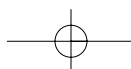
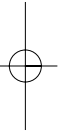
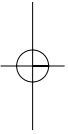


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# Accounting and Accountability in the Territorial Army, Yesterday and Today

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**Abstract**

The object of this paper is to identify and compare the accounting systems of one particular regiment, the Staffordshire Rifle Volunteers of the late nineteenth and early twentieth centuries and those of its descendant unit, the West Midland Regiment, Territorial Army Volunteer Reserve (TAVR) within the current framework of military accountability. The paper seeks to explore whether the Resource Accounting and Budgeting (RAB) commercial approach to accounting offers a superior method of accounting and accountability at both a macro and micro level than that of its predecessors.

*Accountability; responsible, required to account for one's conduct, (accountable for one's actions)*  
The Concise Oxford Dictionary, 1990

**Introduction**

Historically the earliest and largest human service organisations were those of the State, and until the contemporary period this meant the military as the State was transformed from the 'warfare state to the welfare state' (Ferguson 2001:27). The funding of military operations since classical times has always been an expensive burden funded by the sovereign or State through taxation. The creation of the modern European states from the late seventeenth century onwards also witnessed the genesis of standing regular armies that had to be financed and accounted for. In Great Britain the post 1660 Restoration Army removed the military from direct political involvement in the State. However the legacy of the Commonwealth and the Protectorate (1649-1660) has ensured that the British military establishment has been minimised, controlled and made accountable to the political centre of power through annual budgets voted by Parliament. In the mid nineteenth century the formation of the part-time Rifle Volunteer regiments drawn from the respectable commercial and artisan classes based on the Victorian ideology of laissez-faire operated within this traditional macro-accounting system but at the same time developed at the micro-level an advanced system of local accountability and financial management that drew on commercial practices. These methods of accounting served both as an external method of accountability to Parliament and internally to the members of the regiment which were adapted for management decision-making. Such methods developed in the late nineteenth century were in advance of the accounting practices of the Regular Army and presaged accounting developments more usually associated with the accounting reforms of the late twentieth century, the RAB introduced throughout the Civil Service as a result of the Government White Paper, Better Control of Taxpayers' Money (Cm 2929).

Accounting developments are usually perceived as one of inexorable improvement that are invariably superior to those of previous eras and the object of this paper is to identify and compare the accounting systems of one particular regiment, the Staffordshire Rifle Volunteers of the late nineteenth and early twentieth centuries and those of its descendant unit, the West Midland Regiment, Territorial Army Volunteer Reserve (TAVR) within the current framework of military accountability. The paper seeks to explore whether the RAB commercial approach to accounting offers a superior method of accounting and accountability at both a macro and micro level than that of its predecessors.

**Research Methodology**

The examination of the historical primary source materials was undertaken in the archives of the Staffordshire Regimental Museum, Lichfield. Included amongst these archives are sundry regimental balance sheets, income and expenditure statements and other detailed costing records all of which had been used for external and internal financial reporting. The importance of using these records in this manner to manage the unit involved has not been acknowledged or appreciated by traditional historians. This research was complimented by twice interviewing the

Regimental Administrative Officer (RAO) of the descendent military unit, The West Midlands Regiment, TAVR. This officer (a Major and not a regular soldier) is responsible for the regiment's administration that includes the financial management of the unit. The first interview occurred in the summer 2000 prior to the changes inaugurated by the RAB and a second interview was conducted in the summer of 2002 to gauge the impacts on the methods of unit accounting and accountability.

Secondary source materials, specifically Government websites and Defence Analytical Services Agency (DASA) Statistics, complimented the primary source materials. Reference is also made to the work of Black (1997, 2000, 2001) and the ephemeral 'cost accounting experiment' of the Regular British Army 1917-1925 which reflected similar accounting initiatives of the earlier Volunteers and the contemporary RAB.

### **The Idea of the State and Accountability**

The creation of the modern state has witnessed it acquiring sole power and authority within a defined territory, as well as autonomy with regard to other states. It seeks to exercise exclusive domination within that territory and over its population and to be the adjudicator of its own conduct in relations among states (Lubasz, 1964:2). The consequence of the Civil Wars (1643-1649) and the Glorious Revolution (1688) removed authority from the monarch and relocated the power to Parliament, specifically the House of Commons. Within this political framework the monarch became dependent on Parliament for funds and control of the Army was passed to the government. This was a pivotal change given the involvement of the Army in politics during the Protectorate and Commonwealth era. However the paradox was that the ultimate arbiter and enforcer of Parliamentary power was the Army in the absence of any substantial police forces being raised until the mid nineteenth century. Sociologically Weber has defined the modern state in the specific means available to it, as to every political association, namely the use of physical force. If no social institutions existed which knew the use of violence, then the concept of the 'State' would be eliminated and 'anarchy' would accrue. The State as a human community still claims the monopoly of the legitimate use of a physical force within a given territory or to other institutions or individuals to the extent to which the State permits it. Thus the state retains the sole source of the right to use violence (Gerth and Mills, 1967:77/78). Consequently the tool of authorised and controlled violence has been the Army because as the military philosopher Von Clausewitz observed war was a deliberate political act, 'a continuation of policy by other means' (Van Creveld, 2000:118).

The creation of a standing Army to defend and ensure the survival of the British State has ostensibly nullified the political activities of the military. At the same time this control was reinforced by the introduction of a formal bureaucracy reporting to Parliament and by the voting of annual funds to the Army, which theoretically could not be exceeded. The Army hence became accountable to Parliament both politically and financially. This remains a reciprocal dependence and accounting has become and remains an instrument for ensuring military accountability. This instrument of accountability thus became a method of disciplinary power exercised through its invisibility by imposing a compulsory visibility on its subjects (Foucault, 1979:187), which in this instance is exercised over the most disciplined agency of the State, the Army.

### **Macro Accounting for the Military**

Until the recent introduction of the RAB system within the overall Civil Service the established system of government accounting represented a system of cash outflows and inflows, in effect a receipts and payments system. These accounts were subject to annual Parliamentary vote and approval, administered by the Treasury. Democratic accountability is purportedly exercised through Members of Parliament as representatives of the people, but more specifically in practice by the

scrutiny of the Public Accounts Committee, (PAC). The PAC receives independent audit reports from the Comptroller and Auditor general (CAG). Within the annual budgeting process the Army vote was presented in line format, distinguishing the different types of troops and was identified subjectively rather than objectively. Such an unsophisticated accounting system has proved inherently weak for control and accountability. It failed to distinguish between revenue and capital expenditure, and thus no balance sheet of assets or liabilities was produced and long term financial planning or financial performance could not be effectively attempted. These shortcomings had been long recognised,

*The system is, in fact, so rudimentary that no even moderately complicated commercial business – and the administration of the British Army is probably more complicated than any business in the world – could be conducted successfully without something further, something that would classify and exhibit the expenditure to purpose for which it incurred, distinguishing between ‘capital’ and ‘maintenance’, between the working expenses of the different branches of the organisation and so on; something that would supply at least some general test of economic the economic efficiency of the organisation and working of the concern.*

Dawkins Committee, 1899

Hinchcliffe, 1983:68

Moreover, this led to the pursuit of short term objectives in that annual cash limits have encouraged expenditure to prevent under spending being surrendered to the Treasury, which would have ultimately led to the restriction of future budget allocations. This archaic accounting system proved consistently unreliable and the Ministry of Defence (MOD) accounts have suffered the perpetual embarrassment of audit qualifications. Thus, it was reported that

*The Ministry of Defence has had its accounts qualified by the National Audit Office after discovering of an Army pension fraud worth nearly half a million pounds, the loss of £30m on IT projects, and an overspend of £37m.*

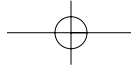
*... saw the MOD accounts qualified for the third year in succession.*

Accountancy Age, 20th January 2000

### **The Rifle Volunteers and the Modern TAVR**

The atavistic British hostility to large standing military forces with the exception of the period of the two world wars and the period of compulsory national service that ended in 1962 has ensured that regular forces were and are supported by part time auxiliary military units. The dependence on such auxiliary units served to placate fears of a large and politically interventionist Army and preserve Parliamentary control. It was and is financially attractive in that such formations are less expensive than regular units.

The Rifle Volunteers were originally formed in 1803 to oppose a French invasion threat and they were disbanded in 1813 only to be reformed again in 1859 to counter another French threat. The Rifle Volunteers became a substantial force with 161,239 men under arms by 1861. (Beckett, 1982:104) The force was distinctive in that its social composition consisting of the industrial middle classes and artisans who had no tradition of military service was markedly different from that of the Regular Army and other auxiliaries. Many contemporaries commented that the Rifle Volunteer Companies were being commanded by,



*The captains of industry became the captains of infantry companies and drilled their employees in the evenings at weekends.*

Cunningham, 1975:1

Indeed, in the Staffordshire town of Burton on Trent three companies of infantry were raised, one of which was largely composed of the workforce of the Bass brewing company and officered by Bass's managers and the company commanded by M A Bass, MP himself. (History of the North Staffordshire Regiment, Staffordshire Regimental Museum) This unit is one of the forerunners of the contemporary West Midlands Regiment. (Tables 5,6). The markedly distinct social profile of the force strongly influenced the financial regime and level of accountability within which it operated in marked comparison to the financial framework of the regular forces.

The Rifle Volunteers initial haphazard organisation, habitually criticised and viewed suspiciously by the Regular Army, was gradually formalised and the force was brought increasingly under stricter Army control both locally and within the centre of political power in Whitehall. The inadequate performance of the British Army during the Second Boer War, (1899-1902) initiated wide scale reforms that included the auxiliary military forces. As a consequence the passage of the Territorial and Reserve Forces Act of 1907 amalgamated the Rifle Volunteers, Yeomanry and Militia into one force, the Territorial Force later renamed the TAVR. This organisation substantially exists today. (Tables 1 and 2) Recently the TAVR has been subject to the 'Options For Change' defence review of 1992 and latterly the 'Strategic Defence Review' of 1998. This has stated that.

*We consider, therefore, that the proposals for a reduction on the strength of the Territorial Army are misconceived. The Reserve Forces in general have three roles to play. The first and most vital is as a resource for general war. The second role is to relieve over-stretch within the Regular Forces.... The third role is that of a link between the professional military and wider society.... We conclude the decision to reduce the TA to 40,000 should be reviewed.*

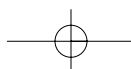
The Outcome of the Strategic Defence Review, 1998:12

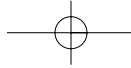
Currently (2002) the role of the TAVR is being reassessed in that it is being designated to provide military support to the civil authorities in opposing terrorist attacks within the UK.

**Table 1**  
**Composition of the British Army 1899**

Regular	Units	Number
Infantry	Battalions	157
Cavalry	Regiments	31
Engineers	Battalions	3
Field Artillery	Batteries	137
Garrison Artillery	Companies	104
<b>Reserves</b>		
Militia	Battalions	126
Volunteers	Battalions	212
Yeomanry	Regiments	38

Moncrieff-Grierson, 1988:108





**Table 2**  
**Composition of the British Army 1999**

<b>Regular Army</b>	<b>Units</b>	<b>Numbers</b>
Armour	Regiments	11
Infantry	Battalions	40
Special Forces	Regiments	1
Aviation	Regiments	5
Artillery	Regiments	5
Engineers	Regiments	10
Signals	Regiments	11
<b>Home Service Forces</b>		
Infantry	Battalions	7
<b>TAVR</b>		
Armour	Regiments	4
Infantry	Battalions	15
Special Forces	Regiments	2
Aviation	Regiments	1
Artillery	Regiments	7
Engineers	Regiments	5
Signals	Regiments	12

DASA, UK Defence Statistics, 1999

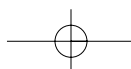
This comparison was initially intended to calculate cost per volunteer soldier as a proportion of the overall Army budgets in 1899 and 1999, and in real terms after allowing for inflation. The initial comparison proved to be of limited value given the military technological developments that have occurred over the last century and the reorganisations that have occurred within the Army, whereby the current emphasis is on equipment rather than manpower. Nonetheless, the overall figures may be placed in overall context by the levels of personnel and cost (Tables 3 and 4).

**Table 3**  
**British Army Analysis 1899**

<b>Type</b>	<b>Number</b>	<b>£COST</b>	<b>0%</b>	<b>£CPU</b>
Regulars	253675	17978300	93.5%	£53.39
Reserves	83050			
Militia	134203	553000	2.90%	£4.12
Yeomanry	11724	75000	0.40%	£6.40
Volunteers	262045	614200	3.20%	£2.34
<b>Totals</b>	744697	19220500		

Moncrieff-Grierson, 1988:111, plus author's analysis

Unfortunately a similar exercise using contemporary figures has proved impossible due to the data being presented in an incomparable format. Those figures provided by the DASA, (DASA, UK Defence Statistics 1999:9) expenditure on personnel of the entire Armed Forces and expenditure over equipment analysed by land, sea and air as well as other miscellaneous expenditure. Using some earlier information however it is possible make an informed estimate of the cost of the modern TAVR. In 1990, Peedle wrote,



Out of a total defence budget of £18,000 million, the Army takes about 30%. Of this amount, about one twentieth is allocated to the TA, and yet the TA provides a third of the wartime army. (90,000 men at this period - author) Man for man it costs about a ninth of the amount to keep a territorial as it does a regular soldier. This is very good value for money, and without the volunteer reserve forces, in order to meet our current NATO commitment it would be necessary to have a larger regular force. Peedle 1990:35

The DASA data however does provide an analysis of the strength of the modern Army, Table 4.

**Table 4**  
**Strength of the British Army 1999**

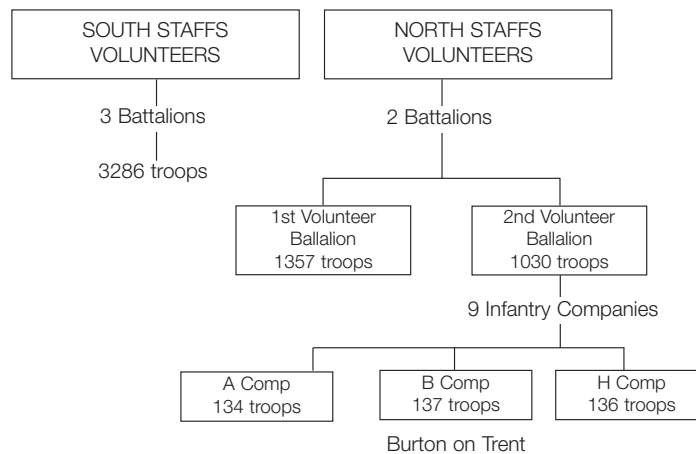
Type	Strength	0%
Regulars and reserves	180400	77.70%
Volunteer reserves and auxiliaries	5180	22.30%
<b>Total</b>	232200	

Defence Analytical Services Agency: F21

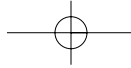
The DASA information also discloses a table of 'Contractors paid £5 million or more by the Ministry of Defence in 1998/99' analysed by escalating bands of expenditure. The £50-£100 million band discloses 15 such contractors amongst who is identified the TAVR. (Defence Analytical Services Agency Statistics, 1999:22) Therefore, using Peedle's figures as a basis it may be reasonably estimated that the modern TAVR costs approximately £194.063 million per annum (£22.5 billion x 1.5% x 51800/90000 TAVR troops). This of course does not comply with the DASA analysis and it may be conjectured that the cost of the TAVR is nearer £100 million or 0.4% of the entire defence budget. (£100 million/£22.5 billion). Therefore, the current annual capita cost of the TAVR would approximate to £1930 (£100 million/51800) at most.

**Table 5**  
**The Staffordshire Volunteers 1900 and 2002**

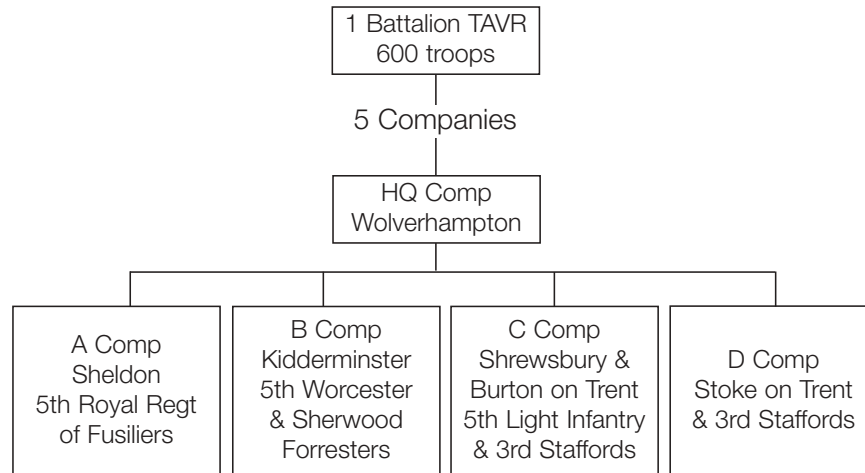
**The Staffordshire Volunteers 1900**



The Military Forces in Staffordshire in the Nineteenth Century, Staffordshire Newsletter, 1901:42, William Salt Library, Stafford



### West Midlands Regiment 2002



RAO, West Midland Regiment, TAVR.

#### The Volunteers; Micro Accounting and Accountability

The Volunteer Act of 1863 led to the production of a set of summarised rules that was presented to each recruit that required the volunteers' signature and agreement to abide by these rules. The 1863 rules, essentially endured until the disbandment of the Volunteers in 1908 and the adoption of the Regular Army accounting framework. Amongst the list of rules were those pertaining to the financial regime of the unit,

#### Rule 15

*An abstract of the accounts shall be annually prepared, for the information of the Corps*

The 1882 revised Rules reveal a growing elaboration and emphasis on the financial regime of the Rifle Volunteers providing that,

#### Rule 4

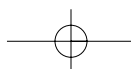
*The Finance Committee shall be appointed annually in the month of May and shall consist of the Commanding Officer, and three officers commanding companies, nominated by the Commanding Officer. Three members of the committee shall form a quorum.*

#### Rule 5

The Capitation Grant earned by the officers, NCOs, Buglers and Privates of each company shall be handed over by the Finance Committee to the Officers commanding those companies each year, and those officers will be held strictly responsible to the Commanding Officer of the Regiment for the proper expenditure of the Government Grant according to the regulations.

#### Rule 6

The officers commanding companies, shall before the annual meeting of the Finance Committee in the month of May, furnish the Commanding Officer with an account of the expenditure of the money entrusted to them.



**Rule 7**

The Commanding Officer and Finance Committee *shall cause an abstract of the accounts of the Corps to be annually prepared by the 1st June and after being examined and certified by an auditor, such abstract to be open to the inspection of all members of the Corps and posted to Headquarters.*

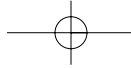
The North Staffordshire Regiment Territorial Army History: 198

These financial disclosures and provision of annual accounts to all members of the unit concerned was strikingly democratic for the period and had no equivalent amongst the Regular Army. It should also be noted that a committee of officers chaired by the unit commander exercised financial control at unit level. Since the units were originally self-financing and the members jointly liable for any debts incurred there existed a greater need for accountability and financial transparency at the micro-level compared to the Regular Army. The exercise of this financial control at local level originally proved largely ineffective and many units experienced financial difficulties later on. The Bury Committee of enquiry in 1878 had identified excessive and unnecessary expenditure by units, (204 units or 86% of the Volunteers), greater than the government capitation grant due particularly to the cost of providing a band (Cunningham1975: 132). Greater efficiency measures were demanded of the Volunteers and military proficiency was related to the level of government capitation grant. Nonetheless the initial principle of Victorian laissez-faire and self-sufficiency was never totally achieved since the cost to the government of the Volunteers rose steadily from £3,000 in 1860 to £614,200 in 1899.

The individual unit received its funds from regular Army Paymasters attached to the offices of garrison headquarters of a regimental district who were responsible for attending to

*The payments of pensioners, army reserve men, and cadres of all bodies of auxiliary troops in the district, and to defray all the expenditure for the militia, yeomanry and volunteers. The paymasters of the garrison pay office of a military district liquidate all the outlay for the different staffs and establishments of the district. The latter include the expenditure for the purchase of provisions and forage, for transport of military stores, for payment of civilian workmen and etc, but only for accounts not exceeding £100. Accounts for larger amounts must be submitted to the War Office.* Moncrieff-Grierson1988:80

It should be emphasised that the Army Pay Department of 1899 was relatively insignificant comprising 16 Chief Paymasters (equivalent to a Colonel), 76 Staff Paymasters (Lieutenant-Colonel or Majors) and 117 Paymasters (Majors or Captains) plus 548 NCOs and 30 rankers. The officers were drawn from those formerly on the active list and the corps was drawn from "suitable men drawn from other arms" (Moncrieff-Grierson, 1988:80/81). Such men were not accountants in the modern sense of the term, and the system they operated collapsed during the Second Boer War. This led to wide scale reform arising from committees of inquiry recommendations after the war (Hinchcliffe, 1983:44/45). Consequently, the financial involvement of the regular Army financial administrators was distant from the Volunteers who operated their own system locally. The annual financial statements produced for each unit had and still has no precedent in the regular Army. These statements or "abstract of accounts" took the form of a receipts and payments account, which was commercially printed. A major item of Volunteer expenditure incurred in achieving military efficiency was the annual camp of a week spent under canvas engaged in military exercises. An accounting development arising out of this activity was the production of a financial camp statement, again commercially printed, audited and disseminated amongst the unit. The financial statement could also contain brief supporting narrative information and the 1889 accounts of the 2nd Volunteer Battalion Prince of Wales North Staffordshire Regiment states,



*This year's Camp was held at Hagley Park, Cannock Chase, under adverse circumstances. It rained persistently from day to day, with little abatement. Yet the men's health was never better in any camp. The Regiment had additional rations served to them when attending the Brigade Drill, and over 130 rations were issued more this year than last. The contract price of beef was 1/2d a pound dearer than the previous Camp. The Gate Money this year only amounted to £55 8s 4d, v £93 14s 2d in 1888, though advertising expensively. My thanks are due to the fatigue and camp men for fulfilling their duties under the trying rains.*

Jno. Anderson

Captain and Honorary Quartermaster

### The North Staffordshire Regiment Territorial Army History

The production of these financial accounts was not an end in themselves and previous research has identified how these were used for identifying unit ration costs and comparative performance between individual infantry companies that comprised the battalion (Talbot, 2000:115/123). The financial performance of the annual camp was always presented to the finance committee for confirmation and audit by the commanding officer. The performance encountered in 1893 will serve to illustrate the manner of the financial review undertaken, Exhibit 1.

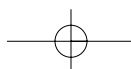
Exhibit 1

1893 Annual Camp Financial Review

Ration Type	Rations	£ Cost per Ration
Bread	6690	1.58d
Beef	5464	5.75d
Potatoes	5267	0.428d
Groceries	6271	2.065d
Ham	5235	1.721d
Corned Beef	6339	0.954d
Milk	6049	0.359d
Beer and Ginger	6300	3.5d
Tabacco	7090	1.25d
<b>Total Cost Per Ration</b>		1s5.607d
Last Year		1s.608d

Source: 1st Volunteer Battalion North Staffordshire Regiment, Camp Minutes, 1884-1892, Staffordshire Regiment Museum, Lichfield, Staffs

Those who prepared the financial analysis, the Quartermaster and Quartermaster Sergeant, besides identifying the direct material costs were able to comment on the overheads incurred. They stated that the general camp expenses were 2 shillings per man, which were in the same degree as those incurred in the previous year. It was also noted that the charge for labour, gratuities and fuel were excessive but that the charge to the government stores account for loss and damage was light being 7s 11d against £2 5s 2d for last year and £6 6s 10d for 1890 (1st Volunteer Battalion North Staffordshire Regiment, Camp Minutes). Thus, the Volunteers can be identified as monitoring their performance on a continual basis over a period of time and becoming not only militarily but also financially efficient. It should be stressed that the Army Paymasters did not practice amongst



the Regular Army or this type of financial information analysis. The application of material unit costing by the Volunteers is explained in that these skills were utilised from civilian commercial and business experience. Indeed existing research (Talbot 1999) has shown that this method existed in the contemporary brewing industry and it will be recalled that this particular battalion was recruited from amongst this workforce, and the officers were mainly drawn from the brewery managerial staff.

The passage of the Territorial and Reserves Forces Act of 1907 witnessed the absorption of the Volunteers into the new Territorial Army and thus the previous financial regime disappeared as the new reserve force was brought under more central government and Regular Army control. This return to the traditional methods of Army accounting was briefly challenged by the War Office Cost Accounts Committee experiment of 1917-1925 whereby decentralised budgets and unit costings were introduced (Black, 1997, 2000, 2001) in a similar fashion to the earlier operations of the Volunteers. The experiment, as Black has demonstrated was ultimately abandoned following strong interference by the Treasury over the loss of their departmental control and also from the objections of unit commanders undertaking these new financial duties for which they were neither trained or attuned which they suspected of being an unwelcome measure of their individual administrative performance.

#### **The Modern Volunteers - The TAVR; Macro and Micro Accounting**

The difficulty of recognising the total cost of the contemporary TAVR compared with its one of its predecessors has already been alluded to. A verbal enquiry by the author directed at the Ministry of Defence in London proved fruitless other than being directed to the published information produced by DASA. It will be recalled that the DASA information is in a format that does not lend itself for identifying the cost of the TAVR other than that it lies in a broad band of somewhere between £50 - £100 million per annum (DASA, UK Defence Statistics, 1999:22). Information on the TAVR does exist and features on the British Army and Open Government websites but this does not contain any financial information.

Thus, given the limited amount of detailed information available two visits to the headquarters of the West Midland Regiment, the direct descendent of the North and South Staffordshire Volunteers was undertaken and the RAO was interviewed about the financial control and administration of the unit. The primary source of unit finance remains the government grant and unlike the Volunteers no subscriptions are levied on the members other than for minor mess accounts. The grant remains, as in the case of the Volunteers, a capita-based grant on a sliding basis linked to attendance and military efficiency achieved. TAVR troops are given the incentive to attend more frequently by having their individual pay linked to bounties available for increased attendance and proficiency. The grant is initially dispersed to the higher unit level at 143 West Midland Brigade Headquarters in Shrewsbury and is then dispersed to individual units within the brigade. There are other comparatively insignificant sources of income with grants available from the Reserve Forces and Cadets Association, (the successor of the former Territorial Auxiliary and Volunteer Reserve Associations - TAVRA) and other minor miscellaneous grants.

The RAO at the regimental headquarters in Wolverhampton is given an annual budget for the unit that operates from April to March and currently the annual cost of running the regiment is £1.5 million. A third of this budget is spent on the annual training camp held either in August or September. Each company within the regiment is allocated a budget that is operated by the captain

commanding the company and the RAO and quartermaster make monthly-consolidated returns to Brigade HQ. An annual return is prepared for each unit by the RAO and submitted to Brigade HQ. The budget under the pre-RAB system allowed for contingencies and virement between budget headings. Post RAB the bottom line figure is locally allocated by the RAO and his staff between line budgets and ostensibly this provides greater financial flexibility in unit operations. This, the RAO has admitted, led to increased attention to unit financial planning and but presented some difficult decision-making. Ceremonial duties have been curtailed because of the expense involved does not contribute to the main objective of overall military efficiency and this has led to some friction with those bodies that have previously grown to expect TAVR involvement. Similarly the overall expense of the regimental band remains disproportionate as in the previous era since its running annual costs of £50,000 is marginally offset by self generating income of £6,000 but its participation at ceremonial and social events is deemed necessary given that this is the only military band in the West Midlands region. However despite the pretensions of the RAB no unit balance sheet is produced since the major military assets are pooled and no unit underspends is permitted to be carried forward as under the previous accounting regime. The RAO is also responsible for carrying out a continual internal audit of unit funds and Brigade HQ carries out an annual external audit. The latter are Regular Army personnel, drawn from the Adjutant General Corps, the descendant of the Army Pay Corps whose members are normally professionally qualified. The annual audit is both a financial and cost effectiveness exercise, which culminates in an annual audit report that is disseminated at unit, brigade and MOD level.

Unlike the Volunteers the TAVR unit financial information is not within the public arena and is not disseminated amongst the unit's personnel because it remains within the senior military hierarchy.

### **Conclusion**

Public accountability of the modern TAVR has thus changed compared with that exercised during the era of the Volunteers. Financial information that was immediately available in the Victorian and Edwardian age is no longer so in the twenty first century. At government level this lack of detailed financial disclosure may be explained by reference to the comments of a former government minister explaining why a general vote every four or five years cannot possibly give enough information effectively to control policy makers, when he stated

*We have not in any way altered or undermined the basic structure of public service accountability to Parliament, and hence to individual citizens. But we have made it usable. We have strengthened these formal lines of accountability by making our public services directly accountable to their customers.*

William Waldegrave  
Office of Public Services  
5th July, 1993  
Hurst and Khilnani, 1996:22

The stakeholders of the TAVR can be identified as both the general public and the members of each military unit. The general public is palpably not being served by the current type of financial information being provided, unless it is accepted that Parliament, as the representative of the public, is effectively exercising that right on behalf of the electorate. Yet the succession of qualified MOD audit reports by the CAG reveals this not to be the case. At the macro level the system of accounting and accountability has been reformed. The RAB system has been designed to ensure that the full economic costs of government activity are measured by including those previously excluded cash costs and the full cost of holding and using assets. The promised benefits of a more sophisticated accounting regime have yet to be realised and initial results remain unpromising. During the financial years 1998-1999, and 1999-2001 the new system was run in parallel with the cash accounting system. The CAG although not required to express a formal audit opinion on these financial comments stated,

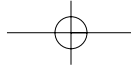
*In examining the Department's (MOD) dry-run Resource Accounts for 1998-99, my staff found major areas of uncertainty and error, and concluded that they were unable to form an opinion as to whether those Accounts gave a true and fair view of the financial position for that year..... in my judgement the combined effects of the uncertainty and error in the Department's 1999-2000 Resource Accounts as a whole are sufficiently widespread for me to be unable to form an opinion on whether those Accounts give a true and fair view. Accordingly I have disclaimed my audit opinion.*  
UK National Audit Office Report ,1999-2000:2

At the micro level the argument was advanced to the RAO of the West Midlands Regiment that the annual financial performance of the unit should be made available to the rank and file, as was the case for the Volunteers. Reservations were expressed as to supplying such financial information to all individuals but no objection was advanced to placing a copy of the unit's financial position on public display within the unit. A more immediate reservation couched was that the rank and file did not desire this level of information since unlike the Volunteers they have no direct financial interest in the unit. The other catch-all argument to be considered is the desirability of maintaining military secrecy and whether the additional burden and cost of producing this type of information can be deemed to be either cost effective or justified. The adoption of unit financial comparability or benchmarking against other units was dismissed as impractical by the RAO since it is alleged no two units are the same and that they fulfil different functions. Benchmarking and performance measure remains with achieving military proficiency.

Subsequently, it may be surmised that in the case of the British Army Volunteers the financial transparency and accountability of such forces was more evident a century ago than it is today. This can only be the consequence of a more centralised state, an obsession with secrecy supported and abetted by continuing inadequate financial systems despite the recent reforms. The political dimension regarding the role of the TAVR cannot be divorced from this scenario. Post Cold War financial defence retrenchment has affected the reserve forces substantially and the TAVR numbers have been significantly reduced despite strong opposition in some quarters. This reduction is remarkable in financial terms since the TAVR unit costs, as did the Volunteers offered considerable value for money compared to regular units. Therefore, it may be conjectured that it is in the interests of various vested parties to frame the costs of the TAVR as opaquely as possible.

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