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THIRD REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS,

WITH APPENDICES.

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THIRD REPORT.

THE COMMITTEE of PUBLIC ACCOUNTS have made further progress in the matters to them referred, and have agreed to the following THIRD REPORT:—

I. GENERAL.

(a) TRADING ACCOUNTS.

1. In paragraph 7 of his Report on the Vote of Credit Appropriation Account the Comptroller and Auditor-General draws attention to the important question of Trading Accounts.

2. The subject is (in the main) a new one: and it appears to be admitted that it has not at present been reduced to order—wide variations as between Departments existing on such matters as the form of the accounts, the debits to be inserted, and the rate of interest to be charged. The Treasury and the Exchequer and Audit Department are both in a position to examine the question comprehensively from a central point of view, and we are glad to learn that these Departments, working together, will attempt, during the next twelve months, to co-ordinate the various accounts kept throughout the Public Service, with a view to a reasonable measure of uniformity. If the Treasury Officers of Accounts have insufficient time to devote to the question, it might be worth considering whether they should be afforded the assistance of an outside Chartered Accountant.

3. Since Trading Accounts contain an element of opinion as well as fact—e.g. on such points as the effective life of plant—we think it essential that the Accounts put forward by the officer who is in charge of an undertaking, and who is presumably anxious to shew a profit, should be strictly scrutinised first by his own Department, and subsequently by the Exchequer and Audit Department and the Treasury. The temptation to undue optimism in such circumstances may be considerable.

4. The suggestion that one volume should be prepared for the information of Parliament shewing comprehensively the Trading Accounts of all Departments appears satisfactory: and we should be glad if, at any rate at the outset, a brief note could be attached to each Account explaining the debits and credits included, the rate of interest assumed and the basis on which depreciation has been calculated, and giving any further information likely to be of value to Parliament or to the general public.

5. We shall be interested in due course to receive evidence as to the practical use actually made of the Accounts both in the Department concerned and in the Treasury.

6. This proposal is without prejudice to the suggestion of the Committee of Accounts corresponding with estimates of Income and Expenditure based on the principles recommended in the 7th Report of the National Expenditure Committee 1918.

(b) "DUAL CAPACITY."

7. We have devoted a good deal of attention to what may briefly be termed "dual capacity" cases, e.g. cases in which an officer of a Department, holding a responsible position, allots a contract either to himself or to a firm in which he is materially interested. Cases of this kind have tended to occur during the war when traders, merchants and professional men have put their knowledge and powers at the disposal of the Government, working side by side with persons brought up in the traditions of the Civil Service. But, apart from this, it is evident that, as the activities of the State expand, such cases tend to become more common and that they are especially liable to become an occasion for scandals. It is also clear that one difficulty in dealing with the subject is that it is so largely a question of degree. Nevertheless, we think that the subject is one on which instructions to the public service from the Treasury (as the central Department) would be desirable.

8. The Ministry of Munitions (while they do not appear to have taken action on the matter till 11th June 1917) laid down certain regulations (shewn in Appendix 17) which may be useful in this connection: and two points, at any rate, seem to us clear. First, an officer should not decide a case in which he is interested, but should ask a colleague to deal with it. Secondly, all the facts as to his interest must be fully disclosed—both to his own Department and (if it be concerned) to the Treasury. If, after such disclosures, he is directed, by a Minister or otherwise, to deal with the case, he can do so with a clear conscience—though the question may then arise whether it was judicious to give him those directions.

(c) EXCHANGE OF INFORMATION AS TO CONTRACTOR.

9. We recommend that further consideration should be given to the question of exchange of information between Departments as to unsatisfactory contractors, including both contractors who should definitely be struck off the list and those who should be carefully watched on account of questionable practices.

(d) GROSS AND NET BASIS OF ACCOUNTING.

10. In certain instances some discussion arose as to the relative advantages of the gross and net basis of accounting. If both expenditure and receipts are shewn in gross, all the facts are set out clearly for the information of Parliament, whereas, if only net expenditure is shewn, the transactions are not exhibited in full. This being so, we desire to record our general preference for the former course.

(e) STAFF OF EXCHEQUER AND AUDIT DEPARTMENT.

11. Your Committee have more than once during the War had their attention drawn by the Comptroller and Auditor-General to the difficulties experienced in obtaining adequately trained staff to enable him to carry out satisfactorily the very heavy and responsible duties arising out of the increasing volume and extended range of work of audit. Your Committee are glad to hear that steps have been taken to enlarge the numbers of trained staff and that further proposals are now under consideration which should result in increasing the efficiency of the audit as well as improving the status of the personnel of the Department.

It has to be borne in mind that very large sums which would otherwise have been lost have been recovered by the efforts of the Exchequer and Audit Department, and it is therefore important, from the point of view of the public purse, that every possible step should be taken to raise the efficiency of the staff to a high level.

(f) ACCOUNTING OFFICERS.

12. The question of the position of Accounting Officers throughout the Public Service is so important that we propose to reserve it till the autumn and to make it the subject of a special Report.

We propose to deal at the same time with several miscellaneous questions which are not ripe for settlement at the moment and which we have accordingly been obliged to defer.

II. VOTE OF CREDIT.

13. The Comptroller and Auditor-General's Report on the Vote of Credit covers an immense variety of subjects and an unprecedented total expenditure. We shall not attempt to deal with all the topics which he mentions, but shall confine ourselves to commenting on the most important of them and to recording a few statistics of special interest.

14. The Vote of Credit system terminated on 31st March 1919, the first Vote having been taken on 7th August 1914. The gross expenditure from such Votes during the whole period amounted to £8,417,178,490. Deducting a sum of £130,904,378 in respect of the receipts (the method of dealing with which is explained in paragraph 2 of the Comptroller and Auditor-General's Report), the total of net expenditure becomes £8,286,274,112.

If we except a payment of about sixty millions for miscellaneous services (cf. paragraph 3, *ibid.*) the remainder of this net total fall under twenty heads, the largest being those for the Army, Ministry of Munitions, Loans to Allies, and Navy (each of which runs into ten figures). The Ministry of Shipping, Railways, Air Ministry and Ministry of Pensions come next, in the order stated.

The above-mentioned total may be regarded as shewing, in a general way, the cost of the War, subject to the qualification that it does not allow for assets to be realised in future.

15. Turning from the total period of the War to the year under review, the gross expenditure on the Vote of Credit in 1918-19 was £2,301,962,912 18s. This included the following (gross) items, which will indicate the enormous scale of the operations in question.

Ministry of Food.—Purchases, Freight, Storage and other expenses	£352,585,745	16	6
Wheat Commission.—Purchase of Wheat and other Cereals	£312,288,942	8	0
Loans to Dominions, Allies, etc.	£264,575,684	3	6
Purchases of Colonial Wool	£83,016,055	12	2
Board of Trade.—Purchase of Food Supplies, etc.	£72,003,894	13	11
Railway Agreements.—Payments to Executive Committee and Fares of Merchant Seamen	£48,610,564	8	10
Sugar Commission.—Purchase of Sugar	£41,582,813	6	8
Timber Supplies.—Purchase and Conversion by Board of Trade	£22,966,814	12	1

16. Our attention was drawn to the procedure, duly notified to Parliament, by a note on the estimates, whereby receipts connected with the defunct Vote of Credit are still being used to finance the purchase of commodities and for other operations involving recoverable outlay—in the main, meat, sugar and wheat. We should be glad to be informed how long the procedure is likely to continue and to receive similar information with regard to the Exchange Account (cf. Comptroller and Auditor-General's Report, paragraph 125) the objection to which increases as circumstances revert to the normal.

LOANS TO ALLIED POWERS AND DOMINIONS.

17. During the total period covered by the Vote of Credit the following net issues were made by way of loan, viz:—

To Allied Powers	£1,415,650,496
To Dominions	£249,727,992
	£1,665,378,488

The only actual cash payment by way of interest has been by the Dominions, though interest is being duly debited in various other cases. The matter is, in the main, one of high policy; but we shall be glad to receive, when reviewing the matter next year, information as to how the position then stands.

"LAURENTIC" SALVAGE OPERATIONS.

Q. 3800

18. The "Laurentic" was sunk off the coast of Ireland during the war while carrying to Canada gold to the value of £4,996,317 13s. 7d. At the time when the accounts for 1918-19 were closed £1,320,567 11s. 8d. had been recovered, and in those accounts the net loss represented by the difference between these two sums (£3,675,750 1s. 11d.) plus expenses amounting to £1,014 7s. 5d. is debited against the Vote of Credit.

We learn, however, that salvage operations have recently been resumed by the Admiralty—during the summer and at the period of low tides—and we trust that the endeavour to effect further recoveries will be successful.

SUBSIDIES IN MIDDLE EAST.

Q. 3882.

19. If the Subsidies in the Middle East, now paid to the King of the Hedjaz and others, are continued in 1921-22, we think that the facts should be exhibited clearly in the Estimates.

FOODSTUFFS FOR NORTHERN RUSSIA.

Q. 3898.

20. The actual expenditure on Foodstuffs for Northern Russia in 1918-19 was £2,713,174 11s.; and Parliament approved an Estimate for a further expenditure in 1919-20 of £2,190,000, making nearly 5 millions in all. As mentioned by the Comptroller and Auditor General, receipts amounting to £805,067 4s. 7d. were paid into the Exchequer in February, 1920.

This service relates to foodstuffs, not for our own troops, but for the Russian troops fighting with us and for the civilian population of the country occupied. It was undertaken in order to relieve distress and to secure the allegiance of the population. The intention was to sell the goods at a suitable price; but it was never anticipated that the scheme would be self-supporting, and there is likely, in fact, to be a very considerable loss. The Foreign Office had little information as to the precise arrangements for distributing the food and ensuring that it reached those for whom it was intended.

THE ARAB BUREAU.

Q. 3918

21. A sum of £54,510 12s. 7d. was expended in 1918-19 on the maintenance of the "Arab Bureau." The Bureau itself was at Cairo, with agencies at Jeddah and for the Hedjaz, and its aim was to collect and correlate intelligence from the Arab countries involved in the war. We recognise that some expenditure in this direction was probably desirable; but it is clear from the evidence submitted to us that there was insufficient control from headquarters. In one case, the Foreign Office approved without question a refund to the Egyptian Government of £60,000. It subsequently appeared that a clerical error had occurred and the true figure was £6,000. Again, Treasury sanction, given in 1916, was limited to about £3,000 for staff. In 1918 the Treasury (when asked for further staff) discovered that about £14,000 per annum was being spent—including £2,000 on a native paper and about £10,000 to a chief who already was receiving a subsidy. We cannot regard this state of things as satisfactory. The control by the Foreign Office, whether centrally or locally, was palpably insufficient; and we are glad to learn that the Treasury are pressing the need for retrenchment on this service.

FINANCIAL CONTROL IN THE FOREIGN OFFICE.

Q. 536.
3948.
4237.

22. We would add that, speaking generally, the evidence given to us on behalf of the Foreign Office left something to be desired; and, as the Treasury are now reviewing the position of Accounting Officers in Public Departments generally in connection with their circular of 12 March 1920 (Appendix 5), we think that it would be well if they could consider with the Foreign Office the question of financial control within that Department, reporting to us, if possible, when we resume our meetings in the autumn. We may add that, in our opinion, the organization of the Foreign Office is not designed for the undertaking of extensive financial responsibilities, nor is it desirable that its sphere of operations should be enlarged in this direction.

RUSSIAN BANK CONTROL.

Q. 4237.

23. Your Committee have had considerable difficulty in understanding a scheme for financing General Alexieff which was started at the end of 1917, the Comptroller and Auditor-General having been unable to report upon it in full owing to the loss of a file in the Foreign Office. Two sums of money are involved—£500,000 given as a loan to a Russian financier on the security of shares in commercial concerns valued at 35,000,000 roubles, and £428,000 used for buying shares in a Siberian bank with regard to which certain security is held by the Treasury which they hope they may be able to dispose of. According to a paper (Appendix 25) received from the Foreign Office since their representative appeared before the Committee, the scheme was entered into at a time when it was most important to retain German forces as much as possible on the Eastern front, the German offensive on the West of 1918 being anticipated. The only way of doing this was to maintain a strong Russian army under General Alexieff capable of taking the offensive against Austro-German forces. Currency could not be sent direct either by ourselves or by our Allies. A scheme was therefore proposed to make the resources of the S.E. Confederacy, on whose territory General Alexieff was then operating, available as currency through the machinery of a S.E. Confederacy or Cossack State Bank, to be set up by amalgamating existing banks, and this scheme was agreed to in principle by the Cabinet. In the event, the Cossack Bank was never set up and no currency was issued through it owing to the spread of the Bolshevik revolution and the collapse of General Alexieff.

Other questions concerning the transactions are still obscure—in particular, why under the circumstances money was actually paid, to whom, by whom and on whose direct authority, and whether anything was done with it which was of use to the cause of the Allies. We desire that the Treasury should arrange with the Foreign Office to have these and other relevant matters looked into, and should report to us further upon them.

It has recently been shown that a total sum of £1,698,000 is involved in this matter, a Supplementary Estimate for £770,000 having been presented on account of the Siberian Bank Scheme. The report which we desire to receive should extend to this item, so as to avoid the necessity for further enquiry when it appears on the Appropriation Account, and should explain why it was brought forward so long after the obligation was incurred.

FOREIGN PROPAGANDA.

24. We were informed that, while the Ministry of Information and British War Mission had been terminated, an appreciable amount of propaganda abroad was still being performed by the Foreign Office. We should be glad if a note setting out the whole expenditure in connection with this service could be attached to future estimates. Q. 4321.

FERTILISERS.

25. As part of a much larger scheme initiated by the Ministry of Munitions to provide farmers with adequate supplies of fertilisers at a reasonable cost, it was decided to undertake the excavation of coprolites (fossilised manure) discovered in the neighbourhood of Cambridge. The venture was admittedly a bad failure. The coprolites cost about £30 a ton; they were sold at various prices from £7 to 12s. 6d. Q. 4361.

MOTOR TRACTOR PLOUGHING AND HORSE PLOUGHING.

26. Two important schemes were carried out by the Food Production Department in connection with Motor tractor Ploughing and Horse Ploughing. It was admitted in evidence that the original estimate of Tractor ploughing was five acres a day, and that the average eventually reached was only about three acres, and that the financial forecast of some of the experts was over-optimistic. It is now expected that the final accounts will show a loss of about £3,000,000 on the motor tractor scheme and about £1,000,000 on the horse ploughing scheme. One of the questions which arises is whether, having regard to the condition of the agricultural industry in recent years, a considerably higher charge could not have been made to farmers. This would clearly have been equitable; but we think that the argument of the Department is correct, that in view of the circumstances of the time it would not have been possible to charge more, compatibly with ensuring the great increase of ploughed land which actually was secured. Q. 4494.

PURCHASE OF STEAM TACKLE.

27. After receiving an explanation of the circumstances under which a large purchase of steam tackle was ordered by a business man working in the Department without the authority of the Treasury, we think that the expenditure may be allowed as a charge against the Vote, despite the loss which has occurred on the transaction as a whole. Q. 4507.

LOAN TO RIVER WEAR COMMISSIONERS.

28. It will be seen from paragraph 53 of the Comptroller and Auditor-General's Report that the advances from the Vote of Credit for this service in 1918-19 and the two previous years amounted to £253,000. Of this sum £150,000 was advanced on the security of mortgages transferred to the Government with interest at per cent. above bank rate, and the balance of £203,000 was issued by way of loan, free of interest during the war and for six months after, to make good deficiencies which arose on the revenue account. We were informed that the question of the security for the latter amount was being considered by the legal advisers of the Ministry of Transport in connection with the Sunderland Finance Bill, and we shall be glad to be informed in due course of the result. Q. 4537
4596

PREPARATION OF MEMORANDA ON WAR SCHEMES.

29. In connection with some of the services administered by the Board of Trade, we suggest that, in the case of Departments generally, it would be well if memoranda were prepared, placing on record, for future use, the main financial and administrative features of the War Schemes initiated by them. If such memoranda were compiled for Departmental purposes, it might also be considered whether the more important and interesting of them should not be published for the information of Parliament. Q. 4643.

RECOVERY OF PAYMENTS TO SEAMEN.

30. We are glad to learn that, as a result of questions raised by the Comptroller and Auditor-General and this Committee, the Board of Trade will move the Ministry of Shipping to follow up the question of recovering from Colonial and Allied Governments any amounts paid to seamen for effects lost through war risk while serving on vessels chartered to those Governments. Q. 4659.

FLAX PRODUCTION.

31. We shall report fully next year with regard to flax production. Large losses have been made over this service, which are attributed mainly to the stress of urgency under which the flax industry had to be revived in this country, and to subsequent difficulties with regard to labour and supplies of seed. Q. 745.
4471

TURKISH PETROLEUM COMPANY.

Q. 4632

32. We hope to be informed next year what return has accrued or is likely to accrue from the purchase by the Government for £20,000 of the rights held as shareholders in the Turkish Petroleum Company, by the Deutsche Bank. The transaction was defended on the ground that it was wise to extinguish an enemy interest in oil rights, but this question must be judged partly by the value which the rights are proved to possess, and it was not indicated to us that they have any value at present.

HOME GROWN TIMBER.

Q. 4703.

33. We hope to report fully next year upon the final outcome of the accounts of the Home Grown Timber Supplies Department. No reserves appear to have been accumulated to cover either the expenses of the Canadian Forestry Corps subsequent to the Armistice, or liability for claims for third party damage to roads, and we desire to be informed fully upon these points.

TERMINATION OF CIVIL LIABILITIES DEPARTMENT.

Q. 4966.
5015

34. We heard evidence as to the discontinuance of the work of the Military Service (Civil Liabilities) Department, now merged in the Ministry of Labour, and further particulars have since been furnished (Appendix 22).

We observe that discretionary power is reserved to make grants in hard cases, provided that applications are received not later than 31st December, 1920. We trust that no further extension will be made, that 31st December, 1921 will be regarded as absolutely the latest date for closing down the Department, and that in the meantime care will be taken to avoid maintaining elaborate machinery to effect the payment of a decreasing number of grants.

III. CIVIL SERVICES AND REVENUE DEPARTMENTS. (INCLUDING MINISTRIES OF FOOD, SHIPPING AND INFORMATION.)

OFFICE OF WORKS.

35. Some interesting statistics (see Appendix 20) were supplied to us as to the cost of providing accommodation for Government Departments by renting or building premises of various types.

In view of the heavy expenditure now being incurred on such services, we think that it is worth consideration whether in future Estimates there should not be appended to all schemes for the building of offices for clerical staffs a statement somewhat on the following lines, viz.:—

Service.	Number of Staff.	Cost of Site.	Cost of Site per head.	Cost of Building, etc.	Cost of Building per head.

Such figures, if properly used, might be of much value to Parliament in considering the schemes laid before it.

29. 36. We appreciate the attention which the Office of Works has given to the question of stimulating the receipts by the Department—*e.g.*, from admission fees to ancient monuments and historical buildings. We think that further consideration should be given to the case of Carnarvon Castle. So long as local residents continue to be admitted free there seems to be no reason why the fee charged to visitors should not be more closely proportioned to the interest and importance of the building.

146.

37. We also recommend that consideration should be given to the question whether the house provided for the Lord Chancellor—which is now partly unoccupied—could not be utilised for public purposes.

38. It would be convenient if a memorandum could be furnished next year exhibiting clearly the total expenditure on the Peace Conference—not only by the Office of Works but by all the Departments concerned. To this there might be appended a note as to the Ministry of Food's Commercial Accounts for catering.

OFFICE OF WOODS.

75.

39. We shall desire to be informed next year of the steps taken to re-adjust rents to a higher level both in London and in the country.

BOARD OF TRADE.

40. A sum of £1,000,000 was voted by Parliament in the Supplementary Estimates of July, 1918, for "assistance to the Dye-making Industry." In actual fact, no expenditure was incurred on the service during 1918-19—the scheme failing to come into operation so soon as was expected. We need hardly point out the undesirability of laying before Parliament Estimates which cannot be relied on. In normal times when there is no Vote of Credit this involves the grant to Departments of spending power for which there is not justification.

MINISTRY OF AGRICULTURE.

41. We shall be interested to observe next year the further developments with regard to the National Stud and the new Small Holdings Colonies. Q. 773.
787.

TEMPORARY COMMISSIONS.

42. It is desirable that the long outstanding question of winding up the Crofters and Cottars Colonisation Account should now be settled by legislation. Q. 857.

BOARD OF EDUCATION.

43. Under the scheme for the education of demobilised officers and men, 44 cases occurred or students, who married during their studentship and received increased allowances from the State in consequence of that fact. We learn, however, that since the representative of the Board appeared before us, a Regulation has been issued to the effect that where a student marries after his award, the Board will not be prepared, except in very special cases, to increase the amount of his award upon that ground. We were impressed by the care which had been taken in the Department in the consideration and decision of cases under the scheme. Q. 999.

MINISTRY OF LABOUR.

44. We doubt whether the Liverpool Dock Scheme for the payment of wages, involving a charge on national funds which is only partially recovered from the employers, should continue in normal circumstances, and recommend that the matter be immediately reviewed. Q. 1077.

MINISTRY OF RECONSTRUCTION.

45. In pursuance of a decision of the War Cabinet arrangements were made to bore for coal near Lough Neagh, a Supplementary Estimate being presented for the purpose in 1918-19 and duly approved by Parliament. Q. 1101.

We are informed that about £15,000 in all was spent on the experiment, which led to nothing: and we are not clear why the matter was regarded as falling within the scope of the Ministry of Reconstruction, whose functions we should have thought were of quite another character.

NATIONAL WAR AIMS COMMITTEE.

46. A total cost of £23,564 was occurred on the production of the National Film, purporting to give scenes which might have occurred had this country been invaded (the Ministry of Information acting as agents for the Committee). The Treasury were subsequently advised that the Film was not suitable for exhibition in peace time, and reluctantly assented to its destruction. It was never publicly exhibited, and there has, therefore, been no return for the expenditure of the money.

STATIONERY OFFICE.

47. We shall be interested to learn the ultimate settlement between the Department and the waste-paper contractor with regard to the disposal of confidential waste (Q. 1158-1165).

48. It is satisfactory that the question of expenditure on urgent night printing is being watched, and we trust that the circular recently issued to Departments will prove effective. Assent was properly refused by the Stationery Office to a request by the head of a Department in the Ministry of Munitions that printers might work overtime and night work on a certain Saturday and Sunday in connection with work which had been overlooked, in order that his leave might not be deferred.

49. As regards the new State Printing Works at Harrow, it is very desirable that the success of the experiment should be gauged as closely as possible by keeping careful accounts. We recognise that the preparation of commercial accounts is not an easy matter in this case, owing to the difficulty of determining the amount to be credited in respect of work done, but we think that a serious effort should be made.

POST OFFICE.

50. We expect to learn next year that the questions outstanding between the Treasury and the Post Office with regard to allowances to Clerks in Waiting have been definitely settled.

51. It appears from the Commercial Accounts of Postal Services (House of Commons 216 of 1919, page 8) that the Services rendered to other Government Departments in 1918-19 under Postage (apart from Telegraphs and Telephones) amounted to £2,400,920. The temptation to misuse the privilege of certifying letters as official is appreciably increased by the recent addition to postage rates, and we should be glad to be informed in due course whether the existing precautions are considered adequate.

MINISTRY OF SHIPPING.

52. We desire to place on record our sense of the valuable services rendered by the Imperial Munitions Board set up by the Canadian Government to act for the Ministry of Munitions. Testimony was borne to the high standard of its accounting by several witnesses. Q. 2971.

3006.

53. We made some enquiry into the subject of the National Shipyards and the expenditure at Chepstow, Beachley, Portbury and Portishead (as well as the purchase of the Standard Shipbuilding and Engineering Company effected on the responsibility of Lord Pirrie) but, as the matter has also been investigated by the Select Committee on National Expenditure, we confine ourselves to observing that we wish to be furnished next summer with a memorandum setting out completely the financial results of the venture.

Q. 3073.

54. The sum of £158,364 gross was expended (of which £98,204 net has been wasted) on erecting schools for the training of boys in pneumatic rivetting. Owing to the opposition of the Trades Unions it was impossible to use them and in some cases negotiations for their sale were opened before the buildings were completed. It was hoped at one time to sell for 60 per cent. of cost price, but it will be seen from Appendix 24 that only £59,000 or 38 per cent. has in fact been received.

The responsibility for the scheme rests with the then First Lord of the Admiralty. He was given a free hand in the matter—the Treasury having no say in it—and omitted to ascertain the views of Labour, or even to consult the Ministry of Labour.

Q. 3103.

55. In connection with the large grants made from public funds to encourage the extension of Shipyards we were struck by the fact that, when the Inland Revenue authorities ceased to co-operate in the calculation of the grants and the matter was dealt with entirely by the Admiralty, the scale on which assistance was given became more generous, and the suggestion that the shipbuilding firms concerned had taken full advantage of their position, under war conditions, in extorting from the department an unnecessarily high rate of grant was not disputed by the Admiralty representative.

MINISTRY OF INFORMATION.

Q. 3969

56. The questions brought to our notice by the Comptroller and Auditor-General concern two Accounting Officers. We will deal first with those affecting the earlier.

57. This officer was temporarily employed as a Civil Servant, receiving a salary of £1,000 a year.

After serving in other capacities in the Department of Information, he was appointed Accounting Officer in May, 1917, his successor being appointed in April, 1918.

Between April, 1918 and the Armistice he discharged administrative duties of a non-financial kind. He was then authorised by the War Cabinet to close down (in conjunction with a colleague) such work of the Ministry of Information as it was clear to them should be closed down, and to negotiate with the various Government Departments as to transferring to them such functions as it was considered desirable should be retained—subsequently reporting on the action taken for the consideration of the War Cabinet.

He left the service of the Ministry on 31st December, 1918.

Q. 3998.

58. The Comptroller and Auditor-General mentions in paragraph 2 of his Report the large number of queries raised by his Department on account of the Ministry and the considerable interval which often elapsed between the date at which expenditure was incurred and the date at which Treasury sanction was obtained. The officer was, in our opinion, justified in drawing attention to the difficulties in setting up a system of financial control, but he did not convince us that a real attempt had been made to overcome them.

59. Our attention was also drawn to an expenditure of £2,119 5s. 10d. (which the Treasury had declined to authorise) on the collection of materials for compiling County War Records. The officer was under the impression that this service had been started by direction of the responsible Minister; but we understand that, at this interval of time, he is unable to confirm the statement. The officer's further statement that he had authority to deal with Propaganda at home is not accepted by the Treasury (Appendix 26). After inspecting some of the Records we find that they vary in value—some being practically worthless. We regret that greater care was not taken in the matter, and that the case was not submitted to the Treasury for decision before the expenditure began.

60. In July, 1917, the same officer sanctioned a scheme for the supply of paper to certain Venizelist newspapers in Greece. Owing in part to a misunderstanding between the Ministry and the Stationery Office, Treasury authority was not sought at the time, and ultimately on transactions involving a gross expenditure of £25,872 16s. 6d. a loss of no less than £10,701 1s. 1d., or about 40 per cent. was incurred, in consequence of failure to charge adequate rates to the newspapers concerned. This case is a good instance of unnecessary loss through remissness in administration.

61. As regards the disregard (in three instances) of Treasury decisions, to which the Comptroller and Auditor-General draws attention in paragraph 7 of his Report, we realise, first, that in character and amount the payments, which concerned personal remuneration and allowances, were comparatively trivial and, secondly, that the merits were not absolutely clear, the cases being such that two reasonable people might have taken different views of them. What is clear, however, is that it was the business of the Treasury to decide them and not the business of the officer concerned. His action would only have been defensible if the instructions from the War Cabinet to him as Liquidator (quoted above see para. 57) had empowered him to overrule the Treasury, which was not the case. We doubt whether there is on record any instance of so direct a challenge to the authority of the Treasury, and it is impossible for us to overlook it. He undertook in each case to relieve the then Accounting Officer of all responsibility in the matter, both in his capacity as Liquidator and personally. After careful consideration we are unable to report that the sums involved, which amount to £101 6s. 3d. in all, constitute a proper charge against the Vote.

62. The case to which we now pass occurred during the later Accounting Officership.

In May, 1918, the Ministry decided to set up a Bureau of Information in Madrid for the purpose of Commercial Propaganda. An officer was selected to take charge of the Bureau, his salary was fixed and Treasury approval was sought and after an interval refused. It was then again asked for and refused. Some weeks later the Director of the Ministry concerned wrote to the officer instructing him that no liabilities should be incurred until the Treasury had sanctioned the expenditure. The officer, however, continued to spend money on rather a lavish scale, his expenditure being met from funds in the hands of representatives of the Ministry in Spain. And, as discussions were taking place between the Ministry and the Department of Overseas Trade for the transfer of the Bureau to that Department, the Ministry made no further attempts to regularise the position with the Treasury until the Ministry was being liquidated after the Armistice. Both then, and when the Minister attempted to arrange matters with the Treasury six months later, the Treasury refused to give covering sanction for the expenditure incurred. The Comptroller and Auditor-General has, therefore, reported that the sum of £6,416, the expenditure incurred on account of the Bureau (which existed for six months), which included £3,366 for the personal expenses of the officer in charge is not a proper charge against the Vote.

A memorandum describing the whole case has been prepared and is printed in Appendix 15. We comment upon certain aspects of it.

(1) Apparently the Ministry had, broadly speaking, the same opportunities as were possessed by other Departments during the war for obtaining rapid decisions from the Treasury upon questions of importance. In this case, however, they wrote to the officer concerned informing him what his salary would be while in their employ some days before any letter was written to the Treasury asking for sanction of his appointment.

(2) The Officer appointed seems to have received no proper instructions as to the source from which he should obtain funds and the method by which he should account for them, or as to the persons from whom he was to take instructions.

(3) He therefore took instructions from a person who was latter declared to have exceeded his authority, and was financed by another representative of the Ministry who controlled funds in Spain, and acted on this matter without the authority of the Ministry. Finally, the liquidator of the Ministry authorised an office allowance for him at the rate of £1,000 a year, of which apparently no mention has been made until the bureau was being wound up.

(4) When the final accounts were examined refunds were asked of certain payments not properly chargeable. Explanations were given which apparently were not considered satisfactory but the refunds were not made.

Under all the circumstances of the case we are not able to report to the House of Commons that the sums in question are properly chargeable against the Vote.

IV. NAVY.

IMPROVEMENT IN DELIVERY OF VOUCHERS, ETC.

63. Your Committee are glad to note the great improvement to which the Comptroller and Auditor-General draws attention in the delivery of vouchers and other documents for the examination of the accounts, this being a matter on which former Committees have found it necessary to comment very severely for several years past, and they trust that the new conditions will continue. Q. 1997.

FINANCIAL CONTROL AT THE ADMIRALTY.

64. Your Committee laid special stress in their Second Report, issued in July, 1919, on the unsatisfactory position of the Accounting Officer at the Admiralty and the consequential inadequacy of financial control, and recommend that an independent inquiry into the whole subject should be instituted.

They much regret to learn that steps have only quite recently been taken to take effective action in the direction indicated, and they propose to await the Report of the Special Committee of Inquiry set up and to deal with the matter at a later stage in connection with the position of the Accounting Officers in Departments generally.

HOSTELS FOR SHIPYARD WORKERS.

65. In January, 1918, the Admiralty instituted, in conjunction with the Ministry of National Service, a scheme for the enrolment of war work volunteers and their distribution over the various shipbuilding areas and as there was lack of accommodation the Admiralty, without obtaining Treasury sanction, took action to provide hostels at an estimated cost of £375,000 to lodge about 25,000 men. It further appears that the then First Lord of the Admiralty decided to carry out the work by Departmental Officers without reference to the Office of Works and that accommodation was provided for numbers far in excess of actual requirements. Your Committee, while recognizing the urgency of the case, must record their regret that no steps were taken at the time to obtain the sanction of the Treasury to the scheme of expenditure on the scale proposed, or to seek the advice and co-operation of the Office of Works, so that considerable waste of public money has ensued. Q. 2005.

B

GENERAL ELECTION ADVERTISEMENTS.

Qs. 1633,
2119.

66. Our attention was called to a matter affecting both Navy and Army Funds. A sum of about £20,000 was unnecessarily spent owing to the procedure adopted in connection with the advertisements in the Press as to the recording of Votes by soldiers and sailors. Instructions were issued by the Cabinet Secretariat or the Prime Minister's Secretariat for the placing of the order directly with an Advertising Agency instead of through the Stationery Office. It also appears that separate advertisements were issued for the Navy and for the Army—practically duplicating the work. The Accounting Officers of the Admiralty and the War Office had no opportunity of protesting.

This course was taken under circumstances of urgency, but we consider that there was no real justification for it. It is an example of what is apt to occur when a new central department fails to work through the ordinary administrative channels of previously existing departments.

EMPLOYMENT OF INLAND REVENUE VALUERS IN PURCHASE OF LAND.

Q. 2119.

67. We are glad to learn that in connection with the provisions of new Admiralty establishments, involving the purchase of lands and buildings on an extensive scale, the Admiralty employed with satisfactory results the Chief Valuer of the Inland Revenue. We should like to be informed what is the present policy with regard to the utilisation of Inland Revenue Valuers by Public Departments generally and whether that process could with advantage be extended.

FULL PAY SICK LEAVE OF CIVIL OFFICERS.

Qs. 2134, etc.

68. A case was brought to our notice by the Comptroller and Auditor-General in which the Admiralty had reported to the Treasury that in very special circumstances the Board of Admiralty had approved the further grant of two months' ordinary full pay leave to one of their civil officers who was still unfit for duty at the expiration of six months' full pay sick leave, a course which the Treasury found themselves unable to concur in, as being at variance with the general practice of the Civil Service.

It appears that this is the first case of the kind which has occurred since that brought to notice in the Comptroller and Auditor-General's Report on the Navy Appropriation Account for 1896-7, paragraph 18.

In Clause 8 (3) of Order in Council of 15th August, 1890, it is laid down that continuous sick leave on full salary shall not be granted for any period longer than six months, and the Treasury interpretation of this Clause is that the allowance of full salary shall be limited to a period of six months' continuous sick leave and ordinary leave combined in any one year. (See Treasury Circulars of 2nd May, 1892, and 24 April, 1896, contained in Appendix No. 21.)

In their correspondence with the Admiralty on the case already referred to, which took place subsequent to the issue of the Circulars in question, it was admitted by the Treasury that, so far as the wording of the Order in Council of 15th August, 1890, is concerned, it contains no prohibition of the grant of ordinary leave in immediate succession to the expiration of six months' full pay sick leave and such grant is, therefore, a matter of discretion on the part of the Heads of Departments not in direct subordination to the Treasury. The Admiralty decision then announced and adhered to in the present case now under review was that, while they have decided as a general rule to adopt the interpretation of the Treasury, as set forth in the Circulars already referred to, they reserved to themselves the right of dealing, as they arose, with the cases of officials who entered the service before the date of the Order in Council.

Your Committee are of opinion that this course is not one to which exception should be taken either in the case of civil officers of the Admiralty or of any other Department of State.

As regards the general question they are disposed to think that the Treasury interpretation of the Order in Council is narrow and involves hardship in certain cases, but they do not suggest any general modification, as they understand that the Treasury ruling has for some time past, been accepted throughout the Civil Service.

69. Before leaving Navy Votes we should perhaps add that in reality, the questions of the National Shipyards and the rivetting Schools referred to in paragraphs 53 and 54 above, concern the Admiralty rather than the Ministry of Shipping.

V. ARMY.

FINANCIAL CONTROL AND SYSTEM OF ACCOUNTS.

70. Notwithstanding the wide range and growth of Army Expenditure, which reached the huge total of nearly £825,000,000 in 1918-19, an increase of nearly one hundred millions as compared with the preceding year, your Committee are glad to be able to repeat their testimony to the good system of accounting and of financial administration at the War Office.

Your Committee regard it as specially worthy of commendation that, despite the abnormal expenditure and conditions existing at the time, the Accounting Officer of the War Office has been able to introduce (though not in a completely developed form) for the year 1919-20 Estimates and Accounts in the form suggested by the National Expenditure Committee in their Seventh Report, the results of which will come before us in our investigations into the accounts of that year.

EMOLUMENTS OF OFFICERS AND MEN OF THE ARMY.

71. In continuation of the statement presented last year (Appendix 16, Public Accounts Committee Reports 1919, p.p. 223) the Accounting Officer has, at the request of your Committee furnished a further statement (Appendix 10) showing the present pay and allowances of certain typical ranks in the Army which should be of general interest as clearly showing the very considerable increases in the value of the emoluments drawn, which compare not unfavourably with those in civil life.

LOSSES BY THEFT IN FRANCE AND BELGIUM AFTER THE ARMISTICE.

72. It is admitted that at the time when the civilian population in France was returning to the devastated provinces there was a considerable amount of pilfering by those civilians, or by certain British Troops feeling sympathy with them and acting on their behalf. Apparently, however, the loss was less than the expenditure which would have been incurred if demobilisation had been delayed in order, more effectually, to guard the Stores.

PROFITS FROM CINEMATOGRAPHS.

73. Some considerable discussion took place between the War Office and the Treasury as to the disposal of profits on cinema records of events connected with the Army, which the War Office without previous reference to the Treasury, had decided to appropriate for the benefit of military charities.

We are glad to learn that agreement has been reached to the extent that "in the event of a similar receipt in future the question whether it should accrue to the Exchequer will not be decided without Treasury approval." And we are of opinion that in border line cases which are not free from doubt, the Department affected will be on safer ground if the Treasury are consulted before a decision is arrived at.

QUESTION OF OBTAINING TREASURY SANCTION FOR PROPOSALS INVOLVING EXPENDITURE.

74. Certain cases were referred to in the Comptroller and Auditor-General's report dealing with the necessity or otherwise of obtaining previous Treasury sanction to the measures taken.

The only one in which there was any serious difficulty was in connection with a complicated and difficult question as to the assessment of officers' gratuities on acting rank, and this hinged on the extent of the Army Council's power of interpreting the Pay Warrant. A similar situation arose in the case of the Air Ministry. The various points of view were fully discussed, and your Committee are satisfied that a reasonable measure of agreement has been arrived at as to the necessity of consulting the Treasury when material financial considerations are involved.

Your Committee wish, however, to emphasise the opinion already expressed in previous reports, e.g., Public Accounts Committee Report of 1884, paragraph 141, and more recently in Public Accounts Committee Report, 1918, paragraph 77 (relative to the Ministry of Pensions), that there is a limit to be placed on the power of interpretation, and that when in special cases or under unforeseen circumstances it becomes necessary to deviate in any way from the plain meaning of a Warrant, the concurrence of the Treasury should be obtained.

EXPENDITURE ON CIVIL ADMINISTRATION, ETC., IN OCCUPIED ENEMY TERRITORIES.

75. The question of control of expenditure on civil administration and relief in the occupied portions of Syria, Cilicia and Palestine during the year under review appears to have been left in a somewhat indefinite state as between the Treasury, War Office and Foreign Office. The method adopted, though admittedly unsatisfactory from the point of view of effective financial control and audit, was probably the best under the circumstances.

CONTRACT FOR HUTTING.

76. We wish to draw attention to the case of a firm of hutting contractors referred to by the Accounting Officer. This firm, which was employed on cost plus percentage terms to build a large camp, formed a subsidiary company under another name completely under its control, placed contracts, and considerably extended them, with the subsidiary company without effective competition, and charged the War Office an agency percentage on the prices charged by the subsidiary company. The War Office, after consultation with high authorities in engineering practice, desired to contest the legality of these proceedings, but were advised by the Solicitor to the Treasury that they could not take effective action against the firm since what it had done was not actually illegal. They, however, succeeded in compromising for £5,000 a claim of nearly £10,000 on account of agency percentage. We regret that there was no legal remedy, and consider that under the circumstances the War Office did all that was possible.

LOANS TO Y.M.C.A.

77. We were informed that a sum of £700,000 in all was advanced to the Y.M.C.A., out of which £100,000 was repaid. It was eventually decided that the remaining sum of £600,000 should be treated as a grant by the War Office in respect of such services as education, etc.: which were outside the scope of that Association and would quite properly fall to be carried out by the War Office. Further, we were informed that in all probability the services were carried out more economically than if they had been undertaken by the Government directly.

VI. AIR MINISTRY.

Q. 2628. 78. We trust that the various assurances, statutory and otherwise, to the effect that persons joining the Air Force should not lose thereby will be interpreted in a reasonable spirit and will not be extended beyond their original intention.

Q. 2670. 79. The Comptroller and Auditor-General referred to certain cases in which the Administrator of Works and Buildings, without reference to the Treasury, authorised:

(a) The grant of Armistice Bonus to the workmen of contractors and sub-contractors.

(b) The extension of the Committee of Production's Award No. 860 as to 12½ per cent. bonus to persons not covered by it.

(c) The addition of nearly £500,000 to the cost of certain works—principally at Eastchurch and Manston.

It seems to us clearly indefensible that he should not have made better arrangements to keep the Finance Branch of the Air Ministry (and through them, when necessary, the Treasury) informed of his actions. For instance, his decision with regard to the 12½ per cent. bonus was given on 15th March, 1918, but the Finance Branch heard nothing of it till 17th May, 1919. If independent action is taken in this manner it is impossible to co-ordinate administration, nor can the accounting officer exercise the control which Parliament expects of him.

On the further question whether the Administrator of Works and Buildings was justified in taking action in the first instance without financial authority, the impression left on our minds is that, even taking into account the very exceptional circumstances of the time, he assumed an unnecessarily independent position and made no real attempt to co-operate with his financial colleagues.

Q. 2907. 80. Our attention was drawn to the unsatisfactory state of the Air Ministry's Store Accounts.

We were informed that a Committee was already sitting to lay down an improved system and we hope to learn next year that the work has been brought to completion, after such communication with the Treasury as may be necessary.

Q. 3563. 81. Our attention was drawn to an order for 500 Liberty Engines (costing about 3,680,000 dollars) placed in America on 8th November, 1918, by the Secretary of State for Air.

We were informed that it would have been competent to him to give a similar order in the United Kingdom on his own authority, but that, as this transaction had bearings on the American exchange, it required the approval of the "American Board", of which the present Chancellor of Exchequer was Chairman and that, in defiance of the definite instructions of that Board (who had cancelled an authority previously given), he settled the matter direct with the United States Secretary for War. The order was not transmitted through the British War Mission as was usual. The Treasury, when informed, declined to give covering authority.

The Secretary of State's action was defended on the ground that, having in view the doubts which America might have as to the termination of the War (the Armistice being imminent), they would be all the more ready to part with their engines: but, unless the engines were actually required by this country, this argument is hardly convincing.

On the whole, while the transaction was highly irregular, we do not recommend that further action should be taken with regard to it.

VII. MINISTRY OF MUNITIONS.

FREE ISSUES OF MATERIAL TO CONTRACTORS.

Q. 3246. 82. The representative of the Ministry expressed a strong opinion against the free issue to contractors of materials for the manufacture of munitions—holding that the debit against them should be recorded in cash rather than in quantities. While it is not clear that this is always feasible, we concur generally in his view which should be borne in mind if ever the necessity recurs.

Undoubtedly the system of free issues has caused an immense amount of trouble to the Ministry in effecting final settlements with contractors, it being naturally extremely difficult to trace the ultimate use to which such issues were put.

CONTRIBUTION TO EXTENSION OF STEEL WORKS.

Q. 3485. 83. In 1917 it was desired to stimulate the production of steel for War purposes. The Ministry of Munition accordingly arranged that a certain firm should carry out extensions estimated to cost £1,743,000—the Ministry to contribute 55 per cent, with special provisos as to the excess cost of advances in wages. The value to the country of this expenditure clearly depended on the duration of the War, but it was not anticipated that the works would in any case be completed till 1919, and our first criticism is that it should have been possible to insert in the agreement more favourable conditions with regard to termination in the event of peace.

84. In 1919 the second stage was reached. The estimate had been raised (with the concurrence of the Ministry) to £3,955,000. Up to September 1918 only 2½ per cent. of this sum had been expended. But the firm had incurred large commitments to sub-contractors, the Ministry were bound by the agreement of 1917, and the firm held them to it.

A sum of £2,250,000 was paid to them in settlement—for which, in the event which occurred, the country received no return whatever, beyond the stimulus to the steel trade.

Our criticism on this part of the transaction is that it was conducted too exclusively on legal lines. We think that a stronger effort should have been made to conclude a settlement administratively by personal negotiation and that it should have been practicable, even if the Government had but formal cognisance of the arrangements with the firm's sub-contractors, to arrange for the cancellation of those arrangements on payment of a reasonable sum in respect of the sub-contractors' actual outlay.

SLOUGH AND KEMPTON PARK DEPOTS.

85. We do not propose in this Report to pursue the question of the Slough and Kempton Park Depots, which have already received a considerable amount of attention elsewhere, beyond observing that we trust that the question of the 351 Motor Cycles issued to the Ministry of Food during the Railway Strike, of which (Appendix 23) only 169 have as yet been returned to Slough, will be further investigated.

COTTAGES AND HOSTELS AT GEORGETOWN.

86. It appears from paragraph 48 of the Report of the Comptroller and Auditor-General that in September, 1919, the Ministry requested the covering authority of the Treasury to the action of the Managing Board of the factory at Georgetown, who, concurrently with the factory, proceeded to the erection of a number of cottages, bungalows and hostels, the cost of which is estimated to have been £100,000. The bungalows were occupied, rent free, by the Managing Staff, and the cottages, with few exceptions, by such of the employees as it was considered necessary by the Board should reside on the spot, the hostels being occupied at nominal rents by other officials. The Treasury felt themselves unable to give their covering sanction to the capital expenditure and the arrangements for the letting of the premises.

It was contended by the representative of the Ministry that the provision of accommodation at nominal rents effected a saving in travelling money and obviated the necessity for paying higher wages.

We think that, in view of the explanations given, the expenditure may now be allowed, but, generally speaking, we deprecate the increase of cash wages by the grant of free living accommodation, it being better that wages and rents should alike be fixed at the proper amount.

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APPENDIX No. 1.

PAPER handed in by Mr. Roland Wilkins, C.B. March, 1920.

1917—1918.

COMPARISON OF AUDITED EXPENDITURE WITH EXCHEQUER ISSUES

AND

GENERAL ABSTRACT OF APPROPRIATION ACCOUNTS.

(After Audit by the Comptroller and Auditor-General, and Review by the Public Accounts Committee of the House of Commons.)

Treasury.
March, 1920.

COMPARISON of AUDITED EXPENDITURE in 1917—1918 with EXCHEQUER ISSUES of that Year.

	Exchequer Issues.	Audited Expenditure (Net).	Audited Expenditure (Net).	
			Less than Exchequer Issues.	More than Exchequer Issues.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
CONSOLIDATED FUND SERVICES -	201,252,085 6 1	201,252,085 6 1	—	—
ARMY -	15,010 - -	725,832,879 19 5	21,100,610 19 8	—
NAVY -	17,010 - -	227,388,891 7 1		
	32,020 - -	953,221,771 6 6		
CIVIL SERVICES -	63,474,303 - -	208,262,573 3 6		
MINISTRY OF MUNITIONS -	1,100 - -	639,206,316 7 5		
DITTO (ORDNANCE FACTORIES)	200 - -	1,775,978 19 8	21,100,610 19 8	—
REVENUE DEPARTMENTS -	31,229,053 - -	42,553,768 15 7		
NAVAL AND MILITARY OPERATIONS, &c., VOTES OF CREDIT	2,450,000,000 - -	*678,615,666 7 8		
TOTAL -	2,745,988,761 6 1	2,724,888,150 6 5	21,100,610 19 8	—

£ s. d.

* Expenditure shown in Vote of Credit Appropriation Account - 2,431,916,402 2 2

Less Excess Expenditure of Army, Navy, and other Votes already included under the 1,753,300,735 14 6

respective Votes (see following pages). £678,615,666 7 8

1917-1918.

GENERAL ABSTRACT OF APPROPRIATION ACCOUNTS.

(After Audit by the Comptroller and Auditor General, and Review by the Public Accounts Committee of the House of Commons.)

SERVICE	Grants and Estimated Receipts, 1917-1918.				Expenditure, 1917-1918.				Differences between Exchequer Grants and Net Expenditure. (Columns 3 and 6.)			
	Estimated Gross Expenditure.		Estimated Receipts in Aid of Grants.		Exchequer Grants.		Gross Expenditure.		Actual Receipts in Aid.		Net Expenditure.	
	(1.)	(2.)	(3.)	(4.)	(5.)	(6.)	(7.)	(8.)	(9.)	(10.)	(11.)	(12.)
Army	£ 112,016,510	s. d. 112,001,500	£ 15,010	s. d. 15,010	£ 802,992,962	s. d. 802,992,962	£ 77,160,082	s. d. 77,160,082	£ 725,832,879	s. d. 725,832,879	£ 725,832,879	s. d. 725,832,879
Navy	13,018,710	13,001,700	17,010	17,010	246,924,335	246,924,335	19,535,444	19,535,444	227,388,891	227,388,891	227,388,891	227,388,891
TOTAL, NAVAL AND MILITARY SERVICES	125,035,220	125,003,200	32,020	32,020	1,049,917,297	1,049,917,297	98,695,526	98,695,526	953,221,771	953,221,771	953,221,771	953,221,771
Civil Services:												
Class I.	3,118,717	144,118	2,974,599	2,974,599	5,695,545	5,695,545	162,084	162,084	5,533,510	5,533,510	5,533,510	5,533,510
II.	6,525,242	932,158	5,593,084	5,593,084	11,501,218	11,501,218	1,177,933	1,177,933	10,323,285	10,323,285	10,323,285	10,323,285
III.	5,622,184	695,003	4,927,181	4,927,181	5,888,245	5,888,245	731,356	731,356	5,156,889	5,156,889	5,156,889	5,156,889
IV.	26,282,106	12,075	26,270,031	26,270,031	26,023,461	26,023,461	14,421	14,421	26,009,039	26,009,039	26,009,039	26,009,039
V.	1,511,725	144,120	1,367,605	1,367,605	1,961,213	1,961,213	235,405	235,405	1,725,807	1,725,807	1,725,807	1,725,807
VI.	1,098,173	5,700	1,092,473	1,092,473	1,130,896	1,130,896	15,564	15,564	1,115,331	1,115,331	1,115,331	1,115,331
VII.	21,727,280	510,050	21,217,230	21,217,230	20,868,536	20,868,536	529,634	529,634	20,338,901	20,338,901	20,338,901	20,338,901
Ministry of Pensions	1,100	100	1,000	1,000	23,152,123	23,152,123	475,909	475,909	22,676,214	22,676,214	22,676,214	22,676,214
Ministry of Food	1,100	100	1,000	1,000	805,495	805,495	1,263	1,263	804,232	804,232	804,232	804,232
Ministry of Shipping	95,001,100	95,000,000	1,100	1,100	194,771,284	194,771,284	83,822,615	83,822,615	110,948,668	110,948,668	110,948,668	110,948,668
Ministry of Reconstruction	1,000	—	1,000	1,000	9,150	9,150	—	—	9,150	9,150	9,150	9,150
Ministry of National Service	1,000	—	1,000	1,000	1,029,426	1,029,426	—	—	1,029,426	1,029,426	1,029,426	1,029,426
National War Aims Committee	1,000	—	1,000	1,000	35,184	35,184	—	—	35,184	35,184	35,184	35,184
Air Board (and Air Ministry)	1,100	100	1,000	1,000	2,531,974	2,531,974	43	43	2,531,931	2,531,931	2,531,931	2,531,931
Grant to Lady Maude	25,000	—	25,000	25,000	—	—	—	—	25,000	25,000	25,000	25,000
TOTAL, CIVIL SERVICES	160,917,827	97,443,524	63,474,303	63,474,303	295,428,756	295,428,756	87,166,182	87,166,182	208,262,573	208,262,573	208,262,573	208,262,573
Ministry of Munitions	38,001,100	38,000,000	1,100	1,100	672,164,933	672,164,933	33,958,617	33,958,617	639,206,316	639,206,316	639,206,316	639,206,316
Ministry of Munitions (Ordnance Factories)	45,000,200	45,000,000	200	200	42,936,288	42,936,288	41,160,309	41,160,309	1,775,978	1,775,978	1,775,978	1,775,978

Revenue Departments:

Customs and Excise	2,654,123	131,430	2,522,693	2,522,693	2,986,714	2,986,714	162,389	162,389	2,824,325	2,824,325	2,824,325	2,824,325
Inland Revenue	2,736,050	10,000	2,726,050	2,726,050	2,852,474	2,852,474	15,998	15,998	2,836,475	2,836,475	2,836,475	2,836,475
Post Office	26,521,545	541,235	25,980,310	25,980,310	37,519,166	37,519,166	626,208	626,208	36,892,957	36,892,957	36,892,957	36,892,957
TOTAL REVENUE DEPARTMENTS	31,911,718	682,665	31,229,053	31,229,053	43,358,354	43,358,354	804,596	804,596	42,553,758	42,553,758	42,553,758	42,553,758
Naval and Military Operations, &c. (Votes of Credit)	2,450,000,000	—	2,450,000,000	2,450,000,000	11,753,300,735	11,753,300,735	—	—	11,753,300,735	11,753,300,735	11,753,300,735	11,753,300,735
Deduct Vote of Credit Expenditure (Already included under Army, Navy, and other Votes (see Column 8))	2,850,866,065	306,129,389	2,544,736,676	2,544,736,676	4,535,722,032	4,535,722,032	5,258,785,231	5,258,785,231	4,276,936,800	4,276,936,800	4,276,936,800	4,276,936,800
TOTAL FOR VOTED SERVICES	2,850,866,065	306,129,389	2,544,736,676	2,544,736,676	2,782,421,296	2,782,421,296	11,258,785,231	11,258,785,231	2,523,636,065	2,523,636,065	2,523,636,065	2,523,636,065

Consolidated Fund:

National Debt Services	(a) Inside Fixed Debt Charge	—	—	—	—	—	—	—	—	—	—	—
Payments to Local Taxation Accounts, &c.	(b) Outside Fixed Debt Charge	—	—	—	—	—	—	—	—	—	—	—
Other Consolidated Fund Services		—	—	—	—	—	—	—	—	—	—	—
TOTAL		—	—	—	—	—	—	—	—	—	—	—

TOTAL OF CONSOLIDATED FUND SERVICES -

GRAND TOTAL OF EXPENDITURE -

* Excess Vote taken in Committee of Supply in July, 1919, in order to apply in aid of Expenditure the Excess Receipts on—

Navy (See House of Commons Paper, No. 124, of 1919) ...

† Surplus of Receipts in Aid over Estimate.

‡ The Savings on Votes and Appropriations in Aid realised in excess of Estimates for the year 1917-18, amounting to £21,100,610 19s. 8d., shown in column 7 above, were dealt with as follows:—

Written off from the Exchequer Grant Accounts.	Out of Ways and Means of 1917-18 in the financial year 1918-19	£1,284,517	9	4
	do. 1918-19	£1,306,188	3	2
	do. 1919-20	£18,509,887	13	11
	do. 1919-20	£17	13	3
Paid to H.M. Exchequer by the Paymaster-General		2,858,150	9	6

CIVIL SERVICES
1917-1918.

ABSTRACT STATEMENT showing the APPROPRIATION of GRANTS and RECEIPTS in Aid of GRANTS, for the undermentioned CIVIL SERVICES, after Audit by the Comptroller and Auditor General, and Review by the Public Accounts Committee of the House of Commons, for the Year ended 31st March, 1918; and the Amounts of the UNEXPENDED BALANCES or DEFICIENCIES arising upon the same.

SERVICE.	For detailed Account see H.C. 7 of 1919.	Grants and Estimated Receipts, 1917-1918.			Expenditure, 1917-1918.			Differences between Exchequer Grants and Net Expenditure.	
		Estimated Gross Expenditure.	Estimated Receipts in Aid of Grants.	Exchequer Grants.	Gross Expenditure.	Actual Receipts in Aid.	Net Expenditure.	Surpluses.	+Deficits.
		(1.)	(2.)	(3.)	(4.)	(5.)	(6.)	(7.)	(8.)
		£	£	£	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
CLASS I.									
PUBLIC WORKS AND BUILDINGS.									
1		59,390 -	3,160 -	56,230 -	64,176 12 8	4,705 10 11	59,471 1 9	*1,545 10 11	4,786 12 8
2		12,725 -	2,125 -	10,600 -	16,456 13 -	396 6 10	16,060 6 2	-	5,460 6 2
3		112,540 -	14,840 -	97,700 -	123,165 3 7	16,203 17 9	106,961 5 10	*1,363 17 9	10,625 3 7
4		48,330 -	525 -	47,805 -	56,556 18 6	375 17 2	56,181 1 4	-	8,376 1 4
5		50,130 -	730 -	49,400 -	49,329 8 4	749 16 9	48,579 11 7	820 8 5	-
6		69,080 -	880 -	68,200 -	74,021 11 9	1,428 5 3	72,593 6 6	*548 5 3	4,941 11 9
7		43,425 -	3,375 -	40,050 -	38,500 13 6	4,004 8 2	34,496 5 4	5,553 14 8	-
8		509,800 -	4,000 -	505,800 -	526,930 11 5	3,292 4 5	523,638 7 -	-	17,838 7 -
9		193,350 -	2,000 -	191,350 -	188,781 17 -	2,293 7 7	186,488 9 5	4,861 10 7	-
10		758,300 -	47,100 -	711,200 -	2,697,196 10 8	58,466 13 11	2,638,729 16 9	*11,366 13 11	1,938,896 10 8
11		73,700 -	15,870 -	57,830 -	399,415 2 1	18,011 19 10	381,403 2 3	*2,141 19 10	325,715 2 1
12		7,757 -	2,600 -	5,157 -	7,466 6 9	2,854 - 9	4,612 6 -	544 14 -	-
13		11,000 -	-	11,000 -	8,743 19 -	-	8,743 19 -	2,256 1 -	-
14		941,613 -	38,613 -	903,000 -	1,155,929 19 2	37,968 6 7	1,117,961 12 7	-	214,961 12 7
15		177,960 -	8,300 -	169,660 -	241,180 18 6	11,283 16 9	229,897 1 9	*2,983 16 9	63,220 18 6
16		49,617 -	-	49,617 -	47,693 - 11	-	47,693 - 11	1,923 19 1	-
TOTAL		£ 3,118,717 -	144,118 -	2,974,599 -	5,695,545 6 10	162,034 12 8	5,533,510 14 2	35,910 12 2	2,594,822 6 4

Surplus of Receipts in aid over Estimate. † Met from Vote of Credit.

* Surplus of Receipts in Aid over Estimate. † Met from Vote of Credit.

CLASS II.
SALARIES AND EXPENSES OF CIVIL DEPARTMENTS.

United Kingdom and England.

		£	£	£	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1	House of Lords Offices -	44,149 -	2,000 -	42,149 -	43,080 6 2	2,446 16 5	40,633 9 9	1,515 10 3	-
2	House of Commons -	286,294 -	4,500 -	281,794 -	277,960 4 3	5,281 1 6	272,679 4 9	9,114 15 3	-
2A	War Cabinet -	13,495 -	-	13,495 -	27,047 7 3	-	27,047 7 3	-	13,552 7 3
3	Treasury and Subordinate Departments -	129,122 -	4,224 -	124,898 -	151,833 9 2	6,956 10 -	144,876 19 2	*2,732 10 -	22,711 9 2
4	Home Office -	259,309 -	5,525 -	253,784 -	293,324 - 1	6,971 13 1	286,352 7 -	*1,446 13 1	34,015 - 1
5	Foreign Office -	71,181 -	10,000 -	61,181 -	153,222 9 3	8,499 13 6	144,792 15 9	-	83,611 15 9
6	Colonial Office -	59,750 -	-	59,750 -	65,154 5 9	-	65,154 5 9	-	5,404 5 9
7	Privy Council Office -	12,708 -	2,600 -	10,108 -	13,669 19 10	3,317 6 6	10,352 13 4	*717 6 6	961 19 10
8	Board of Trade -	446,171 -	27,248 -	418,923 -	725,366 14 11	39,794 8 3	685,572 6 8	103 19 8	279,195 14 11
8A	Overseas Trade Department -	2,085 -	-	2,085 -	1,981 - 4	-	1,981 - 4	-	-
9	Mercantile Marine Services -	218,231 -	98,960 -	119,261 -	403,286 9 -	196,310 17 4	206,975 11 8	*97,350 17 4	185,065 9 -
10	Bankruptcy Department of the Board of Trade -	98,476 -	98,470 -	6 -	84,710 6 11	84,710 6 11	-	6 -	-
11	Board of Agriculture and Fisheries -	668,694 -	199,487 -	469,207 -	619,118 19 3	156,171 15 10	462,947 3 5	6,259 16 7	-
12	Charity Commission -	28,484 -	-	28,484 -	29,441 10 8	-	29,441 10 8	-	957 10 8
13	Government Chemist -	27,396 -	-	27,396 -	30,809 7 2	-	30,809 7 2	-	3,413 7 2
14	Civil Service Commission -	40,256 -	-	40,256 -	36,367 7 8	-	36,367 7 8	3,888 12 4	-
14A	Conciliation and Arbitration Board -	1,840 -	-	1,840 -	1,633 15 8	-	1,633 15 8	206 4 4	-
15	Exchequer and Audit Department -	73,112 -	3,202 -	69,910 -	84,907 19 11	-	81,705 19 11	-	11,795 19 11
16	Friendly Societies Registry -	24,344 -	1,100 -	23,244 -	23,211 14 -	2,156 1 5	23,055 13 7	*1,056 1 5	867 14 -
17	Local Government Board -	639,971 -	2,700 -	637,271 -	576,761 6 5	6,867 10 8	569,893 15 9	87,377 4 3	-
18	Board of Control, England -	134,777 -	1,435 -	133,342 -	101,652 16 1	1,972 4 11	99,680 11 2	33,661 8 10	-
19	Mint -	152,000 -	151,950 -	50 -	157,553 - 3	151,950 -	5,603 - 3	-	5,553 0 3
20	National Debt Office -	15,845 -	2,474 -	13,371 -	72,698 9 5	2,786 11 3	69,911 18 2	*312 11 3	56,853 9 5
21	Public Record Office -	21,995 -	-	21,995 -	22,390 10 3	-	22,390 10 3	-	395 10 3
22	Public Works Loan Commission -	12,207 -	1,000 -	11,207 -	11,956 2 4	796 4 3	11,159 18 1	47 1 11	-
23	Registrar-General's Office, England -	69,113 -	24,520 -	44,593 -	78,210 1 8	43,506 - 2	34,704 1 6	*18,986 - 2	9,097 1 8
24	Stationery and Printing -	1,174,944 -	209,000 -	965,944 -	5,380,828 -	378,063 5 11	5,002,774 14 1	*169,053 5 11	4,205,884 -
25	Office of Woods, Forests, and Land Revenues, &c. -	20,322 -	-	20,322 -	20,828 1 6	-	20,828 1 6	-	306 1 6
26	Office of Works and Public Buildings -	159,150 -	-	159,150 -	202,809 16 6	-	202,809 16 6	-	43,659 16 6
27	Secret Service -	750,000 -	-	750,000 -	740,984 14 6	-	740,984 14 6	-	-
Scotland.									
28	Office of the Secretary for Scotland -	19,187 -	300 -	18,887 -	29,263 5 -	458 13 2	28,804 11 10	*158 13 2	10,076 5 -
29	Board of Agriculture, Scotland -	92,146 -	21,180 -	70,966 -	93,709 8 3	13,767 19 7	79,941 8 8	-	8,975 8 8
30	Fishery Board for Scotland -	20,921 -	844 -	20,077 -	21,090 15 3	845 8 2	20,245 7 1	*1 8 2	169 15 3
31	General Board of Control for Scotland -	48,203 -	500 -	47,703 -	47,863 -	472 12 1	47,390 7 11	312 12 1	-
32	Registrar-General's Office, Scotland -	8,283 -	1,100 -	7,183 -	9,657 13 4	1,277 7 7	8,380 5 9	*177 7 7	1,374 13 4
33	Local Government Board for Scotland -	59,058 -	12,000 -	47,058 -	38,757 18 4	12,358 5 9	26,399 12 7	20,658 7 5	-

ABSTRACT STATEMENT showing the Appropriation of Grants, &c., for the Year ended 31st March, 1918—continued.

	S E R V I C E.	For detailed Account see H.C. 7 of 1919.	Grants and Estimated Receipts, 1917-1918.			Expenditure, 1917-1918.			Differences between Exchequer Grants and Net Expenditure.		
			Estimated Gross Expenditure.	Estimated Receipts in Aid of Grants.	Exchequer Grants.	Gross Expenditure.	Actual Receipts in Aid.	Net Expenditure.	Surpluses.	+ Deficits.	
											(1.)
34	CLASS II.—SALARIES AND EXPENSES OF CIVIL DEPARTMENTS—continued.										
	<i>Ireland.</i>										
35	Household of the Lord Lieutenant of Ireland	3,104	—	3,104	—	2,214	9 8	—	2,214	9 8	889 10 4
36	Chief Secretary for Ireland	25,227	—	24,904	—	26,550	2 1	312 19	26,237	3 1	—
37	Department of Agriculture and Technical Instruction, Ireland	169,273	—	148,777	—	392,760	3 2	23,094 16 6	369,665	6 8	*2,598 16 6
	Charitable Donations and Bequests Office, Ireland	2,146	—	2,105	—	2,265	— 8	47 2 10	2,217	17 10	*6 2 10
38	Congested Districts Board, Ireland	172,975	—	169,750	—	171,160	—	1,410	169,750	—	—
39	Local Government Board, Ireland	124,648	—	116,848	—	123,071	15 6	8,902 8 5	113,069	7 1	1,778 12 11
40	Public Record Office, Ireland	6,830	—	6,830	—	7,639	—	—	7,639	—	—
41	Public Works Office, Ireland	42,801	—	42,404	—	44,016	4	481 19 10	43,534	4 2	*81 19 10
42	Registrar-General's Office, Ireland	16,583	—	13,583	—	16,100	2 11	2,849 18	13,250	4 11	332 15 1
43	Valuation and Boundary Survey, Ireland	38,243	—	27,689	—	40,228	16 9	10,803 2 9	29,425	14	*249 2 9
	TOTAL - £	6,525,242	—	5,593,084	—	11,501,218	3 1	1,177,933 1 7	10,323,285	1 6	482,643 1 6
	CLASS III.—LAW AND JUSTICE.										
	<i>United Kingdom and England.</i>										
1	Law Charges, England	98,189	—	84,089	—	184,360	8 5	32,747 10 6	151,612	17 11	*18,647 10 6
2	Miscellaneous Legal Expenses	33,204	—	303,073	—	29,602	10 7	—	29,602	10 7	3,601 9 5
3	Supreme Court of Judicature	363,723	—	37,483	—	366,362	4 3	71,897 17 8	294,464	6 7	*11,247 17 8
4	Land Registry	37,483	—	111,009	—	38,058	15 1	—	38,058	15 1	—
5	Public Trustee	111,031	—	22	—	119,561	8 1	111,009	8,552	8 1	575 15 1
6	County Courts	380,498	—	140,498	—	377,390	19 10	201,084 7 10	176,306	12	35,808 12
7	Police, England and Wales	108,438	—	108,346	—	106,613	7 2	92 10	106,520	17 2	1,825 2 10
8	Prisons, England and the Colonies	693,590	—	671,590	—	720,669	18 10	34,565 3 6	686,104	15 4	*12,565 3 6
9	Reformatory and Industrial Schools, Great Britain	439,343	—	409,343	—	431,501	17 4	40,842 1 8	390,659	15 8	18,683 4 4
10	Criminal Lunatic Asylums, England	56,588	—	55,434	—	63,383	11 1	1,650 7 2	61,703	3 11	*526 7 2
	TOTAL	—	—	—	—	—	—	—	—	—	—
	<i>Scotland.</i>										
11	Law Charges and Courts of Law	133,352	—	75,352	—	135,539	2 6	67,085 8 8	68,453	13 10	*9,085 8 8
12	Scottish Land Court	7,186	—	7,186	—	5,937	3 5	—	5,937	3 5	1,248 16 7
13	Register House, Edinburgh	41,622	—	41,622	—	42,905	2 1	—	42,905	2 1	—
14	Prisons, Scotland	104,500	—	97,900	—	102,362	9 9	14,304 9 1	88,058	—	9,841 19 4

* Surplus of Receipts in Aid over Estimate.

† Met from the Vote of Credit.

15	CLASS III.—LAW AND JUSTICE—contd.									
16	<i>Ireland.</i>									
17	Law Charges and Criminal Prosecutions	60,731	—	300	60,431	53,438	1,231	52,206	8,224	—
18	Supreme Court of Judicature, &c.	112,663	—	2,100	110,563	110,582	3,129	116,462	1,029	6,919
19	Irish Land Commission	819,059	—	44,250	774,809	803,670	54,209	749,460	25,348	—
20	County Court Officers, &c.	105,919	—	4,550	101,369	104,203	4,777	99,425	1,943	—
21	Dublin Metropolitan Police	170,304	—	57,078	113,226	186,063	56,306	129,756	—	16,530
22	Royal Irish Constabulary	1,496,169	—	38,320	1,457,849	1,649,077	30,352	1,618,724	—	160,875
23	Prisons	114,782	—	2,000	112,782	118,989	2,948	116,041	6,213	4,207
	Reformatory and Industrial Schools	123,974	—	2,800	121,174	117,996	3,035	114,960	55	1,139
	Dundrum Criminal Lunatic Asylum	9,836	—	—	9,836	10,975	55	10,919	55	—
	TOTAL	5,622,184	—	695,003	4,927,181	5,883,245	731,356	5,156,889	131,035	360,743
1	CLASS IV.									
2	EDUCATION, SCIENCE AND ART.									
3	<i>United Kingdom and England.</i>									
4	Board of Education	19,018,455	—	2,675	19,015,780	18,646,095	3,319	18,642,776	373,003	—
5	British Museum	135,520	—	6,925	128,595	135,487	8,143	127,344	1,250	401
6	National Gallery	36,671	—	250	36,421	29,072	365	28,687	135	472
7	National Portrait Gallery	3,631	—	—	3,631	4,103	—	4,103	—	377
8	Wallace Collection	4,036	—	5	4,031	4,413	9	4,404	—	143
9	London Museum	2,300	—	—	2,300	2,443	—	2,443	—	—
10	National War Museum	100,006	—	—	100,006	19,520	—	19,520	—	—
11	Scientific Investigation, &c.	1,038,050	—	—	1,038,050	89,265	—	89,265	—	—
12	Scientific and Industrial Research	321,200	—	—	321,200	1,030,894	—	1,030,894	—	—
13	Universities and Colleges, Great Britain, and Intermediate Education, Wales	3,043,621	—	—	3,043,621	3,005,572	—	3,005,572	38,048	153
14	<i>Scotland.</i>									
15	Public Education	2,202,718	—	700	2,202,018	2,375,573	613	2,374,959	50	172,941
16	Intermediate Education	90,000	—	—	90,000	89,949	—	89,949	50	—
17	Endowed Schools Commissioners	850	—	—	850	790	—	790	59	—
18	National Gallery	1,830	—	—	1,830	1,910	—	1,910	—	80
	Science and Art	152,738	—	1,520	152,218	158,382	1,950	156,431	430	4,644
	Universities and Colleges	112,500	—	—	112,500	104,708	—	104,708	7,791	—
	TOTAL	26,282,106	—	12,075	26,270,031	26,023,461	14,421	26,009,039	440,207	179,215
1	CLASS V.									
2	Diplomatic and Consular Services	825,089	—	144,120	680,969	1,256,890	235,405	1,021,484	91,285	431,801
3	Colonial Services	608,961	—	—	608,961	624,750	—	624,750	—	15,789
4	Telegraph Subsidies	27,675	—	—	27,675	29,573	—	29,573	—	1,898
	Cyprus	50,000	—	—	50,000	50,000	—	50,000	—	—
	TOTAL	1,511,725	—	144,120	1,367,605	1,961,213	235,405	1,725,807	91,285	449,488

* Surplus of Receipts in Aid over Estimate.

† Met from the Vote of Credit.

ABSTRACT STATEMENT showing the Appropriation of Grants, &c., for the Year ended 31st March, 1918—continued.

SERVICE.	For detailed Account see H. C. 7 of 1919.	Grants and Estimated Receipts, 1917-1918.			Expenditure, 1917-1918.			Differences between Exchequer Grants and Net Expenditure.	
		Estimated Gross Expenditure.	Estimated Receipts in Aid of Grants.	Exchequer Grants.	Gross Expenditure.	Actual Receipts in Aid.	Net Expenditure.	Surpluses.	+ Deficits.
		(1.)	(2.)	(3.)	(4.)	(5.)	(6.)	(7.)	(8.)
CLASS VI.—NON-EFFECTIVE AND MISCELLANEOUS.									
1	Superannuation and Retired Allowances—	801,576	—	801,576	779,369 19 7	—	779,369 19 7	22,206 5	—
2	Miscellaneous Expenses	46,985	—	41,285	45,443 19 2	15,564 14 6	29,879 4 8	11,405 15 4	—
3	Hospitals and Charities, Ireland	16,748	5,700	16,748	16,732 14 7	—	16,732 14 7	15 5	—
4	Temporary Commissions	24,000	—	24,000	81,504 7 7	—	81,504 7 7	—	57,504 7 7
5	Repayments to the Local Loans Fund	3,241	—	3,241	3,240 7 11	—	3,240 7 11	—	—
6	Ireland Development Grant	185,000	—	185,000	185,000	—	185,000	—	—
7	Statutory Committee of the Royal Patriotic Fund Corporation.	1,750	—	1,750	732 6 9	—	732 6 9	1,017 13 3	—
8	Repayments to the Civil Contingencies Fund.	15,873	—	15,873	15,872 7 11	—	15,872 7 11	—	—
9	Government Hospitality	3,000	—	3,000	3,000	—	3,000	—	—
	TOTAL	1,098,173	5,700	1,092,473	1,130,896 3 6	15,564 14 6	1,115,331 9	34,645 18 7	57,504 7 7
CLASS VII.—OLD AGE PENSIONS, LABOUR EXCHANGES, INSURANCE, &c.									
1	Old Age Pensions	12,200,000	—	12,200,000	11,907,197 19 4	—	11,907,197 19 4	292,802 8	—
2	National Health Insurance Joint Committee.	678,646	—	678,646	675,925 5 9	—	675,925 5 9	2,720 14 3	—
3	National Health Insurance Commission, England.	5,034,463	—	5,034,463	4,344,563 5 6	—	4,344,563 5 6	689,899 14 6	—
4	National Health Insurance Commission, Wales.	341,002	—	341,002	310,182 4 11	—	310,182 4 11	30,819 15 1	—
5	National Health Insurance Commission, Scotland.	675,188	—	675,188	585,148 19 11	—	585,148 19 11	90,039 1	—
6	National Health Insurance Commission, Ireland.	363,575	—	363,575	316,534 15 1	—	316,534 15 1	47,040 4 11	—
7	Ministry of Labour	1,742,476	—	1,232,426	2,065,900 16 8	529,634 18 11	1,536,265 17 9	*19,584 18 11	323,424 16 8
8	National Insurance Audit Department	103,700	510,050	103,700	104,328 7 11	—	104,328 7 11	—	628 7 11
9	Treatment of Tuberculosis (Special Grants).	528,000	—	528,000	499,157 10	—	499,157 10	28,842 19 2	—
10	Highlands and Islands (Medical Service) Board.	43,896	—	43,898	43,266 9 2	—	43,266 9 2	631 10 10	—
11	Friendly Societies Deficiency	16,332	—	16,332	16,331 9	—	16,331 9	—	—
	TOTAL	21,727,280	510,050	21,217,230	20,868,536 5 10	529,634 18 11	20,338,901 6 11	1,202,381 17 8	324,053 4 7

* Surplus of Receipts in Aid over Estimate. + Met from the Vote of Credit.

(49540/19.)

APPENDIX No. 2.

PAPER handed in by Mr. Roland Wilkins, March 1920.

TREASURY MINUTE dated 27th November, 1919, on so much of the SECOND REPORT of the COMMITTEE of the PUBLIC ACCOUNTS, 1919, as deals with SERVICES other than the ARMY and NAVY.

1. My Lords read so much of the Second Report of the Public Accounts, 1919, as deals with Services other than the Army and Navy.

2. Write to the First Commissioner of Works.

Sir,
Paragraph 5.—I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith a copy of paragraph 5 of the Second Report of the Public Accounts Committee, 1919, relative to the application to the Provinces of the system of inspection and supervision now in force in London, and its extension to certain further services and to request that They may be favoured with your observations on the recommendations made therein.

3. Write to the Controller, H.M. Stationery Office.

Sir,
Paragraph 7.—I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith a copy of paragraphs 5 and 7 of the Second Report of the Public Accounts Committee, 1919, relative to the supervision of the use of stationery in Public Offices and to request that They may be favoured with your observations on the subject.

4. Write to the Secretary, Minister of Health.

Sir,
Paragraphs 10 and 11.—I am directed by the Lords Commissioners of His Majesty's Treasury to transmit herewith a copy of paragraph 10 of the Second Report of the Public Accounts Committee, 1919, relative to the notification by Poor Law Guardians of the fact that a person admitted to a workhouse is an Old Age Pensioner and to say that They would be glad to be favoured with the observations of the Minister of Health on the subject.

I am also to enclose a copy of paragraph 11 of the same Report and to inquire whether steps cannot be taken to bring the accounts of the National Health Insurance Fund more up to date in accordance with the recommendations of the Committee.

5. Write to the Secretary, Ministry of Labour.

Sir,
Paragraph 13.—I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith a copy of paragraph 13 of the Second Report of the Public Accounts Committee, 1919, relative to the inadequacy in practice of the system instituted for checking the Workmen's Registers at Kew. My Lords would be glad to know whether the anticipation that recent changes would put matters on a more satisfactory footing has actually been fulfilled.

6. Write to the Commissioners of Inland Revenue.

Gentlemen,
Paragraph 14.—I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith copy of paragraph 14 of the Second Report of the Public Accounts Committee, 1919, relative to the control exercised over the accounts of your Board in Edinburgh. My Lords are glad to observe that the Committee place on record the fact that they attach much importance to the principle of the responsibility of a single Accounting Officer and They request that They may be informed what action is being taken in the matter.

7. Paragraph 15.—My Lords take note of the opinion expressed by the Committee with regard to the accounting arrangements adopted in connection with the Potato Subsidy.

The course adopted appeared at the time to be the most convenient and economical, but My Lords are disposed, as a matter of principle, to concur in the view expressed by the Committee, and it will be borne in mind in any future cases that may arise.

8. Paragraph 17.—My Lords note the suggestion of the Committee. The Treasury, which is responsible for the form in which estimates are presented to Parliament, has already the power to direct that the estimate should include a statement of the position of any fund connected with the particular Department concerned.

My Lords will consider in what cases such information (which would necessarily only refer to the position of the fund at the end of the financial year preceding that for which the estimate was being taken), can usefully be given in the estimates. It is already given in most cases in Appropriation Accounts.

9. Paragraph 18.—My Lords are in communication with the various Departments concerned with regard to checks on frauds by pensioners.

10. Write to the Secretary, Ministry of Pensions.

Sir,
Paragraphs 42-44.—I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith, for the information of the Minister of Pensions, copy of paragraphs 42-44 of the Second Report of the Public Accounts Committee, 1919.

A separate communication is being addressed to you with regard to frauds by pensioners.

11. Write to the Secretary, Ministry of Shipping.

Sir,
Paragraphs 45-52.—I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith, for the information of the Minister of Shipping, a copy of paragraphs 45-52 of the Second Report of the Public Accounts Committee, 1919.

TREASURY MINUTE dated 26th February, 1920, on the SECOND REPORT from the PUBLIC ACCOUNTS COMMITTEE, 1919, dealing with Accounts for 1917-18.

My Lords have before them the Second Report of the Public Accounts Committee, 1919, and are pleased to give the following directions on those sections of the Report which relate to Navy and Army Accounts 1917-18.

Write to the Secretary, Admiralty.

Sir,

The Lords Commissioners of His Majesty's Treasury command me to transmit, to be laid before the Lords Commissioners of the Admiralty, a copy of a Report from the Public Accounts Committee, 1919, with regard to Navy Accounts, 1917-18, and to communicate to you the following observations thereon :—

Paragraph 19.—Delay in rendering Appropriation Account.—My Lords note that the Committee were not satisfied that there was any adequate reason for the delay in rendering the Navy Appropriation Account, and They share the hope of the Committee that no effort will be spared to avoid a recurrence of like delays.

Paragraphs 20, 22 and 31.—Position of Accounting Officer.—My Lords have decided that an enquiry should be made into the system of internal financial control at the Admiralty.

Paragraph 21.—Delay in settling contractors' claims.—My Lords have been informed by the Lords Commissioners of the Admiralty that the payments made to the contractors in this case in respect of bonuses to workmen for good time keeping represented a method of securing acceleration of the work on the construction of the ships in question, and that the arrangements and remuneration for such service, outside the contract conditions, are regarded as matters within the discretion of the Admiralty. They desire to place on record Their dissent from the view that the authority of this Board was not required for this novel arrangement, which was in fact subsequently abandoned on grounds of policy.

They also invite the attention of the Board of Admiralty to the desirability of facilitating the performance by the Comptroller and Auditor-General of his duties of audit in connection with advances to contractors with a view to obviating such delays as occurred in this case in bringing an unusual feature to notice.

Paragraph 24.—Loss in connection with cancelled contracts.—My Lords note that the Committee regard payment in the case under consideration as justified.

Paragraph 26.—Terms of contracts on net cost basis.—My Lords note with regret that no provision was made for limitation of profits in two net cost plus profit contracts placed as late as November, 1917, and January, 1918.

Paragraph 27.—Waiver of recovery in a case of fraud.—My Lords invite the attention of the Lords Commissioners of the Admiralty to the opinion of the Committee on this case. They await a communication of their views on the practicability of providing additional safeguards against fraud by pensioners.

I am, &c.

Write to the Secretary, War Office.

Sir,

The Lords Commissioners of His Majesty's Treasury direct me to transmit herewith, to be laid before the Army Council, copy of a Report from the Public Accounts Committee, 1919, with regard to Army Accounts, 1917-18, and to request that you will communicate to the Council the following observations thereon :—

Paragraph 38.—Departure from terms of a contract.

My Lords trust that with the return of peace conditions the lack of co-ordination between the executive and the finance branches of the War Office shown in this case will have been entirely eliminated.

I am, &c.

Write to the Comptroller and Auditor-General.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to transmit herewith, for your information, a copy of a Treasury Minute dated 26th inst. on the Report from the Public Accounts Committee, 1919, dealing with Army and Navy Accounts for 1917-18.

I am, &c.

(55133/19.)

TREASURY MINUTE, dated 2nd February 1920, on the THIRD REPORT of the COMMITTEE OF PUBLIC ACCOUNTS, 1919.

My Lords read the Third Report of the Committee of Public Accounts, 1919.

Write to the Secretary, Ministry of Munitions.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith a copy of paragraphs 1 to 33 of the Third Report of the Public Accounts Committee 1919, relative to the Accounts of the Ministry of Munitions for 1917/18.

Paragraphs 5 and 6.—The Minister will no doubt be glad to observe the recognition by the Committee of the impartiality and fairness of the Comptroller and Auditor-General's reports and of their valuable results in enforcing financial regularity.

RECONSTRUCTION OF ACCOUNTS.

Paragraph 4, Paragraphs 8 and 9.—My Lords note the comments made by the Committee (paragraph 4) in regard to the work of the Department for the Special Investigation of Accounts, and in regard to the delay in raising claims against contractors for materials supplied (paragraphs 8 and 9). They would be glad to be informed whether the reconstruction of accounts has now been completed and what is the estimated amount of the recoveries effected by this means.

They are glad to note that the Committee accept as satisfactory the accounting scheme adopted by the Ministry in 1917/18 with the approval of this Board.

SUSPENSE LIST OF CONTRACTORS.

Paragraph 10.—My Lords would be glad to receive an assurance that uniformity of practice has been reached in regard to the suspense list and "Black List" of Contractors.

SETTLEMENTS OF A LARGE FIRM'S ACCOUNTS.

Paragraph 11.—I am to request that Their Lordships may be provided with a report as to the progress of settlement with the firm referred to, and a statement showing the terms agreed.

EXPENDITURE ON PRODUCTION OF GAS AND EXPENDITURE, WITHOUT TREASURY SANCTION, ON ACQUISITION OF FACTORIES.

Paragraphs 12-15.—My Lords note the comments of the Committee. The Minister will observe that in the opinion of the Committee the criticisms made by the Treasury in the cases referred to in paragraphs 13-15 were fully justified, but that they recommended that in the circumstances the action taken by the Ministry should now be accepted.

EXPENDITURE IN PARIS ON AVIATION.

Paragraph 16.—My Lords will be glad to receive a report showing the extent to which vouchers not furnished in support of charges to the Vote in 1917/18 have now been received and as to the present state of accounting for Expenditure on Aviation in Paris. They will be glad also to be informed as to the amount of the advances made to certain firms and now outstanding, and the terms of repayment.

ADMIRALTY EXPENDITURE ON AIRCRAFT IN AMERICA.

Paragraph 17.—My Lords have now before Them a request for covering authority for the settlements reached in regard to purchases of Aircraft in America. They hope that the missing documents have now been furnished to the Comptroller and Auditor-General.

NATIONAL FACTORIES ACCOUNTS.

Paragraphs 21 and 25.—My Lords note with satisfaction the favourable comments on the work of the Controller of Factory Audit and Costs. They would be glad to be informed whether, in the opinion of the Minister, the accounting arrangements at the store depôts and National Factories have now been placed upon a satisfactory basis. In particular, I am to inquire what is the procedure adopted in the case of the Motor Repair Depôt at Cippenham.

AUDIT OF CONTRACTORS' BOOKS BY THE COMPTROLLER AND AUDITOR-GENERAL.

Paragraph 27.—My Lords desire that a report may be furnished as to the present position of the investigation referred to and, if settlement has been reached, as to the terms of settlement.

JUTE TRANSACTIONS.

Paragraph 32.—My Lords have had under consideration the later reports of the Minister of Munitions in regard to jute transactions. They note that, after allowing for the reduction in price for jute retained by spinners, a profit on jute transactions is still shown in the account for 1918/19.

I am, Sir,

Your obedient Servant,

Write to the President, Board of Trade.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you a copy of paragraphs 34 to 40 of the Third Report of the Public Accounts Committee, 1919.

TIMBER SUPPLIES.

Paragraph 35.—My Lords request to be informed of the circumstances giving rise to the unfavourable comments of the Committee in regard to the state of accounts for timber supplies. They have under their consideration the recent reports regarding the investigation and reconstruction of the accounts of the purchases made by the Government Timber Buyer and would be glad to be furnished at an early date with a general report as to the steps taken and progress made in rectifying mistakes and omissions in regard to Timber Accounts.

WAR RISKS INSURANCE.

Paragraphs 38 and 39.—My Lords note the comments made by the Committee.

POSITION OF ACCOUNTING OFFICERS.

Paragraph 40.—My Lords take note of the comments of the Committee in regard to the position and responsibilities of the Accounting Officers to the Board, a matter to which reference has also been made by the Select Committee on National Expenditure in paragraph 51 of their Third Report of 1918. Their Lordships fully share the views of these Committees as to the importance of the principle involved. They have already expressed to the Board their opinion as to the reforms which should be adopted in this connection, including the recommendation of the Select Committee that proposals for the expenditure of public money should be examined and criticised on financial grounds by an officer of a rank at least equal to that of an Assistant Secretary to the Board. A further communication in this sense is being addressed to you in reply to your letter of the 9th instant, No. E. Staff 4236, on this subject.

I am, Sir,
Your obedient Servant,

Write to the Secretary, Air Ministry.

Sir,

Paragraphs 41-56.—I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith a copy of paragraphs 41-56 of the Third Report of the Public Accounts Committee, 1919, relative to the accounts of the Air Ministry.

WORKS EXPENDITURE.

Paragraphs 42 and 43.—My Lords would be glad to receive the comments of the Air Council generally regarding these paragraphs and particularly as to whether the incidence as between Departments interested of charge in respect of new constructions has been adjusted.

AERODROME CONSTRUCTION ACCOUNTS.

Paragraphs 44 to 50.—My Lords have had before them the report of the Treasury Committee appointed to consider the subject of the Aerodrome Construction Accounts and have received the comments of the Air Council and of the Army Council in regard to the report and recommendations of the Committee. They would be glad to receive a report from the Air Council on the result of the changes introduced in the methods of control and accounting. They need hardly say that they attach the greatest importance to adequate control of expenditure by the Accounting Officer.

CANCELLATION OF WAR OFFICE CONTRACTS AND EXTENSION OF 12½ PER CENT. BONUS ON WAGES TO IRELAND.

Paragraphs 50 to 53.—My Lords desire that the Council should note the comments of the Committee.

CLAIMS AGAINST THE UNITED STATES GOVERNMENT.

Paragraph 54.—My Lords would be glad of the observations of the Air Council as to the present situation in regard to settlement of final claims by the United States Government in regard to Aerodrome construction.

STORE ACCOUNTS.

Paragraph 55.—My Lords desire that the Air Council will furnish their observations as to the extent to which regular verification of stocks is now carried out, the general results of stocktaking and the state of stocks.

I am, Sir,
Your obedient Servant,

Write to the Comptroller and Auditor-General.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to transmit herewith a copy of Treasury Minute, dated 2nd February 1920, on the Third Report of the Public Accounts Committee, 1919.

I am, Sir,
Your obedient Servant,

APPENDIX No. 3.

PAPERS forwarded by Mr. C. H. Montgomery, C.B., C.V.O.

MEMORANDUM.

TRADE DEPARTMENT AT WASHINGTON.

Question 475.

22nd March, 1920.

I find that in the years 1916-17 and 1917-18 the sums of £27,129 11s. 2d. and £17,295 7s. 3d. respectively, were received and brought to account in respect of the Trade Department at Washington. These receipts represented a percentage on the cost of the telegrams despatched on behalf of individuals who desired to export goods to Europe. It was levied not as a fee but as a contribution towards the cost of the special Department organised at the Embassy to facilitate and at the same time to control the trade between America and the neutral countries of Europe during the war.

After the armistice these functions, and the fees arising from them, ceased and the work gradually became that ordinarily discharged by officers of the Department of Overseas Trade by whom the financial responsibility will be assumed on April 1st.

H. Montgomery.

COLONEL WEDGWOOD'S MISSION TO SIBERIA.

Questions 483-499.

At the beginning of 1918 H.M.G. decided that it was of paramount importance to obtain first hand information as to the general situation in Siberia, as well as to counteract the German propaganda then in full swing, and it was therefore decided to entrust Colonel Wedgwood, M.P., with a special mission for that purpose, more especially as many reports were at the time reaching us to show that enemy propaganda had been actively carried on in that country.

The general tenor of Colonel Wedgwood's instructions were that he should report on the general economic and financial position, on the effect of enemy propaganda, on the measure of success with which Bolshevik ideas had been spread and in general on the effects of the revolution in Siberia on social conditions.

Colonel Wedgwood was instructed to keep in touch, in so far as conditions allowed, with H.M. Consular Officers and with H.M. Embassy at Petrograd.

Colonel Wedgwood arrived in the Far East on the 23rd February, 1918, and, on his return from the mission, which lasted approximately two months, he furnished a confidential report to H.M.G., which contained information of very considerable value at the time.

H. Montgomery.

APPENDIX No. 4.

PAPER handed in by Mr. A. E. Watson, C.B.E.

WALLACE COLLECTION.

23rd March, 1920.

The staff of the Wallace Collection during the year 1918-19 were employed first in supervising the packing and transport of the entire Collection to the Paddington Post Office Tube as a protection against air raids, in the work of inspecting the Tube and watching over the conditions of ventilation, temperature and moisture there. In addition the principal officers of the staff took it in turn to pass the night at Hertford House in case of Air Raids. Second in carrying out the normal duties of administration, accounts, correspondence with Government Departments and the public, research work in the revision of existing catalogues and preparation of new, including a scheme for rearrangement of the Collection and systematic renumbering. Third in rendering assistance to the two Government Departments housed in succession at Hertford House, viz., the Geographical Section of the Admiralty Intelligence Department, and the Munition Ministry Special Investigation of Accounts Department.

Four of the staff, whose balance of salary is charged to the Vote, were on active service and their vacancies were kept unfilled. The Ladies' Attendant and Charwomen were employed in their ordinary duties during the occupation by Government Departments.

In addition it should be noted that in the year under review there was no expenditure on police—a saving as compared with the position pre-war and in early war days of nearly £4,000 per annum—all the watching was undertaken by the Attendants.

APPENDIX No. 5.

Handed in by Mr. A. E. Watson, C.B.E., 20th April, 1920.

No. 8/20.

Treasury Chambers,
12th March, 1920.

10855/20.

CONTROL OF EXPENDITURE.

SIR,—I AM directed by the Lords Commissioners of His Majesty's Treasury to acquaint you that His Majesty's Government have under consideration the question of improving the arrangements now in force in Government Departments for securing effective control over expenditure, and in this connection I enclose a copy of a recent report by the Council of Financial Officers.

It will be seen that this report does not favour the appointment within Departments of a Treasury official as such, but suggests that the appointment (or removal) of the chief Financial Officer in a Department should require the consent of the Prime Minister and the Chancellor of the Exchequer. The report further draws attention to the fact that the Permanent Head of a Department is in no way relieved of responsibility in the sphere of finance and economy by the existence on his staff of a financial officer so described; and in the case of the Service Departments it recommends that the Council or Board should be strengthened on its financial side by the inclusion of a permanent Civil Servant (in addition to the Finance Minister who is already a member).

O.199.

The main lines of the report have received the approval of His Majesty's Government, who have reached the following decisions:—

(1) *Service Departments*.—One of the most important functions of the permanent civilian element is to secure economy in administration, and accordingly the Permanent Civilian Head of the Department must be made directly responsible to the Ministerial Head of the Department for the control of expenditure, and should be given for this purpose the status of a full member of the Council or Board.

(2) *Civil Departments*.—For economy in policy and in management the Permanent Head of the Department must be held ultimately responsible (under Ministers), and the inclusion on his staff of a Finance Officer (who is his subordinate) does not relieve him of the responsibility.

(3) In all matters of staff, organisation, and office management, the officer to be held responsible for economy by the Permanent Head of the Department is the Principal Establishment Officer.

(4) The consent of the Prime Minister is required to the appointment (or removal) of Permanent Heads of Departments, their Deputies, Principal Financial Officers, and Principal Establishment Officers.

(5) Arrangements should be made, where they are not already in force, to secure that questions involving finance are referred at an early stage to the Finance Branch of the Department, and that correspondence with the Treasury on proposals involving expenditure is either drafted or concurred in by the Finance Branch. In view of the specific responsibility of the Principal Establishment Officer mentioned in paragraph (3) above, this procedure does not apply to questions of staff or office management; but it will be the duty of the Principal Establishment Officer to keep in close touch with the Principal Finance Officer on all such matters where any considerable expenditure is likely to be incurred.

(6) Any case in which an Accounting Officer has, by the written directions of the Head of his Department, made a payment to which he sees objection should be notified by him to the Treasury, and the papers should be communicated to the Comptroller and Auditor General.

I am to request that My Lords may be consulted as to any detailed changes of organisation and procedure which may be proposed with the object of giving effect to the above decisions.

I am, &c,
(Signed) Stanley Baldwin.

Handed in by Mr. A. E. Watson, C.B.E., 3rd June 1920.

20935/20.

Treasury Chambers,
No. 30/20.
26th May 1920

CONTROL OF EXPENDITURE.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to advert to paragraph 6 of the Treasury Circular of the 12th March 1920, No. 10855/20, relative to control of expenditure, and to inform you that the principle therein enunciated is applicable not only to cash payments, but to issue of stores.

My Lords accordingly desire that the paragraph should be read in that sense.

I am, &c,
(Signed) Stanley Baldwin.

COUNCIL OF FINANCIAL OFFICERS.

INTERIM REPORT ON THE POSITION OF ACCOUNTING OFFICERS.

At their first meeting the Council proceeded to discuss the general position of Accounting Officers and the possibility of effective reform in the present financial procedure of Departments. On the 10th November, 1919, the Chancellor of the Exchequer requested the Council to consider, together with other proposals for strengthening the hands of Accounting Officers, the suggestion contained in paragraph 9 of the First Report of the Select Committee on National Expenditure (1919), that the Accounting Officer of each spending Department should be a Treasury official appointed by and solely responsible to the Treasury.

The Council having reviewed the matters before them desire to submit the following considerations:—

2. The proposal of the Select Committee is based upon the difficulty of the position of Accounting Officers. As officers of the Departments in which they serve they are subordinate to the head of their Department and may be overruled by him. It is represented that if their recommendations are discouraged they may relax their efforts, and the proposal to make them officials of the Treasury is evidently intended to give them greater status and independence.

3. We hold that in all cases in which a special Financial Officer exists responsible for the financial criticism of administrative measures, he should hold the post of Accounting Officer, and as such should be responsible for financial regularity. In the latter capacity he possesses a large measure of independence. He cannot be compelled to make a payment to which he sees objection except by written directions by the head of his Department.

We think that wherever this takes place it should be an absolute rule that the papers should be communicated to the Comptroller and Auditor-General, and that the Accounting Officer should notify the Treasury of what has taken place.

4. As a Financial Officer, on the other hand, a part of whose duties consists of the exercise of financial advice and criticism in matters of policy and administration as distinct from financial regularity, his powers are limited to making representations to his official superiors. If his view be not accepted by the head of his Department, he can carry the matter no further; indeed it is then generally, if not invariably, his function in a matter in which the consent of the Treasury is required, to press the Treasury to accept the very views which he himself may have strenuously resisted within his own Department.

5. Anomalous as his position is in this respect, the Financial Officer is not singular in the liability to be overruled by his Minister, or in having on occasion to carry out a policy of which he personally disapproves. What we have to consider is whether the effectiveness of financial control in the public service is unduly prejudiced by the conditions under which financial officers work, and whether it could be strengthened, either by the measure proposed or by some other remedy.

6. The position of the principal permanent civil servant responsible for finance varies a good deal in the different public Departments, and the nature of the financial control exercised varies not less. Generally speaking, it would not be unjust to say that there is a tendency on the part of administrative officers to evade financial control on the plea of high policy or otherwise, and that financial officers, even in the best regulated departments, have continually to be on the watch against encroachments on the part of zealous but impetuous colleagues.

7. Such vigilance is uphill work, and occasionally may involve a certain friction, though on the whole the system works in our experience with smoothness. Moreover, Ministers are not unnaturally disposed to attach more weight to the success of their policy than to its cost; and the war has markedly accentuated the tendency to disregard financial precautions on the plea of urgency.

8. Working under these conditions the Financial Officer ought to have all the counterbalancing advantages which can be given him; but in point of fact this cannot be said to be the case. Finance is represented by the Parliamentary or Financial Secretaries on the Board of Admiralty, the Army Council, or the Air Council, and not by any civil servant; and even in many civil Departments the principal Financial Officer ranks only as one of a number of Assistant Secretaries.

9. The proposal that the Accounting Officer shall be a Treasury official does not commend itself to us.

(i.) In the first place, it offends against the cardinal principle of Ministerial responsibility. A Minister could not be properly responsible to Parliament for the conduct of his Department if a large part of the responsibility falls actually on the servant of another Department to whom he is unable to give orders.

(ii.) In the second place, the tendency to evade financial control alluded to above would, in our view, become more marked if the officer to be evaded were an emissary of another Department. At present the Financial Officer is the servant of the same Minister as the administrative officers, and is entitled to the same access to official papers and confidential information as they are; these are advantages of great value in financial control which might be lost if he became an officer of the Treasury.

(iii.) Thirdly, the Treasury Officer could not work single-handed. He would require staff. This would presumably have to be Treasury staff, too. There would thus be an elaborate interweaving of the staff of two Departments under one roof, under conditions which would almost inevitably give rise to friction and discontent.

(iv.) The position obtaining in the Ministry of Transport does not afford a precedent for the proposal that the Accounting Officer should be a Treasury official. The Accounting Officer of the Ministry of Transport is responsible to the Minister, but works in close association with a Treasury officer specially attached to the Ministry in view of peculiar circumstances arising out of the Ministry of Transport Act.

10. We think that other measures might be taken to improve the effectiveness of financial criticism, and we therefore make the following suggestions relative to the status of Financial Officers, the scope of their duties, departmental procedure and organisation:—

(a) We suggest, in order to remove the objection that their independence is compromised by the fact that they are appointed by and removable by the head of their Department, that the selection of the Chief Financial Officer in the principal Departments should require the consent of the Chancellor of the Exchequer and the Prime Minister, and that he should be removable under the same consent only.

(b) Criticisms from the Financial Officer should not be limited by any narrow interpretation of the province of finance, but should be allowed the fullest scope where any possibility of substantial economy is involved.

(c) In our view it is desirable that all correspondence with the Treasury should either—

- (i) be drafted by the Finance Department after such departmental discussion as may be necessary; or
- (ii) where the Finance Department prefers, concurred in by that Department.

This concurrence should be necessary for letters, other than routine letters, on establishment matters as on other business.

(d) When the Chief Financial Officer of a Public Department is not the Permanent Secretary or head of the Department the relation between him and his permanent chief requires very careful adjustment. We think it most undesirable to encourage the idea that the functions of the permanent head are divorced from or antagonistic to finance, or that the existence of a separate Financial Department in any way relieves other officers of their duty to be economical.

The public service deals with so great a variety of subjects, and its organisation takes so many different forms, that it is not practicable to lay down hard-and-fast rules of procedure applicable alike to all Departments. The Civil Departments over which a Minister presides, whether as Secretary of State or as President of a

so-called Board, have as a rule a Permanent Secretary (sometimes more than one), who is the permanent head of the Department and the principal adviser of the Minister on questions of policy, but is not as a rule the principal Financial Officer. Other Civil Departments are organised under Boards or Commissions, sometimes, as in the Revenue Departments, salaried officers responsible to Ministers, sometimes unpaid Statutory Boards or Trustees under a charter, while another type of Civil Department has under the Minister a Board or Council of Civil Officers acting as advisers to the Minister, and occupying jointly a position analogous to that of the permanent head of a Department of the first-named kind. The Admiralty, War Office, and Air Ministry, in which the Government advisers on policy must necessarily be sailors, soldiers, or airmen, form again a further type of Public Department.

We think that in Civil Departments of the first-named type, where full discussion of a problem reveals an irreconcilable cleavage between the views of the executive staff and the finance side of the office, if the Permanent Secretary dissents from the Chief Financial Adviser, the views of the latter should, as a matter of ordinary procedure, be placed before the Minister through the Permanent Secretary, and the Financial Adviser should have the right of access to his Minister and an opportunity of explaining his views.

In Revenue Departments which are governed by a Board the Chairman of the Board is responsible for the advice to be given to Ministers on revenue questions of policy, and the desirability of obtaining the opinion of the Accounting Officer on these should be left to his discretion. The Accounting Officer should have the same position as a critic of the Vote expenditure as the Accounting Officer in any other Department.

In those Departments in which the Minister has set up a Council (the examples of this type are the Ministries of Food, Labour, Munitions and Transport) the head of the Finance Department should *ex officio* serve upon the Council, and should thus have an opportunity of expressing his opinions from the point of view of finance; but he should have the same rights as in any other Civil Department of direct access to his Minister.

In the Admiralty, War Office and Air Ministry we believe that the best safeguard for finance would be that professional, as distinct from parliamentary, knowledge of finance should be represented on the Board, and accordingly that the permanent civil servant in charge of financial duties should be a member of the Board. Doubts have been expressed whether the existence of a subordinate Minister specially charged with finance duties would be compatible with this suggestion. We do not think that this dual representation of finance upon the Board would necessarily be unworkable or would at all overstrengthen finance, regard being had to the fact that the members of the Board other than the Minister are primarily interested in policy.

We attach great importance in all Departments to questions involving finance being referred to Finance Departments before being submitted to the Minister for approval, and, moreover, at an early stage, so that they may assist in forming proposals still malleable rather than engage on destructive criticism after they have crystallised. To this end adequate and properly distributed staff is in our view necessary, and where such duties are performed the staff engaged upon them should not consist of personnel of inferior status to that of the administrative or secretarial branches of the office, though of course in all branches alike the proportion of different classes of staff must be regulated in accordance with the character of the work.

(e.) The titles of the Chief Financial Officers of large Departments appear to us to require reconsideration: thus, the title "Accountant General," in use in several of them, lays too much stress on the accounting as distinct from the advisory or financial duties which should pertain to the office. With so much variety in function and organisation in the several Departments, we cannot recommend any uniform appellation; but in each case a title should be sought which would be sufficiently descriptive of the holder's functions, and would adequately mark his due status in the Department.

(Signed) STANLEY BALDWIN.
† V. W. BADDELEY.
G. L. BARSTOW.
W. A. BLAND
H. BOWERS.
F. W. A. CLARKE.
S. DANNREUTHER.
† C. HARRIS.
S. HARDMAN LEVER.
H. W. ORANGE.

E. ST. J. BAMFORD, *Secretary.*

† In signing this Report I wish it to be understood that I am not of opinion that the recommendations in the last part of paragraph 10 (d) and (e) could be adopted in all respects as they stand with practical advantage to the Admiralty organisation.

11th December, 1919.

(Signed) V. W. BADDELEY.

† I have joined in the recommendation that in the fighting Departments the Chief Permanent Financial Officer should be a member of the Board because on many subjects the specialised knowledge and experience of the Finance Department ought to be brought to bear during the Board's *viva voce* discussions. But as these Boards deal with many subjects altogether outside the Financial Officer's province, I think his position should rather be that of an associate member.

15th December 1919.

(Signed) C. HARRIS.

APPENDIX No. 6.

PAPER handed in by Sir Charles Harris, G.B.E., K.C.B., 20th April, 1920.

ARMY SIGNAL FACTORIES ACCOUNTS FOR THE YEAR 1918-19.

W.D. SIGNAL FACTORIES.—BALANCE SHEET 1918-1919.

	£	s.	d.		£	s.	d.
To BALANCE ACCOUNT:				By PRODUCTION ACCOUNT:			
For Capital on April 1st, 1918	61,785	7	9	For Articles manufactured and services performed	610,190	0	2
" Stores in Stock on April 1st, 1918	143,280	1	4				
" Semi-manufactures on April 1st, 1918	49,143	3	1	" SUNDRIES:			
To ARMY FUNDS:				For Miscellaneous Receipts	7,393	1	6
For Amounts expended:				" Amounts credited to be recovered in 1919-1920	7,880	8	6
Salaries	24,128	14	0	" Amounts taken up in prior years remaining unpaid on March 31st, 1918	56,367	17	2
Wages and Insurance	365,030	13	3	" Unclaimed Wages on April 1st, 1918	43	19	7
Materials	288,802	18	4				
Plant and Machinery	34,128	9	6	" BALANCE ACCOUNT:			
Buildings	453	16	10	For Capital on March 31st, 1919, as per Capital Account	99,398	0	3
Electricity	8,128	18	5	" Stores in Stock on March 31st, 1919	357,047	13	1
Gas and Water	3,575	5	3	" Semi-manufactures on March 31st, 1919	103,968	0	6
Rent and Rates	1,466	17	4				
Miscellaneous Expenses	1,833	15	11				
Postages and Stationery	1,892	16	6				
Carriage	803	16	9				
Travelling Expenses	582	12	7				
Repairs to Plant and Machinery	1,074	16	3				
Tools purchased and repaired	16,462	17	4				
Works Furnishings	8,185	3	0				
Furniture and Fittings	2,526	4	11				
Coal and Coke	1,245	8	5				
Repairs to Buildings	265	7	0				
Canteen (Equipment and expendable Stores)	822	7	1				
Payments in respect of Occupation of premises	37,518	8	11				
To ARMY DEPARTMENTS:							
For Stores Supplied and Services Rendered	95,606	19	10				
To SUNDRIES:							
For Amounts taken up in 1918-1919 remaining unpaid on March 31st, 1919	30,637	9	0				
" Estimated Value of Materials received from Ministry of Munitions in 1918-1919 remaining unpaid on March 31st, 1919	55,000	0	0				
" Unclaimed Wages in hand on March 31st, 1919	174	14	0				
" Amounts credited in 1917-1918 for recovery in 1918-1919	4,231	18	2				
" Amount due by Vendors for services rendered, credited in 1917-1918, for recovery in 1918-1919	3,500	0	0				
	£1,242,289	0	9				
					£1,242,289	0	9

C. HARRIS, *Assistant Financial Secretary.*

* NOTE.—A large number of Invoices received from the Ministry of Munitions are in dispute, and also large quantities of Materials, etc., have been received without Invoices. The above estimate is based on average price at which these articles were taken into Stock on March 31st, 1919, where the actual invoice is not yet available.

W.D. SIGNAL FACTORIES.—CAPITAL ACCOUNTS 1918-1919.—LAND, BUILDINGS, MACHINERY, ETC.

	£	s.	d.		£	s.	d.
To BALANCE ACCOUNT:				By PRODUCTION ACCOUNT:			
For Net Capital on April 1st, 1918:				* For 1 year's Depreciation:			
Land	200	0	0	Buildings	1,379	7	3
Buildings	14,270	0	2	Plant and Machinery	11,367	14	10
Plant and Machinery	33,856	16	2	First Equipment (Outlay)	3,598	19	6
Motor Cars	518	10	0	Canteen	409	18	2
First Equipment (Outlay)	3,598	19	5	For amount written off:			
Canteen (Equipment, etc.)	252	17	10	Compensation (Goodwill, &c.)	6,058	6	1
Compensation (Goodwill, etc.)	9,088	4	2				
To ARMY FUNDS:				By ARMY DEPARTMENTS:			
Additions during period:				Plant and Machinery transferred	677	0	0
Buildings	838	15	3	Motor Cars transferred	518	10	0
Plant and Machinery	32,018	2	11				
Canteen (Fixtures, Fittings and Furniture)	1,151	19	11	By BALANCE ACCOUNT:			
To ARMY DEPARTMENTS:				For Capital on March 31st, 1919:			
For Additions during period:				Land	200	0	0
Buildings	25,584	10	0	Buildings	39,313	18	2
Plant and Machinery	1,794	15	3	Plant and Machinery	55,624	19	6
Alterations to Canteen Buildings	234	14	11	Canteen	1,229	14	6
	£123,408	6	0	Compensation (Goodwill, etc.)	3,029	8	1
					£123,408	6	0

* The rates written off for depreciation are as under:—
Buildings, 5 % p.a.
Outlay A/c (1st Equipment) 50 % p.a.
Plant and Machinery, 20 % to 25 % p.a.
Canteen, 25 % p.a.

WAR DEPARTMENT SIGNAL FACTORIES.

DETAILS OF PRODUCTION 1918-19.

	Number and Rate.	Cost.
W.T. Sets Trench, 130 Watt Wilson -	285	£ s. d. 35 12 3
W.T. Sets Forward Spark, 20 Watt B Mk. IX.—		£ s. d. 10,160 4 2
Front Transmitter—		
Part A. 80 metres Wave length	1,265	4 0 0
" A. 65 " "	1,062	4 0 0
" B. 80 " "	1,400	10 14 0
" C. " " "	1,927	1 1 3
" D. Assembled Canvas Skirt	1,699	0 10 0
Front Receivers 80 metres	136	12 13 4
" " 65 " "	114	4 0 0
Rear Transmitters 80 " "	593	15 9 3
" " 65 " "	607	14 14 3
Rear Receivers 65 metres	893	13 16 2
" " 80 " "	783	13 15 8
W. T. Sets Forward Spark, 20 Watt B. Mk. II.—		
Spark Testers, 80 and 65 metres	1,138	3 10 0
Front Receivers, 80 metres	680	12 13 4
" " 65 " "	682	14 0 0
Telephone Microphone Capsules Mk. I.	104,274	0 1 0
Fullerphone Mk. III. complete with Polyphones, Cords, Receivers, double and leather Headgear, without Batteries	6,127	15 0 0
Switchboards for 90 cm. Projectors	38	11 9 4
Sockets Batten 4 V.	239	0 3 7
" " 4 V. and 6 V.	1,350	0 3 0
" " 8 V. and 6 V.	249	0 4 6
" " 10 V. and 4 V.	175	0 4 6
W.T. Sets Forward Spark, 20 Watt B.—		
Reels, Aerial, 5½ inch	100	0 9 10
" A. 80 metres	365	0 9 10
" B. 65 " "	495	0 9 10
" C. Earth Antennae	925	0 9 10
W. T. Sets Forward Spark 20 Watt B.—		
Reels, Antennae	550	0 9 10
" Front Antennae Loop	5,100	0 15 8
" Antennae Loops, Dwg. p. 599	400	0 15 8
Batteries, Dry, 60 V., small, Mk. I., 7½ by 3 by 2½ in	536	2 2 9½
" " " " Mk. II.	773	1 6 2
Section 29, Wireless Telegraphy Batteries, dry 200 V.	200	6 5 7
" " " " " 100 V.	1	1 10 1½
" " " " " 80 V.	476	6 6 9
Section 28, B. Terminals Inst. Double No. 4	141,500	0 0 8
Power Buzzer Spare Armatures B.	4,252	0 1 6
" " " " C.	2,680	0 1 8½
" " " " C.	1,317	0 0 9½
Electrodes, 500 Watt Spark Cap (Copper Blanks)	73	0 2 1
Batteries, 100 Volt Mk I.	170	0 9 3
Armatures, Type A. for Power Buzzer	370	0 1 2½
Terminals, Dwg. 1316		per set.
Section 29, Telephone Sets, Portable Stevens Pattern, Repaired	10,500	0 8 9%
Spindles, T. 494	10	0 10 0
Fullerphone Hinges for retaining Box Lid	6,150	586d.
C.W. Trench Sets, Mk. III. Receivers	300	0 1 0
Hetrodyne Wavemeters, C.W. Trench Sets	779	20 14 11½
C.W. Trench Sets, Selectors	565	15 0 0
Telephone Wireless Aircraft, Mk. III.	12	12 0 0
Transmitting Apparatus, Headgear, Receiving Plugs and Leads, 2 pt. Male, Telephone	5,511	0 14 8½
Wall Sockets, Telephone	7,026	0 5 0
Microphone Plugs and Leads, 2 pt. Male	1,874	0 7 0
Wall Sockets	2,666	0 5 2
Transmitter Plugs and Leads, 5 pt. Female	678	0 14 4½
" " " " 4 pt. " "	705	1 1 6
Controls	1,442	3 4 10½
Receiving Apparatus, Aircraft Tuners, Mk. II. Receivers, Control	851	4 10 0
W.T. Sets, Oscillating Circuit, 500 Watt	16	8 10 0
W.T. Light Motor Tesles, 2 k.w.	13	36 10 9
Clapper Breaks	731	0 8 9½
D.C. Ammeters, 0/10 Amps., mounted	40	1 5 0
Hot Wire Ammeters	23	0 15 0
Switches, Change Over, complete with Contacts	20	4 5 0
Carborundum Detectors	12	0 2 9½
W.T. Tuners, Longwave, Mk. III.	50	50 0 0
Socket, H.T., 2 pt.	839	0 12 1½
Carried forward	£	£264,227 1 4

WAR DEPARTMENT SIGNAL FACTORIES—continued.

	Number and Rate.	Cost.
Brought forward	£ s. d. 0 17 2½	£ s. d. 264,227 1 4
Plugs, Male, 4 pt. and Control lead	639	0 17 2½
W.T. Sets, Field Tonic Train, 120 Watt	79	34 0 0
Small Aircraft, W.T. Transmitter Spare—	151	0 18 6
Ammeter Unit for above	36	0 18 6
W.T. Type Trans., 52 modified	176	1 5 0
Spare Ammeter Unit complete	4	0 10 6
20 Watt Trans. Aircraft, 54 D.C. Ammeter 0/10 Amps.	10	2 2 0
Spare Unmounted Ammeter	149	1 0 0
Low Tension Condenser	6,057	0 11 5
Travelling Cases for Type T. Valves	604	33 0 0
Perikon Detectors Mk. III., S.W. Tuners	479	5 0 0
Tuners, Aircraft Mk. III., Receivers	144	26 19 2
Receiving Control	214	20 17 2
W.T. Sets, Field Tonic Train, 120 Watt H.T. Unit	388	3 7 6
60 Watt C.W. Sets Trans.	649	0 16 8
W.T. Sets, Forward Spark B. Mk. IX., Keys, W.T.	17,809	0 0 1
Contacts, Main	58,555	0 0 10
Fuses, No. 201	1,192	20 1 1
Transmitter Inset P.B.	238	20 1 1
Amplifiers, C. Mk. IV.	9,530	0 0 1
Assembled		
Stamping for Potentiometer	17	6 0 6
Testing Sets for Transmitting Telephone W.T. Aircraft, Mk. II.	523	0 2 7½
Telephone Polyphone Insets	12,582	0 4 2
Tuner Buzzer with Coil, Fullerphone Cords	338	0 1 0
W.T. Sets, Forward Spark B. Mk. IX., Springs with Screws	1,488	0 3 6
Cords, 3-way	11,000	0 0 5½%
Clinch Tags	9,975	0 3 1
Fasteners	1,600	0 2 4%
Forked Shaped Tags	157	0 1 0
W.T. Sets, Trench, 50 Watt D.C., Springs with Screws	19,000	0 2 4½%
Tags, P.P. 1324	250	13 9 0
H.F. Amplifiers, 60 Watt	183	25 8 9
Receivers	100	1 15 0
Polyphones for Fullerphones, Mk. III.	120	1 5 0
Receivers for Fullerphones, Mk. III.	200	0 0 8½
Switches, Pressel for Tele. Hand C., Mk. III.	270	23 11 10
Trans. W. T. Aircraft, 30 Watt, No. 1	300	1 3 0
Buzzer Sets, T.M.B., Mk. 235	19,193	0 1 4½
Back Plates, Brass	16,260	0 3 7
Cords, Telephone D., Mk. III., Hand	5,016	0 1 10
Receiver	1,107	0 4 0
" " C., Mk. III., Hand	20,238	0 3 1
" " W.T.	1,865	0 4 5
Pins, W.T., converted from Sword Bayonets	39,400	0 3 0
Perikon Cups, Mk. III., filled with Crystal	39,400	0 1 6
" " Mk. II.	39,810	0 1 6
Carborundum Cups	1,658	0 1 6
Cup, Chalcopryite	4,147	0 1 6
Cups, Zincite	200	0 16 9%
Catch Springs for Cases	300	1 5 0
Telephone, Hand C., Mk. IV.	72	1 7 0
Fullerphone, Potentiometer Unit	280	4 2 4%
Cords, Flex, No. 222	198	0 1 0
Cord Inst., No. 803	55	0 5 0
Watch Trans. (without Cords)	2,000	0 0 5½%
Stalloy Stampings, A.	2,000	0 0 6%
" " B.	2,000	0 0 4%
" " C.	2,511	0 4 9%
" " Long ones	14,528	0 5 0
Cords, D.H. Receiver	21	0 16 0
Antennae Loop	1,000	0 10 0
Earth	538	15 8 6
Units, H.T., W.T., 30 Watt, Mk. IX.	85	27 18 7
Trench Sets, 50 Watt, D.C.		
W.T. Sets, Forward Spark, 20 Watt, B., Mk. IX., Front	20	10 0 0
Trans. Long Wave	1,346	13 0 0
Station Testers, Mk. II.	811	11 13 5
Tuners, Aircraft, Mk. II., Receiving Apparatus	1,005	1 1 6
Plugs and Leads, 4 pt., Female	9	30 0 0
C.W. Trench Sets, Mk. IXX.	2	30 0 0
" " Mk. II.	45	0 5 1
Phonopore Buzzers	340	1 5 0
Telephone, Hand C., Mk. III.	75	0 10 0
Blocks, Ebonite, with Plates and Terminal Screws	567	14 19 8
Telephone, Wireless, Aircraft, Trans. Mk. II.	88	18 0 0
Amplifier, "A" Mk. IV.	680	23 11 10½
C.W. Trench Sets, Mk. III., Trans.	86	4 11 3
W.T. Sets, Trench, 50 Watt, D.C. Keys	210	4 0 0
" Forward Spark, 20 Watt, B. Mk. IX. Spark Gaps		
Carried forward	-	£445,067 18 3½

WAR DEPARTMENT SIGNAL FACTORIES—continued.

	Number and Rate.	Cost.
	£ s. d.	£ s. d.
Cords, Instrument, 4 Conductors - - - - -	Brought forward - - - - -	445,067 18 3½
W.T. Sets, Trench, 50 Watt, P. Potentiometers Res.	122½	30 12 6
50 Watt, D.C. Contacts Main Pair - - - - -	418 per lgt.	564 6 0
Angle Dividers - - - - -	500	416 13 4
Brass Spring Catch Stampings - - - - -	15	79 12 6
Cord, Instrument, No. 421- - - - -	864	3 12 0
W.T. Aircraft, Mk. II. - - - - -	1,050	157 10 0
Units H.T., 20 Watt, Mk. IX. - - - - -	113	3,390 0 0
Converted - - - - -	116	1,218 0 0
Transformer, Intervalve, R. 611 (N. & W.) - - - - -	40	410 0 0
Earth to Valve, R. 611a - - - - -	9,962	11,622 6 8
Intervalve R. 611b (Marconi) - - - - -	1,962	1,962 0 0
(Special) - - - - -	1,736	2,025 6 8
Valve to Phone, R. 611b - - - - -	3	4 10 0
Sample Wave Wound Coils (C.E.O.) - - - - -	2,130	3,727 10 0
Diaphragms Receiver - - - - -	14	28 0 0
Buzzer Sets, T.M.B. Mk. 234 - - - - -	2,000	500 0 0
Ebonite Earpieces - - - - -	195	222 12 6
Screw Contacts, 1-inch with Platinum - - - - -	1,500	375 0 0
Tuners, Aircraft, Mk. III. - - - - -	100	101 0 10
Short Tuners, Mk. III., with new form of Detectors - - - - -	149	5,522 6 3
Shortwave Tuners, Mk. III. - - - - -	2	65 0 0
W.T. Type Transmitter, 52 modified - - - - -	437	13,883 17 1
Aircraft, Trans. 52a, 200 Watt - - - - -	48	672 0 0
54a - - - - -	1	15 0 0
Tuners, Induction, Aerial, No. 1 - - - - -	7	140 0 0
Aircraft Transmitter, Type No. 2 - - - - -	71	497 0 0
Section 29, Telephone Sets, Portable D, Mk. III.—	150	1,275 0 0
Platforms Ebonite for Vibrator - - - - -	200	31 13 4
Boxes for Spare Parts for Power Buzzer Cases - - - - -	60	19 1 3
W.T. Sets, Forward Spark, 20 Watt, B Mk. I. Rear—		
Aerials 80 meters - - - - -	2,600	1,018 6 8
65 - - - - -	2,350	822 10 0
W.T. Sets, Forward Spark, B Mk. I Dwg. 412—Front		
Antennae Receiving - - - - -	6,000	1,737 10 0
W.T. Sets, F.S. 20 Watt B Aerial Insulators - - - - -	5	1 16 3
Section 29 D. Fullerphones, Mk. III.—		
H Band Leather Grips 2,000 - - - - -	6,000	156 5 0
Studs 4,000 - - - - -		
Section 29, B. Power Buzzers - - - - -	75	256 17 6
Boards for Instructional Sets, Selectors 12-in. by 12-in. - - - - -	6	11 3 3
Transmitter Receiver, 12-in. by 15 in. by ½-in. - - - - -	6	11 3 3
Rectifier, 2 Valve, 9-in. by 10½-in. - - - - -	283	1,698 0 0
Power Buzzer Amplifier - - - - -	897	32,740 10 0
W.T. Sets, Trench, C.W. Trans. Front 12-in. by 10½-in. - - - - -	6	48 0 0
by ½-in. - - - - -		
W.T. Sets, Trench, C.W. Trans. Front 14-in. by 14-in. - - - - -	6	48 0 0
by ½-in. - - - - -		
Boards for Instructional Sets, W.T. Sets Trench, 50 Watt D.C. - - - - -	6	11 3 3
Wilson, 17-in. by 24in. (Boards for Instructional Sets) - - - - -	12	22 6 6
Tuners Short Wave, Mk. III. - - - - -		
Power Buzzer Amplifier Screws, adjusting with Brass Block - - - - -	500	2 1 8
W.T. Sets, Forward Spark, B. Mk. II. Rear Aerials, 80 Meters, Dwg. P. 409 R. 358 - - - - -	100	36 5 0
65 - - - - -	555	183 6 8
Watches, "Non-Magnetic Nickel Holders - - - - -	20	4 14 2
Transmitter, No. 1 Type - - - - -	265	2,497 12 6
Aerial Coils - - - - -		
Sample, 700 m. Aerial Coil for Tuner - - - - -	54 per set	37 16 0
Aircraft, Mark III. - - - - -		
400 m. Aerial Coils - - - - -		
Sample Reaction Coil - - - - -	1	0 12 6
Sample Alperlite Grid Leak, 500,000 ohms. - - - - -	1	0 7 0
50 Watt D.C. Trench Sets, Detector Perikon Adaptors, R. 118 - - - - -	418	219 9 0
Tuners, Aircraft, Mk. III. Rec. Attachments - - - - -	130	162 10 0
Special Transformer, C.E.O. - - - - -	3	5 11 0
H.T. Units Condensers I., mfd., 608/29 - - - - -	6	15 0 0
Spares, 30 Watt - - - - -	1	5 0 0
New Pattern Wire Resistance, 6,000 ohms, 442/179 - - - - -	140	21 2 11
Lid Clips for Aircraft Tuner, Mk. III. - - - - -	238	14 7 7
Condenser, Primary (H.T. units) - - - - -	1	2 5 0
Buzzer Shunt Coils, 25 ohms, 445/89, F.S. Set, Mk. I. - - - - -	72	3 3 0
Bakerized Coils - - - - -	67	41 16 9
Brass Sliding Rutts, 1 inch, 446/36 - - - - -	288	14 8 0
Tuner, Aircraft, Mk. III., Resis. Assem. R. 682 - - - - -	6	0 18 0
W.T. Sets, 130 Watt, Wilson Motor Elect., Brushes, Interrupter - - - - -	3,059	108 6 9
Carried forward - - - - -		£535,987 14 4½

WAR DEPARTMENT SIGNAL FACTORIES—continued.

	Number and Rate.	Cost.
	£ s. d.	£ s. d.
Alperlite Resistance, 1-2 meg. - - - - -	Brought forward - - - - -	535,987 14 4½
Units, H.T. Rees Breaks - - - - -	25	1 6 0½
C.W. Trench Sets, Mk. III. Grid Leak Wire, Resistance 6,000 W. - - - - -	302	302 0 0
50 Watt D.C. Trench Sets, Detector Valve - - - - -	12	4 4 0
Telephone Wireless Aircraft, Mk. II. Trans. Hinge Clips, 403/5 - - - - -	5	2 10 0
Forward Spark Set, Mk. II., 80 m. Front Receivers, Inductance Wound - - - - -	1,050	105 0 0
Rear Receivers - - - - -	2	0 2 10½
65 M. Forward Receivers, Inductance Wound - - - - -	6	0 6 0
Hinge Plates, 403/5 - - - - -	45	2 16 3
Units, H.T. 30 Watt, Mk. I., fitted with Platinum Contacts - - - - -	206	8 7 4½
20 Watt - - - - -	505	5,302 10 0
Mica Condensers, .000038, 640/18A - - - - -	56	616 0 0
Telephone Aircraft Microphone Transformer, R. 613 - - - - -	12	12 0 0
C.W. Trench Sets, Rec., Mk. IV. - - - - -	36	36 0 0
W.T. Trench Sets, 50 Watt Detectors - - - - -	10	330 0 0
Telephone Wireless Aircraft, Mk. II., Trans. Choke Coils Wound - - - - -	87	43 10 0
Transformer Wound - - - - -	84	168 0 0
C.W. Trench Sets, Rec. Mk. III., Grid Resistances, 200,000 ohms. - - - - -	99	99 0 0
C.W. Trench Sets, Trans. Mk. III., X Grid Condensers, .001, 640/16 - - - - -	6	1 2 0
Tuner, Aircraft, Mk. III., Grid Leaks, 500,000 ohms. 694/2 - - - - -	12	2 5 3
Condenser, .0005, 640/10 - - - - -	24	0 14 9
.00015 - - - - -	24	4 4 0
Telephone Wireless Aircraft Transmitter—		
Aerial Transmitter, .01 Mk. II. - - - - -	12	5 12 0
Power Condenser, .005 - - - - -	12	4 14 0
with Grid Leak, 640/8A - - - - -	12	6 14 0
Grid Condensers, .01, 640/9 - - - - -	24	12 12 0
Tuner, Aircraft, Mk. III. Coils, Complete Sets - - - - -	30	21 15 0
Switch Handles - - - - -	1,600	58 6 8
120 Watt C.W. Field Sets - - - - -	11	2,555 13 4
Sundry Orders not detailed - - - - -		64,490 16 3
		£610,190 0 2

APPENDIX No. 7.

PAPERS handed in by Sir Charles Walker, K.C.B., April 27, 1920.

I.—NAVY APPROPRIATION ACCOUNTS.

CANCELLED CONTRACTS.

Schedules are herewith showing payments made during 1918-19 and 1919-20 in respect of pre-Armistice cancellations.

The items under £300 would not in any circumstances have necessitated special sub-heads, and it will be seen that deleting these, the total amount involved is only £24,490 for 1918-19 and £123,425 for 1919-20.

The cases over £300 have not been investigated individually, and it may be that in some of them the nugatory element does not reach £300. It would have taken a considerable time to go into every case, and even then where the settlement was on a lump sum basis, it would not have been practicable to isolate the nugatory part.

PAYMENTS MADE DURING THE YEAR 1918-1919 IN CONNECTION WITH CANCELLATION OF CONTRACT
prior to ARMISTICE.

Nature of Stores.	Amount paid on cancellation		
	£	s.	d.
Thrust Bearings for main Motors for L. Class Submarines - - - - -	203	0	0
Payment on account in respect of 6 sets Roller Blind Shutters - - - - -	4,000	0	0
Labour Materials for 8 Cabinets - - - - -	166	0	0
Expenses incurred through cancellation of order for a Seaplane Carrier - - - - -	249	5	0
Construction of Submarines H 45 and H 46. Lump sum in settlement - - - - -	2,300	0	0
Expenses incurred by negotiation to purchase a vessel ("Pavon"). - - - - -	700	0	0
118 Cast Steel Universal Joints for Torpedo Boat Destroyers - - - - -	350	0	0
Covers for Fuzes - - - - -	350	0	0
Adapters - - - - -	777	0	7
Star Shell - - - - -	2,631	8	3
Cartridge Boxes 4·7-inch - - - - -	2,040	13	7
Automatic Plummet - - - - -	35	0	0
Hydrostatic Valve Groups - - - - -	1,524	4	7
Destructors Mark 1a. - - - - -	6,673	0	3
Plummet Disconnectors - - - - -	782	11	11
Lift for H.M.S. "Campania" - - - - -	745	0	0
	1,616	14	6
	46	14	0

PAYMENTS MADE DURING THE YEAR 1919-1920 IN CONNECTION WITH CANCELLATION OF CONTRACT
prior to ARMISTICE.

Nature of Stores.	Amount paid on cancellation.		
	£	s.	d.
Kingston Valves - - - - -	3	19	9
Balance on 6 sets Roller Blind Shutters - - - - -	2,009	8	0
Containers Exploder - - - - -	179	11	2
Supplying and fitting false caps to C.D. Shell - - - - -	2,318	2	0
Adapters - - - - -	56	0	10
Conversion of 3-pdr. Shell - - - - -	340	17	3
Steel - - - - -	497	8	2
Fuze Plugs - - - - -	87	17	2
Plugs Fuzehole - - - - -	337	7	0
" " " " - - - - -	585	9	9
Fuzes No. 84 - - - - -	17,074	16	5
4-inch Hy. B.L. Shell - - - - -	900	18	1
Containers Exploder - - - - -	569	13	1
Cartridge Boxes 4·7-inch - - - - -	105	0	0
Deck Flares - - - - -	9,665	4	7
Mk. IV. Pistols for Spherical Mines - - - - -	5,517	15	3
" " " " - - - - -	17,355	17	9
Sandford Generators, Type II. - - - - -	710	0	0
Mk. IV. Pistols for Spherical Mines - - - - -	8,500	0	0
Conversion of B.E. Charge Cases to take E.C. attachments - - - - -	389	19	2
Boxes for Horns for Sandford Generators D.O. 11 - - - - -	108	18	4
E.C. Attachments for B.E. Mines - - - - -	8,616	8	3
Mines - - - - -	12,566	19	0
Brake Testers - - - - -	109	14	4
Gyro Rudder Locking Gear - - - - -	356	5	11
21-inch Torpedoes—Jigs, Gauges and Tools for - - - - -	8,695	0	6
16 Air Compressors for Boom Defence Vessels - - - - -	2,532	9	4
1 Engine for above - - - - -	163	12	10
4-inch P. IX Gun Mountings - - - - -	7,950	18	2
Experimental Catapult Device for Launching Seaplanes - - - - -	11,121	3	6
Winches for Boom Defence Vessels - - - - -	1,413	18	1
5 Power Units for Airships - - - - -	2,400	0	0
Spares for H. Class Submarines - - - - -	45	10	0
Clamping Rings - - - - -	8	0	6
Drawings for Range Drums and Dials - - - - -	44	0	0

3891/20.

II.

Treasury Chambers

28th February, 1920.

Sir,
The Lords Commissioners of His Majesty's Treasury command me to transmit, to be laid before the Lords Commissioners of the Admiralty, a copy of a Report from the Public Accounts Committee, 1919, with regard to Navy Accounts, 1917-13, and to communicate to you the following observations thereon—

Paragraph 19—Delay in rendering Appropriation Account.—My Lords note that the Committee were not satisfied that there was any adequate reason for the delay in rendering the Navy Appropriation Account and they share the hope of the Committee that no effort will be spared to avoid a recurrence of like delays.

Paragraphs 20, 22 and 31—Position of Accounting Officer.—My Lords have decided that an enquiry should be made into the system of internal financial control at the Admiralty.

Paragraph 21—Delay in settling Contractors' claims.—My Lords have been informed by the Lords Commissioners of the Admiralty that the payments made to the Contractors in this case in respect of bonuses to workmen for good time-keeping represented a method of securing acceleration of the work on the construction of the ships in question, and that the arrangements and remuneration for such service, outside the contract conditions, are regarded as matters within the discretion of the Admiralty. They desire to place on record their dissent from the view that the authority of this Board was not required for this novel arrangement, which was in fact subsequently abandoned on grounds of policy.

They also invite the attention of the Board of Admiralty to the desirability of facilitating the performance by the Comptroller and Auditor-General of his duties of audit in connection with advances to Contractors with a view to obviating such delays as occurred in this case in bringing an unusual feature to notice.

Paragraph 24—Loss in connection with Cancelled Contracts.—My Lords note that the Committee regard payment in the case under consideration as justified.

Paragraph 26—Terms of Contracts on Net Cost basis.—My Lords note with regret that no provision was made for limitations of profits in two net cost plus profits contracts placed as late as November, 1917, and January, 1918.

Paragraph 27—Waiver of Recovery in a case of Fraud.—My Lords invite the attention of the Lords Commissioners of the Admiralty to the opinion of the Committee on this case, They await a communication of their views on the practicability of providing additional safeguards against fraud by pensioners.

The Secretary, Admiralty.

E. 4667/20.

I am, &c,
(Signed) G. L. Barstow.

No. 1 E. 4667/5873.

Admiralty, S.W. 1,
12th April, 1920.

Sir,

I am commanded by my Lords Commissioners of the Admiralty to inform you that they have had under consideration the copy of the report from the Public Accounts Committee, 1919, with regard to Navy Accounts, 1917-18, transmitted in your letter of the 28th February last, No. 3891, and in reply I am to offer the following observations:—

Paragraph 19.—My Lords much regret the delay in rendering the Appropriation Account for 1917-18, a delay which arose from quite exceptional causes, which it is hoped will not recur. It may be stated that the Abstract Account for 1918-19, was forwarded to the Treasury and the Comptroller and Auditor-General on the 24th December, 1919, and the complete Account on the 31st January, 1920, as compared with the 13th February, 1919, and 8th March, 1919, for the 1917-18 Account.

Paragraphs 20, 22 and 31.—My Lords have already stated in the House of Commons that they welcome the proposed enquiry into the system of internal financial control at the Admiralty, and the matter is now being arranged between the First Lord and the Chancellor of the Exchequer.

My Lords must not be taken as accepting the statements made by the Public Accounts Committee in this paragraph, which were incorrect even on points of fact.

For instance—

(a) The composition of the Finance Committee is stated to be predominately non-financial. As the Committee consists of the Financial Secretary and the Civil Lord (both of them charged with financial responsibility under the official Distribution of Admiralty Business of many years standing), the Permanent Secretary, whom the Cabinet have recently decided is to be recognised as having a definite financial function, and the two principal permanent Financial Officers of the Admiralty, my Lords fail to understand how the Public Accounts Committee arrive at this conclusion.

(b) The Assistant Secretary for Finance Duties is stated to hear of proposals involving expenditure only if and when they are referred to him by the Parliamentary and Financial Secretary. The Committee were informed that the Financial Secretary has made from the outset an invariable office rule that all papers involving expenditure shall, without exception, be referred, as a matter of routine, to the office of the Assistant Secretary for Finance Duties.

My Lords, however, do not propose to pursue this matter, in view of the fact that an independent enquiry is about to be set up.

Paragraph 21.—The view of the Treasury that their authority should have been obtained to payments made to Contractors in respect of bonuses to workmen for good time-keeping and thereby accelerating work, is noted.

As regards the question of facilitating the work of the Comptroller and Auditor-General, My Lords would remark that it is their express wish that this should be done. Normally the vouchers relative to payments of this nature are referred to that Officer regularly and immediately after posting in the Admiralty ledger. Unfortunately the voucher for the particular (balance) payment was not forwarded for audit until a much later period. The particular reason for the failure cannot now be stated but the fundamental reason both for the delay in the payment of the final settlement and for the omission to submit the voucher for audit was the great pressure of war work then existing. My Lords, however, have every reason to hope that such omissions will not recur.

Paragraph 26.—The opinion of Their Lordships of the Treasury in regard to this matter has been noted. I am, however, to point out that at the time the two contracts in question were made, it had not been decided that limitation of profits was to be a *sine qua non* of Admiralty "Works" contracts, although the principle was then under consideration (and as a matter of fact had been acted upon in one or two suitable cases). Further, that it was not until after terms had been arranged with the Contractor that Lord Colwyn's Committee on Building Construction Contracts issued their report in which it was recommended that a fixed

profit was to be arranged. Moreover in the case of the two contracts in question the information available at the time was so indefinite that it was impossible to fix the total cost near enough to give a limit of profit that the Contractor would be prepared to accept.

Paragraph 27.—My Lords have dealt fully with the subject of the practicability of providing additional safeguards against fraud by pensioners in their letter of the 27th January last, No. 17 N.P. (4) 748/19, replying to Treasury letter dated 11th December last, No. 36121.

The Secretary, H.M. Treasury, S.W. 1.

I am, &c.,
(Signed) V. W. Baddeley.

APPENDIX No. 8.

PAPER handed in by Mr. A. E. Watson, C.B.E., 27th April, 1920.

EXTRACTS FROM CORRESPONDENCE REGARDING THE STATUS OF THE ACCOUNTING OFFICER OF THE BOARD OF TRADE.

Letter from Board of Trade to Treasury, dated 3rd December, 1919:—

I am directed by the Board of Trade to state, for the information of the Lords Commissioners of His Majesty's Treasury, that in consequence of the retirement of Mr. A. Barnes, I.S.O., Accountant-General of the Finance Department, which is to take effect on 31st December next, they have had under consideration the question of the appointment of his successor.

A separate letter is being addressed to Their Lordships on the question of the retirement of Mr. Barnes. After very careful consideration of the issues involved the Board have decided to request Their Lordships' sanction to the appointment to the vacancy of Mr. H. Mead Taylor, to whose appointment in a temporary capacity as Controller of Trading Accounts Their Lordships gave sanction on 9th May, 1918.

I am accordingly to request their Lordships' sanction for the presentation of Mr. H. Mead Taylor to the Civil Service Commissioners with a view to the issue by them, should they see no objection, of a Certificate of Qualification under Clause 7 of the Order in Council of 10th January, 1910, in his favour as Accountant-General.

Letter from Treasury to Board of Trade, dated 18th December, 1919:—

I have laid before the Lords Commissioners of His Majesty's Treasury your letter of the 3rd instant (E. Staff/4236), relative to the appointment of a successor to Mr. A. Barnes, I.S.O., Accountant-General of the Finance Department, on his retirement on 31st instant.

In reply I am to request you to inform the Board of Trade that my Lords approve the Board's proposal to appoint Mr. H. Mead Taylor, at present Controller of Trading Accounts, to be Accounting Officer for Voted Services under the Board as well as for Trading Accounts, as from the 1st proximo.

I am further to state that My Lords consider that it should be definitely laid down that it should be Mr. Mead Taylor's right and duty to examine all proposals for new expenditure before they are submitted to the President or the Treasury, and to call for any information which he may desire on any financial question in which the Board is concerned. In order that his status may be adequately marked their Lordships think that the title of his post should be altered to that of Assistant Secretary for Finance.

I am to express the hope that the Board will feel able to concur in these proposals, to which their Lordships attach great importance.

Letter from Board of Trade to Treasury, dated 9th January, 1920:—

I am directed by the Board of Trade to refer to your letter of the 18th December, 1919 (51938/19), conveying the approval of the Lords Commissioners of His Majesty's Treasury to the appointment of Mr. H. Mead Taylor, at present Controller of Trading Accounts, to be in addition the Board's Accounting Officer for Voted Services.

In reply, I am to state that, before approaching the Civil Service Commissioners with a view to the issue of the requisite Certificate of Qualification under Clause 7 of the Order in Council of 10th January, 1910, the Board desire me to point out that they see serious objection to laying down a general rule as suggested in the penultimate paragraph of their Lordships' letter that Mr. Mead Taylor, in his new post, should have the right and duty to examine all proposals for new expenditure before they are submitted to the President or their Lordships, but in order to give effect to their Lordships' wishes that Mr. Mead Taylor should be consulted on all questions relating to Finance they propose to appoint him an extraordinary member of the Board of Trade Council, which, as their Lordships will already be aware, has recently been formed. Mr. Mead Taylor will attend all meetings at which matters involving expenditure are discussed.

I am further to add that the Board would much prefer the retention of the existing title of "Accountant-General." In their opinion the "Accounting Officer" has many executive functions which are ordinarily not expected of an Assistant Secretary. Moreover, the Board desire me to point out that it is generally considered that an Assistant Secretary is transferable from one Department to another, whereas, in the case of the Finance Department, the functions of the Departmental Head are so clearly defined and of such a specialised nature as to render any interchange such as is implied in the title of Assistant Secretary impracticable.

I am to express the hope that their Lordships may be pleased to see their way to agree to the above modifications in their original proposals, and that it may be possible to furnish an early reply, as the Board are anxious to proceed with the further steps necessary at the earliest possible moment.

Letter from Treasury to Board of Trade, dated 24th February, 1920:—

I have laid before the Lords Commissioners of His Majesty's Treasury your letter of the 9th ultimo, (E. Staff/4236) further regarding the status of Mr. H. Mead Taylor, who has been appointed Accounting Officer for the Board of Trade.

My Lords note that the Board demur to Their request that it should be definitely laid down that it should be Mr. Mead Taylor's right and duty to examine all proposals for new expenditure before they are submitted to the President of the Treasury, and to call for any information which he may desire on any

financial question in which the Board is concerned. The Board of Trade propose instead to appoint Mr. Mead Taylor an extraordinary member of the Board of Trade Council. My Lords desire me to state that They are unable to regard this proposal as sufficient to secure due financial criticism and control. They direct me to draw the attention of the Board to paragraph 51 of the Third Report (of the 1918 Session) of the Select Committee on National Expenditure, wherein that Committee recommended that an officer of a rank at least equal to that of Assistant Secretary of the Board should be charged with the work of examining and criticising, on financial grounds, such Departmental proposals as involve public expenditure, and that it should also be his duty to draw attention to matters of procedure or policy tending towards unnecessary expense, and to suggest economies, and that Departmental schemes when put into operation should be subject to continued financial criticism on the part of the Finance Officer, who should be kept supplied with the necessary information from time to time by the executive and administrative officers concerned. As the Board will be aware from paragraph 40 of the Third Report of the Public Accounts Committee, 1919, relating to Vote of Credit services for 1917/18 administered by your Department, that the Committee also has animadverted on the absence of proper financial control in your Department, and has recorded its opinion that the matter should be enquired into by the Treasury and put on a proper footing.

In view of the recommendation of the Public Accounts Committee My Lords must press the Board of Trade to take the necessary steps to ensure that the Accounting Officer of the Board should have the powers described in Their Letter 51938/19 of the 18th December last, and the necessary staff for exercising them, but to avoid any misapprehension They wish to explain that it is Their desire that the Principal Financial Officer in your Department (as in other Civil Departments) should continue to be definitely subordinate to the Permanent Head of the Department, who is primarily responsible, under Ministers, for economy. Their Lordships trust that on further consideration the Board will feel able to adopt and carry into effect these principles which have now been approved by the Finance Committee of the Cabinet, so that it may be possible to inform the Public Accounts Committee, when the matter again comes before them, that the necessary reforms have been made.

My Lords note that the Board also object to the grant to the Accounting Officer of the Status and designation of Assistant Secretary. On this point also I am to invite the Board's attention to the recommendation of the Committee on National Expenditure outlined above. My Lords do not see that the incidental fact that the Finance Officer would normally not be transferred to the control of another department of the Board, whereas Assistant Secretaries would be regarded as transferable between departments should occasion require it is a real reason against the designation of the Finance Officer as "Assistant Secretary for Finance," and they trust that the Board will on reconsideration concur in that title, which is, in fact, differentiated from that of Assistant Secretary by the addition of the words "For Finance." They would, however, be prepared to consider an alternative title, other than that of Accountant-General, if the Board see serious objection to that proposed by Their Lordships. In view of the recommendations of the Financial Officers' Committee My Lords cannot acquiesce in the continuance of the title of Accountant-General for the Board's Finance Officer.

Letter from Board of Trade to Treasury, dated 10th March, 1920:—

I am directed by the Board of Trade to acknowledge receipt of your letter of 24th February (1475) and in reply to say that they are so well aware of the urgent need to strengthen the staff of their Finance Department with a view to setting up proper financial control in the Board of Trade, that they submitted to Their Lordships a proposal for certain posts which are considered essential as an interim measure in order to comply with this necessity on the 9th February last. The Board have further proceeded with consideration of the matter, and they hope to submit to Their Lordships a complete scheme of reorganisation at a very early date.

I am also to say that the appointment of Mr. Mead Taylor as an extraordinary member of the Board of Trade Council is not regarded as an alternative to his being charged with the work of examining and criticising on financial grounds proposals which involve expenditure. As an extraordinary member of the Board of Trade Council he will receive every proposal involving new expenditure, and will therefore be in a position to discuss such matters at meetings of the Council, and by this means to bring his views directly before the President of the Board of Trade, who presides at meetings of the Council. In addition, as Head of the Board's Finance Department, he will advise the Secretary on questions of economy with regard to current matters.

The Board desire to make the fullest use of the services of their financial officer, and will see that every facility is afforded him in the exercise of the duty of advising on new expenditure and suggesting economies or criticising schemes from a financial point of view, and instructions to this effect have been given to all Departments of the Board. A copy of these instructions is enclosed.

In view of Their Lordships' desire that Mr. Mead Taylor shall be called "Assistant Secretary for Finance," the Board propose to appoint him with that title, but they also propose that he shall retain the title of Accountant-General, at any rate for the present, in order to avoid the confusion that might arise in connection with the many investments, trusts, deeds and funds which are held in that name. In addition, I may mention that Consuls abroad draw bills on the "Accountant General" to the Board of Trade. Mr. Mead Taylor would therefore be known as "Assistant Secretary for Finance," but would also retain his appointment as "Accountant-General" as well as "Controller of Trading Accounts," and the Board desire me to hope that Their Lordships see no objection to his doing so.

Letter from Treasury to Board of Trade, dated 25th March, 1920:—

In reply to your letter of the 10th instant (Staff E. 4236), further respecting the status of the Accounting Officer to the Board of Trade, I am directed by the Lords Commissioners of His Majesty's Treasury to inform you that They are glad to learn that the Board have now felt able to accept the principles urged by Their Lordships, and that Departmental instructions have been given accordingly.

I am, however, to inquire whether it is clearly understood to be part of the arrangements that the fullest opportunity should be given to the Assistant Secretary for Finance and his Department to examine in advance all proposals involving expenditure before their submission through the Secretary to the Board.

Subject to an assurance on this point My Lords regard the arrangements made as satisfactory. I am to add that They offer no objection to the proposal that Mr. Mead Taylor should retain the title of Accountant-General with that of Assistant Secretary for Finance.

APPENDIX No. 9.

PAPER handed in by Lt. Col. Cartwright Reid, C.B., 29th April, 1920.

NAVY WORKS, VOTE 10, 1918-19.

DETAILS OF PART I.B. NEW WORKS CONTINUATION SERVICES.

Establishment.	Total Estimate.	Expenditure in 1918-19.	Total payments to 31st March, 1919.
Azores.—	£	£ s. d.	£ s. d.
Bermuda.—	11,000	6,611 13 7	8,608 9 1
1. Oil Fuel Storage - - - - -	26,000	7,534 8 8	30,479 2 10
Blandford R.N. Camp - - - - -	—	14,163 16 9	—
Buncrana.—	—	—	—
1. Shore Depot for Naval Ratings - - -	36,000	19,951 5 8	24,094 6 1
Rathmullen.—	—	—	—
Oil Fuel Storage - - - - -	30,150	17,352 6 2	17,500 17 11
Dunkirk.—	—	—	—
1. C.M. Boat Base - - - - -	4,700	2,132 19 5	3,932 8 2
Blyth.—	—	—	—
Naval Base - - - - -	417,000	51,015 16 3	74,566 5 2
Chatham.—	—	—	—
1. Extending No. 5. Machinery Shop - - -	5,650	0 4 10	5,516 8 2
2. Additional Storage for Oil Fuel - - -	209,727	638 2 11	209,726 15 6
4. Landing and Storage of Timber for Aero-planes	77,350	11,054 0 1	74,866 14 6
5. Extension of Gun Mounting Store - - -	2,500	509 6 7	2,676 10 7
8. Storage Accommodation for Machinery and Spare Gear	2,290	777 5 5	1,222 15 6
11. (Lodge Hill) Filled Shell Store - - -	37,000	3,334 9 11	36,269 19 10
12. (Lodge Hill) Removal and Re-erecting portion of Fence	3,020	2,873 8 0	3,002 12 6
13. (Lodge Hill) Shell dumps - - - - -	6,960	4,358 15 7	4,851 2 0
14. Magazine Explosive Store protection against Air Raids	6,885	4,091 12 8	4,222 17 2
15. Accommodation for E.C. Net Mines - - -	6,500	13 13 4	97 8 5
16. Naval Barracks, Additional Accommodation	20,500	6,168 19 10	19,567 14 2
17. Extension of Gunnery School - - - - -	4,900	825 18 5	4,870 8 11
18. Re-opening No. 4 Well - - - - -	3,000	979 16 9	2,885 9 3
19. R.N. Barracks, Protection of Personnel	8,850	7,187 5 5	7,558 9 2
20. Marine Barracks, Gun Battery, Alterations and Additions	5,000	4,412 6 3	5,136 2 4
27. New Machinery Store - - - - -	7,300	207 14 0	7,854 3 5
Crystal Palace.—	—	—	—
1. Accommodation for Instruction in Gunnery	4,750	56 3 9	4,265 1 8
2. Renewals to Glass Roofs. Centre Transept	2,400	1,760 19 8	3,612 11 3
Clyde.—	—	—	—
1. Alexandria Housing - - - - -	34,848	905 12 4	31,671 1 7
2 and 3. Oil Fuel Installation and Pipe Line	572,000	437,708 4 5	437,978 11 10
Dover.—	—	—	—
1. Accommodation for Women Workers - - -	2,600	835 17 0	1,260 4 5
2. Coastal Motor Boat Base - - - - -	11,700	6,329 13 6	11,458 5 4
3. Paravane Sub-Depot - - - - -	8,300	5,376 19 5	5,389 19 0
4. Shelter in Cliff for Officers and Men - - -	3,000	2,231 12 1	2,920 15 10
5. Huts for Gun Crews, N. Foreland - - -	2,650	1,221 6 7	2,348 16 7
Gibraltar.—	—	—	—
1. Accommodation for Workmen. - - - - -	7,000	1,120 12 9	5,922 17 1
2. Accommodation for Paravanes - - - - -	7,200	2,803 6 0	5,775 15 2
3. Petrol Installation - - - - -	15,700	8,926 11 1	8,946 8 10
Greenwich.—	—	—	—
1. Deptford. Reconstruction of Swing Bridges	4,000	711 8 6	3,063 7 7
2. Increased Accommodation for Flight Officers	4,500	1,643 19 0	3,600 1 0
3. Deptford. Surfacing Roadways - - - - -	2,400	742 1 4	2,396 12 8
Harwich.—	—	—	—
1. Isolation Hospital - - - - -	2,500	1,272 10 3	2,449 9 4
2. Ammunition Store - - - - -	12,000	5,068 3 7	9,712 15 1
3. Parkeston. Extension of P.V. Depot - - -	9,000	1,234 4 3	9,102 10 6
5. Osea Island C.M.B. Base - - - - -	164,570	161,797 4 7	165,451 2 5
7. Parkeston. Workshop and Offices for B.I.R.	6,000	3,080 6 6	5,237 16 4
10. Parkeston. Torpedo Depot - - - - -	7,500	214 2 8	7,833 6 11
Haulbowline.—	—	—	—
1. Extending Electric Generating Station - -	3,250	881 8 11	2,427 16 7
3. Paravane Depot - - - - -	4,220	646 5 9	4,213 16 2
4. Berehaven. Water Supply - - - - -	2,000	1,507 1 11	3,263 5 11
5. Oil Fuel Depot. Storage Accommodation for Oil Fuel	13,630	4,780 3 7	11,442 4 1
6. Convert Rain Water Tank for Oil Fuel - -	7,490	5,371 1 4	6,967 19 1
8. Berehaven Oil Fuel Storage - - - - -	34,000	30,565 12 2	31,538 19 3
9. Extension of Smithery - - - - -	2,600	2,509 3 2	2,617 9 6
10. Plumbers' Shop - - - - -	2,950	1,686 14 0	3,083 8 2
11. Dockyard Development Scheme - - - - -	12,200	3,847 5 8	3,860 17 9

DETAILS OF PART I.B. NEW WORKS CONTINUATION SERVICES—continued.

Establishment.	Total Estimate.	Expenditure in 1918-19.	Total payments to 31st March, 1919.
Humber.—	£	£ s. d.	£ s. d.
1. Immingham. Shore Depot - - - - -	34,661	58 17 11	33,963 8 10
2. Immingham. Distilling Plant House - - -	7,600	1,519 10 0	6,922 6 8
3. Mine Store - - - - -	25,000	2,021 13 7	24,994 18 5
4. Extension of Torpedo Store - - - - -	6,000	60 7 8	4,935 8 6
5. Additional Mine Store - - - - -	10,350	987 7 0	8,220 12 3
6. Paravane Depot - - - - -	8,000	2,154 17 1	6,920 12 8
7. Concrete Sinker Destructor Workshop - -	13,000	5,839 16 2	13,117 13 10
8. Destructor Dump - - - - -	34,860	28,742 10 10	36,346 11 10
12. Accommodation for Oil Fuel - - - - -	310,000	844 9 4	283,848 17 1
Malta.—	—	—	—
1. Calafra Paravane Depot - - - - -	7,500	4,902 12 5	6,381 5 5
2. Fort St. Angelo Barracks - - - - -	2,920	2,980 13 1	3,106 5 0
8. Extension of Narrow Gauge Railways - -	2,440	4 19 0	2,434 18 11
Pembroke.—	—	—	—
1. Slip Roofs - - - - -	3,200	844 4 8	3,168 10 7
3. Cardiff D.A.M.S. Depot - - - - -	5,262	5,180 10 0	5,232 8 11
Plymouth.—	—	—	—
1. North Yard Additional Caisson for No. 9 Dock	35,000	12,917 10 6	13,130 3 11
2. Bull Point Railway Connection - - - - -	13,530	1,190 16 8	13,655 8 7
3. R.N. Barracks. Overflow Camp, St. Budeaux	12,500	995 13 4	12,914 17 1
4. R.N. Barracks Additional Naval Ratings -	14,830	12,939 15 10	13,391 1 10
5. Bull Point—Storage Accommodation for Paravanes	11,700	9,539 1 0	10,359 12 1
8. Dartmouth R.N. College Accommodation for Cadets	110,100	14,551 12 4	109,735 5 0
Portland.—	—	—	—
1. Long Torpedo Range - - - - -	10,000	319 10 5	8,293 7 2
2. Base for Motor Boats - - - - -	15,200	2,418 18 1	15,351 2 10
3. Anti-Submarine Establishment - - - - -	14,400	7,120 5 3	14,147 17 4
4. Torpedo Range, Approach Road, etc. - -	2,230	1,888 8 1	2,272 8 6
Poole.—	—	—	—
1. Cordite Factory - - - - -	—	1,575 16 7	1,205,121 7 3
Portsmouth.—	—	—	—
1. Spithead Submarine Defences - - - - -	45,000	18,470 5 6	36,493 17 8
2. Electric Shop—Extension of Range Finder Tower	3,630	797 13 8	3,750 14 6
3. Torpedo Depot—Accommodation for Paravanes	14,050	704 1 1	13,979 1 2
5. Workshop for High Speed Armatures - -	4,200	2,672 17 10	4,411 10 3
7. Rigging Shed N. of Lock "B." - - - - -	3,500	648 15 10	3,728 2 1
8. Crane Tracks to No. 2 Basin - - - - -	17,000	10,144 18 11	10,184 16 10
9. Adaptation of Building for "Vernon" - -	37,450	7,028 2 1	28,291 9 7
10. Increased Assembly Storage Accommodation	3,000	2,354 16 10	2,712 0 11
11. Fresh Water Main from Water Company's System	3,500	2,898 13 4	2,968 10 2
12. Clayhall Isolation Camp - - - - -	6,100	337 5 8	5,761 4 0
13. Haslar Camp—Additional Accommodation -	7,500	5,204 1 3	7,419 4 3
14. Haslar Submarine Depot—Accommodation for Officers	5,000	4,965 3 2	5,985 16 10
15. Haslar Accommodation for Coastal Motor Boats	14,255	3,998 10 0	11,312 3 3
17. Priddy's Hard. Fuze and Tube Store - -	2,150	111 1 2	2,408 0 6
18. Railway from Priddy's Hard to Bedenham -	43,500	26,912 1 3	33,813 12 0
20. New Magazine, Bedenham - - - - -	138,535	1,824 1 9	129,302 4 7
21. Storage of Mines, Bedenham - - - - -	14,200	44 5 2	11,840 13 2
22. Bedenham. Three Additional Temporary Magazines	12,200	1,362 12 4	11,048 1 8
23. Bedenham. Additional Storage for Q.F. Ammunition	10,500	645 9 10	10,029 2 6
24. Three Additional Cordite Magazines, Bedenham	12,200	4,128 5 8	12,746 6 2
25. Two Shell Stores and Six Magazines, Bedenham	85,000	50,376 9 0	58,581 5 3
32. Additional Accommodation for Oil Fuel -	183,000	51 2 0	178,019 9 7
Scotland, Rosyth.—	—	—	—
1. New Dockyard, etc. - - - - -	6,404,000	638,357 18 5	5,627,742 0 8
2. Crombie Magazines - - - - -	400,838	30,773 1 2	414,043 12 4
War Office share - - - - -	9,000	—	—
3. Storage Accommodation for Oil Fuel - -	583,500	194,643 18 11	677,838 9 5
4. Port Edgar Destroyer Base - - - - -	400,000	68,297 2 3	443,145 6 5
5. C-in-C's Residence - - - - -	10,500	1,558 9 3	11,002 16 4
6. S. Queensferry. Additional Accommodation (Hospital) - - - - -	26,000	14,895 15 1	17,383 4 11
7. Port Edgar Naval Barracks - - - - -	54,000	42,241 2 3	46,214 4 10
8. Inverkeithing Submarine Base - - - - -	400,000	140,520 8 0	141,554 13 7
9. Kinghorn Ness. H.A. Gun Station - - -	2,200	1,588 18 1	1,733 7 6
10. Crombie New Shell Exam. Depot - - - -	16,800	17,036 17 1	17,257 3 9
12. Banderath. Naval Ordnance Depot - - -	380,000	363,044 11 11	365,158 9 3
15. Dolphin abreast of Oil Ship, "Gartshore"	6,000	4 9 3	4,723 8 10
Perth.—	—	—	—
1. Greenock Temporary Dwellings - - - - -	5,300	21 0 0	5,236 1 8
2. Greenock Extension of Buildings - - -	10,000	3,080 9 6	10,274 7 0
3. Granton Factory - - - - -	16,000	6,913 1 4	16,324 13 11

DETAILS OF PART I.B. NEW WORKS CONTINUATION SERVICES—*continued*.

Establishment.	Total Estimate.	Expenditure in 1918-1919.	Total payments to 31st March, 1919.
Scotland, Perth— <i>continued</i> .	£	£ s. d.	£ s. d.
4. Ardrossan Oil Fuel Installation - - -	31,000	7,394 7 7	27,025 12 10
5. Granton. Additional Hospital Accommodation - - -	17,750	9,072 12 8	13,327 13 8
7. Accommodation for Oil Fuel, Aberdeen - - -	10,455	1,489 2 5	10,521 8 1
8. Gourock Housing Accommodation - - -	48,845	7,495 17 10	45,030 3 7
15. Greenock R.N. Torpedo Factory. Treating Shop - - -	3,360	72 5 10	2,191 8 5
16. Accommodation for 8th Destroyer Flotilla Invergordon. - - -	5,670	8 12 0	4,733 16 0
1. Storage Accommodation for Oil Fuel - - -	220,000	1,711 10 1	195,042 17 1
2. Additional Accommodation for Dockyardmen - - -	6,200	334 15 5	6,603 18 0
3. Admiralty Workshop - - -	17,500	—	13,405 19 9
4. Workshop Extension and 5 Additional Huts - - -	226,300	12,164 17 3	219,262 16 2
5. Cromarty. Additional Accommodation - - -	7,200	415 9 5	6,335 2 11
7. New Foundry - - -	7,570	2,337 5 11	7,341 17 6
8. Cromarty. Additional Searchlight - - -	3,500	22 11 3	3,013 6 0
9. Naval Ordnance Workshop - - -	2,900	8 0	2,188 3 5
10. Housing Scheme - - -	41,983	740 13 6	39,258 16 2
11. Officers' Residences - - -	11,000	659 10 11	9,763 7 1
12. Reclamation - - -	29,000	9,156 8 3	23,887 19 4
13. Extension of West Pier - - -	3,500	96 2 2	2,650 16 9
14. Additional Hospital Accommodation - - -	34,900	18,851 5 11	31,240 3 5
15. Additional Workmen's Hut - - -	9,000	6,150 3 2	7,729 19 3
19. Accommodation for Women—Infectious Ward and Sick Quarters - - -	4,444	3,217 3 10	3,291 3 1
Stromness.—			
1. Scapa. Anti-Submarine Defences - - -	112,770	397 5 5	110,932 11 4
2. Lyness. Shore Accommodation - - -	172,000	150,071 13 1	184,522 17 3
3. Lyness. Water Supply from Millburn - - -	12,000	14,294 11 8	14,320 4 7
4. Storage Accommodation for Oil Fuel - - -	60,000	35,478 14 8	35,569 19 9
5. Lyness. Torpedo Depot - - -	45,500	59,537 4 3	61,408 14 0
12. Extension of Defences on removal of H.M.S. "Arthur" - - -	3,050	1,615 8 7	2,263 8 9
15. Paravane Depot - - -	29,400	9 4 11	24,944 14 4
Sheerness.—			
Quadrangle Store, Additional Head Room - - -	5,000	1,706 14 9	6,655 8 4
Salisbury Plain.—			
Aviation School - - -	43,200	12,200 0 0	42,000 0 0
Admiralty Share.			
Tees.—			
2. Base for Submarines - - -	215,000	142,072 5 5	206,999 16 11
Tyne.—			
Northumberland Dock, shore accommodation - - -	2,350	66 4 1	2,440 17 8
York.—			
1. Westhoughton. Gun Factory extension - - -	36,500	3,656 1 7	35,960 2 5
2. Sheffield. Testing House - - -	3,960	450 0 0	3,250 0 0
Slough.—			
Compass Observatory - - -	6,810	4,023 9 6	5,683 13 3
Jamaica.—			
W.T. Station - - -	—	155 15 3	6,083 5 1
Woolwich.—			
1. Additional Shot Ground - - -	—	2,693 16 9	6,629 9 4
2. Extending Iron Pier - - -	—	54,221 4 7	54,221 4 7
5. Temporary Sheds for storage of Powder Cases. - - -	—	2,297 16 4	4,453 17 5
8. Duplication of Railway Routes - - -	—	757 18 9	3,145 3 10
Generally.—			
Dredging - - -	—	87,812 16 6	87,812 16 6
Mechanical Transport - - -	51,245	791 6 4	42,805 13 10
M.N. Scheme - - -	1,000,000	824,968 19 9	862,208 14 2
Tyne Dredging - - -	84,700	6,797 15 3	85,343 11 1
Granton Dredging - - -	4,800	9 11 0	4,308 13 8
Humber Dredging - - -	—	99 14 7	31,783 19 4
Additional Accommodation for Oil Fuel and various works including Longhope Water Supply - - -	134,500	349 14 9	96,481 10 1
Oiling facilities for T.B.D.'s - - -	—	1,699 15 2	106,161 3 9
Northern Bases - - -	—	178,309 2 1	216,775 2 7
Hydrophone Stations - - -	23,500	13,221 5 10	23,830 4 8
Miscellaneous Air Depots - - -	14,600	6,336 8 11	19,862 10 9
Airships - - -	4,265,500	1,249,956 11 3	3,738,400 11 9
Aeroplanes and Seaplanes - - -	—	491,537 2 8	2,292,862 16 11
Cranwell, R.N.A.S., Training Establishment - - -	234,050	14,452 10 5	—
Accommodation for Submarines - - -	218,000	1,024 4 2	187,019 16 1
Anti-Aircraft Defences - - -	—	(Credit)	—
Wireless Telegraphy Chain - - -	254,000	1,030 11 7	215,772 17 0
Grangemouth Mining Depot - - -	—	26,500 8 4	189,775 5 1
		119,506 15 8	180,665 14 6

Total of Continuation Services - - - £ s. d.
£6,242,721 13 10

NAVY WORKS, VOTE 10, 1918-1919.

DETAILS OF PART I.B. NEW WORKS SERVICES APPROVED DURING THE YEAR.

Establishment.	Estimate.	Expenditure, 1918-1919.
	£	£ s. d.
bu Zabul, W.T. Station - - -	7,400	7,288 2 4
rindisi, Blenheim Workshops - - -	3,545	3,837 13 2
romford, New Tube Works - - -	35,500	32,000 0 0
orfu, Ypso Pier - - -	—	2,000 3 0
Breakwater and Slipway - - -	—	381 8 7
hatham.—		
6. House for Hydraulic Press and Accumulator No. 5 Machinery Shop - - -	3,210	980 16 8
9. Crane Road N.E. corner of No. 1 Basin - - -	3,250	4,006 12 2
Extra 600		
10. Track for 20-ton Travelling Crane, No. 9 Dock - - -	17,000	16,557 4 2
	4,000	
21. R.N. Hospital, Accommodation for V.A.D. Nurses - - -	3,250	3,404 6 5
22. R.N. Barracks, Signal School Accommodation - - -	4,200	2,331 10 6
23. Dockyard Accommodation for Women - - -	6,820	684 16 5
25. Erection of Fitting Shop - - -	6,630	4,739 0 1
lyde.—		
4. Larbert R.N. Hospital - - -	3,332	2,063 5 10
5. Shandon Pier and Railway - - -	28,000	8,758 10 10
6. Alexandria Lyddite Filling Factory - - -	—	50,000 0 0
lover.—		
6. Ramsgate, Training School for R.N.R. Trawler Section - - -	3,550	231 8 3
7. D.W. Shop, Smith and Joiners - - -	2,600	2,183 2 3
8. Kingsdown Mining Station - - -	3,000	497 3 4
9. Protection of Motor Boat Hulls - - -	3,500	1,018 11 7
Junkirk.—		
2. Naval Mechanical Transport Buildings - - -	4,800	18 15 0
ibraltar.—		
4. Quay at No. 4 Dock - - -	3,500	1,409 15 7
5. Disarming M. Ships, Stowage Gun Mountings - - -	2,000	1,354 19 2
reenwich.—		
4. Additional Accommodation for Storage of Clothes, Deptford - - -	12,200	10,854 10 4
5. Dredging Mast Pond - - -	4,000	1,177 3 5
arwich.—		
4. Accommodation for Mines, Wrabness - - -	137,500	112,903 11 8
6. Additional Magazines - - -	25,000	19,521 11 4
8. Felixstowe, C.M.B. Base - - -	3,750	686 8 7
9. Accommodation for W.R.N.S., Shotley - - -	9,000	6,387 4 10
aulbowline.—		
12. Foundations for 10-ton Travelling Crane - - -	2,250	2,162 2 2
13. Transfer of W. Side of Island to Admiralty - - -	7,460	5,115 2 2
14. Berehaven Water Supply Improvements - - -	2,500	2,279 18 6
15. Extension of U.S. Workshop, Torpedo Depot, etc. - - -	23,135	19,118 8 7
Humber.—		
13. Immingham, Additional Accommodation for Men - - -	4,860	5,847 19 9
15. Additional Accommodation for Officers - - -	7,680	6,396 1 6
18. Workshop in lieu of H.M.S. "Patrol" - - -	2,690	2,609 6 2
19. Dining Room for Workmen - - -	—	2,000 0 0
20. Hull, King George Dock, Battery Shed - - -	5,150	125 0 0
21. Hull, Dry Docking Facilities - - -	3,450	1,725 0 3
Malta.—		
5. Electric Generating Station, Rearrangement of Switchboard - - -	7,000	4,204 2 5
6. D.L. Gozo Station - - -	2,100	2,110 6 7
Mesopotamia.—		
Oil Fuel Installation - - -	—	5,665 18 1
Port Said.—		
Erection of Offices and Victualling Store Accommodation - - -	4,500	4,879 0 7
Pembroke.—		
2. Crane Road, Dry Dock - - -	2,200	2,827 15 6
4. Piers and Slipways - - -	238,000	152,712 17 10
5. Dredging Dockyard Bank - - -	6,600	7,000 0 0
Plymouth.—		
6. Truro R.N. Auxiliary Hospital, Additional Accommodation - - -	2,265	2,045 0 0
7. N. Yard, Craneway, Nos. 9 and 10 Docks - - -	85,800	344 16 3
9. Electrical Generating Plant - - -	4,700	4,670 15 11
11. Development of Electric Welding Plant - - -	12,000	4,899 18 9
12. N. Yard, Electrical Department, Shop Accommodation - - -	3,550	489 8 11
13. Bull Point, Railway Siding - - -	2,700	467 2 2
16. Torpoint Storage for Ammunition Packages - - -	3,000	1,748 2 5
17. N. Yard, Auxiliary Patrol Office - - -	2,100	2,102 8 8
Portland.—		
5. Torpedo Workshops, Bincleaves - - -	38,200	19,757 10 6
Portsmouth.—		
4. Extension of Gun Mounting Shop - - -	7,300	7,285 14 9
6. Work in connection with three-phase extra high tension generating plant - - -	10,000	4,379 10 7
19. Frater Point Mine Depot - - -	155,000	42,604 11 1
26-30. "Vernon" Shore Establishment - - -	595,000	35,329 4 8
31. Submarine Depot, Accommodation for Ratings - - -	9,600	8,101 3 0
33. Facilities for dealing with Military Traffic - - -	4,350	4,386 3 9
34. Stokes Bay, Torpedo Experimental Station - - -	27,000	9,138 19 3

DETAILS OF PART I.B. NEW WORKS SERVICES APPROVED DURING THE YEAR—continued.

Establishment.	Estimate.	Expenditure, 1918-1919.
Portsmouth—continued.	£	£ s. d.
35 R.M. Barracks, Huts for W.T. Station - - - - -	5,860	5,501 13 2
36 R.M.B. Testing and Drying Room - - - - -	2,460	1,050 13 0
37 Fort Cumberland, Additional Accommodation - - - - -	5,500	2,239 19 3
38 R.M.E. Camp, Bedenham - - - - -	20,700	19,557 16 11
40 Building for housing Oxygen Producing Plant - - - - -	3,000	2,053 19 3
41 Additional Workshop for Electrical Engineer - - - - -	14,400	6,412 11 6
42 Locks "C" and "D," modifications - - - - -	10,100	34 17 11
Scotland, Rosyth.—		
11. Crombie, Shelter for Lighters - - - - -	117,000	724 8 6
13. Port Edgar, P.V. Depot - - - - -	5,720	10 16 3
14. Shed for Storage of Mine Laying Equipment - - - - -	2,100	1,299 11 0
Perth.—		
6. Peterhead, S.R. Station - - - - -	3,060	2,150 19 9
Invergordon.—		
18. Dockyard Extension Scheme - - - - -	36,085	3,907 15 11
20. Dalmore, New Pier - - - - -	115,000	93,844 18 5
Stromness.—		
6. Batteries in Bard Head and Aithness - - - - -	3,000	1,843 19 11
7. Lyness Stowage of Practice Projectiles - - - - -	4,600	2,716 5 6
8. Swarback Minns, Batteries at Vementry - - - - -	2,200	1,024 4 3
10. Lyness Canteen - - - - -	5,500	5,500 0 0
11. Accommodation for Intelligence Officers at Longhope - - - - -	5,208	5,228 9 9
13. Battery at Carness - - - - -	3,000	3,359 14 7
14. Anti-Aircraft Defences at Burryness - - - - -	2,440	644 1 1
Sheerness.—		
Development Scheme - - - - -	51,360	16,985 18 6
3. Accommodation for Electric Welding Plant - - - - -	7,150	108 5 8
West Drayton, Sonic Works - - - - -	18,000	14,111 13 9
York.—		
3. Liverpool, David Lewis Club - - - - -	3,500	3,040 2 10
4. Flamborough Head, S.R. Station - - - - -	2,310	2,114 18 3
5. Scotswood, Laboratory - - - - -	2,900	1,900 0 0
Morecambe.—		
1. National Filling Factory, Admiralty Stores - - - - -	4,681	3,645 8 5
Store for Machinery Parts - - - - -	9,720	6,618 13 2
Middlesbrough, Additional Storage Accommodation - - - - -	2,083	1,894 0 0
Shoeburyness.—		
1. New Roads and Bridges - - - - -	9,778	9,880 0 0
2. Clear danger area and re-provide dwellings, Foulness Island - - - - -	Admiralty Share 3,250	2,304 0 0
3. New Butt for H.E. Trials - - - - -	Admiralty Share 3,664	2,505 0 0
Woolwich.—		
3. 200-ton Cordite Magazine - - - - -	—	10,421 7 5
4. New Coaling Pier - - - - -	—	30,000 0 0
6. Temporary Shed E. side of Naval Sinker Store - - - - -	—	2,756 6 3
7. Convert Naval Sale Buildings, etc. - - - - -	—	2,175 0 0
9. Erection of Compo Stores, etc. - - - - -	—	66,991 13 9
10. Ejector Scheme for Drainage Berber - - - - -	—	4,118 10 1
11. Offices, Shifting Rooms and Bond Naval Inspections - - - - -	—	4,743 15 2
Suspense Head - - - - -	—	1,114 3 10
Generally.—		
I. L. and L. Stations - - - - -	20,000	11,998 2 5
F. P. Stations - - - - -	18,000	4,354 9 1
D. F. Stations - - - - -	—	21,894 17 7
W. T. Stations - - - - -	—	6,037 3 0
Buncrana, Dredging - - - - -	—	2,897 11 0
Kingstown, Dredging - - - - -	—	3,500 0 0
Total New Works - - - - -		£1,070,025 2 1

SUMMARY.

	£	s. d.
Continuation Services - - - - -	6,242,721	13 10
New Services - - - - -	1,070,025	2 1
Total Vote 10, I.B. - - - - -	£7,312,746	15 11

APPENDIX No. 10.

PAPER forwarded by Sir Charles Harris, G.B.E., K.C.B., May 1920.

YEARLY EMOLUMENTS OF A LIEUTENANT IN MAY 1920, AND AT EARLIER DATES (EXCLUSIVE OF TERMINAL GRATUITY).

From	5 Aug. 1914.	24 Nov. 1914.	1 Oct. 1917.	1 Feb. 1919.	1 July 1919.	1 Jan. 1920 to date.
(A) UNMARRIED.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Pay - - - - -	118 12 6	155 2 5	209 17 6	209 17 6	292 - -	292 - -
Army of Occupation bonus - - - - -	—	—	—	73 - -	—	—
Mess allowance - - - - -	6 - -	6 - -	6 - -	6 - -	—	—
Rations (replaced 1st July 1919 by ration allowance). - - - - -	22 16 3	22 16 3	24 14 3	29 13 -	38 - 5	38 - 5
Lodging, fuel and light allowances - - - - -	44 2 1	44 2 1	45 12 6	45 12 6	45 12 6	45 12 6
	191 10 10	228 - 10	286 4 3	364 3 -	375 12 11	375 12 11
If in a theatre of war, add field allowance - - - - -	45 12 6	45 12 6	45 12 6	45 12 6	45 12 6	45 12 6
Total - - - - -	237 3 4	273 13 4	331 16 9	409 15 6	421 5 5	421 5 5
(B) MARRIED (3 children).						
Add family allowance - - - - -	—	—	72 - -	72 - -	72 - -	73 - -
Increased rate of lodging, &c., allowances - - - - -	—	—	—	—	73 - -	73 - -
	191 10 10	228 - 10	358 4 3	436 3 -	520 12 11	448 12 11
If in a theatre of war, add field allowance - - - - -	45 12 6	45 12 6	45 12 6	45 12 6	45 12 6	45 12 6
Total - - - - -	237 3 4	273 13 4	403 16 9	481 15 6	566 5 5	494 5 5

An infantry officer has the services of a soldier as personal servant. Officers who are not provided with a soldier servant draw a servant allowance of £36 10s. per annum (£18 5s. up to 1st July 1919).

WEEKLY EMOLUMENTS OF A SOLDIER IN MAY 1920, AND AT EARLIER DATES (EXCLUSIVE OF TERMINAL GRATUITY).

1. CASH EMOLUMENTS.

From	5 Aug. 1914.	1 Oct. 1914.	9 Nov. 1914.	1 March 1915.	15 Jan. 1917.	29 Sept. 1917.	7 Oct. 1918.	4 Nov. 1918.	1 Feb. 1919.	1 July 1919.
A PRIVATE OF INFANTRY OF THE LINE:—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
(A) UNMARRIED.										
Pay and Proficiency Pay* - - - - -	- 9 8	- 9 8	- 9 8	- 9 8	- 9 8	- 11 5	- 11 5	- 11 5	- 11 5	1 4 6
War Pay* - - - - -	—	—	—	—	—	- 1 2	- 1 2	- 1 2	- 1 2	—
Army of Occupation Bonus - - - - -	—	—	—	—	—	—	—	—	- 10 6	—
Total Cash - - - - -	- 9 8	- 9 8	- 9 8	- 9 8	- 9 8	- 12 7	- 12 7	- 12 7	1 3 1	1 4 6
MARRIED (3 Children).										
Add Separation Allowance - - - - -	- 11 4	- 14 9	- 16 6	- 19 6	1 4 6	1 8 -	1 12 6	1 16 6	1 16 6	1 16 6
Total Cash - - - - -	1 - 9	1 4 5	1 6 2	1 9 2	1 14 2	2 - 7	2 5 1	2 9 1	2 19 7	3 1 -
A PRIVATE OF ARMY SERVICE CORPS (Mechanical Transport):—										
UNMARRIED.										
Pay and Corps Pay* - - - - -	- 15 2	- 15 2	- 15 2	- 15 2	- 15 2	- 15 2	- 15 2	- 15 2	- 15 2	1 9 2
War Pay* - - - - -	—	—	—	—	—	- 1 2	- 1 2	- 1 2	- 1 2	—
Army of Occupation Bonus - - - - -	—	—	—	—	—	—	—	—	- 10 6	—
Total Cash - - - - -	- 15 2	- 15 2	- 15 2	- 15 2	- 15 2	- 16 4	- 16 4	- 16 4	1 6 10	1 9 2
MARRIED (3 Children).										
Add Separation Allowance - - - - -	- 11 1	- 14 9	- 16 6	- 19 6	1 4 6	1 8 -	1 12 6	1 16 6	1 16 6	1 16 6
Total Cash - - - - -	1 6 3	1 9 11	1 11 8	1 14 8	1 19 8	2 4 4	2 8 10	2 12 10	3 3 4	3 5 8

* Average.

WEEKLY EMOLUMENTS OF A SOLDIER IN MAY 1920, AND AT EARLIER DATES
(EXCLUSIVE OF TERMINAL GRATUITY).

I. CASH EMOLUMENTS.

From	5 Aug. 1914.	1 Oct. 1914.	9 Nov. 1914.	1 March 1915.	15 Jan. 1917.	29 Sept. 1917.	7 Oct. 1918.	4 Nov. 1918.	1 Feb. 1919.	1 July 1919.
A SERJEANT OF INFANTRY OF THE LINE:—										
(A) UNMARRIED.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Pay and Proficiency Pay -	- 19 10	- 19 10	- 19 10	- 19 10	- 19 10	1 1 7	1 1 7	1 1 7	1 1 7	2 9 -
War Pay* -	-	-	-	-	-	- 1 9	- 1 9	- 1 9	- 1 9	-
Army of Occupation Bonus -	-	-	-	-	-	-	-	-	- 14 -	-
Total Cash -	- 19 10	- 19 10	- 19 10	- 19 10	- 19 10	1 3 4	1 3 4	1 3 4	1 17 4	2 9 -
(B) MARRIED (3 Children).										
Add Separation Allowance -	- 11 1	- 14 8	- 18 2	- 19 8	1 4 8	1 10 6	1 15 -	1 19 -	1 19 -	1 19 -
Total Cash -	1 10 11	1 14 6	1 18 -	1 19 6	2 4 6	2 13 10	2 18 4	3 2 4	3 16 4	4 8 -
A SERJEANT OF ARMY SERVICE CORPS (Mechanical Transport):—										
(A) UNMARRIED.										
Pay and Corps Pay -	1 14 5	1 14 5	1 14 5	1 14 5	1 14 5	1 14 5	1 14 5	1 14 5	1 14 5	3 3 -
War Pay* -	-	-	-	-	-	- 1 9	- 1 9	- 1 9	- 1 9	-
Army of Occupation Bonus -	-	-	-	-	-	-	-	-	- 14 -	-
Total Cash -	1 14 5	1 14 5	1 14 5	1 14 5	1 14 5	1 16 2	1 16 2	1 16 2	2 10 2	3 3 -
(B) MARRIED (3 Children).										
Add Separation Allowance -	- 11 1	- 14 8	- 18 2	- 19 8	1 4 8	1 10 6	1 15 -	1 19 -	1 19 -	1 19 -
Total Cash -	2 5 6	2 9 1	2 12 7	2 14 1	2 19 1	3 6 8	3 11 2	3 15 2	4 9 2	5 2 -

* Average.

II.—TOTAL EMOLUMENTS.

Making allowance for the soldier's food, housing and other allowances in kind as explained in Paragraph II. of the statement furnished in 1919 (printed as Appendix No. 15 to the Reports of the Committee of Public Accounts, No. 223 of 1920) the total present emoluments of the soldier, for comparison with civilian wages, are as follows:—

	Serjeant.	Private.
	£ s. d.	£ s. d.
Army Service Corps (skilled labour):—		
Married -	6 0 0	4 3 8
Unmarried -	4 11 6	2 17 2
Infantry of the Line (unskilled labour):—		
Married -	5 6 0	3 19 0
Unmarried -	3 17 0	2 12 6

6th May 1920.

PAPER handed in by Mr. F. Phillips.

REPORT FROM THE TREASURY REGARDING IDENTIFICATION OF PENSIONERS.

The possibilities of fraud fall into three main categories.

(1) Drawing of pensions after death of pensioner, or by an impersonator during lifetime. The most likely cases are those similar to frauds which took place after the American Civil War where pensions became, so to speak, a family affair and continued to be drawn long after death of pensioners by children and even grandchildren.

(2) Drawing of pensions after eligibility has ceased, e.g.:—

(a) on re-marriage of widows.

(b) on becoming fit or accepting re-employment.

(3) As regards dependence—at the time of granting pensions.

A circular letter has been addressed to pension paying Departments proposing the re-institution of test checks on identity and continued eligibility of persons drawing pensions, and asking suggestions as to the most satisfactory form of check. The Treasury in this circular, particularly asked for observations regarding the use of finger prints as a means of identification. (Copies of the Circular and of the replies received are attached.)

Finger Print Registration.—After consideration of the replies and conference with the Departments principally concerned, it seems clear that the only infallible (and at the same time the most economical) check as to the identity of pensioners might be obtained by a system of finger print registration at the time of award of pensions, and subsequent identification by means of finger prints taken at selected dates. There are unfortunately difficulties, at present considered to be insuperable, which render it impossible to introduce the finger print system for purposes of identification of pensioners; the principal of these is the fact that the system has been almost entirely associated with criminality, not only in this country but elsewhere, and the conclusion has been reluctantly reached that the system cannot be introduced.

Paragraph 1 of Circular letter.—It is not considered possible to require the Post Office staff, in making payments, to take any further action in identifying pensioners, but it is proposed that the allowance forms and life certificates should in all cases be made available for scrutiny, and scrutinised, by authorising Departments.

Paragraph 4 of Circular letter.—*Liability to prosecution for making false declarations.*—The form of life certificate should in all cases provide for a note drawing the attention of grantees to the liability to prosecution incurred by making a false declaration. Prosecution in all cases of fraud will be vigorously followed, and might be widely advertised.

Paragraph 5 of Circular letter.—*Death certificates.*—All Departments paying pensions should obtain from Registrars certificates of death of Pensioners, and Registrars should be asked to obtain the most definite information possible as to the description of pensioners, viz., full names and address, Army and Navy number and unit from which retired, together with description if possible of the Department or person authorising the pension and Departmental reference.

The offer of a small reward, to be paid by Registrars, for return of life certificates, etc., is a practice which it is proposed to extend.

Instructions will be given for death certificates to be connected up, immediately on receipt, with pension records.

Paragraph 7 to 9 of Circular letter.—*Continuous limited test.*—Departments responsible for the payment of 500 or more pensions must be instructed to carry out a continuous limited test as to identity and continued eligibility. The Conference agreed that a 1 per cent. test is entirely inadequate and the consensus of opinion favours a check which shall cover every pensioner at least once in 5 years. It is therefore proposed immediately to resume the periodical check which has in the case of many offices been dispensed with during the war, and to arrange for a test of 20 per cent. of pension cases annually. The method of selecting cases to be tested in any year would be within the discretion of the Department, which would be warned not to follow formal or stereotyped rules which might become known outside. The 20 per cent. annual quota would include those tested under age test.

The checks on old age pensioners are already sufficient and it is not proposed to change the system in operation.

Paragraph 10 and 11 of Circular letter.—*Age test.*—As regards age test, the conditions of pension vary in different Departments. Generally the review has been made in all cases of pensions which have been in force over 20 years without review, at 70 years of age, and each 5 years thereafter. The tests will be covered by the 20 per cent. annual test.

In cases where pensions are automatically reviewed at certain ages, e.g. Admiralty pensions to naval ratings, these reviews would continue to be made and would include an identification test that would rank as part of the 20 per cent limited test.

Paragraph 12 of Circular letter.—*Review in 1920-21.*—The system of review should be enforced as far as possible in 1920-21.

Paragraph 13 of Circular letter.—*Re-marriage of widows.*—It is proposed to obtain from Registrars notification of the re-marriage of widow pensioners, but it seems probable that complete information will not be forthcoming. The practice of requiring the word *not* to be inserted by the pensioner in the declaration as to re-marriage will be extended, and this part of the declaration will be printed in heavy type. Instructions

will be issued that in the periodic tests, special attention will be directed to the continued eligibility of widows. The re-marriage gratuity payable in the case of widows of deceased soldiers and sailors forms the best safeguard that re-marriage will be duly notified.

Fraud by persons claiming dependence.—In granting pensions to dependents of deceased soldiers and sailors reliance has been placed on the checks made on issues of separation allowance during the service of the soldier or sailor. The question whether identification was satisfactorily established for that purpose in all cases, and, if not, the most convenient method of completing identification, is under consideration by the Ministry of Pensions.

The tests on pensioners under these proposals will be:—

- (1) A periodic declaration by pensioners as to identity and continued eligibility, in which stress will be laid on the qualifications in which change is most likely to occur.
- (2) The examination of these declarations against original papers by authorising offices.
- (3) A continuous check as to identity and continued eligibility calculated to cover the whole number of pensioners within 5 years.
- (4) The notification by Registrars of death or (in the case of widows) re-marriage.
- (5) Prosecution in cases of fraud.

I.

Treasury Chambers,
11 December, 1920.

36121/19.

Sir,

I am directed by the Lord Commissioners of His Majesty's Treasury to advert to the question of identification of Pensioners referred to in paragraph 18 of the 2nd Report of the Committee of Public Accounts, 1919, which runs as follows:—

Identification of Pensioners.—18. We understand that the Treasury have been giving special consideration to the question of avoiding frauds by pensioners. It is a matter in which several Departments, besides the Ministry of Pensions are concerned, and we hope that a report may be presented (not later than next year) showing what means have been devised to secure an efficient check upon these payments. We think it possible that some form of test visitation used in common by all Departments paying pensions might prove useful.

Paragraph 27 of the same Report adds.—The Admiralty have undertaken to consider the practicability of tightening up their safeguard against fraud by pensioners, and we think it would be well, as we have reported elsewhere, that common methods of action should be agreed upon between the different Departments concerned with pensions administration.

Paragraph 44 of the Report runs.—The Ministry have experienced difficulty with regard to Army Pensions paid through the Post Office, owing to discrepancies between the signatures on the quarterly life certificates returned to the Ministry, and on the allowance forms signed at the Post Office when the pension is drawn.

The Post Office compare the name and number on the life certificate produced with those on the book of forms, but do not undertake to verify that the person producing the certificate is the person named on it. It is thus possible that pensions may be drawn by some other person on a pensioner's behalf, and that this practice may become a fraud on the Exchequer if continued after the pensioner's death. This would be discovered in a few weeks if the quarterly life certificates were not duly received or were received with a signature different from that recorded in the office. The reports made by the Registrars of Death as to the death of any pensioner also provide a check. It was admitted, however, that the system was not watertight, and we therefore suggest that it should be examined as we have recommended above.

2. Their Lordships observe that the question of Periodical Identification of Government Pensioners was considered by an Interdepartmental Committee shortly before the war and a copy of the Report of that Committee was transmitted by Treasury Letter 12923/14 of the 31st July, 1914, to all Departments paying pensions.

3. Many of the recommendations of that Committee have already been adopted in the Treasury Warrant of 5th October, 1917 (Statutory Rules and Orders 1031—Declarations by Pensioners), which provides *inter alia* that the declaration shall state the age (or year of birth) of the grantee and enables the Department responsible for the payment of any grant to require a declaration to be subscribed before a specified official.

4. My Lords have also by Treasury Circular 1465/16 endorsed the recommendation of the Interdepartmental Committee that "a caution as to the liability to prosecution for wilfully making a false declaration should be inserted on all forms."

5. The Report also recommended the extension to all pensions paid from voted moneys of the arrangement under which the officers of the Registrar General notify the War Office, Admiralty and Customs and Excise of the deaths of all persons in receipt of pensions from the funds of those Departments. This course entails the payment from public funds of a special fee of 2s. 7d. to the local Registrar for each death reported. In view of the check afforded against the possibility of irregular continuance of pensions, My Lords regard this expenditure as justified and subject to the observations of the Departments concerned, My Lords propose to ask the Registrar General to arrange for similar notification to the Department concerned in the case of the deaths of all persons appearing to have been in receipt of pensions from voted moneys. They direct me to take this opportunity of inquiring what steps are at present taken in those Departments where the procedure is already in force, to connect at once the notification of death with the standing authority for payment of the pension.

6. In the Treasury Circular, of 20th January, 1917, (1465/16), My Lords stated that "they recognise fully that in this country finger prints have hitherto been associated primarily with the work of criminal investigation. In other parts of his Majesty's Dominions, however, they have been used extensively for other purposes of official registration, and expert authorities are agreed that they provide unquestionably the most certain method of identification."

They added that their Officers of Accounts would confer with any Department proposing to adopt this method of identification and provision for its optional use was inserted in the Warrant of October 5th, 1917.

The merits and practical possibility of this system were set out at some length in memoranda prepared by the Medical Department of the Ministry of National Service, copies of which were transmitted to various Departments with Treasury Letter 15387/18 of 29th April, 1918, but so far as My Lords are aware, no Department has yet found it possible to adopt this procedure.

They would be glad to be informed of the views of your Department as to its adoption.

7. My Lords think that in addition to the steps already taken or proposed for strengthening the normal procedure of declaration, attestation and notification of death further consideration should now be given to the question of special investigation by way of (a) continuous limited test over the whole field of pensioners and (b) automatic review of pensioners attaining a certain age.

(a) *Continuous limited test.*—8. My Lords suggest that in each year, a small percentage, say one per cent of the pension cases in each Department should be selected for verification; that the signature on the pensioner's receipts should be compared with a signature given by him before discharge to pension and a special written enquiry, in some such form as that indicated in the enclosure A, should be made of the "attestor" (the person before whom the latest declaration has been signed) provided that the attestor's name and address are to be found in any of the ordinary works of reference.

9. Where no reply is received from the attestor within a reasonably short time or the reply received is not sufficiently convincing, the department will use its discretion whether the claimant should be required to make his next declaration before a selected official in accordance with the second proviso in the Warrant, or whether an immediate personal investigation should be made, by some reliable and independent official according to the circumstances of the case. My Lords understand from the Report of the 1914 Committee that while the Admiralty have found it possible to make some limited use of police enquiries, the Army Council demur on grounds of policy to the employment of the police where no prima facie suspicion of irregularity arose. In some cases it might be preferable that the investigation should be made by the nearest Army Recruiting Officer or Sergeant, by an official of an Employment Exchange, or other public official. The investigator should be furnished with a questionnaire applicable to the particular case; enclosure B may serve as an indication of the class of question proposed.

(b) *"Age" review.*—10. Automatic review of a naval pension is stated to be made in nearly every case at the ages of 55 and 65, while in the case of Dublin Metropolitan Police pension a personal investigation is made whenever a pensioner has been 40 years on the list. My Lords doubt whether a uniform rule can be applied throughout the public service, but they think it desirable that the procedure in force should be such as to secure at least that a special review of every pensioner's case should be made before he materially exceeds the average expectation of life, *e.g.* :—

Person placed upon the pension list at ages not exceeding	whose expectation of life may be very roughly taken as	might be "reviewed" before reaching the age of
30	35	} 65
40	25	
50	20	
60	12	
		70
		75

11. Where the Department's records showed that the case had within the last 20 years been automatically reviewed as part of the "test" verification under (a) above, no further action would be necessary, otherwise the procedure suggested for the test verification should be followed.

12. My Lords will be glad to learn what steps the several departments concerned consider it would be practicable to take during 1920-21 in order to carry out the recommendation of the Committee of Public Accounts in this matter, and in particular they desire to be informed of the extent of the proposed percentage test and the periods selected for "age" review.

13. My Lords are inclined to think that further special precautions may be needed in cases of widows whose right to pension lapses on re-marriage. It seems to them that greater prominence might be given in the pension declaration form to the declaration on this point and that Local Registrars might be asked to notify marriages of pensioners as they already notify deaths.

14. In conclusion I am to say that they learn that some amendment of the Treasury Warrant of 5th October, 1917 (S.R.O. 1051/1917), may be necessary before the date (1st April, 1920) when, under paragraph 4 of that Warrant the provisions of previous Warrants lapse, to meet certain difficulties which have arisen. They propose in a revised Warrant to include in the Schedule,

(6) Commissioners for Oaths and Notaries Public.

(10) Actuaries, Managers, Directors, etc., of Savings Banks, etc.

(11) Commissioned officers of police and

They will be glad to learn at as early a date as possible whether experience has shown any other amendments of the Warrant to be desirable.

My Lords would be glad to receive the observations of your Department on the question raised by the Public Accounts Committee in § 44 of the Report.*

I am to request that they may receive your Department's reply to this Circular not later than the 15th January, 1920.

I am, etc,
(Signed) G. L. Barton.

* This paragraph was included in letters to the Postmaster-General and Ministry of Pensions only.

DEPARTMENTAL REPLIES TO TREASURY LETTER OF 11 DECEMBER, 1917.

II.

9073.

Ministry of Munitions,
3 March, 1920.

Sir,

I am directed by the Minister of Pensions to advert to Treasury letter of the 11th December, last, No. 36121/19, calling attention to certain paragraphs of the 2nd Report of the Committee of Public Accounts, 1919, in regard to the identification of pensioners.

Before proceeding to reply in detail to the points raised in the various paragraphs of that letter the Minister thinks it may be of advantage to state briefly for the information of The Lords Commissioners of His Majesty's Treasury certain particulars in connection with the main classes of Ministry pensioners, which appear to him to render the problem of their identification somewhat different from that of pensioners of other Departments and in some respects more difficult.

Pensioners paid by the Ministry may be divided into three principal classes:—

1. Disabled Sailors and Soldiers.
2. Widows of Sailors and Soldiers deceased.
3. Parents and other dependants of Sailors and Soldiers deceased.

The great majority of these pensioners has been admitted to pension within the last three years.

There probably has not been any great temptation or opportunity up to the present for any very extended development of personation, but the Minister realizes that under the present conditions of life (which are altogether different from those obtaining when the Inter-Departmental Committee reported on the subject in 1914) there is danger of personation being attempted on a considerable scale.

In regard to Class I, disabled sailors, soldiers, etc., the Ministry possesses, as part of the pension dossier, a very full description of the man's physical characteristics on enlistment and discharge. His signature also is attached to his documents. These particulars form a valuable aid in establishing his identity at any time in the future. The number of pensioners in this class is about 1,000,000 of whom 970,000 are in receipt of temporary (conditional) pensions and 30,000 are life pensioners. The conditional pensioners will be called up during the next twelve months for further examination by a Medical Board who will identify them.

In regard to Class II, Widows of Sailors, Soldiers, etc., deceased, the Ministry is not in possession of any personal description of the recipient of pension. The evidence of identification produced to the Ministry, at the time of admission to pension (following cessation of Separation Allowance drawn during the man's lifetime) consists of a declaration signed by a Police Sergeant or other qualified person to the effect that the claimant was personally known to him as having been the wife of the deceased man. The document of which this declaration forms part contains also a declaration which bears the authenticated signature of the widow. Local War Pensions Committees have been kept fully informed of all grants of pensions to persons in this class and in many cases have kept in touch with the grantees. It is probable that the assistance of the Committees will have to be invoked in the initiation of any general scheme of identification of these widows.

The number of widows at present in payment is approximately 180,000 of whom at least 120,000 have children—a useful help in establishing the identity of the parent.

The average age of widows on admission to pension is 33 years.

All widows' pensions, except those granted under article 15 of the Royal Warrant, are permanent.

In regard to Class 3, Parents and other dependants of Sailors, Soldiers, etc., deceased, identification in the first instance has been established generally in the same way as in the case of widows, and Local Committees have been informed similarly of all awards of pension. It is probable that identification will have to proceed on similar lines, but it is realised that there should be as little delay as possible in dealing with the case of parents, many of whom were 70 years and over on admission to pension. The average age on admission is 55. There are about 340,000 pensioned dependants. With the exception of about 30,000 pensions based largely on pecuniary need which are reviewed annually, dependants pensions are granted for life.

Following these general explanations I am directed to submit observations as under on the several points referred to by their Lordships.

Paragraph 1.—Identification at time of payment:

The Postmaster General has several times been invited to consider this question, but up to the present has not been able to afford any assistance in the matter.

The Minister, of course, realizes that a comparison of signatures is of some importance, but he does not place much reliance on this comparison as a means of detecting a carefully carried out personation, and he would not press the point on the Post Office in view of the large number of abortive queries which would inevitably arise through the circumstances in which signatures given at Post Offices are written. He is of opinion, however, that some precautions should be taken by the Post Office with a view to preventing payment to person other than the pensioner, unless the usual sick certificate has been completed. Their Lordships may consider it advisable to communicate with the Postmaster-General on this point.

Paragraphs 3 and 4.—Form, etc., of Declaration on Life Certificates. The regulation requiring that the declaration shall state the age (or date of birth) of the grantee and that a caution as to the liability to prosecution for wilfully making a false declaration should be inserted on all forms, is being carefully observed by the Ministry.

Paragraph 5.—Registrar's death reports. This system is in full operation in regard to all pensioners paid by the Ministry. On receipt of the death report in the Issue Office it is immediately connected with the Pensioners File and action is taken by a Section specially appointed to deal with death cases. In a large percentage of cases the Local Registrar obtains the pensioner's ring paper and forwards it to the Issue Office at the same time that he notifies the death. The Registrar is authorised to pay a fee of 1s. to the person who produces the ring paper and this procedure further secures that issue of pension ceases forthwith.

COMMITTEE OF PUBLIC ACCOUNTS.

Paragraph 6.—Finger prints. The possibility of employing the system of identification by means of finger prints was considered by the late Minister on more than one occasion and particularly in connection with the memoranda on the subject prepared by the Medical Department of the Ministry of National Service. Mr. Hodge fully recognised that this system offered the only absolutely safe method of identification and that its use was practicable, but he was of opinion that its adoption would be unpopular and would tend to produce hostility to the Department initiating the practice. For these reasons he was not prepared to use the system unless it was simultaneously adopted for similar purposes generally. It was subsequently ascertained that the War Office had informed their Lordships (War Office letter to the Treasury 19/Gen. No. 6446 (F. 3.), of 2nd August, 1918), that they would not agree to finger prints of soldiers being taken during their service, but had no objection to such action by another department after the soldier had been discharged, and further that the Admiralty were making arrangements for the form of Board on Discharge to contain a space for the finger prints of the discharged man.

The Minister is prepared to re-open consideration of the question on the condition referred to above, to which he feels bound to adhere as he could not consent to any measure which would be construed as discriminating against the men who had fought in the great War, and he would be glad to have the opportunity of further discussing the matter with their Lordships. He would not propose that the system (if adopted) should be used by the Post Office in connection with the payment of pension but as a means of identification by his own Officers.

There would of course, be considerable difficulty in initiating the system. He thinks that it could be arranged as regards disabled men by taking their finger prints on the occasion of their examination by a Medical Board, the authenticated print being retained with the man's pension dossier for use if occasion required.

The question as to the advisability of also taking the finger prints of women pensioners, can be discussed in conference with their Lordships.

Paragraphs 8 and 9.—Continuous limited test.—The Minister has given careful consideration to Their Lordships' suggestion that in each year say, 1 per cent. of the pension cases should be selected for verification and to the means whereby it is proposed to secure a satisfactory identification of the pensioner. I am to state that while these measures may be sufficient to safeguard the interests of the State, in the case of pensioners whose pension is granted at the expiration of a long period of service, or at an advanced age and who are commonly well-known to the officers who attest their declaration and pay their pensions, the Minister thinks they may not be adequate for all the various classes of pensioners for whom he is responsible. Consideration of the question as affecting disabled men whose pensions have been granted conditionally may, for the reason already stated, be set on one side for the moment, but it is desirable that such a percentage of life pensioners should be dealt with as will ensure the identification of the whole number in 3 years. The Minister agrees that, for this period, the use of the Form indicated in enclosure A. of your letter would be sufficient. Where the Form is not returned by the attestor within a reasonable period, or where it is found unsatisfactory after return, he agrees to the procedure indicated in paragraph 9 of your letter, i.e., to require the pensioner to appear before a specially designated attestor. He shares the objection of the Army Council against invoking the aid of the Police except in very special cases. The Minister thinks that the same general rules should be applied to the cases of widows and dependants, but he would propose to examine in this way in each of the next three years, not less than 2 per cent. in the case of widows, and if possible not less than 5 per cent. in the case of dependants.

Paragraphs 10 and 11.—"Age review."—Consideration of the question of "age review" depends largely on the general basis of the scheme of identification which may ultimately be adopted. The ideal system, in the Minister's view, would be one which provided for a complete identification every five years of all pensioners in the payment of the Ministry, and if this could be achieved any "age review" would be unnecessary. The magnitude of the task and the consequent expense may however, render it necessary to adopt a longer period, say, 10 years, and if this be ultimately agreed to it should be accompanied by an "age review" at 60 and again at 70 unless the pensioner had been identified under the general scheme within the previous five years.

The Minister hopes it may be possible to start a scheme of this nature within three years from the 1st April next, the test examination dealt with in the preceding paragraph being regarded as sufficient in the interim.

His reason for suggesting a commencing date three years hence is that the taking of finger prints (if agreed to) would by then have been practically completed; the compilation of particulars (at present almost completely absent) by which widows and dependants could be identified would have been collected; and the possibility of obtaining, if necessary, the assistance of other Departments in carrying out the scheme would be more assured than at present. A system which permits the duty to be performed by any person of standing whose name appears in an ordinary book of reference is not wholly satisfactory unless accompanied by a requirement that both signature and stamp of Office must be affixed to the Identification Form. Where no stamp of Office is affixed, the attestor would be written to in order to confirm the authenticity of his signature. Failing the services of trained officials, this system would have to be resorted to. Their Lordships will probably wish to confer with the Ministry and other Departments on this question before any general scheme is set on foot.

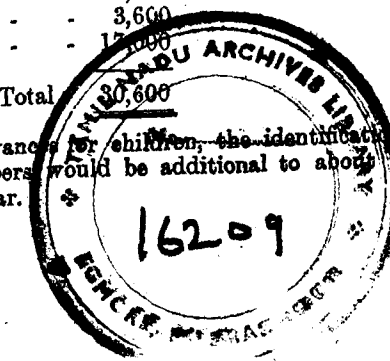
The question whether the basis of the scheme should be the use of finger prints or of a specially adapted form on the lines of enclosure B of your letter should be discussed at such Conference.

Paragraph 12.—Identifications in 1920-21.—On the basis of the arrangement proposed the following numbers would be dealt with:—

Life Pensioners—disabled men	10,000
Widows, 2 per cent. of 180,000	3,600
Dependants, 5 per cent. of 340,000	17,000

Total 30,600

It may be explained that if a pensioner is in receipt of allowance for children, the identification of the children will at the same time be carried out. The above numbers would be additional to about 70,000 conditional pensioners re-surveyed and identified during the year.



Paragraph 13—*Re-marriage of widows.*—Their Lordships' suggest that greater prominence might be given to the widow's statement regarding re-marriage. At present all female pensioners are required to state that they have not re-married, the word "not" having to be filled in by the declarant. This arrangement should preclude any possibility of this important condition being overlooked, but, in accordance with their Lordships' recommendation, the clause will be printed in bolder type in future.

The Minister has considered the question whether local Registrars should be asked to report the re-marriage of widows. He is disposed to think that in view of the gratuity which is payable on re-marriage there can be very few cases in which the widow or dependant does not herself call attention to the fact of re-marriage, and, apart from the actual expense involved (possibly £5,000 a year), he does not consider the proposal practicable.

Paragraph 14—(*Treasury Warrant of the 5th October, 1917.*)—The Minister considers that the Officials of Local War Pensions Committees and kindred bodies should for the present be retained on the list of persons before whom a declaration may be subscribed. The continued inclusion of these officers formed the subject of a letter from this Department on the 19th May last (No. 15881) and of Treasury letter in reply of the 2nd June (No. 22304/19). With this exception he has no suggestions to make for amendments of the Warrant of the 5th October, 1917.

It is presumed that the Paymaster-General will furnish Their Lordships with information in regard to the identification of pensioned officers and the families of deceased officers.

I have, etc.,
(Signed) *George Crystal.*

War Office,
29 January, 1920.

7/Gen. No/8699 (F. 3.).

Sir,

In reply to your letter of the 11th December last, No. 36121/19, relative to the identification of Pensioners, I am commanded by the Army Council to offer the following observations on the points raised therein, for the information of the Lords Commissioners of His Majesty's Treasury.

The Council presume that the matter referred to in paragraph 44 of the 2nd Report of the Committee of Public Accounts is one for the consideration of the General Post Office.

With regard to the latter part of Paragraph 5 of your letter, I am to state that the death certificates of Army Pensioners are either received direct by the paying authorities—*e. g.*, The Pension Issue Office, Baker Street—or if received in this Department are immediately forwarded to them.

The question of adopting the "Finger-Print" system of identification was laid before the Council on the receipt of Treasury letter of the 12th July, 1918 (No. 25803/18), and, as stated in War Office reply of the 2nd August, 1918, although they could not agree to finger-prints of soldiers being taken during their service, they had no objection to any such action by another Department after the soldier has been discharged. The Council had the Ministry of Pensions in view.

Regarding Paragraph 7 of your letter, the system employed by this Department before the War provided for the identification by the Paymaster of one-fifth of the men in his payment every year.

The Council observe, however, that Their Lordships proposed that only one per cent. of the pensioners should be identified annually, with an additional verification according to age.

It is considered doubtful whether the additional enquiries of the attester (Enclosure A of your letter) could be usefully employed in proving identity, as very few of these officials would be personally acquainted with particulars of the pensioner's service.

The Council have reason to doubt whether such questions as those set out in enclosure B could be answered correctly by the man, especially if he is an old pensioner. They, therefore, consider that the form of identification in use in the past on which particulars of physical characteristics, etc., had to be inserted, would still serve as the most reliable check against fraud.

With reference to Paragraph 12 of your letter, the Council are of opinion that the periodic review of pensioners should be carried out during the year 1920.

Regarding the question of the re-marriage of widows in receipt of pension from Army Funds, I am to state that the course suggested by Their Lordships is considered impracticable, in view of the difficulties that would arise in obtaining such information.

In conclusion, I am to add that no further amendments to the Treasury Warrant of the 5th October, 1917, appear to be necessary.

I am, etc.,
(Signed) *B. B. Cubitt.*

No. 17, N.P. (4) 748/19/1378.

Admiralty,
27 January, 1920.

Sir,

I am commanded by my Lords Commissioners of the Admiralty to inform you that they have had under their consideration your letter of the 11th ultimo, No. 36121, regarding the question of identification of pensioners as a safeguard against fraud.

In reply I am to acquaint you, for the information of the Lords Commissioners of His Majesty's Treasury, that the pensioners in whom the Admiralty is interested may be divided into three classes:—

- (a) Civil Pensioners, including the widows of Naval Officers,
- (b) Officers, Commissioned Warrant Officers and Warrant Officers of the Royal Navy,
- (c) Naval Ratings.

The classes (a) and (b) practically without exception are paid by or through the agency of the Paymaster-General, to whom it is assumed a copy of the Treasury letter has been sent, and as he is primarily concerned, a reply in detail will presumably be made by him as regards these classes.

It does not appear, therefore, that the Admiralty is called upon to offer any comments in their cases, except generally that the Department will be happy to co-operate with the Paymaster-General in any steps which it may be decided to take as the outcome of the letter. It might perhaps be added as regards two specific points raised (1) in paragraph 5 that death certificates when received are immediately noted by the

branch responsible for authorising the Paymaster-General to issue pensions, and the latter officer is at once informed of any case of death in sufficient time to stop any payment after the date of decease, and (2) as regards paragraph 13, that the cases of fraud which have come before the notice of this Department strongly emphasise the desirability of issuing orders that Registrars should notify marriages of pensioners as at present they notify their deaths.

The detailed remarks of this Department which follow therefore deal solely with the third class, namely, that of Naval Pensioners who are paid direct from this Department.

In paragraph 4 the Treasury call attention to the desirability of inserting on the forms a caution as to liability of prosecution in case of wilful false statements. The present Life Certificate issued to Naval Pensioners does not include any such caution but it is recognised that its insertion is distinctly desirable, and it is proposed when the form is due for reprint, which will be in the course of the present year, to insert such a notice as desired by Their Lordships of the Treasury.

Paragraph 5.—The notification of death is at once referred to the Pension Branch who take the necessary steps to remove pensioners' names from the rolls, and the present system is found to work extremely satisfactorily. It may also be added that there is a statement on the identity certificate which is in the possession of every pensioner that on the death of the pensioner the person handing the identity certificate to the Registrar when notifying the death is entitled to receive payment of the sum of 1s.

Paragraph 6.—The question of using the finger-print system for the purpose of identification was fully considered by the Admiralty in 1918, when the matter was brought to notice by the Ministry of National Service. My Lords were then of opinion that there was no necessity for any elaborate system of identification for the general purposes of the Naval Service, and that consideration regarding the application of the scheme to Naval pensioners should be deferred pending experience as to its working if adopted by the Ministry of Pensions. The doubt then felt as to the advisability of its introduction has since grown, and on further consideration My Lords have come to the definite conclusion that it is undesirable to proceed with the proposal. Already the pensioner objects to using the Police Station for the purpose of getting the declaration on his life certificate attested, and it is considered that it would be injudicious to attempt to introduce a system which has hitherto been associated with criminality, and in these present times is certain to lend itself to misrepresentation.

Paragraphs 8, 9, and 10.—It will be convenient to consider these paragraphs together in which it is suggested that a continuous limited test re-examination of pensioners, and an automatic review of pensions on reaching certain comparatively advanced ages, should be instituted. In paragraph 10 it is stated that an automatic review of a Naval pension is made in nearly every case at the ages of 55 and 65. This, however, can scarcely now be said to be true in view of the recent decision that the Greenwich Hospital Age Pensions shall be awarded automatically on reaching the ages of 55 and 65, and the enquiries hitherto made by the G.H. Department will therefore lapse. My Lords, however, consider that it is distinctly desirable, as the time arrives for each Naval Pensioner to receive the appropriate age increase, to take the opportunity of addressing to him a list of questions to be answered in every case before the increased pension is awarded, in order to prevent the possibility of any case of impersonation occurring. A suitable form of questionnaire will therefore be drawn up for use in these cases. As regards an automatic review of the ages of pensioners, it has been in the past the practice of the Admiralty to enquire specially into such cases. Under the stress of war conditions that practice had temporarily to give way to more important work, but now that more normal conditions are being reached it is proposed to re-institute the examination.

In view of the fact that the cases of all Naval Pensioners under the above proposals will have been examined at the ages of 55 and 65, it would not appear necessary to follow precisely the ages suggested in the Treasury Table in paragraph 10, and My Lords propose that the further special examination should be deferred until the age of 80 is attained. I am therefore to ask that Their Lordships of the Treasury will agree to the arrangements above described as sufficiently meeting their views on the point of a continuous limited test, and automatic age review, bearing in mind that the numbers examined at the ages of 55 and 65 would constitute considerably more than 1 per cent. of the numbers on the Naval pensions roll.

As regards paragraph 12, My Lords desire me to state that while every endeavour will be made to introduce the new arrangements as soon as possible, they cannot guarantee that the system will be in full working order before the 31st March, 1921, in view of the fact that the Branch affected by the proposals is extremely pressed owing to the necessity for re-assessing many thousands of pensions in connection with War Service.

With reference to paragraph 14, I am to state that My Lords consider the present arrangements to be satisfactory and that no reason is seen to suggest any further modification of the present Treasury warrant.

I am, etc.,
(Signed) *V. W. Baddley.*

A.45355/F.P.1.

Air Ministry,
27 January, 1920.

Sir,

In reply to your letter on the above subject, No. 36121/19, dated the 11th ultimo, I am commanded by the Air Council to communicate the following observations for the consideration of the Lords Commissioners of His Majesty's Treasury.

2. The Air Ministry, so far, has had practically no experience in the direct payment of pensions with the exception of their payment to personnel of the Royal Air Force actually serving, in which case there is no difficulty in the matter of identification. Such few pensions as have been authorised for issue from Air Ministry funds are at present paid either by the Paymaster General's Office or by the Pensions Issue Office (Ministry of Pensions), and the Air Council apprehend that it is one of the functions of the paying Department to ensure that payment is not made otherwise than to the rightful payee.

3. It may be well to assume, however, the possibility that at a future time it may fall to the Air Ministry to make or control the actual issue of R.A.F. pensions, and in view of this I am to say that while the Air Council do not see any reason to doubt that they would be prepared to apply any new methods of identification or scheme of tests which may be evolved from the consideration of the experience of other Departments, they would be glad to be afforded an opportunity of commenting upon such methods or schemes before they are approved for general adoption.

4. In the meantime the Air Council do not see any objection on general grounds to the additional safeguards suggested in the letter under reply—provided, in the case of the use of finger prints for the purpose of the identification, that this, if introduced at all, would be applied to pensioners from the Navy and Army as well as from the Air Force and to Officers and men alike. I am to enclose herewith for the information of the Lords Commissioners of His Majesty's Treasury a copy of correspondence with the Admiralty and War Office on this subject, which took place in August, September, 1918, arising out of the receipt of Treasury Letter of the 29th April, 1918, No. 15387.

5. With regard to other suggestions in the letter, I am to remark as follows:—

(a) *A continued limited test.*—At present there are only some seventy odd service pensioners from the non-commissioned ranks of the R.A.F., and, as stated above, their pensions are paid by the Pensions Issue Office. No reason is seen, however, for questioning the general suitability of the proportion of one per cent. which is proposed, that percentage to be increased if experience shows this to be desirable.

The Pensions Issue Office, it is believed, has in each of the cases referred to above received and preserved the signature of the pensioner, written on a life certificate at the time of his discharge from active service.

Should it be found necessary for the purposes of these tests to employ special investigators to make investigations, etc., it is thought that possibly it would be in the interests of economy and efficiency that they should be members of the staff of a single Department—say the Ministry of Pensions, which deals with the largest number of pensions—to which other Departments would refer cases in which they desired inquiry to be made.

(b) *"Age" review.*—Under this head it is proposed by Their Lordships of the Treasury that a review of every pensioner's case should be made at or about the age at which he completes the average expectation of life, unless it has been reviewed within the preceding twenty years.

The reasons for the exception are not apparent, as there is a *prima facie* case at this point for identification whether the pensioner has been previously identified or not, unless the previous identification has been quite recent, and it is thought that periodical reviews might be made at stated intervals of five or more years after the expected age has been reached.

I am, etc.,
(Signed) W. A. Robinson.

General Post Office,
London, E.C. 1,
19 January, 1920.

252954/19.

Sir,

With reference to Treasury Letter No. 36121/19 of 11th December, 1919, relative to the question of the Identification of Pensioners, I am directed by the Postmaster-General to transmit, for the information of the Lords Commissioners of His Majesty's Treasury, a copy of a report by the Comptroller and Accountant-General to the Post Office, in the terms of which the Postmaster-General concurs.

A copy of the Comptroller and Accountant-General's report of the 24th March 1917 referred to in the present report was forwarded for Their Lordships' consideration on 3rd April, 1917 (Treasury Letter No. 1465/16 of 20th January, 1917, refers).

I am, etc.,
(Signed) E. Raven.

ENCLOSURE TO LETTER FROM GENERAL POST OFFICE OF 19 JANUARY, 1920.

REPORT BY THE COMPTROLLER AND ACCOUNTANT-GENERAL DATED 2 JANUARY, 1920.

The method of identification of Post Office pensioners is described on page 10 of the Appendix to the report of the Inter-departmental Committee on the identification of Government pensioners (Treasury Letter No. 10826/13 of 13.6.13 refers), and it will be seen that the procedure includes a continuous limited test and an "Age" review. In view, however, of the strengthening of the procedure of declaration and attestation required under the Treasury Warrant of 5 October, 1917, some modification in the test as regards persons who retire before 60 years of age is justified. It is proposed, therefore, as regards these pensioners to take steps in future to establish their identity twenty years after retirement and then at the age of 70, 75, etc. If the age of 70 be reached within twenty years from the date of retirement a test will be made at that stage. During the year 1920, therefore, it is proposed to establish the identity of all pensioners of 70 years of age and over who have not been previously identified, and also of all pensioners under 70 years of age who retired 20 years or more ago (representing about 3 per cent. of the total pensioners) who have not yet been identified. It should perhaps be stated that the identification of pensioners on the lines indicated in the appendix to the report of the Inter-departmental Committee had only been partially carried out when war broke out, and the work was then suspended for want of staff.

The caution as to liability to prosecution for making a false declaration has hitherto been inserted only on forms used for payment of workmen's compensation allowances, but it is proposed to insert the caution on forms used for payment of pensions.

The notification, by local Registrars, of deaths of persons appearing to be pensioners would provide a check against the irregular continuance of payment, and the Registrar-General may perhaps be asked to extend the arrangement to cover Post Office pensioners.

In view of the considerable number of pensioners who go abroad to reside, and of the weakness of the present method of identification in their cases, it is considered that a check by means of finger-prints could be introduced and might prove useful. Having regard to the facilities at the disposal of the Postmaster-General for the purposes of identification, such a course need not be adopted as regards pensioners who reside in this country.

* Not Printed.

There are few Post Office pensions to widows whose right to pension lapses on re-marriage, and as a special form of declaration is used it is considered that the safeguards are sufficient.

With regard to desirable amendments in the Treasury Warrant of 5 October, 1917, attention is directed to the Comptroller and Accountant-General's report of 24 March, 1917, in which it was recommended that the Treasury be asked to retain "officers authorised to make payments on account of non-effective services" in the list of persons empowered to attest pensioners' declarations. It will be observed that in the Treasury Warrant of 5 October, 1917, those officers were substituted by "Officers appointed to examine vouchers for non-effective payments" (section 12 of schedule), and though a broad view of the matter has been taken and the old wording has been retained on the pension forms, inconvenience is likely to arise through a strict interpretation of the Treasury Warrant on the part of other Departments whose pensions are paid at Post Offices. It is suggested, therefore, that the Treasury be asked to insert the following clause at the commencement of Section 12 of the schedule to the Warrant of 5 October, 1917— "Officers authorised to make payments on account of non-effective services in the Office of the Postmaster-General and . . ."

With reference to paragraph 44 of the report of the Public Accounts Committee, the possibility of fraud suggested by discrepancies between the signatures on the life certificates and those on the allowance forms does not arise in the case of Post Office pensioners, as the life certificates are embodied in the allowance forms. As regards the question of the comparison of the signature on the allowance form with the signature of the payee affixed to the identity certificate in the case of naval and military pensioners the view has been, up to the present that the responsibility of the Post Office, so far as the payment of the allowance is concerned, does not go beyond the payment of the amount shown on the form to the person who produces an identity certificate bearing a number corresponding to that on the cover of the book of allowance forms. *The instructions to Postmasters also provide for a check of the signature on the form with the name which appears on the cover of the book. A comparison of signatures would involve a direct liability on the Post Office to establish in each case the identity of the recipient of the allowance. It would also involve additional work at the counter and result in delay and congestion, and also probably lead to a claim for additional remuneration on the part of scale payment Sub-Postmasters.

If the present system of comparison of the signature on the life certificate with that recorded in the Pension Issue Office be carried out with promptitude in that Office the possible loss to the Exchequer in case of fraud should be small. As a rule, signatures on the life certificates are not compared with the signatures on the allowance forms as the paid forms, are retained in the Accountant-General's Department and the life certificates are forwarded direct to the Pension Issue Office.

Custom House,
London, E.C. 3,
4 February, 1920.

79563/1919.

Sir,

In reply to Treasury Circular of 11 December, 1919 (36121/19), I am directed by the Board of Customs and Excise to offer the following observations:—

Paragraph 5.—Under the arrangement made with the Registrar-General the deaths of all persons who appear to have been in receipt of a pension from this Department are notified to the Accountant-General by whom the Pension records are kept. On receipt of a notification it is at once entered in the records, and payment of the pension is stopped.

Paragraph 6.—It is understood that the adoption of the use of finger prints as evidence of identity in any case is contingent on "the expressed wish of the pensioner" (paragraph 8 of Treasury Circular 1465/16, 20 January, 1917). If any pensioner should ask to be allowed to adopt this method of identification the Board would raise no objection, but as the actual procedure in this Department, as shown in the annexed statement, is considered sufficient to meet all essential requirements they have not themselves taken any action in the matter.

Paragraphs 7 to 12.—Owing to the existence of local facilities for the payment of pensions all pensioners are identified every year, and the proposed scheme of (a) a continuous limited test of the whole field of pensioners, and (b) an automatic review of pensioners attaining a certain age is therefore superfluous.

Paragraph 13.—As regards the cases of widows whose right to pension lapses on re-marriage, no objection is seen to the proposal to give greater prominence to the declaration as regards marriage or to an arrangement whereby local Registrars should notify marriages of pensioners.

Paragraph 14.—The Board have no suggestion to make in regard to any other amendments of the Warrant.

I am, etc.,
(Signed) A. Dyke.

ENCLOSURE TO LETTER FROM BOARD OF CUSTOMS OF 4 FEBRUARY, 1920.

PROCEDURE AS REGARDS PENSIONS PAID BY THE CUSTOMS AND EXCISE DEPARTMENT.

Pensions are paid locally at Collectors' Offices (in London by the Accountant-General)¹

In the great majority of cases the pensioners attend personally for payment and are known to the paying officers. Of those who do not attend personally a considerable number are paid through banks, and the attestations to their declarations are made by the managers of their banks.

* Rules for Postmasters regarding Postal Drafts and Allowance Forms.

Collectors are required annually to furnish to the Accountant-General certificates to the effect that all the persons to whom they pay pensions, particularly those of advanced age and those who do not attend personally for payment, are the identical persons to whom the pensions were originally granted. The travelling expenses of officers detailed to visit pensioners for the purpose of identifying them are paid by the Department.

Certificates of the death of pensioners are furnished by local Registrars.

It may be mentioned that in addition to 2,200 Customs and Excise pensioners the Department pays 3,560 Pensioners on behalf of the Paymaster-General (Navy, Army, Civil Service and Elementary School Teachers), 420 on behalf of the Royal Irish Constabulary, and 20 for the Office of Woods.

PROCEDURE AS REGARDS OLD AGE PENSIONERS (PAID BY THE POST OFFICE).

The pensioner must, unless incapacitated by illness or infirmity, personally present the book of pension orders at the Post Office specified on the cover, and must sign the order or orders due for payment. In case of illness or infirmity the pensioner may authorise an agent to receive payment by filling up a form obtainable at the Post Office, which is available only in respect of payments falling due not more than seven days after the date of issue of the form. The agent must produce the book of orders, with the order or orders due signed by the pensioner, and must sign a statement that the pensioner is living and too ill to attend, and that the money will be handed to him.

The pensioner is visited by the Pension Officer every six months and the pensioner's signature, countersigned by the Officer, is obtained in the new book of Pension orders which is delivered on these occasions.

Certificates of deaths of Old Age Pensioners are sent by local Registrars to the Pension Officers.

E. 50469/9.

Inland Revenue,
Somerset House, W.C.,
27 January, 1920.

MAY IT PLEASE YOUR LORDSHIPS.

In reply to the questions raised by Sir George Barstow's letter of the 11th ultimo (Treasury Papers 36121/19) relative to the Identification of Pensioners, our principal observation is that the position of this Department differs in an essential particular from that of the ordinary public Department. Our pensioners are persons who have served within the Department and normally maintain their intimacy with former colleagues still on the active list. The number of pensions paid is at present only about 300, and it would appear that the possibility of fraud (which has never, in fact, occurred) within so small and reputable a class is extremely remote. Of the pensioners some 25 per cent. attend personally at Somerset House, and are well known to the paying officers, 60 per cent. have their pension tickets attested by the Manager of the Bank through which they are presented, and the remaining 15 per cent. furnish declarations attested by doctors, clergymen, magistrates or commissioners of oaths. The signatures of all pensioners are familiar to the officers charged with the payment and control of the pensions.

It will be gathered that we do not consider that any necessity exists at present for further safeguards in connection with the payment of pensions by this Department, but should Your Lordships so desire, we see no objection to the institution of a system of "special investigation" on the lines indicated in paragraph 7 of Sir George Barstow's letter. This could be arranged without difficulty.

We do not desire to suggest any amendments of the Treasury Warrant of 5 October, 1917.

We have, etc.,
(Signed) P. Thomson.
R. V. Nind Hopkins.

597. Sp.

Paymaster-General's Office,
Whitehall, London, S.W. 1.
13 January, 1920.

Sir,

I am directed by the Paymaster-General to advert to the Treasury Circular of the 11th ultimo (No. 36121/1919) with reference to certain observations of the Public Accounts Committee on the subject of the identification of pensioners, and I am to submit the following reply thereto:—

Paragraph 5.—The Paymaster-General notes with satisfaction that their Lordships propose to ask the Registrar-General to arrange for the notification to the Departments concerned of the deaths of all persons appearing to have been in receipt of pensions from public funds. It would be desirable that the Registrar's certificate should contain fuller particulars than at present. The designation "Army Pensioner," for instance, is not sufficient for identification.

Paragraph 6.—The adoption of the system of identification by finger-prints does not appear to the Paymaster-General to be practicable.

Paragraphs 7 to 12.—With a view of guarding against personation, special enquiry has been and is being made by this Department into the cases of certain aged pensioners. The Paymaster-General is prepared to undertake a more systematic scrutiny, such as that suggested in the Circular, namely (a) a continuous limited test over the whole field of pensions, one per cent. of the total number being selected for verification, and (b) an "age" review on the lines indicated in paragraph 10. As, however, the pressure of pension work in this office is very heavy, and is likely to continue to be so during the financial year 1920-21, the Paymaster-General hopes that this Department will be allowed to defer until the following year the work of bringing the scheme into full operation.

Paragraph 13.—The Paymaster-General would suggest that every widow should be expressly informed by the Ministry of Pensions, when her pension is granted, that it ceases on re-marriage. It might also be advisable that more prominence should be given in widow's pension forms to the liability to prosecution for making a false declaration, and that in the sentence "I have not re-married" the pensioner should be required herself to insert the word "not," which at present is printed.

Paragraph 14.—The Paymaster-General would suggest that cashiers of banks, as well as chief cashiers, should be authorised to act as attestors, and that the expression "officers of His Majesty's Naval and Military Forces" should be extended so as to include officers of the Air Force.

I am, etc.,
(Signed) C. L. Davies.

The King's and Lord Treasurer's Remembrancer,
Exchequer Chambers, Edinburgh,
26 January 1920.

Sir,

With reference to your letter No. 36,121/19 of 11 December last, I beg to state that this Department is responsible for payment of

33 Annuities and Pensions (Consolidation Fund, ex-Judges, ex-Sheriffs, Civil List Pensions, and others).

4 Charities.

224 Superannuations (Fishery Board, Local Government Board, Prisons, Scotch Education Department, &c.)

5. Notices of death are not at present received from registrars, but the daily list of deaths in the "Scotsman" newspaper is examined by officials familiar with the names of pensioners, and any pensioners names occurring are immediately entered in what is called the "Deaths Book," and a note made on the current schedule of payments.

6. It would be most undesirable in my opinion to adopt the finger-print method of identification in connection with the Exchequer list of pensioners.

A considerable number of them draw their pensions in cash—monthly or quarterly, as the case may be—at this office, and they are well known to the officials.

8. The continuous limited test referred to in paragraph 8 could be easily applied.

9. This Department is in a favourable position for making local enquiries, as its officers annually visit the county towns and other towns where there are Sheriff Courts all over Scotland to audit the fees and fines collected.

On these occasions they are in close relations with Sheriff Clerks, Procurators Fiscal, Prison Governors, Chief Constables, and other local officials, who will often, especially in the smaller counties, be actually acquainted with the pensioners, and the Exchequer Auditors could easily make such enquiries as are necessary with the least possible expenditure of time and money. In these annual visits they could also make enquiries regarding the pensioners of other Departments not so favourably situated for making economic enquiry, if so desired.

10. A special review could be made before a pensioner exceeds the average expectation of life.

12. Ten per cent. of the Exchequer pension cases could be easily subjected to the continuous limited test in 1920-21, and the ages of 30 and 40 on being pensioned might be selected for "age" review.

I am, etc.,
(Signed) Kenneth Mackenzie, K. & L.T.R.

Chief Commissioner of Police,
Dublin Castle,
12 January, 1920.

17707/19

Sir,

Referring to your Circular Letter of the 12th ultimo, No. 36121/19, on the subject of the identification of Pensioners, I am directed by the Chief Commissioner of Police to state that there are at present some 591 persons in receipt of pension from the funds of this Department, of whom about 60 per cent subscribe their periodical declarations before an official of the Department, and are therefore personally identified. It is presumed that no further identification is considered necessary in the case of these persons.

With regard to the remaining 40 per cent., of whom the great majority reside in rural Ireland, it has, since the year 1914, been the practice to have enquiry made annually, through the local Police, with a view of personally identifying all pensioners who have been 25 years or upwards on the Pension List.

Dealing seriatim with the paragraphs of the circular under reply:—

(4) A caution as to the liability to prosecution for wilfully making a false declaration will be inserted on the forms of declaration when next printed.

(5) The procedure indicated in this paragraph is not in force in this Department, where, in the view of the Chief Commissioner, it is in practice unnecessary, in view of the small number of pensioners concerned.

(6) The present system of requiring a signed statutory declaration from the pensioner inflicts no hardship or inconvenience, and the Chief Commissioner sees no sufficient reason for replacing it by a system of identification by means of finger prints, the examination of which by an inexperienced official without special knowledge and training would in his opinion be both inconclusive and unduly laborious.

(7) The "continuous limited test" and "age review" can be adopted conveniently in this Department. The Chief Commissioner suggests that, as regards the former, 5 per cent. of the pensioners who are not personally identified at the time of payment, i.e., as stated above, some two-fifths of the total number, should be selected annually for verification on the lines laid down in paragraphs 8 and 9. As regards the latter test, it might be considered sufficient that all cases of pensioners on the list for 20 years and upwards should be automatically reviewed annually.

(13) Enquiry is already made annually, through the local police, as regards the continuance of widowhood in the case of all widow pensioners.

(14) The list of persons before whom the pension declaration can be subscribed has, in the case of the Dublin Metropolitan Police Pensioners, proved amply sufficient to meet every case without causing inconvenience.

I am, etc.,
(Signed) W. A. Magill, Accountant.

0.199.

H

13,190. F.
8,774.

Royal Irish Constabulary Office,
Dublin Castle,
14 January, 1920.

Sir,

In reply to your Circular Letter of the 11th ulto., 36121/19, I beg to offer the following observations:—

- (1) As no R.I.C. pensioners are paid through the Post Office, the points raised in this paragraph call for no comment.
- (2) I would refer to the Inspector-General's report of 5 December, 1913, which detailed the system of payment of R.I.C. pensioners; also to the report of the Inter-departmental Committee dated 22 June, 1914 in which that Committee state that satisfactory arrangements are made by this Department for the periodical identification of persons on our pension list.
- (3 and 4) The suggestions in these paragraphs have already been adopted.
- (5) The Finance regulations of this Department require Paying Officers to report at once the death of all R.I.C. pensioners occurring in their districts, so that the course proposed seems unnecessary except in the case of men dying in Great Britain.
- (6) The Treasury Circular of 20 January, 1917, referred to does not appear to have been received in this Department. The adoption of finger-print tests seems unnecessary except in the case of pensioners paid in Great Britain or in the Colonies.
- There is no objection to adopting the system in these cases should any of the pensioners desire it, but it is feared that it would as a rule be resented.
- (7 and 8) Except in the cases of pensioners residing abroad the tests referred to seem unnecessary, as the signature of the pensioner on his "Pensioner's parchment" at the date of first payment provides a basis of comparison.
- (9) Police inquiry would be the most satisfactory course for this Department to adopt.
- (10) As the great majority of R.I.C. pensioners reside in Ireland and are known to their Paying Officers, the proposed age review does not seem necessary. It might, however, be adopted in the case of men residing abroad.
- (11) Is noted.
- (12) The age of each pensioner is at present reviewed at the time of recording each payment of pension in the Pension Register, as this Register contains the age of the pensioner at the date of his retirement. Any further age review therefore seems unnecessary.
- (13) An annual inquiry is at present made regarding the character and continued widowhood of every widow pensioner.
- (14) Noted.

I am, etc.,
(Signed) A. S. C. Flower, Assistant Inspector-General.

Treasury Remembrancer's Office,
Dublin Castle,
5 February, 1920.

Sir,

In reply to the Treasury Circular of 11 December, 1919 (36121/19) (which only reached this Office on 28 January, 1920), I beg that you will lay before the Lords Commissioners of His Majesty's Treasury the following observations, which cover both the Deputy Paymaster-General's Office and the Teachers' Pensions Office:—

I do not appear to have received a copy of the Report of Inter-departmental Committee (referred to in paragraph 2), but I am acting in accordance with Treasury Warrant of 5 October, 1917 (paragraph 3), so far as it is found to be applicable to pensions paid through this Department.

Specimens of the Declarations as amended under the provisions of that Warrant are annexed.*

The adoption of the finger-prints test would not appear to be necessary in the case of pensioners paid through this Office. The pensioners living abroad and receiving their pensions through this Office are mostly Royal Irish Constabulary men, and the Royal Irish Constabulary authorities have made a report in reference to their pensioners in which I understand they do not favour the introduction of the finger-prints test.

It will be observed from the attached Memorandum by Mr. Duncan, Chief Clerk of the Teachers' Pensions Office, as regards Teachers' Pensions—which form the largest portion of the pensions paid through this Office—that he considers the safeguards now in operation to be quite sufficient, and, after consultation with the Examiners I am of the same opinion with reference to other pensions paid here.

With regard to paragraphs 7 to 10 of the Treasury Circular, I am already in a position to compare signatures on receipts with those written by pensioners at or before the date of retirement in the cases of Teachers' and Royal Irish Constabulary Pensioners; and in the case of pensioners paid from the Superannuation Vote, some attend personally to draw their pensions, like the majority of the Royal Irish Constabulary Pensioners, who are paid from this Office, while the signatures of the remainder on receipts and declarations presented through the bank very soon become familiar to the Examiner.

In all, there are less than 500 pensioners paid here from the Superannuation Vote.

The Declaration in all cases (Teachers, Royal Irish Constabulary and Superannuation Vote Pensions) show the service from which retired, the amount of yearly pension, the year of birth, and other particulars, and are attested by persons authorised to attest under the Treasury Warrant.

The caution as to making a false declaration is printed on the forms. If a pensioner has reached an unusual age, the fact will appear both in the Establishment Book and on the Declaration, and if there is any cause for suspicion, special enquiry can be made. If their Lordships think it necessary, the Examiners will be instructed to scrutinise more particularly Declarations from pensioners who have reached, say, 80 years of age.

* Not printed.

As regards paragraph 13, in the reprinting of the Forms of Declaration for Widows' Pensions (the number of which is small) the caution as to making a false declaration is now being inserted, and the words declaring the fact that the widow has not re-married are receiving greater prominence in the type.

I see no objection to having a certificate from a Registrar (paragraphs 5 and 13), but in view of the safeguards already in existence here, it seems doubtful whether any expenditure, if such would be incurred, would be justified in connection with the pensions paid through this Office.

In view of what is said above I shall take no steps to request that marriages be certified by Local Registrars until instructed by My Lords.

Paragraph 14.—Beyond the changes proposed in this paragraph I have no suggestions for alterations.

I am, etc.,
(Signed) M. F. Headlam.

ENCLOSURE TO LETTER FROM TREASURY REMEMBRANCER, OF 5 FEBRUARY, 1920.

Teachers' Pension Office,
Dublin Castle,
2 February, 1920.

This Office has paid pensions to National School teachers for forty years, and during the whole of that period there has been only one conviction for fraud. It was in the case of a man named James McCallan, who forged the name of his deceased sister and obtained the sum of £4, being one quarter's pension up to 31 March, 1881. She had died on 28 January. He was sentenced to three months with hard labour on 13 March, 1884, at Omagh.

Since then we have had no other such case, and I think it may fairly be assumed that the existing precautions are sufficient in the case of pensioned teachers in Ireland. With the exception of cases of pensioners who draw their money at the Paymaster-General's Office and who become known to your own staff, all payments are made through banks after the completion of a declaration of title to pension signed in the presence of a person designated by the Treasury Warrant of 5 October, 1917. And when it is remembered that a pensioner is a well known person in any country district, it will be obvious that the area of possible fraud becomes very narrow, and that any attempt at substitution would be most difficult and dangerous.

Furthermore, as the year of birth of each pensioner appears after his name on the printed list furnished to the Comptroller and Auditor-General every three months, the age reached by pensioners is constantly subject to scrutiny.

In all the circumstances I do not think that any additional safeguards are required in the case of pensioned teachers in Ireland.

I am, etc.,
(Signed) James Duncan.

APPENDIX No. 12.

PAPER handed in by Mr. W. A. Bland, C.B., 3rd June, 1920.

CADETS, ROYAL AIR FORCE, GAZETTED TO COMMISSIONS AS OFFICERS AFTER THE 11TH OF NOVEMBER 1918, THAT IS, THE DATE OF THE ARMISTICE.

With reference to the Committee's request for a written memorandum on the subject of these commissions, I have had the round figures given by me in my oral evidence carefully re-examined with the result stated below. It has been understood, I think, that those figures did not purport to be more than sufficiently accurate to give a true idea of the magnitude of the issues involved, and it must be stated that those now given cannot be guaranteed as exact. They may be taken, however, as close approximations.

To ascertain the numbers precisely would require an amount of detailed investigation which, it is suggested, is unnecessary for the purpose in view, and which could not be undertaken except at the cost of a serious interruption and delay of current and pressing work. It will be realised by the Committee that the staff of the Air Ministry has been drastically reduced, and that statistical work is being limited to the absolutely essential minimum.

The number of commissions granted after the date of the Armistice to cadets who had qualified and done duty as officers by that date, is now calculated to have been 1,174 instead of 1,000 as previously stated. It is not now possible without unduly laborious investigation, to give figures showing where these officers had been under training, but in the great majority of cases it was in Egypt. It is the opinion of the Air Council, that in the circumstances there was no option but to grant these commissions with effect from the past dates—not later than that of the Armistice—on which they became entitled.

As nearly as can be ascertained, the number of cadets granted commissions with effect from dates later than that of the Armistice was 362. This compares with the previous estimate of 400. All of these officers were trained either at home or in Canada. The proportions cannot be stated with exactitude, but a fairly reliable estimate is that 100 were trained in Canada.

With regard to the service rendered by these officers after being gazetted, they were not dealt with specially. Their demobilisation or retention was decided, without reference to the dates of their commissions, according to considerations applicable to all officers; i.e., the requirements of the Service (particularly the Army of Occupation and the machinery of demobilisation) and the qualifications and circumstances of the officer; for instance, his being a "pivotal" man, or otherwise, in civil life.

I may add the following remarks in explanation or modification of my oral evidence. None of the 362 cadets in question was gazetted to a commission so late as January 1919. Reference to the Gazettes shows that the latest was that of the 10th of December 1918, the latest date of a commission (that is, the date on which the cadet qualified and from which the gazettement took effect) being the 30th of November 1918.

The honorary commissions to which I referred, in answer to Q. 2587, were granted to home as well as to Colonial cadets.

The commissions granted were all in the rank of second lieutenant (present equivalent—pilot officer), the pay being then 10s. a day. The pay of a cadet was 7s. 6d. a day. The extra expense incurred in commissioning the 362 cadets was that of the additional pay and their gratuities as officers. Having been required to provide themselves with officers' uniform they would have received the allowance for outfit whether commissioned or not.

In correction of the answer to Q. 2585, the six months' service as an officer was only necessary as a qualification for gratuity in certain special cases. It is not suggested, however, that as a rule these officers served for less than six months. There is no doubt that the majority were usefully retained and performed effective service essential to the maintenance of the Royal Air Force for a longer period. Some of the officers have received permanent or short service commissions and have served continuously to the present date.

APPENDIX No. 13.

PAPER handed in by Mr. H. Wolfe, C.B.E., 15th June, 1920.

LABOUR DEPARTMENTS OF THE MINISTRY OF MUNITIONS.

COMMITTEE ON PRODUCTION AND SUPPLY DEPARTMENTS.

1. As the relations between various branches of war emergency organisation are from the circumstances in which they came into being necessarily obscure and involved, it seems desirable to set out in some detail what were the relations of the various organisations referred to in the heading of these notes. This is the more necessary as it appears from the evidence of Sir John Hunter, which I have been permitted to read, that even he had not mastered the position in this respect.

2. Taking first the Ministry of Munitions, from the point of view with which the Committee is at the moment concerned, that Department was divided into two great divisions, which may be described as the Labour Department and the Supply Departments, i.e., the departments who actually provided the munitions. The two divisions came into existence simultaneously at the birth of the Ministry, because it was realised that the supply and handling of labour were a vital factor in munitions output. The business of the Labour Department from the outset was twofold—

(a) to deal with the supply of labour.

(b) to deal with its regulation, i.e., wages, disputes, welfare, etc.

At the moment it is only the second aspect of the Labour Department's work which is immediately in question. But before going further, and to answer possible criticism, it may be desirable to place on record two facts.

(a) That when the Labour Department of the Ministry of Munitions was created there was no Labour Ministry in existence.

(b) That when the Labour Ministry was created in 1916 the Government's view was that the great Contracting Departments, like all other great employers of labour, must be left to manage their own labour affairs, subject to the general guidance on broad questions of policy by the Ministry of Labour.

3. The functions of the second division of the Labour Department of the Ministry of Munitions, which was ultimately known as the Labour Regulation Department, were twofold—

(a) The administration of the three Munitions Acts.

(b) To advise the Minister generally on labour policy and under this head to see that a uniform policy with regard to labour was adopted by all Supply Departments.

Under the first head the provisions of the Munitions Acts which are relevant for the purpose in hand are—

Section 1: Munitions Act, 1915, by which the Committee on Production were constituted a statutory arbitration tribunal.

Section 4. (2) Munitions Act, 1915, by which the consent of the Minister of Munitions was required to the increase of wages in Controlled Establishments.

Section 1. Munitions Act, 1917, by which the Minister of Munitions was empowered to give directions with respect to wages paid on a time-work basis.

1. The position with regard to the Committee on Production will be dealt with later, and that section may therefore for the moment be passed over. So far as the other two sections are concerned, in view of the suggestions put to Sir John Hunter that he was acting without authority, it is important that the Committee should realise that the Minister of Munitions was a wage fixing authority by statute, and indeed the only originating wage-fixing authority, as the Committee on Production could only deal with cases referred to them where a difference existed or was apprehended. It will be seen, therefore, that Parliament had laid certain definite obligations on the Minister of Munitions, which were not, and indeed it is difficult to see how they could have been, conditioned by any reference to the Treasury.

5. In order to understand the particular case referred to by the Comptroller and Auditor-General with regard to the payment of the 12½ per cent. bonus to staff in the building trade, it is necessary to explain the two sections of the Munitions Acts already mentioned, and also to set out briefly the relations

which obtained between the Labour Regulation Department and the Supply Departments of the Ministry of Munitions under the second broad head of the former department's duties.

Section 4 (2) is the section of which Mr. Edgar Davis had charge. Mr. Davis was therefore an official of the Ministry of Munitions and not of the Ministry of Labour, and indeed never served in the latter department. Mr. Davis was concerned with the administration of the latter part of the section which dealt with the remuneration of the staff of controlled establishments. The object of this section was to prevent controlled establishments from unduly inflating the salaries of the management and thus reducing the excess profits payable to the Exchequer. All persons employed in controlled establishments on a salary basis or in the case of foremen remunerated upon what is known as an upstanding wage from this point of view came within the purview of Mr. Davis, who reported to me as head of the Labour Regulation Department.

Section (1) of the 1917 Act is the section under which the original 12½ per cent. bonus was granted under two Orders of the Ministry of Munitions in 1917 (Orders 1061 and 1301). It may be of interest to the Committee to learn that this power was taken in accordance with the report of the Commission of Inquiry into Unrest appointed under the General Chairmanship of Mr. Barnes, and that the actual bonus was given in an attempt to carry out one of the principal recommendations in that report. It should be observed that while the Minister had power to make the Orders, differences arising upon such orders were referable to a Special Arbitration Tribunal. Early in 1918 the Committee on Production was appointed to be this Special Arbitration Tribunal.

It will be observed, therefore, that under the Minister of Munitions the Labour Regulation Department were the statutory authority for permitting wages increases in Controlled Establishments and for giving directions as to special rates of remuneration payable to various classes of workpeople. But in addition to these duties the Labour Regulation Department had, as stated above, a special function as adviser to the Supply Departments of the Ministry of Munitions. In this regard they acted as liaison between the Ministry of Munitions Supply Departments and the Ministry of Labour in addition to interpreting their own Orders. Generally speaking, all wages questions except in National Factories came direct to the Labour Regulation Department. National Factory questions, however, were dealt with by the appropriate Supply Department on the co-ordinating advice of the Labour Department. The general policy pursued by the Labour Regulation Department was to inform Supply Departments of the appropriate rates of wages payable. In giving this advice their object was to secure that the district rates and not more than the district rates were paid in National Factories. In advising what were the district rates regard was had *inter alia* to appropriate Committee on Production awards. A special section of the Labour Regulation Department existed to guide National Factories on this point, and it was their business to keep themselves fully acquainted with all wages awards and Orders.

6. In order to clear the matter up further it becomes necessary to set out the position of the Committee on Production. As has already been stated, the Committee on Production were in no sense a general wage-fixing authority. They were the supreme arbitration tribunal to whom wages questions were referred, and referred only when a difference existed or was apprehended. Accordingly it was not merely not inconsistent with their position, but a statutory duty imposed on the Minister of Munitions to give wages directions independently of them. But, while this was the position, as a matter of ordinary common sense great care was exercised by the Minister in granting sanction under Section 4. (2) to keep in line with Committee on Production awards. Moreover, the guiding principle in all cases affecting National Factories was the following:—Wages advances were only agreed to where they followed the Committee on Production awards. Where they did not they were referred to that Committee for decision as constituting a difference between the Department and the applicants.

The reason why the Treasury was not involved now becomes clear. Where a rate asked for was the district rate, the Department, as governed by the Fair Wages Clause, was bound to pay and therefore there could be no object in a Treasury reference. Where the rate was above the district rate arbitration was the only possible course. No good purpose could be served by a reference to the Treasury, for the Government could not possibly refuse to go to arbitration when this was the method of solution of wages difficulties which it imposed on industry.

7. Coming now to the particular case criticised by the Comptroller and Auditor-General on the statutory position outlined above, what happened is clear. A difference had arisen between Government Departments and their building employees with reference to the application of the 12½ per cent. bonus. This had, in the normal course, been referred to the Committee on Production. That Committee gave award 860, which excluded foremen, and it is fair to say that the governing reason why foremen were excluded was that they had been excluded from the bonus by the original Order made by the Ministry of Munitions. But, as was to be expected, the foremen resisted this decision, and the Committee should remember that during the war it was a sovereign necessity to avoid labour unrest by immediate action. It had been clear to the Ministry of Munitions for some time past that foremen were feeling the effect of continued increases in wages which they did not share. Accordingly, the Ministry had negotiated a settlement at the end of 1917 under the statutory powers with the Engineering Employers' Association which was in effect the arrangement set out in Mr. Edgar Davis' minute upon which Sir John Hunter acted.

It may be asked why the matter was not referred to the Committee on Production. The answer is first that in view of the small degree of organisation among foremen it was difficult to reach a national arbitration—secondly, that in making the agreement with the Engineering Employers' Association the Ministry had attempted to give foremen the equivalent (and nothing more) of advances already granted to ordinary workmen either by the Ministry of Munitions or the Committee on Production.

8. The position accordingly is that as the Labour side of a great Contracting Department, Labour Department of the Ministry of Munitions applied the wages awards of the Committee on Production throughout the sphere of the Ministry of Munitions, and where demands exceeding the standard rates were made reference was made to the Committee on Production. In the case in point this procedure was followed, and Sir John Hunter was accordingly fully justified in the action which he took.

APPENDIX No. 14.

Paper handed in by Mr. A. E. Watson, C.B.E., June 15, 1920.

646/20.

Question raised by Major R. Blair, M.P., at the meeting of the Public Accounts Committee on Thursday, 25th March, 1920, as to the allocation of the sum of £5,500 earmarked for distribution among certain employees of the Company in the settlement with David Allen & Sons, Ltd., for the purchase of the Harrow Printing Works by the Government.

Paragraph 2 of the draft heads of agreement, dated 8th March 1918, between H.M. Government and Messrs. David Allen & Sons, Ltd., in connection with the purchase of the Harrow Printing Works, ran as follows:—

"Compensation and/or gratuities to members of Harrow staff not required to be retained by David Allen & Sons, Limited, to be settled between David Allen & Sons and H.M. Stationery Office and paid by the Government."

This paragraph was quoted by Mr. Stanley Baldwin, M.P., in his evidence before the Select Committee on Publications on the 3rd July 1918, in the following words:—

"It was finally decided that the property was to be transferred to the Government as a going concern—(if it is agreeable to you I will just give you the rough heads)—that the costs and expenses incidental to the transfer should be paid by the Government, and that compensation or gratuities, to the members of the staff who were not required to be retained by Messrs. Allen should be settled between Messrs. Allen and the Stationery Office and paid by the Government."

This was not intended to be, and cannot be construed, as a pledge that the compensation to be paid to each of the members of Messrs. Allen's staff who was not retained by them should be assessed by the Stationery Office.

The intention was that a lump sum, agreed upon between the Stationery Office and the Company, was to be paid by the Government as compensation, and accordingly the paragraph in which this aspect of the case was dealt with in the Memorandum of Agreement of July 22nd, 1918, ran as follows:—

"The Treasury Solicitor shall on or before the 1st day of December 1918, pay to the Company such compensation and/or gratuities to members of the Company's staff whose services shall not be retained by the Company by reason of the sale and purchase of the property as hereinbefore in this Agreement provided as shall be settled and agreed between the Company and His Majesty's Stationery Office as proper to be paid, and in default of Agreement as shall be determined by the said Arthur Lyon Ryde (i.e., the Arbitrator)."

This Memorandum of Agreement was superseded by the settlement by agreement arranged between the Controller of the Stationery Office and Messrs. Allen's Manager in November 1918; it was then agreed that the Government liability should be a lump sum, and that the Government should be relieved of all liability under the terms of the Memorandum of Agreement.

This conclusion was reported to the Treasury on 11th November 1918, in the following terms:—

"It was further agreed that the firm should bear the cost of all their legal and valuation expenses, that they should take all risk in regard to indemnification for claims by customers through broken contracts, that no interest should be payable on the purchase price, and that the Government should be relieved from any and all liability thrown upon it by the terms of the Memorandum of Agreement."

and these terms were formally placed on record by the incorporation of their substance in the receipt given by Messrs. David Allen on November 14th, 1918, which was worded as follows:—

Received of the Treasury Solicitor in manner set out below the sum of £250,000 on further account of the total sum of £315,000 agreed to be paid to David Allen and Sons, Limited, in full discharge of all claims by them in respect of the purchase price, compensation, interest, costs, and all other obligations on his part expressed or implied in the Agreement of 22nd July 1918.

This payment, together with the sum of £250,000 already paid makes up the sum of £300,000, leaving a balance of £15,000 to be paid upon the deduction of a satisfactory title to the property at Harrow, and the completion of its conveyance to the Treasury Solicitor, and upon production of vouchers for payments of gratuities (to the amount of £5,500 in all) to members of the Company's staff who have suffered financial loss owing to the acquisition of the property by the Government."

It will be observed that the Controller of the Stationery Office did not assume, nor indeed was it practicable for him to assume responsibility in this connection, beyond that of ensuring that payment was not made from public funds in respect of an item of expenditure included in the calculation of the purchase price, without proof that the expenditure had in fact been incurred.

Proof has been furnished of this; the Controller of the Stationery Office has indeed seen receipts for the sum of £7 370 (as against the stipulated sum of £5,500) paid as compensation by the Company to their employees, and it is understood that Major R. Blair, M.P., has also seen these receipts.

APPENDIX No. 15.

PAPERS handed in by Mr. A. E. Watson, C.B.E., 26th June 1920.

MEMORANDUM by the ACCOUNTING OFFICER of the MINISTRY of INFORMATION as to the appointment of Mr. H. M. VILLIERS (H.M. Consul at Malaga) to take charge of the Bureau of the Ministry of Information at Madrid for commercial and other propaganda in Spain.

1. In May, 1918, Mr. C. E. Hambro, a Director of the Ministry of Information, following a personal visit to Spain for purposes of investigation, prepared a Memorandum on propaganda in that country. He stated that he had come to the conclusion that two courses of propaganda were essential (a) counter propaganda (b) commercial propaganda. For the purposes of (b) he recommended the establishment of a Bureau of Information in Madrid as being of most service. In view of his experience of the Spanish national character and of the fact that Spaniards were very ignorant of Britain and the Empire and of British Colonial Industries, he considered that such a Bureau, if established in a central part of the Spanish Capital, would attract attention and bring the importance of the British effort and capabilities prominently before the public attention.

Mr. Hambro further pointed out that the Bureau must necessarily be under the management of a business man with wide knowledge of trade questions.

2. The Duke of Westminster, who had represented the Minister of Information in Spain in an unofficial capacity, recommended that Mr. Montague Villiers, the British Consul at Malaga, should be seconded from his office and be offered the management of the Bureau, and Sir Arthur Hardinge, H.M. Ambassador in Madrid, approved the suggestion, at the same time pointing out that it would be necessary to pay Mr. Villiers a much higher salary than that of his Consular post at Malaga which, according to the Foreign Office List for 1917, was £800 a year with an office allowance of £130 a year. In his despatch on the subject Sir A. Hardinge said:—

"To make this propaganda really effective some expenditure of money is indispensable and in this, the Bureau suggested by Mr. Hambro, if it had a fairly wide discretion, might, I think, be of real value."

3. On 29th May, 1918, Mr. Gale Thomas, then the assistant Director of Finance of the Ministry of Information, reported to the Treasury the decision to open an Anglo-Spanish Bureau in Madrid, saying that particulars of the staff would be submitted later for Their Lordships' sanction.

4. On the same day Mr. Hambro minuted Sir Roderick Jones submitting for his approval the suggestion that Mr. Villiers, as in charge of the commercial propaganda side of the Bureau of the Ministry of Information in Spain should receive a salary of £1,500 a year and pointed out that "in view of the importance of Mr. Villiers' work and the enormous asset he will be to us that that salary is not out of the way." To this minute Sir Roderick Jones added "in view of the importance of the post I authorise this salary."

5. On 30th May, Mr. Snagge, Secretary to the Ministry wrote to Mr. Villiers. The last paragraph of this letter stated:—

"It has been decided that your remuneration while in the employ of the Ministry of Information shall be £1,500 per annum, and you will, no doubt, in due course, be officially informed by the Foreign Office of your transfer to this Department"

6. On 4th June, Mr. Gale Thomas, referring to his letter of the 29th May, wrote to the Treasury submitting the name of Mr. Villiers for the post of head of the new Bureau and asking sanction for the proposed salary of £1,500 a year.

7. On 19th, June 1918, Mr. Hambro minuted Mr. Snagge drawing his attention to Mr. Gale Thomas's letter to the Treasury of 4th June, pointing out that Mr. Villiers had been officially appointed at a salary of £1,500 a year, and suggesting that the wording of the letter was not strong enough.

8. On 25th June 1918, Mr. Hambro minuted me, stating "*inter alia*" that the Bureau in Madrid had been set up, that Mr. Villiers had been seconded by the Foreign Office and had been officially notified that he would receive a salary of £1,500 a year during the war, to which I replied on the 28th June, 1918, that I did not understand the statement that Mr. Villiers had "been officially notified, etc." and added "we have applied to the Treasury for sanction.....and must await action by the Treasury."

In reply to this Mr. Hambro enclosed a copy of Mr. Snagge's letter of 30th May, 1918 (paragraph 5 above), which then for the first time came to the notice of the Finance Department.

9. On 3rd July, 1918, Mr. Hambro sent a memorandum by Sir Arthur Steel-Maitland setting out the provisional terms on which the Department of Overseas Trade recommended the proposals to set up a Bureau of Commerce in Madrid with Mr. Villiers in charge.

10. On 4th July the Treasury replied to Mr. Gale Thomas's letter of 4th June, declining to approve either the general scheme or the suggested salary for Mr. Villiers.

11. On 5th July, 1918, I notified Mr. Hambro of the Treasury's decision, enclosing a copy of the Treasury letter of 4th July.

12. On 9th July Mr. Hambro minuted me stating that Mr. Villiers had been promised his salary by the Ministry and that it would be necessary to press for sanction.

13. On 10th July, 1918, Mr. Snagge wrote to the Treasury stating that Mr. Hambro had been in direct communication with Lord Robert Cecil and that it was understood that Mr. Villiers' services would revert to the Foreign Office at the end of the war at a salary to be determined. The Treasury reply (dated 23rd July, 1918) was a refusal to sanction the appointment of Mr. Villiers.

14. On 10th July, 1918, the Foreign Office notified the Ministry of Information that a telegram had been received from Mr. Villiers saying that he was leaving his post at Malaga immediately in order to proceed to Madrid to take up his new appointment.

15. On 17th July, 1918, a telegram to Mr. Villiers was drafted by Mr. Hambro and despatched after submission to Lord Beaverbrook:—

"Following for Villiers from Lord Beaverbrook.

I am glad to learn from Mr. Balfour that you have taken up your duties in charge of the Bureau in Madrid.

I have every confidence that, under your control, the complete success of the Bureau will be assured."

This telegram was acknowledged by Mr. Villiers in appreciative terms on 23rd July, 1918.

16. On 23rd July Mr. Hambro sent through the Foreign Office to the Duke of Westminster a telegram saying that it was important that Mr. Villiers should return and discuss the situation before 30th July. It appears from a semi-official letter from Mr. Hambro to Sir Percy Loraine, of the British Embassy in Spain, that the matter to which reference is made in the above telegram was in connection with the fresh endeavours then being made to secure the appointment of Mr. Villiers as the representative of the Department of Overseas Trade.

17. On 10th August, 1918, Mr. Hambro sent me an outline of the scheme for the Bureau, and stated that an estimate would be received shortly from Mr. Villiers.

On 14th August, 1918, a report was received from Mr. Villiers setting out in detail his activities up to the 4th August. From this report it appeared that he had appointed a secretary and was contemplating further staff appointments. Mr. Hambro thereupon telegraphed to the effect that no appointments should be made without prior sanction from the Ministry, following this telegram with a letter on 16th August saying that no liabilities should be incurred until the consent of the Ministry, after sanction from the Treasury, had been given.

18. On 15th August Mr. Hambro telegraphed to Mr. Villiers saying that he should not proceed with the scheme outlined in his report "as question of finance has still to be settled with Treasury," and informed me of the substance of the above, adding:—

"I shall shortly receive official notification that Villiers has been appointed the Commercial Representative of the Department of Overseas Trade."

19. On 21st August, 1918, I minuted Sir Roderick Jones in the following terms:—

"I am not a little disturbed by Mr. Villiers' communication. . . . We shall have almost at once . . . demands from Villiers for money and we cannot respond before our programme is complete for submission to the Treasury."

20. On 6th September, 1918, apparently owing to the non-receipt of the official communication referred to in paragraph 18, Mr. Hambro caused a telegram to be sent to Mr. Villiers directing him to return to London to discuss the position.

21. On 27th September, 1918, Mr. Snagge wrote to the Treasury, without my cognisance, submitting detailed proposals, including the suggested terms on which the Department of Overseas Trade were prepared to co-operate, involving a contribution from that Department of £2,000 a year towards the expenses of the Bureau.

22. On 30th September, 1918, Mr. Tombs, who had been appointed "National" for Spain, informed me that a sum of £4,000 (part of funds remitted to Mr. John Walter in Madrid), had been handed by the latter to Mr. Villiers to enable him to meet commitments incurred by him. Mr. Tombs further stated:—

"Some of the items are due to Mr. Villiers having carried out certain courses suggested by the Duke of Westminster, Mr. Villiers being under the impression that the Duke was in a position to authorise them."

Mr. Tombs added that:—

"At a meeting between the Minister, the Duke of Westminster and Mr. Hambro, the latter pointed out that the Duke had exceeded his authority in authorising Mr. Villiers to incur this expenditure, but the Minister decided that we should have to cover the charges incurred."

23. On receipt of this communication I enquired from Mr. Tombs whether the scheme for the Bureau was yet ready for submission to the Treasury, adding:—

"I fear that it will be futile to go to them for sanction for expenditure incurred not only without their authority but in defiance of their withheld authority."

24. To this Mr. Tombs replied that he understood Mr. Villiers had been officially appointed the representative of the Department of Overseas Trade but that it had been found that the amount of the proposed contribution by the Department of Overseas Trade would be insufficient and that the draft of a memorandum and covering letter to the Treasury was then before the former Department. Mr. Tombs amplified this statement by a minute dated 4th October, 1918, explaining that the Department of Overseas Trade had "Treasury sanction for the expenditure of £2,000 a year towards Mr. Villiers's salary and expenses in Madrid," and that this sum being insufficient, an application was being made by the Department of Overseas Trade and the Ministry of Information for sanction to an expenditure "of several thousand pounds more, which should cover our joint standing expenses in Spain."

25. On 2nd October, 1918, I addressed the following minute to the Minister:—

"I have been requisitioned for about £4,000 for Madrid. £2,000 is due to be sent there out of other funds. The balance represents expenditure which not only has not been sanctioned by the Treasury but which in great parts has been refused sanction, such for instance, as Mr. Villiers' salary. The responsibility for the expenditure is largely that of the Duke of Westminster, who assumed direction of our activities in Madrid, and partly that of loose instructions from him to Mr. Villiers who had a wrong conception of conditions and launched out rather ambitiously.

If sanction only were lacking one might strain a point, but as it is, the scheme was submitted to the Treasury and sanction was withheld. Notwithstanding that, steps were not made to check expenditure and we cannot now ask for sanction without either confessing that we are proceeding in defiance of the Treasury or submitting the completed scheme to the Treasury inclusive or co-ordination with Overseas Trade Department which Treasury suggested, and I believe that we are not in a position to do the latter. I should like to have your advice in the matter."

26. On the 25th October, 1918, I informed Mr. Hambro as follows:—

"It is my intention, when your negotiations with the Department of Overseas Trade are completed, to endeavour to get covering sanction for Mr. Villiers' disbursements, and for the payment of his salary at the rate which will be sanctioned, and also to recover from Mr. Villiers the difference, if any, between the amount sanctioned for his salary and that which he has drawn, together with the difference, if any, which the Treasury will sanction for expenses incurred by him."

27. On 26th October, 1918, Mr. Hambro replied that I was under a serious misapprehension and enclosed a copy of Mr. Snagge's letter of 30th May, 1918 (paragraph 5), and stated that Mr. Villiers was fully entitled to draw remuneration at the rate of £1,500 a year.

28. On 28th October, 1918, I informed him that I was unable to take this view and that I should not pay the salary to Mr. Villiers without Treasury sanction, or, as that had been definitely withheld, "without the written instructions of the Minister," and that it was my intention to treat Mr. Villiers as a sub-accounting officer in respect of money received.

29. On 9th December, 1918, Treasury wrote (47116/18) enclosing copies of a letter from the Department of Overseas Trade and the Treasury's reply thereto.

This letter drew attention to a passage in the Department of Overseas Trade's letter respecting an entertainment allowance of £1,000 a year stated to be drawn by Mr. Villiers and inquired whether, in fact, he was in receipt of such allowance.

30. In my reply to the Treasury of 10th December, 1918, I stated that no entertainment allowance had been authorised by the Ministry of Information, but that it appeared "from accounts recently rendered that Mr. Villiers, in pursuance of an arrangement made between the Spanish Department of this Ministry and himself, did expend a sum of 1,000 pesetas from 8th June to 11th September, 1918, on entertaining."

When the final accounts rendered by Mr. Villiers were received on 3rd February, 1919, by the Liquidator of the Ministry, an examination disclosed that Mr. Villiers had charged an "office allowance" at the rate of £1,000 a year, for which no authority other than that detailed in the following paragraph can be traced.

31. On 13th December Colonel Buchan, then Liquidator of the Ministry of Information, notified Mr. Villiers that the Federation of British Industries would probably take over the Bureau in Madrid, and directed him to give one month's provisional notice to the Staff, from 15th December 1918, adding:—

"With regard to your own position, I agree that your salary and allowances shall be paid from the month of January from the funds of the Ministry of Information (viz., at the rate of £1,500 a year salary and £1,000 a year allowance) as equivalent to the notice to which you are entitled. As you are aware, owing to negotiations which have been proceeding as to the future of the Madrid Bureau, it has not been possible to give you notice earlier."

A copy of this notification was sent to me by Colonel Buchan, and I informed him that his salary had not been sanctioned.

32. On 21st December Mr. Tombs rendered to Colonel Buchan a statement, which the latter handed to me, setting out the liabilities in connection with the Madrid Bureau, in which Mr. Villiers' salary and allowances of £1,500 and £1,000 respectively appeared as payable to end of January, 1919. This statement was endorsed by Colonel Buchan as being approved.

33. On the same day I was notified by Mr. Tombs that the Federation of British Industries had agreed to take over the Bureau as from January 1st 1919.

34. On 23rd December I sent a memorandum to Mr. Needham, who subsequently became Liquidator, recapitulating the circumstances for his information and explaining that Mr. Villiers, by means of an overdraft arranged locally, had been enabled to draw money and pay himself his salary, etc. (It should be explained that Mr. Villiers was financed by Mr. John Walter, the representative of the Ministry of Information in Madrid, and that it has subsequently transpired that the overdraft referred to was effected by Mr. John Walter for the purpose stated, and without the authority of the Ministry).

35. On the same day Colonel Buchan wrote a letter to the Treasury on the matter asking for guidance. The reply to this letter, received on 28th December, 1918, stated that the Lords Commissioners of His Majesty's Treasury "are unable to take any responsibility for expenditure which they had expressly declined to sanction." Colonel Buchan, who vacated his appointment as Liquidator on 31st December, passed the relevant papers to Mr. Needham.

36. On 3rd February, 1919, subsequently to my relinquishing office as Accounting Officer, a letter was received from Mr. Villiers enclosing final accounts of the Bureau, and stating that all liabilities had been discharged, and the balance of the funds in his possession handed to Mr. John Walter.

37. On 23rd May, 1919, Captain Brooke Johnson communicated to Mr. Villiers the result of the examination of the Accounts, and asked him to refund the sum of £483 15s. 11d., which appeared to

be due to the Liquidator in respect of payments not properly chargeable. Mr. Villiers replied on 22nd July, giving explanations as to the queried payments.

Previous to the 23rd May, 1919, the Finance Department had not been in communication with Mr. Villiers. When funds were advanced to Mr. John Walter for propaganda purposes on the requisition of the Executive Officers of the Ministry, no indication was given as to the extent to which such funds would be utilised by Mr. Villiers.

38. On 28th May, 1919, Captain Brooke Johnson sent to Mr. Needham a statement of the case and suggested that he might wish to refer the matter to Lord Beaverbrook.

39. On 1st July, 1919, Mr. Needham made the following minute:—

"Mr. Villiers.—*Spanish Propaganda*.—I understand that Lord Beaverbrook has made representations to the Treasury in this matter, and Lord Beaverbrook informs me that the matter is now settled with the Treasury.

Mr. Wilkins, to whom I have spoken to-day, does not, however, take this view."

40. On 15th July, 1919, Mr. Gale Thomas wrote to the Treasury asking whether, in view of the preceding statement, the Treasury had reversed or modified the decision previously given in the matter.

41. Treasury letter of 29th July (31,356/19) stated that the decision had not been modified, and asked for a full memorandum on the case to be prepared.

27th March, 1920.

(Signed) W. E. Staver.

STATEMENT OF AMOUNTS RECEIVED BY MR. VILLIERS AS SALARY, ALLOWANCE, &c.

1918.		Pesetas.
June 8 to 12	... Travelling expenses Mr. Villiers: Malaga to Madrid and return on urgent instructions from Ambassador	380.25
June 26 to 29	... Do do. do. with Secretary, instructions from Duke of Westminster	707.30
July 1 to 14	... Do do. do. with Wife and Secretary to select office and residence	1,536.50
July 18	... Outfit allowance on transfer at usual rates	12,500.00
July 27	... Official farewell dinner to Chamber of Commerce at Malaga on leaving for Madrid	591.00
July 29 to Aug. 13	Travelling expenses to Mr. and Mrs. Villiers with children and nurse, Malaga to Madrid; hotel expenses during removal of furniture and until its arrival in Madrid	3,242.00
July 30 to Aug. 2	Travelling expenses of Mr. Villiers and Secretary on urgent instructions from Ministry of Information (cancelled at San Sebastian), including car hire to San Sebastian, as no seats were obtainable on train	2,524.65
Aug. 1	... Salary for July, 1918	3,125.00
Aug. 14	... Removal of furniture	3,200.00
Aug. 16	... Travelling expenses Mr. and Mrs. Villiers to San Sebastian to meet Duke of Westminster	232.85
Aug. 22 to 25	Travelling expenses San Sebastian to Madrid and hotel expenses for Mr. Villiers and family owing to house not yet being habitable	1,916.55
Aug. 25	... Maintenance of Mr Villiers and family to August 26th (private house still not habitable)	1,233.10
Aug. 31	... Salary for August, 1918	3,125.00
Sept. 11	... Spent to date on entertainment	1,000.00
		35,314.20
Average rate of exchange Ptas 18.72 = £1		£1,886 8 10
		Pesetas.
Sept. 30	... Salary for September, 1918	3,125.00
Oct. 31	... Do do October, 1918	3,125.00
Nov. 30	... Do do November, 1918	3,125.00
Dec. 31	... Do do December, 1918	3,125.00
"	... Do do January, 1919	3,125.00
"	... Office allowance at £1,000 a year from July 1, 1918, to January 31, 1919, less pesetas 1,000 previously charged for entertainment	13,583.35
Travelling expenses and subsistence allowance for Mr. Villiers (September 14, to December 19, 1918) whilst travelling from Madrid to London and for stay in London and return journey to Madrid		3,856.75
		33,065.10
At average rate of exchange Ptas. 22.34 = £1		£1,480 1 9

SUMMARY.

	Pesetas.
Salary 1st July, 1918, to 31st January, 1919	21,875.00
Special office allowance	14,583.35
Outfit allowance on transfer	12,500.00
Travelling and subsistence expenses	15,629.95
Removal of furniture	3,200.00
Farewell dinner at Malaga	591.00
Pesetas	68,379.30
Total at rates of exchange as stated, £3,366.10.7	

Included in the observations made by the Finance Department on the examination of these accounts are the following:—

(1.) All sums based on sterling rates and drawn by Mr. Villiers personally have been charged by him at Pesetas 25 to the £1.

Mr. Villiers' explanation of this being that he had followed the practise of the Embassy in this connection.

(2.) The Admissibility of the charge of Pesetas 12,500 for Outfit Allowance.

Mr. Hambro gave the following explanation in justification:—"Outfit Allowance." In accordance with what I understand is the usual custom in the Consular Service. Mr. Villiers would have been entitled to this allowance on transfer or promotion in that Service from one post to another. The transfer having taken place after he had been seconded for service with the Ministry, it would seem reasonable that the Ministry should meet this charge and I gather that on accepting the appointment Mr. Villiers was given to understand by the Duke of Westminster that such would be the case."

Enquiry at Foreign Office has failed to confirm Mr. Hambro's statement.

(3.) The charge of Pesetas 591 for an official farewell dinner to the Chamber of Commerce at Malaga is not considered proper to Ministry of Information Funds.

(4.) In the opinion of the Finance Department Mr. Villiers' expenditure on travelling and subsistence was on a somewhat extravagant scale.

II.—APPROPRIATION ACCOUNTS OF THE MINISTRY OF INFORMATION.

LETTER FROM SIR W. STAVERT TO THE TREASURY, 14TH FEBRUARY, 1920.

Sir,

I have the honour to state, for the information of The Lords Commissioners of His Majesty's Treasury, that, as late Accounting Officer of the Ministry of Information, I have become aware that, as the result of reference sheets sent to the Liquidator of the Ministry of Information by the Exchequer and Audit Department of conferences between that Department and Mr. D. Thompson of the Ministry of Information, in Liquidation, the Appropriation Accounts of that Ministry for the two years ending 31st March, 1918 and 1919, were declared to be incorrect.

I have also become aware that the Appropriation Account for the year ending 31st March, 1918, has been recast from the beginning and in its present corrected form gives a true accounting of receipts amounting to £574,264 16s. 10d. and expenditure amounting to £476,096 1s. 4d. and indicates that the balance between the one and the other, viz., £98,168 15s. 6d. is represented as correct and accountable, a reservation to the condition described being some inconsistencies in the allocation to the various sub-heads. This information can be confirmed by reference to a letter written by Mr. G. Gale Thomas, for the Liquidator, under date 12th May, 1919, addressed to the Comptroller and Auditor-General, a copy of which is attached hereto.

I also have become aware that, for the reason, as stated in a memorandum prepared by Mr. D. Thompson of the Ministry of Information, in Liquidation, under date of 30th September, 1919, which is on file at the Treasury, the original Appropriation Account had been printed, the Audit Office requested, semi-officially, that the corrected account should be withdrawn, from which circumstance I conclude that the original account has gone forward to the Public Accounts Committee of the House of Commons in its incorrect state. Mr. Thompson, however, states in his memorandum referred to, that no formal request for withdrawal of the corrected account was received and that it is understood that the Audit Office did in fact examine and verify the corrected Appropriation Account.

I have therefore the honour to request that the Lords Commissioners may be pleased to enquire if it is correct, as stated and understood, that the Audit Office did examine and verify the corrected account and, if so, to cause confirmation of their having done so to be produced and joined to the corrected account together with this letter of explanation, and submitted to the Public Accounts Committee to be considered in conjunction with the incorrect Appropriation Account which will come before it.

In conclusion, I have the honour to tender this my expression of regret for the inconvenience occasioned by the incorrectness of the original account.

I have, etc.,
(Signed) W. E. Staver.

Copy.

LETTER FROM MR. GALE THOMAS TO THE COMPTROLLER AND AUDITOR-GENERAL.

12th May, 1919.
Sir,
I am to transmit herewith an Amended Appropriation Account for the Financial Year ended 31st March, 1918.

I have to state that several charges in the 1917-18 account which had been the subject of queries from your Department and a list of which has been handed to your representative, have been withdrawn as agreed with the Treasury Accountant. These will be included in the account for the year 1918-19.

I may explain that it was found that after the numerous adjustments consequent on audit had been effected in the 1917-18 Account prepared by Mr. T. Marson Till, a former official of the Ministry, it was not possible to agree the balance at 31st March, 1918, as adjusted, with the actual balance for which the Accounting Officer was responsible, although much labour extending over a very long time has been expended in the attempt to effect the reconciliation.

It has therefore been considered advisable, on the grounds of expediency, to recast the whole of this Account and the various schedules leading up to it are enclosed herewith.

0.199.

I am further to explain that while the total charges in the revised Account are correct in all respects, there are some inconsistencies in the allocation to the various subheads; but it is hoped that no exception will be taken in this respect, in view of the fact that the Ministry is being liquidated under circumstances of extreme difficulty without adequate experienced staff.

Owing to the numerous adjustments found to be necessary in the monthly cash accounts for the year 1918-19 which have been rendered to date, it has been decided, in order to complete the accounts for the year ended 31st March last as speedy as possible, to revise these accounts forthwith and bring them up to date.

This course will, it is hoped, avoid the undue prolongation of the work of liquidation, and I am to express the hope that it may receive your approval.

I am, etc.,
(Signed) G. Gale Thomas,
for Liquidator.

MEMORANDUM BY MR. D. THOMPSON, DATED 30TH SEPTEMBER, 1919.

On the 5th April, 1919, I was appointed Chief Accountant to the Ministry of Information, and furnished a report on the state of the Ministry's accounts, pointing out that the Appropriation Account for the year 1917-18, as prepared by Mr. Till for the Accounting Officer, was incorrect, inasmuch as certain expenditure incurred in the financial year had been omitted from the final account, although particulars were in the possession of the Ministry, e.g.:-

New York Bureau:					£	s.	d.
Period June to December, 1917	...	...	...	...	8,668	7	4
A. H. Dencke, Zurich Bureau	...	...	...	...	164	3	1
P. Santamaria, Italy	...	...	...	...	602	17	3

also that revenue from the New York Bureau for—

Period June to December, 1917	...	...	...	...	2,221	4	8
Period January to March, 1918	...	...	...	...	3,950	0	1

had not been brought to account, and expenditure in connection with the Christiania Bureau, amounting to £212 4s., had been charged in the account twice.

Further, the expenditure charged in the Appropriation Account for the year ended 31st March, 1919, in respect of the New York Bureau included the expenditure for the month of April, 1918, of £2,104 15s. 4d., and imprests issued to various sub-accountants by that office, totalling £3,405 17s. 3d., had been charged as expenditure.

In addition there were other numerous items of expenditure and revenue included in the account purporting to be in connection with the Foreign Bureau, which the Audit Office asked to be explained, and which it was found on investigation could not be verified, as they had apparently no ascertainable basis to justify their inclusion in the accounts.

These charges totalled approximately £30,000 and the revenue shown in the Appropriation Account was similarly affected to the extent of £10,000.

In April, 1919, the Exchequer and Audit Department asked that the Appropriation Account for the year 1917-18 should be closed forthwith, and it was pointed out that this could not be effected until all the numerous queried charges, etc., had been verified or unless they were withdrawn.

It was therefore suggested that we should adopt the latter course, as time was not sufficient to allow of verification.

After the numerous adjustments made had been incorporated in the Appropriation Account rendered by Mr. Till it was found that the balance of funds, as stated, could not be substantiated.

Considerable time was taken to discover the inaccuracies, but the task was found so hopeless that to save time and render the figures when required it was decided to prepare an entirely new Appropriation Account. In order to accomplish this it was necessary to re-organise the system of accounts then in operation and to create entirely new records of certain of the transactions of the Ministry from the commencement. This was done, and the necessary Schedules, etc., relating thereto were prepared, and the Revised Appropriation Account—which not only ensured an accurate statement of expenditure so far as ascertained but also disclosed the actual balance in hand at 31st March, 1918, which could be fully accounted—was transmitted to the Comptroller and Auditor-General with a covering explanatory letter on the 12th May, 1919 (copy attached).

The Audit Office, however, pointed out that the original account (prepared by Mr. Till) had just been printed, and asked semi-officially that the Revised Account should be withdrawn, but no formal request for such withdrawal was received.

It is understood that the Audit Office have in fact examined and verified the revised Appropriation Account.

In view of the fact that it was known that the accounts rendered for the year 1918-19 were similarly incorrect and based on an inaccurate opening balance, a similar revision for that year has been made in this Department, and the records of the Ministry are now on a sound basis which expedites the closing of the accounts.

It may be added that the Exchequer and Audit Department have sent to the Accounting Officer 418 Reference Sheets on the Accounts for the year 1917-18 and 244 Reference Sheets on the Accounts for the year 1918-19.

It has since been found that apparently no effort had been made to agree the Accounts rendered by the Foreign Bureaux with the Accounts kept by the Ministry or to incorporate all the transactions abroad in the Ministry's Accounts with the result that considerable time and labour has been entailed to effect the reconciliation found to be necessary in this respect.

30th September, 1919.

(Signed) D. Thompson.

10797/20.

LETTER FROM THE TREASURY TO SIR W. STAVERT, K.B.E., 22ND MARCH 1920.

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury your letter of the 14th ultimo relative to the incorrectness of the Appropriation Account of the Ministry of Information, 1917-18, and I am to say in reply that Their Lordships take note of your expression of regret in the last paragraph thereof.

They feel bound, however, to add that a very serious error in the accounts for which you were Accounting Officer has taken place. While it will be admitted that the extensive operations of the Ministry of Information in War time made accounting difficult, it does not appear to them that mistakes of the kind revealed in the correspondence should have arisen.

I am to transmit herewith a copy of letters of even date which they are addressing to Mr. Gale Thomas and to the Comptroller and Auditor-General, and to say that, on the matter coming before the Public Accounts Committee, they will arrange for the presentation to the Committee of your letter under reply as well as the documents referred to therein, viz.: (a) Mr. Gale Thomas' letter of 12th May, 1919, to the Comptroller and Auditor-General; (b) Mr. Thompson's Memorandum of 30th September, 1919.

I am, etc.,
(Signed) B. P. Blackett.

10797/20.

LETTER FROM THE TREASURY TO THE COMPTROLLER AND AUDITOR-GENERAL, 22ND MARCH, 1920.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith the following correspondence relative to the incorrectness of the Ministry of Information Appropriation Account 1917-18, viz.:

- (1) A letter addressed to this Department by Sir William Stavert, late Accounting Officer, on the 14th ultimo (with copies of the documents referred to therein).
- (2) A reply from this Department of even date;
- (3) A letter from this Department to Mr. Gale Thomas, the Liquidator, of even date.

I am to direct attention to the penultimate paragraph of (i).

I am, etc.,
(Signed) B. P. Blackett.

10797/20.

LETTER FROM THE TREASURY TO MR. GALE THOMAS, 22ND MARCH, 1920.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to transmit to you herewith, for your information, a copy of a letter which they have received from Sir William Stavert, late Accounting Officer of the Ministry of Information, dated the 14th ultimo, relative to the incorrectness of the Appropriation Account for the year 1917-18.

As a result of this incorrectness, the figures give on page 13 of House of Commons 97 of 1919 (Vote of Credit Appropriation Account 1917-18), viz.:

	£	s.	d.
Salaries and expenses, Propaganda, &c.	511,084	5	7
Less, Receipts	27,642	13	4
Net payments	483,441	12	3

over-state the net expenditure in that year, and the Ministry has to this extent obtained a discharge for a larger sum than it is entitled to. My Lords have considered how this should be rectified and they would not be prepared to assent to the inclusion of the sum paid in readjustment in the general Appropriation in Aid Subhead. They think that the adjustment should be brought clearly to the notice of Parliament by the payment of the excess amount to the Exchequer as an Extra Receipt, 1918-19, a note of the fact being also made on the Appropriation Account of the Vote—and I am to request that the necessary action may be taken forthwith. I am to enquire whether the figures furnished by Mr. Gale Thomas on 12th December still hold good, and, if not, what are the correct figures of gross expenditure and gross receipts and of the net adjustment now to be made. The figures contained in the second paragraph of Sir W. Stavert's letter obviously are not intended as an answer to this question but as a statement of the receipts for which he is responsible (including balances and advances from the Vote of Credit) and the amount for which he is entitled to a discharge—i.e., they relate to his Cash Account.

I am, etc.,
(Signed) B. P. Blackett.

G. Gale Thomas, Esq

LETTER FROM THE COMPTROLLER AND AUDITOR-GENERAL TO THE TREASURY, 11TH MAY, 1920.

5060/337.

Sir,

I am directed by the Comptroller and Auditor-General to refer to Mr. Blackett's letter of the 22nd March last (No. 10797/20) enclosing correspondence relating to the 1917-18 Account of the Ministry of Information and directing the attention of the Comptroller and Auditor-General to the penultimate paragraph of Sir William Stavert's letter of the 14th February last in which he requests that the Audit Office may be asked if they did, in fact, examine and verify the revised account for 1917-18.

2. In reply I am to state that the revised Account has been examined and the concurrence of the Comptroller and Auditor-General in the surrender to the Exchequer of £27,269 10s. 11d. in adjustment

of the 1917-18 Account can be taken as evidence of verification of the amount by which the figures in the printed account exceeded the amount brought to account in the revised account.

3. In regard to the general question of the revised account and the suggestions made in the correspondence that such a revised account was withdrawn at the request of this Department, there appears to be some misapprehension. The Comptroller and Auditor-General considers, however, at the present time it is hardly profitable to ascertain the precise responsibility for the printing of the unrevised account in its original form. The decision seems to have been taken after telephonic communication with the Treasury in view of the urgency of printing the Vote of Credit Appropriation Account and there is apparently little doubt that it was then too late to substitute the revised figures.

4. I have only to add that the discrepancies referred to in Mr. Thompson's memorandum, included in the correspondence transmitted, arose in accounts all of which had been subject of references by this Department, either asking (a) for accounts where charges had been made without accounts, (b) for authority, or (c) pointing out specific errors.

I am, etc.,
(Signed) P. A. N. Nicholls.

LETTER FROM SIR WILLIAM STAVERT TO THE TREASURY.

10th June, 1920.

Sir,

I have the honour to state for the information of the Lords Commissioners of His Majesty's Treasury that I note by Mr. Blackett's letter to me of 22nd March (10797/20) that Their Lordships charge that a very serious error in the accounts of the Ministry of Information, for which I was Accounting Officer, has taken place, and that it does not appear to them that mistakes of the kind revealed in the correspondence should have arisen, and also to state that I regret the circumstance.

Regarding the mistakes referred to as being revealed in the correspondence, in the closing lines of the second paragraph of Mr. Blackett's letter, I have the honour to request that Their Lordships will permit me to place on record as a set-off to what would appear to be a charge against me that it must be admitted that I could not have been expected to personally prepare the Appropriation Accounts for 1917/18, especially as I did not become connected with the Ministry until the end of that fiscal year, and that in the absence in the Ministry of any official of experience in Civil Service accounting I could not do better than entrust the responsibilities to one of high standing in the ranks of Chartered Accountants in the City of London, which Mr. Till, the official selected, is. The appointment of Mr. Till was approved and recognised by the Treasury, the Treasury Officer of Accounts having been sent to the Ministry to discuss Mr. Till's responsibilities and duties with him and to direct him as to his mode of procedure.

I beg to state further, for the information of Their Lordships, that while I may not be fully posted regarding events since resigning my position as Accounting Officer, I understand that the principal difficulties which have arisen have been in respect of the Appropriation Account for the year previous to my incumbency as an official of the Ministry, and were simply clerical, and evidently avoidable only by the presence in the Ministry of an accountant of Treasury accounting experience, which we did not have and could not obtain. Whether they extend to the Appropriation Account for the following and last year of the Ministry is not clear from the memorandum of Mr. Thompson which is referred to in my letter of 14th February last. I also understand that whether as the result of inexperienced accounting or otherwise, no loss of Government moneys was occasioned, and that on adjustment of the Appropriation Account, principally in transferring entries from the account of one year to that of the other and to Imprest Accounts, to correspond with rulings of the Audit Office, the various expenditures and receipts were passed by the Exchequer and Audit Department and the balance was found either to be accountable or paid over to the Treasury.

Reiterating my regrets for the inconvenience which has been caused by reason of the irregularities referred to,

I have, etc.,
(Signed) W. E. Stavert.

LETTER FROM MR. T. MARSON TILL TO THE CLERK TO THE PUBLIC ACCOUNTS COMMITTEE.

21, Bucklersbury, London, E.C. 4.

28th June 1920.

Sir,

There is a reference in the letter of the 12th May 1919 from Mr. Gale Thomas to the Comptroller and Auditor-General to the 1917/18 accounts as having been prepared by me. It may perhaps save some of the time of the Committee if I explain that this statement is misleading, inasmuch as I did not prepare the 1917/18 accounts. The facts are as follows:—

When I joined the Ministry in May 1918 I found that no monthly statement of receipts and payments had been prepared for January, February and March. In due course these monthly cash accounts, based upon the balances brought forward from 31st December 1917, were prepared and submitted whilst I was an official of the Finance Department.

No inaccuracies have, I understand, been discovered in the cash accounts for January, February and March in themselves, but to the extent that they included the balances brought forward from 31st December 1917, for which the officer rendering the accounts to that date is responsible, they may be said to be wrong.

Long before the audit queries on the Accounts to 31st December 1917 began to arrive, I had discovered that the balances to 31st December 1917 were inaccurate, particularly with reference to the balance of cash in the sub-accountant's hands, for which no ledger or schedule in support of the figure purporting to be in the hands of the sub-accountants at that date had been prepared or was in existence.

Subsequently, in order to arrive at the correct balance in the hands of the sub-accountants, I had the whole of the accounts for the nine months, ending 31st December 1917, re-cast and later suggested to the Officers of the Audit Department that this account should be substituted for the account submitted

by Mr. Gale Thomas, in order to avoid the vast amount of time that was being occupied in replying to the hundreds of audit queries that that Department was raising upon the accounts to December, 1917.

This suggestion, which was resisted at the time, has, I understand, since been adopted as the only means of obtaining a correct account for 1917-18. The re-casting by me of the 1917 accounts gave me the correct balances in the hands of each sub-accountant to be accounted for and to be brought forward into the 1918 accounts.

It did not, of course, clear up the inaccuracies of which I was aware and reported at the time both to the Treasury and the Audit Department in respect of those accounts themselves.

The Chief Accountant, Mr. Thompson, whose report I have also read, informs me that, so far as the accounts from the 1st of January 1918 are concerned, he finds them to be accurate, but to the extent that the balances coming forward from December 1917 were inaccurate, and the amounts in the hands of sub-accountants not cleared at December 1917, they might be said to be inaccurate. For these differences I naturally do not accept responsibility.

When I entered the Ministry in May 1918 I found the work of the section looking after the Imprest Account not only disorganised, but very considerably in arrear; and having revised the whole of the 1917 accounts and prepared the monthly statements to March, I organised and kept, in addition to the accounts required by the Audit Department and Treasury, a separate set of accounts—which might be referred to as "Cost Accounts"—for the guidance of the Minister, who was continually inquiring into and investigating the costs of most of the propaganda work, and had to be frequently supplied with figures for this purpose.

In addition, under the directions of the Minister, I conducted outside investigations for the purpose of revising and reducing the terms of contracts which had been entered into by the Department which existed prior to the formation of the Ministry.

This information is only given to show that the current work of the Finance Department in 1918 was being conducted in a condition of high efficiency.

For the accuracy of the Accounts from the 1st January 1918, I am prepared to accept responsibility, but for any inaccuracies coming forward from a period prior to that date, I must refer the Committee to the Officer who was responsible for them.

I should be glad if you would kindly place this letter before the Public Accounts Committee, as I shall refer to it when giving evidence on Tuesday.

I am, etc.,
(Signed) T. Marson Till.

APPENDIX No. 16.

PAPER handed in by Sir Sigmund Dannreuther, C.B., 22nd June, 1920.

Secretary, Committee of Public Accounts,

Ministry of Munitions,
22nd June, 1920

I hand in herewith, in accordance with the Chairman's request: (i) A statement showing the expenditure for 1918-19, analysed under approximately the same headings as in previous years; and (ii) a statement showing approximate figures of output for principal supplies from July 1, 1915, to December 31, 1918.

S. Dannreuther.

STATEMENT OF EXPENDITURE AND RECEIPTS FOR YEAR 1918-19.

	£	s.	d.
EXPENDITURE.			
Headquarters and Branch Offices	4,022,381	11	6
Inspection, Research and Store Departments	12,651,300	13	11
Expenses of Labour Supply	2,388,894	11	9
Housing Schemes	917,752	17	2
Miscellaneous Effective Services	15,675,583	6	10
Non-effective Services	47,857	18	4
Compensation to Contractors and Nugatory Payments	4,649	15	2
Balances Irrecoverable	4,135	11	10
Aeronautical Supplies	111,262,373	5	11
Guns and Small Arms	35,672,687	14	10
Ammunition	117,356,615	14	2
Factories (other than O.F.)	35,645,819	9	5
Machinery and Materials	41,535,053	16	4
Transport Vehicles	31,317,218	8	4
Railway Materials	10,167,864	1	8
Tanks	16,024,914	17	2
Miscellaneous Stores	8,506,480	5	8
Explosives	49,154,250	9	5
Trench Warfare	16,101,930	18	5
Advances and Loans	7,264,694	14	2
Compensation on War Contracts	665,751	5	4
Expenditure for Allies	5,320,633	13	11
Capital Expenditure	9,668,964	1	11
Total	£531,377,809	3	2
RECEIPTS.			
Sales to Allied Governments, &c.	41,616,564	17	6
Repayments by Admiralty for Inspection, &c.	—	—	—
Rents	124,709	18	2
Miscellaneous Receipts	6,789,899	8	10
Services for other Government Departments	19,500,142	9	8
Sales of Surplus Stores	5,422,436	16	0
Total	£73,453,753	10	2

	Light.	Medium.	Heavy.	Very Heavy.	Totals.
Guns and Howitzers :					
(i) New - - -	15,201	4,915	4,075	1,644	25,835
(ii) Repaired - - -	4,672	2,589	1,099	654	9,014
Carriages :					
(i) New - - - -	10,575	4,684	3,235	1,600	20,094
(ii) Repaired - - -	1,054	486	525	172	2,237

Gun Ammunition :					
(i) Empty Shell	Light -	-	-	-	151,530,000
	Medium -	-	-	-	56,004,000
	Heavy -	-	-	-	35,746,000
	Very Heavy	-	-	-	12,238,000
	Total	-	-	-	255,518,000
(ii) Cartridge Cases (filled)-	-	-	-	-	167,698,000
(iii) Fuzes (filled)	-	-	-	-	243,648,000
(iv) Primers (filled)	-	-	-	-	177,235,000
(v) Friction Tubes (filled)	-	-	-	-	45,046,000
(vi) V.S. Percussion Tubes (filled)	-	-	-	-	2,530,000
Machine Guns	-	-	-	-	229,354
Rifles -	-	-	-	-	4,952,031
S.A. Ammunition	-	-	-	-	8,664,887,000
Trench Warfare :					
(i) Trench Mortars	-	-	-	-	18,784
(ii) Livens Projectors	-	-	-	-	145,080
(iii) T.M. Ammunition	-	-	-	-	17,080,933
(iv) Grenades	-	-	-	-	100,034,752
Aerial Bombs	-	-	-	-	4,737,668
High Explosives :	-	-	-	-	
(i) H.E.	-	-	-	-	603,953 (short tons)
(ii) Propellants	-	-	-	-	432,183 (short tons)
Poison Gas-	-	-	-	-	40,000 (short tons)
Tanks -	-	-	-	-	2,818 (short tons)
Mechanical Transport :					
(i) Lorries -	-	-	-	-	39,273
(ii) Motor Cars	-	-	-	-	4,742
(iii) Ambulances -	-	-	-	-	1,714
(iv) Light Cars and Wagons	-	-	-	-	17,471
(v) Motor Cycles	-	-	-	-	35,031
(vi) Caterpillar Tractors	-	-	-	-	2,212
Railway Material (from September 1916 only). :					
(i) Rails	-	-	-	-	6,447 (miles).
(ii) Locomotives	-	-	-	-	1,538
(iii) Petrol Tractors	-	-	-	-	1,287
(iv) Wagons	-	-	-	-	33,630
Aeroplanes -	-	-	-	-	53,887
Aero Engines	-	-	-	-	56,906
Seaplanes and Ships' Aeroplanes	-	-	-	-	754
Flying Boats	-	-	-	-	2,448

PAPER handed in by Sir Sigmund Dannreuther, C.B., 1st July, 1920.

As from June 11th, 1917, a paragraph to the following effect was incorporated in the declaration which officers are required to sign on their appointment to the Headquarters staff of the Ministry :—

“ I hereby declare that I am not concerned or interested either directly or indirectly in the supply of munitions whether as a member, officer or servant of any company, firm or other undertaking connected with such supply or engaged upon work for the Ministry of Munitions or in any other capacity except as follows :—

"and I hereby undertake that I will not either directly or indirectly acquire any interest in any such company, firm, undertaking or supply during my service under the Ministry without the consent in writing of the General Secretary."

Concurrently with this action a declaration in precisely similar terms was obtained from each officer already on the Headquarters staff.

Where an entry in the blank space following the clause dealing with present interest showed a *prima facie* case for investigation, it devolved upon the Establishment Department of the Ministry to pursue the inquiry. Applications made in pursuance of the final paragraph of the clause would be put forward by the Establishment Department to the Secretary for official decision.

In January, 1920, a General Memorandum was issued on the subject of the purchase or supply of goods by officials of the Ministry, and particularly of the Disposal Board, in which stress was laid upon the necessity of officials declaring any interest they might have in the matter.

MINISTRY OF MUNITIONS OF WAR.

General Memorandum No. 266.

The following information is circulated for Office use only.

J. W. DULANTY,
15th January, 1920.

PURCHASE OR SUPPLY OF GOODS BY MINISTRY OFFICIALS.

The attention of Heads of Departments is directed to the following rules of the Ministry, which they are requested to bring to the notice of every individual member of the staff employed in and under their Departments:—

(1) No member of the staff may hold or acquire any interest, either directly or indirectly, whether as an owner, member, officer or servant in any company, firm, or other undertaking purchasing goods or materials from, or supplying goods or materials to the Ministry without the consent in writing of the Secretary of the Ministry, to be obtained through the Head of his Department and the Establishment Department.

(2)—(i.). No employee of the Ministry may purchase from the Ministry surplus Government stores or property intended for disposal without the consent in writing obtained beforehand of the Head of his Department, and disregard of this rule will render the employee concerned liable to dismissal.

(ii.) In no circumstances shall any employee of the Ministry make such purchase unless the sale has been fully advertised in the Press, and the offer made by such official is the highest offer received.

(iii.) If any employee of the Ministry purchases such surplus property without first disclosing to the authorised official conducting the sale the fact that he is an employee of the Ministry, he thereby renders himself liable to dismissal.

In order to ensure that every member of the staff will be made aware of these directions the Heads of Sections should be requested to circulate a copy of this memorandum to be initialled by each member of the staff in their charge. The contents of this Memorandum have been reproduced in a poster, copies of which may be obtained from the Stationery Section of Whitehall Place Establishment Branch Room 012, Armament Buildings. This poster should be exhibited in a prominent position wherever staff is employed.

Form W.P.6. (Revised).

I acknowledge the receipt of your Memorandum of _____ informing me of my appointment under the Ministry, together with a copy of the Official Secrets Act.

I understand that the post is a temporary one, terminable by either party at any time, without cause assigned, on giving to the other clear days previous notice in writing.

I understand that an offence under the Official Secrets Act is a criminal offence.

I understand that confidential official matters must not be mentioned to any one outside the Office, and that no communication relating to the business of the Ministry, whether of matters under discussion or of matters finally decided on may be made to public journals without the sanction of the Secretary.

In the event of my originating, working out, or perfecting any invention during the period of my employment, I will, if so ordered, assign to the Government all my rights in respect of such invention, or enter into such agreement for its use as I may be directed to do by the Government, and I will not, without permission of Government, part with any of my rights to such invention during the period of my employment.

I hereby declare that I am not concerned or interested either directly or indirectly in the supply of munitions whether as a member, officer or servant of any company, firm or other undertaking connected with such supply or engaged upon work for the Ministry of Munitions or in any other capacity except as follows:—

and I hereby undertake that I will not either directly or indirectly acquire any interest in any such company, firm, undertaking or supply during my service under the Ministry without the consent in writing of the General Secretary.

I agree to all conditions contained in the Memorandum of appointment referred to above

Signature _____

Date _____

To: The Deputy Assistant Secretary,
Establishment Department,
Ministry of Munitions,
Whitehall Place, S.W. 1.

APPENDIX No. 18.

PAPER handed in by Mr. W. R. Codling, C.B.E., M.V.O., July 8, 1920.

MEMORANDUM ON NIGHTWORK.

Ordinary overtime and nightwork printing is paid for at present under contract according to three different methods:—

(1) in the older contracts 75 per cent. is added to the ordinary contract rate for the work done during the period of overtime;

(2) in certain cases the excess cost of wages over day rates and cost of lighting plus 10 per cent. is paid;

(3) in the more recent contracts a flat hourly rate for each worker employed on overtime is laid down.

In 1917 my predecessor, Sir Frederick Atterbury, was asked by the Treasury whether it was possible to introduce any alteration in the form of printing contracts which would serve as a deterrent to fraudulent overcharges by the contractor on nightwork, and whether it was advisable to retain the system of time payment. In considering these two questions it was necessary to review possible alternatives to the system of time payment for nightwork. There are two alternatives, viz:—

(1) to agree with the contractor on a lump sum payment for each individual job before it is put in hand.

The objection to this arrangement is that it is cumbersome in the first place and in the second place its effect would be to leave to the contractor the decision as to whether he would or would not do the work, because if the Stationery Office did not agree to his price he could not be forced to work the overtime. Further, if the work had to be done by the employment of nightwork it would allow the contractor in practice to overcharge to any extent he pleased without having recourse to methods which would render him liable to a charge of fraud.

(2) to make the schedule rate in the contract cover all and any overtime that the contractor might be called upon to do.

Such an arrangement would introduce a very great element of speculation into the contract. The contractor would be forced to put in a price to cover all the contingencies involved and it is practically certain that he would be consequently applying for special treatment in regard to what he considered as exceptional cases, with the disadvantage to the Stationery Office that it would be extremely difficult to check his claims after the event.

In the circumstances I reported to the Treasury that if nightwork was to be continued at all the only satisfactory way of paying for it, so far as I could see, was on the basis of time actually taken coupled with the employment of the only effective means of checking the cost, viz:—by the supervision of the work in progress by an official of the Stationery Office. The Treasury Solicitor agreed in principle, and in making this report to the Treasury said:—

"I do not think it would be of any assistance to provide in these contracts for the payment of named sums by way of liquidated damages.....The named sums could not in fact be regarded other

wise than as penalties, and so irrecoverable at law. Any amounts which have in fact been overpaid by reason of the irregular entries in the daily sheets are recoverable, and the provision suggested would add nothing to the remedy in this respect."

The true remedy in the opinion of the Treasury Solicitor was "to tighten up the control on the premises of the contractor by officers of the Stationery Office. There should be daily returns, and these should be constantly checked by such officers who will have knowledge of the work executed, and who by their own observations have knowledge of the men engaged upon it and of their times."

I am of the opinion that in a great many cases the use of nightwork printing is not justifiable, but the machinery provided for employing it, viz., the system of green demands, has hitherto made it practically impossible for the Stationery Office to criticise individual cases until after the event. Reasonable forethought on the part of departments should obviate the necessity for such expensive haste in printing. In order to meet this difficulty I have issued to departments a minute to the following effect:—

"I beg leave to call your attention to the urgent need for the restriction of overtime and nightwork on official printing to an absolute minimum. Owing to the resolute hostility of the trade unions to printing in other than ordinary hours the rates which now have to be paid for overtime and nightwork have made work done under such conditions costly out of all proportion to the results achieved."

"In accordance with the instructions of the Lords Commissioners of His Majesty's Treasury, I have to inform you that overtime on printing for your department can be authorised in future only when its necessity is vouched for by the signature either of the Accounting Officer himself or of a responsible officer occupying a high position in the department and expressly designated for the purpose of watching demands of this nature. I am also called upon to make a periodical return to the Treasury showing the amount expended on overtime printing for each department."

"I have to request, therefore, that the name of the officer selected in your department, for the duty of certifying the necessity for overtime printing may be notified to me, and that his certificate may in future accompany any printing demand for which a specially urgent time of delivery is laid down. Where the certificate has not been given and the work is alleged to be so urgent that overtime is necessary I propose to communicate by telephone with the officer designated in order to secure his verbal authority (which must be followed by a written confirmation) before incurring any expenditure on overtime."

This circular has met with satisfactory response from departments, and a list of responsible officers authorised to certify the necessity for overtime, printing and nightwork, has been compiled and is now in use in the Stationery Office.

The use of green demands is still resorted to in special cases, but their use is only effective in so far as they give precedence to the particular work during the day time. Any nightwork or overtime which may be necessary requires specific sanction in the way I have already outlined. This system has not been working for a sufficient length of time for me to gauge the exact saving in money by the new arrangements, but I am satisfied that the effect, both financially and otherwise, is already appreciable. Particulars of expenditure for overtime on printing during the quarter ended 31st March, 1920, where the total amount for any one Department has exceeded £10, are attached.

Department.	Nature of Work.	Net Amount expended to nearest £
Admiralty	Various orders including £13 for Navy Estimates	£18
Ministry of Munitions	"Surplus"—No. 16	12
	" 17	11
	" 18	12
	" 19	16
	" 20	12
	" 21	8
Ministry of Labour	Various orders including £46 on Forms and £12 on Labour Report and Labour Situation	86
Treasury Solicitor	Roumanian Oilfield Proceedings	34
War Office	Various orders including £8 on Army Estimates and £6 on Colonel St. Leger's Report on Discharges and Transfers	52
Royal Commission on Income Tax	Report Cmd. 615	26

In each of the above-mentioned cases I was satisfied as to the necessity for overtime. The total expenditure under this head for all departments for the quarter ended 31st March, 1920, was £355.

W. R. Codling.

H.M. Stationery Office,
8th July, 1920.

APPENDIX No. 19.

PAPER handed in by Mr. *W. A. Bland*, C.B., 14th July, 1920. (See Question 2916.)

REPAYMENT ISSUES OF AIR MINISTRY STORES

The recovery of the value of aircraft stores during the War presented certain complications owing to the fact that two departments were concerned. As the Ministry of Munitions paid for the supply of all aircraft stores they also took credit for the issue of all such stores on repayment, but the stocks were largely held in R.F.C. (and later R.A.F.) depôts, which were not under the control of the Ministry of Munitions.

Arrangements were made at the inauguration of the Aircraft Production Department for checking the receipt of all repayment vouchers by that department, but owing to the extreme pressure under which all depôts were then working there was some delay and laxity in rendering these vouchers.

When the Royal Air Force was formed special attention was given by the Audit Department to all issues on repayment and free issues to contractors from Air Force Units. The great bulk of such issues occurred at the stores depôts, but every care was also taken at the audit of the accounts of Squadrons to ensure that steps were taken to secure repayment.

As a consequence repayment action has been instituted in a large number of cases where the audit brought to light the fact that vouchers had not been passed to the Aircraft Production Department, or their receipt had not been acknowledged.

During the last 18 months continual pressure has been brought to bear upon the accounting officers of the stores depôts to ensure that all cases of issue on repayment or free issue to contractors were duly forwarded to the branches responsible for claiming repayment, and it can now be confidently stated that all issues on repayment have been traced by the audit of store accounts and that the vouchers have been accepted for claim purposes.

As already stated the Ministry of Munitions take the credit for all repayment issues of aircraft stores to their Vote. From their point of view it was immaterial whether the issue was made from a Royal Air Force Depôt, or a Ministry of Munition store, and consequently their accounts are not constructed on a basis which would enable them to say, without great labour, what was the total value of credits received in respect of repayment issues, including those to contractors, from R.A.F. Depôts as distinct from issues from other sources.

The annexed statement, however, gives the total value of claims raised against Allied and Colonial Governments between 1st April, 1918, and 31st March, 1919, in respect of issues from R.A.F. Depôts.

STATEMENT OF CLAIMS RAISED FROM R.A.F. DEPOT VOUCHERS AGAINST ALLIED
AND COLONIAL GOVERNMENTS DURING THE PERIOD FROM 1st APRIL, 1918,
TO 31st MARCH, 1919.

	£	s.	d.
America	335,987	8	9
Australia	104,845	9	10
Belgium	73,164	9	2
Brazil	406	13	0
France	98,676	5	11
Italy	5,310	1	10
India	161,202	16	0
Japan	131,045	3	5
Portugal	31	18	4
Russia	267,691	10	4
Rumania	29,110	3	6
	<u>£1,207,472</u>	<u>0</u>	<u>1</u>

APPENDIX No. 20.

PAPER handed in by Sir *Lionel Earle*, K.C.B., 14th July, 1920

MEMORANDUM AS TO COST AND SCALE OF ACCOMMODATION FOR
GOVERNMENT DEPARTMENTS.

AREA PER HEAD.

Permanent Government Departments.—Average of 70 to 80 square feet per person, according to the type of the building, though even this average may have to be increased if there is any unduly large proportion of higher officials.

Temporary Departments.—Average of 60 square feet per person.

These averages include the necessary accommodation for Ministerial Staffs, but exclude Store, Conference and Waiting Rooms.

In housing Sections of Departments, which exclude Ministers and Parliamentary Officials, the general average is 60 feet per person though this has to be increased to approximately 100 feet in the case of a Drawing Staff, but can be reduced to 40 or 50 feet if the Staff is largely routine and can be accommodated in large rooms.

RENTS.

It is impossible to generalise as regards rents. Conditions in the property market are without precedent, owing to the demand being out of all proportion to the supply. Speculative building Companies (i.e. other than those building for their own requirements) are slow in commencing operations owing to the general uncertainty as to prices and the unsettled conditions of the labour market.

In many cases where a whole set of premises is available owners will only sell and readily find purchasers.

In other cases where owners are prepared to let, quite extravagant rents are being asked. For instance, in 1919, the owner of a certain building in Kingsway refused to let any space under 10s. per foot inclusive, whereas a lease of infinitely superior accommodation in India, Canada and Empire Houses, Kingsway, was secured at 3s. 11d., square foot exclusive, say 5s. 4d. inclusive.

A further example of the difficulty of generalising, even in a particular district, is that of Australia House, Aldwych, where also in 1919, the Australian Government refused to let at less than 11s. square foot inclusive.

The position has now materially changed, and at the present time first floors in Kingsway are realising 23s. per foot, and upper floors an average of 20s. per foot.

Statements are attached showing the average cost of renting and erecting buildings at the present time and in 1919.

H.M. Office of Works,
8th July, 1920.

Lionel Earle.

RENT PER SQUARE FOOT OF NET CARPET SPACE EXCLUSIVE OF RATES AND TAXES.

1919.			1920.		
	s.	d.	s.	d.	
Victoria Street and Millbank	4	0	6	0	Prohibitive for Government purposes.
Cockspur Street	6	0	12	0	6 0 to 8 0
Strand and Fleet Street	4	0	8	0	7 0 to 9 0
Kingsway and Aldwych	4	6	6	6	10 0 " 15 0
Piccadilly and Oxford Street	4	0	6	0	6 0 " 8 0
City (Central)	4	0	10	0	8 0 " 15 0
City (Eastern Area)	3	6	4	6	6 0 " 8 0
City (Shipping Office Area)	6	0	10	0	12 6 " 20 0
West End Residences	3	0	4	0	(Prohibitive for Government purposes).
					3 0 to 5 0

These figures of course, vary according to whether the accommodation is well lighted, and well equipped generally, the floor upon which it is situated, whether there is a lift, etc., etc. They may be regarded as covering average cases, exclusive of rents of ground floors.

COST OF ERECTION OF BUILDINGS.

1919.				1920.		
	Capital cost per head.	Capital cost per foot.	Annual rental value per ft. exclusive of rates and taxes.	Capital cost per head.	Capital cost per foot.	Annual rental value per ft. exclusive of rates and taxes.
1. Permanent Government Buildings	£300-400	£5 (average of 70 sq. ft. per person)	Calculated at 20 years' purchase say 5s.	£300-400	£5 (average of 70 sq. ft. per person)	Calculated at 20 years' purchase say 5s.
2. Semi-permanent Buildings (of the type of those to be erected at Acton)	£60	£1 (average of 60 sq. ft. per person)	Calculated at 20 years' purchase say 1s.*	£95	£1 11s. 8d. (average of 60 sq. ft. per person)	Calculated at 20 years' purchase say 1s. 7d.*
3. Army Hutments	£25	10s. (average of 50 sq. ft. per person)	Calculated at 5 years' purchase say 2s.*	£34	13s. 9d. (average of 50 sq. ft. per person)	Calculated at 5 years' purchase say 2s. 9d.*

* Cost of maintenance is heavy after a certain period.

APPENDIX No. 21.

PAPER handed in by Mr. *A. E. Watson*, C.B.E., 15th July, 1920 (see Question 2161).

NOTE REGARDING PRACTICE IN REGARD TO ALLOWANCE OF ANNUAL LEAVE
WHERE PROLONGED SICK LEAVE HAS BEEN GRANTED.

Prior to 1890, cases of prolonged sick-leave were dealt with individually on their merits by Departments concerned in consultation with the Treasury when necessary. Definite rules as to allowance of annual leave in addition to prolonged sick-leave were not, apparently prescribed by any Department and no definite rules as to either sick-leave or annual leave had been laid down generally for the Civil Service.

As the result of recommendations of the Royal Commission on the Civil Service rules both as to sick and annual leave were laid down by Orders in Council of the 21st March, 1890 (relating to Lower Division Clerks), and 15th August, 1890 (relating to all other classes of Civil Servants on the permanent establishment).

The latter Order in Council provided for the reservation of rights in regard to annual leave in cases where departmental regulations previously in force differed from the regulations laid down by the Order in Council, but no reservation was made as to sick-leave or as to amount of sick-leave and annual leave combined. Some doubt having arisen in this connection the position was defined in Treasury Circular Letters of 2nd May, 1892, and 24th April, 1896 (copies of which are attached), laying down that the maximum of six months' full pay sick-leave should include ordinary holidays. Two Later Circular letters on this subject are also attached.

It is considered that the reason for their being no reservations in the Orders in Council in regard to sick leave arose from the fact that the cases occurring had been so few and their treatment so much a matter of individual merit that no claim could possibly arise for any such reservation.

4777/92.

Treasury Chambers,
2nd May, 1892.

I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of

that Their attention has been drawn to the regulations as to sick-leave contained in Clause 8 (3) of the Order in Council of 15th August, 1890, and Clause 9 (3) of the Order in Council of 21st March, 1890.

The Postmaster-General has enquired whether the maximum period of six months during which full pay may be allowed to an Officer in case of illness should include ordinary holidays, and Their Lordships have replied that the amount of sick-leave allowable under the Orders in Council is liberal, and that it ought, in Their opinion, to include ordinary holiday.

My Lords think it right to communicate this opinion to the several Public Departments; and they invite Heads of Departments to co-operate with Them in so administering the Orders in Council as to limit to six months the amount of sick-leave and ordinary leave combined which an Officer may have on full pay in any one year.

I am, etc.,
(Signed) R. E. Welby.

5802/96.

Treasury Chambers,
24th April, 1896.

I am directed by the Lords Commissioners of Her Majesty's Treasury to state for the information of

that They have had under consideration the position of the Class of Abstractors or Assistant Clerks in regard to the amount of leave which may be granted to them during illness without deduction of pay.

The established rule has hitherto been that for this class of Officer leave and sick-leave together on full pay are not to exceed six weeks in a year, but this limit has been occasionally extended by the concession of a further period of three months half-pay in cases of protracted illness.

Their Lordships, however, having again considered the subject are now prepared to extend to Abstractors and Assistant Clerks the rule as to sick-leave which is laid down for the Second Division by the Order in Council of 21st March, 1890, paragraph 9, viz. :-

"9. Sick-leave may be granted by the Head of a Department to any Clerk serving in such Department, but subject to the following conditions, viz. :-

1. After two days' continuous absence, a Certificate by a duly qualified Medical Practitioner shall be required.

2. If the number of days during which any Clerk in any year is absent without such Medical Certificate shall exceed seven in the aggregate, the number of days by which such aggregate period of absence exceeds seven shall be deducted from the amount of ordinary annual holidays which may be allowed under Clause 1 of this Order.

3. Continuous sick leave on full salary shall not be granted for any period longer than six months, but at the expiration of such six months, the Head of the Department may, at his discretion, grant further leave with salary at half the ordinary rate for any period not exceeding six months. After twelve months' continuous sick leave no Clerk shall be paid any salary, except with the consent of the Commissioners of the Treasury, who may at their discretion, in special circumstances, allow payment of salary during any further period of sick leave to a Clerk at a rate not exceeding the amount of pension (if any) for which, at the expiration of twelve months' sick leave the Clerk would have been qualified.

4. Cases of repeated but not continuous sick-leave amounting in the aggregate to upwards of twelve months during any period of eighteen months shall be reported to the Commissioners of the Treasury, who shall decide the payments in respect of salary to be made during such sick-leave.

It should be understood that in applying the above very liberal rule to any Class of the Civil Service, it is Their Lordships' intention that the maximum amount of sick-leave and ordinary leave combined which an Officer may have on full pay in any one year shall be strictly limited to six months.

I am, etc.,
Your Obedient Servant,
(Signed) Francis Mowatt.

4267/98.

Treasury Chambers,
March, 1898.

I am directed by The Lords Commissioners of Her Majesty's Treasury to state for the information of that They have reason to believe that questions have been raised as to the effect of the third condition in paragraph 9 of the Order in Council of 21st March, 1890, which applies to the Second Division and was extended to the Class of Abstractors or Assistant Clerks by the Treasury Circular (5802/96) of 24th April, 1896.

That condition is to the effect that continuous sick-leave on full salary shall not be granted for any period longer than six months, with power to the Head of the Department at his discretion to extend the sick-leave, on half salary, for a further period of not more than six months.

My Lords desire to impress upon Heads of Departments that these words do not imply that any Civil Servant is entitled to six months' leave on full salary. On the contrary, the intention is to prescribe a maximum limit within which it is the duty of the Head of a Department to satisfy himself as to the period proper to be allowed, after careful consideration of all the particular circumstances affecting the case.

For this purpose the applicant must produce such medical evidence as to the state of his health as the Head of the Department may require, and as often as may be so required.

I am to add that the same discretionary power of Heads of Departments exists with regard to every application for sick-leave, for whatever period.

I am, etc.,
(Signed) Francis Mowatt.

37611/19.

Treasury Chambers,
4th September, 1919.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to advert to the arrangements prescribed in Treasury Circulars of the 19th June, 1917, (19451/17), and 13th December, 1918, (46696/18), under which the civil sick pay of a Civil Servant discharged from His Majesty's Forces, who is granted sick leave before resuming civil duty or before completing a month's civil duty is reduced by the amount of any pension or allowance payable by the Ministry of Pensions. Paragraph III. of Treasury Circular of the 24th December 1917 (31483/17) extended the same rule to officers.

The deductions follow the principle under which civil pay was issued to a Civil Servant serving with the Forces, and my Lords are not able to admit that the Civil Servant has any title to full sick pay without regard to his receipts from other public sources. In view, however, of the limited number of cases affected and of the misunderstanding which has been caused by these deductions, My Lords have reviewed the question, and They have decided, in all the circumstances, to abrogate the provisions referred to in the above Circulars, in the cases both of officers and men.

Accordingly, any Civil Servant who on discharge from the Forces is unable to resume civil duty owing to ill-health may be allowed civil sick pay in accordance with the regulations applicable to his civil post, without deduction in respect of any pension allowance or gratuity payable by the Ministry of Pensions (including any allowance granted in respect of a period of treatment) and any sums deducted in the past may be refunded to the men concerned.

It should also be noted that soldiers and airman of non-commissioned rank discharged after the 11th November, 1918, as no longer fit for service owing to disability are entitled, like demobilised men, to 28 days' paid furlough.* The salary of any Civil Servants discharged for disability after the 11th November last should, during this period of 28 days, be dealt with in accordance with Part III. of Treasury Circular of the 13th December last (46696/18); and any such man who is unable to resume civil duty owing to ill-health should receive for the first 28 days after discharge the same balance of civil pay which he was drawing immediately before discharge, and be granted the appropriate sick pay of his post only after the expiry of this period.

My Lords have also decided that, as a special arrangement, any period of sick-leave due to disability resulting from war service which may intervene between the date of a Civil Servant's discharge from His Majesty's Forces and the date of his resuming civil duty may, at the discretion of Departments, be disregarded for the purpose of the ordinary leave which may be allowed after resumption of civil duty, i.e., as from the date of resuming civil duty, a Civil Servant discharged on account of disability may, if the Department so desires, be allowed his full amount of ordinary (i.e., holiday) paid leave, without regard to the fact that he may have already received six months' paid leave in the current year. Similarly where intermittent sick-leave is taken after resumption of civil duty, ordinary leave may be allowed on full pay during the first twelve months after discharge from the Forces.

I am, etc.,
(Signed) T. L. Heath.

The Secretary,
Treasury, Whitehall, London, S.W. 1.

* The pay during this period is given in the form of the temporary allowance payable by the Ministry of Pensions during the first four weeks after discharge to a man discharged for reasons which entitle him to consideration for disability pension. Pay and allowance from Army funds are not issuable in addition to this allowance; but if the latter is less than the former in any case, the difference is made up to the man from Army funds.

PAPER forwarded by Sir Charles Walker, K.C.B., 26th July, 1920.

MEMORANDUM.

REGULATIONS AS TO FULL PAY SICK LEAVE OF CIVIL OFFICERS AT THE ADMIRALTY PRIOR TO 1890.

Careful search has been made in the records at the Admiralty, but no trace can be found of any case prior to 1896 in which full pay sick leave and ordinary leave combined aggregated more than 6 months in any one year. The first case which can be traced is that referred to in the answer to Question 2134 in the evidence given before the Public Accounts Committee this year. Until that case arose there was no Office Regulation or Instruction which limited the total absence on full pay in any year to a period of 6 months. A note has been found in the books of the Establishments Branch stating that by Treasury Minute of 2nd May, 1892, the Treasury considered that the maximum period of 6 months on full pay in any one year should include ordinary holidays, and this was apparently noted for guidance, though not as binding to the Department. Although nothing definite can be traced, the impression prevails at the Admiralty that prior to the year 1896 it was held to be within the discretion of the Admiralty to grant ordinary leave in addition to 6 months full pay sick leave in any 12 months. This is borne out by the correspondence between the Comptroller and Auditor-General, the Treasury and ourselves in 1896.

Charles Walker,
Accountant-General of the Navy

APPENDIX TO REPORT FROM THE

APPENDIX No. 22.

PAPER forwarded by Mr. F. G. Bowers, O.B.E., 20th July, 1920. (See Questions 5015—7.)

Dear Sir,

On the 15th instant the Public Accounts Committee examined me on certain questions relating to the Civil Liabilities Department and not having had notice that the matter would be under review was unable to give definite answers on two points and submit the following information accordingly now:—

- (a) The cost of administration of the C.L.D. during the financial year 1920/21 including both staff and premises is estimated not to exceed 6½% of the expenditure on grants.
- (b) As I stated in evidence there is no question of reducing the period of one year allowed to ex-service men in which to apply for Civil Liability (Resettlement) Grants, but an extension has recently been made which is explained in the annexed copy of the answer given to Mr. A. Davies in the House of Commons on the 20th May, 1920.

Yours faithfully,
F. G. Bowers.

The Clerk to the Committee of Public Accounts,
House of Commons,
S.W.1.

EXTRACTS FROM PARLIAMENTARY DEBATES—THURSDAY, 20th MAY, 1920. VOL. 129 —
NO. 66.

Col. 1609.

Mr. A. Davies (Clitheroe) asked the Minister of Labour whether applications for civil liabilities grants that had been refused on the grounds of being too late will be reviewed if recommended by the local war pensions committees; and, if not, how he proposes to deal with such cases?

Dr. Macnamara: It has been decided to grant discretionary power to the Civil Liabilities Department to make grants in hard cases without regard to the Regulations concerning the last date of application, provided that:

- (a) The applications are considered by a Special Panel to be appointed within the Department, upon which the Finance Department are represented.
- (b) The discretion is limited to applications made not later than 31st December, 1920.
- (c) The Department is satisfied in cases where the applicant was in employment before the War that he has been unable to obtain and retain employment since leaving the Army that would place him in substantially as good a position as he was before the War.
- (d) The Department is satisfied in the case of a man having a business before the War, who entered into employment, such as is described in (c), on demobilisation that there are adequate grounds for his desiring to return to business.

APPENDIX No. 23.

PAPER forwarded by Sir Sigmund Dannreuther, C.B., 20th July, 1920.

MEMORANDUM PREPARED AT REQUEST OF THE PUBLIC ACCOUNTS COMMITTEE
REGARDING MOTOR LORRIES AND CYCLES ISSUED FROM SLOUGH TO THE
MINISTRY OF FOOD IN CONNECTION WITH THE RAILWAY STRIKE IN SEPTEMBER,
1919. (See Questions 3639, 3640.)

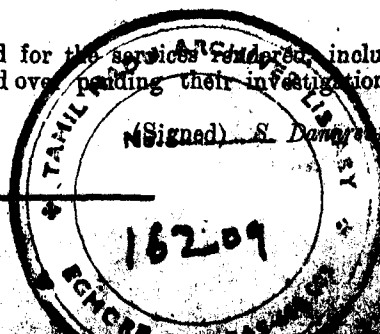
A total number of 1,224 lorries, workshops, etc., were delivered to the Ministry of Food, for which receipts were given by them.

The number of lorries returned to Slough was 1,216, leaving a net deficiency of eight. This deficiency is being inquired into by the Ministry of Food, as also is the identity of certain of the lorries returned. Full descriptions, including chassis numbers, have been furnished to the Ministry of Food.

In addition to the lorries 351 motor cycles were also delivered to the Ministry of Food.

The number of cycles returned to Slough was 169, leaving a difference of 182, which is also being inquired into by the Ministry of Food. The distinctive number of each cycle has also been furnished to the Ministry of Food.

A claim has been prepared against the Ministry of Food for the services rendered, including the value of lorries and cycles not yet returned, but has been held over pending their investigation of the discrepancies shown.



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