answer.
The commission had made these charges in a letter to the Mayor, which was a reply both to Mr. Beck's request for more employees and to criticism made by Mr. Beck regarding alleged defects in the operation of the Bureau of Receipts and to a lesser extent of the Bureau of Disbursements. Both bureaus were planned and installed by the commission.

Anticipating favorable action by the Board of Estimates, Mr. Beck already has employed four of the additional auditors, and is paying them out of the amount he receives from the city under his contract. Mr. Beck intended to have these four employees and five more put on the city payroll. They had been asked by him to enable his bureau to cope with a large amount of extra work, which, he claimed, the two bureaus had put on his regular staff.

Gets $16,000 A Year.
Mr. Beck receives $16,000 a year for conducting the general city auditing. Out of this amount he pays the salaries of his staff and the expenses of the bureaus. He claims that with the addition of the four men made necessary by the extra work he is paying out of his own pocket more than he receives from the city each month.

In its reply to the criticism of Mr. Beck, the commission disclosed that the two bureaus complained about, as well as the new Payroll Bureau, were but steps in the establishment of a general accounting, auditing and statistical system for the municipal government, which would mean a bureau of audit and report working on full time, in contrast with the contract system, whereby it is possible for the city auditor's staff to do private as well as city work.
THOROUGHGOING COOPERATION NEEDED.

An idea of the magnitude of the work that is being done by the Efficiency and Economy Commission in designing a modern accounting system for the city may be had from the fact that thirty-four accountants have been engaged upon it. Some of them have been working on the plan constantly for eighteen months. The most difficult part of the commission's undertaking-installation of new methods in the City Hall—is now at hand. That will require time, patience and earnest cooperation of the various city departments.

The commission is confident that it has devised a system which is a great improvement on that in operation in any other city in the country, one that will compare favorably with systems used by the largest corporations. But its practical working in the City Hall will depend on whether there can be had service approximating in competency, faithfulness, integrity and industry that which private corporations demand and secure.

The commission stands back of its plan, but recognizes the dangers which confront it. It is to be hoped it will not weary in well-doing. It must continue to back up those in the city government who are striving loyally to do what should be done to put its scheme into operation. It should also be prepared to talk plainly when there is failure to cooperate.

The experiment will determine whether the city wishes to, and is prepared to, conduct its business with something approaching the economy, accuracy, safety and dispatch that prevail in private business.
UP TO MAYOR JACKSON.

When Mayor Jackson invited a commission of business men and experts to investigate the city's accounting system and recommend changes, he undertook this onerous task. He made it clear in the beginning that they would do so only if given a free hand. They pointed out further that the work would be useless unless politics was entirely ignored in its operation.

When members of the commission now hear a political factotum of Mahon and Kelly declare that this thing or that thing must not be done, they must feel as if their labor had gone for nothing. If political leaders or ward bosses are to be permitted to direct installation of the reorganization plan, they may as well be torn up. No serious-minded business men, who have expended months of time in overhauling the city's methods of handling its affairs, will feel like assuming responsibility for the practical operation of any plan if it is entered upon in a spirit of hostility or if politicians are going to hamstring it.

Politics and efficiency do not mix. When Mayor Jackson asked the Efficiency and Economy Commission to go to work, he burned his bridges. The commission now has the right to look to him to back it to the limit.

For more than a year there has been boasting in and out of the City Hall of the city's progressiveness, its high ideals, its splendid program by which Baltimore was to be taken out of the rut. There were to be inaugrated methods of municipal accounting that would place the city in a class by itself. We have been polite but patronizing toward visitors from other cities who have come here to go away marveling at what they were told was being done and at what was to be accomplished. We have accepted their praises and smugly told them they could probably do the same thing; that were there a will there was a way.

It has been broadcast that here business methods, nothing but business methods, were to prevail. But inauguration of them has not begun before the same old obstacles — politics, dry rot, inertia — that always interpose when efficiency in government is sought appear.

The whole experiment is based on belief that with proper official support the business of the city can be conducted with approximate honesty, economy and efficiency. It is not an easy reform to put into effect. It cannot be done at all unless there is resolute leadership in the City Hall. Half-hearted effort will get nowhere. The head of the municipality, Mayor Jackson, is the only man who can put the driving force behind the plans of the Efficiency and Economy Commission that will win success.
DENIES CITY AUDITS ARE PERFUNCTORY

Howard C. Beck Replies To Charges Of Efficiency Commission.

SENDS LETTER TO MAYOR

Points To Saving Of $911,488 In Tax Levy For Last Year.

Howard C. Beck, City Auditor, in a letter to Mayor Jackson yesterday, denied the recent charge of the Commission on Efficiency and Economy that audits made by his office for the most part were perfunctory.

In addition to challenging the criticism of the commission, Mr. Beck asserted that as a result of recommendations made by him concerning "overfed" sinking funds, which were concurred in substantially by the commission and finally put into effect, the city saved $911,488.78 in the tax levy for 1924.

These recommendations when they became effective also made possible the release of a considerable part of the park fund from interest and sinking fund demands so that it could be utilized for general park purposes, Mr. Beck continued.

Points To Saving.

The saving effected for the taxpayers in the 1924 levy as a result of his suggestions, Mr. Beck estimated at 131/4 cents on every $100 of assessment.

"At the rate of the auditing appropriation for the last three years ($10,000 per annum), the above saving, as a result of my report, would be sufficient to carry on the audit of the city's accounts for fifty-seven years," the letter stated.

The criticism of the City Auditor's office was expressed in a letter from the commission to Mayor Jackson March 18. Mr. Beck had requested the Board of Estimates for an appropriation to provide for nine additional members for the City Auditor's staff. The commission wrote the Mayor that it was the "earnest and unanimous" recommendation of its members that the Board of Estimates defer action because it was the intention of the commission to supplant the present audit system. Audits in the past, for the most part, had been perfunctory.

Calls it Question of Policy.

Of the commission's intention to provide within the city's organization a bureau of general audits to be responsible for all audit functions and to report directly to the Mayor and the Board of Estimates, thereby supplanting the present independent contract system, Mr. Beck wrote:

"This is a question of policy the wisdom of which I do not presume to controvert, there being excellent arguments for both methods.

Of the charge that the audits of his office had been perfunctory, Mr. Beck declared:

"I cannot, in justice to the faithful and efficient members of my staff nor to myself, permit this statement to go unchallenged."

Quotes Report For 1923.

As evidence of the meticulousness with which audits had been made by his department, Mr. Beck quoted at length from his report for 1923, which was incorporated as part of the City Comptroller's report.

Mr. Beck stated it was true, as asserted by the commission, that no controlling accounts of water rents and taxes had been installed. As far back as 1916, he asserted, he submitted a plan for this purpose, but the plan was rejected because of the expense involved.

Mr. Beck also denied the commission's assertion that "under the old accounting system deficits in appropriations and commitments (further increasing deficits) were ignored." He cited figures from many sources to support his denial.
DECLARES CITY OFTEN HAS PAID ITS BILLS TWICE

William J. Casey Outlines Findings Of Commission On Efficiency.

NAMES DUPLICATE INVOLVING $40,000

Says There Is No Reason For Making School Board Employe "Goal."

Duplicate payment of bills by municipal departments has not been
usual in the past, according to findings of the Commission on Efficiency and
Economy, as outlined yesterday by William J. Casey, vice-chairman.

Regretting the circumstances in which, he said, George F. Welghardt, director
of business management for the School Board, was made "the goat" because a
School Board coal bill was paid twice. Mr. Casey declared this instance, in-
volving $700, could not be ranked as a major offense. The commission, he
explained, learned that in one of the de-
partments a duplicate payment of more
than $40,000 was discovered within a
month from the original settlement.

Corrected Without Loss.

This duplication, it was learned, oc-
curred in a former administration of
the Water Department, the bill in ques-
tion being for pipe and castings. The
error was detected in the department
and was corrected without loss to the
city.

It should be "common knowledge" among city officials, Mr. Casey said,
that duplicate payment of bills has oc-
curred frequently in the administra-
tion of city affairs. Many departments,
he declared, were negligent in such
matters under the system which an-
ticated the present Bureau of Disburse-
ments. Investigations of the commis-
sion, he added, showed that usually the
duplications were discovered only when
merchants to whom the original indeb-
etness had been paid received payment
a second time and notified city authori-
ties by returning the money.
TIME FOR A SHOW-DOWN.

In considering the reorganization plans proposed by the Commission on Efficiency and Economy the public has the right to assume that they embrace reforms which are worth while putting into operation. The plans have been studied for many months by the best accountants in the city, men drawn from the Bethlehem Steel Corporation, the Baltimore and Ohio Railroad, the Gas and Electric Light Company, the American Sugar Refining Company, the Pennsylvania Railroad, the United Railways and other organizations employing large numbers of men and which have intricate accounting systems.

There is no expectation that a change in methods of accounting is going to bring about perfection in carrying on public business, but there has been expectation that the City Hall would accept suggestions advanced by these experts, test them fairly and cooperate royally in putting them into effect.

Every business man knows the difficulty of changing long-established ways of doing business. If this happens where an individual is the boss with unlimited right to hire and fire, the obstacles to success in administration of city affairs are obviously far greater. Even in private business reform cannot be brought about without the intensive effort and loyal support of employees. If effort is obstructed by politics, inefficiency, stubbornness and deliberate desire to make trouble, progress is impossible.

Attention was directed in these columns yesterday to the situation in the City Hall, where the head of one of the most important bureaus is also chairman of the Democratic City Committee. No business man would tolerate such a state of affairs and the taxpayers of Baltimore have reason to ask why they should be expected to put up with it.

The taxpayer is also concerned to know why greater progress is not being made in the Bureau of Receipts, why some of the economy and efficiency promised by the Commission on Efficiency and Economy is not being brought about.

When reorganization of this department was inaugurated 106 employees were transferred to do it. It was stated at the time by the commission that this was forty-two more men than were necessary for proper conduct of the bureau. And in making this statement the commission, it was understood, was discounting the efficiency of a municipal employee thirty-three per cent. as compared with an employee doing similar work in private business.

We have here one of the first tests of the value of the commission's recommendations and the diligence with which the administration is going to operate them. Nothing that has come out of the City Hall gives reason to believe that real progress is being made. On the contrary, there are repeated reports of dissatisfaction with recommendations and disinclination to cooperate, accompanied by plain intimations of effort in some quarters to block the whole program.

If Mayor Jackson did not intend to put the whole power of his administration behind the plans of the commission, he should not have asked it to undertake so enourmous a task. Furthermore, his experience both in business and politics must have made him aware that in a matter of this kind nothing can be accomplished without resolute purpose to push ahead regardless of obstacles, and to demand and enforce loyal and intelligent support on the part of city employees from top to bottom.

If that sort of support is not forthcoming, if political jobholders are to be permitted to have a hand in the reorganization business, efficiency and economy are going by the board.