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6 JUN 1963

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MEMORANDUM FOR: Deputy Comptroller

SUBJECT : Discontinuance of Certain Book Segregations of Cash
on Fiscal Division Records

- REFERENCES :
- (a) Memorandum for Chief, Technical Accounting Staff, from Chief, Budget Division, dated 30 October 1961, Subject: Discontinuance of Use of Accounts 21X6050 and 21X6875
 - (b) Memorandum for the Record, dated 22 October 1956, Subject: Special Deposit Accounts for Income Taxes Withheld
 - (c) Proposed Revision No. 10, Chart and Description of Accounts, Fiscal Division

1. Reference (a) authorized the discontinuance of the use of certain special deposit Treasury symbols used up to the time of that memorandum for recording cash equal to Agency's liability for withholdings for U.S. Savings Bonds and Trust Deposits, respectively. Reference (a) specified that general ledger segregations of the respective categories of cash should continue to be maintained. Accounts 113, Disbursing Funds - Deposit Funds (By Classes), and 114, Disbursing Funds - Suspense, have been maintained to meet that requirement.

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2. The requirement for the general ledger segregation was considered by Mr. [REDACTED] to be necessary in keeping with an oral commitment by the Agency in 1951 or 1952 to U.S. Treasury and GAO officials. We understand that the cited commitment was made at the time Treasury appropriation accounts on a fiscal year basis were discontinued in favor of a "no year" special deposit account subject to the understanding that the Agency would continue to maintain book segregations of cash which would reflect the same balances as would have been reflected in appropriation year accounts had they been continued.

3. Reference (b) indicates that the GAO and Treasury agreed to the discontinuance of the use of a special deposit Treasury symbol account for cash representing the liability for Federal Income Taxes withheld. Although the memorandum makes no specific reference to the need for continuing a general ledger segregation of such cash, the fact is no such segregation of cash has been maintained.

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4. Attention was focused on the fact situation discussed in paragraph 3, above, in a recent consideration of the basic reasons for maintenance of accounts 113 and 114. It is our conclusion that the basic situations are analogous insofar as accounting principles are concerned. Therefore, current revision number 10 of the Chart and Description of Accounts, Fiscal Division has been prepared to include provision for discontinuing the requirement for the separate accounts in order to provide an appropriate simplification of the Fiscal Division accounts.

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5. Mr. [REDACTED] concurrence in this proposal was requested inasmuch as he had signed reference (a). Mr. [REDACTED] does not concur, however, as it is his view that the commitment cited in paragraph 2 is applicable and that it would be improper to discontinue the general ledger cash account segregation. He was not aware of the existence of the fact situation discussed in paragraph 3, above, and believes it too is at variance with the aforementioned commitment.

6. We believe no meaningful purpose is served by the maintenance of book segregations of cash to equal the liability for U.S. Savings Bonds and Trust Deposits. The balance of these two accounts as of 28 February 1963 in comparison with the liability for Federal Income Taxes Withheld for which no corresponding cash segregation was maintained were as follows:

U.S. Savings Bonds
Trust Deposits
Federal Taxes Withheld

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It is apparent that the Federal Taxes Withheld item is considerably more significant than either of the other two items.

7. Inasmuch as the specific subject matter of this memorandum, though closely related, was not directly involved in the 1951-52 commitment, and in view of the relatively lesser degree of substance involved, we believe it is proper to resolve the question of the need for book segregations of cash equal to the liability for U.S. Savings Bonds Deductions and Trust Deposits on its merits without reference to the commitment cited in paragraph 2.

8. For your general information, it has been our intention for some time to prepare a staff study on the more significant question of the need for book segregations of cash for appropriation fiscal years since the real benefit of such segregations has been under question for several years. The most recent report of audit of the Fiscal Division recommended that this Office consider discontinuance of the cash account segregations by fiscal


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year. We have not had the time as yet to prepare such a study but expect to do so in the near future.

9. It is recommended that you approve reference (c) which includes provision for discontinuing accounts 113 and 114.

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Chief, Technical Accounting Staff

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