



EAST AFR. PROT.

C.O.
12133

12 APR 13

12133

Governor
175

1913

March

Last previous Paper.

11877

EXCESS EXPENDITURE ON SANCTIONED SERVICES

Trs copies of correspondence between the Treasurer and the Auditor. Considers that the latter has correctly interpreted instructions but that there is much force in the Treasurer's suggestions and it would be a great convenience if they could be adopted. Requests expression of views.

W. B. Bantley.

? in the first instance send this to the D.F.A. for his observations

A.C.C.

23/4/13

WCB 23.4.13

D.F.A.

E. G. Dept.

Attach a copy of the correspondence between the Dept and the Treas. with subject, ending with my minute of 28.3.13 (which of course has not been received as the D.F.A. when this copy was written).

In my opinion it is important that his procedure which was carefully and fully explained in the D.F. of 24th inst (L.R. 179 of 2.4.13) and ^{2AP} 8751/12 should be followed in complete detail and I consider therefore that his alternative procedure suggested

1913, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200

of the Dept. in connection with salaries as
well as should not be allowed.

B.A.
2/24/4

Mr. Bottomley.

There seems little doubt that the Dept. is
interfering of the construction is the
concern, but at any rate as he
attaches such importance to the return
being containing the full particulars of
expense or service for which provision
has been made, this consideration
should outweigh any objection which
is to be derived from the adoption of the
Treasurer's suggestion, which, after all,
seems to have been put forward merely
to prevent an increase in the work of his
subordinates. ^{is it not} ^{rather} ^{to} ^{be} ^{done} ⁱⁿ ^{this} ^{way}?

Wm. G. Fiddler

25. 2. 13

I would certainly do so. I do not think
the Treasurer's view that only unestimated
items need be reported as they occur and
that excess or estimated items may be
rounded up at the end of the year
should be allowed for a moment. The fact
that expenses involve work for the Treasurer

If there is conversation with officers on
sub-heads should not be allowed.

B. J.
2/1/14

Mr. Bottomley.

There seems little doubt that the D.C.'s
interpretation of the instructions is the
correct one, but at any rate as he
attaches great importance to the returns
being containing the full particulars of
excesses on service for which provision
has been made, this consideration
should outweigh any advantage which
is to be derived from the adoption of the
Treasurer's suggestion, which, after all,
seems to have been put forward merely
to prevent an increase in the work of his
subordinates. ^{new?} ~~new?~~

Mr. G. Fiddes

25.1.13

I should certainly do so. I do not think
the Treasurer's view that only uncorrected
items need be reported as they occur and
that excesses on estimated items may be
rounded up at the end of the year
should be allowed for a moment. The fact
that excesses involve work for the Treasurer

staff is the best safeguard we have against
careless estimating.

I do not follow the Bureau in what
he says about repeating the exceeded
items from quarter to quarter. If the
service estimated for is one which involves
payments at intervals throughout the year
there should surely be no excess until
the last quarter. If it is one involving
one payment only the excess should
appear once for all in the quarter in
which the payment is made. The
number of cases, with the repetition
of items included in the original estimate
is necessarily should be very small.

Walt, send copy of DCA's minute
of 28th March 1913 and say that
the S. D. concurs in the view
expressed in that minute.

Walt
26 4 13

at home (P) 25.4.13

Left

S.O.
12133
1913

GOVERNMENT HOUSE,
NAIROBI.
BRITISH EAST AFRICA

EAST AFRICA PROTECTORATE.



March 17th, 1913.

121

No. 175.

Sir,

I have the honour to refer to your despatch No. 179 of April 2nd, 1912, ^{*} respecting excesses on services for which provision has been made on the estimates and to enclose for your consideration copies of correspondence between the Treasurer and the Auditor on the subject.

2. I am of opinion that the latter has interpreted your instructions correctly, but on the other hand there is force in the former's observations and much that is of practical utility in his suggestions. There is no doubt that, as he says, the inclusion of all excess on subheads in the quarterly returns very considerably increases the work of the clerical staff and it would be a great convenience if the procedure which he advocates could be adopted.

3. I should be grateful therefore for an expression of your views.

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

H. Lawry Bejard
GOVERNOR.

THE RIGHT HONOURABLE
LEWIS HARCOURT, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET
LONDON, S.W.

* No 8751.

46163-20

Lucy
Treasurer
18-1013

Encl in No.

122

INCLOSURE

In Despatch No. 775 of 1913

REC
RE-12 APR 3 1913

The Treasury,

Nairobi, 7th March 1913.

S. No. 63/174.

The Hon'ble Chief Secretary,

Nairobi.

As I find myself in disagreement with the Auditor and also the Director of Colonial Audit on the question of how the instructions contained in Colonial Office Despatch 179 of 2nd April 1912 should be read regarding excesses on services for which provision has been made on the Estimates, I would ask that the matter be referred to the Secretary of State for a ruling.

2. The Auditor and Director of Colonial Audit contend that any excess appearing on any subhead of an existing service should be shown on the Quarterly Return of Expenditure for which no provision has been made e.g. if the subhead "Contingencies" of the Secretariat Vote should be exceeded by £8 on 30th September the fact should be shown on the Quarterly Return. I cannot believe this is intended and I have put forward my reasons for that belief in my minute to the Auditor of 3rd January 1913 a copy of which I attach. It will be seen that not only ~~would~~ all such excesses are shown (as now) in the detailed statement incorporated in the Appropriation Accounts, but that a Special Warrant

Mr. To Auditor
3 January 1913.

is taken to give me covering authority for them: the Secretary of State then conveys his approval of savings on subheads having been applied to meeting excesses on other subheads of same head of Estimates - e.g. Colonial Office Despatch 848 of 8th December 1912: this I submit is all that is either necessary or required.

3. In the belief that the procedure I am following is sufficient and meets all requirements of the Secretary of State and Colonial Office Regulations, I forward herewith a form showing the classifications of unforeseen expenditure and of excesses on subheads and how each case is dealt with. If the procedure therein detailed could obtain the sanction of the Secretary of State it would establish a system that would help materially to elucidate some of the doubtful points now existing. In the column "General Remarks" I have inserted a resume of the reasons why the excesses on services for which provision is made in the Estimates should not be shown on the Quarterly Returns till the end of the year when they are detailed in the Appropriation Accounts and submitted to the Secretary of State and laid on the table of the Legislative Council.

4. In making the above remarks and in my proposal for a solution of the point in question I do not wish to be understood either as offering obstruction or wishing to do away with any safeguard over expenditure: either supposition would be far from my intention.

* Not printed.

W. D. Wood
Treasurer

A u d i t o r .

20/12
8-51/12

1. I see that the Director of Colonial Audit agrees with your reading of the Colonial Office Despatch 179 of 2nd April 1912.

2. I would ask his reconsideration of the matter.

3. I take it that 'unforeseen expenditure' -- vide second line of paragraph 2 of the C.O. Despatch -- means expenditure not provided for in the Estimates, in other words for which no provision exists, and in this opinion I think Colonial Office Regulation 286 bears me out. If this be so then surely the subsequent instructions as to procedure are all laid down having "unforeseen expenditure" in view.

4. Is it intended that every item of a sub-head "Other Charges" that may be exceeded by, possibly, a purely insignificant amount, is to be inserted on the Quarterly Return, laid before Legislative Council, and finally submitted to the Secretary of State?

5. My proposal was that all expenditure on a service not provided for in the estimates would be included in the Quarterly Return; but that excesses on services for which provision was made should be authorized (so far as I as Treasurer was concerned) by a Special Warrant (see C.O. Regulation 286 "Special Warrants will also be required.....for payments in excess of the amounts so included in the Estimates.") at end of financial year, and shown in the Appropriation Account submitted to the Secretary of State for his covering approval -- always be it remembered that such excesses are covered by savings

6. If I am wrong in the proposed practice as above

and

Approved

John

and it is considered that every excess on services provided for in the Estimates is to be included in the Quarterly Return let us see what it means. In 1911-12 there were excesses on provision for items of "Other Charges" in 190 cases; this year it is quite probable that the number may be considerably more, however assume that 200 only will be the number.

For the quarter ending 30th June there were apparently only 8; 30th September there may be 50; 31st December there may be 100 and on 31st March 1913 the number will in all probability be 200. Now the excesses shown on the 30th June Return will of course be repeated on 30th September, 31st December and 31st March returns if there has been any further expenditure; if not that is some cases, say 10 per cent, the item will not need to be repeated. Even on that basis it would mean that nearly 8,000 entries with necessary information and explanations required by the form would have to be made, as six copies of the Returns are made.

7. I am a strong advocate for all proper control and supervision over expenditure, but I would urge that the insertion in the Quarterly Returns of excesses (guaranteed to be covered by savings, on services for which provision has been made is unnecessary.

8. If the intention be that such excesses be inserted then I would suggest that to enter them on the Return for quarter ended 31st March would be sufficient, and I would be glad if this might be referred to the Director of Colonial Audit.

Nairobi.

H.A. Smallwood.

3rd January 1913.

Treasurer.

Subhead = Vote
Subhead = Item.

Classification and treatment of Unforeseen Expenditure

Nature of Expenditure or Excess	Special Warrant (being Governor's authority to Treasurer.)	Prior approval of Secretary of State conveyed to Governor.
New services, i.e., expenditure which cannot properly be charged to any existing provision on estimates		
up to £200	Yes (to be covered by savings)	0
-do- in excess of £200	Yes (to be covered by savings or in special cases from surplus balances)	Yes
2) Excess on a subhead for which provision is made in Estimates up to £200 when covered by savings on other subheads or general savings	Yes, at end of financial year when actual amounts known (C.O. Regn 286)	0
-do- in excess of £200	-do-	es
3) Re-allocation of provision made on one subhead to another new subhead of the same vote (i.e. P.W.D.)	Yes (to be met by corresponding amount saved on item re-allocated.)	0
up to £200		
-do- in excess of £200	Yes (to be met by corresponding amount saved on item reallocated.)	es
4) Re-allocation of an amount provided under one head of expenditure to another head of expenditure; to be treated as a New Service. vide Supra (1)		
5) Expenditure in one year of an unexpended balance of a non-recurrent of Capital nature of preceding year and where such unexpended balance has not been included in such preceding year as available to cover any other expenditure.	Yes (to be met from Surplus balances)	Yes
6) Balance i.e., an estimated unspent balance of preceding year re-voled in succeeding year not included in Appropriation Ordinance.	No (covered by General Warrant)	0

C.O.
12133

Excess on provision made in Estimates.

Quarterly Accounts (to be shown on table Legislative Council & Reso- lution taken submitted to S.)	Supple- mentary Estimate (Legisla- tive sanc- tion.)	Supple- mentary Appro- priation. (Legisla- tive sanc- tion.)	General Remarks.
<p>Yes</p> <p>Yes</p> <p>Not shown</p> <p>Appropriation</p> <p>Accounts</p> <p>Submitted in</p> <p>Secretary's</p> <p>Report (C.O.</p> <p>255).</p> <p>Yes</p> <p>Yes</p>	<p>Any net</p> <p>excess on</p> <p>a head of</p> <p>expendi-</p> <p>ture anti-</p> <p>ciated at</p> <p>end of a</p> <p>financial</p> <p>year</p> <p>should be</p> <p>inserted</p> <p>in a Sup-</p> <p>plementary</p> <p>Estimate</p> <p>to be pre-</p> <p>sented to</p> <p>Legislative</p> <p>Council to-</p> <p>wards the</p> <p>end of the</p> <p>financial</p> <p>year and a</p> <p>resolution</p> <p>taken ap-</p> <p>proving the</p> <p>same. (Colo-</p> <p>onial Office</p> <p>regulation</p> <p>256).</p> <p>(C.O.Des-</p> <p>patch No.179</p> <p>of 2nd April</p> <p>1912).</p>	<p>Any actual</p> <p>excess on</p> <p>heads of</p> <p>expendi-</p> <p>ture on</p> <p>final</p> <p>closing of</p> <p>year's ac-</p> <p>counts must</p> <p>be ultimately</p> <p>covered by a</p> <p>Supplementary</p> <p>Appropriation</p> <p>Ordinance</p> <p>(C.O.R.256)</p>	<p>1. The Treasurer's authority for accept- ing charges derived from the General warrant signed by the Governor (C.O.R. 281).</p> <p>2. Where services are excluded from the General warrant, expenditure can only be incurred after a Requisition to incur has been sanctioned by the Governor. (C.O.R.287).</p> <p>3. All expenditure on services for which no provision has been made on the Estimates is included in the quarter- ly Return of Unforeseen Expenditure (C.O.D.179 of 2nd April 1912); but where an excess appears say on 30th September on a service for which provision is made e.g. "Contingen- cies" such excess is not included for the following reasons:-</p> <ol style="list-style-type: none"> (1) such excess may and often does disappear by a subsequent credit adjustment or re-allocation, (2) the excess is <u>not</u> on a service for which no provision was made (3) all excesses on items are shown in the Appropriation Accounts (C.O.R.255) and explained, (4) a Special warrant is applied for by the Treasurer to cover <u>all</u> such excesses over provi- sion are ascertained, (5) <u>all excesses</u> on items are co- vered by savings on the proper head (C.O.R.256) and the autho- rity of the Secretary of State and Legislature is given on the Appropriation Accounts (C.O.R. 255) for defraying any excess of expenditure, beyond the amount provided under any subhead, out of savings on another subhead (Colonial Office Regulation 304).

Query No: 158 of 1912-13.

From Audit Office, Date 4th November, 1912.	To The Hon: the Treasurer, NAIROBI.
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Quarterly Returns for Quarter ended June 30th 1912.

With reference to the Return of "Expenditure incurred during the Quarter ended 30th June 1912 for which no provision was made in the approved Estimates" transmitted with your letter Audit No: 102a/104 dated 29th October it would appear that the following excesses on sub-heads and new subheads opened should have been included (vide para 4 of C.O. despatch No: 179 of 2-4-12).

	Rs.	cts.	
Secretariat.			
Typewriters	68.	61	
Provincial Administration			
N.F.D. Rewards and Gratuities	103.	80	
" Presents to Chiefs	334.	43	
" Contingencies	270.	03	
" Purchases and Upkeep of Livestock	1918.	20	
Legal Department			
Registration of Documents			
Occasional copyists	30.	00	
Police			
Extradition Expenses	206.	01	}
Prisons			
Special Expenditure Nairobi Prisons			
Warders Uniforms	41.	88	
Miscellaneous Services			
Repatriation	188.	30	}
Railway Dept.			
2 Stone Houses Nairobi	49.	32	Is to be written back.

	Rs.	cts	
Abolition of Slavery	760.	10	} 25294 remanet of Grant 1911-12 and will be covered by Supply. Approp. Ordinance.
General Expenditure for Magadi			
New Plant	34846.	35	} All included in Statement of proposed expenditure sent to S/S and approved by him.
Extension to Loco Shed	14773.	34	
New Station Mile 113	3132.	94	

(SD) H.C.E. BARNES.

129

(2)

Auditor.

Auditor,

Please see my remarks opposite certain amounts.

As to the rest provision is already made for these services which are recurrent, and there is no necessity at present to either apply for Special Warrants or include them in the Quarterly Return. As was done for last financial year a Special Warrant will be prepared for every excess appearing on any subhead at the close of the financial year and of course any net excess on a vote (or head) will be included in the Supplementary Appropriation Ordinance.

(SD) H.M. SMALLWOOD.

Treasurer.

6-11-12.

(3)

D.C.A.

Submitted. This query was raised on a recent inspection of the Return of Expenditure incurred during the Quarter ended 30th June, 1912 and carried out under the instructions contained in para 4 of your Circular No: 134 dated 26th July last. As regards Items 1 - 11. I do not follow the Hon: Treasurer's reasoning, as it would appear to conflict with para 4 of S/S No: 179. The authority of the S/S is required for any excess over the amount provided under a subhead, and in his letter above referred to he indicates the manner in which this sanction should be obtained. As regards No: 12 the penultimate sentence in para 4 of No: 179 would surely apply in this case.

(SD) H.C.E. BARNES.

Auditor.

Nairobi. 7th Novr: 1912.

Auditor,

(4.)

130

I concur in the view expressed in your submission of the 27th ultimo. All the items 1 to 11 may be approved by the Governor within the £200 limit fixed by the Secretary of State in despatch No: 179 and should, as laid down in paragraph 4 of that despatch, be reported in the Quarterly Returns under Colonial Regulation 39e (viii).

The expenditure under item 12 exceeds the limit of £200 and has rightly been undertaken under prior authority from the Secretary of State (as pointed out in the Treasurer's reply to the query); this expenditure should now be included in the Quarterly Return as explained in paragraph 4 of No: 179 (2nd part).

(Sd) J.A.Barnes,
for D.C.A.

13-12-12.

Hon: Treasurer,

(5)

Passed to you.

(Sd) H.C.E. BARNES.

3-1-13.

Auditor.

(6)

1. I see that the Director of Colonial Audit agrees with your reading of the Colonial Office Despatch 179 of 2nd April 1912.
2. I would ask his reconsideration of the matter.
3. I take it that "unforeseen expenditure" - vide 2nd line of paragraph 2 of the C.O. Despatch - means expenditure not provided for in the Estimates, in other words for which no provision exists, and in this opinion I think Colonial Office Regulation 256 bears me out. If this be so then surely the subsequent instructions as to procedure are all laid down having "unforeseen expenditure" in view?
4. Is it intended that every item of a subhead "Other Charges" that may be exceeded by possibly, a purely insignificant amount, is to be inserted on the Quarterly Return, laid before Legislative Council, and finally submitted to the Secretary of State?
5. My proposal was that all expenditure on a service not provided for in the Estimates would be included in the Quarterly Return; but that excesses on services for which provision should be made

should be authorised (so far as I as Treasurer was concerned) by a "Special Warrant" (see C.O. Regulation 286 "Special Warrants will also be required ... for payments in excess of the amounts so included in the estimates") at end of financial year, and shown in the Appropriation Account submitted to the Secretary of State for his covering approval - always be it remembered that such excesses are covered by savings.

6. If I am wrong in the supposed practice as above and it is considered that every excess on service provided for in the Estimates is to be included in the Quarterly Return let us see what it means. In 1911-12 there were excesses on provision for items of "Other Charges" in 190 cases; this year it is quite probable that the number may be considerably more, however assume that 200 only will be the number.

For the quarter ending 30th June there were apparently only 8; 30th September there may be 50; 31st December there may be 100 and on 31st March 1913 the number will in all probability be 200. Now the excesses shown on the 30th June Return will of course be repeated on 30th September, 31st December and 31st March returns if there has been any further expenditure: it may be that in some cases, say 10 per cent, the item will not need to be repeated. Even on that basis it would mean that nearly 3,000 entries with necessary information and explanations required by the form would have to be made as six copies of the returns are made!

7. I am a strong advocate for all proper control and supervision over expenditure, but I would urge that the insertion in the Quarterly Returns of excesses (guaranteed to be covered by savings) on services for which provision has been made is unnecessary.

8. If the intention be that such excesses be inserted then I would suggest that to enter them on the Return for quarter ended 31st March would be sufficient, and I would be glad if this might be referred to the Director of Colonial Audit.

(Sd) H.A. Smallwood.

Treasurer.

Nairabi,

3rd January, 1913.

2133

Govt/12133/12 East Afr. Post.

132 1/4

C.D
R. 2 MAY
D. 2



May
2 April 1913

Sr.

I have ~~the~~ ^{the honor} to acknowledge the receipt of your despatch N^o 175 of the 17th of March * and to transmit to you the accompanying copy of a

minutes by the D.C.A. dated the 28th of March 1913 respecting the interpretation which the Treasury of the P.A.P. has placed upon the instructions contained in my despatch N^o 179 of the 2nd of April 1912[†] with regard to excesses on services provided for in the Estimates.

DRAFT.
P.A. (N^o 327)

Govt. H.C. Belford Refuse.

MINUTE.

- Mr. G. ... 29/4/13
- Mr. ... 30/4
- Mr. ... 15/12
- Sr. G. ...
- Sr. H. ...
- Sr. J. ...
- Lord ...
- Mr. ...

sent by ... 28 March 1913
12/133.

* No. 12133.
† No. 8751.

to go

D.C.A. ...
See ... Dec 1915

a Estimate (12/13)

I have to add that ...

D. CA. K 15 added

le.

Glass etc

~~REMOVED~~ L. HARMOURT

(71)

Director of Colonial Audit.

Treasurer's remarks herewith for your consideration.

Encl. in No.

(Sd) H.C.E. Barnes.

~~(81)~~

31-1-13.

Auditor,

I am unable to accept the Treasurer's interpretation (contained in paragraph 3 of the above minute) of the expression "unforeseen expenditure", an interpretation which, in my opinion the wording of paragraph 2 of the Secretary of State's despatch (No: 179) of the 2nd April 1912 does not in any degree suggest or justify. My answer to the question contained in paragraph 4 of the Treasurer's Minute is in the affirmative and I would add that, in my opinion, it is important that the full and precise procedure, clearly explained in the despatch above referred to, should be completely followed. I have therefore to request that you will keep me informed of any unauthorised variations from that procedure.

(Sd) A. E. Stephenson.

2c-3-13.

March