

MEMORANDUM FOR THE CABINET
BY THE HONOURABLE PRIME MINISTER

Centralisation of Cost Accounting Service

It was decided in Cabinet some time ago that proper Cost Accounting systems should be introduced in all Government organisations involved in economic activities. As a result of this decision posts of Cost Accountants were provided for the following departments:

- (i) Public Works
- (ii) Milk Marketing
- (iii) Water Works
- (iv) Posts and Telephones

2. In order to ensure effective utilisation of staff, Establishments suggested that, instead of having a Cost Accountant in each of the last three departments mentioned above, it would be preferable to establish a centralised cost accounting service at the Treasury with responsibility for the carrying of cost accounting assignments in all Government departments. It was felt that because of its complexity and size the Public Works Department should have a Cost Accountant all to itself. Under these arrangements only three Cost Accountants would be required.

3. The Ministry of Finance, Customs & Port agree that centralisation of all cost accounting work is desirable and will result in better co-ordination. They do not consider, however, that the Cost Accounting Section of Public Works should be separate and distinct from the proposed centralised unit.

4. The United Nations expert in Cost Accounting until recently working in Public Works Department also supports the idea of a centralised cost accounting section attached to the Treasury. In his view this centralisation is necessary so that accounting skill and knowledge could be utilised more fully by advising multiple organisations of the Government on Costing and Accounting matters. The expert also suggested that consideration should be given

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to the possibility of combining Organisation and Methods with Cost Accounting. This last point has been discussed with the O & M expert now in post and his view is that the two units should be kept separate from each other although they would naturally maintain close liaison.

5. The general concensus now is that a centralised Cost Accounting Section, composed of the Cost Accountant at Public Works Department and of two trainees in cost accounting, should be established at the Treasury and should be assigned responsibility for devising cost accounting schemes for commercial type Government department and for advising on accounting matters generally.

6. In the circumstances, Honourable Ministers are requested to advise whether the proposed centralisation should take place.

26th August, 1967.
