

VERIFICATION OF GOLD AND SILVER BULLION AND OTHER TREASURY ASSETS

Shortly after the present administration assumed office there was conducted a thorough audit of the gold and silver bullion and other assets of the Treasury Department. The audit established an aggregate value of \$30,442,418,073.41¹ for gold and silver bullion, bank deposits, and other assets included in the accounts of the Treasurer of the United States as of January 27, 1953, and confirmed the accuracy of the Treasury records of these assets. In addition, the audit verified the accuracy of Treasury records in respect to: (1) Securities and other items amounting to \$69,985,218,759.92 $\frac{2}{3}$ in value held by various Treasury offices in a custodial capacity for the accounts of individuals, Government agencies, and Government trust funds; and (2) unissued stocks of savings bonds and reserve stocks of unissued currency in the aggregate amount of \$3,149,489,315.00.

The audit was performed in accordance with procedures which were recommended by an advisory committee of consultants appointed jointly by the present Secretary and his predecessor in office. Members of the advisory committee were W. L. Hemingway, Chairman of the Executive Committee of the Mercantile Trust Company, St. Louis, chairman; Wm. Fulton Kurtz, Chairman of the Board, The Pennsylvania Company, Philadelphia; Sidney B. Congdon, President, National City Bank of Cleveland, Cleveland; and James L. Robertson, Member, Board of Governors, Federal Reserve System, Washington. As had been suggested by the advisory committee, the audit was conducted under the general supervision of a continuing committee representing both incoming and outgoing Treasury officials. Representatives of the Comptroller General of the United States observed the audits at each of the various audit sites.

Individual special settlement committees designated by the Director of the Mint conducted the verification of asset values of each of the mint institutions. The personnel of each settlement committee was carefully selected from Bureau of the Mint employees normally employed at mint institutions other than the particular mint institution to which they were assigned for the conduct of the audit settlement.

In accordance with a recommendation of the advisory committee, the special settlement committee at the Fort Knox depository opened three gold compartments, or 13.6 percent of the total of twenty-two sealed compartments at that institution containing 356,669,010.306 fine ounces of gold valued at \$12,483,415,360.28. All of the gold contained in the three sealed compartments opened, amounting to 34,399,629.685 fine ounces valued at \$1,203,987,038.94 or approxi-

¹ Excludes \$37,217.59 in transit from mint institutions.

mately 88,000 bars, was counted by members of the settlement committee and found in exact agreement with the recorded contents of the compartments. Slightly in excess of 10 percent of the total gold values so counted, or some 9,000 bars weighing approximately 130 tons, was further verified through weighing upon special balance scales indicating exact weights to the 1/100 part of a troy ounce. All gold weighed was found in exact agreement with the recorded weight thereof. Further, test assays were made of 26 gold bars selected at random from the total gold counted. The reported results of the test assays indicated that all gold tested was found to be of a fineness equal to or in excess of that appearing in the mint records and stamped on the particular gold bars involved. Gold samples used for test assay purposes were obtained through drilling from both the top and bottom of each representative gold bar. In final confirmation of the verification of the gold bullion asset values held in the Fort Knox depository the special settlement committee reported in part as follows:

"On the basis of assays, your committee can positively report that the gold represented, according to assay, is at the depository. We have no reason, whatsoever, to believe other than, should all melts be assayed, the results would be the same.

"We, the undersigned, found the assets verified, to be in full agreement with the assets as indicated by the joint seals affixed to the respective compartments on January 26, 1953.

"It is the opinion of this committee that the same agreement would be found should all of the compartments be verified."

Special settlement committee operations at the other mint institutions closely paralleled those employed at the Fort Knox depository and confirmed the accuracy of the Treasury records relating to the monetary asset values held by these institutions. The General Accounting Office confirmed the adequacy of the procedures employed and the propriety of the manner in which asset verification was accomplished by the special settlement committee at each of the mint institutions.

The total monetary asset values held by the several mint institutions as of January 27, 1953, were found to be \$24,881,671,267.73,¹ including gold bullion in the amount of \$23,035,947,570.94 and silver bullion in the amount of \$1,621,531,937.58.

An audit of cash, reserve currency, unissued securities, and securities in safekeeping which were in the direct custody of the former Treasurer of the United States at the close of business on January 27, 1953, and were transferred to the present Treasurer of the United States on January 28, 1953, was conducted by a special committee of seven

¹ Includes \$37,217.59 in transit from mint institutions.

members which had been selected from personnel of the Treasury Department and of which five members were not employees of the Office of the Treasurer. The grand total of the items covered by this audit (minor shortages amounting to \$36.71 having been discovered and made good at the time of the audit) amounted to \$32,410,260,668.69 $\frac{2}{3}$, and was identical to the total for these items appearing on the books of the Treasurer.

The special committee which audited the items in the direct custody of the Treasurer also verified the accuracy of Treasury records pertaining to securities and other items held in a custodial capacity by offices other than that of the Treasurer of the United States for the accounts of individuals, Government agencies, and Government trust funds.

As part of the audit of Treasury assets, special confirmations obtained by the General Accounting Office from Federal Reserve Banks and other bank depositaries verified deposit balances carried in the accounts of the Treasurer of the United States as of January 27, 1953, which together with items in transit amounted to \$4,914,662,484.83:

PUBLIC DEBT OPERATIONS AND OWNERSHIP OF FEDERAL SECURITIES

There was a net increase of \$7.0 billion in the public debt and guaranteed obligations during the fiscal year 1953. This increase brought the debt to a level of \$266.1 billion on June 30, 1953. The debt was larger than on any other June 30 since 1946 and was only \$13.6 billion less than the all-time peak of \$279.8 billion reached in February 1946.

The increase in the debt was brought about by special issues of \$2.8 billion to Government investment accounts and a net increase of \$4.3 billion in interest-bearing public issues. Nonmarketable public issues decreased by \$2.6 billion, whereas the public marketable issues increased by \$6.9 billion. The increase in the public marketable issues was primarily in Treasury bonds, which rose significantly for the first time since the end of World War II financing. Changes in the debt during 1953 are summarized in the accompanying table.

The total Federal debt outstanding since January 1946 is shown in chart 3 and the composition of the debt as of June 30, 1953, is shown in chart 4. Detailed information on the debt outstanding, operations, and ownership is given in the tables section of the report.

Operations in the public debt and changes in its ownership during the fiscal year 1953 are outlined in the two sections which follow.