

1930

Kenya.

No. 16335.

SUBJECT

CO 533/403

Audit Dept Staff

Previous

15244/28.

Subsequent

17265/31.

The subject of correspondence with the Acting Auditor and Auditor of Exchequer regarding the desirability of gradually replacing the European Examiners of Accounts by Assistant Auditors with blanks.

On a cursory reading I think the ~~the~~ Auditor has the best of this argument.

See last para of last page of memo.

We can I think only give the Govt. more carefully to long work them.

J. Easton

~~27~~ 27 x 30

The request of the Auditor in the last paragraph of his letter of the 12th September to which Mr. Harding refers, was that if the Colonial Government did not accept his opinion that the new proposals should be <sup>included</sup> ~~omitted~~ in the Draft Estimates and go to the Council with the support of the Government, the matter should be reported to the Secretary of State in time, if possible, to allow a reply being received before the Estimates are finally passed by the Legislative Council.

Mr. Harding asks that the Secretary of

State should take up the matter if nothing is heard from the Colonial Government. It may be, of course, that on re-consideration the Colonial Government proposes to put the matter to the Legislative Council in the form desired by the Auditor. On the other hand we do not know this, and the Estimates session has already commenced.

The D.C.A. attaches considerable importance to this matter, and if I may venture the opinion, ~~xxxx~~ for very strong reasons. The proposals <sup>do</sup> not involve any increase of expenditure, and the Secretary of State is therefore not precluded from pressing them if he thinks fit. On the whole I think that instead of waiting for the Estimates, as Mr. Eastwood suggests, we might telegraph for information as in the draft herewith.

W.M. Allen  
29/10/30

accp  
29. 10. 30  
above

TO O.A.S. Tel (No. 252). Cont. 29/10/30.

DER. STATUTE

3 O.A.S. tel 31st \_\_\_\_\_ 11th November  
is explaining position by de' tele; no promise  
is here recommended by Auditor included in draft  
Estimate but his representations will be submitted  
to select committee for consideration

? Dec to see I wait for Dep.  
G. Eastwood

D.C.A.  
Yes - I think we must  
now await the report.  
see Parkinson  
12. 11. 30

Mr. Parkinson,

I suppose so - but the Colonial Government's procedure is unfortunate, unless they are going to back-or at any rate not oppose - the policy advocated by the Auditor and by me.

A. J. Harding  
Director of Colonial Audit

19-11-30

Wait for despatch  
all?  
20. 11. 30  
Allen

4 D.C.A. minute \_\_\_\_\_ 6 December  
encloses copy further letter from Auditor re replacement  
of European examiners of accounts by local auditors

? still await Dep. with

by G. Eastwood

Parkinson

12. 12. 30

above W.M. Allen  
12. 12. 30

5  
4/20/1951  
DCA  
29 November  
enclose copy letter from DCA to Auditor on  
question of replacement of examiners of accounts by  
local auditors comments on request of DCA, but  
unable to induce it.  
DCA proceeds — the Jan 1951

The proposal of the Auditor, which is backed up by the Director of Colonial Audit, is to substitute for five existing posts of Examiner of Accounts three posts of Assistant Auditor. The Examiners of Accounts draw salary at the rate of £300 - 18 - £480 - 20 - £500, and are non-pensionable. Assistant Auditors draw salary at the rate of £360 for two years, then £425 - 25 - £600 - £30 - £720, and they are pensionable.

The proposal would therefore involve a decrease in expenditure immediately, but an increase in pensions commitments.

The work of the Audit Department ~~may be~~ divided into two classes:-

(1) the examination of the various accounts, which needs to be conducted by a reasonably well educated staff, who are able to perform the work under due supervision with a proper degree of efficiency and reliability.

(2) The control and supervision of the audit which should be carried out by officers who are wholly unbiassed and independent of any local influence, who are capable of exercising tact and common sense, and who are qualified to advise on the more technical side of the audit involving intelligent and informed criticism of the various ~~existing~~ systems of accounts, with a view to the prevention or detection of fraud or irregularity.

The posts of Examiner have been created since

since 1923 to cope with the large increase in the amount of work of the former type, and they have been filled by the recruitment of local candidates. The Examiners do not look for promotion from within the Audit Department but to transfer to such posts as Accountant in other Departments. Three of them have already been so transferred.

The Auditor now represents that there is not sufficient examining work (other than that which can be done efficiently by non-Europeans) to justify the employment of a special subordinate staff. Such as there is would provide good training for junior Assistant Auditors. He therefore proposes:

- (1) to replace two examiners by Assistant Auditors.
- (2) that a third Assistant Auditor should do the work of the two other Examiners, and
- (3) that the work of the 5th Examiner should be taken over by the non-European staff. Of the new posts of Assistant Auditor one would be paid for by the Railway Administration, and part of the salary of another would be shared by the Railway and Uganda. The Railway administration are in agreement with the Auditor's proposals.

The Kenya Government on the other hand opposes them on four grounds:

- (1) That they involve an increase in the pensionable staff;
  - (2) that the O.A.G. is not satisfied that the three Asst. Auditors could do the work of the five examiners;
  - (3) that the posts actually be four, since the work of one would be done by non-Europeans
  - (4) that the training of recruited officers, whereas Asst. auditors would be members of the Colonial Audit Department appointed in this country;
- and

x Presumably therefore an increase of non-European staff would also be necessary.

x But it would actually be four, since the work of one would be done by non-Europeans

and experience gained by the Examiners is of great value to other Departments upon their transfer to them.

The matter was laid by the Kenya Govt. before the Select Committee on the Estimates (which contains all the unofficial members), and they agree with the opinion of the Kenya Government. The following is an extract from their Report:

The Acting Colonial Secretary informed the Committee that in connection with the Estimates for 1931, the Auditor had strongly recommended that the posts of examiners of Accounts in the Audit Department should be replaced by Asst. Auditors as and when vacancies occurred, the proposal being that the present staff of five Examiners of Accounts should eventually be replaced by three Asst. Auditors, that the reasons underlying this proposal were that by this step the Audit Department would contain a larger number of trained Auditors who would be members of the Colonial Audit Department; but that the change had not been reflected in audit Estimates because the Government considered that the present system afforded good and permanent employment to local youths in the office of Examiner of Accounts and that the interests of the Colony were better served by continuing the present system. In spite of the fact that the Auditor's proposal aimed at an eventual saving on the vote. Elected Members desire to associate themselves with the attitude Government has adopted in the matter"

The matter is now referred to the S. of S. for decision.

We have had a good deal of discussion on the subject. There is no doubt as to the question of principle. On the other hand one can't help having a certain amount of sympathy with the last two of the O.A.G.'s arguments, and in addition the S. of S. would no doubt prefer if possible to avoid a direct flouting of the opinion of Elected Members. In the circumstances as a matter of expediency it would be very nice, if it were all possible, if some concession could be made towards the O.A.G.'s view.

You have now prepared the attach memo.

X  
708

Col. G. G. G.  
6.2.31

For convenience of reference I have marked  
the interstake in my memo A, B & C.  
I understand that there is no trouble  
with the O.A. visiting SA this year.

W. Allen  
7/1/31

A.C.A.  
When Allen spoke to me of this, I had hoped that you might be contemplating an E.S. visit, even if not in 1931, perhaps in 1932. If so, it would be infinitely preferable for you to argue this out in person with the Kenya Govt. for I fear that

we are not going to discuss  
the Govt. by correspondence,  
& I still find it difficult  
to recommend, whatever  
the S. of S. rights in the  
matter, that he should  
issue a direction to the  
D. of A. at the present  
time, especially with  
the feeling that obviously  
exists (i.e. which will  
prevent steady work  
until someone can  
argue it away in favour  
in favour of the  
present arrangement.

May we have now  
your views, please -

All Well  
- 7.2.31

Mr. Parkinson,

I kept this until I knew definitely  
whether I should be going to Malaya this  
Spring. It has now been decided that I  
should go at the end of April, and so there  
is no chance of my visiting Kenya this year.  
Whether I shall be able to go next year, I  
can hardly say at present.

The way in which this matter has been  
dealt with by the Kenya Government is very  
unfortunate.

unfortunate. The Auditor's proposal endorsed  
by me after full consideration, has been  
turned down by the Acting Governor, a procedure  
contrary to Colonial Audit Department Instruction  
No. 3, and he has got the Select Committee of the  
Legislative Council to agree with his decision  
without their being even informed of the full  
arguments for that proposal.

In the circumstances the best line of  
action seems to me to be:-

- (a) For the Secretary of State to write to  
the new Governor, who is not responsible for  
the incorrect procedure which has caused the  
trouble, and refer him to the relevant correspond-  
ence (which is all in this file) and especially  
to my Confidential letter of 19.2.30. Give  
him, as the Secretary of State's view, the  
substance of paragraph 5 of Mr. Allen's memorandum  
omitting A, and ask him to consider the question  
ab initio and inform the S. of S. of his opinion  
as contemplated by Departmental Instruction No. 3  
adding that before coming to a conclusion he will  
no doubt discuss the whole question with the  
Auditor.

(b) In the meantime, the vacancy for an  
Examiner should remain unfilled.

(c) When a reply comes from the Governor it  
will no doubt be referred to me for my observa-  
tions, and then the S. of S. can decide what to  
do.

As regards C in Mr. Allen's memorandum,  
there is nothing to prevent local candidates  
from applying in the usual way for selection as

Assistant

Yes - but I got  
Nikson's & was  
in writing to  
S. of S. 1931

\* I have made no  
reference to this  
aspect of the matter  
in the draft 1931

Assistant Auditors in the Colonial Audit Department, provided that they can be interviewed by me or by the Deputy Director of Colonial Audit in my absence. As a matter of fact, a Mr. F.W. Pim, who is an Examiner of Accounts in the Kenya Local Government Department has been in communication with me and is going to apply through the Governor and to call here for interview when he comes on leave in August. He is a B.A. of T.C.D. and if the Kenya Government reports well on him and if he is not too old he may be quite a good candidate. But I could not of course take inferior candidates into the Colonial Audit Department in order to smooth things over with the Kenya Government by providing jobs for residents in Kenya, and a candidate from Kenya must be considered purely on his educational and other qualifications. If selected for the Colonial Audit Department, he would normally be assigned to some other Colony - not to Kenya.

*A. J. Harding*

Director of Colonial Audit,

20<sup>th</sup> March 1931

*J. H. Bennett*

*all papers*

26.3.31

*Y. - Gen. Secy - 5. Howard - Gen. Secy - 1/12 AFR 1931*

*[Handwritten initials]*

*D.C.A. (W/C 7) 10/12 A. 8 AFR 1931*

Mr. Allen *n/3*

X.16335/30:Kenya.

R 30 APR  
D 10 APR

Mr. ~~Phillips~~ *27/3/31*

Mr. ~~of Harding~~ *27/3/31*

Sir C. Bottomley

Sir J. Shuckburgh

Sir G. Grindle

Permd. U.S. of S.

Parly. U.S. of S.

Secretary of State

Downing Street

March 1931

2 APR 1931

*Much to do with 14265/31*

Sir,

I have the honour to refer to Mr.

**DRAFT. Cas. & merits**

Moore's confidential despatch No.170 of

KENYA

(5)

the 29th November, 1930, regarding the

CONFIDENTIAL

proposal to replace Examiners of Accounts

Gov.

by Assistant Auditors.

*Copy to D.C.A. M2A 8 APR 1931*

2. The authorised procedure for

dealing with a matter of this kind has

not been completely followed in this case

and I ~~shall~~ <sup>shall</sup> be glad if you would now

take into consideration the correspon-

dence leading up to Mr. Moore's despatch,

including that between the Auditor and

the Director of Colonial Audit, and in

particular, the confidential letter from

the Director of Colonial Audit of the

19th February, 1930.

3. The fundamental issue is the

number

*Copy to D.C.A. being sent*



number of officers of the rank of Assistant Auditor which it is necessary for the Director of Colonial Audit to allocate from his establishment for service in Kenya in order to provide for the efficient conduct of the audit of the accounts of the Colony, *including the combined services,* and of the Kenya and Uganda Railways and Harbours. <sup>No</sup> ~~Instruction~~ 3 of the Departmental Instructions of the Colonial Audit Department lays down that the Auditors and Assistant Auditors are selected for appointment on the recommendation of the Director of Colonial Audit and by the Secretary of State who will fix the salaries and number of the establishment in any Colony, after consultation with the Governor. In this instance, a conflict of views arose between the Colonial Government and the Auditor. The matter was referred to *Director* the Colonial Audit Department who, after full and careful enquiry into all the aspects of the matter, including the objections of

the Colonial Government, concurred in the view that as vacancies occur in the five posts of Examiners of Accounts, these posts should be abolished, and replaced by three additional posts of Assistant Auditor. At this point the matter became one for the Secretary of State's decision after receiving and considering the views of the Officer Administering the Government. Normally, this consultation should have taken place prior to any reference to the Legislative Council, and in view of the ~~circumstances~~ <sup>position which has now arisen,</sup> I appreciate that it would have been better if I had asked that the matter <sup>should</sup> be submitted to me at that stage instead of acquiescing in the procedure indicated in Mr. Moore's <sup>Confidential</sup> telegram No. 386 of the

(3)

11th November, 1930. I ~~had~~ understood that the ~~message~~ <sup>position</sup> would ~~have~~ been fully explained to the Select Committee, but it ~~does not~~ <sup>has not</sup> appear from the relevant passage on page of the ~~report~~ <sup>report</sup> that the Auditor's proposals

*(Committee report  
Council may not be a  
complete record of  
that proposed)*

MEMORANDUM.

7

1. I attach a note showing the various changes in the Audit establishment since 1924 when the posts of Examiners of Accounts were first introduced.

2. Unless much more transpired at the Select Committee than appears in the Report, the proposals of the local Auditor and the D.C.A. obviously stood no chance at all of acceptance - in fact, it does not seem that they were put to the Select Committee at all properly or fully as we might have expected would be the case having regard to the fact that the O.A.G. in a telegram in No.3 said that the Auditors' representations would be submitted specifically to the Committee for consideration with the Government views thereon.

3. The arguments in the O.A.G.'s despatch, that the post of Examiner of Accounts forms: (a) a field of local employment, and (b) valuable training with a view to transfer to other Departments, would I imagine be quite sufficient to clinch the arguments with the Elected Members with <sup>out</sup> regard to the merits of the case so far as the efficiency of the Audit Department is concerned. These arguments seem to me to be quite irrelevant and the Audit Department is surely the one of all Departments to which they should not apply. The O.A.G. himself, in paragraph 7 of his despatch, admits that the efficiency of the audit may suffer by the transfer of Examiners, which almost inevitably results from the fact that there are no pensionable prospects in the Audit Department. Turning to the other objections, i.e. (1) and (2) in paragraph 6 of the despatch:-

proposals were adequately represented to the Committee, nor that the Committee were informed that the proposals had the support of the Director of Colonial Audit. I have therefore to request that you will consider the question ab initio, and inform me of your opinion as contemplated by the Departmental Instruction No. 3. Before <sup>you come</sup> coming to a conclusion, will no doubt discuss the whole matter with the Auditor.

4. In the meantime, <sup>if you wish</sup> the existing vacancy for an Examiner of Accounts <sup>G</sup> should remain unfilled.

I have, etc.

(Signed) PASSFIELD

(1) If additional appointments of Assistant Auditor are necessary in the interest of the efficiency of the Department the fact that they would be pensionable officers is not a sufficient argument against making such appointments.

(2) The local Auditor and the D.O.A. are surely the best judge whether three Assistant Auditors can satisfactorily replace five Examiners of Accounts. Anyway, it will be seen from the attached note that in 1924 the Governor of Kenya suggested the appointment of one Assistant Auditor to replace <sup>two</sup> ~~one~~ Examiners of Accounts, and, on this basis one would imagine that three Assistant Auditors could do the work of not merely five but six examiners.

4. There is a further point which may be mentioned as the Colonial Government might some time or other take it. In the Secretary of State's confidential despatch of the 9th January, 1927, it was stated, on the suggestion of the late Sir Edward Stephenson, that a fair, if not even a generous proportion of the experienced officers of the Colonial Audit Department had hitherto been allotted to Kenya. *State it however that this statement relates to the ~~experience of the experienced officers of the Colonial Audit Department~~ <sup>experience of the total force of the experienced officers of the total</sup> Kenya really has no bearing on this question of Assistant Auditors v Examiners.*

5. The fundamental point is how many Assistant Auditors is it necessary for the D.O.A. to allot to Kenya from his establishment in order to provide for the efficient conduct of the audit in that Colony. Instruction 3 of the Departmental Instructions of the Colonial Audit Department lays down that the Auditors

and

6524/27.

Establishment of  
the C.A.D. allotted  
for service in

(1024/27)

and Assistant Auditors are selected for appointment on the recommendation of the Director of Colonial Audit by the Secretary of State, who will fix the salaries and number of the establishment in any Colony after consultation with the Governor. In this case there has not yet been any consultation between the Secretary of State and the O.A.G. who has really decided the matter off his own bat, and should as one can now see have ascertained the Secretary of State's views before committing himself with the Select Committee. What we have here is a conflict between the Colonial Government and the local Auditor. That conflict was referred to the D.C.A. who, after full and careful enquiry into the matter, including the objections of the Colonial Government came down on the side of the local Auditor.

(See e.g. para. 8 of his letter of the 19th Feb)

A.

In these circumstances which view is to prevail? Personally, I have no doubt that on the merits it should be the view of the local Auditor backed by the D.C.A.

6. If so, what is to be done? The position as I understand it is that there is at present one vacancy in the Examiner grade, and the D.C.A. wishes to appoint an assistant auditor instead. This, however, would involve an increase in the establishment of Assistant Auditors authorised in the Estimates for 1931, as passed. Are we therefore:

- (a) To accept the position for this year: (i) fill the Examiner vacancy or (ii) leave it unfilled; insist on the necessary change in the 1932 Estimates; and

and then if (i) appoint an Assistant Auditor ~~at once~~  
or if (ii) on the next vacancy ~~at once~~

(b) Insist on the Government carrying the change through without delay, then appoint another Assistant Auditor, leaving the Examiner vacancy unfilled.

On the whole unless the D.C.A. has strong objection

B

I think (a) would be preferable, though, if anything should come of the suggestion which I have made below it might be possible to adopt (b) with the minimum of friction.

*yes*

7. I do not suggest that the Audit Department should be the sport of politics in Kenya, but the fact that there is a field of local European candidates for Government employment is an important one and cannot be ignored. It is largely to this fact that we owe the system of Examiners which is, I gather an exorcism peculiar to Kenya. I think, therefore, that we are bound to take notice of this factor, though not at the expense of efficiency of <sup>12</sup> Audit of all Departments.

8. I notice that under paragraph 4 of the General Instructions and Rules of the Colonial Audit Department, it is stated that "The post of Assistant Auditors are occasionally filled by the selection of officers who have obtained the necessary technical training by service in the home civil service or the Governments Colonial Departments, but in the absence of qualified officers from these sources, candidates will be provisionally selected from outside the service". Definite appointment, is however, subject to a period of special training in London, and, presumably, officers

of the Colonial Audit Department are much more liable to transfer than, say, the ordinary Administrative Officer. We have had many cases of local candidates, including candidates already serving in other branches of the Kenya service, appointed to the Administration in Kenya, and no real difficulty has arisen as regards arranging for such candidates to undergo the usual year's training here. I believe that the D.C.A. is anxious to raise the standard of candidates for the Audit to that of candidates for the Administration, and if we can get local candidates for the latter from Kenya it is not necessarily impossible that candidates suitable personally for the Audit might also be found locally, though there is the additional requirement as to prior technical training: there might (I do not know) even be some among the Examiners now serving or who have so served and been transferred to other Departments. If it could be said that suitable local applications for appointment as Assistant Auditors would be carefully considered, and, better still, if there were a prospect of making such a local appointment in the place of the existing Examiner vacancy, it would, no doubt, much simplify the present difficulty. The idea may, of course, prove to be quite impracticable, but at any rate, it seems worth mentioning and possibly exploring.

*x like of the kind  
Candidates are  
not actually  
allowed to transfer*

4,

*J.M. Allen  
4/2/31*



### HISTORICAL NOTE

The following table shows the changes in the principal offices of the Audit Department since the appointment of Examiner of Accounts was introduced in 1924.

	1924	1925	1926	1927	1928 to date.
Auditor	1	1	1	1	1
Principal Assistant Auditor	?	-	-	-	? 1
Senior Assistant Auditor	2	2	3	4	2
Assistant Auditor	6	6	5	4	5
Examiner of Accounts	1	1	3	4	5

1924. The post of examiner of accounts was introduced in connection with the 1924 Estimates, when it was proposed to make three such appointments, in order to provide for the additional European supervision which was regarded as essential. To provide funds for the appointments it was proposed that vacancies existing in the higher grades of the non-European staff be allowed to lapse and the junior non European clerks be employed to keep up the numerical establishment of clerks. Subsequently the Governor recommended that an assistant auditor should be substituted for two examiners of accounts which post it was thought could not be filled locally and it was doubted whether it would be possible to secure the type of man required at the salary offered with no prospects in the Department, with the result that only one appointment as examiner of accounts was approved.

(See page 3 of explanatory statement on 1924 Estimates in 60383/23).

8046/24

(See para. 4 of despatch on 5410/24.)



1926. Changes in the establishment approved in connection with the Estimates for 1926, included one additional Senior Assistant Auditor for Zanzibar with a consequent reduction of one in the establishment of Assistant Auditors. Two additional Examiners of Accounts were appointed, making three in all, one to be employed on the Customs accounts in Uganda and the other for the accounts of the Colony.

(See 336/26)

1927. A Senior Assistant Auditor was provided for the Mombasa Office in the place of an Assistant Auditor and one additional Examiner of Accounts was appointed for the railway audit office. The cost of this appointment, which <sup>was</sup> in substitution for that of a first grade clerk, was met from the railway contribution.

(See page 16 of memorandum on Estimates with 8088/26).

1928. Owing to the inauguration by the Zanzibar Government of an Audit Service of its own, the Kenya Estimates for 1928 excluded provision for the staff previously employed on the audit of accounts for Zanzibar, Somaliland and Seychelles. On this account the audit establishment was reduced by one Assistant Auditor. In addition the grading of the staff was changed by making provision for a Principal Assistant Auditor in place of an Assistant Auditor. On the other hand it was felt that the Audit staff required materially strengthening with the result that it was proposed and decided (in spite of the facts mentioned above) that there should be a net increase of one in the number of Assistant Auditors and of one

in

*\* With the revised scale of salaries the distinction between a S. A. and an A. A. becomes one of designation of post & scale of pay.*

(Pages 22 and 23  
of memorandum on  
1928 Estimates  
with 10450/27).

in the number of Examiners of Accounts. This was  
considered to be the minimum required for a complete  
audit of accounts.

There has been no change in the establish-  
ment since 1928.

19

COPY.

Auditor, Kenya Colony, to Director of Colonial Audit.

Confidential.

8th December, 1950.

No. 1609.

Sir,

With reference to my letter No. 1512 of the 12th November, on the subject of the proposal to replace the Examiners of Accounts by Assistant Auditors, I have now the honour to enclose for your information an extract from the report of the Select Committee on the Estimates for 1951. I assume that the Governor's despatch, No. 170 Confidential of the 29th November, has already been referred to you.

2. It does not appear from the despatch or from the report that the undertaking of which I informed you in paragraph 3 of my letter of the 12th November was carried out. Both indicate that the reasons for rejecting the proposal were stated, but apparently the Committee were not informed that it had your support nor were the arguments in favour of it discussed. The reason given in the Report "that by this step the Audit Department would contain a larger number of trained Auditors who would be members of the Colonial Audit Department" is not a fair summary of these arguments and in fact bears little relation to any of them. Evidently the Elected Members were merely told that the proposal had been made and that Government had rejected it, and it appears that their decision was not based on the merits of the case but on the advice of Government.

3. With reference to the last paragraph of His Excellency's despatch, it now appears that the message which

which Mr. Sandford should have given me was that Government definitely refused to consider the proposal or to take any further action on it whatever. There could then have been no possible misunderstanding. The message actually given was as stated in my memorandum to the Colonial Secretary of the 13th September, and was repeated several times because I refused at first to believe that it represented His Excellency's intention. It was not an impression gained in conversation.

4. I am surprised to see seriously advanced in paragraph 6 of the Governor's despatch the argument that three men can not do the work of five. The method of allocating the work had been explained by me, and accepted by you, in correspondence of which the Colonial Secretary has been furnished with copies, and, as I am responsible for carrying out the audit programme, it does not seem essential that the Colonial Government should understand the explanation. This argument might be applied to any Department. It would imply, for instance, that in the Secretariat the two Secretaries and the Establishment Officer might be replaced by five officers of the standing and salary of the Examiners of Accounts, with a saving (on the 1930 Estimates) of some £650, while more and better work would be done because the Colonial Secretary could have five assistants instead of three.

I have, etc.

(Sgd) W.H. SMITH.

Auditor.

IV.- AUDIT DEPARTMENT.

Examiners  
of Accounts.

"The Acting Colonial Secretary informed the  
"Committee that, in connection with the Estimates  
"for 1931, the Auditor had strongly recommended  
"that the posts of Examiners of Accounts in the  
"Audit Department should be replaced by Assistant  
"Auditors as and when vacancies occurred, the  
"proposal being that the present staff of five  
"Examiners of Accounts should eventually be  
"replaced by three Assistant Auditors; that the  
"reasons underlying this proposal were that by  
"this step the Audit Department would contain a  
"larger number of trained Auditors who would be  
"members of the Colonial Audit Department; but  
"that the change had not been reflected in draft  
"Estimates because Government considered that the  
"present system afforded good and permanent employ-  
"ment to local youths in the office of Examiner of  
"Accounts, and that the interests of the Colony were  
"better served by continuing the present system. In  
"spite of the fact that the Auditor's proposal aimed  
"at an eventual saving on the vote. Elected Members  
"desire to associate themselves with the attitude  
"Government has adopted in the matter."

125



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

KENYA.

No. 170

CONFIDENTIAL.

RECEIVED  
22 DEC 1930  
COL. OFFICE

29<sup>th</sup> November, 1930.

My Lord,

No. 3 With reference to Kenya Confidential telegram No. 386 of 11th November, I have the honour to inform Your Lordship that a proposal was placed before this Government by the Acting Auditor in July, 1929, under which the posts of Examiners of Accounts in the Audit Department would be replaced by Assistant Auditors as and when vacancies occurred, the proposal being that the present staff of five Examiners of Accounts should eventually be replaced by three Assistant Auditors.

2. The reasons put forward for suggesting this change were that the Examiners of Accounts were engaged locally to non-pensionable posts on a scale of salary of from £300 to £500 per annum; that, in view of the low maximum of their grade, the normal avenue to which they looked for promotion was by transfer to other accounting posts in the Service; and that, on transfer taking place, it was necessary for the Audit Department to engage and train new men to fill the vacancies. It was stated also that the work performed by Examiners of Accounts would be valuable training for

Assistant/

THE RT. HON. LORD HASEFIELD, P.C.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET, LONDON, S.W.

Letter from  
Director of  
Colonial  
Audit, of  
17.7.29.

2 APR 1931

Unrecd. Copy.

Assistant Auditors and under the proposed system the experience and knowledge which they would thus acquire would be retained in the Department.

3. The Acting Auditor made it plain that his proposals did not reflect in any way on the capabilities and efficiency of the Examiners of Accounts than in the Department. He stated that they were very useful men and that he was entirely satisfied with their work, but he added that the type of man required by the Audit Department to carry out the important work entrusted to Examiners of Accounts was not satisfied with the maximum salary of £500 per annum and that difficulties must therefore inevitably arise owing to the desire of the holders of those posts to seek promotion elsewhere.

4. On the arguments put forward it was not considered that a sufficiently strong case had been made out to warrant the change proposed, more particularly as it would involve the creation of additional pensionable posts at a time when present and future pension commitments required very careful attention. No reference was, therefore, made to this proposal in considering the Draft Estimates for 1930. In putting forward his proposals for Draft Estimates, 1931, the Auditor again recommended that a change of this kind should take place and proposed that one post of Examiner of Accounts which was about to fall vacant should be deleted from Estimates, provision being made for an additional post of Assistant Auditor. He has also placed details of his proposals before the Director of Colonial Audit, who, in a letter dated 17th July, requested the Auditor to "press the Kenya Government to accept and carry out this policy".

I attach, for Your Lordship's information, a copy of this/

this letter from the Director of Colonial Audit, which has been sent to me by the Auditor.

5. I discussed the question with the Auditor on the 10th September. He recapitulated the arguments in favour of the proposed change to which I have already referred and emphasised the disability under which the Audit Department was working owing to the fact that Examiners of Accounts were not and could not normally be members of the Colonial Audit Department, and that the present system was not, therefore, well suited to the permanent efficiency of audit work in this Colony.

6. While fully appreciating the force of the representations made by the Auditor, I have felt unable to approve his proposals for incorporation in the Draft Estimates for 1931 for the following reasons:

(1) While I am prepared to admit that the creation of additional pensionable posts would not form an insuperable difficulty in the way of accepting the Auditor's recommendations if an exceptionally strong case had been made out for the change, I consider that this proposal is open to some objection on that account;

(2) I am not satisfied on the information placed before me that the work which at present falls to be performed by the five Examiners of Accounts could be satisfactorily undertaken by three/Assistant Auditors. The introduction of higher status for the junior members of the Department cannot, of itself, enable three men to do five men's work;

*In your memo  
through West  
Case do the work  
2 SSA - see  
Boulton*

*... the ...  
... the ...  
... the ...*



this letter from the Director of Colonial Audit, which has been sent to me by the Auditor.

5. I discussed the question with the Auditor on the 10th September. He recapitulated the arguments in favour of the proposed change to which I have already referred and emphasised the disability under which the Audit Department was working owing to the fact that Examiners of Accounts were not and could not normally be members of the Colonial Audit Department, and that the present system was not, therefore, well suited to the permanent efficiency of audit work in this Colony.

6. While fully appreciating the force of the representations made by the Auditor, I have felt unable to approve his proposals for incorporation in the Draft Estimates for 1931 for the following reasons:

- (1) While I am prepared to admit that the creation of additional pensionable posts would not form an insuperable difficulty in the way of accepting the Auditor's recommendations if an exceptionally strong case had been made out for the change, I consider that this proposal is open to some objection on that account;
- (2) I am not satisfied on the information placed before me that the work which at present falls to be performed by the five Examiners of Accounts could be satisfactorily undertaken by three/Assistant Auditors. The introduction of higher status for the junior members of the Department cannot, of itself, enable three men to do five men's work;

*In your opinion  
Kawak's that A.A.  
Case do the work  
2. 2. 1. - see  
Subject  
JMM*

*Not then shall the  
deal but the  
how the  
JMM*

(3) In this Colony advantage is taken, wherever possible, of securing local candidates for appointment to suitable offices in the Government Service and the posts of Examiners of Accounts have hitherto been filled by local candidates. The suggestion that these posts should, even gradually as vacancies occur, cease to be filled by local recruits and should be substituted by other posts normally filled from outside the Colony, possesses serious objections on general grounds of policy.

7. The Auditor complains that the efficiency of his Department suffers by the transfer of Examiners of Accounts on promotion to more responsible offices in other Departments and I am prepared to agree that this may be so. But it is clear that persons who have received valuable preliminary training in audit work become singularly well qualified to undertake accounting work in other Departments, and training of this kind, when applied to Departmental accounts, therefore, tends to simplify subsequent examination of the accounts by the Treasury and the Audit. The Treasury suffers in this respect in the same way as the Audit Department, but the Treasurer, whom I have consulted in this matter, concurs in my opinion that the advantages of having men who have been properly trained in financial procedure supervising accounts in other Departments far outweigh from his point of view the temporary inconvenience which results from the transfer to another Department of one of these junior officers.

8. After the most careful consideration, therefore, I have come to the conclusion that the proposal put forward by the Auditor, and supported by the Director of Colonial Audit, would not be in the best interests of the Colony as a whole and I am unable to endorse it.

9. I may add that, following my interview with the Auditor on the 10th September, the Auditor received the impression, in conversation with a member of my staff, that I was prepared to allow the Auditor to argue his case before the Select Committee appointed to consider the Draft Estimates for 1931. This impression, which has been communicated in writing to the Director of Colonial Audit, is erroneous, and I should not have referred to it had it not been for the fact that the Auditor's impression has been communicated to the Director of Colonial Audit. There are obvious objections to permitting any Head of a Department to appeal to the Select Committee on any point upon which the Government has given an adverse decision. I, however, authorised the Acting Colonial Secretary to refer to the proposal and to the reasons for which Government has been unable to accept it and, as will be seen from the Committee's Report, Elected Members associated themselves with the attitude taken by Government.

I have the honour to be,

My Lord,

Your Lordship's most obedient, humble servant,

*H. Wilson*

ACTING GOVERNOR.

No 2 case  
 objection  
 to the  
 will be  
 that the  
 case  
 will

that the  
 clear  
 has been  
 left to  
 the

to  
 in  
 have  
 done  
 on the

Confidential

COLONIAL AUDIT DEPARTMENT,  
58 Victoria Street,  
London, S.W.1.

July 17th, 1930.

Sir,

With reference to your letter, Confidential No. 13/10 of February 20th and Confidential of April 4th, regarding the desirability of replacing the existing posts of Examiners of Accounts by a smaller number of Assistant Auditors, I have the honour to inform you that, after considering the position as explained in these two letters, I concur in the view that, as vacancies occur in the five posts of Examiners of Accounts, these posts should be abolished and replaced by three additional posts of Assistant Auditor.

2. It is clear that Mr. Fisher has been, and that Messrs. Lund and S.I. Ellis are, employed on work which ought properly to be carried out by an Assistant Auditor in accordance with the principles which I indicated in my Confidential letter of February 19th as governing the normal distribution of work in an Audit Office under the Colonial Audit Department system.

3. I have, therefore to request, that you will press the Kenya Government to accept and carry out this policy, and, as a first step, to agree to the appointment of an additional Assistant Auditor in place of Mr. L.R. Fisher, whose appointment as Accountant of the Department of the Registrar General Public Trustee and Official Receiver has, I understand, received the approval of the Secretary of State.

4. I note with pleasure the testimony which you bear to the valuable work done by the Examiners of Accounts since the grade was instituted.

I have the honour to be,  
Sir,  
Your obedient servant,

(Ed.) A.J. Harding

DIRECTOR OF COLONIAL AUDIT.

R.

RECEIVED  
9 DEC 1930  
COL. OFFICE

28 H

Mr. Parkinson,

No. 1

No. 3

No. 1512  
12.11.30.

With reference to my minutes of 22nd October and 19th November on I.16335/30/Kenya, I forward attached a copy of a further letter from the Auditor of Kenya regarding the replacement of European Examiners of accounts by Assistant Auditors.

A. J. Harding

Director of Colonial Audit.

6-12-30

Auditor, Kenya, to the Director of Colonial Audit.

Confidential.

12th November, 1930.

No. 1512.

Sir,

I have the honour to confirm my telegram of the 6th of November, 1930, which should decode as follows:-

"Your telegram of the 4th November Colonial Government reporting by telegraph to Secretary of State for the Colonies who will no doubt consult you. Smith, Auditor."

This is in reply to the latter part of your cable, the receipt of which has already been acknowledged, enquiring what action the Colonial Government was taking on the proposal to replace the Examiners of Accounts by Assistant Auditors.

2. I was called yesterday to an interview with the Acting Governor and the Acting Colonial Secretary, at which His Excellency informed me that he had been unable to recommend the adoption of the proposal to Legislative Council, and that the Audit Department draft Estimates, which did not include it, had already been passed without alteration by the Select Committee of Council. He told me that a cable had been received from the Secretary of State asking for a summary of the Colonial Government's views, and approved of my sending the above reply to you.

3. His Excellency, though still not in favour of the proposed change, agreed to allow the Colonial Secretary to re-submit the Audit Estimates to the Select Committee, giving them full details of the proposal and the reasons for it, with the additional information that the estimated saving of some £300 would be more than sufficient to cover the increased pension commitments

and

and that of the three new posts, if created, the Assistant Auditor in the Railway Branch Office would be paid for in full by the Railway Administration, and that part of the salary of the second Assistant Auditor in the Mombasa Office, in so far as he would be employed on Customs audit and Port and Harbour Accounts, would be met by Uganda and the Railway respectively.

4. I understood that the main argument is still that referred to in my previous letter, No. 1272 of the 13th of September, the desirability of retaining five posts which are open to local recruitment, with the additional advantage that the holders acquire a training in this department which is valuable both to them and to the Colonial Government when they are transferred to other departments. His Excellency further stated that he was entirely satisfied with the work which was being done by the Audit Department at present, but that he regarded that only as an additional reason for not altering the existing establishment, and that it would be extremely difficult to persuade the Elected Members of Council to agree to the substitution for these five posts of three which would not in ordinary circumstances be filled by local candidates.

5. It is still not clear to me why a proposal which entails reduced expenditure, and which, in your opinion, will lead to increased efficiency, should be subordinated to a scheme for using the department as a training school for local recruits. I will inform you at once of any further development in the matter.

6. This letter to the end of paragraph 4 has been confirmed, as a correct record of the interview, by His Excellency the Governor. I enclose a copy of the relative memorandum from the Private Secretary.

I have, etc.,

(Sgd) H. SMITH. Auditor.

Private Secretary to the Auditor.

11th November, 1930.

I am instructed by His Excellency to return herewith the copies of the record of your interview at Government House on the 5th November, 1930, which you propose to send to the Director of Colonial Audit.

2. His Excellency has confirmed the record as correct.

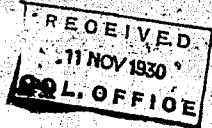
3. I am to ask you to send copies of your telegram of the 6th November and also of your letter to the Director of Colonial Audit, as finally despatched, to the Colonial Secretary for record in the Secretariat.

(Sgd) J.L.WILLSOCKS.

Private Secretary.



DECODE



TELEGRAM from the Officer Administering the Government  
of Kenya to the Secretary of State for the Colonies.

Dated 11th November 1930. Received at 1.3 p.m. on 11th  
November.

-----

No 2 No. 386. Confidential. Your telegram No. 252. Con-  
fidential. Audit staff. I am explaining position  
fully by despatch which follows by mail and auditor  
hasse informed Director of Colonial Audit. No provis-  
ion on lines recommended by auditor was included in  
draft estimates but his representation will be submit-  
ted specifically to Select Committee for consideration  
with Government views thereon.

RECEIVED  
24 OCT 1930  
COLONIAL OFFICE

Mr. Parkinson,

I annex copies of correspondence which I have had with the Acting Auditor and Auditor of Kenya regarding the desirability of gradually replacing the European Examiners of Accounts (or some of them) by Assistant Auditors.

In view of the attitude towards this policy of the Colonial Secretary of Kenya which is disclosed in Mr. Smith's last letter, I think it desirable to place the whole correspondence at once before the Colonial Office for the Secretary of State's consideration. As laid down in Colonial Audit Department Instruction No. 3, it is for the Secretary of State, not the Governor, to fix the number and salaries of the Assistant Auditors in any Colony - after consultation of course with the Governor. Either the Governor will comply with the request of the Auditor in the last paragraph of his letter of 12th September to the Colonial Secretary, to refer the question to the Secretary of State, or he will not. If he does, he may not send copies of my correspondence with Mr. Bragg and Mr. Smith, and it is I think desirable that the Colonial Office should be fully informed of what is contained in that correspondence. If he does not address the Secretary of State, I must ask the Secretary of State should take up the matter, as the present position is not satisfactory. The original objection to replacing gradually the European Examiners of Accounts by a smaller number of Assistant Auditors - economy -

From AG. Auditor  
30.9.29.

From D.C.A.  
19.2.30.

From Auditor  
20.2.30.

From Auditor  
4.4.30.

From D.C.A.  
17.7.30.

From Auditor  
13.9.30.

has apparently been abandoned as untenable. Of those now put forward in lieu I cannot admit that the staffing of the Audit Department should be governed either by the desire of the Colonial Government to exercise patronage or by the desire of local European inhabitants to have a number of Government posts ~~to~~ to which they can get their sons or other relatives appointed. The argument that officers trained in the Audit Department form a useful field from which to fill financial posts in other Departments is one which, in my opinion, has more weight. I have, on more than one occasion, mentioned that consideration to Auditors as one to be borne in mind when they have been complaining that good members of their Subordinate Staff have been taken from them for posts in other Departments and have hankered after getting the Subordinate Staff of the Audit Department made a "closed service". But five European Examiners of Accounts as against five Assistant Auditors is obviously an unreasonable number to keep as European officers in training for other Departments, and I do not think that the staffing of the Audit Department should be settled, to the detriment of its efficiency, by such an incidental consideration.

*A. J. Harding*  
Director of Colonial Audit

has apparently been abandoned as untenable. Of those now put forward in law, I cannot admit that the staffing of the Audit Department should be governed either by the desire of the Colonial Government to exercise patronage or by the desire of local European inhabitants to have a number of Government posts into which they can get their sons or other relatives appointed. The argument that officers trained in the Audit Department form a useful field from which to fill financial posts in other Departments is one which, in my opinion, has more weight. I have, on more than one occasion, mentioned that consideration to Auditors as one to be borne in mind when they have been complaining that good members of their Subordinate Staff have been taken from them for posts in other Departments and have hankered after getting the Subordinate Staff of the Audit Department made a "closed service". But five European Examiners of Accounts as against five Assistant Auditors is obviously an unreasonable number to keep as European officers in training for other Departments, and I do not think that the staffing of the Audit Department should be settled, to the detriment of its efficiency, by such an incidental consideration.

*A. J. Harding*  
Director of Colonial Audit

22-10-30

Acting Auditor, Kenya to Director of Colonial Audit.

Confidential.

September 30th 1929

Sir,

I have the honour to enclose herewith a copy of my Confidential letter to the Colonial Secretary dated July 17th 1929 on the subject of the replacement of Examiners of Accounts by Assistant Auditors, for your information. A copy of his reply thereto is also enclosed.

2. There appears to be no alternative but to fill the existing vacancy in the Examiners of Accounts grade locally, and, subject to your approval, I propose to take action on those lines providing a suitable applicant is forthcoming.

I have, etc.,

(Sgd) A.BRAGG.

Acting Auditor.

Confidential.

July 17th 1928

Sir

I have the honour to inform you that, acting on the Auditor's instructions, I have had under consideration the question of replacing, as and when vacancies occur, the existing Examiners of Accounts now employed in this department, by Assistant Auditors in the proportion of three Assistant Auditors to five Examiners of Accounts. I shall be grateful if the matter may be considered in the light of the following facts, and that I may be favoured with the views of Government on the subject before referring to the Director of Colonial Audit.

2. Examiners of Accounts are engaged locally on the grade £300 by £18 to £480 by £20 to £300 plus appropriate house allowance. The posts are not pensionable and the normal avenue for promotion is by transfer to other accounting posts in the service. In view of the low maximum of their grade it is not unnatural that numerous applications for transfers to other posts carrying a higher rate of pay are received, and in two instances such transfers have taken place and this department have had to engage and train new men to fill the vacancies.

3. The work performed by the Examiners of Accounts would be an invaluable training for Assistant Auditors, and the experience and knowledge thus acquired would be retained in the Department.

4. The proposals I desire to put forward for consideration are:-

(a) Replacement of Examiners of Accounts by Assistant Auditors as and when vacancies occur, in the proportion mentioned in paragraph 1 above.

(b)

(b) That the vacancy now existing in the Examiner of Accounts grade be filled by an Assistant Auditor at an early date.

4. I would wish to make it quite clear that the foregoing proposals do not reflect in any way on the capabilities and efficiency of the four Examiners now in the Department. They are very useful men and I am entirely satisfied with their work. This in my opinion, is an added reason to anticipate their transfer on promotion to other departments in due course.

5. The type of man required by this Department to efficiently carry out the important work entrusted to them as Examiners of Accounts, is not satisfied with a maximum of £500 per annum to look forward to and naturally looks for promotion elsewhere, with the resultant waste of time and efficiency to this Department in having to engage and train new men to replace those transferred.

I have, etc.,

(Sgd) A. BRAGG,  
Acting Auditor.

Confidential.

No. S/M.19039/S/4/10.

20th August 1929.

With reference to your confidential letter of the 17th July, on the subject of the replacement of the existing Examiners of Accounts by Assistant Auditors, I have to inform you that it is not considered that you have made out a sufficiently strong case to warrant approval of these new pensionable posts in the Estimates at a time when every economy must be exercised and future commitments very carefully curtailed.

(Sgd) H.M.M-Moore.

Colonial Secretary.



FEB 19 1930 38

CONFIDENTIAL.

Sir,

I have had under consideration Mr. Bragg's Confidential letter of September 30th regarding the desirability of replacing the existing posts of Examiners of Accounts by a smaller number of Assistant Auditors.

2. The creation of the posts of Examiners of Accounts, the salary of which is now £300-£18-£480-£20-£500, appears to have been due to the necessity in 1923-1926 to obtain an increase of European staff in the Audit Department as quickly and cheaply as possible in order to cope with the increase of Audit work, and particularly to enable the Audit Department to examine promptly, and certify before submission to the Treasury, the monthly statements of accounts of the departments which had been made self-accounting. At that time, it was apparently difficult to obtain the approval of Government to the creation of additional posts of Assistant Auditor, or to fill those posts quickly and satisfactorily if created. Accordingly since the beginning of April 1924 no less than five posts of Examiners of Accounts were created, and the following seven persons have been recruited locally for them:-

Name

The Auditor,

K E N Y A.

CONFIDENTIAL.

Sir,

I have had under consideration Mr. Bragg's Confidential letter of September 30th regarding the desirability of replacing the existing posts of Examiners of Accounts by a smaller number of Assistant Auditors.

2. The creation of the posts of Examiners of Accounts, the salary of which is now £300-£18-£480-£20-£300, appears to have been due to the necessity in 1923-1926 to obtain an increase of European staff in the Audit Department as quickly and cheaply as possible in order to cope with the increase of Audit work, and particularly to enable the Audit Department to examine promptly, and certify before submission to the Treasury, the monthly statements of accounts of the departments which had been made self-accounting. At that time, it was apparently difficult to obtain the approval of Government to the creation of additional posts of Assistant Auditor, or to fill those posts quickly and satisfactorily if created. Accordingly since the beginning of April 1924 no less than five posts of Examiners of Accounts were created, and the following seven persons have been recruited locally for them:-

Name

The Auditor.

Name	Date of appointment.	Age on appointment.	Left Audit Department for	Date of Leaving
J.A.Ellis	1. 4.24	24	P.W.Dept. Kenya.	Apr. 1929
L.R.Fisher	10.11.25	Not reported.	-	-
H.J.Le Mare	1. 4.25	Not reported.	Customs Dept. Kenya	Dec. 1925
H.G.O'Brien	25.11.26	21	-	-
H.F.Land	6. 2.27	45	-	-
D.I.Ellis	1. 2.28	Not reported.	-	-
H.B.Harvey	6.12.29	21	-	-

*was transferred*

3. Before commenting on the position thus created, it may be well for me to explain my views on the general question of the Audit staff of a Colony.

4. The work of audit in a Colony, apart from the purely clerical work such as registration and typing, falls mainly into two divisions. Firstly there is the examination of the various accounts, which needs to be conducted by a staff which is reasonably well educated and able to perform the work, under due supervision, with a proper degree of efficiency and reliability. Secondly there is the control and supervision of the audit; and this important side of the work should be carried out by officers who are wholly unbiassed and independent of any local influence, who are capable of exercising tact and commonsense, and who are qualified to advise on the more technical side of the audit, involving intelligent and informed criticism of the various systems of account with a view to the prevention or detection of fraud or irregularity.

5. In the Colonial Audit Department, it is usual for the work of examination to be provided mainly from the general clerical staff in each Colony, whilst the work of control and supervision is undertaken by members of the establishment of the Colonial Audit Department, who are specially selected and trained for the work, being liable to transfer to any Colony, the accounts of which fall under audit by this Department.

6. To what extent the work of examination may be entrusted to the local subordinate staff, and how far the supervising staff is required to perform this routine work in addition to their primary duties, is a matter which depends upon the efficiency of the former in each Colony; but, for the reasons which I have given, it is undesirable as a rule that the work of control and supervision should pass out of the hands of members of the establishment of the Colonial Audit Department.

7. If, however, the Colony is such that it can provide under satisfactory conditions a sufficient number of adequately qualified members of the subordinate staff to carry out the bulk of the work of examination under due supervision, it is not desirable that appreciably more Assistant Auditors should be employed than are necessary to assist the Auditor and Deputy Auditor in the work of control and supervision. Except so far as adequate experience of the routine work of examination is necessary for an Assistant Auditor with a view to his proper training as an Audit officer, to employ men of this grade on such work is uneconomical; and, so far as it is unnecessary, it is contrary to the interests of the Colonial Audit Department service, as well as necessarily the number of posts in the lowest grade of

( 4 )

of the Department in proportion to the number of higher posts.

8. Applying the above considerations to the case of Kenya, three questions arise:-

(1) Whether there is a sufficient block of work which can properly be performed by the Subordinate Staff - i.e. not being of the nature of supervision or control of Audit - but which the available Indian or African members of that staff are not capable of performing efficiently.

(2) Whether European Examiners of Accounts can be recruited to perform that work efficiently, and

(3) Whether they can be employed under satisfactory conditions.

9. As regards the third question, it must be recognized that such European officers cannot expect, save in quite exceptional cases, promotion to the Colonial Audit Department Service as Assistant Auditors, since they will not normally possess the educational qualifications required for appointment to that Service. At the same time, they are not likely to remain for long, contented and efficient doing work which is largely of a routine nature on a scale of pay which is non-pensionable and rises only to £500 a year, if they have no reasonable prospect of promotion, or even of transfer. For efficiency in Audit work, an officer should not be kept too long in the same place engaged on the examination of the same accounts. In a large Colony, it is no doubt often possible to give examiners a change of work, even if they cannot, owing to audit work

being largely concentrated at the capital of the Colony, be given a change of station. But there are considerable advantages in the system under which the members of the Subordinate Staff in an Audit Office in a Colony form part of the general Clerical staff of the Colony, and as such are entitled to look for promotion by transfer to other Departments of that Colony, thus obtaining not only promotion but change of work and often of station. I should be glad to learn what the position of the Examiners of Accounts in Kenya is in this respect. In the course of six years, two of them (Messrs. H. J. Le Mare and J. A. Elliot) have been transferred from the Audit Office to another Department; but I do not know whether these transfers are to be regarded as normal or exceptional. From Mr. Bragg's letter of 17th July to the Colonial Secretary, it would appear that he regarded them as normal; but I should be glad to receive definite information on the point.

10. Assuming that questions (2) and (3) can be answered in the affirmative, there remains question (1); and I should be glad of a report from you on this point. It is not, I consider, desirable that these Examiners of Accounts should be employed to any material extent on the work of supervision and control of audit. But there may be sufficient suitable work for a few of such officers, though not enough for the five at present borne on the establishment of the Audit Office. I wish that you would prefer three additional Assistant Auditors (with a charge for

salaries

( 8 )

salaries of from £1,080 to £3,160) in place of the five European Examiners of Accounts (with a charge for salaries of from £1,500 to £3,500), and that the Colonial Government based its objection to the change on the increase of future pension commitments. Even after full allowance for future pension charges has been made, it is not clear to me that the employment of five Examiners of Accounts is less expensive than the employment of three Assistant Auditors; but before deciding whether I should ask you to request the Colonial Government to reconsider the question, I should desire to be more fully informed than I am at present on the various points raised in this letter. It may be that instead of replacing all the European Examiners of Accounts by three Assistant Auditors, it might be better to reduce the number of the former to two (or three) while increasing the number of the latter by two (or one) only.

I have the honour to be,

Sir,

Your obedient servant,

(SIGNED) A. J. HARDING.

Director of Colonial Audit.

Auditor, Kenya, to the Director of Colonial Audit.

Confidential.

No. 13/10.

February 20th 1930.

Sir,

I have the honour to draw your attention to Mr. Bragg's letter, Confidential, of the 30th September 1929, on the subject of the replacement of the Examiners of Accounts by Assistant Auditors, and to forward for your information copies of correspondence with the General Manager in connection with the same subject.

2. I shall be glad to know whether you approve of my submitting the proposal again for the consideration of the local Government in connection with the estimates for 1931. You will see that it has the support of the Railway Administration, and if it is also recommended by you I think it probable that the Government might still adopt it.

3. Every Examiner after a few years' service applies for promotion (if he had no such ambition he would not be fit for employment in this department at all). At the same time the normal line of promotion is to an accounting post in another department, and the result is that he leaves us and takes with him for the benefit of that department a training and experience which would be invaluable for an Assistant Auditor.

4. With regard to the Colonial Secretary's objection that an increase in the pensionable staff would be involved, I should like to point out that, although



although not holding pensionable posts, the Examiners are in fact earning pensions in most cases for the reason that the majority of accounting appointments under the Colonial Government are pensionable, and there can be little doubt that an Examiner who was promoted to one of these would be allowed under Rule 8 of the Schedule to the Pensions Ordinance to count his service in this department as pensionable service.

5. I agree entirely with Mr. Bragg's remarks, in paragraph 4 of his letter to the Colonial Secretary, on the subject of the valuable work done by the Examiners of Accounts.

I have, etc.

(Sgd) W.H. SMITH.

Auditor.

General Manager to Auditor.

Kenya-Uganda Railways  
and Harbours.  
No. A7/1251.

27th January, 1930.

Suggested re-organisation of Audit Dept.

With reference to our conversation the other day in my office, I have to state that this Administration will have no objections to raise with regard to the suggested re-organisation of your department and the policy of including Assistant Auditors on your establishment in lieu of increasing the number of examiners.

(Sgd) G.D. RHODES.

General Manager.

Auditor to General Manager.

No. 208.

6th February 1930.

I am afraid I did not quite make my meaning clear.

Neither a reorganisation of the department is contemplated nor any increase in the number of examiners.

In connection with this year's Estimates, it was submitted to the Colonial Government that, for reasons which need not be stated here, the existing establishment of examiners should be replaced by an increased establishment of Assistant Auditors.

If the Director of Colonial Audit approves, I propose to submit this proposal again for consideration,

and

and if it were agreed to, I should be able to post to the Railway branch office an Assistant Auditor of such seniority as to be able to take full control of the office in the absence of the Senior Assistant Auditor. In my opinion the importance of the Railway Audit fully justifies this step, and I wished to know whether the Railway Administration were prepared to support the proposal in so far as it concerned themselves.

I need hardly add that the necessary adjustments of staff would be made to avoid increased expense.

(Sgd) W.H.SMITH.

Auditor.

---

General Manager to Auditor.

No.A.7/1251.

10th February 1930.

I note contents of your letter No.208 of the 6th instant and fully approve of your proposals.

(Sgd) H.E.GOODSHIP.

for General Manager.

Auditor, Kenya, to Director of Colonial Audit.

Confidential.

4th April, 1930.

Sir,

I have the honour to acknowledge receipt of your Confidential letter of 19th February 1930.

2. Whilst agreeing that the creation of the posts of Examiners of Accounts was primarily due to the causes outlined in paragraph 2 of your letter, I think it was the intention of the then Acting Auditor, Mr.H.N.Lee, that such appointments should eventually replace those of Assistant Auditors in Kenya. Paragraphs 10 and 11 of the memorandum enclosed in his letter No.265/A.20 of February 9th 1927 suggest this, but I would add that I have always been opposed to such an intention, as, whilst endorsing Mr.Bragg's opinion expressed in paragraph 4 of his letter, Confidential, of July 17th 1929 addressed to the Colonial Secretary as to the capabilities and efficiency of the Examiners of Accounts as a whole, I do not consider them suitably qualified for the work of supervision and control demanded in the case of Assistant Auditors.

3. In the event of the abolition of the posts of Examiners of Accounts, the following is the staff which I consider necessary for the Department under present conditions, and its proposed distribution:-

<u>Post.</u>	<u>Where stationed.</u>
1. Auditor.	Headquarters.
2. Principal Assistant.	Do.

49

<u>Post.</u>	<u>Where stationed.</u>
3. Senior Assistant.	In charge Railway Branch.
4. Senior Assistant.	In charge Mombasa Branch.
5. Assistant Auditor.	2nd in charge Railway Branch.
6. Assistant Auditor.	Outstation inspections.
7. Assistant Auditor.	In charge P.W.D. Audit.
8. Assistant Auditor.	In charge G.P.O. Audit.
9. Assistant Auditor.	2nd in charge Mombasa Branch.
10. Assistant Auditor.	Treasury A/cs. and Nairobi Inspections.
11. Assistant Auditor.	Do. Do. Do.
12. Assistant Auditor.	Outstation Inspections.

There would of course normally be two of the above on leave. There is abundant work in the nature of supervision and control for this staff, but the amount of routine examination which would be carried out by them, and is at present carried out by the Examiners of Accounts, is only sufficient for the training of junior officers and to ensure that the examination generally is properly conducted and that questions of principle are not overlooked.

4. That is to say, in answer to the first of your three questions, there is not sufficient work which the Non-European members of the staff are incapable of performing efficiently to justify the employment of European subordinate staff for examination work alone.

5. The reply to the remaining two questions is that a very efficient class of European Examiners can be recruited locally and employed under satisfactory conditions, subject only to the qualification that their normal line of promotion is to other departments and therefore the value of the training and experience which

they have acquired is lost to the Audit Department. Mr. Fisher has already been selected for an accounting post on the scale of £425 to £600 under the Registrar General, and it is practically certain that there will never be any lack of similar promotion in the future for men trained in this Department.

6. Mr. Fisher is at present senior Examiner of Accounts in the Railway Branch Office. In this capacity he supervises the work of the eleven clerks employed in that office, drafts queries for the Senior Assistant in charge, carries out some of the more important examination work himself, conducts frequent local inspections of station accounts and takes charge of the office when the Senior Assistant is himself absent on inspection duty. I regard this work as of very considerable importance, and, as you are aware, the General Manager concurs in this view. If my proposals are approved by yourself and the Colonial Government I hope to post one of the most senior of the Assistant Auditors to the Railway Branch Office and whenever he or the Senior Assistant in charge is absent on leave to fill the vacancy with one of the juniors. This would have the additional advantage that each Assistant Auditor in turn would acquire a knowledge of Railway accounts.

7. Mr. Land is acting in a similar capacity in the Mombasa Branch office, the work of which includes not only the audit of Customs (a self accounting department) but also the local supervision of the examination of Port and Harbour accounts by clerks detached from the Railway Branch office. There is ample justification for the replacement of the Examiner of Accounts at Mombasa by an Assistant Auditor in addition to the

Senior Assistant in charge.

Mr. S. I. Ellis and Mr. Harvey, the latter of whom is still in the instructional stage, are engaged on inspection duty in the various Nairobi departments, while Mr. O'Brien, except in the absence of Mr. Fisher, is mainly employed on work which could be entrusted to a senior member of the non-European staff.

8. Taken in detail, therefore, my proposals are that one Assistant Auditor should replace Mr. Fisher, as second officer in the Railway Branch office, another should replace Mr. Land at Mombasa, that a third, aided when necessary by a non-European clerk, should perform the duties at present carried out by Messrs. Ellis and Harvey, while Mr. O'Brien's work should be transferred to the non-European staff.

9. I have referred in my confidential letter of the 20th February to the question of increased pension commitments, and I trust that I have satisfied you that it is in the best interests of the department that no more vacancies should be filled by the appointment of Examiners of Accounts, but that, as such vacancies arise, the opportunity should be taken to appoint three additional Assistant Auditors.

I have, etc.,

(Sgd) W.H. SMITH,

Auditor, Kenya Colony and Protectorate.

JUL 17 1930

CONFIDENTIAL  
3574/S.

Sir,

With reference to your letters, Confidential No.13/10 of February 20th and Confidential of April 4th, regarding the desirability of replacing the existing posts of Examiners of Accounts by a smaller number of Assistant Auditors, I have the honour to inform you that, after considering the position as explained in these two letters, I concur in the view that, as vacancies occur in the five posts of Examiners of Accounts, these posts should be abolished and replaced by three additional posts of Assistant Auditor.

2. It is clear that Mr. Fisher has been, and that Messrs. Land and S.I. Ellis are, employed on work which ought properly to be carried out by an Assistant Auditor in accordance with the principles which I indicated in my Confidential letter of February 19th as governing the normal distribution of work in an Audit Office under the Colonial Audit Department system.

3. I have, therefore, to request that you will press the Kenya Government to accept and carry out this policy and, as a first step, to agree to the appointment of an additional Assistant Auditor in place of Mr. L.R. Fisher, whose appointment as

The Audit...

Asst. Comptroller

KENYA.



( 2 )

Accountant of the Department of the Registrar General, Public Trustee, and Official Receiver has, I understand, received the approval of the Secretary of State.

4. I note with pleasure the testimony which you bear to the valuable work done by the Examiners of Accounts since the grade was instituted.

I have the honour to be,

Sir,

Your obedient Servant,

(SIGNED) A. J. HARDING.

Director of Colonial Audit.

Auditor, Kenya Colony, to Director of Colonial Audit.

Confidential.

No. 1272.

13th September 1930.

Sir,

I have the honour to enclose herewith for your information a copy of my Confidential memorandum No. 1266 dated 12th September 1930, addressed to the Colonial Secretary on the subject of the proposal to replace Examiners of Accounts with Assistant Auditors.

2. At an interview with the Colonial Secretary on the 10th instant, I was surprised to meet with considerable opposition to the proposal his main arguments against it being, (1) That it was very desirable from the point of view of Government that posts such as these should be available for, and filled by, locally born candidates. (2) That it was very beneficial to the rest of the service that such candidates should be trained in this department.

3. Neither of these arguments, in my opinion, should have any weight whatever. The Colonial Secretary has not only been notified of your wishes but supplied, confidentially, with copies of the letters in which you expressed your views on the work and organisation of the department.

4. I shall be glad to be informed whether you approve of the action which I have taken.

I have, etc.

(Sgd) W.H. SMITH.

Auditor.

Confidential.

No.1266.

12th September, 1930.

Audit Establishment.  
Examiners of Accounts.

After my interview with you on Wednesday I was informed by Mr. Sandford that it was not proposed to make any alteration in the draft estimates to give effect to the change in establishment recommended by the Director of Colonial Audit in his letter Confidential No. 3574/3 dated 17th July 1930, but that the proposal could be brought up by me before the Select Committee. If I have understood your intention correctly, I shall be very grateful if the subject can be given further consideration. Apparently the estimates submitted to Council will contain no mention of the alteration, which will only be made if, without any support from Government, I can induce the elected members to understand and accept the arguments put forward by the Director of Colonial Audit.

2. There can hardly be any subject concerning which the elected members are so ill qualified to express an opinion as the organisation of the Colonial Audit Department, the objects of audit and the duties of an auditor. On the other hand the Director of Colonial Audit is the officer appointed to give expert advice to both the Secretary of State and the Colonial Government on all matters of finance and accounts, and particularly audit. It is entirely wrong that the question of accepting his advice in respect of the organisation of his own department should be subjected to such a hazard.

3. As you are aware from his letters, of which you have copies, the Director of Colonial Audit has given the question the fullest and most careful consideration in every particular, and has referred back to me every detail on which there could be the least misconception, and moreover three of the examiners of accounts have had personal interviews with him. His recommendation is so definite, and of such importance to the department, that I consider it should be embodied in the draft estimates and go to Council with the strongest possible support of Government, including a memorandum setting out the reasons for the change and showing that it will result in a small economy.

4. If His Excellency is unable to accept this opinion I trust he will report the matter to the Secretary of State, and in time if possible to allow of a reply being received before the estimates are finally passed by Legislative Council.

(Sgd) W.H. SMITH.  
Auditor.