

EAST AFR. PROT

40996

REC.  
REF. 29

40996

S. L. A.

1916

28 Aug.

MILITARY EXPENDITURE  
ACCOUNTS TO 31ST MARCH 1915

Last previous Paper.

Submit report.

*40996*  
*28/8/16*

Mr: Butler,

With reference to 30116/16, I append my Report on the audit of the account of War Expenditure which has been rendered by the Chief Paymaster, East African Pay Corps for the period ended 31st March 1915, together with a copy of the report which the Auditor of the East Africa Protectorate has furnished to me in connection therewith; and also copies of enclosures "B" to "F.F." and a summary of Enclosure "A", which has been compiled in this Department.

I also forward additional copies of the above for transmission to the War Office and the Treasury respectively, together with the original of Enclosure "A", to which my certificate has been appended, for transmission to the War Office where, presumably, it will be required as an original voucher in support of the account rendered by that Department.

*40996*  
*Trans 31 Aug 16*  
*to Mr Butler (30116/16)*  
*to Mr. Butler 31 Aug 16*

Next subsequent Paper.

*40996*  
*31/8/16*

*W. F. M. L.*

*W. F. M. L.*  
*28/8/16*  
*The local Auditor's*

report discloses in detail the state of  
affairs into which the accounts of war-  
fare fell in the early months  
Many of the difficulties  
which he deals have been settled  
the termination of the period on  
he is reporting. We cannot, I  
think, make too many allowances for the  
difficulties with which the local depart-  
ments were faced when they had to  
run a campaign without any sort of  
aid.

Send the W.O. the Treasury  
sets of documents prepared for  
him (below). When Mr Bostonley  
comes back, he should see the  
report. It throws light on many points  
on which he has been corresponding  
with the W.O. in recent months.

J.F.B.  
29. 8. 16

Russell  
29. 8. 16  
attorney

I have seen this  
minutes book & will  
send for it if I have  
it further back.  
24/1/16

~~3~~ ~~10~~ 4  
EAST AFRICA PROTECTORATE.

WAR EXPENDITURE.

40996

REC<sup>d</sup>  
REC<sup>d</sup> 29 MAR 18

REPORT of the DIRECTOR OF COLONIAL AUDIT on the Statement of Account rendered by the Chief Paymaster, East Africa Pay Corps, for the period ended the 31st of March, 1915.

As certified thereon, the above mentioned Statement of Account has been examined under my directions.

2. I append a copy of a report which has been furnished to me by the Auditor of the East Africa Protectorate, under whose immediate supervision the examination has been conducted, together with the Statement of Account and copies of all other enclosures.

3. As will be seen, many questions have arisen in the course of the examination which, like the accounting operations themselves, has been carried out under extraordinary conditions and with considerable difficulty. Many of these questions have, however, been settled under due authority and steps are being taken with a view to ensuring that those which remain outstanding are similarly disposed of.

4. It will be observed that the expenditure recorded in the Statement of Account does not include the relative expenditure in either Uganda or Zanzibar during the period indicated, it being understood, in the case of the former, that a separate Statement of Account will be furnished, and, with regard to the latter, that the information will be included in the Statement of Account to be rendered by the Chief Paymaster, East Africa Pay Corps for the year 1915-16.

*A. B. Stewart*  
Director of Colonial Audit.

COPY.

Auditor, East Africa Protectorate to Director of Colonial Audit.

No: 60/1009/W.33.

9th June, 1916.

Sir,

I have the honour to forward herewith my report on the Military Expenditure for the period ended 31st March 1915 together with a copy of the audited account (enclosure A).

2. In submitting this Report I wish to place on record that the late submission of the audited figures can in no way be attributed to my Department, considerable delay having been experienced in the receipt of the monthly accounts from the East Africa Pay Corps while the Annual Account was only received in its final form after many amendments on May 20th 1916.

Copies of correspondence (enclosure B) dealing with the delay are attached.

3. The position, I submit, is due to a great extent to the action of the local Treasury who, during the period under review exercised little or no supervision over War Expenditure. At the outbreak of hostilities His Excellency gave the then Acting Treasurer a general authority to pass payments against War Expenses on the signature of a Government Officer. (Copy attached - enclosure C). This authority appears to have been interpreted so liberally that any and every charge shown as debitable to War Expenses or which could be considered as having any connection with the War was accepted without enquiry as to the authority or the necessity for its incurrence (vide correspondence attached - enclosure D). In many instance Sub Treasurers and Sub Accountants issued unauthorised advances

and



( 2 )

and imprests, and, their figures being incorporated in the Nairobi Treasury Account, the result was that an amount of £762441.16.10 representing final payments, suspense, advances and imprests stood at the 31st March in the Treasurer's books under the one heading of "Suspense War Expenses".

4. The task of unravelling this figure, examining the charges and submitting an allocated account for audit was allotted in July 1915 to the Accounts Department of the East Africa Pay Corps an organization newly formed in June 1915 to act as a Sub Accountant of the Treasury in paying the local forces and in meeting local payments for stores etc.

5. A further delay in the submission of the accounts was occasioned by the receipt by cable at the end of July 1915 of the list of subheads to which the War Office required the charges to be allocated, necessitating a re-allocation of those accounts which had already been compiled.

6. Considerable difficulty has also been experienced by the Chief Paymaster East Africa Pay Corps in agreeing his final allocated figure with the net debit to Suspense War Expenses at 31st March in the Treasurer's books. The discrepancies were finally traced to charges included in the Treasurer's figures for which no vouchers had been submitted to the Chief Paymaster and to late Journal entries of which the latter had not been advised (vide letter attached - enclosure E). In these circumstances I consider that no blame can be attached to the Chief Paymaster for the delay in rendering the accounts.

7. I would further point out that the lack of financial control on the part of the Treasurer extended equally to the question of Store accounting and that no steps were taken either to ascertain that stores purchased had been duly taken

on ledger charge or that satisfactory systems of store accounts existed in the various Military Departments. Consequently, in some cases no store accounts were kept for several months while in other cases an attempt to audit the accounts proved that they were practically worthless. I propose to deal with these cases seriatim under their relevant heads.

8. I understand that the question of the responsibility of the East Africa Pay Corps for the correct submission of Store accounts is under correspondence with the War Office with reference to telegram No. 992 dated 22nd January 1916 from Troopers London to General Tighe, but at present the examination of store and supply accounts has devolved primarily and finally on the Audit Department.

9. Considerable differences will be observed between the figures as cabled to the Colonial Office in His Excellency's telegram 364 dated 29th October 1915 and the figures of the enclosed Account.

(a) The total expenditure cabled was £755265.9.3 against audited figure £762412.11.6. The original account was incorrect in many instances - the allocation of the Paymaster Volunteer Cash Book was totally incorrect and was re-allocated in accordance with instructions from this office, certain cash balances had been included as expenditure, advances and imprests had been treated as final expenditure etc., etc. Many of the discrepancies were pointed out verbally to the Chief Paymaster while others appear on Queries.

(b) The differences between the audited and the cabled figures of Protectorate and Common Charges shares of War Expenditure are due chiefly to adjustments arising from Queries raised by this Department in the course of the audit.

(c) Similarly, differences in allocation to subheads  
arise.

arise mainly on Queries issued from this Office. Only one privately owned copy of the Army Estimates was available in the country from November 1915 and the provisions of those estimates have been followed as closely as possible in condensing local expenditure to the 19 heads required by Colonial Office cable of 29th July 1915.

10. I have received no information as to how the cabled figures have been dealt with between the Colonial Office and the War Office but if any portion has been included in the Army Appropriation Account for 1914-15 I presume that correcting adjustments in respect of (a) (b) and (c) must appear in the 1915-16 accounts, in which case I should be glad of your instructions whether any action is required locally in the matter.

11. The figure to the debit of Suspense War Expenses £762441.16.10 (vide page 24 of Treasurer's Report for 1914-15) is not in accordance with the Chief Paymaster's total net debit, the cash balances in the hands of the Chief Paymaster being included in the Treasury figure while certain items which have been correctly allocated to final heads by the Chief Paymaster in 1914-15 have not been debited to Suspense War Expenses by the Treasurer till 1915-16.

12. I am requesting the Treasurer to remove from his Suspense War Expenditure for 1915-16 the balances in the Chief Paymaster's hands at 31st March 1916.

13. The audited Uganda expenditure figures have been received by the Chief Paymaster and have I understand been submitted to the Colonial Office by His Excellency.

As the audit of Uganda Accounts for 1914-15 had been completed prior to the amalgamation of the War Audit under my supervision, I presume that any report necessary has been submitted to you direct by the Auditor Uganda.

14. The division of Common Charges between East Africa and Uganda as shown in the accounts of the two Protectorates cannot be regarded as even an approximation of the incidence of expenditure between them. The view I have taken is that the Common Charges Account represents expenditure common not only to the Imperial, Indian and local troops but also to the two Protectorates, and I have therefore not considered it necessary that debits should be raised by East Africa against Uganda for such portions of the expenditure on Stores and Carriage of Stores, Equipment, Supplies, Pay of Common Organizations etc., etc., as have been incurred by East Africa on behalf of the operations in the Uganda theatre of war. These operations have been largely financed in kind from East African stocks. The Uganda authorities, however, do not appear to have adopted this view and have raised debits against East Africa for such items of their cash or stores expenditure as could be definitely assigned to East Africa. These debits, having been accepted by the Treasurer, are included in the East Africa Protectorate figures and I did not consider it advisable or necessary to request a transfer to be made, but have asked the Treasurer East Africa Protectorate to accept no further debits. I trust my interpretation of the Common Charges is correct and submit that para: 4 of War Office letter No. 298 (?) to Colonial Office, dated 1st January 1916 would appear to indicate that such is the case.

15. Zanzibar expenditure during 1914-15 to the amount of £9735 has not been included in this account owing to the late submission by that Protectorate of their claim for repayment.

16. Store Accounts. Considerable quantities of Supplies and Stores have been received from the Government of India and from War Office and South African Stocks. With regard

regard to the Supplies from India my action in the matter has been reported to and approved by you in your letter No.249 R/16 dated 10th April 1916. I have also been supplied by the Comptroller of War Accounts Simla with Vouchers for Ordnance Stores shipped to British East Africa. These have been satisfactorily verified in the local ledgers. With regard to the shipments from the War Office and South Africa however, I have not been furnished either with the complete vouchers or with certified statements and therefore am not in a position to certify that all stores supplied have been duly taken on charge. A certain number of Ordnance Store Vouchers have been received through the medium of the Deputy Director of Ordnance Services Woolwich with reference to which please refer to my letter No.835/W.15 dated 20th April last, addressed to yourself.

17. A question arises with regard to the issues of stores from Protectorate Stocks which existed at the outbreak of war or which have been replenished since by expenditure under Protectorate votes. The Departments specially affected are the Medical and Veterinary and if adjustment should be required in connection with these issues I would submit that the matter be kept in view when settlement of the Common Charges Account is effected.

18. Writes off of Losses. On the arrival of the Indian Expeditionary Force it was observed that powers of write off were adopted under the terms of para: 86 of the Indian Accounts Manual (War). I am not aware whether the terms thereof are applicable to Officers who were locally given ranks of Directors and in this connection would refer you to the correspondence attached, (enclosure F). The writes-off sanctioned locally under these adopted powers have been scrutinized by this Department and queries raised



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in those cases where it was considered that the powers had been unduly exercised or that sufficient enquiry had not been instituted prior to the write-off. The majority of the writes-off have been utilized in connection with the Supply Accounts to cover minor over-issues of rations, losses in transit etc. The more important writes-off in connection with these accounts are dealt with in para: 62.

19. Allocation between Common and Protectorate Charges.  
I attach herewith (enclosure G) a copy of the proceedings of a Committee convened under the instructions of His Excellency for the purpose of considering this question. The principles put forward in the recommendations of this Committee have been generally followed in allocating the expenditure vouchers.

20. With regard to para:(a) you will observe from my para: 82 dealing with the Ordnance Stores of the earlier months of the war, that owing to the unsatisfactory state of the accounts it would have been impossible to obtain a statement of the cost of clothing and equipment of local forces. All charges therefore, under these two heads have been debited to Common Charges. I would also refer you to correspondence terminating with Secretary of State's telegram dated 28th April 1916 with reference to the allocation of these items. You will observe from this telegram that the initial equipment of units should be adjusted from Common Charges with retrospective effect but, I would submit for your consideration that to attempt to make this adjustment would involve an enormous amount of clerical labour entirely incommensurate with any benefits that might be derived. A complete re-audit of all clothing and ordnance accounts would be necessitated and even then, the result could only be approximate inasmuch as the early ordnance and clothing accounts of the Protectorate as stated above were in such an unsatisfactory condition.

The

The dissensions of Captain Macdonell, Indian Field Disbursing Officer, were over-ruled by His Excellency as being impracticable and inequitable.

21. With regard to para:(b) I would refer you to my para 53 on the transactions of the Committee of Supplies and the allocation of the losses incurred.

22. Para:(d) requires no comment as the question was decided by Secretary of State's telegram dated 24th June 1915 as referred to in my para: 24.

23. Protectorate Charges.

Pay and Allowances - £53050.9.11.

In accordance with the general principles laid down in para:(c) of the Committee's Report referred to above it was considered equitable to allocate to Common Charges the pay of the Supply, Ordnance, Veterinary and Transport Departments prior to the arrival of the Indian Expeditionary Force. These Departments were subsequently taken over and absorbed in the Expeditionary Force.

The item "Pay and Allowances Protectorate" therefore is confined to combatant units raised locally.

K.A.R. Pay and Allowances represents expenditure on reserve companies called up, and on establishments in excess of the peace strength.

Similar expenditure on account of Police is included under "Other Units".

The normal establishment of these two Units has been met out of Protectorate Estimates.

Charges on account of the additional 600 men direct debitable to the War Office vide Treasury letter to War Office No. 13663/1.S dated 12th June 1915 do not appear in the 1914-15 expenditure accounts, as recruiting was only undertaken late in March.

24. In compliance with the instructions contained in Secretary of State's cablegram dated 24th June 1915, the salaries of all officials performing military duties, which had been originally charged to War Expenses in accordance with para:(d) of the Committee's Report, have been written back to the Estimates with the exception of the salaries of certain Railway officials. In connection with these salaries I would refer you to my Query War 1134/2204 and consequent correspondence (copy enclosed marked H) as a result of which it was ruled by the Secretary of State that although no adjustment need be effected in the accounts of 1914-15 these charges should be borne by the Estimates in future. A sum of Rs.116627.50 on account of 1915-16 expenditure has therefore been written back to the Estimates for 1915-16.

25. Military Works - £204.11.11.

This item represents expenditure incurred in the building of a road from Londiani Station to the Maji Mzuri Saw Mills. You will observe from the enclosed query and copies of correspondence (enclosure I) that the work had been under consideration prior to the outbreak of hostilities but became a matter of urgent military importance owing to the necessity for the fulfilment of certain railway contracts. As all forces operating in the Protectorate benefit from increased facilities afforded thereby to the Railway Administration, I am of opinion that this charge should be debited to Common Charges instead of to Protectorate Share as directed by His Excellency.

26. Non effective Services - £234.--.

This expenditure is represented by wound gratuities to Non Commissioned Officers and men of the King's African Rifles payable under the terms of King's African Rifles Regulations.

lations.

27. Common Charges.

Pay and Allowances - £43962.13.1.

This expenditure consists of pay of locally engaged personnel of organizations serving in all forces - both Protectorate and Overseas. Such organizations are Intelligence, Medical, Supply, Transport, Ordnance, Veterinary Departments, East Africa Pioneer Co., etc. It should be borne in mind when the question of division of Common Charges is under discussion that considerable expenditure chargeable to this head has been written back to the Protectorate Estimates in accordance with Secretary of State's telegram of 24th June 1915.

28. Medicines and Medical Stores - £5881.7.8.

The charges under this head have been confined to cost of Medicines, Surgical Instruments and proportionate upkeep of Protectorate and European Hospitals. The cost of hospital equipment such as stretchers, beds, etc., have been charged to Miscellaneous Stores, it being considered that this latter head included the item Barrack Hospital and Prison Stores (Vote 8 C) of the Army Estimates.

29. I attach for your information (enclosure J) correspondence between this office and the Deputy Director of Medical Services on the subject of non-submission of Equipment and Stores Accounts of Field Units and Hospitals. You will observe from para: 3 of my letter dated 9th September 1915 and confirmation thereof that it is argued that the whole of the Medical Services which formed part of the Indian Expeditionary Force are a field unit and as such are not required to render accounts for audit. With reference to this correspondence, the authority referred to in Chapter XVI of the Field Service Regulations Part 2 is presumably Section 129 to the effect that "Equipment accounts will not be kept by  
Units"

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Units" but I am of opinion that the term unit is not applicable to the whole of the Indian Expeditionary Force Medical Service in East Africa and should be glad of your instructions in the matter.

30. The Equipment Accounts of the Protectorate Base Hospitals and also the ration returns of the larger Protectorate hospitals and ambulances have been examined and call for no comment.

31. Certain deficiencies in consignments from the Government Medical Store Bombay to the Protectorate Medical Store have been reported to the Secretary of State in East Africa Protectorate Despatch No.137 dated 29th February 1916 for his further action.

32. Hire of Buildings - £2269.3.5.

This sum is comprised of rental of offices, godowns, quarters etc., of the Common Organizations referred to previously.

33. Certain debits were raised by the Uganda Railway and accepted by the Treasurer for premises occupied by the military both as offices and dwelling quarters. On the question being brought to the notice of His Excellency on this Office War Query No.1603 the Railway Authorities were instructed to give credit for such charges as appeared in the 1915-16 Accounts. No adjustment however has been effected with regard to the 1914-15 Accounts.

34. Land Transport - £140622.16.-.

The greater part of this expenditure is money paid over to the Uganda Railway for conveyance of troops and stores.

35. The debits submitted by the Railway to the Treasurer during the period under review were accepted by him without  
comment



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comment or examination (see correspondence attached - enclosure K). Upon audit of the charges, however, it was found that a large proportion, particularly during the earlier months, were unsupported by military requisitions or written orders but were based upon statements compiled by the various Railway Station Masters showing services performed. I attach copies of correspondence (enclosure L) with Command Headquarters on the subject. In the absence of supporting documents I am unable to criticise the details of the expenditure. I am convinced however, that had proper organisation existed during that period considerable economy might have been effected.

36. The services performed by the Railway in conveying troops and stores on Lake Victoria Nyanza have been debited to this head as they appeared to me to fall within the category "Land and Coastwise" of Vote G.E of Army Estimates.

37. Transport Corps Accounts.

The Store accounts of this Corps have been rendered in such a chaotic state that an audit of them was impossible. I append for your information (enclosure M) correspondence dealing therewith. You will observe from the letter of Director of Supplies and Transport East African Force No. S. & T. 69 dated 14th February 1916 that no action has been taken locally with regard to straightening out the accounts prior to 1st January 1916. I agree with the Director of Supplies and Transport that at this date it would be impossible to compile a satisfactory account.

38. Sea Transport - £12606.10.8.

Chiefly composed of over-sea freight on stores shipped by Crown Agents and Agents in India. A small proportion of the expenditure is represented by terminal charges (lighterage etc.) in connection with hired transports

but

but the information afforded on the vouchers particularly at the date of the arrival of the transports from Tanga was insufficient to furnish the details required by para:2 of War Office Letter 15/I.O./3582 (F.I.) dated 21st June 1915, as conveyed by Secretary of State's despatch East Africa Protectorate Confidential of 8th July 1915.

39. Wages of Civilian Subordinates - £36373.19.4.

African labour employed in connection with the operations was enrolled under an organization called the Carrier Corps. The greater portion of this labour has been employed as porters or in carrying out general barrack services. It might have been possible to differentiate in some particular instances between porters and labourers engaged with Protectorate and Common Organizations but as such a division would have by no means represented an accurate estimate of the proportional charges, it was agreed with the Chief Paymaster East Africa Pay Corps that all African labour should be allocated to this head of Common Charges (vide correspondence attached - enclosure N). A further fact which influenced this decision was that at each base or depot a standing establishment of the Carrier Corps was maintained to perform casual duties on behalf of all forces and to attempt to allocate minutely the pay of these establishments would have required a considerable amount of clerical labour which was not available in the country.

40. My remarks under Land Transport with reference to the lack of requisitions for charges submitted by the Railway apply equally with regard to expenditure under this head on account of maintenance and labour gangs loaned for military requirements.

41. Mechanical Transport Vehicles - £31210.10.3.

The Mechanical Transport Department is one of the

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the few locally organized Units which during the early days of the war kept a set of Store Ledgers which was capable of audit and, taking into consideration the stress of work and shortage of staff considerable credit is due to Captain Dudgeon the Officer Commanding the Unit at that time.

42. Sufficient control, however, does not appear to have been exercised over the issues of cars, cycles and running stores during the period from the outbreak of hostilities to 31st January 1915. I attach a report (enclosure Q) dealing with this period.

43. You will observe from para: 5 of this report that many of the Issue Vouchers were receipted by Drivers and Mechanics and I was therefore not able to trace the destination of the stores or to ascertain whether the issues were a fair charge against public funds. Also from para: 6 that I could not determine whether all repairs carried out at the garage were on behalf of government conveyances. As the military garage was an establishment commandeered from a private firm which was allowed to carry on its own business in the same building, these omissions assume more serious proportions. As a result of my representations to the Director of Transport this state of affairs was terminated towards the end of 1915 and a separate military garage erected.

44. With reference to para: 4 of this report I have raised queries asking for explanations of such issue notes as appeared to require repayment. Considerable correspondence has arisen in many instances in which the late Deputy Director of Supplies and Transport ordered that refunds should be effected. The queries are still under discussion and I attach a list of the recoveries which have been ordered (enclosure P). I propose to defer further comment until these have been

finally

finally disposed of.

45. Certain adjustments are still outstanding with the private garage above mentioned. These are on account of cars and motor cycles ordered by that firm but passed through the customs free of duty by the military authorities, railed up to Nairobi at public cost, and subsequently disposed of by the firm to private purchasers. The firm having gone into liquidation a contra claim by them for goods supplied is being held up until the above freight and customs charges have been settled.

46. The Store Ledgers of the Mechanical Transport Department have been examined to March 1916 the date when the Depot was taken over by the new Imperial Staff. Stock was taken at handing over and an adjustment is in course of preparation between the book and actual balances at that date of which I will advise you in due course.

47. Considerable quantities of stores have recently been brought on ledger charge as having arrived from overseas without advices or issue notes. At present the contents of the packages as opened have been taken on charge. I would submit for your consideration the necessity of approaching the War Office with a view to this office being duly informed of all consignments despatched to this country.

48. Purchase of Animals Riding Draught or Pack

£91136.5.9.

For the reasons noted in para: 37 dealing with the accounts of the Transport Corps I have found it impossible to trace on to ledger charge oxen, mules and donkeys purchased under this head on behalf of that Corps.

49. Remounts.

The Headquarter Accounts of the Remount Department under Lieutenant Colonel Sturdy have been carefully compiled and I have been able to satisfactorily trace on to the Headquarters

Headquarters Ledger charge all remounts purchased locally but as depot accounts are self contained and are only available for local inspection (vide correspondence attached - enclosure Q)

Q) I have not yet been in a position to examine them owing to the disadvantages under which a civilian is placed at a military depot in the Field.

50. I have not yet received advices with regard to South African and other over sea drafts and am therefore not in a position to state that they have all been duly delivered in this country.

51. Provisions - £116853.3.1.

Forage - £7370.2.11.

Committee of Supplies.

At the commencement of hostilities a Committee of local merchants was appointed by His Excellency originally to control the food supplies of the Protectorate and later to act as a purchasing body on behalf of the government. This Committee was called the Central Committee of Supplies and was presided over by the Provincial Commissioner Nairobi while sub-committees under its control were formed at the more important stations throughout the Protectorate. The financial transactions of the majority of these sub-committees were small and call for no special comment. The Accounts of the Nairobi Central Committee and of the Mombasa sub-committee however cannot be regarded as satisfactory.

52. The 5 merchants composing the Central Committee were paid a salary of £600 per annum and in addition a considerable subordinate clerical staff was employed at varying rates of pay, while a firm of local accountants was paid a fee of £25 to institute a system of accounts vide Query War No.1641 - copy attached (enclosure R).

53. In virtue of their powers the Central Committee ordered considerable stocks of foodstuffs from India, primarily intended



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intended for sale to local merchants to meet public needs. The majority of these stocks were stored at Mombasa and are dealt with in connection with that sub-committee's accounts. In addition, the Central Committee made extensive local purchases and during the months August 1914 to February 1915 maintained a store depot at Nairobi. The stock ledgers of this depot are very unsatisfactory and are dealt with in a Report and correspondence copies of which are forwarded herewith, (enclosure S). You will observe that no local action has been taken in the matter, in consideration of my reporting the facts to you. It is difficult to arrive at the actual loss for the reasons stated in the report, but as all financial transactions of the Committee, including Establishment cost, have been passed through the Common Charges Account the value of the loss remains as a debit thereto.

54. Subsequent to February 1915 the Central Committee purchased only on behalf of, and as required by, the Military and as far as Provisions and Forage are concerned I have been able to satisfactorily trace the purchases into the Supply and Transport depot store accounts.

55. Mombasa Sub-Committee.

As stated above the majority of the stocks obtained in India were held by the Mombasa Sub-Committee consignments being made to Nairobi as required by the Central Committee. In view of the prices at which these stocks had been purchased it was found that resort to this source of supply was not readily made by the local merchants the result being an accumulation of stocks which it was found impossible to dispose of at cost price. I attach correspondence (enclosure T) between this office and the Mombasa Com-

mittee

( 18 )

mitted from which it will be seen that the resultant cash loss was Rs.29622/-. This loss His Excellency directed should be borne by Protectorate share of War Expenses but I was of the opinion that this sum was more correctly chargeable to Common Charges. Correspondence relating thereto is appended (enclosure U) from which it will be seen that my view has been confirmed and the allocation to Common Charges agreed to.

56. A further loss occurred in connection with a consignment of onions, the Bombay cost of which was Rs.3123/75 exclusive of freight but which on arrival at Mombasa were found to be rotten and were consequently sold by public auction for Rs.819/- (vide correspondence referred to in para: 59). The condition of the onions on arrival was alleged to be due to the method of storage on board ship and a refund of Rs.1500/-, approximately half the amount of freight paid, was secured from the shipping Company. The total loss may therefore be estimated at Rs.3800/- and stands as a debit to Common Charges.

This settlement of the case was accepted by His Excellency and no report appears to have been submitted either to the Secretary of State or the War Office.

57. A theft of cash to the amount of Rs.2248/18 was written off as irrecoverable under authority of Secretary of State's letter East Africa Protectorate 636 dated 30th August 1915.

58. Eighteen packages of foodstuffs valued approximately at Rs.300/- being part of a consignment to Kiwayu were lost en route and the write-off was sanctioned by His Excellency. The circumstances were reported to the Secretary of State vide correspondence herewith (enclosure V).

59. The question of the prices paid by the Agents in  
India.

India for the stores purchased by them on behalf of the Committee was raised in this office letter No. 313/278/1 Vol. 2 dated 29th November 1915 (enclosure W) in reply to which it transpired that the question had already been discussed in Executive Council and that His Excellency had decided to accept the Agents' explanations. The excess cost of the stores was estimated by the Central Committee of Supplies at Rs. 71929/73 vide correspondence attached (enclosure X).

60. Certain livestock and stores were consigned by the Nairobi Central Committee to the Zanzibar Government through the Mombasa Committee. In reply to my queries (copy of query No. War 15/449 herewith - enclosure Y) asking for reference to the necessary recoveries it appears that, through a misunderstanding, each Committee had left it to the other to secure credit. Correspondence is still proceeding on the subject and I understand that the Zanzibar Government cannot trace delivery and are therefore contesting the claims.

61. Supply Depot Accounts.

The accounts of the Supply Depots have been examined to March 1916. Until the arrival of the Indian Expeditionary Force "B" in November 1914, when Colonel Dunlop assumed charge of the Supply arrangements, no system or organization with regard to the preparation and submission of these accounts existed. Consequently the accounts of the early months of the war are incomplete and a satisfactory audit was impossible. The majority of the inaccuracies in these early accounts would appear to be due to errors and omissions in accounting rather than to any fraud or misappropriation. The individual cases have been taken up by queries and the shortages of stock or issues unaccounted for have been written off under Loss Statements sanctioned by

Colonel

Colonel Dunlop after full investigation of the facts.

62. The more important cases are those of the depots at Nairobi, Kajiado, Voi, Bissel, Tsavo and Kilindini the queries on which War Nos. 75, 105, 106, 109, 113, 115, 116, 118, 121, 138, 178, 180, 189, 206, 214, 219, 247, 256, 259 and 297, have already been submitted to you.

63. The only case in which fraud was traced in connection with the Supply Accounts was that of the Mtito Andei, Mzima, & Kedongai Depots. As reported to you in my letter 852/W.8.2 dated 1st May 1916 these depots were under the charge of Staff Sergeant Major L.W. Penn Supply and Transport Corps who was convicted by Court Martial. A sum of Rs.505/- was recovered from this Warrant Officer and credited to Government.

64. Subsequent to the date of Colonel Dunlop's arrival the Supply Accounts have been organized on a satisfactory basis. They have been rendered regularly and require no comment, the queries arising thereon being mainly due to clerical errors only. I would like to express my appreciation of the assistance and cooperation I have invariably received from Colonel Dunlop in connection with the audit of these accounts.

65. Supply Column Accounts.

Under the Indian system of supply accounting bulk issues are made to organizations termed Field Supply Columns. These field units do not submit accounts for audit but maintain ledgers which are available for local inspection by audit officers. For the reasons explained in para: 49, these accounts have not yet been inspected.

66. Rations to Indian Officers.

Under Command Orders 430 and 750 dated 25th

( 21 )

May and 10th September respectively free rations were granted to Officers of the Indian Army who under peace condition are not entitled to this allowance. I have received no correspondence on the subject but presume that as the cost is being borne by Common Charges this addition to their emoluments has been referred to the War Office.

67. A canteen system was inaugurated under the Director of Supplies and the accounts to 15th December 1915 have been examined in this office. The Canteens were stocked from Government Stores and the sale proceeds should therefore be credited to the head Common Charges - Provisions. The proceeds during the period under review were collected by the Indian Field Disbursing Officer on account of purchases by Indian Troops and I am informed that credit has been afforded to the War Office through the Indian Government Accounts. I attach copies of correspondence (enclosure Z) on the subject from which you will see that I am not in a position to audit these recoveries.

68. From the 15th December 1915 the canteens have been taken over by the Army Young Men's Christian Association and I am at present in correspondence concerning the adjustment for the stores handed over to them.

69. Rations on Repayment.

Credits for rations sold to Indian Troops have been dealt with by the Field Disbursing Officer in the same manner as the Canteen proceeds.

70. In view of the amount of work involved in connection with issues of rations on repayment and the probability of losses occurring during the closing months of the local campaign I suggested that the system should be abolished. This course has now been adopted, vide correspondence attached (enclosure A.A.).



( 22 )

71. Purchase of Livestock.

These duties were carried out by the Director of Veterinary Services, Lieutenant Colonel Stordy, till the formation of a Livestock Department under the Deputy Director of Supplies in November 1915.

72. The accounts to July 1915 have been satisfactorily rendered and in the majority of cases the purchases have been successfully traced into the various Supply Depot Accounts. The queries relating to certain items which could not be traced are still under correspondence and will be forwarded to you in due course.

73. The accounts of one livestock depot (Ngara Narok) were not satisfactory and I attach copies of correspondence (enclosure B.B.) relating thereto. The Farrier Sergeant in charge of the Depot was tried by Court Martial in connection with these accounts but was acquitted of any criminal offence. I have not yet received a final report on which these accounts can be adjusted.

74. The question of losses of hides and skins is also dealt with in the above correspondence.

75. Credits for sale of hides and skins have been brought to account by the Field Disbursing Officer as in the case of canteen and ration credits.

76. The Livestock accounts from August 1915 to March 1916 are at present in course of audit.

77. Food and Light - £4136.5.6.

No comments required.

78. Clothing - £16030.17.5.

The early clothing accounts were kept by a locally appointed Ordnance Officer and were incorporated in the General Ordnance Store Accounts in connection with which

please

please see para: 82.

On 13th February 1915 the Clothing Store was taken over by the Deputy Director of Supplies and Transport Indian Expeditionary Force "B" and after the arrival of the Imperial Staff the clothing accounts again reverted (16th March 1916) to the Ordnance Department. The accounts from February 1915 to this latter date call for no special comment beyond the fact that certain discrepancies exist between the book balance and the actual stock handed over to the Ordnance Department. These differences are in course of adjustment and I will address you further on the subject if necessary.

79. Arms and ammunition - £4324.15.7.

With reference to expenditure under this head prior to the arrival of the Indian Expeditionary Force "B" please see my report on the early ordnance accounts para: 82.

80. Transport Vehicles - £30023.2.4.

In connection with this item please refer to my report on Transport Store Accounts dealt with in para: 37.

81. Miscellaneous Stores - £93078.13.4.

All purchases of stores not otherwise specifically provided for have been debited to this head.

82. During the period from the outbreak of war to February 1915 a Protectorate Ordnance Department existed after which date it was merged into the Clothing and Ordnance Departments of the Indian Expeditionary Force "B". I found it quite impossible to audit the accounts of this Department and attach report in connection therewith (enclosure C.C.).

83. Among the incomplete records of this Department certain instances were observed of issues to other Government which apparently should be paid for. The question of recovery is outstanding on Query 1845 (copy attached - enclosure D.D.)

but

but I cannot guarantee that the items queried comprise the full list. Further, several issue vouchers for supplies to individuals were noted as "on payment", and no steps appeared to have been taken to secure recovery of their value. Query No. 1840 deals with such of these issues as could be extracted but I am convinced that owing to the incompleteness of the records there must be many other cases which have not been brought to light.

84. For the same reasons considerable disadvantage has also been experienced in connection with the payments of outfit and camp allowances. Originally free issues of clothing and equipment had been admitted to locally appointed officers but when these allowances were sanctioned it became necessary to recover from the payments the value of all free issues hitherto made. The incomplete records precluded the possibility of abstracting the necessary information and recoveries have therefore been based on information supplied by the officers themselves.

85. The Indian Ordnance Department Accounts have been examined to December 1915.

86. Military Works - £15611.13.2.

This item is composed to a great extent of works carried out by the Public Works Department and the Railway. My remarks as to the lack of requisitions or supporting documents in para. 35 apply equally with regard to expenditure under this head.

87. The Accounts of the Royal Engineers Indian Expeditionary Force "B" have been paid through Indian funds till January 1916 when arrangements were made for the Chief Paymaster East Africa Pay Corps to meet this expenditure (correspondence attached - enclosure E.E.).

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There is a query (No.1568/2765) at present outstanding dealing with the charges raised by the Uganda Railway against War Expenses for rails sleepers and running stores issued from Re-alignments to Indian Expeditionary Force "B" in November 1914.

The amount debited to War Expenses for these stores is Rs.56702/75, but a scrutiny of the Railway Accounts revealed the fact that a credit had been passed to re-alignments for Rs.26,301/85 only, and I have asked for an explanation of the excess debit to War Expenses. The matter is still under correspondence and the query will be submitted to you in due course.

88. Postal and Telegraph Expenses - £9534.6.5.

Telegraphic services rendered by the Uganda Railway on behalf of the military have been paid for under this head and credited to Railway funds. Similar services rendered by the Protectorate Post Office have not however been charged for except that the pay of the additional staff above peace establishment has been met from War funds, under the head Pay of Civilian Subordinates.

89. Non-Effective Services - £647.3.10.

It has been brought to my notice too late for adjustment in the 1914-15 account that expenditure has been incorrectly charged to this head.

The matter has been taken up and a query will be submitted to you in due course.

90. Miscellaneous - £9158.13.10.

All expenditure which does not appear to be properly chargeable to any of the foregoing heads has been allocated to this item, e.g. barrack services, advertising, printing, preparation of maps, etc., etc.

91. Secret Service - £93.5.4.

Unvouched expenditure under the counter-signature of the Chief Intelligence Officer.

92. Prisoners of War - £1201.7.10.

See separate schedule attached for allocation of this expenditure under the various subheads. The expenditure is shown as a separate item in accordance with the instructions conveyed in War Office cable to General Tiche No.19424 dated (?) 23rd August 1915.

93. Lake Steamers - £9313.11.8.

See separate schedule for allocation under the various subheads.

Certain of the Lake Steamers were commandeered by the military authorities for offensive and defensive operations under Royal Naval Reserve Officers embodied for active service. These ships were taken over in their entirety, withdrawn from the control of the Railway Authorities and placed under that of the Senior Naval Officer.

94. As I am in some doubt as to whether the expenditure on these ships is properly chargeable to Army Funds I requested the Chief Paymaster to show the transactions under a separate head. If however the charges are considered to be Army rather than Navy Expenditure the schedule gives the necessary information for allocation to the relevant Votes.

95. Expenditure under this head should not be confused with that mentioned in para: 36, the Land Transport Charges, being for services performed by the Railway in that portion of the flotilla which remained under their jurisdiction.

96. Unallocated - £897.3.-.

Vouchers which did not afford sufficient information to permit of allocation to foregoing heads have been debited



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debited to this item. Similarly, items appearing in the Treasurer's Cash Book against Suspense War Expenses for which no vouchers could be traced or submitted for audit by the Chief Paymaster have also been charged to this head.

97. Queries have been issued on all these items and you will observe by comparison with the figure under this head cabled to the Colonial Office by telegram No. 364 dated 29th October 1915 that a reduction of £1789.17.7 has already been effected. The remainder will be submitted to you for decision when replies to the queries are received.

98. Meanwhile I would suggest that this amount of £897.3.- be regarded as "Suspense" to be adjusted in the 1915-16 accounts.

99. Suspense Accounts.

Imprest to Mafia - £3333.6.8.

This sum was advanced in March 1915 shortly after the occupation of Mafia Island to provide a working balance of British coinage. I am at present in correspondence with the Chief Paymaster with regard to the clearing of this imprest and will deal with the Mafia Accounts in my Report on 1915-16.

100. Sale of Enemy Property - Cr. £265.9.-.

This amount will in due course be paid over to the Liquidator of Enemy Firms. A query is at present outstanding requesting adjustment of this charge.

101. Sir William Johns - £666.13.4.

On the landing of Indian Expeditionary Force "B" after the Tanga operations, the Director of Railways requested that the above sum might be placed to his credit at the National Bank of India to meet immediate requirements. Since then other similar advances have been made by the Treasurer and charged off by him to Suspense War Expenses. I

have taken up the question of clearing these advances with the Chief Paymaster East Africa Pay Corps, and he informs me that he is still under correspondence with the Director of Railways. These accounts will not be lost sight of and I will deal with them more fully in my report on the 1915-16 accounts.

102. Commander Headlam - £5145.1.7.

On arrival of Indian Expeditionary Force "B" this amount was advanced to Commander Headlam Royal Navy, Senior Marine Transport Officer. Adjustment has been effected in the May 1915 Account.

103. Giriama Fines Account - £31.6.4.

Turkhana Patrol Account - £338.6.1.

These charges represent cash expenditure incurred in connection with the military operations against the tribes mentioned. As it has now been decided that all charges on account of these operations, with the exception of pay and equipment of the troops engaged, shall be debited to the respective Fines Accounts in the Treasury Books, the proceeds of the fines levied being likewise credited to that head, I requested that War Expenses should be relieved of the above charges. They have consequently been shown in Suspense, the necessary adjustment being effected by the Treasurer in the 1915-16 Accounts.

104. East Africa Pay Corps - £3384.9.9.

Represents cash advances made by the Chief Paymaster East Africa Pay Corps in March 1915 to the Officers Commanding Sundry Units and will be accounted for in subsequent months.

105. Field Disbursing Officer, Indian Expeditionary Force "B" - £3398.13.4.

Shortly after the arrival of the Indian Expeditionary

Expeditionary Force this amount was advanced by the Treasurer to the Indian Field District Officer to meet his cash requirements. Afterwards his officer obtained his funds direct from the Government of India and adjustment of this payment has been effected in the May 1915 Account.

100. Belgian Congo - F.F.C.

This is the value of stores etc. supplied to the Belgian Congo Government during the period under review.

I considered it advisable to request the Chief Paymaster to keep a separate head for such charges, in view of possible adjustment at a later date, and I observe from War Office letter No.0154/4175 (F.I.) dated 13th April last that this course is in accordance with their requirements.

107. During the course of the examination of the 1914-15 accounts particularly during the earlier months many charges were observed which <sup>did not</sup> appear to be covered by any specific authorities, were insufficiently vouched, or unsupported by sufficient information. On my referring the relevant queries to Headquarters the matter was reported to the War Office and sanction was accorded to General Tighe to deal with such charges. Similar sanction was also accorded to His Excellency by the Secretary of State under Colonial Office telegram dated 23rd June 1915.

I append a list (enclosure F.F.) of the more important transactions of the nature of irregular expenditure which have been noted in connection with the Secretary of State's telegram above mentioned.

108. From the inception of the Military Audit Department on 28th December 1914 to the present date, 2915 queries have been raised on the War Accounts. Owing to the delay in the submission of the expenditure accounts it has been found impossible

( 30 )

impossible in many instances to obtain the necessary information in reply to my queries. Otherwise, in the majority of the cases they have been promptly and satisfactorily dealt with.

109. Staff.

The establishment of the Military Audit Department has been sanctioned by the General Officer Commanding and consists at present on 4 Assistant Auditors and 34 Clerks. Messrs: Faulkner and Lee have been transferred from the Head Office and have been engaged solely on military accounts from May 1915 and August 1915 respectively. I wish to place on record my appreciation of the loyal and ungrudging assistance I have received from these officers. Their office hours have been increased by two hours daily, and in addition they have worked on Sundays and half holidays and by their tact and courtesy have succeeded in establishing the most amicable relations with the various Military Departments.

Mr: Collisson arrived on 20th April last and Mr: Baldwin on 10th May. These two gentlemen have also been posted to the Military Audit Department and are doing excellent work.

110. At the date of writing the following <sup>is</sup> the position of the audit of the military accounts :-

- Cash Expenditure Accounts - May and June 1915 in hand.
- South African Pay Lists - Under audit.
- Supply Accounts - May 1916 in hand.
- Clothing Accounts examined to March 1916.
- Ordnance Accounts " " December 1915.
- Remount Accounts - Headquarters Accounts examined to February 1916.
- Livestock Accounts from August 1915 to March 1916 in hand.

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Ordnance Accounts " " December 1915.

Remount Accounts - Headquarters Accounts examined to February 1916.

Livestock Accounts from August 1915 to March 1916 in hand.



( 51 )

Mechanical Transport Stores Ledgers to March 1916 in hand.  
Transport Accounts to December 1915 not audited see  
paragraph 37.

I have, etc.,

(Signed) H.C.E. BARNES,

Director of Military Audit.

W.C.A. 8AP

40996  
11

2 cists W.C.

31

31 May 1916

DRAFT.

(1) 53091/16  
ansd (2) 10865/17

Sir,

I am to transmit to you

Secretary,  
1) Treasury  
2) War Office  
MINUTE.

to be laid before

- (1) the LC of the Treasury,
- (2) the Army Council,

Mr. Jewell 30/5/16  
Mr. Butler 30/5/16  
Mr.

Mr. Grindle.  
Mr. Lambert.  
Mr. Read.  
Sir G. Fiddes.  
Mr. Steel-Maitland.  
Mr. Bonar Law.

Copy for Conference 13 April 17 10865:17

the acc. copy of the Report of  
the Director of Colonial Audit  
on the Statement of Account  
rendered by the Chief Paymaster,  
East Africa Pay Corps, for the  
period ended the 31st of March  
1915, together with a copy of the

(separate packets  
all enclosed  
Sent H.M. S.A.)

report <sup>prepared</sup> ~~by~~ the Auditor of  
the IAP ~~forwarded~~ to the DCA  
in connection therewith, <sup>including</sup> ~~and also~~  
copies of enclosures "B" to "F.F."

and a summary of Enclosure "A"  
in the Auditor's report.

[to 2 only]. The original of  
enclosure "A" ~~is also enclosed~~, <sup>therein</sup>  
while the certificate of the DCA  
is appended, is also enclosed.

CLARENCE B. CRIDDLE