SOMETHING NEW

A decision of the Indiana Supreme Court in a case involving a municipally owned public utility is of interest as defining the rights of the municipality. The case is of further interest because it arose out of an effort on the part of the city to operate the enterprise on a business basis.

The issue grew out of a ruling by the Public Service Commission that the city was compelled to render service at cost, not including interest on investment. Curiously enough, though the charge is frequently made that municipalities which undertake to operate public utilities juggle their figures and pay little attention to cost accounting, hiding deficits and making them up out of the tax levy, in this instance the city sought to have its authority to include interest on investment in cost of operation upheld. Its contention was sustained, though the court did not agree that it could also impose charges to take care of taxes which would have been received if the plant were operated by private capital.

There is no insuperable difficulty to accurate accounting in the operation of a municipally owned utility, and it would be of material aid in settling a long-standing controversy over the comparative merits of private and public operation of utilities if more municipalities installed a system of cost-accounting which would stand up under attack.
Mayor Jackson Arranging To Send To Council Tuesday Proposed Ordinance Providing For Organization Of Long-Deferred Cost-Accounting Bureau

By WALTER L. ALEXANDER
City Hall Reporter of The Sun

Mayor Jackson is arranging to send to the City Council on Tuesday the last of his departmental reorganization plans for the present.

It will be in the form of a proposed ordinance providing for the organization of the long-deferred cost accounting bureau, one of the units recommended to the Mayor in his first administration by the Commission on Efficiency and Economy.

Charities Change Postponed

The Mayor has let it be known that because of the depression he had decided to postpone the reorganization of the Board of Supervisors of City Charities into a general welfare bureau. Organization of such a bureau was one of his campaign promises.

"This is no time to disturb the present organization of the charities board," the Mayor said.

Headed By Towers

The board is headed by Albert G. Towers, who also is president of the Municipal Commissioners of Finance, and, as such, will be a member of the reorganized Commission on City Plan, the personnel of which is to be completed after the passage of an ordinance now in the Council.

The Mayor, in his campaign platform, which is set in a frame in one of his offices, said the Board of Supervisors of City Charities "is performing a fine service in the management of the City Hospitals (old Bay View) and its supervision of the city's expenditures for charitable purposes."

"But," he added, "it does not have the means or equipment to take part in the general welfare work now expected of the municipal government."

Wants Problem Studied

He said that when he was ready to set in the matter of reorganizing the board he would have the whole problem studied by competent persons, "with the view of having the board planned on a more modern and scientific basis."

The personnel survey of the city departments, now in progress, is a part of the general reorganization plan that will be carried forward with all speed possible, the Mayor explained.

Its real purpose is to determine whether the departments are overmanned, as has been claimed. Clerical and other positions are to be reclassified and duties and salaries standardized.

Personal Sketches Included

Clerks and others are engaged in the work under the direction of Norman W. Hill. They are going into all the departments, making efficiency and other charts and gathering brief personal sketches of employees.

One of the City Hall clerks said he had been asked who his grandparents were and their age, if living, and if not living when they died, at what age, etc. He gave it as a sample of the questions put to him by the personnel clerks.

Expect Results From Dinner

The Mayor says he expects "a lot of good" to come out of his dinner to the municipal and police officials a week from tomorrow night.

It will be a "get-acquainted" party and an innovation in city management.

"I want the officials of the city government and the officials of the Police Department, from Commissioner Gathier down to the lieutenants, to know each other and their public duties," the Mayor said, "so that they will be in a better position to cooperate in giving Baltimore the very best service possible at a minimum cost to the taxpayers."

The Mayor asserted "keeping down the cost of government" would be the keynote of the dinner, to be given at the Southern Hotel at 6:30 P. M.

Frills To Be Eliminated

"There will be no dinner coats nor frills of any character," the Mayor pointed out, "and no oratory—just plain business talks and explanations of what each man does as he is called upon to stand and is introduced."

The Mayor may or may not have got the idea of better acquaintance-ship in the public service from an instance he recalled at a conference in his office one day last week.
BOOKKEEPING BUREAU
PLANS BEING PUSHED

Mayor Perfecting Program For
Coordinating Accounting
Work In Single Unit

A plan for the establishment of a
general bookkeeping bureau as a unit
of the city government is being
whipped into shape, Mayor Howard
W. Jackson announced today.

The scheme is that recommended by
the Commission on Efficiency and
Economy that functioned in his first
administration. He said an ordinance
putting the plan into effect would be
submitted to the City Council within
the next several days.

The new bureau will be directly un-
der the authority of the Mayor and
will have several subdivisions. One
will prepare statistical information.
Another, according to the original
plan, would maintain cost accounts
showing comparatively the cost of
municipal projects. The bureau would
set up and maintain general accounts
covering the whole field of the
finances of the city and would prepare
a balance sheet whenever desired.

Would Transfer Employees

Mr. Jackson said most of the per-
sonnel of the new bureau could be
recruited from among the accounting
and clerical forces now on the city
pay roll. Sherwood R. Murphy, a
trained accountant and head of the
Pension Bureau, is one of those being
considered to take charge of the pro-
posed bookkeeping department.

The municipal government as now
organized does not contain a unit as
comprehensive as that proposed. There
are accounting divisions, but they
function within departments. In ad-
dition, there is an auditing bureau
for routine checking of accounting
processes and for special investiga-
tions.

Would Keep Master Accounts

The new department would be simi-
lar to the general bookkeeping units
of big corporations. The purpose of
such a bureau in the municipal gov-
ernment would be to maintain the
master accounts dealing with the
city's receipts and expenditures on a
broad basis.

The accounting divisions now func-
tioning within the departments would
be to some extent under the control
maintained by the general bookkeep-
ing department.

It has been estimated that the new
bureau would require the services
of fifteen to twenty accountants and
clerks. It would require also books
and other equipment. The cost of es-
ablishing and manning it would be
provided from the departmental con-
tingent fund controlled by the Board
of Estimates.
MAYOR TO SEND COUNCIL AUDIT BUREAU BILL
Will Take Final Step Today In Plan For Cost-Control System

EFFICIENCY GROUP SUPPORTS MEASURE
Believed At City Hall Fallin Will Be Named To Head Department

The final step in the plan to provide the city with the machinery necessary for future planning, as well as to establish means of safeguarding current expenditures, will be taken today by Mayor Jackson. He will send to the City Council a proposed ordinance creating a Bureau of Control and Accounts, recommended by the Commission on Efficiency and Economy in its first administration and urged by the new Commission on Governmental Efficiency and Economy.

Accountants Provided
The ordinance will provide for the appointment of a chief accountant, an assistant chief accountant, a cost accountant, a general bookkeeper and such other assistants as may be required.

"The Bureau of Control and Accounts will have general supervision and control of all the accounting and bookkeeping of all the officers, boards, departments and commissions of the city government," the Mayor said yesterday, "and will be responsible for installing and maintaining a complete and modern system of accounting that will at all times reflect the financial condition of the city of Baltimore.

To Install Cost System
"The bureau, in addition to keeping general accounts, will install a cost accounting system, so that data will be available to determine, by comparison, whether costs, as to all purchases made by the city, are being kept at a minimum.

The new bureau will keep a complete physical and cost record of all property owned by the city so that it will be possible to prepare accurate statements as to liabilities and resources as to any branch of the city government, or as to all of it, to determine the cost to the taxpayers of each department and service, and to have at hand accurate information upon which to fix rates for utilities, such as the water supply.

Would Combine Bureaus
"It was suggested originally that four bureaus be created, but two of these—disbursements and pay roll—are already in existence, and the other two—general accounts and cost accounts—I am suggesting be combined into one bureau to perform the functions of both.

"With this feature of business procedure installed there is no reason why the finances of the city cannot be managed so that the city will live within its income and only engage in projects within its means. At least, the way to provide the public and the City Planning Commission, including the Board of Finance Commissioners, with detailed information as to the financial condition of the city will be established."

Monthly Statements Planned
Among other things, the ordinance will direct that general operating statements be submitted to the Mayor and City Comptroller at least once a month, and complete statements of municipal incomes and expenditures once a year.

The Mayor is authorized to organize the bureau by appointing the chief accountant and his assistants. Immediately thereafter the entire force will be blanketed into the classified service of the Merit System, and future appointments, to fill vacancies, will be made by the City Comptroller from eligible lists prepared by the City Service Commission after Fitness tests.

Transfers Authorized
In making the first appointments, the Mayor is authorized by the terms of the ordinance to transfer to the bureau "any person already employed by the city of Baltimore and performing similar services to those established in said bureau."

The duties of the chief accountant will be identical with those now performed by Herbert Fallin, budget clerk and Director of the Bureau of Disbursements. He will prepare all general financial statements, compile data for the annual ordinance of estimates, prescribe and supervise such accounting methods as will afford opportunity to prevent unnecessary expenditures and also expenditures not authorized by law.

Cost Records Provided
He will install and maintain proper cost-accounting records for every agency of the municipal government. Another duty will be the maintenance of a complete physical and cost record of all property owned by the Mayor and City Council of Baltimore.

The Mayor said he had several men under consideration for chief accountant, but would not announce this or any other appointment until after the passage of the ordinance creating the bureau.

It is believed at the City Hall, however, that Mr. Fallin will be placed at the head of the bureau.

Casey Recalls Plan
Recalling that the Commission on Governmental Efficiency and Economy had recommended the establishment of the control bureau and that the former Efficiency and Economy Commission which he headed had asked for the bureau as one of its last official acts, that such a department be set up, William J. Casey said yesterday: "That system is the final chapter in the modernizing of the accounting system of the municipal government. It is the keystone of the system.

Will Be "Of Great Service"
"It will be of great service to the Mayor and to the financial officers of the city in keeping them in close and accurate control of the operations of the entire city. As a matter of fact, there is no general accounting now in operation in the system in the sense understood in business operations of the size and complexity of the city of Baltimore."

"One of the great advantages will be that the city can produce a true balance sheet of its financial position. It also will prevent the piling up of hidden deficits and the passing of them from one administration to another. It also will prevent any window-dressing on the part of an administration to make the public believe it is balancing its budget when it really isn't.

Ignored By Browning
"This was one of the most important recommendations of the old Efficiency and Economy Commission at the end of its work and was ignored by the Browning administration and when the new commission was formed it was one of the first things it took up. "One of the divisions of this system, cost accounting, will maintain a monthly control of the cost of what the various departments of the city government are doing. Every business man will realize the desirability of this."
COMPLETING THE REFORM

Creation of a Bureau of Control and Accounts will complete the plans inaugurated in Mayor Jackson's first administration for supervision of the city's financial affairs.

The scheme was worked out by the Commission on Efficiency and Economy with the aid and advice of expert accountants loaned the commission by a number of our large corporations. The aim is to put the city's accounting system on a sound basis as that of a well-managed private corporation, so that at all times a true picture of the municipality's financial status may be had.

As set before the public, the taxpayer may be inclined to think that he is being saddled with heavy additional outlay for a new bureau and large additions to the pay roll in order to achieve the ends sought. The understanding is, however, that under the reorganization there will be little increase in either personnel or cost, the needs of the situation being largely met by transfers from other departments.

Demand for economy in government is so insistent at this time that it should not be necessary to urge the Mayor to exert every effort to set up the new system of supervision without the customary sequel in such matters—more men and more money.
ACCOUNTS BUREAU
ORDINANCE SIGNED

Herbert Fallin Expected To
Be Placed At Head Of
New Department

OTHER BILLS APPROVED

One Changes Name Of Lorman
Street To Poplar And An-
other Is Repealer

Mayor Jackson yesterday signed the
ordinance creating a bureau of con-
trol and accounts at the City Hall.
It is believed in municipal circles
that Herbert Fallin, budget clerk and
director of the Bureau of Disburse-
ments, will be placed at the head of
the new bureau, the general func-
tions of which are to be similar to
those of Mr. Fallin's present bureau.

Transfers Authorized

The ordinance authorizes the Mayor
to transfer to the new bureau any em-
ployees of departments, bureaus or
commissions. There is to be a cost-
accounting division in the new bu-
reau and it may be placed in charge
of an engineer as principal assistant to
the chief accounting officer.

The new bureau was planned by the
Commission on Efficiency and Economy
in the Mayor's first administration,
but the project was dropped by the
Brown administration.

To Go In Merit System

The employees of the new bureau,
including the chief accountant, are to
be placed in the Merit System, and
vacancies are to be filled from eligible
lists prepared by the City Service
Commission after fitness tests.

Mr. Jackson signed two other ordi-
nances yesterday. One changes the
name of Lorman street from Ellamont
to Gwynn's Falls Park to Poplar street.

The other repeals the ordinance of
1908 authorizing the condemnation,
opening and grading of Race street
from Hanover street bridge to the in-
tersection of the southern boundary of
the city and Hanover street, Brooklyn.
A GOOD TIME TO TRY

The new bureau of control and accounts to be created in the City Hall will be welcomed because it is calculated to save money by strengthening the city's accounting methods and because the understanding is that no new jobs are to be made.

There are two ways to keep down the pay roll. One is to refuse to enter upon activities which necessitate additional employees. The other is to fill no vacancies that occur unless the position demands a character of service that cannot otherwise be carried on by the department affected. In this connection it may be noted that one item in the program of economy, recommended by the President to the Congressional committee now having the matter under consideration, is absolute prohibition "against filling civilian vacancies, except key positions." In the course of a year such an order would embrace thousands of jobs.

If observance of the two rules suggested above means that the public must go along without some of the service it has been accustomed to have, and without embarking upon new activities which some of the public may wish, nevertheless try it out. The experiment presents an opportunity to ascertain whether better results cannot be permanently obtained out of the expenditure for municipal salaries and wages. The city pay roll account this year is $19,454,361 out of a total tax levy of $42,876,275. Any good business executive, confronted by need of drastic economy, would study such an item in his budget with a highly critical eye.

The city cannot be expected, for many reasons, to disrupt the machinery of its operation by wholesale discharge of employees. That is the last step and would not be tolerated except in the case of direct emergency. But it is not too much to ask that all agencies of government recognize that the time has come for an about-face in the business of adding to pay rolls and that earnest study be given the matter of reducing them. An excellent place to begin is with vacancies. Leave them vacant when at all possible.
MAYOR NAMES PERSONNEL OF CONTROLS UNIT

All City Accounting To Be Centralized In New Bureau

HERBERT FALLIN APPOINTED CHIEF

Group To Be Transferred From Water Department Force

Mayor Jackson yesterday made public the personnel of the Bureau of Controls and Accounts created by an ordinance of the Mayor and City Council for the purpose of centralizing all city accounting under one head.

The bureau will be headed by Herbert Fallin, Director of the Bureau of Disbursements. There will be a general bookkeeper, at a salary of $2,600, and a junior accountant, at a salary of $1,100. They are the only new positions.

Transfers To Be Made

The following will be transferred from the Bureau of Water Supply to the new bureau, at the classifications and salaries named:

- William C. Thayer, cost accountant, $2,600
- Adam A. Stein, senior accountant clerk, $2,000
- Louis C. Appel, principal accountant clerk, $2,000
- Leroy E. Sherwood, senior accountant clerk, $1,500
- George H. McKeever, senior clerk, $1,500
- Joseph U. Gilman, senior clerk, $1,500
- Harold D. Mergilis, senior clerk, $1,500
- Carroll M. Pautkus, senior clerk, $1,500
- Arthur E. Logan, senior clerk, $1,500
- Augustus G. Hair, senior clerk, $1,500
- Louise V. Matulka, senior stenographer, $1,500
- Margaret C. Newman, junior clerk, $1,300
- Clarence B. Shaw, junior clerk, $1,300
- Samuel J. Melaff, Jr., general inspector, $1,300
- Edward A. Murray, general inspector, $1,300
- Aubrey J. Adams, general inspector, $1,250
- Joseph U. Issacs, junior appraisal engineer in the Bureau of Sewers, is to be transferred to the new bureau at his present salary of $2,100.

To Submit Resolution

A resolution to be submitted to the Board of Estimates Tuesday authorizing these appointments and transfers will say:

"From time to time, as the work of the bureau develops, the Mayor, in accordance with the provisions of Ordinance No. 188 (creating the bureau), will transfer such additional personnel as may be available in existing departments, and also, in accordance with said ordinance, there shall be created by the Mayor such additional new positions at salaries to be fixed by the Board of Estimates, as may later be necessary to effect a permanent organization of this bureau."

Bureau To Be Developed

The bureau, which is to be a part of the Mayor's City Hall reorganization plan, is to be developed step by step. It is to have general supervision and control of all the accounting and bookkeeping of all the offices, boards, departments and commissions of the city.

It is to maintain at all times a complete and modern system of accounting that will reflect the financial condition of the city resulting from income accrued and liabilities incurred, property owned and funded obligations, estimated revenue and appropriations authorized, cash received and disbursed, "and any other factors involved in the preparation of accurate financial statements."

Fallin's Duties Outlined

The chief accountant (Mr. Fallin) is to keep all general accounts of the city government, prepare all accounts and records necessary to be kept by all municipal officers, boards, departments and commissions for proper accounting procedure, prepare all general financial statements, compile all data for the annual ordinance of estimates (tax levy budget), prescribe and supervise such accounting methods as will afford opportunity to prevent unnecessary expenditures, and also all expenditures not authorized by law.

He also will install and maintain proper cost accounting records for every agency of the municipal government, and maintain a complete physical and cost record of all property owned by the Mayor and City Council.

General operating statements are to be submitted to the Mayor and City Comptroller at least once a month, and complete statements of the municipal income and expenses and assets and liabilities at least once a year.
Mayor Howard W. Jackson today announced the appointment of his brother, William A. Jackson, to the position of general bookkeeper in the newly created Bureau of Controls and Accounts.

The brother, who is 32 years old, lives at 3303 Harview avenue. He was graduated in 1928 from the Havre de Grace High School and then completed a business course at a local business college. From 1929 to 1939 he held a number of bookkeeping positions. In 1939 he went into the lumber business with the Mayor. Subsequent to the closing of this business after the war, he held positions with other lumber concerns.

The salary of the position is $2,600. The incumbent, however, must contribute $300 under the plan whereby employees give to the city from their salaries to balance this year's budget.

The mayor also announced the appointment of W. J. Edelen as junior accountant in the new bureau. His salary is to be $1,000, less a contribution of $150.

Both appointments were made by the Mayor under the powers of the ordinance creating the bureau. The two positions were created by a resolution of the Board of Estimates which also fixed the salaries. The ordinance empowers the Mayor to create any new positions necessary for the bureau and to name the first incumbents. All those appointed to the unit immediately become members of the classified service and their successors are to be named from eligible lists of the City Service Commission.

Herbert Fallin, head of the Bureau of Disbursements, has been named as acting director of the new unit. He will continue to hold both positions without any addition to his pay.
RAISES ISSUE ON CREATING CONTROLS UNIT

Merit Board Questions Right Of Council And Mayor In Matter

FITNESS TESTS HELD NECESSARY

City Solicitor Will Be Asked For Ruling On Legal Point

The commission discussed the legal phase of the situation from various angles, emphasizing the far-reaching effect of such power in the hands of the Mayor and City Council. It could be exercised, in the opinion of Walter L. Clark, president, and his associates, William H. Lawrence and Ralph F. Proctor, to the extent of making the commission a useless body.

Mr. Clark and Mr. Lawrence, who are lawyers, said they would make independent studies of the question.

Objects To Lack Of Competition

It was pointed out that the commission would have to create new classifications for the Mayor's brother and Mr. Edelen, as well as for additional appointments in the Bureau of Accounts and Control, the Mayor is authorized by the ordinance in the case to make.

The commission would have nothing to say about inducting the appointees into office, as there is no provision in the ordinance for fitness tests, called for by the charter, and opening the positions to competition. This lack of competition is one of the features of the situation Mr. Clark said he did not like.

Seeks To Amend Charter

Commenting on the action of the commission, the Mayor said he proposed to carry out his plan to submit proposed amendments to the charter to the voters in the Presidential election next fall.

These amendments, he asserted, would embody all the changes he has made in connection with his City Hall reorganization plans, some of which partially have been put into effect by ordinance of the Mayor and City Council.

The charter will be brought up to date after a thorough study of the needs of the city government from an administrative standpoint, the Mayor explained. Departments will be enlarged and strengthened wherever found necessary to create a more modern form of government, he added.

The commission approved the temporary appointment of Dr. Thomas R. O'Rourke, 194 West Madison street, to a position as a specialist in the Health Department, pending a fitness test for the preparation of an eligible list from which a permanent appointment will be made.

Dr. O'Rourke will succeed Dr. Henry L. Sinskey, whose resignation was announced by Dr. Huntington Williams, Director of Health, in a letter to the commission.
Key Men Omitted

Mr. Casey pointed out that the five key men recommended by the commission and their qualifications were omitted from the ordinance creating the bureau. These key men were:

Assistant Comptroller.
Chief of the Bureau of General Accounts.
Chief of the Bureau of Disbursements.
Chief of the Bureau of Cost Accounting.
Chief of the Central Pay Roll Bureau.

"We would have preferred, and so expressed to you," Mr. Casey said, "to have had the entire personnel selected by the City Service Commission. You held that the first appointments to the key positions should be by your selection. We adopted your wishes in a spirit of full cooperation, but specified in the ordinance we proposed exact qualifications as to each of these key positions.

"The form of the ordinance we proposed did not permit avoiding the City Service Commission in selecting the rest of the personnel for this new department."

The Mayor placed Herbert Fallin, director of the Bureau of Disbursements, in charge of the new bureau as acting head, and as chief accountant, instead of the Deputy Comptroller.

With the exception of the general bookkeeper and junior accountant, Mr. Fallin's assistants were transferred from the Bureau of Water Supply and the Bureau of Sewers. Under the terms of the ordinance the Mayor is to make other appointments, as the work of the bureau progresses. He is authorized by the ordinance to induct them into the classified service of the Merit System without action by the Service Commission.

Referring to the omission from the ordinance now in force of the provision that the head of the bureau shall be designated as Assistant Comptroller to give him an independent status, Mr. Casey said:

"It now appears that under present plans the head of the department is also to continue as the head of the Bureau of Disbursements. This is contrary to sound accounting practice, as the Department of General Accounts must countercheck the operations of the Bureau of Disbursements, and the two departments should not therefore, be under the same direction.

"We also fear that this ordinance would still permit accounting practices that would defeat the major purpose of this new department, viz., the establishment and maintenance of the exact financial position of the city—that there would still be the possibility of a continuation of the bad practice of window-dressing the financial statement of the city so as to hide essential facts, particularly where there is an undisclosed deficit in the current budget.

"In the ordinance that we presented such a practice would immediately make the head of such department amenable to law for malfeasance in office."

Mayor Awaits Ruling

Mayor Jackson declined to comment on the action of the City Service Commission in holding up the pay of his brother and Mr. Edelen, except to say:

"I welcome, and shall be glad to have, a ruling by the City Solicitor on the right of the Council to pass the ordinance and authorize me to make appointments to positions in the bureau."

Mr. Marshall began the preparation of his reply to the City Service Commission and said he hoped to complete it tomorrow.
CASEY ASSAILS SET-UP IN CITY ACCOUNTS UNIT

Charges Efficiency Commission's Recommendations Are Ignored in Procedure

An attack on the methods used in organizing the new municipal Department of General Accounting was launched yesterday by the Commission on Governmental Efficiency and Economy.

In a letter to Mayor Jackson, William J. Casey, chairman of the Commission, charged that the Commission's recommendations were not being followed and as a result alleged "window dressing the annual financial statement of the city, so as to hide essential facts," might be continued.

FIVE OMITTED.

The ordinance authorizing the department, Mr. Casey said, omitted the five key men as suggested by the Commission. They are: Assistant Comptroller, chief of the Bureau of General Accounts; chief of the Bureau of Disbursements; and chief of the Bureau of Cost Accounting and chief of the Central Payroll Bureau.

Mr. Casey's letter continued:

"As I advised you in our communication of March 14 we were unanimous in the conclusion that the ordinance as then prepared by the city was inadequate in provisions to secure the proper administration of this most vital municipal function. Accordingly, we presented to you in the form of a rough draft what our staff and our accounting consultants who had developed the plan thought was indispensable for the effective functioning of this new department.

CITING PROCEDURE.

The procedure set forth in this rough draft of the ordinance defined the qualifications of the personnel necessary for the capable handling of the work. It also provided for a complete autonomy of this department. It further made mandatory on the head of this new department the maintenance of this accounting system independent status in this regard. The terms of the ordinance made malfeasance in office any failure to maintain the full accounting procedure established for this department.

"We would have preferred, and so expressed to you, to have had the entire personnel selected by the City Service Commission. You held that the first appointments to the key positions should be by your selection. We adopted your wishes in a spirit of full co-operation, but specified in the ordinance we proposed exact qualifications as to each of these key positions. The form of ordinance we proposed did not permit avoiding the City Service Commission in selecting the rest of the personnel for this new department.

PROVISION OMITTED.

"There is omitted from the ordinance now in force the provision that the head of this department shall be designated as Assistant Comptroller, being the purpose to give him by this title rank that would define his independent status. It now appears that under present plans the head of this department is also to continue as the head of the Bureau of Disbursements.

"This is contrary to sound accounting practice, as the Department of General Accounts must counter-check the operations of the Bureau of Disbursements and the two departments should not, therefore, be under the same direction.

"We also fear that this ordinance would still permit accounting practices that would defeat the major purpose of this new department, viz., the establishment and maintenance at all times of the exact financial position of the city; that there would still be the possibility of a continuation of the bad practice of window dressing the annual financial statement of the city so as to hide essential facts, particularly where there is an undisclosed deficit in the current budget. In the ordinance that we presented such a practice would immediately make the head of such department amenable to law for malfeasance in office."

CASEY EXPLAINS.

Asked to explain the charges, Mr. Casey said:

"Previous to and during the first Broening administration city departments carried unpaid accounts from one year to another in order to annually show a balanced budget on paper.

"In the first Jackson administration this operation was completely wiped out through the general reorganization by the old Efficiency and Economy Commission. By this reorganization the first Jackson administration made a splendid demonstration of the collection of taxes and thus enabled the city to show a real surplus each year.

"In the second Broening administration the old plan was again brought into action and a surplus was shown, on paper, by the shifting of certain surplus funds. This method of carrying unpaid accounts from one year to the next in order to balance the budget. We feel that the ordinance authorizing the Department of General Accounting is not worded in such a manner as to avoid this mistake in the future."

REFUSES TO COMMENT.

Mayor Jackson refused to comment on Mr. Casey's letter, but said he will do so in writing.

City Comptroller R. Walter Graham said he knew nothing concerning the carrying of unpaid accounts from one year to the next in order to balance the budget. He said often bills were received too late to be paid one year and thus automatically were paid the next. Further than that he refused to comment until he had read Mr. Casey's letter.
MAY AMEND BUREAU OF CONTROLS PLANS

Jackson Points Out Measure Creating Financial Board Can Be Changed

The ordinance creating the new Bureau of Controls and Accounts is to be made a part of the City Charter, and at that time any revisions in the plan deemed necessary will be made, Mayor Howard W. Jackson said today.

He made this statement when questioned about criticisms of the organization of the bureau voiced by William J. Casey, head of the Commission on Governmental Efficiency.

Creation of such a unit in the city government to maintain a check on its financial condition first had been proposed in detail by the efficiency body that functioned in the Mayor's first administration. This recommendation was taken up by the succeeding commission of which Mr. Casey is the head and has been the subject of conferences between him and the Mayor.

To Reply To Letter

Mayor Jackson said he would reply to Mr. Casey's letter, but did not want to discuss it at this time. This matter is the second in recent months about which the municipal administration and the commission have been at odds.

The Mayor rejected the recommendation of the body for a municipally owned and operated garbage incinerator in the lieu of the city's plan to put garbage disposal and refuse collection under a contract.

The commission had contemplated an independent bureau. A organized under the Mayor's plan Herbert Fahn, head of the Bureau of Disbursements, is acting as director of the new accounting unit which is staffed by two special appointees of the Mayor, the legality of whose appointments is disputed by the City Service Commission and by transfer of personnel from other bureaus.

In effect, with the commission, under the organization put into effect by the Mayor, there is no assurance of the discontinuance of certain practices which result in concealment of deficits through a manipulation of surpluses, Mr. Casey stated. This criticism is said to refer to the city's practice in regard to liabilities that accrue at the end of the year, but which are not paid until January of the following year. These liabilities are not levied for in the year they accrue but in the year in which they are paid.
CAUSE FOR UNEASINESS

The criticisms directed by the Efficiency and Economy Commission at the organization of the new Bureau of Control and Accounts, as established under the direction of the Mayor, touches only incidentally upon the matter of appointments to the bureau without requiring fitness tests before the City Service Commission. The strictures go much deeper.

The Efficiency and Economy Commission is chiefly concerned, apparently, at the creation of a new department in the City Hall, and of new jobs, under an ordinance that is "inadequate in its provisions to secure the proper administration" of a vital municipal function. The commission, which participated in the early discussion of the need of a bureau, fears that it will be held responsible by the public for any shortcomings disclosed in the operation of the bureau and has written the Mayor in order to clear itself of any subsequent blame in the matter. The main purpose of the ordinance was to provide means by which a true picture of the city's financial position could be had at any time.

The commission asserts that, under the setup that has been set up, there remains the possibility of continuation of the "bad practice of window dressing" so as to hide essential facts and to conceal deficits in the current budget. These representations, coming from the body that has practically evolved the whole scheme of reorganization of municipal machinery the city has been putting into effect in the past few years, will cause uneasiness. It is regrettable that such a misunderstanding has arisen and Mayor Jackson should find a way to eliminate it.
MAYOR ANSwERS CASEY CRITICISM

Promises To Confer With Expert On Bureau Of Control And Accounts

Mayor Jackson yesterday replied to the letter of William J. Casey, chairman of the Commission on Governmental Efficiency and Economy, criticizing the basis on which the Bureau of Control and Accounts was organized.

Mr. Casey told the Mayor he failed to plan the bureau along the lines recommended by the original efficiency and economy body and readopted by the new commission. He offered to discuss the matter with the Mayor or any one he might name for the purpose, "in the hope that it is not yet too late to restore the original plan."

Promises Cooperation

The Mayor said in his reply: "I shall be delighted to call upon you and your commission in this and all other matters in the future, as I have done in the past.

"With sincere appreciation of your personal services and the services of your commission in the past and anticipating your continued cooperation."

The control bureau is the one in which the Mayor appointed his brother, William A. Jackson, general bookkeeper, and whose pay has been held up by the City Service Commission because of a legal dispute over the right of the City Council to create the unit and authorize the Mayor to install his brother and other new appointees in the Merit System without fitness tests by the commission.

Oppose Incinerator Plan

Mr. Casey and his commission also have taken issue with the Mayor on the city administration's plans for a garbage and rubbish incinerator plant on Reed Bird avenue, opposing the proposed contract system and advocating that the city build and operate the plant.

They suggested a restudy of the garbage and rubbish problem, but the Mayor rejected their recommendation, and bids for the contract will be opened by the Board of Awards next Wednesday.

The eighteenth set of specifications for the incinerator contract was issued by Bernard L. Crozier, Chief Engineer of Baltimore. It was applied for by James McNally, 333 St. Paul street.
Mayor Tells Casey He Wants His Help

Letter Urging Cooperation Follows Controls Bureau Controversy

Mayor Howard W. Jackson in a letter today to William J. Casey, chairman of the Commission on Governmental Efficiency and Economy expressed his willingness to continue to receive the cooperation of the body in regard to matters in controversy or any future questions that may arise. Mr. Jackson's letter was very brief. It was in response to one of the commission finding fault with the plan of organization of the recently created Bureau of Controls and Accounts. It was made clear in Mr. Jackson's reply that he did not wish to carry on a discussion in the form of letters. The Mayor’s communication follows:

"Acknowledged your letter on June 4th re. Bureau of Controls and Accounts. Shall be delighted to call upon you and your commission in this and all other matters in the future, as I have done in the past. With sincere appreciation of your personal services and the services of your commission in the past, and anticipating your continued cooperation, I am, yours very truly."

In effect, the commission found the Mayor's plan for the bureau wanting because it did not provide for the independent status recommended when the proposal was first put forward. The organization of the bureau first had been proposed by the Efficiency Commission that functioned in the Mayor's first administration. The plan was revived by the present body and proposed again after conferences with the Mayor as to the plan of organization.
CITY SERVICE GROUP BACKS ORDINANCE

Bill Creating Bureau of Accounts and Control Given Approval

COURT ACTION PLANNED

Walter H. Buck To File Taxpayer’s Suit To Test Validity Of Measure

Accepting the ruling of Robert E. Lee Marshall, City Solicitor, the City Service Commission yesterday approved the ordinance creating the Bureau of Accounts and Control and authorizing the Mayor to select its personnel and induct new employees into the Merit System.

The commission immediately released the paychecks of William A. Jackson, brother of Mayor Jackson, as general bookkeeper of the bureau, and of William J. Edelen as junior accountant, held up for two weeks.

Buck To Institute Suit

Walter L. Clark, president, said the commission had been advised that a taxpayer’s suit, to test the validity of the ordinance, would be instituted by Walter H. Buck, acting president of the Maryland Civil Service Reform Association.

Mr. Buck attended an executive meeting of the Service Commission, at which the ordinance was given approval and the paychecks released. Mr. Marshall also attended the meeting. Mayor Jackson was present for a short time, leaving to keep another engagement.

Mayor Welcomes Action

It developed that Mr. Buck recently told the Mayor of a movement to take the ordinance into court. Mr. Buck could not be reached last night. The commission said the suit would be entered “very promptly.”

“I will be glad to have the courts pass on the legality of the right of the City Council to pass the ordinance,” the Mayor said.

Legal questions involved in the controversy were discussed at length by the Service Commission, with all three members present, as well as Mr. Buck and Mr. Marshall.
FINDS STATE TAXES OVERPAID BY CITY

Young Orders Records Checked Back To 1925 In Effort To Learn Total

REIMBURSEMENT MADE

Bureau Of Receipts Deducts Sums Discovered From Monthly Remittances

Overpayments to the State of its share of taxes collected in Baltimore since 1925 are being investigated by Thomas G. Young, City Collector.

The exact amount of the overpayments is not known, but the figure discussed at the City Hall yesterday is from $12,000 to $15,000.

It was said the State was overpaid $12,000 in 1927, shortly after the creation of the Bureau of Receipts.

City Being Reimbursed

Mr. Young said he was having the payments to the State checked back as far as 1925. He made it clear that the city was being reimbursed, the Bureau of Receipts deducting overpayments, as they are disclosed by checkers, from the monthly remittances to the State.

The city annually collects between $3,000,000 and $4,000,000 in taxes for the State. Collections last year amounted to $3,794,707.65.

New Bureau Finds Errors

Said to have been due to a faulty system of controls, the overpayments were discovered by the Bureau of Controls and Accounts, established by Mayor Jackson several months ago in the course of a check-up of the records for the files.

They were reported as "clerical errors" in making up remittances to the State that could not be charged to anyone in the Bureau of Receipts.
AN EXCELLENT SYSTEM

The statement of appropriation and revenue accounts, together with cash balances, issued by the Department of Finance, tells the story of the city's financial status for the first five months of the year. The report also contains comparative data for the same items last year, giving the public a complete picture of municipal operations which any taxpayer can read and understand.

Although the budget for the current year was cut approximately $6,000,000 under the budget of the previous year, the city operated for the five months ended May 31 well within appropriations for this period. Expenses in May, debt excluded, were $786,000 less than for May of last year. Receipts from taxes for the five months showed an increase over the same period of 1932 of approximately $575,000. There were unencumbered balances of $25,484,727 out of total budgetary appropriations of $42,434,028, indicating that the city is keeping a tight check on outlay and that, unless there is a material drop in tax collections, a deficit, such as occurred last year, will be avoided. It is so important to avoid a deficit that there should be no hesitation, if an unanticipated shrinkage in collections occurs, to cut the cost to fit the cloth.

It is doubtful that any city in the country has a system of accounting which gives the taxpayer in greater detail the facts bearing on municipal operations. The system is an immense advance upon the slipshod method of bookkeeping in vogue but a few years ago, and is to be credited to the efficiency and Economy Commission's excellent scheme of reorganization and to the Mayor's cooperation in putting it into effect.
Mayor's Brother's Job Under Attack

Court of Appeals Heirs Argument On Validity Of Ordinance

Merit System Is Issue

Former Clerk On Reemployment List Challenges Right To Make Appointment

[By the Associated Press]
Annapolis, Oct. 11—The validity of a section of the ordinance of April 9, 1932, authorizing Mayor Jackson to organize the Bureau of Controls and Accounts, appoint the employees and place them in the classified service of the Merit System was questioned in a case argued in the Court of Appeals today.

The Mayor's brother, William A. Jackson, is involved in the case. He was appointed general bookkeeper for the bureau, and given a permanent berth in the Merit System.

Herbert Fallin, Director of the Budget and Director of the Bureau of Disbursements, was placed at the head of the new bureau as chief accountant.

Picked Without Examination

The Mayor's brother and William J. Edelean, junior accountant, were appointed without competitive examinations by the City Service Commission, and their names were added to the classified roster on June 6, 1932, by the Service Commission.

Francis King Carey and Miss Victoria K. Robertson filed a bill of complaint in the Baltimore City Circuit Court asking that the portion of the ordinance authorizing the Mayor to appoint employees in the bureau be declared null and void in that it was in opposition to the Merit System law and rules. The court sustained a demurrer to the bill filed by the city.

Miss Robertson is a former employee of the City Comptroller's Department and is on the reemployment list of the Service Commission. For that reason she claims she is entitled to one of the positions.

The appellants in the case are Mayor Jackson, Walter L. Clark, Ralph F. Proctor and William H. Lawrence, constituting the City Service Commission, and N. Walter Graham, City Comptroller.

In the brief submitted by Walter H. Buck and D. Heyward Hamilton, Jr., attorneys for the appellants, it was pointed out that at the time of the appointment of Jackson and Edelean Miss Robertson was, under the rules of the commission, the only person whose name was on the reemployment list as a senior account clerk and "at the same time there was not, nor since that time has been, listed the name of any person in that class on the eligible list kept by the commission."

Claims She Alone Was Eligible

It was alleged that under a commission rule Miss Robertson was the only person eligible for certification to the appointing officer of the bureau.

R. E. Lee Marshall, City Solicitor, and J. Francis Ireson, Assistant City Solicitor, in their argument declared a court of equity has no jurisdiction to determine the validity of an appointment made by the executive department of the city; that the complainants have complete remedy at law; that a court of equity assumes jurisdiction of a cause to protect only civil or property rights and not political rights and that the bill of complaint is defective because of a want of parties.
PUT CITY ASSETS
AT $436,084,787

Total Liabilities Placed at
$217,512,621 in First
Complete Financial Statement

The first complete financial state-
ment in Baltimore City's history,
said to be the most complete and
modern produced by the officials of
any municipality in the United
States, was being studied by Balti-
moreans today.

The statement is the report of
the Bureau of Control and Accounts
and was prepared under the direc-
tion of Herbert Pallin, budget direc-
tor and the city's chief accountant.

It presents the city's financial con-
dition at the end of the calendar
year 1933.

$436,084,787 in Assets

It shows the total assets of the
city on Dec. 31, 1933, to have been
$436,084,787, with total liabilities
of $217,512,621, leaving a balance
in the city's favor of $218,572,165.17.

Current assets were $13,170,642.71,
with unpaid taxes amounting to
$7,742,586.72, the largest item among
the accounts receivable, which, in
turn, accounted for $10,328,568.92 of
the current assets. Current liabilities
were $4,009,985.83, leaving an ex-
cess of $9,167,646.83.

Jackson Enthusiastic

The statement shows taxes due
according to the years for which
they were levied, indicating that
only slightly more than $1,009,000
is due for years preceding 1933.

Mr. Pallin and Mayor Jackson
were enthusiastic over the results
of the first year of their accounting
experiment. "Our disbursement and
cost accounting systems," Mr. Pal-
lin said, "have been the object of
wide interest throughout the coun-
try and has enabled us to know
where we stand."
A GOOD WORK

The financial statement prepared by the director of the municipal budget, Herbert Fallin, is the first complete report of the financial status of the city that has been presented. It resembles the balance sheet prepared for a large private corporation and it is not surprising to hear Federal expert accountants refer to it as entitling the city to claim the best accounting system to be found in any municipality in the country.

The report represents much labor in the City Hall. It gives assurance that, after years of effort, the city's bookkeeping methods have been so perfected as to enable it to present an easily understood analysis of the city's financial condition, a proper accounting of its assets and liabilities and inventory records of consumable and permanent property. There has also been installed a system of control of accounts receivable and disbursements, enabling monthly reports to be made showing the exact state of departmental appropriations, expenditures and encumbrances. This is valuable information for the public.

These accounting reforms have been exceedingly difficult to achieve, and now that the city has the benefit of them, it should never permit them to be abandoned. But they cannot be retained unless there is a personnel in the City Hall, free from the blight of politics, which looks upon a public career as permanent. It is far easier to destroy than it is to build up such a system as is now being perfected and the chief danger to it is in the never ceasing effort to use City Hall jobs for political patronage. That gateway must be zealously guarded.
It was on July 30, Mr. Beck's thirty-eighth birthday, that he was notified of his appointment to the BERG. He was born in Detroit, but moved to Washington at the age of 15. He finished high school there, and attended George Washington University for a time. He came to Baltimore and began work in the municipal offices when his father, who had been deputy city comptroller in Detroit, contracted to audit the books of the city's Board of Estimates.

He saw service in France with the Sixty-sixth Engineers, and returned to his work here with the rank of sergeant.

When the Bureau of Audits was created, upon the recommendation of the Commission on Efficiency and Economy, Mr. Beck was appointed City Auditor by Mayor Jackson.

Mr. Beck is slightly below medium height, has light curly hair that is beginning to gray at the temples, blue eyes, and a light complexion. He is married to the former Miss Mabelle Mischener, of Somerset, Md., and they have four children, Elaine, Marjorie, Howard C. 3d, and Mabelle. Their home is at 3013 Ferndale avenue, Howard Park.

In his spare time, Mr. Beck makes motion pictures of his family and friends, and has kept a pictorial record of the growth of his four children. He has a projector at home, and often stages his own movie entertainments. He is fond of water sports, and likes boating.

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KEEP UP THE DRIVE

A table prepared by Budget Director Herbert Fallin shows that municipal departments as a whole are staying well within their budgetary appropriations for the year. Mr. Fallin has been conservative heretofore in his estimates of the probable results of municipal operations. Consequently, he commands attention when he indicates that, with continuance of an economical rate of expenditure, the surplus on December 31 will be $800,000. Hope is encouraged that the balance will equal the slightly less than $1,000,000 which was saved last year.

The issuance each month of a complete analysis of municipal expenditures up to date, with a comparison of the expenditures for the same period of the preceding year, is one of the most important checks on overspending that have been put into effect in the City Hall. It should incite rivalry among department heads to put their best foot foremost, and it gives the whole picture and is invaluable in keeping the public in close touch with what is being done with its money. The need of continued pressure for economy is obvious in view of the probable demand that will fall upon Baltimore next year to assume a larger share of the very large cost of unemployment relief.

The city cannot afford to spend a dollar that can be saved without the impairing of essential services. Even should compilation of the taxable basis, shortly to be completed, relieve anxiety that the basis may show another decrease, the future is entirely too uncertain to warrant the slightest lessening in the effort to accumulate as large a surplus to carry over into 1935 as can be had.
CITY ACCOUNTS SYSTEM HELD UP AS MODEL

Baltimore Plan Studied
By Experts From 43 States And Canada

MONTHLY REVENUE REPORTS STRESSED

Association Urges Uniform Methods For All Municipalities

Baltimore's accounting system is to be studied in connection with a plan of national bodies to develop a uniform accounting practice for all municipalities in this country, it was learned today.

Leading the movement for reform in community bookkeeping is the Municipal Finance Officers' Association of the United States and Canada. Other organizations are cooperating.

At a recent convention of the association in Philadelphia a committee was named to study the subject and submit a uniform bookkeeping scheme.

MONTHLY REPORTS STRESSED

One of the principal items of the Baltimore system to be studied will be the monthly report, which shows revenue expenditure totals for every department, as well as the amounts available for expenditure during the balance of the budget period and the sum remaining to be collected to make outgo and income balance. This document is prepared about the middle of each month by Budget Director Herbert Fallin.

Copies of a recent report were on exhibit at the Philadelphia meeting, which was attended by Mr. Fallin.

43 STATES REPRESENTED

Delegates were present from forty-five States and from Canada. Both state and municipal governments were represented by the officials present.

Informal discussion of the Baltimore scheme developed the fact, according to Mr. Fallin, that very few cities have as comprehensive an accounting practice as is in effect here.

Prior to the convention he had sent out several hundred copies of a recent report in response to requests from accounting officials of other cities. A large number of copies also were asked by an accounting journal for distribution among communities.
Custom Leads,
Law Follows

We note that the truth of the old saw that all is but the affirmation of custom is given further support in a recent enactment of the City Council. The matter has to do with the title by which Herbert Fallin is known. He is the C-y Hall expert on figures, whether they pertain to income or outgo.

For years he was called the "budget clerk." Then the Bureau of Disbursements was created and he was placed in charge. Thereafter for part of the year he was referred to as head of the bureau but during the period when the new tax rate was being determined, he was called the "budget statistician." It was realized that this title was inadequate inasmuch as he did as much advising as figuring.

And now for several years he has been known at all times as the "Budget Director." A recent ordinance giving legal basis to the creation of an accounting bureau of which he also is head makes the new designation his official title.