

CONFIDENTIAL
UK/70
16 March 1948

UNITED NATIONS PALESTINE COMMISSION

Communication Received from United Kingdom Delegation Concerning
the Completion of Accounts & Records of the Government of Palestine
on the Termination of the Mandate.

The following communication, concerning the orderly completion of
Accounts and Records of the Government of Palestine on the termination of
the Mandate, has been received from Mr. Fletcher-Cooke of the United
Kingdom Delegation.

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UNITED KINGDOM DELEGATION TO THE UNITED NATIONS
Empire State Building
New York 1, N.Y.

CONFIDENTIAL

15th March 1948

My dear Bunche,

I enclose a copy of a Note which has been prepared relating to the decision to establish a Clearing Office in Cyprus to ensure the orderly completion of Accounts and Records of the Government of Palestine on the termination of the Mandate. As this task is a residual obligation of the Government of Palestine, the cost is regarded as a proper charge on Palestine Funds.

It is presumed that the Commission will readily agree to this proposal since it appears to be the only practicable method of having the Accounts up to the 15th May completed, balanced and audited. It is doubtful whether this task could be undertaken as part of the normal continuing administrative structure in Palestine after the 15th May since no Arab or British expatriate staff would be available to the Commission for this purpose and without such senior staff possessing the necessary knowledge and experience, there could be no certainty that the work would be accurately carried out. The Commission would then have to accept balances (and assets and liabilities) without any reconciliation and audit of Accounts by those who are alone in a position to carry out these functions.

I am to assure the Commission that as regards any Palestinian staff employed in the Cyprus Clearing Office, on completion of their work, such staff would be free to accept service under successor authorities.

Yours sincerely,

J. Fletcher-Cooke (signed)

Dr. Ralph J. Bunche,
Principal Secretary to the United Nations
Commission on Palestine,
United Nations, Lake Success.

NOTE

ESTABLISHMENT OF CLEARING OFFICE IN CYPRUS

It has been decided to set up a Clearing Office of the Government of Palestine in Cyprus. The main purposes of this Office will be as follows: -

- (a) The closing and reconciling of the Accounts of the Government of Palestine up to the date of the termination of the Mandate.
- (b) The computation of Pensions and Gratuities insofar as this work has not been completed by the withdrawal date.
- (c) The verification and certification of any claims for or against the retiring Administration. It is presumed that such claims would be passed on together with such certification for the attention of the Successor Administration, though a few minor matters might be settled one way or the other without upsetting the principle of the complete cessation of the present Administration and the inheritance of Assets and Liabilities by the Successor.
- (d) Subsidiary problems which cannot be foreseen.

2. The main work will be concerned with (a) above and for this purpose representatives of certain departments other than the Accountant-General's Office will be required, i.e. Police, Public Works Department, Posts and Telegraphs, and probably Customs and Excise (in connection with Deposit Accounts in respect of Customs drawbacks, refunds, etc).

3. As regards the Railway Accounts, these will presumably be posted and reconciled concurrently with operations in connection with the period of military evacuation immediately after the termination of the Mandate. The minimum of contact with the Cyprus Clearing Office should suffice as regards these Accounts.

4. Regarding (b) of paragraph 1, unless unforeseen circumstances arise, it is expected that all Pensions and Gratuities in respect of Palestinians will have been completed before the 15th May. Any that have not been dealt with, together with any appeals or correspondence in connection therewith, will be

dealt with by the Cyprus Clearing Office. (Computation of Pensions and Gratuities in respect of ex-patriate British staff, if not completed before 15 May, will be dealt with by a Clearing Office in London).

5. The reasons which have led the Government of Palestine to decide to establish this Clearing Office in Cyprus are as follows: -

(i) It is necessary to plan against the possibility that conditions in Palestine will be semi-chaotic at best and that communications may be severely interrupted.

(ii) The necessity to use experienced staff in order to save the time which would otherwise have to be spent in instructing fresh staff, who would not in any case be acquainted with the background of the subjects with which they were dealing.

(iii) It is expedient, especially on political grounds, that the staff of the Cyprus Clearing Office should comprise the three principal elements in the Public Service, i.e. British ex-patriates, Arabs and Jews. In this connection, the selection of the necessary staff for the Cyprus Clearing Office would be on a voluntary basis and it is not proposed to encourage anyone who is required by and willing to serve the Commission or any other Successor Administration.

6. As regards the Palestinian staff employed in the Cyprus Clearing Office, their appointments with the Government of Palestine will have already been terminated and they will be paid on a contract basis.

7. It has been decided to take this step in order to ensure the orderly completion of the Accounts and Records of the Government of Palestine on the termination of the Mandate and as this task is a residual obligation of the Government of Palestine, the cost is regarded as a proper charge on Palestine funds. It should also be pointed out that as regards any Palestinian staff employed in the Cyprus Clearing Office, on completion of their work they will, of course be free to accept any further employment under the successor authorities.

8. An estimate of the staff required for the Clearing Office in Cyprus will be found in Appendix "A".
9. Income Tax at Palestine rates will be deductible from the salaries of these officers for and on behalf of the successor administration in Palestine.
10. It is contemplated that an advance party of not more than three persons will arrive in Cyprus about 1 May with the greater part of the Records (Accounts); the remainder, with possibly one or two exceptions, will arrive as soon as possible after 15 May. The full number of about seventy would be in Cyprus until about the middle of June at which stage there would probably be a reduction of approximately twenty. The remainder might be expected to take until the end of August to complete their work. It will, however, be appreciated that these estimates are largely speculative and that nothing definite can be known until it is seen exactly what problems have to be faced.
11. Appendix (B) attached to this Note gives a very rough estimate of the cost of the Cyprus Clearing Office, which has been drawn up at this stage principally to give an idea of the scope of the expenditure involved.
12. It will be observed from Appendix "B" that it is proposed to take from Palestine (as being probably cheaper than hiring local transport) about three vehicles from the Government Transport Pool, which would be subsequently sold in Cyprus and the proceeds credited to the cost of running the Office.

APPENDIX "A"

ESTIMATE OF STAFF REQUIRED FOR CLEARING OFFICE IN CYPRUS

| <u>DEPARTMENT</u> | <u>EXPATRIATE OFFICERS</u> | <u>SENIOR PALESTINIAN OFFICERS</u> | <u>CLERICAL OFFICERS (PALESTINIAN)</u> |
|--------------------|----------------------------|------------------------------------|--|
| Secretariat | 1 | - | - |
| Audit | 2 | 2 | 10 |
| Accountant-General | 1 | 5 | 17 |
| Police | - | 1 | 13 |
| P.W.D. | - | 1 | 6 |
| Posts & Telegraphs | - | 1 | 4 |
| Customs | - | 1 | 2 |
| | <hr/> | <hr/> | <hr/> |
| TOTALS | <u>4</u> | <u>11</u> | <u>52</u> |

APPENDIX "B"

PRELIMINARY ROUGH ESTIMATES OF COST OF CYPRUS CLEARING OFFICE

| A. PERSONAL EMOLUMENTS | | L | L |
|------------------------|--|--------------|--------------|
| (i) | 4 expatriate officers for periods varying from 1-3 months | 1,300 | |
| (ii) | 11 senior Palestinian officers for periods varying from 1-3 months | 1,650 | |
| (iii) | 52 clerical officers (Palestinian) for periods varying from 1-3 months | 3,120 | |
| (iv) | 1 driver-mechanic | 100 | |
| (v) | 2 messengers (recruited locally) | 100 | |
| (vi) | 1 caretaker (recruited locally) | <u>100</u> | 6,370 |
| B. OTHER CHARGES | | | |
| (i) | Hire of Offices | 300 | |
| (ii) | Passages to and from Cyprus | 1,260 | |
| (iii) | Lodging costs | 2,000 | |
| (iv) | Maintenance of motor vehicles | 100 | |
| (iv) | (a) Cost of transport of motor vehicles to Cyprus | 50 | |
| (v) | Stationery | 50 | |
| (vi) | Water and Electricity | 50 | |
| (vii) | Telephone, telegrams and postage | 250 | |
| (viii) | Extra Clerical Assistance (local) | 200 | |
| (ix) | Contingencies and incidental expenses | <u>100</u> | <u>4,360</u> |
| TOTAL EXPENSES | | | 10,730 |
| C. REVENUE | | | |
| (i) | From Income Tax deductions, say | 1,500 | |
| (ii) | From sale of motor vehicles | <u>1,500</u> | <u>3,000</u> |
| NET COST | | | <u>7,730</u> |

Footnote:-

Attached are notes regarding above computations.