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## MADRAS RECORD OFFICE.

Government of Madras.

*Financial* DEPARTMENT.

|          |        |               |
|----------|--------|---------------|
| G.O. No. | 515    | Press<br>Mis. |
| Dated    | 29-10- | 1861.         |

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Not to be folded or roughly handled

*Proceedings of the Madras Government, Financial Department,  
21st October 1861.*

Read the following papers :—

No. 44. Proceedings of Government in the Military Department, dated 13th September 1861, No. 3,243.

*Referring for consideration letter from the Military Auditor General, submitting certain observations regarding the system of payment by Cheques in the Civil Treasuries instead of payment in money as at present, and forwarding a draft G. O. giving effect to the measure in the manner and to the extent proposed by him.* (Vide Proceedings Military Department, dated 13th September 1861, Nos. 292 @ 294.)

Forwarded to the Accountant General for early report.

FORT SAINT GEORGE,  
30th September 1861.

(Signed) J. D. SIM,  
Secretary to Government.

No. 45. From F. LUSHINGTON, Esq., Acting Accountant General ; to the Chief Secretary to Government, Fort Saint George, dated 4th October 1861, No. 169.  
Book and Adjustment Department.

With reference to the Order of Government dated 30th ultimo, forwarding for my early report their Order in the Military Department, No. 3,243, dated 13th idem with certain correspondence from the Controller of Military Finance and the Adjutant General of the Army, together with draft copy of a G. O. submitted by the former Officer for giving effect to the Order of the Government of India noted in the margin\* relative to the payments of Military

Paymasters, being made by means of Cheques on the nearest Civil Treasury, I have the honor to observe that the draft of the G. O. in question seems to me to be well adapted to meet the object in view.

2. I beg, however, to offer the following suggestions namely, 1stly, that the Cheques be made non-negotiable, like the present form of Public Service Transfer Receipts, so as to ensure their early presentation for payment ; should Government approve of this, the words " or order " will have to be expunged from the Cheques ; 2ndly, that the number and date of letters of credit, against which Cheques may be drawn, be invariably quoted in the body of the Cheques, so as to enable Officers in charge of Civil Treasuries to refer at once to the particular letter of credit drawn upon ; in the event of this also being approved by Government the words " in part liquidation of letter of credit No. dated " should be introduced into the Cheques, and lastly, that the Controller of Military Finance be required to give to the Civil Paymaster timely notice of the amount likely to be required monthly from each Civil Treasury to enable the latter to make due provision of funds.

No. 46. From Lieutenant Colonel T. McGOUN, Controller of Military Finance ; to Colonel H. MARSHALL, Secretary to Government, Military Department, Fort Saint George, dated 4th October 1861, B.

Adverting to my letter, to your address of the 23rd July 1861, C. on the subject of the introduction of the system of payment by Cheque in this Presidency, which I am informed is now under the consideration of the Financial Department of Government, I have the honor to forward herewith copy of a letter to my address from the Chief of the Military Finance Department, in reply to a communication which I addressed to that Officer on the same subject.

2. It will be observed from the 3rd and 4th paragraphs of his communication that he proposes two additions to the Draft G. O. which I submitted, and as they seem judicious, I would suggest that they be adopted, and that the correspondence be forwarded for the consideration of the Financial Department of Government.

*Proceedings of the Madras Government, Financial Department,  
21st October 1861.*

From Colonel G. BALFOUR, Chief of the Military Finance Department; to the Controller of Military Finance, Madras, dated Calcutta, 19th September 1861, No. 2,575.

I have the honor to acknowledge the receipt of copy of your letter to Government of 23rd ultimo, with a Draft G. O. respecting the employment of Cheques by Paymasters and other Disbursing Officers in the Military Department of your Presidency, and to offer the following remarks.

2. It is unnecessary to apply the system to small payments, and the exclusion of payments of less than 20 Rupees seems judicious:

3. With regard to paragraph 4 of the Draft G. O., I would mention that Officers in charge of Civil Treasuries on this side of India generally do not consider that the cancelled Cheques are sufficient vouchers for the payments made from their Treasuries, and the Board of Audit have authorized their being furnished with monthly receipts in duplicate for payments made on the Cheques of Military Disbursing Officers.

4. With reference to paragraph 5, I would observe that daily advices are the rule in this Presidency, and they form an important check against fraud.

5. I have however prepared a complete set of rules on the subject of letters of credit Cheques, and transfer receipts, which it is my intention to circulate through the Controllers of the three Presidencies to all their subordinate Officers, with the view of obtaining suggestions and amendments from gentlemen who have had practical experience of the working of the new system. The Military Finance Department would thus be enabled to perfect a good workable code of rules for the guidance of all Executive Officers by the beginning of next year.

(True Copy.)

(Signed) T. MCGOUN, Lieut. Coll.  
Controller of Military Finance.

Referred to the Financial Department in connection with Military Proceedings, No. 3,243 of 13th September 1861.

(Signed) H. MARSHALL, Col.  
Secretary to Government.

FORT SAINT GEORGE,  
5th October 1861.

No. 47. ORDER THEREON, 21st October 1861, No. 515.

The Government approve of the Draft General Order submitted by the Controller of Military Finance, with the additions suggested in his letter of the 4th instant, giving effect to the system of payment by Cheques on the Civil Treasuries to be adopted by Paymasters and other Disbursing Officers in the Military Department, as directed by the Government of India in their Proceedings in the Financial Department No. 3,173, dated 13th March 1861.

2. A copy of the Accountant General's letter above recorded will be furnished to the Controller of Military Finance, with instructions to adopt the slight modifications therein suggested in the form of Cheque, unless he sees any valid objection to them, in which case he will address Government again on the subject. His attention is also requested to the suggestion contained in the concluding clause of Mr. Lushington's letter.

(Signed) J. D. SIM,  
Secretary to Government.

Exd. F. Cartledge.

MILITARY DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

From the Military Auditor General and Controller of Mily. Finance. } Recorded in Proceedings No. 2744  
From the Secretary to the Govern- } of 2nd August 1861. } Read again the papers  
ment of India, Military Depart- } Proceedings No. 2926 of 21st do. } noted in the margin.

Read the following papers:—

From the Military Auditor General and Controller of Military Finance, Fort Saint George, 23rd August 1861, A; to the Secretary to Government, Military Department.

In obedience to the Order of Government noted in the margin, I have the honor to submit the following observations on the mode of giving effect to the system of payment by Cheques in the Civil Treasuries, instead of payment in money as at present.

2. The Government of India in Proceedings in the Financial Department, No. 3173, of the 13th March 1861, published a communication\* from the Military Finance Department on the subject of introducing the system of payment by Cheque, and in the concluding paragraph of the Proceedings directed that it should be established in all Departments of Government "unless some strong special grounds can be shown to justify an exception in any particular case."

3. This injunction by the Government of India places the introduction of the system, as a rule, beyond further considerations, and it now only remains to inquire in what way, and to what extent, it can be practically carried out.

4. It is apparently the intention that this mode of payment should comprehend sums however small, and that Paymasters' Cash Chests should therefore be entirely abolished. I apprehend however that the former would cause much inconvenience to Pensioners and others, whose stipends are small, while for small money payments a Cash Chest would still be necessary; as also for the temporary deposit of recoveries, and other moneys, which are from time to time lodged with Paymasters, until they be finally lodged in the Civil Treasury.

5. Under the conviction of this necessity, I would therefore recommend that for the present all Bills, Abstracts or Military Charges, of whatever description, when the sum amounts to Rupees 20 or upwards, be paid by Cheque, on the nearest Civil Treasury, and that all lesser sums be paid in Cash as heretofore; this will involve the retention of a small Cash Payment Establishment, but the cost of it will be trifling, compared to the great convenience to the recipients of small sums.

6. I beg leave to submit a draft G. O., giving effect to the measure in the manner and to the extent above adverted to. It will be observed that it is proposed to bring the system into operation from the 1st November 1861.

DRAFT.

G. O. by Government.—In pursuance of the Order of the Government of India, as communicated in Resolution No. 3173 of the 13th March 1861, the Honorable the Governor in Council is pleased to direct, that from and after the 1st of November next, all disbursements by Paymasters and other disbursing Officers, when the sum amounts to Rupees 20 and upwards, shall be made by means of Cheque drawn in favor of the party entitled to receive the money, on the nearest Civil Treasury, in the form accompanying; all lesser sums will continue to be paid in Cash as heretofore.

2. Paymasters and other Officers, authorised to disburse public money will, as heretofore, be furnished with a letter of credit for the expenditure of the month, which will be regarded by the Officer in charge of the Civil Treasury as his authority for the supply of funds to that extent, and against which the Paymaster will draw Cheques on which Cash is to be disbursed.

3. All Cheques drawn on the Civil Treasury must shew the number and date of the letter of credit against which they are drawn.

4. The Cheques, which must be duly receipted on the back by the party receiving the money, will be retained by the Treasurer as his vouchers for the payment; no separate Receipt of any kind will be demanded.

5. On every Saturday, after two o'clock, the Paymaster will call at the Treasury of the Station in which his Office is located, with a list of the Cheques drawn by him during the week, and compare the same with the payments made by the Treasury, and for such Cheques, letters of advice will not be furnished, nor will Pass Books be required. But for Cheques drawn upon Civil Treasuries located at a distance from the Head Quarters of the Paymaster, a weekly Register of advice will be furnished.

6. At the close of the month, the whole account should be examined and closed, the portion of the letter of credit not drawn against being renounced, and the amount of Cheques drawn but not paid being entered, in the account current between the Collector and Paymaster, as balance of previous months assignment of Cash drawn against; and brought forward as such in the following month's account.

7. On the Paymasters renouncing the letter of credit, it should be endorsed thus:—amount of this letter of credit drawn against by Paymaster from 1st to 31st—1861. 00,000 0 0

Amount of Cash disbursed by Sub-Treasurer in payment of  
Cheques Nos. —to—, from 1st to 31st—1861. 00,000 0 0  
Amount of Cheques drawn but not paid... 00,000 0 0

00,000 0 0

and this endorsement should be signed by both Officers.

10. All moneys realized by the sale of Government property, as well as all recoveries or refunds of whatsoever nature on account of Government, should be at once paid into the nearest Civil Treasury, and the receipt for the same of the Officer in charge, transmitted to the Military Paymaster, in whose range the transaction may have taken place, to be exchanged for a service transfer Receipt.

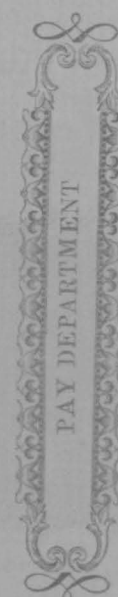
11. Any subsidiary rules which may be found necessary to give effect to the above orders, will be issued by the Accountant General and Controller of Military Finance to their respective Departments.

(Signed) T. McGOUN, Lieut. Colonel,  
Mily. Audr. Genl. and Contr. of Mily. Finance.

No. \_\_\_\_\_

No. \_\_\_\_\_

18



To

The \_\_\_\_\_ at

Pay \_\_\_\_\_ or order

Rupees \_\_\_\_\_

Rupees \_\_\_\_\_ Paymaster

Rupees \_\_\_\_\_

Referred to the Provincial Commander-in-Chief for his observations as early as convenient.  
28th August 1861.

From the Adjutant General of the Army, Head Quarters, Ootacamund, 5th September 1861,  
No. 592; to the Secretary to Government, Military Department.

With reference to the proposed G. O. for giving effect to the system of payment by Cheques on the Civil Treasuries, referred together with the letter of 23rd August 1861, from the Military Auditor General and Controller of Military Finance, for the observations of the Provincial Commander-in-Chief, I have the honor, by order to state, that Major General Budd concurs in the letter from the above functionary and approves of the proposed draft General Order as calculated to meet the object in view, without inconvenience to the numerous Pensioners and others whose stipends or salaries amount to less than 20 Rupees.

ORDER, No. 3243, 13th September 1861.

Financial Dept., No. 3173, dated 13th March  
1861.

Ordered that the foregoing papers be referred to the Financial Department for consideration, with advertence to the Proceedings of the Government of India, marginally noted.

(True Extract.)

*M. Marshall*  
Secretary to Government.

To the Financial Department.

„ Controller of Military Finance.

„ Adjutant General.

Exd. J. E. Cashart.

*being furnished with necessary receipts in duplicate*



2 I beg, however, to offer the following suggestions namely, 1<sup>st</sup>, that the Cheques be made non-negotiable, like the present form of Public Service Transfer Receipts, so as to ensure their early presentation for payment; should Government approve of this, the words "or order" will have to be expunged from the Cheques, 2<sup>nd</sup>, that the number and date of Letters of Credit, against which cheques may be drawn, be invariably quoted in the body of the cheques, so as to enable Officers in charge of Civil Treasuries to refer at once to the particular Letter of Credit drawn upon; in the event of this also being approved by Government the words "in part liquidation of Letter of Credit N<sup>o</sup> dated" should be introduced into the Cheques, and lastly, that the Controller of Military Finance be required to give to the Civil Paymaster timely notice of the amount likely

likely to be required monthly from each Civil Treasury to enable the latter to make due provision of funds.

I have the honor to be,

Sir,

Your obedient Servant,

P. Hutchinson

A<sup>c</sup> Account<sup>t</sup> General

Comptroller  
of the Treasury

The Board of Audit have authorized their being furnished with monthly receipts in duplicate

Calcutta 19<sup>th</sup> September 1861.

N<sup>o</sup> 575.

From, The Military Finance Department  
To, The Controller of Military Finance  
Madras

Sir, I have the honor to acknowledge the receipt of Copy of your letter to Government of 23<sup>rd</sup> Ultimo, with a Draft G. O., respecting the employment of Cheques by Paymasters and other Disbursing Officers in the Military Department of your Presidency, and to offer the following remarks.

2. It is unnecessary to apply the system to small payments, and the exclusion of payments of less than 20 Rupees seems judicious.

3. With regards to para 4 of the Draft G. O., I would mention that Officers in charge of Civil Treasuries on this side of India generally do not consider that the Cancelled Cheques are sufficient vouchers for the payments made from their Treasuries, and the Board of Audit have authorized their being furnished with monthly receipts in duplicate

No 5044 1861.

File 1861 Department

Trans

The As. Secy. to Govt.

The Chief Secretary to

Government

Fort St. George

Dated 4<sup>th</sup> October 1861.

No 515

N<sup>o</sup> 169

N<sup>o</sup> 564

Regarding payments of Military Expenses by means of Cheques the nearest Civil Station

211 218

duplicate for payments made on the cheques  
of Military Disbursing Officers.

4. With reference to para 5, I would  
observe that daily advices are the rule in  
this Presidency, and they form an important  
check against frauds.

5. I have however prepared a Complete  
set of rules on the subject of Letters of Credit  
Cheques, and transfer receipts, which it is  
my intention to Circulate through the Controllers  
of the three Presidencies to all their subor-  
dinate Officers, with the view of obtaining  
suggestions and Amendments from gentlemen  
who have had practical experience of the  
working of the new system. The Military  
Finance Department would thus be  
enabled to perfect a good workable Code  
of rules for the guidance of all Executive  
Officers by the beginning of next year.

I have &c

Signed G. Balfour. Colonel  
Chief of the Milly. Finance  
Department.

[True Copy]

W. A. Mann Esq. Secy. to Govt.

Controller of Milly. Finance

W. A. Mann

B.

Office of Comdr of Military Finances  
Fort St George's October 1861.

From,

Lieut. Colonel T. McMahon,  
Comdr of Military Finances.

To,

Colonel H. Marshall,  
Secretary to Government,  
Military Department.

Sir,

Adverting to my letter to your address of the 23<sup>rd</sup> July 1861 on the subject of the introduction of the system of payment by cheque in this Presidency, which I am informed is now under the consideration of the Financial Department of Government, I have the honor to forward herewith copy of a letter to my address from the Chief of the Military Finance Department in reply to a communication which I addressed to that Officer on the same subject.

2. It will be observed from the 3<sup>rd</sup> & 4<sup>th</sup> Paras. of his communication that he

proposes

At 2 1/2 PM 19  
September 1861

2/10/61

Enclosed in a letter  
from the Comdr of Military Finances  
to the Secy to Govt & M.D. of  
4<sup>th</sup> October 1861. B.

2/10/61

Recd 10/10/61

72/10/61  
No 568

Controller of military finance

Recd

proposes two additions to the Draft H. C.  
which I submitted, and as they seem  
judicious, I would suggest that they be  
adopted, and that the correspondence be  
forwarded for the consideration of the Financial  
Department of Government.

Have the honor to be,  
Sir,  
Your Most Obedt Servant.

Wm. M. Smith  
Cont. of Mil. Finance.

Wm. M. Smith

Financial Department  
Proceedings of the Madras Government

Read the following papers:

Bro: of Govt: in the Military Department } Dated 13 Sept: 1861. N<sup>o</sup> 3243

From Ag: Secy: General. (— " — 4 October — " — 1861)

From Controller of Military Finance referred by the Mily: Dept } — " — 4 " — " — 1861

Order thereon 22<sup>nd</sup> October 1861 N<sup>o</sup> 51

The Govt: approve of the Draft General Order submitted by the Controller of Military Finance, with the additions suggested in his letter of the 1<sup>st</sup> Instant, giving effect to the system of payment by cheques on the Civil Treasury to be adopted by Paymasters & other Disbursing Officers in the Military Department, as directed by the Govt: of India in their Proceedings in the Financial Department N<sup>o</sup> 3173 dated 13 March 1861.

W. H.

U. H.

1861  
13 Sept 1861  
2920294

1861  
1861  
N<sup>o</sup> 4378

of Govt: of Madras

1861

1861

1861

Forward copy of a letter from the Chief Financial Officer to the subject of the Cheque system and suggest that the addition proposed to be made to the bill be adopted and forwarded for the consideration of the Financial Department by Government.

To The Financial Department  
with an enclosure (to be returned)  
1861

Received by the Financial Department  
1861

1861

2 A copy of the Accountant General's letter above recorded will be furnished to the Controller of Military Finance, with instructions to adopt the slight modifications therein suggested in the Form of Cheque, unless he sees any valid objection to them, in which case he will address out again on the subject. His attention is also requested to the suggestion contained in the concluding clause of Mr Sushington's letter.

*L.R.*

*30-nd 10-20-20*

To Military Department  
" Controller of Military Finance } 13/10  
" Acct General }

*L.R.*

144047

System of pay<sup>d</sup> by Cheques  
on the Civil Exchequer, to  
be adopted by Mil<sup>y</sup>. Paym<sup>ts</sup>.  
-two-

16

Financial 1861 Rept.

1861 5/15

Proceedings of Govt<sup>ment</sup>  
which

of 22<sup>nd</sup> October 1861.

Please  
Military  
1861. No. 324  
in the  
is given  
He