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MADRAS RECORD OFFICE.

Government of Madras.

Finance DEPARTMENT.

G.O. No. 423 Press ~~Mis.~~

69-70

Dated 30—6- 1863.

69-70 5/6

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
30th June 1863.

No. 69. Read the following Proceedings in the Military Department, dated 9th June 1863, No. 1,873.

Communicating a letter from the Controller Military Finance, with its enclosure, being one from the Military Accountant on the question of the proposed transfer of the audit of the Regimental Savings' Bank to the Military Account Department.

(Vide Proceedings Military Deparment, dated 9th June 1863, Nos. 160—162.)

No. 70. ORDER THEREON, 30th June 1863, No. 423.

Before passing orders on the foregoing report on Mr. Norfor's proposal to transfer the audit of the Regimental Savings' Bank Accounts to the Military Account Department, the Governor in Council desires to have the views of the present Acting Accountant General on the subject, as well as on the inadequacy of the establishment of the Bank noticed in the last paragraph of the report.

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

Exd. T. McMootry.

3 hm

MILITARY DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following papers:—

Proceedings of the Madras Government, Financial Department.

Furnishing, for report, a copy of Proceedings of Government, dated 4th November 1862, No. 777, on the question of the proposed transfer of the audit of the Regimental Savings' Bank to the Military Account Department. — Here enter 9th April 1863, No. 248.

Referred to the Controller of Military Finance for report.

11th April 1863.

Report from the Controller of Military Finance, Fort Saint George, 29th May 1863, *F.*

Dated 13th May 1863, No. 139.

I have the honor, in returning the Order of Government, Financial Department, No. 248, dated 9th April 1863, referred for report on the 11th idem, to forward the Report of the Military Accountant in detail.

2. In the views therein expressed, I concur, as it appears to me, that the proposal to transfer the audit of the Regimental Savings' Bank to the Military Accountant, would not be an economical or efficient arrangement.

From the Military Accountant, Fort Saint George, 13th May 1863, No. 139; to the Controller of Military Finance.

Pro. of Govt., in the Finl. Dept., 9th April 1863, No. 248.

Adverting to your letter, No. 3030, dated 13th ultimo, directing my Report on the proposal to transfer the audit of the Military Accounts in the Government Savings' Bank to my Office, I have the honor to offer the following observations:—

2. The duties of my Office in connection with Military Depositors in the Government Savings' Bank, are at present confined to checking the accounts of Paymasters by means of Registers of deposits and withdrawals, which are forwarded to me for that purpose by the Secretary to the Government Savings' Bank, and returned to him when the audit of the Paymasters' entries has been completed.

3. The duties connected with the account and audit of Military Deposit, so far as I can learn, are as follows:—

I. From Registers furnished by Paymasters to the Secretary to Government Savings' Bank, Regimental Cash Accounts are prepared monthly, from which again a Ledger is kept shewing the transactions of the Bank with each Regiment.

II. The individual accounts of Depositors are forwarded by Regiments annually to the Bank for audit, which is carried out in the following manner.

III. The several amounts in the annual individual Ledgers are compared with the items exhibited in the Statements of Depositors, also forwarded annually by Officers Commanding Regiments and Batteries to the Savings' Bank; and subsequently with the entries in the Ledger prepared in the Bank.

IV. Each individual account is then carefully examined, the deposits and withdrawals verified, and the Interest due on the deposits correctly calculated.

V. The number of Military Depositors may vary from 9 to 10,000. Individual accounts may be audited at the rate of fifty per diem.

4. It appears to me that the several duties of audit especially appertain to the Savings' Bank itself, being neither more nor less than the verification of the Bank's annual transactions in account with individual Depositors, a work only to be efficiently performed with the assistance of the Bank Books. In other words, the audit of the individual accounts of Military Depositors should be carried out in the Office in which the Regimental Ledgers are kept.

5. Mr. Norfor seems imperfectly to have comprehended the nature of this audit, and to have confounded the duties of the Government Savings' Bank with those of the Accountant General.

6. The *withdrawal of the Military branch* referred to by him in paragraph 15 of his Report can be understood only to refer to the separation of the Military from the Civil Department in the Office of the Accountant General; but accounts of Military Depositors in the Savings' Bank and the audit thereof have throughout been totally distinct from the Department of Military Accounts.

7. The accounts of Regimental Savings' Banks are still to be found in the Government Savings' Bank, which carries on all duties connected with the accounts of Military Depositors, *individually*, so far as the annual audit is concerned, and *collectively* as regards the Ledgers in which are entered the monthly deposits and withdrawals of the several Regiments in the Service.

8. I have striven to bring this point prominently to view, as Government appear to have passed orders on this paragraph in *Para.* 14, *Government Order, 4th Novr.* 1862, *No.* 777. Mr. Norfor's Report, under the impression that the audit alone of the accounts of Regimental Savings' Bank was left with the Government Savings' Bank.

9. The Order of Government of 7th March 1860, No. 941, if considered without reference to the voluminous correspondence published herewith, might perhaps lead to this inference. Paragraph 2, ruling (with reference to the Orders of the Government of India, abolishing the Military branch of the Government Savings' Bank at Calcutta) "that instead of arrangements similar to those sanctioned in Bengal for conducting the annual audit of the accounts of the Regimental Savings' Bank, *which would involve an increase of expenditure in this Presidency*, it is advisable that the duty should be performed here in the Madras Savings' Bank."

10. On referring to paragraphs 7 and 8 of the Report of the Accountant General on which the above order was passed, it will be apparent that something more than the annual audit of the accounts of Depositors was to be comprised in the duties imposed on the Government Savings' Bank, with regard to Regimental Savings' Bank, *viz.*, the keeping of the Regimental Ledgers, or as they are described in paragraph 8 "an Account Current with each Regiment, Corps, Battalion, &c." Neither does the probable increase of expenditure against which the Accountant General was anxious to guard, arise wholly from *the yearly audit* for which, in Bengal, a sum fluctuating in amount and proportioned to the labor was to be paid. For, in Calcutta, an additional Establishment was also granted to the Accountant General, for the purpose of keeping the accounts referred to in the foregoing paragraph.

11. In Bengal, the whole duties of the Military Branch of the Savings' Bank which had always been kept distinct from those of the Civil Branch, were thus transferred to the Accountant General, under whose instructions also the annual audit was carried out. I understand that on the transfer of the Military Account Department to the newly appointed Military Accountant, the Military Savings' Bank Accounts were handed over to him.

12. It may be unnecessary to make any further remarks in this direction.

Letter from Accountant General, to Chief Secretary to Government, No. 409, dated 26th January 1860.

"7. The adoption of arrangements similar to those which "have been sanctioned in Bengal would in fact involve "an increase, and not a decrease of expenditure.

8. "In preference therefore to the adoption of the plan "proposed for Bengal, I would recommend the continu- "ance of the present Institution, abandoning the writing "up of the individual accounts of the Military Depositors, "and substituting an Account Current with each Regi- "ment, Corps, Battalion, &c., leaving the details in the "interim between the close of one year and another strict- "ly in the hands of the Regimental Officers as contem- "plated by the Warrant. This duty it would be possi- "ble for the present Establishment to perform, whereas "the keeping of the individual Ledgers is impossible, "and moreover, has not been done since the increase of "the number of British Troops."

Letter from Secretary to Government Savings' Bank, to Accountant General, Fort Saint George.

"4. In a financial point of view, the proposed plan of separating the audit of the Regimental Banking Accounts, will involve an additional expense of 3,700 Rupees, to meet which, I am not prepared to make any reduction in the existing Establishment of the Government Savings' Bank, while the modification now proposed will be attended with no additional expense (excepting one item) and the work will be as efficiently performed by the Savings' Bank as by separate and paid Auditors."

13 To any alteration in the present system in this Presidency, the objections of the late Accountant General, Mr. Harrison, and of the Secretary to the Government Savings' Bank, Mr. Sandeman, remain in full force. Enough has been said to shew that the Regimental Accounts and their audit should be in the same hands and that if these duties be transferred to my Department, a large increase of expenditure must result. Mr. Norfor does not appear, when submitting his recommendation, to have given due consideration to this point,—his review of the work in the Government Savings' Bank, connected with Regimental Savings' Banks, was probably superficial.

14. Under this impression, I have not submitted any Statement of the expense likely to accrue from the adoption of the suggestion. Mr. Sandeman estimates this additional expense at Rupees 3,700 per annum. This appears to have been the amount sanctioned in Bengal, and is probably in excess of the actual requirements of the case in this Presidency.

15. As an *ex-officio* Director of the Government Savings' Bank, it may not be out of place here to mention that it has been brought to my notice, that the Establishment of the Bank *is under-handed*; and that the annual audit of Regimental Savings' Bank Accounts cannot be carried out so speedily as is desirable; but if this be the only drawback to the efficiency of the Establishment, a temporary addition at such periods would be sufficient for all purposes, the audit of the individual Ledgers, being within the capacity of an ordinary Accountant.

ORDER, No. 1873, *9th June* 1863.

Ordered that the foregoing letter from the Controller of Military Finance and its enclosure be communicated to the Financial Department.

(True Extract.)

Secretary to Government.

To the Financial Department. *With 10 spare Copies*
" Controller of Military Finance.
" Military Accountant.

Exd. T. Stubbs.

Financial Department.

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PROCEEDINGS of the MADRAS GOVERNMENT.

Read Proceedings of Govt;
Military Department
(Dated 8 June 1863. No 1873)

Order. 30th June 1863 No 423.

Before passing orders on the foregoing report on Mr Norfor's proposal to transfer the audit of the Regimental Savings Bank Accounts to the Military Account Department, the Governor in Council desires to have the views of the present Acting Accountant General on the subject, as well as on the inadequacy of the Establishment of the Bank noticed in the last para of the Report.

To the Ag Acct Genl. with G.O. No 1873 M.D. dispd 2 July

Rec: 4th April 63 - 3-5
" 9th April 63 - 25-26
" 14th May 63 - 11-12
" 24th July 63 - 19-11

Lit of 4 July.

69-70

Fin. L. 18 June 1863 Rept

Proc: Report in the Civil Audit Office 1873

Rg No 3 Annexure 63
Reference
No 406

Fin. No 4454 1863

Forwards the Contract Form with Endorsement, with which Enclosure, Memorandum on the proposed Reconstruction of the Provident Fund Rules, and Draft Rules for the Regimental Savings Bank for the Native Troops, are returned to the Military Secretary to the Govt.

S.C. No 423

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No. 423

PROCEEDINGS OF GOVERNMENT.

Dated 30 June 1863

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