

1932.

Kenya

1

No. 18138.

SUBJECT

C0533/424

Accounting Arrangements.

Staff Economy Measures,

Treasury + Audit Depts.

Previous

See 17391/31.

Subsequent

See 18422/39.

1 for Kenya — 176. Rev. — 16/4/32.2

Submits proposals for a temporary curtailment of the existing double check exercised over revenue receipts & expenditure vouchers, with a view to effecting reduction of staff in the Treasury. — Ask for telegraphic reply

This proposal to abolish or curtail the check by the Treasury provided for in C.R. 319 was put forward in 5055/24 with other proposals but was not approved because it detracted from the responsibility of the Colonial Treasurer vide Sir E. Stephens's minute of 16/2/28 in the file and the despatch which was based on it.

The <sup>present</sup> financial situation does not seem to affect the proposals involved.

? D.C. may be asked for his views on the proposals

H.S. P. 1029 & 1030  
27/4/32

~~The letter~~

You will be interested to see paras. 6 and 8. Then to D.C.

H.S. P.  
27/4.

There is no doubt that the financial position urgently demands that every legitimate economy should be made

H.S. P.  
27/4/31

1 for Kenya — 176. Res. — 16/4/32.2  
Submits proposals for a temporary  
curtailment of the existing double check  
exercised over revenue receipts &  
expenditure vouchers, with a view  
to effecting reduction of Staff in the  
Treasury. — Asks for telegraphic reply

This proposal to abolish or curtail  
the check by the Treasury provided for  
in C.R. 319 was put forward  
in 5088/24 with other proposals  
but was not approved because  
it detracted from the responsibility  
of the Colonial Treasurer vide Sir  
E. Stephens's minute of 16/2/25  
in the file and the despatch which  
was based on it.

The <sup>former</sup> ~~present~~ financial situation  
does not seem to affect the  
proposals involved.

? D.C. may be asked for his  
views in the present instance

H.S. P. 1028 & 1029  
27/4/32

~~The~~

You will be interested to see paras 6 and 8.  
Then to D.C.

H.S. P. 1028 & 1029  
27/4/32

There is no doubt that the financial  
position urgently demands that every  
legitimate economy should be made.

H.S. P. 1028 & 1029  
27/4/32

Mr. Allen,

This proposal affects the system of financial control as laid down in the Colonial Regulations and by the Secretary of State so it will, perhaps, not be out of place to state briefly what that system is.

(A) The Accounting Officers, other than the Treasurer and his Subaccountants, have certain responsibilities under Col. Regs. 275, 285 (payments), 245 and 246 (receipts), the object of which is to secure that before such payments and receipts are accounted for to the Treasury the officers concerned are responsible for their accuracy.

(B) The Treasurer and his Subaccountants have, however, to apply a check to these receipts and payments before accepting them for entry in the Treasury accounts.

(C) It has been consistently maintained by the Secretary of State for years that before the Treasurer submits the prepared accounts of the Colony for audit they shall be examined in the Treasury (Kenya 60684/24 instances this).

(D) The Auditor's responsibility is to exercise such a check over the accounts submitted by the Treasurer as will satisfy him that they are correct, and it is on this check that the D.G.A. relies when certifying the Annual Accounts.

(E) In the case of Self-accounting Departments the stages A and B above are combined into one, as the Departmental Accounting Officer does not account in detail to the

Treasurer,

Treasury, but stage C is carried out in the department instead of the Treasury and stage D remains the same except that the check is carried out before the Department sends in its accounts to the Treasurer. The Treasurer accepts the periodical statements of account (as certified by the Auditor) for incorporation in the accounts of the Colony.

4. What is now proposed by Kenya is that stage C should be abandoned, except of course in the case of the self-accounting departments which would not be affected, and that the accounts of the Colony should be sent in for audit without any examination in the Treasury which, in effect, would mean that the Treasurer would rely wholly upon stage B.

5. I have no doubt at all that it is undesirable to upset the system of financial control as at present laid down and I suggest that it would be especially unwise to do so at a time when the reduction of staff in practically all departments is almost certain to weaken the accounting arrangements and checks generally. I see, however, from paragraph 3 of the despatch that the examination division in the Treasury (which carried out stage C of the system) exercises a 100% check over the accounts, not only over the expenditure vouchers but also over the revenue receipts (the latter are apparently examined to a much greater extent than in most Colonies) and I suggest that the Treasurer might well satisfy himself as to the accuracy of the accounts by requiring the examining staff to carry out a test check of such an extent as the results proved to be adequate: this is the method adopted by the audit and it has proved to be satisfactory. In this way the Treasurer might no

doubt

doubt be able to effect an economy in the cost (that which should be possible owing to of the examination division, in addition to the extension of the self-accounting system to the Departments of Military, Police and Forests (Kenya/17391/51), without abandoning one whole stage in the system of control.

4. If, however, the financial situation is so desperate that it is considered necessary to adopt the proposal contained in this despatch, the audit will be prepared to do what it can to fill the gap by a more detailed examination of the Treasury accounts but it would, of course, be understood that neither the Auditor nor I could in any sense take the responsibility for the accuracy of the accounts which rightly falls upon the Treasurer.

*A. J. Harding*

Director of Colonial Audit.

9<sup>th</sup> June 1932

The economies foreshadowed in

paragraph 7 of the despatch, namely 24,000 a year must be regarded as substantial in the present financial position of the Colony. On the other hand it is a considerable responsibility to agree to any weakening of financial control which might result in considerable losses. Mr. Harding makes an alternative suggestion which might be put to the Governor by airmail asking him to make a final recommendation by telegraph. I put up a despatch and tel. accordingly.

2. To Gov. Tel No 122 - Kenya 10.6.32

3. To Gov. 442 Reported - cons 13 JUN 1932  
(1 unword)

Seen A. J. Harding  
DCA.  
14-7-32

*D.C.A. to see  
Precedents to  
see report*

4. Gov. Kenya — 374 — 1078732  
States in reply to No 3, that it is proposed to proceed on the basis of the complete elimination of the Examination Division of the Treasury, with the exception of one Asiatic Clerk.

This will result in the retrenchment or absorption elsewhere of one Asst. Treasurer, two European and 9 Asiatic clerks etc para 3 of 1.

The suggestion in para 6 of 3 was both the former should make his final recommendation by telegram but the former is apparently deferring his decision proceeding to ask on this basis he mentioned.

In view of para 4 of the DCA's minute of 9/6/32 it is unnecessary to pursue this question.

? Put by - W. S. C. A.  
Should see  
Gov. S. A. in case letters are  
H. P. P. S. A.  
6/9/32

*Precedents to see reply to 3*

*not so much this year  
3 bar  
1932*

3575/8

Mr Allen.

Noted.

I am not sure at present how this decision will affect the work ( and consequently the staff required for it) of the audit in Kenya, but I am writing to the Auditor on the subject. As regards the audit staff I am minuting to you on Kenya 18270/32.

A. J. Harding

Director of Colonial Audit.

15th Sept 1932

In view of the fact that  
No 3 ? ref. that in the  
understanding mentioned in  
para 5 of that des. the  
S.A. will make proposals to  
acquiesce in the proposals  
in the despatch.

J. R. Allen

17/9/32

5/9/32

Mr Tomlinson

I am afraid we have  
been thinking more of the  
accounts than of the staff  
You should certainly have seen

These papers.

We are not yet told what  
will be done with the  
Asst. Secy's office!  
(1.5.32)

5/10/32

See  
A. J. Harding  
10/10

(C.D. should see after action has been taken)  
2/77 since  
2/70 32

5 to for 76 by (revised  
(revised))

copy supplied

Presented to

at 6 Governor Bygone 545 heels, 30th Nov '32.

S.A. defines the position of the Treasurer in connection  
with the auditing of accounts & budgeting operations & states  
question will be borne in mind when budgetary position is under  
review as the result of Expenditure. Any further report.

? D can may be asked for his  
views on S

H. P. P. P. P.  
29/1/32  
H. P. P. P.

No. 3575/8.

Mr. Freeston,

It is natural that the Treasurer of Kenya  
should wish to have the effect of the decision  
in paragraph 2 of No. 5 herein (S. of S. despatch  
No. 767 Reserved of 11.10.32) upon his respon-  
sibility clearly defined. I do not think, how-  
ever, that paragraph 2 of the Governor's despatch

in No. 6 (No. 575 Reserved of 30.11.32) can be accepted without comment. The position is that S. of S. approval has been given to the elimination of the Examination Division of the Treasury, with the exception of one Asiatic Clerk, and the sole effect of this is that Stage C of paragraph 3 of S. of S. despatch in No. 3 (No. 442 Reserved of 13.6.32) has been abandoned in so far as the examination of the vouchers is concerned: the retention of the Asiatic Clerk will apparently allow of the accounts being checked in other respects. This decision in no way affects Stage B of the system and, consequently, the Treasurer is still directly responsible for the check over the receipts and payments which occur at the Headquarters of the Treasury (where there is no Sub-Accountant) before they are accepted for entry in the Treasury accounts, just as the Sub-Accountants are still responsible for checking the receipts and payments which occur at Treasury centres before accepting them. The statement in the last sentence of paragraph 2 of the Governor's despatch ought not to be interpreted to mean that the responsibility of the Treasurer (at Headquarters) and the Sub-Accountants (at Treasury centres) for applying the usual check to receipts and payments prior to entry in the Treasury accounts has been in any way altered. In order to avoid misunderstanding, it is, I think desirable that the above should be stated to the Governor for the information of the Treasurer.

One other point I should mention is that the statement in paragraph 4 of the Governor's despatch (No. 6) that "the Treasurer has no great confidence in the usefulness of a 50% check" does not appear to be what the Treasurer has actually said. According to a copy of a minute by the Treasurer to the Colonial Secretary (Conf. 4257/53 of 12.7.32) what the Treasurer said was "I have not much confidence in the usefulness of a check of less than 50%" which is a very different matter.

*A. Harding*

Director of Colonial Audit.

13 - 2 - '33

Submission of the pending papers shall go to L. G. as advised received from DCA?

*[Signature]*

*[Handwritten note]*

7 To Gov 123 Reserved (6 amended)

22 Feb 1933

*[Handwritten notes and signatures]*  
8 to D.C.A. (107) 13/16 23/2/33

7

C. O.

- Mr. Priestman 16/2/33
- Mr. ~~Arthur~~ Greasy 18/2/33
- Mr. ~~Frost~~ on top
- Mr. Parkinson.
- Mr. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Perm. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

Downing Street,

22 February, 1933.

Sir,

**DRAFT.**

KENYA

Reserved

N: 123

Govr.

(6)

I have the honour to acknowledge the receipt of your despatch

No. 575 reserved of the 30th November, 1932, on the subject of the responsibility of the Treasurer in connection with the accounts of the Colony.

2. It is natural that the Treasurer of Kenya should wish to have the effect of the decision in para. 2 of my despatch No. 767 reserved of the 11th October, 1932, upon his responsibility clearly defined. In order to avoid misunderstanding, I consider it desirable to indicate that I cannot unreservedly accept the statement of the position of the Treasurer as set out in para. 2 of your despatch, under acknowledgment. The position

2. It is natural that the Treasurer of Kenya should wish to have the effect of the decision in para. 2 of my despatch No. 767 reserved of the 11th October, 1932, upon his responsibility clearly defined. In order to avoid misunderstanding, I consider it desirable to indicate that I cannot unreservedly accept the statement of the position of the Treasurer as set out in para. 2 of your despatch, under acknowledgment. The position

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2. It is natural that the Treasurer of Kenya should wish to have the effect of the decision in para. 2 of my despatch No. 767 reserved of the 11th October, 1932, upon his responsibility clearly defined. In order to avoid misunderstanding, I consider it desirable to indicate that I cannot unreservedly accept the statement of the position of the Treasurer as set out in para. 2 of your despatch, under acknowledgment. The position

I have consulted the D.C.A. upon the matter, and...

Copy to D.C.A. (8)

Copy to Dept. of...

position



C. O.

Mr.

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

occur at the Headquarters of the Treasury (where there is no Sub-Accountant) before they are accepted for entry in the Treasury Accounts, just as the Sub-Accountants are still responsible for checking the receipts and payments which occur at Treasury centres before accepting them. The statement in the last sentence of par. 2 of your despatch ~~under acknowledgment~~ ought not, therefore, to be interpreted to mean that the responsibility of the Treasurer (at Headquarters) and of the Sub-Accountants (at Treasury centres) for ~~applying~~ applying the usual check to receipts and payments prior to entry in the Treasury Accounts <sup>has been</sup> ~~as being~~ in any way altered.

3. Subject to the above comments, I agree that the position is as set out in your despatch.

I have, etc.

(Sd) P. OUNLIFFE-LISTER.

69



KENYA  
No 575  
RESERVED.

GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

30<sup>th</sup> NOVEMBER, 1932.

Sir,

No 5

Answered (7)

With reference to paragraph 2 of your despatch No. 767 Reserved of the 4th of October, 1932, I have the honour to inform you that the Treasurer is anxious that his position in the matter should be clearly defined in case you should be under any misapprehension about it.

2. His position is that if one member of the Examination Division of the Treasury is retained he will be in a position to certify as to the accuracy of the accounts but not as to the accuracy of the supporting vouchers. He will not be in a position to accept responsibility for ensuring that payments are made in accordance with the Colonial or local regulations and the application to this Colony of the provisions of Colonial Regulations Nos. 205 and 258 will therefore require relaxation. Officers authorised to sign vouchers will have to bear full personal and pecuniary responsibility for the accuracy of the vouchers they sign.

3. As to the checking of vouchers, the position as I understand it, would be that in regard to "self-accounting" departments the Audit Department would continue, as at present, to check the details on vouchers.

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP GUNLIFFE-LISTER, P.C., B.E.B., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWLING STREET,  
LONDON S.W.1.

vouchers prior to incorporation in the Colony's accounts and, in regard to non-self-accounting Departments after incorporation. The procedure in the latter case would not, however, prevent recovery or adjustment, in respect of errors, in due course.

4. The Treasurer has no great confidence in the usefulness of a 50% check, which in any case would not make it possible to effect a 50% saving in the cost of the Examination Division. The question will be borne in mind when the budgetary position is under review as a result of the Expenditure Advisory Committee's Report, and, while I appreciate the Treasurer's anxiety that his own position in the matter should not be in doubt, I am aware that he considers the proposed economy is one which can be justified in view of the present financial position of the Colony.

I have the honour to be,

Sir,

Your most obedient, humble servant,

  
BRIGADIER GENERAL.  
GOVERNOR.

C. D.  
R 10 OCT  
D-7

C. O.

Mr. Priestman 10/10

Mr. *Draxton* 10/10

Mr.

Mr. Parkinson

Mr. Tomkinson

Sir C. Bottomley

Sir J. Stuckburgh

Parlt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DOWNING STREET,

11 October, 1910

Sir,

I have, etc., to acknowledge the receipt of your despatch No. 7711 Reserved of the 10th inst. on the subject of economies in the work of the Treasury.

(4)

2. On the understanding mentioned in paragraph 6 of my despatch No. 7711 Reserved of the 11th inst., I have, etc., to acknowledge in the private of your despatch under reply.

(3)

I have, etc.,

(Sgd) P. GUNLIFE-LISTER

**DRAFT.**

~~KENN~~

NO. 767 RESERVED

Gov.

C. D. & Co

1136/30 Kenya

529

C.D.  
10 OCT  
D

G. O.

- Mr. Priestman 16/10
- Mr. *Draxton* 16/10
- Mr.
- Mr. *Parkinson*
- Mr. *Tomkinson*
- Sir C. *Bottomley*
- Sir J. *Shuckburgh*
- Paras. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

DEPARTMENT OF STATE,

11 October, 1941

Sir,

I have, etc., to acknowledge the receipt of your despatch No. 5748 dated of the 10th instant on the subject of economies in the work of the Treasury.

(4)

2. On the understanding mentioned in paragraph 5 of my despatch No. 5748 Reserved of the 10th June, 1941 to accounce in the press and in your despatch under reply.

(3)

I have, etc.,

(Sgd) P. GUNLIFFE-LISTER

DRAFT.

~~14~~

KENYA

NO. 767 RESERVED

Gov.

C.D. 16/10

12  
4



KENYA.

No. 344

RESERVED.

GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

RECEIVED  
- 5 SEP 1932 10<sup>1/2</sup>  
COL. OFFI AUGUST, 1932.

*Command 267 Reserved 11 OCT 1932*

Sir,

With reference to paragraph 5 of your despatch No. 442 Reserved of the 13th June, relative to economies in the work of the Treasury, I have the honour to state that, for the present, it is proposed to proceed on the basis of the complete elimination of the Examination Division of the Treasury, with the exception of one Asiatic Clerk, and to consider at a later date whether the budgetary position will allow provision for any examination staff in the Treasury, additional to the one clerk.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*H. M. Moore*

GOVERNOR'S DEPUTY.

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE LISTER, P.C., G.B.E., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON S.W.1.



C. O.

BY AIRMAIL

Mr. Allen. 10/6

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley. 10.6/6

Sir J. Shackburgh.

Permt. U.S. of S.

Permt. U.S. of S.

Secretary of State.

DOWNING STREET.

13 June, 1932.

Sir,

I have, etc., to acknowledge the receipt of your despatch No. 176 of the 16th April in which you submit proposals for securing economies in the work of the Treasury.

2. As these proposals affect the system of control laid down in the Colonial Regulations <sup>and</sup> by the Secretary of State it would seem convenient to preface my remarks with a short explanation of the system.

3. (A) The Accounting Officers, other than the Treasurer and his Subaccountants have certain responsibilities under Col. Regs. 275, 285 (payments), 243 and 246 (receipts), the object of which is to secure that before such payments and receipts are accounted for to the

Treasury

DRAFT. Cms: V. uninitia

KENYA

NO. 442 RESERVED.

24/6

*Received from [unclear]*  
*[unclear]*

Treasury the officers concerned are responsible for their accuracy.

(B) The Treasurer and his Subaccountants have, however, to apply a check to these receipts and payments before accepting them for entry in the Treasury accounts.

(C) It has been consistently maintained by the Secretary of State ~~for years~~ that before the Treasurer submits the prepared accounts of the Colony for audit they shall be examined in the Treasury <sup>(see Mr Kenya</sup> ~~60684/24 instances this).~~ <sup>(13 March 1973)</sup> (60684/24)

(D) The Auditor's responsibility is to exercise such a check over the accounts submitted by the Treasurer as will satisfy him that they are correct, and it is on this check that the D.C.A. relies when certifying the Annual Accounts.

In the case of self-accounting Departments



Treasury the officers concerned are responsible for their accuracy.

(B) The Treasurer and his Subaccountants have, however, to apply a check to these receipts and payments before accepting them for entry in the Treasury accounts.

(C) It has been consistently maintained by the Secretary of State for years that before the Treasurer submits the prepared accounts of the Colony for audit they shall be examined in the Treasury <sup>(see for Kenya</sup> *Amey's dep. no 234 of the 13 March 1925)* <sup>(60684/24)</sup> ~~60684/24 instances this~~.

(D) The Auditor's responsibility is to exercise such a check over the accounts submitted by the Treasurer as will satisfy him that they are correct, and it is on this check that the D.C.A. relies when certifying the Annual Accounts.

In the case of self-accounting Departments

Departments the stages A and B above are combined into one, as the Departmental Accounting Officer does not account in detail to the Treasury, but stage C is carried out in the Department instead of the Treasury and stage D remains the same except that the check is carried out before the Department sends in its accounts to the Treasurer. The Treasurer accepts the periodical statements of account (as certified by the Auditor) for incorporation in the accounts of the Colony.

4. It is proposed that stage C should be abandoned, except of course in the case of the self-accounting departments which would not be affected, and that the accounts of the Colony should be sent in for audit without examination in the Treasury which, in effect, would mean that the Treasurer would rely wholly upon stage B.

14

Departments the stages A and B above are combined into one, as the Departmental Accounting Officer does not account in detail to the Treasury, but stage C is carried out in the Department instead of the Treasury and stage D remains the same except that the check is carried out before the Department sends in its accounts to the Treasurer. The Treasurer accepts the periodical statements of account (as certified by the Auditor) for incorporation in the accounts of the Colony.

4. It is proposed that stage C should be abandoned, except of course in the case of the self-accounting departments which would not be affected, and that the accounts of the Colony should be sent in for audit without examination in the Treasury which, in effect, would mean that the Treasurer would rely wholly upon stage B.

5. On general grounds it is undesirable to upset the system of financial control as at present laid down and it ~~might~~ <sup>seems</sup> seem specially unwise to do so at a time when the reduction of staff in practically all Departments ~~is almost certain~~ <sup>will tend</sup> to weaken the accounting arrangements and checks generally. It appears however, from paragraph 3 of your despatch that the Examination Division in the Treasury (which carried out stage C of the system) exercises a 100% check over the accounts, not only over the expenditure vouchers but also over the revenue receipts (the latter are apparently examined to a much greater extent than in most Colonies) and it has been suggested to me that the Treasurer might well satisfy himself as to the accuracy of the accounts by requiring the examining staff to

carry

carry out a test check of such an extent as the results proved to be adequate; this is the method <sup>understand that</sup> adopted by the audit and it has proved to be satisfactory. In this way the Treasurer might, no doubt, be able to effect an economy in the cost of the examination Division in addition to that which should be possible owing to the extension of the self-accounting system to the Departments of Military, Police and Forests without abandoning one whole stage in the system of control. (the Director of Colonial Audit assures me  
 5. On the other hand that if the financial situation renders it absolutely essential to adopt <sup>the</sup> proposal in order to secure the full economies foreshadowed in paragraph 7 of your despatch his Department will be prepared to cooperate to fill the gap by a more detailed examination of the Treasury accounts,

but

but it would, of course, have to be understood that neither the Director of Colonial Audit nor the Auditor could in any sense take the responsibility for the accuracy of the accounts which rightly falls upon the Treasurer.

6. I should be glad if you would consider the matter further in the light of this despatch and when you have done so you will no doubt make your final recommendation by telegraph.

I have, etc.,

(Sd.) P. CUNLIFFE-LISTER.

but it would, of course, have to be understood that neither the Director of Colonial Audit nor the Auditor could in any sense take the responsibility for the accuracy of the accounts which rightly falls upon the Treasurer.

6. I should be glad if you would consider the matter further in the light of this despatch and when you have done so you will no doubt make your final recommendation by telegraph.

I have, etc.,

(Sd.) P. CUNLIFFE-LISTER.

C. O.

Mr. Allen ~~10/16~~

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

**DRAFT.** tel.

*Cas. v. minutes*

GOVERNOR,

NAIROBI.

*Codes & Sent*

*10.40 pm*

*10.6.32*

*Not copied*

*[Signature]*

*122*

No Reserved.

Your reserved despatch No.176

of the 16th April. Reply is being

sent by next airmail.

Secer.

*ASD*  
*AD*

*2*  
*16*

KENYA.

No. 176  
RESERVED.  
AIR MAIL.



GOVERNMENT HOUSE  
NAIROBI,  
KENYA

16<sup>th</sup> APRIL, 1932.

Sir,

I have the honour to report that I have been in consultation with the Treasurer and the Auditor in regard to the possibility at the present juncture of a temporary curtailment of the existing double check exercised over revenue receipts and expenditure vouchers, particularly now that self-accounting status has been extended to six of the main Departments under the authority conveyed in your telegrams, No. 39 of 25th February and No. 53 of 12th March last.

2. I am naturally averse from suggesting a relaxation of any essential safeguard over the collection and disbursement of public funds at a time like the present when the conservation of resources must remain of primary consideration, but at the same time a perusal of the Estimates for the last seven years shows a material increase in the staff of both the Treasury and Audit Departments.

3. There can be no doubt that this additional personnel has accrued legitimately as the financial situation allowed, in an endeavour to cover developing services and responsibilities, as well as to carry out with

proper/

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.I.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON S.W.1.

*Ans. 9. (2)  
The Annual 442 Revised  
13 JUN 1932  
No 3 on  
2391/31  
K  
No 4*



KENYA.

No. 176  
RESERVED.  
AIR MAIL.



GOVERNMENT HOUSE  
NAIROBI,  
KENYA

16<sup>th</sup> APRIL, 1932.

OFFICE

Sir,

I have the honour to report that I have been in consultation with the Treasurer and the Auditor in regard to the possibility at the present juncture of a temporary curtailment of the existing double check exercised over revenue receipts and expenditure vouchers, particularly now that self-accounting status has been extended to six of the main Departments under the authority conveyed in your telegrams, No. 39 of 25th February and No. 53 of 12th March last.

2. I am naturally averse from suggesting a relaxation of any essential safeguard over the collection and disbursement of public funds at a time like the present when the conservation of resources must remain of primary consideration, but at the same time a perusal of the Estimates for the last seven years shows a material increase in the staff of both the Treasury and Audit Departments.

3. There can be no doubt that this additional personnel has accrued legitimately as the financial situation allowed, in an endeavour to cover developing services and responsibilities, as well as to carry out with proper/

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON S.W.1.

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proper efficiency the duties laid down in Colonial Regulations, as emphasized in the correspondence terminating with Mr. Abery's despatch No. 23 of the 17th March, 1941. As the result there has been a special examination division has been established in the Treasury, which carries out a 10 per cent check of the revenue receipts and expenditure vouchers of all Departments (except the self-accounting departments) and of all District Offices. This Division comprises an Assistant Treasurer in charge, 2 European and 10 Asian Clerks.

4. The question arises as to whether the Colony can afford this complicated check, having regard to the other revisions for protecting revenue and controlling expenditure. All sub-accountants (Heads of Departments and District Officers) are responsible for the accuracy of their vouchers. This is the first safeguard and is followed by the full scrutiny check with the Treasury. The second safeguard is the system of control by appropriations for specific purposes down to small divisions of sub-heads of the estimates between individual "sending officers".

5. In commenting upon this proposal the Treasurer reports:-

"I must emphasize the point that I as Treasurer do not recommend the change herein mentioned and that I put it forward only as the least dangerous means of effecting further economies if further reduction of expenditure in the Treasury there must be. Nevertheless I see no reason why the Secretary of State should not be sounded on the subject in case of need."

He, however, admits that the elaborate method of check adopted in Kenya is far closer than that prevailing in other colonies of which he has had personal experience, or even in the adjoining Territory of Tanganyika and, as far as he is aware, also exceeds anything of the kind to be found in the commercial world.

The undoubted effect of such a change would be to throw some increased work upon the Auditor and his staff, but the Auditor, who has been fully consulted on this question, is prepared to undertake this without any increase in his establishment.

6. I trust therefore that you will be disposed to agree to my proposal in principle, as a measure of economy, justified by the present financial stringency. The revenue returns for the first quarter of the year, particularly in respect of Customs receipts, have proved disappointing, and make it imperative to follow up every possible method of reducing expenditure on the lines laid down in paragraph 8 of your despatch No. 171 (Reserved) of the 29th February. While I

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regret that these proposals necessitate some retrenchments, it is becoming increasingly evident that this necessity must in certain cases be faced, if the progressive economies which you have directed me to make are to be effected. Even so their effect on current expenditure will be considerably minimised in view of the notice which requires to be given to officers retrenched.

7. I hope that it will be clear from the considerations mentioned above that no specific danger to normal financial safeguards is entailed by the present proposals, which the Treasurer anticipates in a full year would effect a saving of some £4,000 at an initial cost of some £500 in gratuities and annual pension commitments of approximately the same figure. The sum of £4,000 includes salaries, passages and house allowances.

I shall be grateful for a telegraphic reply to this despatch in order that the necessary action in regard to any consequent reduction of staff may be instituted as early as possible.

8. I may add that a comprehensive despatch in regard to the financial position and prospects generally will be prepared in the near future when it has been possible to formulate the contemplated programme of immediate economies in a final form.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*H. W. Moore*

GOVERNOR'S DEPUTY.