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ACCOUNTING
MAR. 1941; JAN. - JULY 1943

23

FROM and TO

~~1A~~	~~[illegible]~~	~~5 [illegible] 43~~	
1A	16/ABPAD/[illegible]	Jan 43	MEMO FOR Controller of Finance and Accounts Occupied Territories administration, Political Headquarters East Africa Command, Nairobi FROM C.E. Key
2A	118/ABD/[illegible] (F.S.)	7 Jan 43	MEMO FOR Controller of Finance + Accounts, Political Branch, General Headquarters, Middle East Force, Cairo
3	7809	/	To MAJOR GEN. GALE.
4	/	28 Jun	From: Allied Force H.Q.
5	AMGOT/1	4 Jul	" AMGOT LIAISON.
6A	/	/	Instructions for Sub. Accountants.
6	/	/	Note on above instructions
7	7809	6 Jul	Memo to Gen. McSherry.
8	/	29 Jun.	Gen. Admin. Instr. No. 12.
9	7809	—	Military Gov. Liaison Sect.
10	7809	6 July	To DCCAO.
~~4~~	~~2590.~~		
11.		22 July	Memo on Accounting set up.

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~~11~~	~~2590.~~		
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7809 11

Memo on Accounting Set-up of AMGOT

1. By cable 2505 of July 11, the Combined Chiefs of Staff forwarded with its approval certain instructions regarding currency accounts and records of AMGOT.

2. At several points in this cable, but particularly in paragraph one, it is made clear that the CCS intend that AMFA shall maintain the accounts of all receipts, expenditures, and transfers of special currencies in the AMGOT operation in so far as they move through AMGOT accounts.

3. At a meeting on July 20, 1943, Major General Lord Rennel agreed subject to the approval of the WO, that AMGOT accounting should be handled in the above manner.

4. In order to carry out this directive, it will be necessary to make certain rearrangements of the AMGOT accounting procedure as it has been planned by the G4.

5. The general principle to be followed is: (a) All financial transactions to which any portion of AMGOT is a party are to be accounted for to AMFA and are hence to be carried into AMFA's books. (b) Any inspecting or auditing which AMGOT may carry on of the accounts of self-accounting units such as railways, P.T.T., state-owned public utilities, monopolies, social insurance bodies, etc., will be unrelated to AMFA's accounts and will be the function of the Chief Accountant.

6. The principle set forth in 5 (a) means that all accounts within AMGOT, regardless of their detail, will be maintained for AMFA. The principal cash books, ledgers and journals will be kept by accountants on AMFA's staff. The other accounts e.g., the detail ledger of the imprest accounts of various AMGOT officers in the field and of the Division of Civilian Supply, will be kept under AMFA's instructions by the Chief Accountant.

F. A. SOUTHARD

AMGOT
15 Army Group

22 July 43

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BIGOT

MOST SECRET

144F/7000/CA

6 July 1943

MEMORANDUM TO: General McSherry

1. The British War Office has apparently very recently instructed its Military Administration in Italian Colonial Areas to make certain changes in its accounting methods so that from the British point of view the attached accounting instructions would have to be changed.

2. In our discussions at AMGOT we have all agreed that both U.S. and U.K. would want to have some figures showing the cost of occupation of HORRIFIED, but that the costs of administration of AMGOT would be only a fractional part of the true occupation costs. To arrive at the occupation cost figure it is necessary to include the expense of maintaining the Allied Armies in HORRIFIED, including their pay, rations, billets and the cost of the equipment used by them in HORRIFIED and Army expenditures for goods and services acquired in HORRIFIED. We are in agreement that such accounts must be maintained by regular Army channels and not by AMGOT.

3. AMGOT will keep accounts showing amounts spent by way of subsidy or loan to the communal, provincial and national budgets, to the social security system, to the banks and postal savings institutions and to private businesses and persons in HORRIFIED. AMGOT will also keep account of goods which the Supply Division of AMGOT receives from the Armies or other sources, including the estimated landed cost value thereof and whether such goods come from British or American sources, and the prices at which such goods are disposed of in HORRIFIED. Similarly AMGOT will keep accounts including value of goods and services which it obtained from non-Allied sources in HORRIFIED and to whom such goods and services are rendered or transferred.

4. Existing accounting practices in the American Army furnish records of what goods our Supply Division will receive from the Army and an estimate of the landed cost value thereof. According to Colonel Sims existing accounting practices in the American Army also furnished records whereby the War Department in Washington can ascertain what portion of the costs of the American Army may be charged to each branch of the Army, including AMGOT. Presumably the existing accounting practices in the British Army would furnish comparable records to the British War Office or its financial representative in North Africa.

5. The accounting practices in the British and American Armies may present some points of difference. The problems of how to keep accounts of occupation costs should be reexamined, particularly in view of the fact that the operations are joint. The accounting problems between the two armies and the determination of occupation costs will necessarily arise in other areas than HORRIFIED and North Africa. These problems can be most adequately studied and decisions rendered by Combined Chiefs of Staff in consultation with the British War Office and the U.S. War Department and perhaps also the treasuries of the two countries. I suggest that it would be premature for AFHQ to issue at this time and without reference to [illegible] instructions to both armies with a view to ascertaining

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3. AMGOT will keep accounts showing amounts spent by way of subsidy or loan to the communal, provincial and national budgets, to the social security system, to the banks and postal savings institutions and to private businesses and persons in HORRIFIED. AMGOT will also keep account of goods which the Supply Division of AMGOT receives from the Armies or other sources, including the estimated landed cost value thereof and whether such goods come from British or American sources, and the prices at which such goods are disposed of in HORRIFIED. Similarly AMGOT will keep accounts including value of goods and services which it obtained from non-Allied sources in HORRIFIED and to whom such goods and services are rendered or transferred.

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5. The accounting practices in the British and American Armies may present some points of difference. The problems of how to keep accounts of occupation costs should be reexamined, particularly in view of the fact that the operations are joint. The accounting problems between the two armies and the determination of occupation costs will necessarily arise in other areas than HORRIFIED and North Africa. These problems can be most adequately studied and decisions rendered by Combined Chiefs of Staff in consultation with the British War Office and the U.S. War Department and perhaps also the treasuries of the two countries. I suggest that it would be premature for AFHQ to issue at this time and without reference to the C.C.S. accounting instructions to both Armies with a view to ascertaining AMGOT's share of occupation costs, especially if such accounting instructions involve any considerable change in the existing accounting practice of either Army and also entail increased use of time and manpower to maintain such records.

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(sgd) A. Grafftey-Smith.

Colonel,
Chief Finance Officer, AMGOT.

AMGOT Rear Hq.
AFHQ.

P/A
11/7 L

Declassified E.O. 12356 Section 3.3/NND No. 785015

2/ for finance

BIGOT ~2 **MOST SECRET.** 7809 9

To: Military Government Liaison Section

Subject: AMGOT - ACCOUNTING PROCEDURE.

1. From discussions with representatives of both the U.K. and U.S. Army pay services, it appears that no estimate is made either in London or Washington of total occupation costs by areas, regarding the expense of maintaining the Allied Armies therein.

2. In accordance with an instruction from the Army Council to the Controller of Finance and Accounts, O.T.A. dated 17 March, 1941, an attempt was made to record all issues and services rendered by the Army to O.T.A., and vice versa. A General Routine Order was published by Mideast and East Africa Command giving the necessary instructions. In the implementation of this order considerable problems arose owing to the difficulty of pricing and of valuing certain services. A proposal was later submitted to the War Office that the system be altered to place all transactions on a cash basis. The War Office were unable to agree to this proposal; and has recently agreed to certain modifications which have the result of placing the onus of maintaining records of Army Emoluments, Issues and Services on O.T.A. Such additional work, however, falls on the Army Issuing Services. A copy of these instructions has just been received from private sources.

3. In view of the fact that the operations are joint, it is considered essential that guidance should be sought from the C.C.S. as to their wishes regarding the type of accounts to be kept by AMGOT.

4. At present it has been arranged that AMGOT should keep accounts of those monies spent by way of subsidy or loan to the communal provincial and national budgets, to the banks and postal savings institutions, to the social insurance system, and to private businesses and persons in HORRIFIED. AMGOT will also keep accounts of goods which its Supplies Division receives from the Armies or other sources by recording the estimated landed cost value and the source of the goods, providing that such information is readily available (see para 6 below); and the prices at which such goods are disposed of in HORRIFIED.

5. It is considered that the cost of Administration of AMGOT represents only a fractional part of the true occupation costs. In these circumstances, it is questionable whether the value of a complicated system between the Armies and AMGOT under which every gallon of petrol issued from an Army pump to an AMGOT vehicle must be accounted separately is in proportion to the heavy strain on the time and manpower required to maintain the necessary records.

6. Information is lacking as to whether the full cost of supplies landed in HORRIFIED for distribution or sale to civilians will be accurately costed. As the source of such supplies may be the U.S.A., U.K., French North Africa, or elsewhere, the price, freight and insurance charges will vary greatly. To the extent that such figures are inaccurate the value of the records maintained by AMGOT will be correspondingly decreased.

7. The attitude of the War Department and the War Office towards the foregoing problems is not known and it is suggested that a signal should be sent to the C.C.S. on the following lines:-

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7. The attitude of the War Department and the War Office towards the foregoing problems is not known and it is suggested that a signal should be sent to the C.C.S. on the following lines:-

"1. Question has arisen of desirability keeping records 392 accounts of issues and services from Armies to AMGOT and vice versa(.) Attitude of War Dept. and War Office to this question is not known.

2. Of total costs occupation HORRIFIED AMGOT represents small fraction(.) AMGOT will maintain accounts of costs of supplies, of expenditure by way of subsidy or loan to local governments, banks, to social insurance system to private businesses, for personnel and administrative expenses of AMGOT, in short all expenditure relating to civil administration of HORRIFIED and also receipts received by AMGOT for supplies, fines, confiscated property, etc.

"3. Proposal in para one is not impracticable but recording and costing of issues and services will involve modification of existing accounting procedure both Armies and will entail increased use of time and manpower to maintain such records. As regards U.K. forces, an adaptation of existing system used in CTA is possible but no precedents exist for U.S. Forces AMGOT Contingent.

4. Grateful early indication your wishes. You may also wish to canvass the more general question of what changes should be made in existing accounting practices of British and American military forces both at home and abroad to furnish a record for either joint or separate bills for occupation costs; and also to consider question of what constitutes costs of occupation as distinguished from other costs of the military effort"

AMGOT NEAR
A.F.H.Q.
B.N.A.F.

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COLONEL
C.F.O.

from other costs of the [illegible]

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COLONEL
C.F.C.

AMGOT REAR
A.F.H.Q.
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A M G O T

[illegible]ERAL ADMINISTRATIVE INSTRUCTIO[illegible] [illegible]O. 12

Accounting Procedure to be Followed by Sub-Accountants

INTRODUCTION

1. It will be necessary for Finance Officers (F.O.'s), Senior Civil Affairs Officers (S.C.A.O.'s) and Civil Affairs Officers (C.A.O.'s) to incur expenditures on behalf of AMGOT, e.g., the payment of locally engaged civilian employees, the purchase of stationery, cleaning materials and other items. In addition, the foregoing officers may have to make advances to meet those deficits of ~~Communal~~ communal, provincial or National budgets. On the other hand, however, certain monies and revenues will accrue to AMGOT, e.g. fines imposed by the Allied Military Courts. Both revenues and expenditures will be accounted for in due course to the Chief Accountant (C.A.) and for this purpose, all F.O.s, S.C.A.O.s and C.A.O.s responsible for disbursements and collections for AMGOT are appointed Sub-Accountants.

2. Sub-Accountants are reminded that when handling disbursements or collections for account of AMGOT they are dealing with public funds and it is their duty to satisfy themselves that adequate records are maintained of all transactions, properly supported by documentary evidence. Any losses of cash due to negligence or failure to take reasonable precautions ~~may~~ will involve the officer concerned financially. Safes should be obtained or vaults, under the exclusive control of the Sub-Accountant, ~~should be obtained or used,~~ used and where large sums are held application should be made to the appropriate authorities for an armed guard.

3. The object of these instructions is to set up a standard form of accounting procedure and records which should afford reasonable safeguarding measures and provide the necessary data required by the Chief Financial Officer (C.F.O.) in determining the cost of occupation. If for any reason the procedure outlined in this directive cannot be followed, the circum-

[illegible] together with any suggestion employees, the purchase of stationery, cleaning materials and other items. In addition, the foregoing officers may have to make advances to meet those deficits of ~~Command,~~ communal, provincial or National budgets. On the other hand, however, certain monies and revenues will accrue to AMGOT, e.g. fines imposed by the Allied Military Courts. Both revenues and expenditures will be accounted for in due course to the Chief Accountant (C.A.) and for this purpose, all F.O.s, S.C.A.O.s and C.A.O.s responsible for disbursements and collections for AMGOT are appointed Sub-Accountants.

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3. The object of these instructions is to set up a standard form of accounting procedure and records which should afford reasonable safeguarding measures and provide the necessary data required by the Chief Financial Officer (C.F.O.) in determining the cost of occupation. If for any reason the procedure outlined in this directive cannot be followed, the circumstances should be promptly reported to the C.A., together with any suggestion for obtaining maximum security for public monies. Further instructions ~~will~~ 3924 be issued from time to time.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

GENERAL

4. F.O.s and S.C.A.O.s will be provided with sums of money before entering the occupied territory and part of the S.C.A.O.s funds may be passed on by them to C.A.O.s. When these funds are exhausted or larger amounts are required, the F.O.s will draw further sums from the Military cashiers, while S.C.A.O.s and C.A.O.s will obtain additional funds from their regional FOs.

5. The Sub-Accountant must be able at any time to account for the total amount ~~as~~ he has received by producing cash or properly authorized and receipted vouchers. Funds will not be deposited in any bank until receipt of further instructions from the CA.

6. During the initial stage of the occupation, any amounts collected by Sub-Accountants shall be duly accounted for as described below and may be merged with funds received from officers of AMGOT or the armed forces and used for making necessary disbursements. ~~and duly accounted for as~~

7. The basic currency for AMGOT accounting purposes will be the lira, but yellow seal ~~dollars~~ currency and BMA ~~pounds~~ currency & British ~~U.S.~~ currency will circulate during the initial stage of the occupation. Consequently, it will be necessary for each Sub-Accountant to keep his cash book in ~~[illegible]~~ three separate currencies and to indicate on all payment~~s~~ or receipt vouchers the currency in which the transaction took place.

8. The accounting forms to be used by the Sub-Accountants are as follows:

Form No.	Description	No. of Copies & Eventual Distribution: Original	Duplicate	Triplicate
	Cash Book	Sub-Acct.	None	None
F/1	General Revenue Receipt	To payer	To C.A.	Remains in book
F/3	Payment Voucher	To C.A.	Local files	None
F/4	Personal Emoluments (Payroll)	To C.A.	Local files	None
F/12	Receipt for Advances to Communes, etc.	~~To C.A.~~ To H.Q.	To C.A. ~~(through F.O.)~~	Local files

...mentioned forms are forwarded herewith

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7. The basic currency for AMGOT accounting purposes will be the lira, but yellow seal ~~dollars~~ currency and BMA ~~pounds~~ currency & British ~~[illegible]~~ U.S. coin will circulate during the initial stage of the occupation. Consequently, it will be necessary for each Sub-Accountant to keep his cash book in ~~two~~ three separate currencies and to indicate on all payment~~s~~ or receipt vouchers the currency in which the transaction took place.

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F/4	Personal Emoluments (Payroll)	To C.A.	Local files	None
F/12	Receipt for Advances to Communes, etc.	To H.Q.	To C.A. ~~[illegible]~~	Local files

A cash book and a supply of the above-mentioned forms are forwarded herewith for use by Sub-Accountants; care must be taken to ensure that these forms do not fall into unauthorized hands. Sub-Accountants will be instructed in due course when and how their expenditures and collections are to be reported to the C.A. and until that time they will retain all forms except the original of Form F/1. 3923

9. Original vouchers and payrolls will, where practicable, be typewritten; otherwise these documents and the cash book will be written up in ink or indelible pencil. Duplicates and triplicates will be carbon copies of originals in all instances.

10. ~~When~~ Wherever a signature is called for on any of the above forms, the original and all copies must be signed.

11. The original and relative copies of any pre-numbered receipt and payment vouchers issued to the Sub-Accountant which for any reason have to be cancelled or are spoiled, will be clearly marked "cancelled", signed by the Sub-Accountant and eventually disposed of by him in the manner indicated in the table ~~under~~ in Paragraph ~~5~~ 8 above.

check this point

CASH BOOK

12. A cash book in the following form will be used by Sub-Accountants to record, in chronological order, all receipts and disbursements:

Date	Particulars	Voucher No.	Yellow Seal ~~$~~ Currency	BMA Currency £ 1. 2.	Lire

All receipts will be recorded on the debit (or left hand) side and all disbursements will be entered on the credit (or right hand) side of the cash book. The monetary amount of each transaction will be entered in the appropriate column according to whether the currency involved is yellow seal ~~dollars~~ currency, BMA ~~pounds~~ currency or Lire and the balance (excess of debits over credits) of the entries in (say) the yellow seal ~~dollar~~ currency columns will represent the amount of yellow seal currency on hand. Each Sub-Accountant should count his cash on hand at frequent intervals and verify that it is in agreement with the balances shown in his cash book. Any cash shortages should be made good and the circumstances reported to the C.A.; surpluses will be taken on charge by receipt voucher F/1.

13. It will not be necessary to record in the cash book the Lire equivalents of each transaction in either yellow seal ~~dollars~~ currency and BMA ~~pounds~~ currency. ... balanced at the end of each calendar month and the balances of

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13. It will not be necessary to record in the cash book the Lire ~~equivalents~~ equivalent of each transaction in either yellow seal ~~dollars~~ currency and BMA ~~pounds~~ currency. Cash books will be balanced at the end of each calendar month and the balances of each currency carried forward to the subsequent month. The total monthly expenditure and revenue converted into lire will be shown separately under the closing totals.

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COLLECTIONS

14. A receipt voucher (Form F/1) will be made out, in triplicate, showing full details of ~~any~~ each ~~collections~~ collection made by a ~~Sub-Accountants~~ Sub-Accountant and the original will be given to the payer. This procedure will also be followed when S.C.A.O.s and C.A.O.s receive funds from F.O.s and when the latter

draws sums of money from Military cashiers. A documents received by the Sub-Accountant in support of the collection will be annexed to the duplicate receipt.

DISBURSEMENTS

(a) Advances to Meet Budget Deficits

15. As provided for in Special Administrative Instruction, Finance No. ~~3 and~~ in General Administrative Instructions No. 3 and in advances may be made to meet deficits of communal, provincial or national budgets. In the case of a communal budget deficit, the funds for the advance will be obtained by the G.A.O. from the F.O. as provided for in Para. 3 of General Administrative Instruction No. 3; the payment by the FO to the CAO will be supported by a Payment Voucher (Form F/3). Advances to meet provincial and national budget expenditure budget deficits will be made by FO's.

16. In every instance a receipt, in triplicate, will be obtained for such advances ~~xxx~~ on Form F/12.

17. Brief particulars of the reason for making the advance will be given by the Sub-Accountant at the foot of Form F/12 which must be signed by him in the space provided therefor.

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3921

(b) Payrolls.

18. Wages or salaries of civilian employees of AMGOT will be paid weekly or on the fifteenth and last day of each month, according to local custom, and a Payroll (Form F/4) will be made up, in duplicate, before each weekly or half-monthly payment is made. The assistance of a responsible local official will probably be required in making out the first few payrolls to ensure that proper deductions are made from employees' wages ~~&&~~ or salaries for social insurance contributions and income taxes. Sub-Accountants should also be guided by local custom as regards payment for time lost as a result of sickness, fines for tardiness, etc.; a note of any such deductions from the employees' regular salaries should be made on the Payroll.

19. Each employee will sign both the original and duplicate Payrolls as evidence that he has been paid and the Sub-Accountant will certify the correctness of the Payroll by signing in the space provided therefor.

20. Certain social security contributions are made by purchasing stamps for affixing to cards, whereas others are payable to local institutions; the exact manner in which the various social security contributions have to be made will be determined locally. When affixed to employees' cards, the above mentioned stamps will be cancelled by a date stamp.

21. Income tax deductions will not be paid over by Sub-Accountants to the local governmental authorities, but will be dealt with by the CA on receipt of the Payrolls.

(c) Payment Vouchers.

22. Each payment (other than those already dealt with in paragraphs 15 to 21 above) will be supported by a separate prenumbered Payment Voucher (Form F/3) which will be prepared in duplicate. This voucher will show full particulars in the spaces provided therefor as to the purpose of the disbursement, quantity, price, reference to a contract, etc., and to the original voucher will be annexed any invoice, cash register ticket or freight bill received from the payee.

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23. Before the disbursement is made, the voucher will be signed by the Officer authorizing the payment. In the initial stage of the occupation, the Sub-Accountant will, in the absence of specific instructions to the contrary, assume the responsibility for disbursements made by him.

24. The receipt ~~form~~ form on the Payment Voucher will be signed by the payee and and the certificate of payment will be signed by the Sub-Accountant.

RECEIPT STAMPS

25. Receipts issued or obtained by AMGOT are not subject to stamp duties (marche da bollo).

29 June 1943
AMGOT, 141 Force.

DB/MH

7

BIGOT

MOST SECRET

141F/7809/CA

6 July 1943

MEMORANDUM TO: General McSherry

1. The British War Office has apparently very recently instructed its Military Administration in Italian Colonial areas to make certain changes in its accounting methods so that from the British point of view the attached accounting instructions would have to be changed.

2. In our discussions at AMGOT we have all agreed that both U.S. and U.K. would want to have some figures showing the cost of occupation of HORRIFIED, but that the costs of administration of AMGOT would be only a fractional part of the true occupation costs. To arrive at the occupation cost figure it is necessary to include the expense of maintaining the Allied Armies in HORRIFIED, including their pay, rations, billets and the cost of the equipment used by them in HORRIFIED and Army expenditures for goods and services acquired in HORRIFIED. We are in agreement that such accounts must be maintained by regular Army channels and not by AMGOT.

3. AMGOT will keep accounts showing amounts spent by way of subsidy or loan to the communal, provincial and national budgets, to the social security system, to the banks and postal savings institutions and to private businesses and persons in HORRIFIED. AMGOT will also keep account of goods which the Supply Division of AMGOT receives from the Armies or other sources, including the estimated landed cost value thereof and whether such goods came from British or American sources, and the prices at which such goods are disposed of in HORRIFIED. Similarly AMGOT will keep accounts including value of goods and services which it obtained from Non-Allied sources in HORRIFIED and to whom such goods and services are rendered or transferred.

4. Existing accounting practices in the American Army furnish records of what goods our Supply Division will receive from the Army and an estimate of the landed cost value thereof. According to Colonel Sims existing accounting practices in the American Army also furnished records whereby the War Department in Washington can ascertain what portion of the costs of the American Army may be charged to each branch of the Army, including AMGOT. Presumably the existing accounting practices in the British Army would furnish comparable records to the British War Office or its financial representative in North Africa.

5. The accounting practices in the British and American Armies may present some points of difference. The problems of how to keep accounts of occupation costs should be reexamined, particularly in view of the fact that the operations are joint. The accounting problems between the two armies and the determination of occupation costs will necessarily arise in other areas than HORRIFIED and North Africa. These problems can be most adequately studied and decisions rendered by Combined Chiefs of Staff in consultation with the British War Office and the U.S. War Department

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a.g.s.

Colonel,
~~Chief~~ Finance Officer, AMGOT

AMGOT Rear ~~Hq.~~
AFHQ

7809

6

NOTE

These accounting instructions have been drawn up with a view to safeguarding cash and stores rather than to determine costs of the Military Government Section.

If it is decided that there shall be financial adjustment between Britain and America, or that the cost of the Military Government Section should be determined, detailed costs of the administration will presumably be required to determine the indebtedness of one country to the other.

In that case returns from Army Navy and Air Force units (and presumably American) will be required in accordance with A.C.I of 17.3.41 and the Military Government Section will have to render detailed costed returns of stores and services (see Para 5).

Brig. Dunlop (F.A.) has addressed an enquiry to C.A.O. from the British Army point of view on that point, but no reply has yet been received.

Full details of the returns which would be required in that case are given in "Notes on Accounting Procedure" issued by O.E.T.A., G.H.Q. M.E.F. d.7.5.41.

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6A

ACCOUNTING INSTRUCTIONS FOR SUB ACCOUNTANTS

MILITARY GOVERNMENT

****

1. Cash. Instructions are being prepared by Col. Graffty Smith.

2. Stores.

(a) A ledger showing receipts and issues must be maintained. Each item should be given a separate column in the ledger.

(b) Receipts from and issues to British and American Army, Navy and Air Force must be recorded separately.

(c) All transactions in the ledger must be supported by vouchers numbered in sequence in two series - receipts and issues. All vouchers must be complete with the authority for the transaction and signed by the sub-accountant. Serial numbers of vouchers must not be duplicated. Issue vouchers will be prepared in triplicate. Two copies will be sent to the receiving unit and one copy will be retained as an office record. One copy will be receipted and returned by the receiving unit and will be used to support the issue in the ledger. If in the initial stages, stores have been received and not accounted for, stock should be taken and the ledger opened with the stock figure, stores from British and American Army, Navy and Air Force being shown separately as far as possible.

(d) Stores issued on loan or on inventory will not be struck off ledger charge, but receipts will be obtained and kept with the ledger records.

(e) Stores received without vouchers will be brought to account by certificate receipt voucher. If and when a voucher for the stores arrives, it will be receipted and cross referenced to the C.R.V., but no accounting action will be taken (see also para (f) below).

(f) Discrepancies

When stores received do not agree with quantities or descriptions vouchered, the stores actually received will be brought to account and a statement of the discrepancy forwarded to the issuing unit together with the issuing units receipted issue voucher.

When issues are made and the receiving unit does not receive stores as vouchered adjustment must be made as follows:-

(i) if less stores are received than were dispatched, the difference must be brought on charge in your account and the discrepancy adjusted as in paragraph (g) below.

(ii) if more stores are received than were vouchered, stock of the items concerned should be taken and if a deficiency is revealed, the surplus received by the unit should be struck off charge if within the stock deficiency. If stock is

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(g) Losses.

3917

Losses (including discrepancies between stores issued and stores received paragraph (f) (i)) should be investigated and reported to the Controller of Finance and account.

Losses of £25(?) (amount to be decided by Military Government Section) or less may be written off on the authority of the C.A.O. provided he is satisfied that fraud or negligence are not involved.

(h) Purchase of stores by Military Government Section

Stores purchased and paid for by the Military Government Section will be

Vide Spec. Army Order 15/6/42 "Power in Relation to Losses etc" brought to account in the stores ledger. A voucher will be prepared in duplicate, one copy to support the stores ledger, the other copy attached to the bill for the stores to support the expenditure of cash in the cash account. Each copy will bear cross references to the store and cash accounts.

(j) Sale of stores by the Military Government Section

Stores sold to the civil population etc. will be struck off store ledger charge. A voucher will be prepared in duplicate, one copy to support the store account and the other copy attached to the document in the cash account on which payment has been received.

Each copy will bear cross references to the store and cash accounts.

(k) Stocktaking

Stock will be taken as and when opportunity occurs. A stocktaking of each item at least once a year should be aimed at.

Deficiencies between ledger balances and stock should be adjusted as in paragraph (g) above. Surpluses should be brought to account.

3. Supplies i.e. food and provisions.

A separate ledger for supplies will be maintained and the accounting procedure will be the same as for stores.

In view of the quicker turnover of supplies, complete stock should be taken once a month if possible and at least once a quarter.

4. Services i.e. Works services, Transport, Repair of vehicles, Telegrams, Hospital Treatment, etc.

Services performed by the British and American Army, Navy and Air Force for the Military Government Section will be acknowledged and brief details recorded. If no acknowledgement is asked for by the British or American Army, Navy or Air Force authorities, sufficient detail of the service will be noted to enable an estimate of the cost to be made if necessary.

Services rendered by British and American Army, Navy and Air Force should be distinguished as far as possible.

Similarly, brief details of any service rendered to the British or American Army, Navy and Air Force will be kept to enable an estimate of the cost to be made if necessary. Acknowledgement of the performance of the service should be obtained.

5. General

It is possible that returns of stores received and issued and services performed will be required eventually.

Ledgers and records of services should be kept in sufficient detail to enable

3916

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Each copy will bear cross references to the store and cash accounts.

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5

MOST SECRET.

AMGOT / 1

4 July 43

TO:

C.S.O.
AMGOT (Rear)

Copies brought from Trip by Major Ross (Col. ...) 7/7

I am directed by the C.C.A.O. to transmit the following instructions:-

7804. 1. C.F.O. to ask for a copy of new G.O. replacing G.O. 662/1942 on subject of Army/O.E.T.A. accounting adjustments referred to in para 5 of C.A. Branch M.E.F. D/O letter 26 June, 11669/38/CA. — No TRACE

2. Ref. TROOPERS to you No. 95531 C.A.2 of 2 July. Place BEER on pool establishment as Lt. Col and signal that he should proceed now.

3. Ref. yours to rear HQ. 30 Corps 6471 1 July. C.C.A.O's comment "Presume they are going. c/f yours to Rennell CA 244 2 July"

4. Send 2 Copies of printed version of C-in-C's declaration.

Sgd D Pirie
Major.

AMGOT,
H.Q. 141 Force,
Field.

3915

P.S. Enclosed herewith is a memo. dated 2 July from Tripolitania headed, Movements -AMGOT Personnel - O.Rs.

PRINCIPAL COPY ON
7851

TO SEE
FINANCE

P/A
ap 7/7

0032

Declassified E.O. 12356 Section 3.3/NND No. 785015

FINANCE

SECRET BIGOT

BIGOT.

MOST SECRET

7809.

4

ALLIED FORCE HEADQUARTERS

Military Government Section

28 June 1943.

Dear Anthony,

TO: Colonel Grafftey Smith.

Brigadier Dunlop has placed temporarily at the disposal of the Military Government Section Major Gale, who is destined as number two on the Financial and Audit Staff of Force 141. He is temporarily working for us and at the same time acting as a link between Dunlop and myself.

I have expressed to him the need to work out a simple accounting system for Pantelleria and Lampedusa and I have told him that before he does so I want him to discuss the matter with you. He knows that you will eventually be taking over the accountancy for the small islands.

He is spending today and tomorrow studying the AMGOT - HORRIFIED files and I should like him to go and see you on Wednesday. I have told him to ring up and find out a convenient time and have handed him a copy of this letter.

Yours ever
Terence Maxwell.

A. T. MAXWELL
Colonel

Action taken

Saw Major Gale and explained our system. Stated however that until we knew details of the financial (and currency) structure in P. and L., we could not be dogmatic.

a.g.s.
30/6

3918/P
2/12

SECRET

7809

MOST SECRET

3

SUBJECT: Issues and Services rendered by the Army on Behalf of AMGOT.

TO : Major General Gale, C.A.O., A.F.H.Q.

1. The following is an extract from the Army Council instructions of 17th March, 1941, issued to the Controller of Finance and Accounts, O.E.T.A.

"There will be no financial adjustment between Army Funds on the one "hand and the various Occupied Enemy Territory Administrations of the "other for issues and services rendered by the one to the other, except "that all Agency cash payments will be the subject of adjustment. But "it is necessary to know what is the cost of the various Occupied Enemy "Territory Administrations both in cash and in kind. Records will be "maintained of all issues and services rendered by Occupied Enemy Ter- "ritory Administrations to the Army; similarly all issues and services "rendered by the Army to the Occupied Enemy Territory Administration "should be noted by you. A statement agreed between you and the Army "Financial Adviser, Middle East, should be sent to the War Office quar- "terly, showing in the case of each Occupied Enemy Territory Administra- "tion the value in sterling (including Departmental expenses and freight) "of all issues and services made to the Administration from Army sources, "and the value of any reciprocal issues and services rendered by the "Occupied Territory Administration to the Army."

In accordance with the above, arrangements were agreed, and published in due course in General Routine Orders. I submit the following draft for your consideration:-

"STORES SUPPLIES AND SERVICES.

"(a). Stores and Supplies. Army Depots, etc., must maintain, under "separate heading for each branch of AMGOT, complete records of all 3913
"issues made by them to AMGOT. They should also keep a record of all "stores and supplies received from AMGOT sources. Stores received "from AMGOT should be acknowledged in the usual manner.

"Issues of stores and supplies (including those from Army Stocks and "for use of the local population) will normally be made on the authority "of Formation Headquarters only, and by issue direct from Depots. Where "Depots make issues, they should endorse vouchers with the Formation "Headquarters authority for the issues, retain one copy and return the "remaining vouchers to the depot. The depot will retain one copy in "support of its amount, and send one copy to the Financial Adviser, A.F.H.Q. "and the other to the Chief Finance Officer, AMGOT. These should be for- "warded on the last day of each month. Where no issues are made, Depots "will render "Nil" returns.

"Where issues of stores or supplies by units are necessary, receipts will "be obtained from the local AMGOT representative. A report of the issues "will be forwarded to the Depot from which supplies of the items issued are "normally drawn. Statements (in duplicate) will be priced and the copies "other for issues and services rendered by the one to the other, except "that all Agency cash payments will be the subject of adjustment. But "it is necessary to know what in the cost of the various Occupied Enemy "Territory Administrations both in cash and in kind. Records will be "maintained of all issues and services rendered by Occupied Enemy Ter-"ritory Administrations to the Army; similarly all issues and services "rendered by the Army to the Occupied Enemy Territory Administration "should be noted by you. A statement agreed between you and the Army "Financial Adviser, Middle East, should be sent to the War Office quar-"terly, showing in the case of each Occupied Enemy Territory Administra-"tion the value in sterling (including Departmental expenses and freight) "of all issues and services made to the Administration from Army sources, "and the value of any reciprocal issues and services rendered by the "Occupied Territory Administration to the Army."

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"(b). SERVICES. Records must be kept of all services performed, e.g., "Works Services, Transport, Repairs of Vehicles, Telegrams, Hospital Treat-"ment, etc., and statements showing all particulars of all such services "will be rendered monthly by units, formations, etc., in the same manner "as the stores and supplies statements referred to above.

P/A 25/6

Major Tubb

Please speak ap. 28/6

"It is appreciated that while active operations in Occupied Territory "are continuing, evaluation of certain services performed on behalf of "AMGOT will perhaps be difficult; wherever possible, however, it should "be done. Where accurate pricing is not possible, an estimate should "always be given.

"Departmental expenses and freight should be taken into consideration in "assessing the cost of services. Records should also be made of AMGOT "services to the Army.

"SPECIAL PURCHASES OF STORES, ETC.

"Where items are specially purchased for issue to the local population, "payment will, wherever possible be made by AMGOT. Where payment has "perforce to be made by an Army Paymaster, the transaction should be re- "garded as an Agency Cash Payment, and not treated as an issue in kind.

"The above instructions will be put into operation forthwith but where "purchases or issues of stores, performance of services, or advance of "cash, etc., prior to the date of this General Order have been made to, "or on behalf of AMGOT, action should be taken as instructed above."

2. Care must be taken that when special purchases and services are effected by any Army authority and are paid for in cash on behalf of AMGOT such payment will be treated as Agency payments and refunded from AMGOT funds.

3. In the case of capital works where doubt may arise as to whether the services are for military or AMGOT it ~~has been~~ should be agreed that works and services shall only be treated as being carried out on behalf of AMGOT when the services have been performed at their direct request.

4. With regard to special issues of stores, direct payment should only be made when the issue cannot be made by a Base Supply Depot. If the special issue is effected through a Base Supply Depot, the estimated cost will be included in the statement of issues and services rendered by the Army.

5. It will be noted from the foregoing that no financial adjustment between Army Funds and AMGOT funds will be effected in the War Office Accounts, in respect of stores, issues, services and emoluments and allowances of military personnel (whose pay will issue under Army arrangements) except Agency payments already referred to. It will be necessary, however, to reflect the real cost of administration of the Occupied Territories in the accounts of AMGOT, and this will be done at AMGOT Headquarters from the monthly cash accounts.

It is essential, therefore, for each branch of AMGOT to submit monthly returns compiled as accurately as possible, to enable the necessary adjustments to be made at Headquarters. The returns, in the forms attached to these notes, are as follows:

(i) Schedule of Issue and Stores by the Army during the month (Form/F. 8). (attached).

(ii) Schedule of Issues and Stores to the Army during the month (Form/F. 8a). (Copy not available).

(iii) Schedule of Works and Services performed by the Army during the month (Form/F.9). (attached).

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(iii) Schedule of Works and Services performed by the Army during the month (Form/F.9). (attached).

(iv) Schedule of Works and Services performed for the Army during the month (Form/F.9a). (Copy not available). 3912

6. The Schedules will be checked with the copies of vouchers and advices submitted direct to Headquarters and agreed with the Army Financial Adviser or his representative. Every care should be taken to ensure that the returns are as complete as possible, but they should include only those works and services or issues which have been advised by issue vouchers or other means, and which have been accepted by a responsible officer on behalf of AMGOT. It is understood that it will not be possible to price the vouchers of Army issues in all cases or to estimate the actual cost of certain works and services. In this event, separate forms/F.8 and /F.9 should be completed giving full details of the unpriced issues, works or services for subsequent agreement between the Chief Finance Officer and

the War Office.

7. Similarly, works, services and issues carried out by AMGOT on behalf of the Army must be properly vouchered and advised in an appropriate form, and the acceptance of the responsible Army authority must be obtained.

8. Stores and issues received from the Army must be taken on charge of appropriate Stock Ledgers, as in the case of stores purchased direct from AMGOT funds. The Ledger Accounts will show receipts from all sources, and the ultimate disposal of the stores and issues to the inventory charge of officers responsible for the custody of stores and will show issues for immediate consumption.

9. It will be appreciated that no direction has been received on the question of AMGOT'S relations with the U.S. Army Supply Services. If a similar system is to operate, I should be grateful to learn if the Financial Adviser A.F.H.Q. is to examine the accounts on behalf of both the British and American Forces.

ad Grafftey Smith

C F O.
Colonel.

Copy to: Financial Adviser, A.F.H.Q.

AMS

3911

FOR INFORMATION - NOT TO BE TAKEN AS INSTRUCTIONS OR AS AUTHORITY FOR SIMILAR ACTION IN OTHER TERRITORY

2A

COPY

116/Abd./4695(F)

7 January, 1943.

AIR MAIL

Memorandum for:-

Controller of Finance & Accounts,
Political Branch, General Headquarters,
Middle East Force, Cairo.

O.T.A. Works Services.

1. The method of dealing with works services in occupied territory has been reviewed and, after discussion with Major General Lord Rennell, the following procedure has been agreed.

2. All new capital works services and maintenance services estimated to cost £1,000 or over should be shown separately in the Annual Estimates. Items under £1,000 may be shown in bulk as Miscellaneous Services, unless any item is of abnormal interest, e.g. a contribution (grant in aid) for the execution of work which will not be in O.T.A. ownership, e.g. S.E.D.A.C. dam.

The total estimate and the proposed expenditure during the year should be given.

3. In submitting the Annual Estimates to the War Office for sanction brief particulars of each works service estimated to cost £1,000 or more should be given and if the estimate is necessarily high the cause should be stated. The purpose of the service should be mentioned. If the work is to be carried out by other than a lump sum contract, the type of contract or other means of execution should also be reported. Alternatively such services should be submitted as and when they are ripe for execution and their appearance in the Budget would not be intended to secure any approval, but merely to show that expenditure of the order shown was contemplated..

4. The above procedure should also be applied to capital expenditure and maintenance of Railways and the Ropeway.

3910 /5.

E

PA 7/3

5. No reinstatement of war damage to private property should be approved without prior reference to the War Office unless the building is required for Military use or for O.T.A. projects. In the case of buildings required for Military use or O.T.A. projects urgent repair may be put in hand but a report should be made to the War Office as soon as possible. Non urgent work should be referred before execution.

6. Please confirm that this procedure will be followed in future.

(Signed) C.E. KEY.

Copy to:- V/Controller of Finance & Accounts,
Political Branch, Headquarters,
East Africa Command, Nairobi.

FOR INFORMATION - NOT TO BE TAKEN AS INSTRUCTIONS OR AS AUTHORITY FOR SIMILAR ACTION IN ANY OTHER TERRITORIES

1A

attention file 1.

COPY

15/Abroad/1508 (F.5.) 5th January, 1943.

Memorandum for:-

Controller of Finance and Accounts,
Occupied Territories Administration,
Political Headquarters,
East Africa Command,
Nairobi.

Colonial Adshead's note, dated 29th October, 1942, entitled "The Method of Accounting for Army Issues in Kind", has been discussed in detail, together with other accounting questions, with Lord Rennell, and the following arrangements agreed:-

1. Adventitious Profits and Losses.

The question of whether these items should be included in the O.T.A. accounts in such a way as to ensure inclusion in any claim against the Italian Government is one of policy, which it is desirable should be settled in the light of circumstances at the time when the claim is to be presented. It is therefore necessary to secure now that they can be easily distinguished, and you are requested to bring them to account in the O.T.A. Headquarters account in such detail as it necessary to show in which territory the profit or loss arose.

2. Accounting for Currency.

The currency accounts should be kept separate from the O.T.A. main accounts.

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The detailed arrangements for accounting in War Office books for currency are being reviewed and if necessary, a further memorandum will be addressed to you.

These instructions apply to B.M.A. notes when they are used in occupied territory, as well as to such currencies as East African and M.T. Dollars. Only small book-keeping profits and losses appropriate to O.T.A. transactions will appear in the main O.T.A. Accounts.

3. Internal Audit.

It has been agreed that the arrangements for carrying out internal audit of O.T.A. accounts should be strengthened and approval has accordingly been given for the staff changes involved in re-organising the department of the Inspector General of Accounts.

4. Accounting for Issues and Services.

In order to enable you to reflect in the Occupied Territories Administration accounts the total cost of administration, so that a proper control of [illegible] may be secured, it is proposed

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4. Accounting for Issues and Services.

In order to enable you to reflect in the Occupied Territories Administration accounts the total cost of administration, so that a proper control of expenditure by means of budgets and vote control may be secured, it is proposed that the financial instructions issued in War Office letter 16/Abroad/1226, dated 17th March, 1941, Paras. 10 and 11, should be modified as follows:-

(a) The cost of issues and services will, in future, be included in the O.T.A. accounts instead of being recorded in a separate quarterly statement to the War Office. The accounts will be rendered in such a form as to distinguish clearly between transactions in cash and transactions in kind. The

/principle