

EAST AFR. PROT

10863

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Rec^d
Reg^d 28 FEB 17

2/16
14/12
15/11

was office

1917

27 Feb.

Last previous Paper.

4
9/3/12

Military Expenditure

Audit of Account to 31 March 1917

Submits details on Auditor's report.

Mr. Stephenson

I should be glad if you
obviate on this letter, which I have
hardly find time to deal with at
present.

W.C.B. 28/2/17

Mr. Bottomley,

Paragraphs 2 and 3. Mr. Barnes, the Auditor, re-
ported to me in April 1913 that, notwithstanding the
statement (contained in a Memorandum by Mr. Bowring,
the Chief Secretary, dated the 3rd December 1914)
that the Treasurer had detailed an office for the
duties of analysing and classifying all war charges,
under the appropriate main heads, he had charged all
payments to one fund without classifying them in any
way. I accordingly instructed him to take action on
this point, but, in the meantime, a Pay Department
(of the East Africa Pay Corps) had been formed and had

Copied in Conference 13 April 17
Copied to WO &
Copied to Old & 16 April 17
To Gen. Comd. 31 Dec 17
See remarks Comd. 27 March 18 & 1900

entered upon the task of classifying all the accounts from August 1914, the work being then, in July 1916, well in hand. In this and apparently in other respects there seems to have been a lack of enterprise on the part of the Treasury.

Paragraph 10. I propose to inform the Auditor accordingly.

Paragraph 16. Test verifications are being carried out, where necessary, by this Department.

Paragraph 20. I have suggested that an estimate of the over-debit to the Common Charges Account should be submitted for the approval of the Secretary of State and acceptance by the Army Council (see paragraph 2 of the attached letter to the Auditor dated 22nd December 1916).

Paragraph 25. I also agree with the views of the Governor and I suggest that he might be now informed that the Secretary of State approves.

Paragraph 27. I think that the Auditor merely wished to place on record the fact that as the Protectorate had been fully debited with these payments, as from the beginning of the war, there remained no further liability against the Protectorate in respect of them.

Paragraph 29. I propose to inform the Auditor accordingly.

Paragraph 33. I agree, and propose to inform the Auditor accordingly.

Paragraphs 51-60. I agree. The views here expressed are in general agreement with the view I have already conveyed to the Auditor (see paragraph 3 of the attached letter to the Auditor dated 22nd December 1916).

Paragraphs 96-98. I have concurred in this but (9) the Governor should be informed of the War Office agreement.

W.C.S.

The C.C.A. Memo
41 150/51317/16-
herewith W.C.S.

W.C.S.

Presented that the
Bureau was also
presently not the
the arrangement
some liabilities
Partly, via all
as a rule, is with

W.C.S.

W.C.S.

W.C.S.

[Handwritten signature]

W. Butler

191

I have not been able to take this
up before. I agree with Mr. Stephens
& have nothing to add.

W. Butler

Oct 10 4.17

W. B.

11 4.17

at one.

Remind only. LF.

total 31.12.17 above

Director of Colonial Audit to Auditor, East Africa.

No: 268/249.

22nd December, 1916.

Sir,

With reference to the observations contained in paragraph 20 of your report on the Military Expenditure for the period ended the 31st March 1916, I have the honour to invite your attention to the Memorandum relating to the Common Charges Account, a copy of which was forwarded to you with my letter No: 248/249 of the 30th November, in which it is laid down that the cost of clothing and equipment supplied, on formation, to units raised locally on or after the outbreak of war should be excluded from that Account.

2. In order that this decision may be complied with it would appear to be desirable that the Government should be asked to agree to an estimate of the amount of the over-debit to the Common Charges Account, calculated on a basis which secures approximate accuracy, and that the figures thus arrived at should be submitted to the Secretary of State for his approval and for acceptance by the Army Council.

3. With reference to the expenditure incurred by the Committee of Supplies (paragraphs 31 to 40 of your report), it would appear that, as this Committee was formed originally with the object of controlling the general food supplies of the Protectorate, the inclusion of its expenditure in the Common Charges Account can hardly be considered to be justified, and, in the circumstances, I have to request that you will inform me whether the procedure which was adopted was approved by the General Officer Commanding.

I have, etc.,

(Signed) A. E. STEPHENSON.

Any further communication on this subject should be addressed to—
The Secretary,
War Office,
London, S.W.
and the following number quoted.

10863

193

REC'D
REF 28.117

War Office,
London, S.W.

21st February, 1917.

0165/7870 (F.I.A)

MC
40996

I am commanded by the Army Council to advert to your letter 40996 of 31st August 1916, enclosing a copy of correspondence in connection with the Audit of Military expenditure in East Africa for the period ended 31st March 1915.

In regard to the report of 9th June 1916 made by the Auditor of the East Africa Protectorate to the Director of Colonial Audit, I am to make the following observations:

Paragraphs 2-3. While they recognise the difficulties under which the Protectorate authorities worked in the early months of the War, the Council cannot but regret the absence of supervision on the part of the local Protectorate Treasury over the War Expenditure. This defect appears to have been largely responsible for the irregularities which have formed the subject of a separate correspondence, and also for the delay in the submission of the audited figures. I am to suggest for Mr. Bonar Law's consideration that this lack of supervision calls for some notice.

Paragraph 10. All necessary adjustments have been made in the Army Appropriation Account. No local action is required.

Paragraph 16. It is not proposed to verify the receipt of all stores sent from this country and South Africa. The practice of this Department is to make a

full

Under Secretary of State,
Colonial Office.

full and complete verification in cases where the issuing depot's account does not contain satisfactory evidence that the consignee has received and accounted for the stores.

In cases, however, where the issuing depot's account contains such evidence, only a test verification is made.

Paragraph 20. If it is impossible to eliminate from the common charges account the cost of the initial equipment of local units already included in that account, it will be necessary to bear this point in mind when the account is divided between the Imperial and Protectorate Governments.

Paragraph 25. On the information before them, the Council agree with the opinion expressed by the Governor that the expenditure incurred in the building of the road from Londiani Station to the Waji Mzuri Saw Mills is correctly debited to the Protectorate.

Paragraph 27. As it has been decided that the cost of substitutes for Protectorate officials serving in common organizations should be charged to the common charges account, the Council do not quite understand what leads the Auditor to remark that the expenditure charged to Protectorate funds in respect of the seconded officials should be borne in mind when the question of the division of the common charges account comes up for discussion.

Paragraph 29. Hospitals and Field Ambulances are not required by regulation to keep accounts of medical stores or equipment. It has however been found desirable in other theatres of war to require hospitals on Lines of Communication to keep accounts of equipment and clothing, and if operations continue in East Africa the Colonial Auditor might conveniently ask the General Officer Commanding in Chief to order similar records to be kept in that country.

Paragraph

Paragraph 33. It appears to the Council, prima facie, that, as a credit was given for the charges appearing in the 1915/16 accounts, there is no logical reason why credit for the similar charges appearing in the 1914/15 accounts should not also now be given.

Paragraphs 51-59. As the Council understand the matter, the Civil Government set up a Central Committee of Supplies on the outbreak of war to control the supplies of the Protectorate and, later, to purchase foodstuffs and other articles in order to avoid the possibility of a shortage in the supplies for the civil population. Large stocks were accumulated at Nairobi (under the Central Committee) and at Mombasa (under a sub-committee), but owing to the increase in private importations these were found to be not required. Both Committees consequently approached the military authorities with a view to their taking over the surplus stocks, and the military authorities agreed to do what they could to help the Committees out of their difficulties. A portion of the stocks was taken over, and apparently the Committees disposed of the remainder by auction or otherwise.

The fact that a portion of the stocks was taken over by the military authorities does not appear to justify passing the financial transactions of both Committees through the common charges account, which thus stands charged with the loss incurred on those transactions. In the Council's opinion the proper course was to exclude the financial transactions of both Committees from the common charges account and to include them only in Protectorate accounts, and for the Protectorate Government to charge the military authorities for the stocks taken over at the price that would

full and complete verification in cases where the issuing depot's account does not contain satisfactory evidence that the consignee has received and accounted for the stores.

In cases, however, where the issuing depot's account contains such evidence, only a test verification is made.

Paragraph 20. If it is impossible to eliminate from the common charges account the cost of the initial equipment of local units already included in that account, it will be necessary to bear this point in mind when the account is divided between the Imperial and Protectorate Governments.

Paragraph 25. On the information before them, the Council agree with the opinion expressed by the Governor that the expenditure incurred in the building of the road from Londiani Station to the Maji Mzuri Saw Mills is correctly debited to the Protectorate.

Paragraph 27. As it has been decided that the cost of substitutes for Protectorate officials serving in common organizations should be charged to the common charges account, the Council do not quite understand what leads the Auditor to remark that the expenditure charged to Protectorate funds in respect of the seconded officials should be borne in mind when the question of the division of the common charges account comes up for discussion.

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The fact that a portion of the stocks was taken over by the military authorities does not appear to justify passing the financial transactions of both Committees through the common charges account, which thus stands charged with the loss incurred on those transactions. In the Council's opinion the proper course was to exclude the financial transactions of both Committees from the common charges account and to include them only in Protectorate accounts, and for the Protectorate Government to charge the military authorities for the stocks taken over at the price that would

would have been obtained for them in the open market on the date of taking over in their then condition. There would of course be no objection to the inclusion in the common charges account of the financial transactions of the Nairobi Committee from March 1915, from which date it purchased on behalf of the Military Authorities only. I am to suggest that the common charges account should be adjusted on this basis, or, if this course is not now practicable, that the account should at least be credited by the Protectorate with the loss sustained by the transactions of both Committees. I am to request that, if Mr. Secretary Bonar Law concurs, he may be so good as to give instructions accordingly.

Paragraph 60. Similarly the financial transactions relating to the livestock and stores consigned by the Committees to the Zanzibar Government should properly be excluded from the common charges account.

Paragraphs 96-98. The Council concur in the decision to carry the unallocated expenditure amounting to £897 to "Suspense" and to make the necessary adjustments in the 1915/16 accounts.

In conclusion I am to express the Council's appreciation of the work performed by the Colonial Audit Department in respect of these accounts under unusually complex conditions.

I am,

Sir,

Your obedient Servant,

D. B. White

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10863

EAD



13⁵ April 1917

Sir,

I have the honor to be advised
by you the accompanying copy
of correspondence on the
subject of the report by the
Auditor, E. A. P., to the
Director of Colonial Audit
on the statement of account
of military expenditure
rendered by the Chief
Paymaster, E. A. Pay Corp
for the period ended the
31st of March, 1915. In
what follows my references
to paragraphs are to those
of Mr. Bennett's report dated
the 9th of June 1916.
2. Paragraphs 2-3. I regret
that in the copy before me
I can only convey in the
view expressed in the

DRAFT.

E. A. P. Conf

OR Govt

to H. Belfield

MINUTE.

- Mr. Bottomley 10/4/17
- Mr. Butler 11/3
- Mr.
- Mr. Grindle.
- Mr. Lambert.
- Mr. Road.
- Mr G. Fiches.
- Mr. Steel-Maitland.
- Mr. Long.

for comment

OCA report 26 August (40918/16)
J. W. D. 31 August
L.S.O. 27th Feb. (10863/17)

copy to W. D. 14 April 1917
copy to J. W. D. 15 April 1917

copy to W. D. 15 April 1917
copy to J. W. D. 15 April 1917

letter of the 27th of
February that inadequate
supervision over the
War Expenditure was
exercised by the Prot^l
Treasury after every
allowance is made for the
initial difficulties, it is
unfortunate that other
accounts should have
been left unclassified
up to the date, ten months
after the outbreak of war,
of the formation of the
East African Proj Corps.

Paragraph 16 Best verifica-
tions of stores are being
made under the orders
of the D of Col. Audit.

Paragraph 20 In a letter
to the Hon^{ble} Secy of the
22nd of Dec^r 1914, the DCA,
suggested that the Govt of
the Protectorate should be
asked to give to an estimate
of the own debit to the
Commons Charge Account a
schedule of initial equipment,

calculated on a basis
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which seems appropriate
accuracy, and that the
figures thus arrived at
should be submitted to
me for my approval and
for that of the Army Council.
I shall as soon as receive
a despatch from you on
the subject in due course

Paragraph 25 I concur with
the A.C. in accepting your
view that the expenditure
connected with the building
of the road from Londiani
Station to the Maji
Mzuri Saw mills has
correctly debited to the
Protectorate, and the
accounts should be
adjusted accordingly.

Paragraph 33 I agree with
the A.C. in the view that
the adjustment of accounts
in respect of charges has

by the Uganda Ry. for
premises occupied by
the military should be
applied to the year
1914-15.

Paragraphs 51-60. I also
agree that, as the Committee
of Supplies were found
to control the general
food supplies of the
Protectorate, their
accounts should not be
included in the Common
Charges Account, and
the accounts should
therefore be adjusted as
indicated in the War
Office letter.

Paragraphs 96-98. You
will observe that the A.C.
concur in the decision to
carry the unallocated
expenditure of £897 to
"Sudanese" and to make the
necessary adjustment in the
1914-15 accounts.

3. I have to inform you
that communication to the
War Office is being made
in the following terms:

expression with which I
~~desire to commend~~
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loyalty of the Army
Council's appreciation of
the work which they have
performed in respect of
these accounts.

I have
(Signed) WALTER H. LONG