

SETTLEMENT OF CLAIMS.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

TO

The chairman of the Committee of Claims, in relation to the prompt settlement of claims in the Treasury Department.

FEBRUARY 2, 1864.—Laid on the table and ordered to be printed.

TREASURY DEPARTMENT,
January 18, 1864.

SIR: I beg leave to enclose a report of the Second Auditor of the Treasury in response to inquiries made by you, as chairman of the Committee of Claims in the House of Representatives.

It will gratify you to observe that the principal cause of delay, arising from want of room for the accommodation of an increased clerical force, having been partially removed, and the force largely though still insufficiently augmented, the settlements are now made with much greater promptitude and rapidity than heretofore. Five thousand four hundred and thirty-five more claims were settled than were received during the months of December and November. It is my hope that sufficient room may soon be obtained for all clerks that are needed for the prompt despatch of this important business.

I agree with the Auditor, that the bill proposed by the Hon. Mr. Fenton in the House will, if it shall become a law, greatly facilitate the settlement of these meritorious claims, and share his conviction that nothing has been left undone that could be done by any bureau, with the same room and force, to settle them at the earliest possible moment.

I trust it will be possible within a short time, by the aid of the legislation now in progress, so to bring up all work of this description as to leave no cause to complain of delay to any one.

Very respectfully,

S. P. CHASE,
Secretary of the Treasury.

Hon. J. T. HALE,
Chairman Committee of Claims, H. R.

TREASURY DEPARTMENT,
Second Auditor's Office, January 14, 1864.

SIR: In compliance with your request, and in reply to inquiries relating to the claims of deceased and discharged soldiers, and to the causes of delay in their settlement, made by Hon. James T. Hale, chairman of the Committee of Claims of the House of Representatives, I have the honor to report:

That such claims have been generally settled up to the 31st of December, 1862, where the rolls could be obtained; and in cases where the muster and pay rolls for November and December embraced also the months of January and February, 1863, settlements are being made to the latter period.

On the first day of January, 1862, there were on hand and unsettled of this class of claims, one thousand eight hundred and seventy. There were settled during the year, thirteen thousand four hundred and sixty-seven.

On the first day of January, 1863, the number on hand and unsettled was, thirty-seven thousand three hundred and fifty-four. The number settled during the year was, forty-five thousand seven hundred and sixty-seven; and there remained on hand unsettled, on the first day of January, 1864, seventy-four thousand five hundred and ninety.

A variety of causes have contributed to delay the settlement of this class of claims. Inability to obtain the necessary rolls, defective rolls and insufficient proof of death, may be referred to as among them; but the principal cause of this vast accumulation is chargeable to an insufficiency of clerical force.

This subject has been the constant source of deep solicitude. In my annual report, under date of November 19, 1861, and some three months after I was placed in charge of this bureau, the following language occurs:

"By reference to the monthly reports from this office, made to your department since the close of the fiscal year, it will appear that there has been a constant and rapid increase of its business beyond the capacity of my present clerical force to perform, and that in some of its divisions there has been an accumulation of unsettled claims. This has been unavoidable.

"The present clerical force in this office was intended to be, and is, only adequate to the prompt settlement of the current business arising under the peace establishment of the army, demanding an annual expenditure of twelve or fourteen millions of dollars. It is limited by law to one chief clerk, eleven clerks of the third class, seven of the second, and three of the first.

"During the Mexican war, and for several succeeding years, the force was increased to forty-nine clerks, and yet the business fell sadly in arrear, and the delay attendant upon the adjustment of claims and debts against the government was the occasion of great inconvenience and injustice to claimants and creditors.

"The true interest of the government, as well as justice to claimants, demands that settlements should be made promptly and without delay. To accomplish this object, a sufficient force of competent accountants should be employed, to prevent an accumulation of claims in the office.

"If the increase of the army and its expenses during the Mexican war created a necessity for more than doubling the number of clerks in this office, it will be apparent that the business growing out of the employment of an army of half a million of men, and the disbursements of three or four hundred millions of dollars per annum, will require a much larger clerical force in the offices auditing war accounts and claims.

"In view of the recent increase of the business, I believe that, within the next six months, at least fifty additional clerks will be necessary to perform the current work of the office, and I hope that you may deem it proper to urge upon Congress the necessity of authorizing such a temporary increase of the clerical force as a prompt adjustment of claims may require."

The attention of Congress was invited to the recommendation, and in the following May the authority for a general increase of clerical force in the Treasury Department was given; but at that time the current business of the office had so increased that, notwithstanding the additional force which the Secretary had assigned to it in anticipation of the action of Congress, it became necessary to employ a large portion of the additional force in registering, briefing, examining and filing claims and letters, and in attending to the correspondence necessary to prepare the claims for settlement.

With the increase of clerks came the necessity for suitable rooms for their accommodation. Earnest efforts were made by the department from time to time to obtain them at my request, but only with partial success, as the other portions of the building were wanted for the accommodation of bureaus of other departments.

As the files of this office embrace all the vouchers of disbursements for the pay of the army, the purchase of ordnance and ordnance stores, for recruiting, for medical and hospital purposes, and for the Indians, since 1817, they could not with propriety be removed into a building not fire-proof, and thus expose them to destruction; and no suitable building other than the one now occupied could be obtained. Nor could settling clerks be detached and distributed in other buildings without seriously impairing the efficiency of the office, and increasing the risk of losing the muster and pay rolls, which are usually vouchers in paymasters' unsettled accounts, and borrowed from those accounts to settle the claims of deceased and discharged soldiers. Under these considerations, no course could be pursued but to fill such rooms as could be obtained with clerks, and use every possible effort to keep down the accumulation of business until suitable rooms for a sufficient clerical force could be obtained. This has been done, and there has been no time since the first allowance and appointment of additional clerks to this office, in 1862, when the rooms have not been filled beyond their capacity for convenience and health.

Since the 22d day of September last, about sixty clerks have been added to this bureau to occupy the rooms vacated by the removal of the office of the Fourth Auditor to the treasury building, and, as the general details of its business had been provided for, nearly the whole number were assigned to the duty of settling soldiers' claims. They were entirely unacquainted with the principles or details involved in such settlements, and will yet become more effective as they become more familiar with the business; but it gives me pleasure to inform you that, through their aid, five thousand four hundred and thirty-five more cases were settled than were received in the months of November and December. The number of cases settled in October, was four thousand nine hundred and ninety; in November, six thousand four hundred and forty-six; and in December, nine thousand six hundred and ninety.

It may be fairly estimated, that, under favorable circumstances, settlements may be made at the rate of about ten thousand a month without any further increase of clerical force; and that, by the middle or last of August next, all claims now in the office, where the necessary evidence can be obtained, will be settled. During the last six months, the receipts of applications have fallen off several thousand from those of the six preceding months, or of the corresponding months of 1862; so that, while the delay now existing in making settlements will be constantly diminishing, it must diminish more rapidly as the business of the last six months of 1863 is reached, and so continue until the shortest period within which settlements can be made will have been attained.

More room is needed for the convenience, comfort, and health of the clerks than is now assigned to this bureau. With the exception of four, the rooms are not large, are lighted by but a single window, and are without any proper ventilation; yet eight clerks, and occasionally nine, are compelled to work in each of these rooms. If it shall be deemed advisable to expedite the settlement of

accumulated claims by a still larger temporary increase of clerks, additional office-room is imperatively required.

Allusion has been made already to some other causes of delay. Although settlements are still delayed by the want of the pay and muster rolls necessary to settle the accounts, there is reason to believe that an administrative examination of the paymasters' accounts *in the order in which payments are made* will remove that obstruction, and place the rolls in possession of this office as rapidly as they may be required.

The bill proposed by the Hon. Mr. Fenton, in the House of Representatives, if enacted, will remove the difficulties which now exist in relation to evidence of death, and also as to payments and allowances to soldiers in hospitals, and, if strictly enforced, will very greatly facilitate the settlement of claims.

Sharing in the anxiety often expressed by you that this class of claims should be settled at the earliest possible moment, as a solemn duty of the government to a class of citizens suffering by reason of patriotic sacrifices, nothing has been left undone that could be done by this bureau to accomplish that end; and it gives me great pleasure to assure you of the zeal and patient industry with which the clerks in this bureau have struggled to meet the almost overwhelming demand upon it.

I have the honor to be, very respectfully, your obedient servant,

E. B. FRENCH,
Second Auditor.

Hon. S. P. CHASE,
Secretary of the Treasury.

PAYMASTER GENERAL'S OFFICE,
Washington, December 21, 1863.

SIR: I have the honor to forward herewith a copy of a communication from the honorable James T. Hale, chairman of the Committee of Claims of the House of Representatives, dated December 19, 1863, and requesting information with regard to the delay in settling the claims of deceased and disabled soldiers in the offices of the Paymaster General and Second Auditor, with any suggestions to remedy the same that can be offered.

In reply to this communication, I would respectfully submit the following report:

As regards disabled soldiers, who are discharged from service on account of wounds or disability, their final accounts are not settled in the office of the Paymaster General, but by the various paymasters in the field, or at the numerous posts where such paymasters are stationed throughout the country. I am not aware of the slightest delay in the settlement of such claims having occurred, nor has any well-founded complaint of that character ever been made to this department. On the contrary, it is believed that the discharged soldiers have been paid with commendable promptness. These soldiers are required to have certain discharge papers, which contain a statement of the amount of pay, clothing, &c., due them at the time of their discharge, and according to which the paymasters settle their accounts. These papers are made out by their company officers in the field, or surgeons in charge of the hospitals from which they may be discharged, and the paymasters have no control whatever over the same, but must be guided conclusively by what is stated in them. These papers are often grossly defective or incorrect, and the soldiers or the United States are thereby (as the errors are on one side or the other) made the losers, by the ignorance or carelessness of the officers who thus make out these discharge papers. The only remedy that can be suggested for this evil is to require greater care on the part

of such officers in the performance of this duty, and to punish as a military offence any neglect or omission in making out correct discharge papers.

By act of 3d March, 1863, the one hundred dollars bounty, previously granted to soldiers who had served two years, was allowed to all soldiers who were discharged on account of wounds received in action before having rendered such two years' service. The paymasters were instructed to pay the claims under that act at the same time that they settled the arrears of pay, &c., due such disabled men on their discharge papers.

The Second Auditor of the Treasury, however, refused to pass any accounts of paymasters for such disbursements, and directed that the same should be at once suspended. The reason given by the Second Auditor was, that Congress had made no appropriation for the payment of such claims. All payments of such bounty to wounded men were, therefore, suspended under this ruling of the Auditor, and all claims under that act are still unsettled.

This department was and is ready to pay this bounty as soon as authorized by proper authority.

As regards the settlement of the claims of deceased soldiers, I would respectfully state that such settlements are assigned by a formal, and standing, and well-considered regulation of 1832, to the Second Auditor of the Treasury, and that neither the Paymaster General nor any of his officers have any control or authority in the matter. The reasons for placing the settlement of these claims in charge of the Second Auditor are obvious. The rolls of the different regiments, batteries, &c., in service, on which the paymasters make payments, are forwarded by them, in the course of a few weeks after such payments, to the office of the Paymaster General, where they receive a preliminary examination, and are then forwarded to the Second Auditor of the Treasury for final settlement of the paymasters' accounts as disbursing officers, responsible to the Treasury Department for the public funds received from it. These accounts remain forever after on file in the office of the Second Auditor, where they can at any time be referred to; and from the date contained on such rolls, &c., as relates to the deceased soldiers, the necessary information is obtained to settle the amounts due them at the time of their decease.

It is apparent, therefore, that it would be impossible to commit the claims of deceased soldiers to the paymaster who pays the regiment, &c. He retains the rolls and the required information only for a few weeks, and the necessary claims of the heirs, &c., could not possibly be prepared and proved in that time. For the same reason these claims could not be settled in the office of the Paymaster General, where the accounts and rolls remain only a short time in transitu to the office of the Second Auditor. But in that office these rolls are frequently retained, and can be at once referred to when the claims of the heirs are presented, whether such claims come in in a month or two after the soldier's death, or, as is frequently the case, not for a long period—even years after his decease.

Another reason for placing the settlement of these claims in charge of the Second Auditor and his revising officer, the Second Comptroller, is the character of the claims themselves. In determining the right of parties to come in as heirs of a deceased soldier, in settling whether sufficient proof of such heirship has been given, and in numerous other similar questions constantly arising under these claims, the accounting officers of the treasury act in a sort of judicial capacity, and with an authority that could not be allowed ordinary paymasters, or even the Paymaster General, who is simply a military officer, and exercises only military authority. The determining such questions can only be vested in officers having final jurisdiction in the matter, and whose decisions are binding, and not in subordinates, whose accounts are liable to revision, and suspension, and disallowance, even if incorrect.

Since the present rebellion attained the vast proportions it has grown to, the

large number of troops in service, and consequently large number of paymasters required to pay them, has multiplied to an enormous extent the number of accounts required to be rendered. Every exertion has been made to have these accounts promptly rendered to this office, and examined and forwarded to the Second Auditor as soon as possible. Owing to the want of sufficient clerical force, and of office accommodation, some accumulation of these accounts occurred in this office, but never to a sufficient extent to interfere with the settlement of these deceased soldiers' claims in the Second Auditor's office. This will more fully appear from the report which was made on this subject from this office on _____ instant, a copy of which I have the honor herewith to enclose, marked "A."

From this report it will be seen that while this office had forwarded to the Second Auditor the accounts of paymasters up to 30th April, 1863, the claims of deceased soldiers were only being settled up to 1st September, 1862, or more than six months behind the date to which the necessary rolls and accounts were filed with the Auditor, which were required for reference in such cases. Under arrangements lately authorized by the honorable Secretary of War, the clerical force of this office has been and still is being increased, and it is intended to examine and forward to the Second Auditor all the accounts now in this office, and hereafter to have these preliminary examinations made immediately on the receipt of the accounts, and they at once transmitted to that officer for final settlement.

It is presumed that the delay in settling the claims of deceased soldiers in the office of the Second Auditor has arisen from the same cause as that in settling the disbursing accounts of paymasters in the same office, viz: want of sufficient examining clerks, both there and in the revising office of the Second Comptroller. A simple remedy, therefore, would be to increase the clerical force in both those offices to such an extent that all claims can be taken up as soon as filed, examined and passed upon. What increase would be necessary for this purpose can, of course, be best determined by those officers.

Some additional force has already been added in the Second Auditor's office, and he is now settling daily a much larger number of these claims of deceased soldiers than formerly, though still not enough, it is believed, to keep up with the number of fresh ones daily presented.

It is not seen that any other remedy is required, and it is doubted whether any change of the method of settling these claims could be adopted advantageously at the present time, even if such change had some certain benefits or improvements. It is a dangerous experiment to alter a long-established and well-considered method of transacting business in the midst of such great pressure and amount of work as is now existing in every branch of the government. A new scheme would require time and experience to perfect it, and, meanwhile, constant trouble and difficulties would interfere and cause many more delays and complaints than those sought to be removed.

I have the honor to be, sir, with the highest consideration and esteem, your obedient servant.

T. P. ANDREWS,
Paymaster General.

Hon. E. M. STANTON,
Secretary of War.

