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B-78091 November 2, 1948

Number: B-78091

Date: 1948-11-02

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The Honorable,

The Secretary of the Treasury,

My dear Mr. Secretary:

I have a letter dated October 27, 1948, from the Fiscal assistant Secretary with reference to certain notices of exceptions issued by this Office against salary payments totaling $6,112.74 made to employees of the Chicago Department Office of the Bureau of Public Debt. The basis for such exceptions was stated to be that "Information furnished this office indicates that employees were assigned full time duties with the Credit Union, during which time no services were performed for the Government." It is stated in said letter to be the belief of your Department that the salary payments in question were made in good faith in accordance with what was apparently an accepted practice, that substantial mitigating of circumstances existed, and that the payments were proper and in the best interest of the Government. The Fiscal Assistant Secretary accordingly requests that the exceptions be removed and in support of such request submits the following facts and reasoning.

It is pointed out that the Federal Credit Union Act, 12 U.S.C. 1751, 48 Section 1516, et seq., authorized the establishment of associations of individuals to operate in corporate form as a Federal Credit Union; that said act specifically provided for certain benevolent assistance to such unions from the Federal Government (e.g., section 21 authorizing allotments of space in Federal buildings); t hat, while no provision was made expressly for the use of Federal employees on credit union work, the act did provide that the officers of the union should be elected from its membership, so that in the case of unions composed exclusively of Government employees, Government employees necessarily would be elected and served; and, furthermore, that a cooperative group beginning operations obviously could not afford to employ paid personnel. The belief is expressed that it has been a common practice among Federal agencies in the past to permit credit union business to be handled, within reason, during normal working hours by Federal employees acting as agents of the credit union, at least until such time as the credit unions were able to employ their own personnel for such purposes.

There is described, also, the particular circumstances existing upon the decentralizing of the Bureau of Public Debt in December, 1942, which rendered essential the availability of emergency funds to assist new employees during the early period of their employment. In that connection, it is stated that the

credit union performed a useful and considerable service for the agency. And, finally, it is stated while one or two employees were in fact assigned to credit union work, such employees performed the official duties of their positions when they were not engaged on credit union activities.

Upon further consideration of this matter in the light of the facts and circumstances brought out in the said letter from the Fiscal Assistant Secretary, and in view of the statement that immediately upon informal notification of objection by the General Accounting Office in September, 1947, the practice was discontinued, I have to advise that the subject exceptions will be removed.

Respectfully,

Comptroller General of the United States