M.R.O. 1—77,005—8-6-37.

(1) Number of pages 18.

(2) Date of repair 8.8.37.

(3) Initials of the Reference [illegible]

MADRAS RECORD OFFICE.

Government of Madras.

DEPARTMENT.

G.O. No. 288 Press / Mis.

Dated 8-6 1865.

10/11

24-25

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
8th June 1865.

No. 24. Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 20th April 1865, No. 2189.

Read again Financial Resolution, No. 2805, dated 4th October 1864, requesting the opinion of the local Governments and Administrations on the Report of the Commissioners of Inquiry into Indian Accounts, on the system of Account and Audit in the Civil Department.

Read again the following replies to the requisition, viz.,

From the Chief Commissioner, Central Provinces, No. 100, dated 19th November 1864.

" " Resident at Hyderabad, No. 1635, dated 3rd January 1865.

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APPENDIX.

Revenue and Receipts.

Opium.

Instead of "Proceeds of Sale by Auction"—show—
Opium—Behar.
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Land Revenue.

Expenditure.

Settlement charges should be shewn as a distinct item.

Opium.

Sub-divide—Behar.
Benares.

Add—
Transit charges to Presidency.
Presidency Expenses.

Administration and Public Departments.

Add—
Military Secretariat.
Public Works Secretariat.

Law and Justice.

Instead of "Law Officers and Courts of Small Causes"—show—
Small Cause Courts.
Law Officers of High Courts.
Justices of the Peace, Coroners, and Sheriffs, at the Presidency Towns.

Marine.

For "Light Houses and Establishments at out-ports"—read "Light Houses."

Public Works.

Pensions should be transferred to the Civil Estimates.

9. In issuing the revised forms of Estimates and Finance Accounts, items of sufficient importance to be shewn separately, which may be peculiar to any Presidency or Province, will be added in the forms for that division of territory, in communication with the Local Government.

10. On some of the suggestions for reducing work, the following orders are passed :—

I. The Cash Requirement Estimate should be continued.

II. In the Treasury Accounts rendered to the several Deputy Auditors and Accountants General, Collections of Land Revenue will be credited without distinction of past, current, and future years, and a Return thereof will be furnished by the Deputy Auditor and Accountant General, to the controlling Revenue authority, for verification of the aggregate of realisations shewn in the Return of Demands, Realisations, and balances of past, current, and future years, which is furnished to those authorities by the Collectors of Revenue.

III. The cost of any Establishment under Civil Administration which can be distinctly referred to any branch of Revenue, is to appear under the head of that branch: supervising officers (such as Boards of Revenue and Financial and Divisional Commissioners) who administer several branches of Revenue, should be shewn under "Administration and Public Departments." The cost of establishments in the Bombay Presidency which are common to both Customs and Salt, including the charge for the Commissioner of Customs, Salt, and Opium, should be shown under Customs. In the North-Western Provinces and the Central Provinces, the cost of the Customs Line, which principally collects the Salt Revenue, should be shewn under Salt. The existing division of the charge for Collectors, &c., between Land Revenue and Law and Justice, must, however, continue, save that the division will not be made on the individual bills, but all these charges will, in the first instance, be carried in the detail books, to a subordinate head under Land Revenue, and a monthly transfer of a moiety of the total amount will be made to the proper subordinate head under Law and Justice.

11. The fundamental changes of system proposed by the Commissioners are—

1*st.*—The preparation of the Finance Accounts from Audited receipts and charges, as recorded in the books.

2*nd.*—The separation of Cash from Store Accounts, and of the accounts of the Civil Department, from those of the Military and Public Works Departments.

3*rd.*—The consolidation of these separated Cash Accounts, by a Central office, into a general account for India.

4*th.*—The abolition of pre-audit, and the amalgamation of the offices of Deputy Auditor and Accountant General, and Civil Paymaster.

5*th.*—Unclassified Treasury Accounts.

12. Orders adopting the recommendations under the first two heads have been issued already, and the third, also, must be adopted of necessity.

13. The procedure in consolidating the accounts for India will be as follows :—

I. The Receipts and Disbursements of each Presidency and Province, and of the Military and Public Works Departments, will be written up monthly after audit, and posted.

II. An audited monthly account of Revenue and Receipts, and of Expenditure and Disbursements, will be furnished to the Central office of account in Calcutta, by the several Deputy Auditors and Accountants General, and by the Military and Public Works Departments, for consolidation in monthly and annual accounts for India.

III. The same officers, and the Military and Public Works Departments, will prepare, from there own Ledgers, annual accounts, as at present; but the Finance Accounts for Parliament will be prepared from the books of the Central Office.

14. The Commissioners have recommended that there should be but one office, *viz.*, the central office of account, in account current with London. Pending the orders of the Secretary of State on this recommendation, the Account Current with London, kept by the Civil, Military, and Public Works Accountants, will be consolidated in one Account Current for the three Departments, by the Local Civil Accountants, for transmission to London.

15. The Commissioners recommend that revenues and charges belonging to one Presidency, received and paid, respectively, in another Presidency, be treated in the accounts as appertaining to the Presidency in which the receipt or payment occurs. This recommendation has been noticed in some of the replies. The subject affects principally the head of expenditure. The only receipts of any magnitude that would be affected by the recommendation, are certain tributes from Native States, realised through Treasuries subordinate to the Accountant, North-Western Provinces, which are now credited to the Government of India.

16. The Government of Madras is of opinion that "the Budget of each Presidency should "provide for all disbursements which it has to make. On this principle, the Central Provinces, "British Burmah, &c., should provide for the Military expenditure incurred in them, but debited "to Madras."

17. Inasmuch, however, as the administration of the Madras Army is under the Government of Madras, and as it is indispensable for a proper check of Military expenditure that each of the three Armies, in the three Presidencies, should be estimated for as a whole, the above opinion, as regards the treatment of Military expenditure in the accounts, cannot be adopted.

18. There is no objection, however, to the Military Account Department furnishing to each Local Government, for insertion in its Administration Report, a statement of the proportion of total Military charges which can be allotted, rateably to strength, for the Military force in the territories under such Local Government.

19. With regard to Civil charges that are disbursed in other than the Presidency or Province to which they in strictness appertain, it is well observed by the Government of the Punjab, and the Deputy Auditor and Accountant General, Madras, that the largest of such payments, viz., Pensions, Allowances, and Assignments under Treaties and Engagements, are already adjusted as charges of the territory in which the payments occur, and that it will be decidedly advantageous to apply the same rule to all other items, such as salaries, the substantive pay of officers on deputation, &c. The substantive pay of officers on deputation is a fair charge of the appointments in which they officiate, *i. e.*, of the place where the payment is made:—while the amount disbursed as salaries to officers absent from their own province on leave, is too unimportant to be a ground for setting aside a wholesome general rule.

20. The Budget difficulty, viz., insufficient provision in one Presidency, for salaries of another Presidency, is met by the remark of the North-Western Provinces Government, that an estimate for the full charge, at the sanctioned scale for salaries, will cover all payments of Civil charges on account of other Governments, especially as such payments by or[illegible]vince will be compensated in a measure by similar payments on its account in anoth[illegible].

21. On these grounds, the Governor General in Coun[illegible] the adjustment of receipts and charges between Presidencies and Province[illegible] the following exceptions.

22. All local receipts and disbursements in the Berars, on account of other Governments, and all similar transactions elsewhere, on account of the Berars, shall be recorded finally in the accounts of the territory in which they occur, as receipts and charges of the Governments or of the Berars, to which they may appertain.

23. The tour charges of the Governor General, and the payments to the Secretariat and other establishments that accompany His Excellency from the Presidency, will form another exception to the general rule.

24. According to the system of account recommended by the Commissioners, the office of account of each Province will prepare a classified digest or abstract of all the receipts and payments shewn in the monthly account of each Treasury, whereby the materials for statistical returns of District details will be preserved in a form convenient for tabulation when required; but these details will be carried through the abstract or detail books for the regular accounts in a way which will bring out one total for all Districts under each head of service.

25. The Government of the Punjab remark, however, that "it seems quite indispensable to allot its own receipts and expenditure to each District, in the Auditor's accounts."

26. There is a misapprehension here of the system recommended by the Commissioners. The grant for salaries, establishments, and contingencies, will be given in totals for the Province; and as salaries and establishments are passed under fixed rules, District details are not required to keep them within Budget limits; while the grant for fluctuating expenditure, or that for temporary establishments, allowances, and contingencies, will be allotted to Districts and supervised by the Head of the Department. The Treasury Officer and the Deputy Auditor and Accountant General being informed of this allotment, any insufficiency of the provision in a particular District would be noticed, and would be met from a surplus upon some other District; but to this end, it is not necessary to encumber the accounts with a District detail of the progressive expenditure under each head of service during the year. The post audit registers will provide all needful information; or, in other exceptional cases, it can be collected when required.

27. The several local Governments and Administrations, as also some of the Deputy Auditors and Accountants General, agree to the abolition of pre-audit, the assent being qualified in some cases by a stipulation for the issue of simple codes of rules for leave of absence, and deputation and travelling allowances, so that the existing checks against erroneous payments may not be relaxed. The materials for such a code have been collected, and it will be issued in the course of the year.

28. The objections to the abolition of pre-audit are partly founded on the supposition that there will not be an efficient post audit, such as will ensure a proper sense of responsibility in those who draw bills, and in the Heads of Departments who countersign them. But this is a misapprehension.

29. The Honorable the Governor of the North-Western Provinces, while assenting to the amalgamation of the Civil Paymaster's with the Deputy Auditor and Accountant General's office, yet observes from "a not inconsiderable experience of what has been, and they therefore again occur," that "Looking to the character and calibre of subordinate Native Clerks, their powers of "combination, their talent for intrigue, and the extent of the temptations to which they occasion- "ally may be exposed, His Honor regards, with not unnatural reluctance, the abandonment of that "system of double check, by means of the independent officers of Examiner of Claims, and Auditor "of Accounts, which seems to His Honor almost an essential in the constitution of our administration in India."

30. [illegible]erlooked that this double check was abandoned some years since, in the Public [illegible]eneral, and [illegible] the Controllers of Public Works Accounts both examine claims and Works Depar[illegible]sified Treasury [illegible]as not prevailed in the Madras Presidency, and in the Bombay adjust payments. [illegible]ting the recom[illegible]nd Accountant General does not, at present, critically re-Presidency "the Deputy [illegible]ted examine vouchers passed by the Civil Paymaster, nor keep a register of establishments." Furthermore, the post audit, under the new system, will be promptly made under competent supervision.

31. On these grounds, and having regard to the imperative necessity of obtaining prompt accounts based upon audited charges, and to the preponderance of opinion and argument in favor of abolishing pre-audit, and amalgamating the establishments of the Deputy Auditor and Accountant General, and the Civil Paymaster, it has been determined to give effect to those measures as soon as the necessary arrangements can be made.

32. Apprehensions of two opposite kinds have been expressed with regard to the responsibility to be thrown on the Treasury Officer who is to disburse salaries and allowances without pre-audit. In the 213th paragraph of their Report, the Commissioners proposed the issue of a permanent order to the Officer in charge of the Treasury as his guide in discharging regular monthly bills for salaries and Establishments. This permanent order would indicate the sanctioned rate and net amount admissible, and, with egard to contingencies, it would show the monthly limit within which they may be allowed. The Government of Madras requests that it may "be remembered that in this Presidency, the Collector is in entire charge of the District Treasury; and the Government strongly object to any measure tending to lessen this responsibility, or to render the Collector's subordinates in any way independent of him." No such measure was intended by the Commissioners in their recommendation.

33. On the other hand, it has been urged in other quarters that the responsibility of the Treasury Officer with regard to over-payments should be clearly defined.

34. Under the system now to be introduced, equally as under the present system, the privilege of drawing Pay abstracts or bills for salary, allowances, or contingent expenses, will be restricted to responsible Officers; and the drawer of the bill will be held answerable for any over-charge. The responsibility of the countersigning Officer will be that which attaches to all controlling Officers, and which brings them under a liability to make good any loss arising from their culpable negligence. The Treasury Officer who makes payments wi hout pre-audit will be responsible for checking any palpable errors, and (in case of change of office, or of rate of salary of gazetted officers) for passing the new rate with due reference to the orders directing the change. In short, the responsibility for an over-charge will rest primarily with the drawer of the bill, and (failing recovery from him) the over-charge will be recovered from the Treasury Officer or the Countersigning Officer, only in the event of culpable negligence in either of them.

35. In paragraph 373 of their Report, the Commissioners observed that so long as payment is made by the officer in charge of a Treasury on a proper voucher, the amount "Should be passed in the Treasury Account, and any irregularity which may appear in the payment having been in excess of the Budget Grant, or otherwise, should be met by calling on the officer who authorized the payment to explain the cause, or make good the excess. In the case of computations, and other matters where the Treasury Officer has the means of exercising a check, any incorrect voucher, or over-payment, should be struck out of his account, and he should be directed to alter his balance accordingly."

36. The principle which guided the Commissioners was that when a payment is made on account of a completed service, on a proper voucher, the fact of the payment is not altered, because some portion of it may have been over-paid. The payment must be accepted, and must be recorded as a charge against the grant for which it was made. The amount over-paid, when subsequently recovered, would be credited as a re-payment to the grant, or, as would generally be the more convenient course, would be deducted from the amount due upon a succeeding bill for a similar service.

37. The Commissioners recommend that the work of Treasury Officers be simplified by requiring from them accounts unclassified as to charge, and classified, by simpler methods than hitherto, as to receipts of revenue, and in some other cases where receipts or payments of one class are very numerous. The recommendation is approved by the Governments and Administrations in the Bengal Presidency. The Government of the Punjab, and the Board of Revenue, North-Western Provinces, testify that the unclassified account will immensely relieve Treasury Officers.

38. The Government of the North-Western Provinces, indeed, gives a qualified approval hesitating only as to the ability of the Deputy Auditor General's Office to cope with the additional work in a Province where intelligent Clerks are scarce. In this objection, the relief to

that functionary from the compendious journal, and the simpler processes of the new system, has been overlooked, while also regard has not been paid to the consideration that the intelligent labor requisite for classification can be more readily collected in one Office, than in above 30 Treasuries. Erroneous classification by the latter must add to the labor of the Central Office.

39. Accordingly, the unclassified Treasury Account, according to the forms which have been introduced into the Lower Provinces, will be adopted in the remaining Provinces of the Bengal Presidency.

40. In the Presidencies of Madras and Bombay, the classified Treasury Account will be retained for the present, in difference to the very strong representations of the Deputy Auditor and Accountant General, Bombay, and the Government of Madras; but as they have overlooked that through an unclassified account, the post audit, and the recording of the greater portion of the charges, will be expedited by a month, the Governor General in Council trusts that after experience of the unclassified Treasury account in the Bengal Presidency, it may yet be extended throughout India.

41. Care will be taken to provide each Deputy Auditor and Accountant General with an efficient establishment for an intelligent and prompt audit, record, and compilation of accounts, but this will be readily effected within the present cost of the establishments.

42. The Journals of the Deputy Auditor and Accountant General will be considerably reduced by being disencumbered of District details and of the elaborate personal account of each gazetted Officer hitherto recorded in the books. That account will be kept, under the new system, in the post-audit Registers. The trouble of examining the Treasury Officer's classification of charges, to the minutest detail, and of correcting errors in his classification will also cease.

43. Having regard to the large reduction of work under these heads, which will more than compensate for the new work of classifying charges in the Deputy Auditor General's Office, the Governor General in Council feels assured that the unclassified Treasury Account may be introduced with safety into the Bengal Presidency.

44. Orders for the simplification of the Deposit Account have been separately issued, but the Governor General in Council notes the concurrence of the Government of the Punjab in the recommendation of the Commissioners, that all receipts on account of Land Revenue, should be credited when paid into the Treasury, except those in dispute, or belonging, partly, to co-sharers with Government. These must still be placed in deposit.

45. His Excellency in Council also approves of the suggestion of the Chief Commissioner in Oude, that fines imposed in appealable cases be credited at once to revenue, subject to refund on the mere certificate of the Appellate Court.

46. Orders regarding the change in the official year of account are deferred.

47. The new system of Audit and Account, in the Civil Department, recommended by the Commissioners, will, with the modifications directed in this Resolution, be introduced with the Accounts for 1865-66, inclusive.

Ordered, that a copy of this Resolution be sent to the Foreign, Home, Military, and Public Works Departments, to the several local Governments and Administrations, to Mr. M. H. Foster, and to the Officers of Account and Audit in the Civil Department.

Ordered, also, that a copy of the Resolution be forwarded to the Auditor General of India, with a view to the issue by him of such subsidiary instructions to the several Officers of Account as may be necessary for carrying out the above orders.

Order, further, that this Resolution be published in the *Gazette of India*.

(A true Extract.)

(Signed) T. PEACHEY,
Princl. Asst. Secy. to the Govt of India.

No. 25. ORDER THEREON, 8th June 1865, No. 288.

Ordered to be communicated to the several Departments of the Secretariat.

(True Extract).

Chief Secretary.

To the Revenue Department.
" Military do.
" Public Works do.
" Railway do.
" Judicial do.
" Marine do.
" Public do.
" Educational do.
" Ecclesiastical do.
" Political do.

Exd. J. Wright.

No. 2189.

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Public Works.

Pensions should be transferred to the Civil Estimates.

9. In issuing the revised forms of Estimates and Finance Accounts, items of sufficient importance to be shewn separately, which may be peculiar to any Presidency or Province, will be added in the forms for that division of territory, in communication with the Local Government.

10. On some of the suggestions for reducing work, the following orders are passed :—

I. The Cash Requirement Estimate should be continued.

II. In the Treasury Accounts rendered to the several Deputy Auditors and Accountants General, Collections of Land Revenue will be credited without distinction of past, current, and future years, and a Return thereof will be furnished by the Deputy Auditor and Accountant General, to the controlling Revenue authority, for verification of the aggregate of realisations shewn in the Return of Demands, Realisations, and balances of past, current, and future years, which is furnished to those authorities by the Collectors of Revenue.

III. The cost of any Establishment under Civil Administration which can be distinctly referred to any Branch of Revenue, is to appear under the head of that branch: supervising officers (such as Boards of Revenue and Financial and Divisional Commissioners) who administer several branches of Revenue, should be shewn under "Administration and Public Depart-

ments." The cost of establishments in the Bombay Presidency which are common to both Customs and Salt, including the charge for the Commissioner of Customs, Salt, and Opium, should be shown under Customs. In the North-Western Provinces and the Central Provinces, the cost of the Customs Line, which principally collects the Salt Revenue, should be shewn under Salt. The existing division of the charge for Collectors, &c., between Land Revenue and Law and Justice, must, however, continue, save that the division will not be made on the individual bills, but all these charges will, in the first instance, be carried in the detail books, to a subordinate head under Land Revenue, and a monthly transfer of a moiety of the total amount will be made to the proper subordinate head under Law and Justice.

11. The fundamental changes of system proposed by the Commissioners are—

1*st*. The preparation of the Finance Accounts from audited receipts and charges, as recorded in the books.

2*nd*. The separation of Cash from Store Accounts, and of the accounts of the Civil Department, from those of the Military and Public Works Departments.

3*rd*. The consolidation of these separated Cash Accounts, by a central office, into a general account for India.

4*th*. The abolition of pre-audit, and the amalgamation of the offices of Deputy Auditor and Accountant General, and Civil Pay Master.

5*th*. Unclassified Treasury Accounts.

12. Orders adopting the recommendations under the first two heads have been issued already, and the third, also, must be adopted of necessity.

13. The procedure in consolidating the accounts for India will be as follows:—

I. The Receipts and Disbursements of each Presidency and Province, and of the Military and Public Works Departments, will be written up monthly after audit, and posted.

II. An audited monthly account of Revenue and receipts, and of Expenditure and disbursements, will be furnished to the central office of account in Calcutta, by the several Deputy Auditors and Accountants General, and by the Military and Public Works Departments, for consolidation in monthly and annual accounts for India.

III. The same officers, and the Military and Public Works Departments, will prepare, from their own Ledgers, annual accounts, as at present; but the Finance Accounts for Parliament will be prepared from the books of the Central Office.

14. The Commissioners have recommended that there should be but one office, *viz.*, the central office of account, in account current with London. Pending the orders of the Secretary of State on this recommendation, the Account Current with London, kept by the Civil, Military, and Public Works Accountants, will be consolidated in one Account Current for the three Departments, by the Local Civil Accountants, for transmission to London.

15. The Commissioners recommend that revenues and charges belonging to one Presidency, received and paid, respectively, in another Presidency, be treated in the accounts as appertaining to the Presidency in which the receipt or payment occurs. This recommendation has been noticed in some of the replies. The subject affects principally the head of expenditure. The only receipts of any magnitude that would be affected by the recommendation, are certain tributes from Native States, realised through Treasuries subordinate to

the Accountant, North-Western Provinces, which are now credited to the Government of India.

16. The Government of Madras is of opinion that "the Budget of each "Presidency should provide for all disbursements which it has to make. On "this principle, the Central Provinces, British Burmah, &c., should provide for "the Military expenditure incurred in them, but debited to Madras."

17. Inasmuch, however, as the administration of the Madras Army is under the Government of Madras, and as it is indispensable for a proper check of Military expenditure that each of the three Armies, in the three Presidencies, should be estimated for as a whole, the above opinion, as regards the treatment of Military expenditure in the accounts, cannot be adopted.

18. There is no objection, however, to the Military Account Department furnishing to each Local Government, for insertion in its Administration Report, a statement of the proportion of total Military charges which can be allotted, rateably to strength, for the Military force in the territories under such Local Government.

19. With regard to Civil charges that are disbursed in other than the Presidency or Province to which they in strictness appertain, it is well observed by the Government of the Punjab, and the Deputy Auditor and Accountant General, Madras, that the largest of such payments, viz., Pensions, and Allowances and Assignments under Treaties and Engagements, are already adjusted as charges of the territory in which the payments occur, and that it will be decidedly advantageous to apply the same rule to all other items, such as salaries, the substantive pay of officers on deputation, &c. The substantive pay of officers on deputation is a fair charge of the appointments in which they officiate, *i. e.*, of the place where the payment is made:—while the amount disbursed as salaries to officers absent from their own province on leave, is too unimportant to be a ground for setting aside a wholesome general rule.

20. The Budget difficulty, viz., insufficient provision in one Presidency, for salaries of another Presidency, is met by the remark of the North-Western Provinces Government, that an estimate for the full charge, at the sanctioned scale for salaries, will cover all payments of Civil charges on account of other Governments, especially as such payments by one province will be compensated in a measure by similar payments on its account in another province.

21. On these grounds, the Governor General in Council directs that the adjustment of receipts and charges between Presidencies and Provinces shall cease, with the following exceptions.

22. All local receipts and disbursements in the Berars, on account of other Governments, and all similar transactions elsewhere, on account of the Berars, shall be recorded finally in the accounts of the territory in which they occur, as receipts and charges of the Governments or of the Berars, to which they may appertain.

23. The tour charges of the Governor General, and the payments to the Secretariat and other Establishments that accompany His Excellency from the Presidency, will form another exception to the general rule.

24. According to the system of account recommended by the Commissioners, the office of account of each Province will prepare a classified digest or abstract of all the receipts and payments shewn in the monthly account of each Treasury, whereby the materials for statistical returns of District details will be preserved in a form convenient for tabulation when required; but these details will be carried through the abstract or detail books for the regular accounts in a way which will bring out one total for all Districts under each head of service.

25. The Government of the Punjab remarks, however, that "it seems quite indispensable to allot its own receipts and expenditure to each District, in the Auditor's accounts."

26. There is a misapprehension here of the system recommended by the Commissioners. The grant for Salaries, Establishments, and Contingencies, will be given in totals for the Province; and as salaries and establishments are passed under fixed rules, district details are not required to keep them within Budget limits; while the grant for fluctuating expenditure, or that for temporary establishments, allowances and contingencies, will be allotted to Districts and supervised by the head of the Department. The Treasury Officer and the Deputy Auditor and Accountant General being informed of this allotment, any insufficiency of the provision in a particular District would be noticed, and would be met from a surplus upon some other District; but to this end, it is not necessary to encumber the accounts with a District detail of the progressive expenditure under each head of service during the year. The post audit Registers will provide all needful information;—or, in other exceptional cases, it can be collected when required.

27. The several Local Governments and Administrations, as also some of the Deputy Auditors and Accountants General, agree to the abolition of pre-audit, the assent being qualified in some cases by a stipulation for the issue of simple codes of rules for leave of absence, and deputation and travelling allowances, so that the existing checks against erroneous payments may not be relaxed. The materials for such a code have been collected, and it will be issued in the course of the year.

28. The objections to the abolition of pre-audit are partly founded on the supposition that there will not be an efficient post audit, such as will ensure a proper sense of responsibility in those who draw bills, and in the Heads of Departments who countersign them. But this is a misapprehension.

29. The Hon'ble the Governor of the North-Western Provinces, while assenting to the amalgamation of the Civil Pay Master's with the Deputy Auditor and Accountant General's Office, yet observes from "a not inconsiderable experience of what has been, and may therefore again occur," that "looking to the character and calibre of subordinate Native Clerks, their powers of combination, their talent for intrigue, and the extent of the temptations to which they occasionally may be exposed, His Honor regards, with not unnatural reluctance, the abandonment of that system of double check, by means of the independent offices of Examiner of Claims, and Auditor of Accounts, which seems to His Honor almost an essential in the constitution of our administration in India."

30. It is overlooked that this double check was abandoned some years since, in the Public Works Department, where the Controllers of Public Works Accounts both examine claims and adjust payments. Moreover, it has not prevailed in the Madras Presidency, and in the Bombay Presidency "the Deputy Auditor and Accountant General does not, at present, critically re-examine vouchers passed by the Civil Pay Master, nor keep a register of Establishments." Furthermore, the post audit, under the new system, will be promptly made under competent supervision.

31. On these grounds, and having regard to the imperative necessity of obtaining prompt Accounts based upon audited charges, and to the preponderance of opinion and argument in favor of abolishing pre-audit, and amalgamating the Establishments of the Deputy Auditor and Accountant General, and the Civil Pay Master, it has been determined to give effect to those measures as soon as the necessary arrangements can be made.

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32. Apprehensions of two opposite kinds have been expressed with regard to the responsibility to be thrown on the Treasury Officer who is to disburse salaries and allowances without pre-audit. In the 213th paragraph of their Report, the Commissioners proposed the issue of a permanent order to the Officer in charge of the Treasury as his guide in discharging regular monthly bills for salaries and Establishments. This permanent order would indicate the sanctioned rate and net amount admissible, and, with regard to contingencies, it would show the monthly limit within which they may be allowed. The Government of Madras requests that it may "be remembered that in this Presidency, the Collector is in entire charge of the District Treasury; and the Government strongly object to any measure tending to lessen this responsibility, or to render the Collector's subordinates in any way independent of him." No such measure was intended by the Commissioners in their recommendation.

33. On the other hand, it has been urged in other quarters that the responsibility of the Treasury Officer with regard to overpayments should be clearly defined.

34. Under the system now to be introduced, equally as under the present system, the privilege of drawing pay abstracts or bills for salary, allowances, or contingent expenses, will be restricted to responsible Officers; and the drawer of the bill will be held answerable for any overcharge. The responsibility of the countersigning Officer will be that which attaches to all controlling Officers, and which brings them under a liability to make good any loss arising from their culpable negligence. The Treasury Officer who makes payments without pre-audit will be responsible for checking any palpable errors, and (in case of change of office, or of rate of salary of gazetted officers) for passing the new rate with due reference to the orders directing the change. In short, the responsibility for an overcharge will rest primarily with the drawer of the bill, and (failing recovery from him) the overcharge will be recovered from the Treasury Officer or the Countersigning Officer, only in the event of culpable negligence in either of them.

35. In paragraph 373 of their Report, the Commissioners observed that so long as payment is made by the officer in charge of a Treasury on a proper voucher, the amount "should be passed in the Treasury Account, and "any irregularity which may appear in the payment having been in excess of "the Budget Grant, or otherwise, should be met by calling on the officer who "authorised the payment to explain the cause, or make good the excess. In "the case of computations, and other matters where the Treasury Officer has "the means of exercising a check, any incorrect voucher, or overpayment, "should be struck out of his account, and he should be directed to alter his "balance accordingly."

36. The principle which guided the Commissioners was that when a payment is made on account of a completed service, on a proper voucher, the fact of the payment is not altered, because some portion of it may have been overpaid. The payment must be accepted, and must be recorded as a charge against the grant for which it was made. The amount overpaid, when subsequently recovered, would be credited as a repayment to the grant, or, as would generally be the more convenient course, would be deducted from the amount due upon a succeeding bill for a similar service.

37. The Commissioners recommend that the work of Treasury Officers be simplified by requiring from them accounts unclassified as to charge, and classified, by simpler methods than hitherto, as to receipts of revenue, and in some other cases where receipts or payments of one class are very numerous. The recommendation is approved by the Governments and Administrations in the Bengal Presidency. The Government of the Punjab, and the Board of Revenue, North-Western Provinces, testfy that the unclassified account will immensely relieve Treasury Officers

38. The Government of the North-Western Provinces, indeed, gives a qualified approval, hesitating only as to the ability of the Deputy Auditor General's Office to cope with the additional work in a Province where intelligent Clerks are scarce. In this objection, the relief to that functionary from the compendious journal, and the simpler processes of the new system, has been overlooked, while also regard has not been paid to the consideration that the intelligent labor requisite for classification can be more readily collected in one Office, than in above 30 Treasuries. Erroneous classification by the latter must add to the labor of the Central Office.

39. Accordingly, the unclassified Treasury Account, according to the forms which have been introduced into the Lower Provinces, will be adopted in the remaining Provinces of the Bengal Presidency.

40. In the Presidencies of Madras and Bombay, the classified Treasury Account will be retained for the present, in deference to the very strong representations of the Deputy Auditor and Accountant General, Bombay, and the Government of Madras; but as they have overlooked that through an unclassified account, the post audit, and the recording of the greater portion of the charges, will be expedited by a month, the Governor General in Council trusts that after experience of the unclassified Treasury account in the Bengal Presidency, it may yet be extended throughout India.

41. Care will be taken to provide each Deputy Auditor and Accountant General with an efficient establishment for an intelligent and prompt audit, record, and compilation of accounts, but this will be readily effected within the present cost of the establishments.

42. The Journals of the Deputy Auditor and Accountant General will be considerably reduced by being disencumbered of District details and of the elaborate personal account of each gazetted Officer hitherto recorded in the books. That account will be kept, under the new system, in the post audit Registers. The trouble of examining the Treasury Officer's classification of charges, to the minutest detail, and of correcting errors in his classification, will also cease.

43. Having regard to the large reduction of work under these heads, which will more than compensate for the new work of classifying charges in the Deputy Auditor General's Office, the Governor General in Council feels assured that the unclassified Treasury Account may be introduced with safety into the Bengal Presidency.

44. Orders for the simplification of the Deposit Account have been separately issued, ut the Governor General in Council notes the concurrence of the Government of the Punjab in the recommendation of the Commissioners, that all receipts on account of Land Revenue, should be credited when paid into the Treasury, except those in dispute, or belonging, partly, to co-sharers with Government. These must still be placed in deposit.

45. His Excellency in Council also approves of the suggestion of the Chief Commissioner in Oude, that fines imposed in appealable cases be credited at once to revenue, subject to refund on the mere certificate of the Appellate Court.

46. Orders regarding the change in the official year of account are deferred.

47. The new system of Audit and Account, in the Civil Department, recommended by the Commissioners, will, with the modifications directed in this Resolution, be introduced with the Accounts for 1865-66, inclusive.

Ordered, that a copy of this Resolution be sent to the Foreign, Home, ilitary, and Public Works Departments, to the several Local Governments d Administrations, to Mr. M. H. Foster, and to the Officers of Account and udit in the Civil Department.

Ordered, also, that a copy of the Resolution be forwarded to the Auditor eneral of India, with a view to the issue by him of such subsidiary instructions to the several Officers of Account as may be necessary for carrying out e above orders.

Order, further, that this Resolution be published in the *Gazette of India*.

(A true E

Thomas Bailey

Principal Assistant Secy. to the Govt. of India.

27th March 65 43-45
5th Nov 64 - 12-13.
30th Nov 64 47-48

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Extd in Asst.

Judicial 1865 - Despatch

Proceedings of the Govt of India, Financial Dept
No. 2189.

Dy 20th April 1865
Rg 3rd May

Ff 282
Ff 328
457 - 463

No. 220

Passing orders on the report of the Commissioners of Enquiry into Indian Accounts on the system of Account and Audit in the Civil Depart.

With an Order

24 & 25

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Order 8 June 1865 No. 288

Ordered to be communicated to the several Departments of the Secretariat.

To Revenue Department
" Military "
" Public Works "
" Railway Dept.
" Judicial "
" Marine "
" Polit. "
" Educational "
" Ecclesiastical "
" Political "

despd 12/6