M.R.O. 1—30,000—16-10-29.

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 7 Press ~~Mis.~~

Dated 7-1. 1957

18-19

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No. 684

No 1

L.S. No 7

FORT ST. GEORGE,
ACCOUNTANT GENERAL'S OFFICE,
29 *November* 1856.

General Department.

No. 295

From

The Accountant General,

To

The Chief Secretary to Government.

SIR,

The letter from the Secretary to the Government of India dated the 4th February last, and two printed copies of the papers that accompained it, were furnished to me with the Extract from the Minutes of Consultation dated the 20th of the same month. My instructions were to submit a Report on the Bengal system of Account, proposed to be substituted for that which prevails in this Presidency,—to state, whether the system observed in Bengal might with advantage be introduced into this Presidency, and,—if not,—to point out what objections exist to its introduction here.

No. 498 in the Financial Department.

2. The further letter from the Secretary to the Government of India dated 27th June last, was also communicated to me with the order of Government of the 31st July—with this letter was forwarded copy of a report, drawn up by the Accountant General to the Government of India, on certain points connected with the system of Account in force in Bengal.

No. 3058 in the Financial Department.

No. 360.

3. In adverting to these communications in para. 8 of my letter to your address, dated 24th September last, I intimated that the subject thereof formed matter for consultation with the Secretary to Government in the

No. 188.

Revenue Department, as far as concerns the revision of the Revenue Accounts, under the instructions of Government contained in Extract Minutes of Consultation dated the 9th January last—But the Government of India have now, again, called on this Government to favor them with their views, and I have been instructed* by Government to submit my Report on the subject with as little delay as possible. I have now the honor, accordingly, to submit my sentiments on the Bengal system of Accounts under reference; without waiting for communication with the Secretary to Government in the Revenue Department on that portion thereof, in respect to which such consultation was deemed by me to be necessary in reference to the Government order dated 9th January, above quoted.

No. 32 in the Revenue Department.

In letter dated 17th October 1856, No. 4524.

* Order dated 30th Oct. 1856, No. 638.

4. On reading over the printed correspondence and their enclosures, I find that the points for consideration and discussion are three in general. The first is the system on which the Cash Account in the Treasuries of Collectors are to be kept. The second is the system in which the Monthly and Annual Accounts of Collectors are to be rendered to the Accountant General.—The third, the system of audit of Civil Charges.

5. With respect to the first point under reference, the Accountant to the Government of Bengal has entered into an explanation in paras 2 to 4 of his letter,* and refers, for full explanation, to the accompanying Circular of the Bengal Board of Revenue, No. 4, dated 20th January 1854; to which are annexed several forms of Accounts to be kept by the Treasurer and English Accountant respectively. Their object is explained both in that letter and in the correspondence therein referred to and appended to the printed Book. The practice observed in keeping the Hoozoor Treasury Accounts of Collectors here vary in each Collectorate, though slightly. Under the order of Government, dated the 25th of September 1852, a form of Chittah Account to be kept in the Hoozoor Treasury of the Collector was duly prepared by me with a Memo. of Instructions, and forwarded to the Board of Revenue with my letter of the 8th March 1855, which form and instructions were transferred by the Board* to the Revenue Secretary to Government. In adopting the form and instructions in question, or revising the same in consultation with the Secretary to Government in the Revenue Department, in order to assimilate the practice in the several Districts under this Presidency, due consideration will be given to the forms and instructions in Bengal, contained in the printed papers now before me, and a printed copy of the forms and instructions to be adopted for the Collectorates under this Presidency will be furnished to the Government of India. One of the amendments to be taken up from the present Bengal system is, that two sets of daily Cash Accounts are to be kept, one by the Treasurer and the other by the Accountant,† the latter serving as a check against the former. This appears to me to be of great importance, and therefore very desirable to be adopted completely, though such a check is partially maintained here at present.

* To the Secretary to the Government of India dated 12th November 1855, No. 1740.

In para 3.

*As intimated in their Secretary's letter of the 29th March 1855.

† But this I apprehend will involve a little expence if introduced here.

6. Another particular which requires special notice in this place is, that the Revenues from all sources are generally collected into the *Talook* Treasuries under the peculiar mode of settlement of Revenue in existence under the Madras Presidency—whereas it appears that in Bengal most of the Collections come into the *Huzoor* Treasury of Collectors. The forms and instructions will require revision in this respect also.

7. To enable me to proceed with the revision of the forms of subsidiary details of Accounts kept in the several Districts, I thought it proper to call upon Collectors, by a *Circular dated 24th April last, to furnish mewith a List of the several Returns, Memoranda, or Abstracts, and other Accounts of every descrip-

* Copy herewith accompanies,—marked No. 1.

tion, which are usually kept in their Offices respectively, and used by them in preparing their Monthly Journals, or other Returns or Accounts, rendered by them to this Office, to the Board of Revenue or any other Authorities, with Abstract forms thereof, simply exhibiting the *columns and* headings therein. To this Circular, replies have been received from nine Collectors, I expect the others will presently furnish theirs. The information thus obtained will be useful when considering what uniform system will be best, with reference to that now *advised* by Bengal.

8. The second point, requiring to be reported upon, is the system on which the Monthly and Annual Accounts of Collectors are to be rendered to the Accountant General.

9. This system is explained in paras. 4 to 6 of the letter from the Accountant to the Government of Bengal, who refers to a Memo. which accompanied his letter for more full explanation, in respect to the process of minute examination and adjustment, preparatory to the entry of the transactions exhibited in the Monthly Treasury Accounts of Collectors rendered to the Accountant's Office, in the General Journals and Books of his Office.

Dated 12th Nov. 1855.

10. It would appear that the "Daily Ledger" of the Collectors Office, is abstracted into a Monthly Treasury Account, which is submitted to the Accountant with the Vouchers, about the 20th of each month—also, that an Annual Treasury Account is received from each District and is employed to check the Monthly Treasury Account. This Annual Treasury account is likewise submitted, in a separate form, through Government, to the Honorable Court of Directors.

11. Similar Monthly and Annual Accounts Current were *formerly* in use at this Presidency, and they were kept up until the Honorable Court of Directors in 1831, animadverted upon them as follows.

In their Despatch to this Govt. dated 26th January, No. 1 of 1831

12. "The want of sufficient information on various matters of

Para. 8.

Account, led us in the year 1824, to direct our Indian Governments to supply us regularly with the Subsidiary Books and Accounts, from which the General Journal and Ledger of each Presidency are compiled. In consequence of this order, you transmit annually to us Abstracts of the Cash receipts and payments of the several Political Residents, and Revenue Collectors, as well as of the Paymasters attached to the different Divisions of the Army."

13. "We find, however, that the Abstracts of the Cash Receipts and payments of the Collectors and Paymasters afford very little information, beyond what can be obtained from the General Books or the Annual Financial Statements of your Presidency, and that, although the terms of our order of 18th February 1824, directing the transmission of your Subsidiary Accounts have been complied with, scarcely any progress has been made towards the attainment of the object which we had in view, when that order was conveyed."

Para. 9.

14. They then proceed "in order to our being placed in possession of every requisite information, classed and arranged in such a way as to afford the greatest facility for reference, it is essential that the accounts of all Officers under your Presidency, who are entrusted with the Receipt or Disbursements of considerable sums of money, should be thrown into the regular form of Journals and Ledgers. We therefore direct that the accounts of the Sub Treasurer at the seat of Government, those of the several Political Residents and Collectors of Revenue and Customs, and those of the Paymasters at the different Stations of the Madras Army, be in future forwarded to us in that form, and that you take immediate measures for giving effect to these orders, so that, if possible, they may be made applicable to the Accounts of the Official year 1831-32. These Journals and Ledgers will exhibit under systematic heads, the Receipts and Charges in the various Departments of your Government, as well as the particulars of all advances made to

Para. 11.

" individuals, whether upon loan, or for the purpose of enabling " them to perform any Public service."

15. The Honorable Court then go on to direct the discontinuance of the transmission to them of the Annual Abstracts of the Cash transactions of the several Officers of Treasuries, and various other Accounts which were theretofore forwarded to them, and explain the principles on which the details of our Disbursements are to be stated in our subsidiary Accounts They added, that they did not apprehend, that the alteration they then directed to be made in the mode of keeping the Accounts in our Subsidiary Books would involve any material increase of expense; that should it, however, be likely to be attended with a considerable increase, but *only in that case,* they authorized the execution of their orders to be deferred, pending a reference to them, in order that they might be enabled to judge how far it would be desirable in the then state of our Finances to carry the measure into immediate effect; and in such case, they expected the earliest practicable advice upon the subject.

Para. 12.

Para. 13.

Para 14.

16. In consequence of the above peremptory orders of the Honorable Court of Directors, this Office prepared several Forms of Journals, and Ledgers, adapted to the exhibition of the Receipts and payments of Collectors of Revenue, Political Residents, and Paymasters respectively, under systematic arrangement; and drew out the necessary instructions for the guidance of their respective Establishments, so that their Accounts have been actually rendered to this Office since 1832-33 in the forms of Monthly Journals and Annual Ledger, with Closing Entries.

17. The Accountants on the Establishments of the Collectors, Residents, and Paymasters &c., have now become conversant with the system of Book-keeping by double entry, which system is universally admitted to be the best, that can be used, for keeping multifarious Accounts. In fact, it is the one clear and comprehensive method which has superseded every other.

18. I submit, with due deference, that the system of Books* in which the Subsidiary Accounts are rendered to this Office and to the Honorable Court of Directors,* is preferable to that in which such Subsidiary Accounts are rendered to the Accountant to the Government of Bengal, by the Collectors and other Officers under that Presidency, and I trust, therefore, that the present system may be permitted to remain undisturbed. Even admitting the change to be desirable, it would not be advisable to alter (for another system defective in itself) our present Madras system, instituted, as it was, under the express orders of the Honorable Court of Directors and continued, as it has been, under their annual inspection up to the present day.

* Monthly Journal and annual Ledger.

† A Duplicate set of these Books are annually forwarded with the General Territorial Books of this Presidency.

19. In order to shew Government that I am not merely advocating, because it is in force, the existing system of Book-keeping, introduced under the authority of the Honorable Court of Directors—and in order to enable the Government to judge for themselves of the intrinsic superiority of double entry, I proceed to contrast the two systems viz., that of Cash Account or Account Current, as it is generally called, and that of Book-keeping by double entry. The printed letter* of the Accountant to the Government of Bengal, affords me a fair opportunity of doing this.

* Dated 12th Nov. 1855.

20. From para. 2 of that letter it appears that the General Accounts—by which I understand the General Territorial Journal and Ledger—of the Bengal Presidency, are compiled " on the scientific principle of double entry"—but that the Subordinate Accounts are *not* on the principle of double entry, but " in accordance with that of double entry"—in other words in the Account Current form. Further, I gather that the whole of the District Accounts Current are sent up to the Accountant's Office, and that, from these Accounts Current, the Accounts are

Para 2.

Para 4.

journalized in his Office, and there incorporated in the General Territorial Journal and Ledger.

21. In Madras, *the* system prevalent throughout the Territory is that of double Entry. The Cash-keeper of every Office keeps his accounts in the form of Account Current or Waste Book, (which in the first instance, is abstracted daily,) and a Journal on the system of double entry is prepared monthly by the English Accountant, and forwarded to the Accountant General's Office. The Journals are posted monthly into the Ledger, which is closed annually, and likewise sent to the Accountant General with Closing Entries.

22. If the principle of double entry, i. e. Journal and Ledger, be adopted by the superior Office in Bengal as admittedly the best form, I do not understand why it should be held that the inferior accounts ought to be kept in the Account Current form as the proper form.

23. The Accountant to the Government of Bengal says here, that "nothing can be more simple or more perfect than such a system,* by which "every transaction is at once, thoroughly, "checked and accounted for and then "gradually brought step by step, without one unnecessary "process, into the General Accounts and Books of the Govern-"ment."

Para 5.

24. I confess, I do not see in *what* respect the Account Current form which was abolished, so to speak, by the Honorable Court, about 24 years ago, can be said to have the advantage of the Journal and Ledger Form. There is no check which can be exercised in respect to the former, which cannot be adapted to the latter. The Journal is equally accurate, and it is the more approved form in all countries. By it, not merely the Central account, but the Accounts in every District are *most* accurately kept. In it, the transfer entries necessary to the rectification of the several Accounts can be introduced, whereas in the Account Current which

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* The Account Current system.

purports to represent merely the transactions of *the* one year, the introduction of transfer entries is not proper—they find no proper place—and, if introduced, it is a make-shift, and they vitiate the *Account Current form itself* and assimilate it to the Journal form. Cash and Transfer transactions are clearly and distinctly entered in the Journal. First come all the Cash transactions—Cash Dr. to Sundry Accounts for Receipts—and Sundry Accounts Dr. to Cash for all disbursements—Then follow the Transfer Entries—The demands Revenue of the several sources, as well as remissions from those Demands, are exhibited in the Collectors' Journals monthly, which was not done, formerly,—and indeed cannot be done—under the Account Current system.

25. The monthly Journal can be furnished in about a fortnight, generally, after the expiration of the month to which it appertains. Whether the preparatory measures—necessary to the issue by the Accountant General of the General Books and Annual Statement—be carried out in the Provinces as they are in Madras, or in the Accountant General's Office itself, as in Bengal, is a point of no such consequence as it seems to have been made. The means and modes of check are quite as numerous and complete, (if not more so,) under the Journal system, as under the Account Current system. I would request attention, in respect to this point, to the Memorandum appended No. 2.

26. I have just said, that the Journal can be furnished in about a fortnight—For instance.—The Journal of the Sub Treasurer—whose Receipts and Disbursements are extensive and of varied descriptions, and whose Acconuts are very voluminous, as noted in the margin,—is now furnished to me monthly within about 2 weeks after the ex-

	Rupees.
Receipts in Cash per annum ..	32,325,231
Disbursements in Cash......	30,435,230
Amount of Debits and Credits in the Transfer Journal....	12,668,086
Number of heads exhibited in his Accounts	234
Number of Journal pages for 1 year........	1,700
Number of pages of the Journal of Civil charges......	650
Number of Transfer Journal pages......	349
Number of Ledger folios....	118

piration of the month to which it applies, which proves that the system of Journal and Ledger, in which the Accounts of Subordinate Officers are rendered to the Accountant General, need not involve any delay, or require longer time than the Account Current system requires in Bengal.

27. One special advantage of the monthly Journal and Annual Ledger system is that every account, under every Officer, is complete for the year, and kept complete from year to year. It is not enough, I maintain, that the Central accounts should be complete; the Local accounts should likewise be complete in themselves; and I do not see that, to effect this, any delay need be incurred beyond what will be involved in the Bengal system of District Account Currents' journalized in the Central Office—which system has this inherent defect, it permits the Local Accounts to be left incomplete: and attempts to get over the difficulty—but in vain—by adjustments in the Books of the Central Office.

28. If I assume, for the sake of meeting it, the objection, that *uniformity* of practice in the classification and adjustment of transactions cannot be observed—in this respect also, I cannot perceive on what rests the superiority of the Account Current, to the Journal, system. In Madrás, the questions are always decided by the same Officers, the Civil, or Military, Auditor, or the Accountant General—and, in doubtful cases, by these Officers in communication together. I do not see, why greater diversity in practice should be inherent in the Journal system—all instructions regarding which issue from these same sources. The rectification of errors is made also by the same Officers—and errors will be at the door of any system.

29. When errors do occur here, there is no *necessity*—(for they will be checked at an earlier stage than in Bengal) that they should flow into and vitiate the General returns.

30. Here again, I cannot adopt the view of the Accountant

in Bengal. The question, of Accounts, is *surely* not whether, and how, all the materials can best be brought *into the Central Office*—to the exclusion of accuracy and completeness in the Local Accounts. This is a vast empire, and to allow the local Accounts to be left defective, and to have them framed only for the purpose of supplying information to the Central Office, is a mistake. I am of opinion that the Accounts in every Office of Treasury and of Account should be kept complete; *and* this can be done only by the Journal* system—in which no delay or defect is innate beyond the delay or defect innate in the Account Current system. It is a circumscribed view to suppose that the matter hinges on the question, whether or not each Department should know its own Profit and Loss—*That* is not the question: what is necessary is that each Department should have, and keep, its own Accounts with as perfect accuracy as practicable. I do not see how this can be deemed useless or pernicious—and it ought not to involve delay in the issue of the final Accounts from the Central Office.† The main point is, not, as noticed by the Accountant in Bengal—

Para. 15 of the letter of the Accountant to the Government of Bengal.

"The great object, I conceive, to be "kept in view, is such a simplification of "returns as will ensure the collection of "all necessary materials for the prepara-"tion of the General Accounts in the "Central Office, at the earliest possible "date."

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* Besides the universal acknowledgment of the superiority of this system, I am supported in this view by the opinion of the Accountant General of Bombay, who has held that Office for 8 years, having previously been Civil Auditor for more than 7 years. In his letter to the Accountant to the Govt. of Bengal dated the 4th October 1855, he observes

Para 19. "Requiring Officers in "charge of Treasuries "and important Departments to keep "Books is, in my opinion, an excel-"lent arrangement. The items are "thus dealt with at once, according to "the most approved system of Account."

Para 20. "The arrangement is also "advisable I consider as "regards the Head Offices of Account. "In Books the Accounts are presented "complete and classified, and should, "therefore, I imagine, be more conve-"nient for reference, adjustment, and in"corporation in the General Books, than "when rendered in Monthly Cash Ac-"counts."

† "It is of no sort of consequence, I submit, whether one step of this preparation be made in the Provinces, and two steps be made in the Central Office, as in Bengal, or whether two steps be made in the Provinces, and one step in the Central Office as in Madras."

the collection at the earliest possible date *in* the Central Office of the materials necessary for the preparation of the General Accounts,—but the issue of the General Accounts (the Subordinate Accounts also being accurate) at the earliest possible date, *out of* the Central Office.

31. In order to place before Government visibly the difference between the two systems now discussed, I beg to forward, herewith, copy of a Monthly Account Current of the Collector of Nellore, which was formerly furnished and condemned by the Honorable Court—also copy of a Monthly Journal of the same Collectorate now furnished, under the Courts' orders: and I trust that the Government will at, once, see that the latter is the best, and preferable to the former.

No. 3.

No. 4.

32. Further to shew Government, how much the system of Accounts and details observed here, differ from that in use in Bengal,* I beg to submit herewith a form of Cash Balance Report, No. 5, in appended Memo. furnished to the Accountant General by each Collector under this Presidency thrice a month, which contains information on various points necessary for the proper management of the Financial operations of this Presidency, the object of each being briefly explained in the Memorandum appended, marked No. 6.

* Cash Balance report marked B, in the printed Book, page 7.

On the 10th—20th—and the last day of each month.

33. The third and last point under consideration is the system under which the Civil Charges are audited.

34. "In Bengal," it is stated in para. 7 of the Accountant's letter, "as a general role, payments can be made upon audited Vouchers "only and, where circumstances will not admit of pre-audit, payments "are made on the personal responsibility of the disbursing Offi-"cer." The same practice, it may be said, now obtains in Madras. But the advances which thus form the exceptions to the rule of pre-audit are, in Madras, debited—not to "Inefficient balance" or "Miscellaneous advances" as in Bengal—but, to, the head "Advances on account of Salaries, Establishments, and Pensions." There are also two other heads viz. "Advances on account of the Service of Government" or "Advances repayable" arranged according to the nature of the advance. The advances under the two first mentioned heads are settled upon sanctioned Bills being furnished—when those two heads of Advances are credited, and the debit is placed to the proper heads of charge. Those under the last head (Advances repayable) are settled as recoveries are made.

35. The Bengal system of pre-audit is as above observed followed in Madras, but there is this difference of proceeding. The Civil Auditor at Madras has to see to the completion of the audit, i. e. he has to satisfy himself that the Vouchers pre-audited are duly brought to account and this has been the case for the last half century.* He is not, (as the Civil Auditor in Bengal would appear to be) a mere passer of Charges. The Accountant General, further, looks to the charges being under proper heads of account, which is a second and proper check.

* The original rules for the audit of accounts in the Office of Civil Auditor passed in 1800, and they have never been disturbed, were these three.

1—To abstract alphabetically all the regulations or orders which relate in any manner to Civil Charges, and to apply them correctly in examining accounts.

2—To compare the disbursements of every description with the authority on which they may be founded and to retrench all excesses.

3—To examine the additions and calculation of every Bill and account of disbursement, and to compare the Bill afterwards with the sum entered for it in the disbursements.

36. Assuming it to be advanced that the Madras system is open to the same stated objections as that of Bombay (which *however I do not admit*) *I will endeavour to shew that the* objections do *not* hold good as against the Madras Accounts.

37. In Madras, the system is *not* one of *double* audit by a single Officer, first of Vouchers, then of complete accounts. The *charges* are pre-audited, and the Civil Auditor concludes the duty,

which he commenced with the pre-audit, by satisfying himself that the charges are duly brought to account and supported by the audited Vouchers. I do not call this a *double* audit, but a *complete* audit. The Military Auditor General, the Commissariat Auditor, the Chief Engineer of Public Works Department, do, all and each, not only pass Vouchers for payment, but also see that the charges thus passed by them, respectively, are duly and properly brought to account under their proper heads of Charges—why then is an exception to be claimed, or to be made, in the case of the Civil Auditor and Civil Charges?

38. If the practice, or principle, observed in the several other branches of the service, that the Auditors, who pass Vouchers for the charges of the branch which come under their cognizance, respectively, shall see that those charges are properly brought to account under appropriate heads of charge, and a necessity exists, as admitted, for the continuance of that principle, it can hardly be denied, that the same necessity exists for the continuance of that very principle as respects the Civil Charges also; more especially as the same principle has been observed by the Civil Auditor of Madras, *and has worked well* for half a century; or from the period of separation of that Office, from the Office of the Accountant General. The exemption from a portion of this long sanctioned duty, which the Civil Auditor of Madras has laid claim to, rests on no other, on no better, basis than that this exemption would be in assimilation of the practice in Bengal and in the North Western Provinces.

39. If the change, suggested, was to be change to a system admittedly superior, I would not oppose it; but the mere circumstance that it would assimilate, in this one particular, the practice in Madras to that in Bengal is no sufficient warrant for it, in as much as the present system in Madras has its advantages, which it shall be my endeavour to bring clearly into view in the following paras.

40. The Board of Revenue, whose duty it now is to see that all the demands of the several sources of Revenue, as settled annually,[*] are duly collected and brought to account[†] by the several Collectors, may, on the same principle as that now advanced by the Civil Auditor here, claim to be exonerated from that duty on the argument that their duty ends with seeing the demands settled—and that it is the duty of the Accountant General to see that the Collections of Demands are brought to account, which no doubt he does now as additional check in the same manner as he sees that the Civil Charges audited by the Civil Auditor are entered in Accounts under appropriate heads.

41. The broad line which marks the duties of the two Officers is, that the Accountant General deals with Advances, and the various Transfer, Supply, Deposit and Bill transactions—and the Civil Auditor with Civil Charges only. As the order for advances, and other transactions issues from the Accountant General, so he has to look to the adjustment of the advances and those transactions. As the order for the passing, *i. e.* the pre-audit of a charge emanates from the Civil Auditor, so he has to look after the adjustment or post audit of the Charge. Under this system, the Collector or Local Officer cannot be said to be the adjuster of his own charges. It is true, he does adjust them, but it is under known orders, and sanctioned audit that he adjusts them. If it be an Advance, or Supply, Transfer, Remittance, Deposit or Bill transactions, he cannot adjust them, except under sanctioned Bills or proper documents or authority—If it be a charge, he cannot introduce it unless supported by an audited voucher, I do not see in what respect benefit would be derived, were the duty of *adjusting* left to the Accountant General; the only result would be to leave the Local Accounts incomplete, not only temporarily, but for ever.

42. When the disbursing Officer has entered the advances transfers &c., or charges, the former are checked by the Account-

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[*] As well as those permanently settled.

[†] Less remissions.

ant General—the latter by the Civil Auditor—and these Officers further see that no charge is entered on the Public Books inaccurately in respect to the head or insufficiently audited. The Accountant in Bengal would seem to wish that the Local Officer should make the entry, that the Civil Auditor should audit, and that the Accountant General should audit the audit. I think the Madras system quite as good as that of Bengal in this respect, and that it will bear examination. To raise the doubt, which the Accountant raises is a revival of the inextricable difficulty '*quis custodiet ipsos custodes.*' In Madras, the Civil Auditor watches the charges, the Accountant General watches the advances and other transactions: To go a step further and say, who will watch the Civil Auditor and the Accountant General is to reach the Government, who are the next superior authority.

Para. 13, of his letter.

43. Let me *assume* here, but only that I may dispose of it, the objection which the Accountant in Bengal urges against Bombay—viz. that the principle of personal and individual responsibility for the correctness of the result is violated under the Madras system. I cannot conceive that there should be any real difference to Government whether one or another of their Officers is responsible. The Accountant in Bengal is as much dependent upon the Subordinates in his Office as the Accountant General here is on the different Officers—his Co-equals—who supply him with the materials for his General Accounts; and to say that the Accountant in Bengal can sustain his responsibility with confidence—and that the Accountant General in Madras cannot do so, is hardly accurate. In what respect, I would ask, is the Accountant *better* situated under the Bengal system. The Accountant cannot, *personally*, do all that he is, by implication, supposed, under this view, to do.—Why is he to believe that all he has to do is done right by his Subordinate Assistants, and all I have to do is not done right by my Co-equal Assistants.

Para. 13.

44. On the contrary, my impression is, that the work as divided

in Madras between different Offices is better done, it is better superintended,—superintended by many Officers of recognized reputation, each in his own Office—than in the one Central Office, unwieldy from its numerous Clerks, superintended only by one head Officer, the Accountant himself—Again, I aver that by this division the answer is supplied to the ready, and oft advanced, imputation of cookery of Accounts. Have all the Accounts, Receipts, and Charges, brought together and made up in one Office, and the imputation is invited—Have them made up in different Offices, the *charges* being *put out of the* power of the Accountant General who consolidates the whole receipts and *charges*; and it will be difficult to sustain, or even to give a specious colouring to, the imputation of cooking the accounts, i. e. making up the receipts and charges one to suit the other.

45. If the argument of the Civil Auditor,[†] here,—that he should be relieved from the duty of furnishing me with the Financial Estimates and Returns (which have been furnished from his Office to the Accountant General for the last half century,) on the score of assimilation of practice with Bengal, is to be admitted,—because it is in conformity with the views of the Accountant to the Government of Bengal, who says, that such Estimates are prepared in his own Office,—there will be other difficulties. One question then will be, shall the Estimates furnished to me by the several Auditors and other heads of Departments* be continued to

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[†] Vide his letter to Government dated 4th September 1856.

* Auditor of Commissariat Accounts.
Military Auditor General.
Military Board.
Medical Board.
Clothing Board.
Military Board on account of Stationery.
Post Master General.
Superintendent of Stamps.
Mint Master.
Director of Public Instruction.
Government Agent at Chepauk.
Paymaster Carnatic Stipends.
Chief Engineer in the Department Public Works.
Secretary to Govt. in the Military Department on account of Prize Money.
Marine Board.
Agent to the Mauritius Emigration.
Master Attendant and Marine Store Keeper.
Agent to the Railway Company.
Consulting Engineer to the Railway.
Deputy Superintendent Electric Telegraph.
Administrator General.

be furnished by them respectively, and shall the Accountant General's responsibility in those cases be admissible and fixed, if such responsibility be placed in doubt in the case of Estimates[*] furnished by the Civil Auditor — Again, those Officers, too, when they see that the Civil Auditor, here, is relieved from the duty of furnishing Estimates and other Returns to the Accountant General, will probably claim to be allowed the same exemption. It will then come/to pass, that more, and ample, Establishment will have to be demanded by the Accountant General; and even with this aid his Office, thus overburthened, will find it impossible to turn out the several General Financial Returns with that accuracy and with that punctuality, which has marked its operations hitherto.

46. I explained in my letter to your address of the 24th September last, more fully than I have in this communication, the grounds on which I advanced that the long continued duties of the Civil Auditor's Office, in respect to the *complete Audit* of *Civil Charges*, and to the *furnishing*, to the Accountant General, of Financial Estimates and Returns, (for which the Civil Auditor has[†] *all along had ample means* and Establishment,) may be left undisturbed. I therefore request reference to that letter, when the matter now under discussion is considered.

No. 188.

47. The Government have read in my letter[*] above quoted, what I venture to repeat here.—"The Actual i. e. the Annual Statement for the year ended 30th April 1855, was before the "House of Commons last "Session:[*] whereas only *Es*"*timates* of that year, were "before the House from *all* "the other Presidencies—a "fact which shews, what I "have already stated, that the "system at Madras is not at "any rate defective, as com"pared with the systems of "the other Presidencies.",

In one of the leading articles in the leading Journal of England, notice was thus taken of Madras being in advance.

"To render the matter still more "unacceptable, we find that while for "the year beginning April 1854, the "Revenue is, as we have stated, only "given as an Estimate for four of the "great divisions of British India, for "the Presidency of Madras the actual "Receipts and the actual Charges are "presented. Why this exception? "Why should not Bombay and Ben"gal be just as forward with their "Financial Statements as Madras?"

I have the honor to be,

Sir,

Your most obedient servant,

Accountant General.

N.B.

The Press in the Accountant General's Office being just now occupied in printing the Annual Statement, and the Regular Estimate and Report thereon, the annexments to this letter are given in manuscript.-

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[*] The Honorable Court of Derector's in para 74 of their Despatch dated 2d November 1831 No. 9 which was communicated to this Office with letter from Mr. Chief Secretary Chamier, dated 22d May 1832, observed as follows.

"We direct also that care be taken "to supply the Accountant General "with full information on matters of "account from all Departments of the "Service, in order that he may have "the means of drawing up his General "Estimates with correctness."

[†] Except for the new Financial Returns marked B, being one of the six newly called for by the Government of India.

[*] Dated 24th September 1856.

[*] of 1856.

Recd 8. i 7 pr Steamer

Financial Department

No 7

Secy to the Govt of India

Sir,

1. I am directed by the R. H. the Governor, in Council to acknowledge the receipt of your letter of the 4th February 1856 No 498 forwarding printed copy of one with enclosures from the Accountant to the Govt of Bengal containing a general statement of the manner in which his District Accounts are prepared and submitted, and requesting the opinion of this Govt on the proposed introduction into this Presidency of the Bengal system of Account

Account which the ~~Supreme Govt~~ Governor General in Council thinks is preferable to that in use here, as the checks appear to be more efficient and the mode of preparing and submitting the Account more simple & expeditious. With your further communication of the 27 June last No 358 was received a report drawn up by the Accountant General to the Govt of India on certain points connected with the system of Account in force in Bengal.

2. These papers were duly furnished to the Accountant General at Madras, and he was directed to submit his report on the subject, stating whether the system observed in Bengal might not with advantage be introduced into this Presidency. and if not, what objections existed to its introduction here.

3. I am now directed to transmit for submission to the Govt of India a printed report furnished by that Officer, with documents in illustration in manuscript. In this report the Accountant General notices the following three points in which the system of Account here differs from that in use in Bengal.

Dated 29 Novr 1856 No 295.

4. The first is the system on which the Cash Account in the Treasuries of Collectors are to be kept. The Accnt General admits generally the superiority

Paras 5 to 7

superiority of the Bengal practice, particularly as regards a double set of daily Cash Accounts, one to be kept by the Treasurer, and the other by the Accountant. Most of these improvements, it will be observed, he purposes adopting on the revision of the District forms of Account now in progress under the Secy to Govt in the Revenue Department.

5. With respect to the second point viz: the ~~form~~ system in which monthly and annual Accounts are rendered by Collectors to the Accountant General it will be seen that these are kept in the Districts of this Presidency by double entry in the forms of Monthly Journals and

and Annual Ledger with closing entries. In Bengal they appear to be rendered only in the shape of Accounts Current. Similar monthly and annual Accounts Current were formerly in use here, but were discontinued under orders from the Honble Court of Directors so far back as 1821, and the improved system has been in force ever since and seems to work well. The Accountant General observes that "the Accountants in the Establishments of the Collectors here have now become conversant with the system of Book keeping by double entry which system is universally admitted to be the best that can be used for keeping multifarious Accounts. In fact it is the one

para 17

"one clear and comprehensive method which has superseded every other." Farther on, he remarks

para 27.

that "one special advantage of the monthly Journal and annual Ledger system is that every Account, under every Office, is complete for the year, and kept complete from year to year."

paras 31. 32

6. This Govt is of opinion that the Accountant General has shown good and sufficient reasons for the retention of the existing practice which seems to possess advantages both as regards accuracy and despatch and they would therefore recommend that the present system be permitted to remain undisturbed.

The

p. 33

To Govt of India 8 Novr 1856 No. 545.

7. The last point noticed is the system under which the Civil Charges are audited. The Govt of India are already aware that the practice of pre-auditing all Bills has lately been introduced here from Bengal by the present Civil Auditor. The assimilation in this respect has therefore been already carried out, but there is this difference of proceeding, the Civil Auditor at Madras has to see to the completion of the audit, that is, he has to satisfy himself that the Vouchers pre-audited are duly brought to account. This Govt is in favor of continuing the present system of audit, as improved by Mr Lushington, in pre-

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preference of substituting the Bengal system in entire supersession of the former practice here.

8. With respect to the Office which should be charged with the preparation of certain Estimates and Returns of Civil charges noticed in the concluding paras of the Acctt General's report, I am desired to state that the Govt of India have already been placed in possession of the views of this Govt on the subject. that they have sanctioned the extra Establishment required for the compilation of these Statements. and that the Civil Auditor has been called upon upon to submit a revised Establishment for his Office of a strength sufficient to enable it to perform all the duties devolving on it.

To Govt of India 8 Novr 1856. No 545.
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No. 7

To
The Secy. to the Govt. of
India

D/ 7th January /57.

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Replied to 26th January /57
No. 62

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