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Captain T. Ormsby ^a

^a Army Pay Department

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A SCHEME TO ABOLISH THE PRESENT SYSTEM OF COMPANY ACCOUNTING.

By Captain T. ORMSBY, Army Pay Department.

THE foundation of the present system of company accounting lies in the fact that the company commander is made the virtual paymaster of his men, and in this respect he is far more of a paymaster than the majority of the officers of the Army Pay Department. He is obliged to keep a ledger account for each man in his company, as well as accounts of each of the company funds, and is held personally responsible for every fraction of public money which passes through his hands for these purposes. How heavy that responsibility is, and how ill-prepared the average company officer is to face it, perhaps only those who have been closely connected with Army pay work during the last three years can fully realise.

In an article contributed by the writer last year to a Service journal, it was stated that a number of company officers had been obliged to meet deficits on their accounts, which in some cases ran into three figures. Since that statement was made, a number of fresh cases have occurred, pointing to the conclusion that there must be something radically wrong with a system which renders such a state of affairs possible. It will, of course, be argued that the fault lies entirely with the company commanders, and that they deserve no pity for having to pay the price of their own folly or carelessness; but it is not at all certain that this has always been the case, and, while it is no doubt a fact that if the company commanders would add the acquirements of an experienced paymaster to their other accomplishments, the present system might suffice, it is also equally certain that under no circumstances whatever will the present system be thoroughly satisfactory, for the following reasons:—

A thoroughly satisfactory system must be one capable of bearing without a breakdown the heaviest strain liable to be put upon it during a time of emergency. If proof is required of the failure of our present system in this respect, it is only necessary to point to the fact that at the present moment committees of adjustment are sitting at nearly every dépôt to investigate the accounts of reservists and others, which have got into a muddle during the past three years. In many, probably the majority, of these cases it has been found that the mistakes which had occurred were made, not by the units serving in South Africa, but by the provisional battalions and details at home. Now, it may be taken for granted that in any great emergency necessitating a mobilisation of the whole Army, it would be necessary to draw largely on the Reserve of Officers and on the Auxiliary Forces to supply the places of those Regular officers who would be required for duty at the front. During the past three years cases have come under my notice where newly-joined Militia subalterns who did not know, and could not be

expected to know, one end of a pay list from the other, have, owing to the exigencies of the Service, been put in financial charge of companies with most disastrous results. It therefore follows that, even if the regular company commanders were thoroughly efficient and experienced paymasters, we should, under the present system, be liable to a breakdown were a sufficient number of these officers not available. There is another point to be considered: under the present system the company accounts are kept by the pay-sergeant, and it has been a constant complaint on the part of company officers that their accountant has been suddenly taken from them at a most critical time. In some cases the pay-sergeants have been changed two or three times during a month, often without sufficient time being given to hand over the accounts properly, with the result that the pay lists have got into a mess and the company commanders let in. There are many other arguments which might be brought forward in condemnation of the present system, but the object of this paper is to formulate a scheme by which the whole of the financial responsibility at present resting on company commanders would be taken over by the Army Pay Department. The system, roughly speaking, would be similar to that adopted by large business organisations, such as railway companies, where the accounts are kept at the central offices and posted up by means of time sheets rendered periodically by the officials in charge of districts or sections. It is suggested that each unit should be taken on pay at the nearest or most convenient station pay office, the pay lists being kept and rendered monthly or quarterly by the station paymaster. In order to enable the latter to keep the accounts posted up to date, officers commanding companies would be obliged to render weekly casualty returns showing all casualties affecting the pay of their men to date. The men would receive their pay four times a month, on the 10th, 17th, 24th, and last day of the month, but they would be kept a week more in arrear than they are at present. For example: the pay due on the last day of a month would not be issued till the 10th of the following month, and the pay due on the 7th till the 14th, and so on. This would be necessary to give time for the posting up of the accounts after the weekly casualty returns had been received and to avoid overpayments. The amounts due on account of cash payments at the end of a month would be credited to the paymaster's suspense account and charged against it the following month, when the cash was actually issued. On each pay day an officer from each company would be detailed to attend at the pay office, and would receive from the station paymaster a pay sheet showing the names of the men present at the station and the amounts due to each. The officers would draw the total amounts required by their companies in cash, and after paying out, return the sheets to the paymaster with a certificate that each man had received the amount shown against his name. Men absent from the station would have their pay remitted direct, through the unit to which they were attached. The final monthly pay sheets should show the total debts and credits, and any balance carried forward, and the men could be required, if necessary, to sign their accounts, any information required regarding the charges being obtained from the duplicate casualty returns, which would be retained in the company for reference.

The next thing to consider is how to deal with the company funds, such as messing, barrack damages, library, cricket club, and so forth. As regards the first, the simplest plan would be to abolish the messing

allowance altogether, and issue a grocery ration in kind instead. This proposal was made in an article published nearly two years ago, in which I offered some suggestions for simplifying the present form of company pay list. It was pointed out therein how absurd it seemed to give a man a messing allowance with one hand and take it from him: to pay for his messing with the other, when it would be so much simpler to issue the rations in kind. This, as was also suggested, might be more easily managed if the public would take over the whole management and control of the canteens, and run them through the medium of the Army Service Corps. It is surely a matter for surprise that such a lucrative business should be allowed to pass into the hands of a contractor, when it might so easily be run for the benefit of the Army. The success achieved by the Army Service Corps in managing the field canteens in South Africa ought to go a long way in support of these suggestions, but the matter is one which is outside the scope of this paper. If the messing allowance is continued, it ought to be included in the pay, and the charges for messing adjusted through the adjutant's account, in the manner laid down for regimental bills later on. Barrack damages would be dealt with by levying a general monthly charge, which would be debited to each man and credited to a station barrack damage account. At the periodical inspections of barracks the amount chargeable for damages would be assessed under two heads, namely: "Incidental Damage" and "Wilful or Excessive Damage." A distribution showing how the latter amount was recoverable would be furnished to the paymaster by officers commanding on receipt of the vouchers, all amounts so recovered would be credited to the station barrack damage account, and all charges for damages would then be met by this account. It is, no doubt, an excellent theory that charges for barrack damages should always be traceable to the individuals concerned, but in practice it is not possible to carry this out, and a fixed general charge throughout the Service would be less objectionable, and more convenient than leaving it to companies to fix their own. In the event of a barrack damage account becoming in debt or credit beyond a certain amount, it could be adjusted by levying a local general charge to meet the deficit, or distributing the surplus as a grant in aid of the company funds.

So far as the other company funds are concerned, they might be left entirely in the hands of the company officers, the latter making their own arrangements for recovering the subscriptions in cash; but if this was considered inadvisable the amounts could be recovered by the paymaster and credited to the adjutant's contingent account. The same course would be pursued with regard to regimental bills, and at the end of each month the adjutant would draw the cheques required for payment of these amounts. Rations overdrawn would be notified to the adjutant and charged to his contingent account pending recovery. Under the present system the adjutant is paid extra for work connected with the payment of the battalion, and as he would be relieved of a certain amount of this owing to the pay lists being kept in the pay office, there ought to be no objection to his work in connection with his contingent account being slightly increased.

The present form of pay and mess book, with slight alterations, might be continued in use in the station pay offices as a company day book, and the present form of company pay list, also slightly altered, would become the paymaster's company pay list and ledger account. This form would be prepared in duplicate as hitherto, one copy being

retained in the pay office, and the present company ledger accounts could be dispensed with, as a ledger account for each company would be kept in form 4 of the pay list, into which items from the general account book would be entered direct. In order to simplify accounts and reduce clerical work, it would be well if all amounts due to the soldier could be included as far as possible under the head of pay. This object will be achieved to a great extent by the scheme which comes into force in April, 1904, but even then there will be a certain number of men who will elect to remain under the existing conditions; and might not the good conduct pay granted under these conditions be charged and credited to the soldier under the head of pay instead of being made a separate item? Now it is necessary to consider how a scheme on the lines suggested would work on active service. In the first place, as regards payments, nothing in the nature of a settlement of accounts should be attempted from the time troops took the field until such time as active operations ceased, except in the case of troops and casualties returning home. If the troops are fed and clothed and generally cared for by the public while on service, why should not their pay be left to accumulate, so that each man on demobilisation would have a good round sum with which to start in civil life? This proposal will probably be considered too drastic, and there may be legal objections in the way of giving effect to it. A periodical issue of cash under the head of advances has therefore been arranged for in the following manner. Let us suppose that a portion of the Army has been mobilised and is about to proceed on active service. These troops on mobilisation would be distributed among a certain number of account dépôts, which for convenience would be numbered from one upwards, and the staff of which would be drawn from the Pay Department and Pay Corps. These dépôts ought to be included in the mobilisation scheme, so that they could be formed at once without confusion in the event of a sudden emergency. Prior to embarking, the units composing the force would be distributed among the account dépôts, and each man ought to bear about him some evidence of the dépôt to which he belonged. This might be managed by entering the number of the dépôt on the identity card sewn on the inside of the frock. Each man would also be supplied with a pay-book, with leaves and counterfoils something in the form of an ordinary cheque book, but much thinner, which could be carried in the breast pocket of his frock. The account dépôts would as a rule be kept at the base, and the accounts of the different units and individuals would be transferred direct to these dépôts from the various pay offices at home. On active service transfers between companies and units in the same dépôt would be carried out in the usual manner on receipt of the casualty return, and in the event of men being transferred to units in the payment of other dépôts, their accounts would be transferred to a separate pay list.

No transfers between account dépôts would be necessary, nor would any be permitted. There would, therefore, be no difficulty or confusion in endeavouring to discover where a man was on pay, and there would be an immense saving of clerical work. The units concerned would render periodical casualty returns to the dépôts, and the latter would keep the men's accounts posted up-to-date as far as possible. Cash offices would be opened where necessary, and officers commanding companies authorised to issue advances not exceeding a certain percentage of the pay due. Requisitions in duplicate

showing the amount to be issued to each man would be the vouchers for the cash issued, separate forms being used for each account *dépôt*, and in addition the amount paid to each man would be entered in his pay-book on the leaf and counterfoil; the leaves, which might be termed cash advance vouchers, would be torn out and forwarded direct to the account *dépôt* concerned, where the advances would be debited to the men's accounts. In the event of these vouchers being lost, the amounts would be adjusted on receipt of the duplicate requisitions and a demand for the credit from the officer in charge of the cash office. Casuals returning home would be directed to forward their pay-books to the office in which they were to be taken on pay, and pending the arrival of their accounts from abroad, would receive cash advances based on the amount of pay shown as not drawn. A fixed rule might be made that all casuals, including invalids, should, pending the transfer of their accounts, be taken on pay at their territorial *dépôts*. This would save the confusion which has sometimes arisen during the past emergency by men being taken on pay in two places at once. On receipt of a notification by an account *dépôt* of a man having embarked for home, his account would be closed and transferred home, and, in addition to showing the rates of pay and balance, the total charges and credits for the period of the account might be shown, so that the soldier would know how the balance was arrived at. The present mode of recovering allotments ought to be abolished, and something on the following lines substituted:—

On mobilisation Army Forms O 1796, should be rendered in duplicate to the paymaster charged with the issue of the allotments. The latter, after comparing the forms, would certify one as correct and pass it to the paymaster in whose payment the men were serving, whose duty it would be to see that the amounts were recovered and credited to the public monthly. In the event of a man being subsequently transferred, the amount of the allotment and the station at which issued should be shown clearly on the transfer statement of accounts, and an allotment should continue to be recovered so long as the man remained effective, till a notification was received from the paymaster concerned that he had ceased to issue it. On receipt of this communication, any amount over-recovered from the man could be adjusted. The non-recovery of an allotment for any unavoidable reason should be supported by a certificate that the casualty had been reported to the paymaster issuing the same. This plan, which I suggested some time ago, would do away with the necessity of forwarding monthly lists of allotments issued, and also with the necessity which at present exists of holding in suspense large amounts on account of allotments which have been recovered from the men, but cannot be credited to the public pending the arrival of these lists.

To work the scheme which has been proposed here successfully on active service, it would be necessary to impress on the men that their right to draw pay depended on their being able to produce their pay-books, but it may be taken for granted that in spite of all precautions a large number of books would be lost. In some cases probably, neither books nor cash advance vouchers would be forthcoming, but there ought to be comparatively few cases in which books, advance vouchers, and requisitions were all lost. In these latter cases a delay in making a final settlement would be unavoidable, but I do not think the inconvenience would be as great as that caused by taking the pay lists almost into the firing line. There are no doubt many minor

points which would require consideration, and others which would only be discovered by practical experience; but a scheme on these lines could be adopted at once, would be simple to carry out, and would involve no great change by the introduction of unfamiliar forms or methods. The system of pay-books was, I believe, tried with some of the later contingents of Imperial Yeomanry, and since writing the above I have heard that a system of cash advances, instead of a monthly settlement, is about to be tried with the British contingent serving in Somaliland.