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MADRAS RECORD OFFICE.

Government of Madras.

financial **DEPARTMENT.**

G.O. No. 461 Press / Mis.

77-78

Dated 27-9-1865.

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Memorandum

The Madras Government did not at once accept in its entirety the system for the Civil Departments laid down by the English Commissioners, and sanctioned by the Supreme Government.

The main point of difference between the system brought in operation in the Bengal Presidency and that followed in the Madras Presidency consists in the mode of rendering the monthly Treasury Cash Accounts current to the Accountant General. In Bengal, what has been termed an unclassified Cash Account Current, has been introduced, and it is probably this term, which led the Madras Government to suppose that the system recommended, was one which was not susceptible of any Amount of Classification.

This is to some extent a misapprehension of what was proposed, for by the

the use of separate Registers and separate schedules for the several heads of Receipt and Payment, Classification can be carried to any extent desired, the "Unclassified Account Current" bringing together the totals of the Classified Schedules and such Miscellaneous items as are not sufficiently numerous to demand special schedules.

The advantage of this shape of Account, is, that the entries can be kept up, day by day, so that on the last day of the month, the Account can be closed, and the Vouchers Classified to a great extent can be transmitted to the Accountant General, accompanied by schedules which facilitate the check upon the amounts received or paid; the Cash Account Current is reduced to the size of one sheet of foolscap, in place of being a voluminous document, and it can be sent off within a few hours of the close of the month.

In Bengal, the system advocated, has been worked with complete success, so that, I can safely recommend it for general adoption, and nothing that

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I have seen at Madras, has altered my views in this respect. Uniformity of practice is also very desirable, especially where one body of Officers, is common to the three Presidencies.

In the Madras Presidency a large portion of the Receipts and Payments, pass through Taluq Treasuries, and, as many of these are at a considerable distance from the Huzur Treasury, delay arises in the consolidation and transmission of the District Account Current. As under the system now being introduced, the Accounts of all the Presidencies are to be brought together in the Central Office of Accounts, and, as it is of the utmost importance, that the Financial Department and the Secretary of State should be supplied, through these accounts, with the earliest possible information regarding the monthly progress of Revenue and Expenditure, every expedient should be adopted, even at some local inconvenience, to expedite the rendering of Accounts. I would, therefore, for this purpose, recommend that the Taluq Treasury Accounts, or, at all events, those

those that are most distant from Huzur Treasuries be closed some days before the end of the month, so that these Taluq Accounts would be for the months ending, say, on the 25th of each month. This would allow of the Taluq Accounts being incorporated with those of the Huzur Treasury in sufficient time, to permit of their transmission to the Accountant General, on the 1st of the month. Eight days would thus be saved in the preparation of the Central Accounts. This arrangement might cease for the twelfth month of the Financial year, so that the Annual Accounts would contain the whole transactions of the year. Remittances of Cash between Taluq and Huzur Treasuries between the 25th and last day of the month would be held in suspense during this short interval. Some few local inconveniences might arise, which could easily be met, and would be trifling, compared with the advantage which would accrue to the much more important Central Accounts.

I may add, that I have carefully inspected the Treasury Accounts, not only at the Office of the Accountant General, but

but also in a neighbouring District, where I went through the whole of the Taluq as well as the Huzur Accounts, and I have no hesitation in saying that they are well and carefully kept, and I feel convinced that the Officials who have paid so much attention to their Accounts, would not fail to carry out successfully the changes now proposed.

Madras,
13th September 1865.

(Signed) M. H. Foster

True Copy

H. Huntington
Accountant General

Comp.d
W.

Copied in the Letter Book

Ack. & Adjustment Deptt.

Fort Saint George,
Accountant Genl's Office,
25 September 1865

No. 101

From
F. Lushington Esquire,
Accountant General

To
The Chief Secretary
to Government

Sir,

I have the honor to submit for the consideration of His Excellency the Governor in Council, Copy of a Memorandum drawn up by Mr. Foster, the Commissioner of Accounts, recently deputed by the Government of India to Examine, and report upon the system of Accounts in this Presidency. Mr. Foster carefully inspected the accounts of this Office, as well as those of the Huzur, and a Taluq Treasury of the Madras District. He had also a personal interview with the Members of the Board of Revenue, when certain changes proposed by him, were fully discussed. The result of this investigation, is, that Mr. Foster, while recognising

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the careful manner in which the accounts of this Presidency are kept, adheres to the opinion, that the system of unclassified accounts with Schedules, which has been recently introduced in Bengal, may, with equal facility and advantage, be adopted here. The advantages of the proposed change of system are stated to be

1st. that the entries in the accounts can be kept up day by day, so that on the last day of the month, the account can be closed, and the Vouchers, to a great extent classified, can be transmitted to the Accountant General, accompanied by Schedules, which facilitate the check upon the amounts received and paid.

2dly. that the Cash Account Current is reduced to the size of one sheet of foolscap, in place of being a voluminous document, and it can be sent off within a few hours of the close of the month.

3dly. that uniformity of practice would be obtained, which is very desirable, especially where one body of officers is common to the three Presidencies.

2 Upon the first point, I have to observe, that, under the present system of

of accounts, the entries are kept up day by day in the Taluq Accounts, which are closed, and transmitted to the Huzur Treasury on the last day of the month. The entries in the Huzur Accounts are likewise made daily, but these accounts cannot be closed until the whole of the Returns from the Taluqs have been received, and some of which, from their distance from Head Quarters, do not reach the Huzur until the 5th of the following month; but immediately the last of the Taluq Accounts has come to hand, the Huzur Abstract is closed, and the preparation of the Treasury account begins. As regards Mr. Fosters observation that additional facilities of check are afforded by the transmission of Schedules, I beg to remark, that, by a very slight modification of the present system of transmitting the Vouchers from the Districts for audit, it appears to me, the same facilities of check might be obtained.

3 In reference to the second point, I would observe, that, although, under the proposed change of system, the preparation of a classified Treasury account by District Officers will be no longer necessary, still, an account for each District will have to

to be compiled by this Office, and in precisely by the same form. There will thus be simply a transfer of the labor of compiling the Treasury account from one office to another, and the Cash Account Current — which, under the proposed system, will have to be prepared in the Collectors office, will be an addition to the Returns now compiled.- It is clear, therefore, that as regards a general saving of labor, there will be none whatever.

4 I have already pointed out, that in many of the Districts, the accounts of the most distant Talugs do not reach the Huzur before the 5th of the month, and, under the present system, the classified Treasury Account is required to be despatched from the Huzur to the Central Office on the 8th of the month. Under the proposed system, the Collector may possibly be able to close and despatch his Cash Account Current with Schedules on the 6th of the month, and this Return would therefore reach the Central office two days earlier than the Treasury Account. But then it must be remembered that after the Cash Account Current has reached the central office, the Treasury Account will still have to be compiled from the Vouchers and Schedules, and I am satisfied that this work could not be accomplished by my Establishment in less than two or three days, according to the size of the District. In point of time, therefore, I much question whether there will be any real gain; on the contrary I am inclined to think that there will be some delay by the proposed change of system.-

5 With regard to the third point, I am willing to admit, that uniformity of system is desirable, and especially in the Account Department, as at present constituted; but in the present case, no general principle in the system of accounting is involved; the question at issue is, simply, whether a particular Return shall be prepared by the Central Office, or in the Districts, the account itself being in precisely the same form in both cases.-

6 If the Collectors Establishments were not fully competent to prepare a classified Treasury account, or if by the transfer of that duty to this Office, any reductions could be made in their Establishments, there

there might then be valid grounds for adopt-
-ing the proposed system. But as Mr. Foster
had himself the opportunity of observing,
the account branch of the Collectors Office
is quite equal to the task of preparing a
classified Treasury Account, and the
Board of Revenue has distinctly stated
that no reduction could be made in the
Revenue Establishments by the proposed
transfer of duties. The Receipts and pay-
-ments, the Board observe, would still have
to be recorded for administrative purposes
under classified heads, and in the same
abstracts which are now used for the prepara-
-tion of the Treasury Account, and the
only change, therefore, would be, that,
under the proposed system, the closed
abstract would be made to serve the
purpose of preparing the Cash Account
Current and Schedules, instead of the Treasury
account as now.

7 The main points to be looked to,
I conceive, are the correctness of the Returns
rendered by this Office to Calcutta, and
their despatch on, or before, the prescribed
date, and if these objects can be attained
under the present system, on which, much
care

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care and attention have been bestowed by
the Government, Revenue Board, and
the Account Department, and which,
Mr. Foster admits, appears to work
satisfactorily, I am of opinion, that it
should not be summarily displaced,
merely for the sake of uniformity.

8 To record the transactions of a
District in simple Registers of receipt
and payment, instead of in a classified
Account Current, would unquestionably
be a retrograde measure, and which could
be only justified by the incompetence
of the district officials to prepare the
superior form of Account. Such incompetence,
I submit, cannot with justice, be urged against
the Collectors Establishments of this Presidency,
whose Treasury Accounts are, as a rule,
very correctly prepared. The classified
Treasury Account, moreover, affords the
Collector the means of reviewing the
results of the financial administration
of his District, and of comparing such
results with those shewn in his Budget
Estimate, and this review, I believe, will
not be obtainable under the proposed system.

At-

9 At first it must be expected that there will be some delay in submitting the accounts to Calcutta, as very important changes, both in the Audit & classification, have been recently introduced, and printed Forms of Treasury Account with the revised classification have only now been issued to the Collectors; but if the present system be allowed a fair trial until the close of the present official year, I am confident that the Government of India will have no cause for complaint against this Presidency, either as regards incorrectness or delay in the despatch of the accounts.—

10 The only further point which it is now necessary for me to notice, is the recommendation of Mr. Foster, that the Taluq Accounts, or at all events, those that are most distant from the Huzur Treasury, should be closed some days before the end of the month, the receipts and payments occurring on the last days of the months being shewn in the following months Accounts. This measure, I may remark, had already

suggested

suggested itself to me as the only means by which the Collectors would be enabled to send me their accounts in sufficient time to admit of the despatch of the monthly Returns of this Office to Calcutta, within the prescribed date.—

11 On further consideration, however, I am satisfied that so large an amount of inconvenience will result from the blending together of the two months receipts and payments, by which the means of comparison and check between the accounts of this Office and the Returns received by the Board of Revenue, would be completely destroyed, that I am reluctant to propose this measure if it can be possibly avoided, and which, I am of opinion, it may be, by the closing of the Taluq accounts on the 28th of the month, neither payments nor receipts being allowed in the Taluqs, except on very emergent cases, after that date. I have ascertained from the Controller of Military Accounts, that it will cause no inconvenience to that Department, to require that cheques drawn by it, shall not be presented for payment at-

at the Taluq Treasuries after the 28th; and in respect to the Department of Public Works, I may remark, that the full amount of the letters of Credit issued to it monthly, is charged off at once in the Collectors accounts as soon as the letter of credit is prescated at the Treasury, and without any reference to the dates on which the payments thereon may be made in the Taluqs; no difficulty will therefore be caused by payments made on account of the Department of Public Works subsequent to the 28th. I am not aware whether the payments and receipts of the Revenue Department can be also restricted to the dates I have mentioned, but it is very desirable that it should be done if feasible. If declared by the Board to be impracticable, then I am of opinion that Mr. Foster's suggestion must be carried out, as it is essentially necessary that my Department should be furnished by the Collectors with their Returns earlier than at present, and this result must be attained whether the classified Treasury Account be submitted by the Revenue

Revenue Department as now, or whether it be prepared by my Office from the Cash Accounts Current and schedules.-

12 I beg, in conclusion, to remark, that in addressing the local Government in the first instance, I have departed from the instructions given out in the Financial Secretary's letter of the 26th. ultimo, Copy of which, I observe, was forwarded to the Madras Government. I have adopted this course, as I am desirous, before addressing the Government of India on the subject, to ascertain which of the two arrangements for the closure of the Taluq Accounts, namely that they should be closed on the 25th as suggested by Mr. Foster, or the 28th as proposed in this letter, will be attended with the least inconvenience to the Revenue Department.

I have the honor to be,

Sir,

Your most obed.t Servt,

F. Lushington

Accountant General.

Compd. JM.

Copied CNagaruthnum

Sept 10th Cash 165

Proc of September
Fin. 1865 Department

From
The Accountt. General
To The Chief Secretary
to Government

Dated 25th Sept. 1865
Rec. d 25th Sept. 1865

No. 107
Enclose one
No. 461

Submitting his views
on Mr. Foster's Memo
on the System of Accounts
in this Presidency.

With order

27th September 1865 No. 461.

Forwarded to the
Hon'ble the Secretary
to Govt.

The Acct. Genl.

Like the good Survey &
informs the Hon'ble of the change
that he will propose in the
transmission of Vouchers
referred to in para 2. of
his letter

To the Bd of Revenue
Res Dept
Acct General
dispd 30/9