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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

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Proceedings of the Madras Government, Financial Department,
9th January 1865.

No. 36. Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 19th December 1864, No. 4014.

Read again the Financial Resolution, No. 2695, dated 30th September 1864, paragraph 4, directing that the distinction which is observed between "Settlements" and "Payments" in the recording of Military Expenditure, be immediately discontinued.

Read an Office Memorandum of the Military Department, No. 809, dated 25th November 1864, forwarding from the Accountant General in that Department, Memoranda in which he urges that the distinction between Settlements and Payments, in the compilations of the Departmental Compilers, and in the Returns and Accounts of the Military Accountant, is desirable, for ascertaining the actual cash expenditure of the year, and is necessary at least for the year 1864-65; also submitting for approval a Draft Circular for giving effect to his views.

The Governor General in Council, having fully considered the subject, deems it inexpedient to adopt the course suggested by the Accountant General in the Military Department, for ascertaining the Cash Expenditure of the year, and prefers the plan which has been proposed by the English Commissioners for Indian accounts.

2. The Inefficient Balance in the annual accounts comprises advances and retrenchments, and also payments for completed services, which, for defective vouchers or other causes, have not been passed on the 30th April as final charges. Only a portion of these three classes of items is actual expenditure. The greater part consists of payments from the Cash Balance which are not chargeable, as such, to the general Revenue, and which, until adjustment, should remain at the debit of a personal account.

3. This material distinction between the personal and service portions of the Inefficient Balance is observed in the General Books, but the results in those books are not reviewed by the Government, nor submitted to Parliament. On the other hand, the distinction is disregarded in the separate Monthly, Quarterly, and Annual Statements of receipts and disbursements, adjusted and unadjusted.

4. The Governor General in Council is pleased to determine that henceforth the accounts shall be founded entirely on audited charges. The Monthly and Quarterly Returns of receipts and disbursements now furnished will accordingly be superseded, as soon as practicable, by a Monthly Statement of receipts and disbursements, founded on audited charges only, which must be submitted in a form that will shortly be supplied.

5. In like manner, the General Account of Revenue and charge for the year, for submission to Parliament, is to be made up for 1864-65 from accounts showing only audited charges, and thereafter, so soon as the arrears can be brought up, from the books themselves.

6. Payments for completed services, remaining on the Inefficient Balance on the 30th April, which cannot, for want of proper vouchers, be charged to the proper head of service before the closing of the books, shall be held as a balance at the debit of the Disbursing Officer, who will be required to debit himself with the amount, so that the balance of his account may correspond with that shown in the books.

7. In order to include, as far as possible, all charges appertaining to the year under account in the books of that year, the books will be kept open for four months after the close of the year.

8. Advances remaining unadjusted on the 30th April will remain at the debit of a personal account; but a distinction must be made between "Advances" properly so called, (which are to be debited as above directed) and "Payments on Account," being for goods delivered or for services performed; these latter should be charged as final payments, upon Bills which must invariably be furnished as the portions of the goods which they cover are supplied, or as the services for which they are incurred may be rendered.

9. All advances or payments by the Civil Department on account of the Military, made otherwise than in discharge of cheques or drafts of Paymasters, shall be adjusted between the Military Department and the Civil Accountant General, exclusively, and not through the accounts of Paymasters of Circles, &c.

10. Retrenchments should not be made in doubtful cases until explanations have been asked for and given. When an amount is objected to, the objection will be stated as a query, and the amount, meanwhile, will be posted into the books. If the objection be maintained, the amount will not be disallowed from the credit already claimed in account, but will, in the case of sums easily recoverable, be adjusted by deduction from the next ensuing payments.

11. For other cases the retrenchment will be re-credited to the head. of Service which had been charged, and be debited against the officer to whom the over-issue had been made, in a special account to be raised in the books of the Military Accountant; but this will not affect the eventual liability of the Paymaster to make good the amount of any retrenchment which may prove irrecoverable from the officer who overdrew the money.

12. These rules will, so far as regards the Inefficient Balance, remove those obstacles which prevent the record of the year's audited expenditure from agreeing with the year's actual expenditure.

13. As the existing fusion of the Cash and Store Accounts has a similar disturbing effect on record of the year's expenditure, the Governor General in Council directs that the Store Accounts in the Military Department be separated from the Cash Accounts in all such books as may now be unclosed. Until the system recommended by the English Commissioners, of charging Stores when and where purchased, is sanctioned, it will be necessary to charge the amount of the Invoice of London Stores as a final charge in the Military books, care being taken that the Stores are properly brought to debit by the Examiners of Store Accounts in their Departmental books. The value of Stores expended which has hitherto formed, in the General books, a charge of the year, will thus cease as a charge against the Revenues, as the cash paid for stores will be charged instead.

14. As regards the Inefficient Balances of Cash Accounts, the books of 1863-64 will be kept open sufficiently long to bring to account, as far as possible, the whole of the unadjusted items appertaining to that year.

15. As the general books of the Military Department are in arrear, effectual measures must be adopted for pushing forward the books of prior years, so as to facilitate the submission, within an early period, of accounts of the actual Revenue and Charge taken from the General books.

Ordered that a copy of this Resolution be sent to the Military Department, with the documents received from that Department; also to the Public Works Department, the Governments of Madras and Bombay, the Auditor and Accountant General, and the Deputy Auditors and Accountants General, Madras and Bombay.

Ordered, further, that a copy of the Resolution be published in the *Gazette of India*.

(A true Extract.)

(Signed) J. E. COOKE,
Asst. Secy. to the Govt. of India.

No. 37. ORDER THEREON, 9th January 1865, No. 23.

To be recorded.

(True Extract.)

A. J. ARBUTHNOT,
Chief Secretary.

Exd. J. Tulloch.

No. 4014.

EXTRACT from the Proceedings of the Government of India, in the Financial Department, dated 19th December 1864.

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The Governor General in Council, having fully considered the subject, deems it inexpedient to adopt the course suggested by the Accountant General in the Military Department, for ascertaining the Cash Expenditure of the year, and prefers the plan which has been proposed by the English Commissioners for Indian Accounts.

2. The Inefficient Balance in the annual Accounts comprises advances and retrenchments, and also payments for completed services, which, for defective vouchers or other causes, have not been passed on the 30th April as final charges. Only a portion of these three classes of items is actual expenditure. The greater part consists of payments from the Cash Balance which are not chargeable, as such, to the general Revenue, and which, until adjustment, should remain at the debit of a personal account.

3. This material distinction between the personal and service portions of the Inefficient Balance is observed in the General Books, but the results in those Books are not reviewed by the Government, nor submitted to Parliament. On the other hand, the distinction is disregarded in the separate Monthly, Quarterly and Annual Statements of Receipts and Disbursements, adjusted and unadjusted.

4. The Governor General in Council is pleased to determine that henceforth the accounts shall be founded entirely on audited charges. The Monthly and Quarterly Returns of Receipts and Disbursements now furnished will accordingly be superseded, as soon as practicable, by a monthly statement of Receipts and Disbursements, founded on audited charges only, which must be submitted in a form that will shortly be supplied.

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7. In order to include, as far as possible, all charges appertaining to the year under account in the Books of that year, the Books will be kept open for four months after the close of the year.

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11 For other cases the retrenchment will be recredited to the head of service which had been charged, and be debited against the Officer to whom the over-issue had been made, in a special account to be raised in the Books of the Military Accountant; but this will not affect the eventual liability of the Pay Master to make good the amount of any retrenchment which may prove irrecoverable from the officer who overdrew the money.

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Ordered, further, that a copy of the Resolution be published in the *Gazette of India*.

(A true Extract)

H. Cocke

Assistant *Secretary to the Government of India.*

[Exd. H. D. Bysack.]
134. 19-12-64.

Financial 1863 Dept.

Extract Proceedings of Govt. of India Fin. Dept.
No. 4074.

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