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Government of Madras.

Finance DEPARTMENT.

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Proceedings of the Madras Government, Financial Department,
28th August 1866.

No. 57. Read the following Proceedings of Government in the Public Works Department, dated 23rd August 1866, No. 2074.

Communicating papers from the Government of India regarding the audit of the accounts of the Railways in this Presidency. (Vide Proceedings, Public Works Department, dated 23rd August 1866, Nos. 527—529.)

No. 58. ORDER THEREON, 28th August 1866, No. 323.
To be recorded.

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

Lad. T. Cartridge.

Note by MAJOR G. CHESNEY, *Accountant General, Public Works Department, on the Government Audit of the Accounts of Guaranteed Railways.*

SECTION I.

Importance of the subject.

The progress made in establishing a system of appropriation audit of the accounts of guaranteed railways, has now reached a point at which it will be desirable to review the steps already made, and to add the provisions necessary for establishing the measure on a complete and comprehensive footing. The following remarks are drawn up in this view, and the great importance of the subject will, it is hoped, be deemed sufficient apology for the length they extend to. The gross charge on the revenues of India for the interest on guaranteed enterprize amounts this year to more than three millions sterling, and the large expenditure which this sum represents obviously requires to be watched and guarded with the same restrictions as all other branches of State outlay. I do not indeed wish to be understood as implying that precision and regularity in the disposal of accounts necessarily lead to economy in expenditure. But I think the converse may safely be asserted. It will hardly be contested that an insufficient audit, arrears, and incomplete accounts, are usually attended by other irregularities, and a very slight acquaintance with the accounts of Indian railways, will satisfy any one that a considerable part of their cost would have been saved, had a sound system of audit, or even such an approach to it as has been already accomplished, been established from the first.

Description of former system of audit.

2. Before proceeding to describe the new system of appropriation audit, it will be needful to refer briefly to the procedure which it is about to replace.

3. The Government audit, established from the time when a first commencement was made of guaranteed railways, was naturally based on the principle which at that period pervaded the Indian public accounts in every department, and under which every disbursing officer was held liable for the whole of his expenditure, and received a gradual clearance upon the audit of accounts for services completed. In this way all the monies advanced to a Railway Company were debited to an advance account. From time to time charges were submitted by the agent of the Railway Company to the Consulting Engineer, in accounts which compared the expenditure with the sanction accorded to it, whether for establishment or works. These accounts, when passed, were forwarded by the Consulting Engineer to the Accountant General of the Province, who thereon passed the amounts to credit of the advance account and debit of the capital or revenue account, as the case might be.

Its defects.

4. Seen by the light of the present day, the defects of such a system of audit are obvious. I. It afforded no guarantee that the original accounts on which those audit statements were based were properly kept; or (II) that the statements furnished to the Consulting Engineer represented the transactions recorded in the books of the Railway Company. III. No check was placed on the occurrence of

Defects of former system of audit.

arrears; on the contrary, delay was virtually encouraged, the tendency being to postpone the submission of all accounts likely to be refused audit. IV. No procedure was provided for the disposal of accounts not audited on first submission, and as the Consulting Engineer's audit was usually very rigid, and rejected a large part of the accounts presented, it followed that the capital expenditure of the Railway Company, as recorded in the Government books, failed altogether to represent the amount of actual expenditure incurred. To ascertain this, it was necessary to add, 1st, the expenditure incurred, but of which the account had not been submitted by the Company's agent; and 2nd, the accounts presented to the Consulting Engineer, but to which audit had been refused.

5. To understand the magnitude of the defects engendered by this procedure, it is sufficient to mention that at one time while the actual outlay on the East Indian Railway had reached 20 millions sterling, the recorded capital outlay on the books of the Accountant General was only 16 millions, the difference of 4 millions lying in the "inefficient balance" of the Company's books, and its final adjustment being postponed *sine die*.

Reformed system introduced, and progress made in establishing it up to date.

6. The unsatisfactory nature of the railway accounts throughout India, not only as regards the system of audit, but with respect to irregularities in the expenditure and account keeping, that from time to time came to notice, have for some years engaged the attention of the Government of India. This matter was first taken up in a comprehensive form by the appointment of a Special Commissioner (the Hon'ble G. N. Taylor, now a Member of the Council of the Governor General) to enquire into the management and accounts of all the railways in India. Mr. Taylor's investigation was extended to a good deal more than the accounts, but it is only with the latter point that the present report is connected. As one of the results of the general enquiry, the Government of India determined to place the general supervision of the railway accounts, so far as the Government has to do with them, under the newly constituted Accountant General, Public Works Department. A resolution to this effect was recorded early in 1864,* and at a later period it was settled that the arrangement should be carried out in the form of an appropriation audit made on the railway books, by examiners deputed from the Accountant General's office.† The details of the arrangement had, however, to be further considered in the Financial Department, and as actual commencement was not made until February 1865, when an examiner was attached to this office ‡ who commenced an audit on the books of the East Indian Railway under the supervision of Mr. Kellner, Assistant Accountant General in this Department. Later in the year, the system was extended to the Eastern Bengal Railway and the Calcutta and South-Eastern Railway,§ and in November Mr. Kellner proceeded to Madras and Bombay|| to introduce a similar system into the railways there, and returned to

* P. W. D. Resolution No. 4 A. dated 24th March 1864.

† P. W. D. Resolution No. 802 A. dated 3rd October 1865.

‡ P. W. Resolution No. 140 A. of 1865. February 1865.

§ Resolutions Nos. 677 A and 678 A. dated 30th May 1865.

|| Resolution No. 966—8 A. dated 13th October 1865.

Calcutta in March 1866. His reports on the Bombay and Madras Railway accounts are herewith submitted. It will probably be the most convenient arrangement to remark, first, on the general principles that have to be established in the Government Superintendence of railway accounts, and therefore of application to every case, and afterwards to make such remarks as appear necessary on the accounts of each particular railway. I will therefore only observe here, that I think Mr. Kellner deserves much credit for the tact with which he has conducted the business entrusted to him, and secured the co-operation of all classes of officials connected with the matter, in the introduction of the measures proposed by the Government of India.

Reformed system introduced, and progress made in establishing it up to date.

7. The case therefore now stands thus. A beginning has been made of the new appropriation audit, while the old post-audit by the Consulting Engineer on compiled documents rendered to him has been given up in Madras and Bombay, but is still maintained in Bengal. In regard to the first, the appropriation audit, the procedure, so far as established, still requires to be considerably improved and modified, to make it all that is necessary. It is however a great point to have succeeded in introducing throughout India, a ready admission of Government officials to the original books and records of all the railways. As regards the other point, while the post-audit of the Consulting Engineer in Bengal may certainly be abolished with advantage, it is still by no means desirable that all connection between the Consulting Engineer and the accounts should be severed. Further, it is very necessary that all parties concerned in the business should clearly know what their duties and responsibilities are throughout each stage, a definitive and methodical procedure being a necessary condition for success in the disposal of accounts.

Further measures now necessary.

Specific procedure should be laid down.

8. In this view it seems desirable that the general instructions drawn up by Mr. Kellner for the guidance of the Railway Auditor, in his reports to the Governments of Bombay and Madras, should be succeeded as quickly as possible by a set of specific rules.

9. I will therefore proceed to submit the heads of what I conceive should be the new system, merely premising that I believe it will be found to embody all the necessary conditions of sufficient control, with very much less trouble to both the railway officials and the Consulting Engineers, than that which it replaces.

New system will reduce work.

10. The subject may usefully be considered under the following heads:—

Detail of new system proposed.

I.—Supply of funds.

II.—Examination of accounts.

III.—Audit of accounts.

IV.—Government agency for examination and audit.

I.—Supply of Funds.

11. The present arrangement is to allow a fixed standing advance for revenue expenditure, which is recouped from time to time by post audit bills for revenue expenditure, passed by the Consulting Engineer, the amount of which is credited to the revenue advance and debited to the revenue account in the books of the provincial Account-

Supply of funds. Separate advances for construction and revenue.

Supply of funds. Separate advances for construction and revenue.

sant General, thus bringing up the former to the amount of the fixed imprest. For capital expenditure (on construction) the Company withdrews its paid up capital by advances placed to its credit from time to time in the Indian treasury on the warrant of the Consulting Engineer; these advances are supposed to be regulated by the wants of the Company for expenditure, but are not always regulated in a very methodical way. In Madras, the Railway cash balances are kept down carefully to the lowest point necessary; in other parts of India they are sometimes needlessly large.

Inconvenient

12. The separation of the Railway advances (i. e. of its drawing account with the Government Treasury) for revenue and construction respectively, is both needless and inconvenient. As a check it is illusory, affording no guarantee that the money drawn from the two accounts shall be applied to the purposes intended. Any delay in auditing the revenue accounts annuls the very circumstances which the arrangement is designed to prevent, and in fact it frequently happens that the Railway Agent is obliged to replenish his revenue drawing account by a loan from the other; in such cases of course, the separation of the two ceases to be more than nominal.

and not productive of effective control.

One drawing account proposed instead.

13. The proper system of supplying funds appears undoubtedly, to be that now in force in all Public Departments in India (and I believe in England), viz., through one drawing account to meet every description of expenditure; this drawing account being replenished by periodical credits, issued with reference to the balance in hand, and the probable requirements.

14. The present arrangement may, therefore, I think, be usefully stopped, and the following substituted :—

Advance or drawing account to be replenished monthly.

I.—Advances to the Railway Company to be made from a general advance or drawing account, to be replenished monthly with reference to the amount passed for expenditure in India during the year in the annual estimates, the probable expenditure during the month, and the balance at credit of the Agent. This application would go through the Consulting Engineer, and after his approval to the Local Accountant General, who would thereon transfer the amount to the credit of the Railway Company in the books of the Presidency Bank.

or offset when necessary.

II.—The foregoing rule would not prevent the granting amongst supplementary credits during the course of the month, when necessary, just as they are given in the Public Works Department.

Drawing account how adjusted.

III.—This advance or drawing account, in the books of the Government Accountant General, would be cleared by the audited expenditure, in the manner stated hereafter.

All railway receipts to be paid into government treasury.

IV.—All traffic receipts of the Company, and all receipts from sale of stores will be paid in to the Government treasury, when realized. Thus the Company will be placed in funds solely by means of its drawing account.

II.—*Examination of Accounts.*

Duties of examiner—general principles.

15. This part of the business must vary to a certain extent according as there is, or is not, an independent Railway Auditor on behalf of the Company. In the case of those railways which have such an officer, the task of the Government examiner will be comparatively light. Under all circumstances, the action of the Government officer should be confined to a supervision of the accounts of the railway, and he should have no compilation or preparation of accounts himself. It would be his duty to see that the accounts are kept on such a system as to ensure that they represent all the transactions of the railway faithfully, and that they are free from arrears. The main points to be attended to are as follows :—

Examination of cash book.

V.—The examiner will satisfy himself that every payment entered in the cash book is passed by competent authority, also that the head to be charged is clearly specified on the order, so that there may be no difficulty in carrying the entry forward to the proper head of account in the ledger.

Of vouchers.

VI.—It will be further his duty to see that a proper receipt, pay-sheet, or other voucher, is filed for every payment made.

Comparison of entries in railway, and government books.

VII.—It will be the duty of the examiner to see that every advance drawn from the government treasury is brought to credit in the railway books, and that every sum charged in the railway books as paid into the treasury, for traffic receipts, sale of stores, subscription for shares, &c., is supported by a corresponding credit in the government civil accounts. This check will be exercised by means of the monthly return furnished by the provincial Accountant General (see Art. XXXIX).

Examination of receipts.

VIII.—He must also satisfy himself that all cash receipts are brought regularly to credit day by day, as realized, and that the system of account in force provides for this being methodically done.

Punctuality to be enjoined.

IX.—It is also his duty to ascertain if the cash book is written up day by day, and to bring all cases of delay to the notice of the Consulting Engineer.

Cash book entries how followed into journal and ledger.

16. The cash book is the primary record and the most important, and will require the Examiner's special attention. But provided this is properly kept, and that the specific account to be charged or credited is clearly stated against each item,—and no cash book deserves the name which does not provide for this,—it may be assumed that the entries are all properly carried into the journal and ledger, or ledger and journal as the case may be. So much may fairly be assumed from the mechanical process of book-keeping. And therefore the practice established in the audit of the East Indian Railway accounts, and which I gather it is proposed to follow at Madras and Bombay, for the Examiner to check off every ledger and journal entry, may, I think, be dispensed with. It is clearly the duty of the railway accounts department to see that their books balance properly, and it will be quite sufficient if the Examiner satisfies himself that the monthly journal and cash book totals correspond.

Advances.

X.—A large part of the payments of Railway Companies are on suspense accounts, as advances to employés for construction account, or to contractors. In all cases of running advances to servants of the Company, a monthly cash account current should be required, and the whole amount expended by the disbursers should be passed monthly to his credit and to the debit of the proper heads. A schedule should be kept of all the railway officers in account with the company, and the examiner should satisfy himself that the account of each has been regularly rendered, passed, and booked.

to disbursing agents

and contractors.

XI.—Similarly as regards contractors, the examiner is to see that monthly credit is afforded them for all the work done.

Distribution of charges on capital and revenue.

XII.—A large part of the fixed charges for Establishments has to be distributed upon construction and revenue. The Examiner should see that this is done monthly, by the audited entries in the journal and ledger, according to the proportion approved by Government.

Store accounts.

The Examiner should satisfy himself—

Stores from England.

XIII.—That all stores are brought on to the store accounts and into the principal books, month by month, and that all stores sent from England are duly credited to London on receipt of the invoices, at 1s. 10d. the rupee.

Adjustment between capital and revenue.

XIV.—That all stores received from England are charged to capital on the first instance, and that a transfer is made monthly in the books, from capital to revenue, of the stores issued from one account to the other.

Transfers of stores.

XV.—That the movements of stores from place to place, as from the general depôt to charge of local sub-storekeepers, be duly recorded in the principal books.

Stores used on works.

XVI.—That the stores used on works, or otherwise disposed of, be charged off month by month to the proper accounts, the entries in the journal and ledger being supported by properly detailed abstract sheets, or other returns.

Subsidiary store accounts.

XVII.—That the subsidiary store accounts are properly worked up, so that the amount at debit of stores in the ledger may be verified and supported by the printed lists of the detailed store accounts.

17. This most important check, which is very well carried out on the Eastern Bengal Railway, is wholly wanting in the accounts of the East Indian Railway, the store accounts of which are on a most unsatisfactory footing. From Mr. Kelleny's report it is to be inferred that things are no better in Bombay, as regards the Bombay, Baroda, and C. I. Railway, and improvement cannot be enforced on too soon.

Verification of store returns.

XVIII.—Another point of importance to be attended to by the Examiner, is that the store returns should bear, clearly recorded on them, the evidence of whatever verification they may have undergone.

Verification of store returns.

18. It will be a great point to have complete and detailed store returns, working up to the book balances, but it will be still more useful to have those returns verified, and the fact recorded whether, or not, this verification has actually been carried out. Doubtless stock-taking, with the enormous stores held by railway companies, cannot be done simultaneously for the whole at fixed dates, but it could be going on continuously with respect to different articles, and in this way the needful result would be equally well attained.

19. The store returns, by this arrangement, would shew the last date at which the book quantities of each description of materials had been verified. The importance of this check can hardly be too much insisted on. Unless it is fully provided for as an essential condition of the system, the store accounts will inevitably cease to be reliable records of the actual value of the property which they profess to represent.

Examiner's diary.

XIX.—The examiner should keep a diary wherein he would note all matters requiring reference to the Consulting Engineer, the Accountant General, Public Works Department, or, through these officers, to the Government, as the case might require.

III.—Audit of accounts.

In addition to examination of accounts.

20. The foregoing proposals dispose of the examination to be made by the government officers upon the original books and accounts of the railway company. But for the purposes of audit this will not be all that is necessary, because it is obvious that from the mere fact of a payment being recorded in the books, it cannot be told whether or not the payment be a proper one. To know this, it is necessary to know the sum of the payments previously made on the same account, and the sanction or authority on which they are made. This information can only be made upon a compiled account to be rendered by the agent of the railway company, to the Consulting Engineer, which will bring together in a classified form the expenditure of the month, compared with the sanctions. The following rules would provide for this, the accounts established by them being, I believe, much briefer and less troublesome than what are now furnished :—

Systematic audit necessary.

Monthly account current to be rendered to Consulting Engineer.

XX.—So soon as the books of the month are posted, the agent of the railway company will furnish to the Consulting Engineer an account current, opening and closing with the cash balance in hand at the beginning and end of the month, and supported by two schedules of charges for Establishments and Works.

Nature of cash balance shown thereby.

XXI.—The cash balance to be shown in this account will be the aggregate of the cash balances held by the agent and all the disbursing officers of the company.

Object proposed by rule. (Art. XXI).

21. The foregoing rule (Art. XXI) is aimed at the discontinuance of the practice which obtains on some lines, of charging the advances made to the engineering staff for works, to a suspense account, and showing merely the balance held by the agent in the cash account. So far as the Government is concerned, it is obviously immaterial whether

Object proposed by rule (Art. XXI).

the cash withdrawn by the railway from the treasury to be held by the agent, or by other officers of the company under him; the agent is responsible to the Government for the collective cash balances of himself and his staff, and these should be closely reconciled in the cash account furnished to Government.

Schedule of establishments.

XXII.—The schedule of establishments will show in a condensed form all the payments for salaries and other charges coming under that head, for the month (excluding advances) and would also recapitulate in the case of all charges appearing for the first time. With respect to the other charges, comparison with the schedule of the previous month would afford the needful means of audit.

Distribution of establishments on capital and revenue.

XXIII.—The charges for establishments would be distributed, so far as possible, finally to Revenue and Construction according to their proper incidence, but there are some charges which may be more conveniently distributed half-yearly.

Schedule of works.

XXIV.—The schedule of works will show—

1.—The sanction for each work.
2.—The total expenditure incurred on it to date.
3.—The expenditure during the month.

Authority for audit of work charges.

XXV.—As regards new works for the completion of a line which is in progress, or has not been open for more than two years, the sanction will be that given by the local government to the different works undertaken under the contract. In the case of additions, or extensions, to the works on a line which has been open two years, the necessary sanction will be (Resolution Nos. 2205—7 G. G. of 23rd September 1869 as modified by Resolution Nos. 736—44R. of G. G. to C. of 1st December 1874) that of the Government of India to the schedules of works proposed by the local governments, and that of the local government to the detailed estimate of the officers of the company for each work.

Certificate of progress in accounts.

XXVI.—The monthly accounts will be accompanied by a certificate showing the dates for which each of the operations of book-keeping referred to in Arts. V—XVII have been completed; this will put before government the exact state of progress of the railway accounts.

Examiner to attend monthly accounts.

XXVII.—The Examiner will test and countersign all those returns to satisfy himself that he has ascertained their agreement with the books.

Audit statement prepared by examiner

XXVIII.—Upon receipt of these returns in the Consulting Engineer's office, the Examiner will proceed to draw up an Audit statement, pointing out all the items in the accounts which call for notice, with respect to deficient authority for expenditure, want of vouching in the original accounts, or any other cause, and will lay it, with the accounts, before the Consulting Engineer. The latter, provided he is not authorized, under general powers granted him, to pass the items, will refer the statement to the local Government with his

and dealt with by consulting engineer.

opinion, and such action will be taken by the Local Government on each item thus reported to be irregular, as may seem fit.

Charges requiring reference to Government of India.

XXIX.—Items which, under the provisions of the Resolutions quoted in Art. XXV, require the sanction of the Government of India, and have not previously received that sanction, will have to be referred to that Government.

Half-yearly accounts.

XXX.—The half-yearly accounts will be dealt with in the same way as the monthly accounts. It will be the duty of the Government Examiner to satisfy himself that the books are properly closed and balanced half-yearly, the needful adjustments between capital and revenue being first made.

Half-yearly balance sheet.

XXXI.—A copy of the half-yearly balance sheet will be furnished by the Railway Agent to the Consulting Engineer. The fact of the appropriation audit having been made by the Government Examiner will be certified to by his countersignature.

Examination of half-yearly accounts.

XXXII. The state of accounts at the end of the half year will undergo similar scrutiny, by the Government Examiner, to that given to the monthly accounts, his remarks being recorded in an Audit statement, which will be duly laid before the Local Government by the Consulting Engineer.

Examiner to notice delay in recovering advances.

XXXIII.—It will be the Examiner's duty to bring to notice all cases of unreasonable delay in the recovery of advances to contractors or others, and of the debts outstanding in the traffic department.

Adjustment of Railway expenditure in government books.

XXXIV.—The Consulting Engineer, after the audit of the monthly accounts above described, will officially advise the Provincial Accountant General of the amount to be passed to the credit of the Railway Company's advance account and debit of capital and revenue respectively. The needful entries will at once be made in the Accountant General's books.

Audit to be withheld only in exceptional cases.

XXXV.—As a rule, the *whole* expenditure incurred by the Railway Company should be passed to the credit of the advance account, but it would be open to the Consulting Engineer to refuse as lit to any items that might appear to him to be improperly disbursed.

Unaudited charges to be written back in railway accounts.

XXXVI.—In such case, the agent will be bound to write back such unpassed items, and they would be excluded from either the revenue or capital account of the Company, unless subsequently admitted to audit.

Specific account to be kept of unaudited charges.

XXXVII.—A ledger head should be opened in the books, to which all such unaudited or retrenched items would be posted. The total unadjusted liabilities of the Company, with respect to advances, would thus consist of the balance of the advance account and the account of unaudited items, and the amount of cash would be clearly distinguished in the accounts.

Unaudited charges to be distinguished in accounts rendered to London Board.

XXXVIII.—Such written-back should always be exhibited in the accounts rendered to the London Board. In fact those accounts should be the exact counterparts of the accounts rendered to the Government in India.

22. The foregoing rule is aimed against the practice which obtains in some railways, of rendering accounts to the London Board quite different to those kept with the Indian Government. Thus in the case of the East Indian Railway, the account current rendered to Government, in which the credit entries are limited to the amount passed by the Consulting Engineer, showed till quite lately an insufficient or unexplained balance of about four millions sterling, while in the account rendered to the London Board, the whole expenditure incurred month by month was taken credit for. It is very desirable that, while on the one hand the Government Audit should be divested of the obstruction, not to say unreasonable character which has hitherto too often marked it, on the other hand the London Board should be kept fully informed of their responsibilities in regard to any expenditure not passed to capital account, and for which therefore guaranteed interest will not be payable.

Advances to be charged off when made.

23. It is proposed that miscellaneous advances, as payments to contractors, shall be passed at once to credit of the advance account, if found in order and properly audited. This plan is recommended, because such a payment when once made becomes in effect a charge to capital from the time it is made, and it is in every way a more satisfactory arrangement to show the actual liabilities incurred on capital account at the time of their occurrence, than to keep items indefinitely in suspense account which must sooner or later become a recognised liability.

Returns from provincial accountant general to consulting engineer and to accountant general, P. W. D.

XXXIX.—The Accountant General of the Presidency or Province will furnish the Consulting Engineer monthly, with an abstract ashes of the cash transactions and payments into treasury made by the railway company, to enable the Examiner to check the corresponding entries in the railway books, as referred to in Art. VII. A copy of this return will be furnished to the Accountant General Public Works Department.

XL.—The Provincial Accountant General will also furnish the last named officer with a copy of the account and capital accounts of the railway company rendered monthly by him to the Secretary of State.

Returns by consulting engineer to accountant general, P. W. D.

XLI.—A copy of the monthly account of the company and of the Examiner's audit statement will be furnished by the Consulting Engineer to the Accountant General Public Works Department, also of the orders passed by the Local Government upon the latter. The latter officer will also be supplied with copies of the half-yearly accounts.

Accountant general, P. W. D., to inspect railway accounts.

XLII.—The Accountant General or an officer of his department will from time to time visit the offices of the different Railway Companies and Consulting Engineers, Examiners and see whether the audit is conducted regularly in the prescribed way. A report of the result of such inspections will be made to the Government of India.

24. I attach an abstract form of account (Appendix A) illustrating how the advance account referred to in Arts. I and XXXIV would be adjusted in the Government and Railway books. Appendix A.

IV.—Government agency for examination and audit.

Brief nature of railway accounts recorded in books of Govt. (civil dept.)

25. The rules as framed above, and the system as already at work, with the full concurrence of all parties concerned, contemplate that the Government record of the railway accounts shall be confined to a brief account, kept in the Civil Department, of the drawings from and payments into Government treasuries, and of the gross sums of expenditure passed to capital and revenue, to which must be added the accounts necessary for recording the stock subscribed for in this country, and the interest paid thereon.

Aid of accountant general, P. W. D., and Consulting Engineer.

26. The Accountant General, Public Works Department, keeps a few brief registers, or single-entry accounts, of the principal heads of Railway transactions, for ready reference, and a set of similar registers should now be kept in each Consulting Engineer's office for the railways with which he is concerned.

The data for audit being supplied by railway company.

27. The acculfal accounts upon which the audit is to be made will be rendered by the railway officers, and will be much briefer and less troublesome to prepare than the accounts they have hitherto been accustomed to submit, while the rendering of vouchers or explanatory details will be obviated by the audit being made on the original books of the company.

A small staff of examiners sufficient.

28. It follows that a very small staff of examiners ought to be sufficient for the purpose, although they should be intelligent and industrious men, and qualified to conduct their duties in a courteous and conciliatory manner.

To be provided by distribution of present establishment.

29. It may be not out of place to observe here by the way, that the scheme now propounded is in effect merely one for re-adjusting the mode of conducting the Government supervision over railway expenditure, and not for superadding new work and establishments to what already exists; and, as will be explained in detail below, there is every reason to suppose that it may be carried out without any increase of expense.

Views of Governments of Madras and Bombay.

30. The Government of Bombay has proposed the appointment of two officers of Royal Engineers, should the officiating examiner now there be withdrawn. The Government of Madras appears very desirous that the business should be entrusted to a person of similar position, and from personal communication with the Consulting Engineer in Bengal, I understand that the Local Government would desire that the appointment in Bengal should be on a similar footing to that of an Assistant or Deputy Consulting Engineer.

As to appointment and pay of examiners.

31. Considering the somewhat delicate nature of the duties these examiners have to perform, it seems desirable that their appointments should be organized on the footing contemplated by these Governments. With regard to pay, the Bombay and Madras Governments have both recommended a staff salary of Rs. 400, which seems suitable. The officers, although drawing presidency house-rent, would not receive presidency allowance, and would therefore get in effect the same emoluments as an Executive Engineer of the lowest grade, and the appointments would not constitute promotion to any but Assistant Engineers.

Examiners to be transferred from establishment of accountant general, P. W. D., to that of the consulting engineers.

32. Under the orders of the Government of India as now in force, these Examiners form a part of the Accountant General's office, Public Works Department, and when detached, would continue to report to him, and to exercise their duties under his orders, and the practice hitherto has been in conformity with this plan. The two examiners temporarily engaged for the Bengal railways are accountants borne on the strength of the Accountant General's office. The examiner temporarily deputed to Bombay is also attached to that office, although his pay is charged for the present to the estimates of the Bombay Railway Department; and, pending the approval of Government, I arranged with Mr. Kellner that the examiner should be instructed to consider himself under the orders of the Consulting Engineer. In Madras an appointment of an officer of Royal Engineers has been made provisionally, but the application for confirmation to the appointment has not yet been disposed of by the Government of India.

33. From the experience that has been gained, I would recommend that the original plan be modified, and that the examiners, instead of being borne on the staff of the Accountant General's office, should be attached to the office of the Consulting Engineer in the province or presidency where they may be serving, and exercise their duties in subordination to him, although on their own responsibility. They would thus hold a somewhat analogous position with respect to the Consulting Engineer and Accountant General, Public Works department, to that held by a Controller of Public Works accounts. All communications to an examiner from the Accountant General should be addressed to the Consulting Engineer.

Nomination of appointees in Madras and Bombay.

34. Probably it will be thought desirable that the nomination to the appointments at Madras and Bombay should be made by the Governments of those Presidencies.

Examiners to be carefully selected.

35. The staff of Examiners being very small, it will be of great importance that the members should be carefully selected and not frequently changed, men who have a taste for accounts, and are prepared to work hard at the drudgery of the business. If the appointments were to be filled up at random by any young subalterns of Royal Engineers willing to take them, the whole scheme would fail, and it would be better to appoint men whose sole qualifications to be accountants, albeit they might be less palatable to the railway officials.

Increase of pay proposed for examiners after two years' service.

36. In order to retain the men whose experience had rendered valuable in this special line, the staff salary of an examiner might be raised to Rs. 500 after two years' approved service. The examiner's next step would naturally then be to Deputy Consulting Engineer, a post for which his experience of railway business would well fit him.

Examiners to be aided by accountants.

37. One man will not be sufficient in every case for the work to be done, and the examiner should be aided by an accountant, who would form part of the Consulting Engineer's office, but be under the examiner with respect to his duties. This arrangement is recommended, in preference to the appointment of more examiners, on grounds of economy.

38. The staff required will be as follows:—

Number required.

Examiners.

For Bengal	... ...	One
For Bombay	... ...	One
For Madras	... ...	One
For Punjab	... ...	One
	Total	Four.

Accountants.

For Bengal	... One—Second grade rising to First.
For Bombay	... Two—One at Bombay, First grade; One in Sind, Second grade; rising to First.
For Madras	... One—Second grade rising to First.
For Accountant General's office.	One—Ditto.
Total	... Five.

Case of Sind railway and Indus Flotilla.

39. The accountant in Sind would conduct the examination of the accounts under the orders of the Deputy Consulting Engineer there, the latter acting in the capacity of the Examiner in respect to the Sind Railway and Indus Flotilla. But the Examiner should visit Kurrachee twice a year to inspect the accounts.

Case of G. S. of I. railway.

40. A somewhat exceptional arrangement will be necessary for the G. S. of I. Railway, the agency for which is not stationed at Madras. Probably it will be sufficient that Negapatam should be visited quarterly by the Examiner or Accountant, the former going at least twice a year himself.

Cost of establishment.

41. The charges for the proposed establishment would be as follows:—

	Monthly Charge.	
	Minimum.	Maximum.
	Rs.	Rs.
4 Examiners on Rs. 400 rising to 500 staff salary; say 600 rising to 750 consolidated, with 45 each for house-rent	2,580	3,180
5 Accountants.		
1 First grade	310	450
3 Second grade rising to First	750	1,350
1 do.	240	240
Presidency allowance and house-rent for Accountants	350	350
Total	4,230	5,570

Scale to certain extent experimental and provisional.

42. The above scale is smaller than that which the different Governments have asked for. But then it was contemplated by the rules drafted by Mr. Kellner that the examiners should have the completion of the abstract railway accounts to prepare themselves,* whereas it is now arranged that the preparation of the accounts rendered by the railway to Government should continue to be prepared by the railway officials. However there has not been yet time to form a conclusive opinion on the strength of establishment necessary; and therefore, while I recommend that the scale be fixed as above, it may certainly after trial prove to be insufficient.

* See para. 14 of Mr. Kellner's report to Government of Bombay.

Charge to be met by corresponding reductions.

43. While however the scale represents the expenditure that would henceforward be chargeable to this head of service, I conceive that, as already stated, there will be no actual additional expense, but that the establishment can be formed by a simple redistribution of offices,—except perhaps at Madras,—because the clerical business of the Consulting Engineer's offices ought to be considerably reduced by the new system.

In Bengal.

44. To begin with Bengal. There are now two Deputy Consulting Engineers, one at Allahabad, one at Calcutta, and the appointment of a third has been proposed,† but he is to be stationed at Calcutta to assist the two there. But as the Examiner will relieve the Consulting Engineer of all the accounts work which now it is understood, for a part of his time, this third Deputy will probably be unnecessary.

† C. W. D. para. No. 1045, dated 8th March 1866.

45. Similarly the Consulting Engineer's office is quite strong enough to admit of one member being detached entirely for accounts duties. A part of the office is entirely so employed now.

46. Further, even supposing the third Deputy to be found indispensable, the total reduction proposed in the Consulting Engineer's Department, arising out of the conversion of business in Calcutta, is Rs. 3,000 a month.‡

‡ See footnote to para. 44.

Now the introduction of the new audit may fairly be considered as a part of the whole scheme, since by means of this it has become possible to dispense with the audit of the Consulting Engineer at Allahabad, whose appointment has been abolished. In Bengal, therefore, the net saving may be taken at Rs. 1,423 a month, or if a third Deputy be not appointed, Rs. 2,373.§

§ Saving originally proposed ... Rs. 3,000
Pay of Deputy Consulting Engineer ... Rs. 1,000
Pay of Examiner ... Rs. 577
Rs. 1,577

The accountant general's office.

47. There are two accountants attached to the Accountant General's office, Public Works Department, on railway accounts, and one will henceforward be sufficient. But as these two work, the reduction of establishment will be one of one accountant, Rs. 250 rising to 450 (including Presidency allowance).

Punjab.

48. In the Punjab, the examination of accounts might be conducted for the present by the Deputy Consulting Engineer; on that office being vacated, as is understood to be likely, an examiner on the lower salary might be appointed.

Bombay.

49. At Bombay there are, besides the Consulting Engineer, four Deputies and one Assistant Consulting Engineer, the last named being, it is understood, chiefly employed on office business; the Government of Bombay may probably desire that he should become the Examiner. The clerks now employed in the audit of accounts, both at Bombay and Sind, would become the Accountants. The present establishment will, it may be hoped, prove amply sufficient to provide for the new duties.

Madras.

50. Whether increased expense can be prevented at Madras depends on whether, now that the Consulting Engineer is relieved of the duties of post audit, a Deputy Consulting Engineer is necessary. Otherwise the expense of an Examiner will be additional; and should the Government of Madras approve of this proposal, it must be so under any circumstances, until the present Deputy is absorbed.

APPENDIX A.

Note by Accountant General.

On Position entries of Government Accounts, Civil Department, in respect of Railway transactions; and of Railway Accounts, in respect of Railway transactions, to illustrate the working of the proposed Advance Account (paras. 14 and 24 of Note).

Extract from Government Books, Civil Department.

JOURNAL.

Dr.		Cr.
	MAY.	
Rs.		Rs.
120	E. I. Railway Advance Account Dr. to Bank of Bengal for monthly advance made (as per application of Consulting Engineer)	120
82	Bank of Bengal Dr. to Sundries:—	
	E. I. Railway Revenue Account for gross traffic receipts paid in during the month	73
	E. I. Railway Capital Account for sales of stores realized	9
	Sundries Dr. to E. I. Railway Advance Account for expenditure during the month (as per Consulting Engineer's letter of advice)	79
43	E. I. Railway Capital Account.	
35	" " Revenue "	
1	" " Unaudited Expenditure	
281		281
	SUNDRIES DR. TO SUNDRIES.	
	For closing the above accounts.	
330	Government.	
39	E. I. Railway Revenue Account:—	
	E. I. Railway Company, Advance Account	41
	" " Capital "	24
	Bank of Bengal	462
	E. I. Railway Company, Unaudited Expenditure	1
515		535

APPENDIX A.

Extract from Government Books, Civil Department.

Dr. LEDGER. Cr.

Government

		Rs.			Rs.
	To Balance	[illegible]	May	By [illegible]	[illegible]

E. I. Railway Company, Advance Account.

		Rs.			Rs.
May	To Bank of Bengal	120	May	By Sundries	79
				„ Balance	41
		120			120

E. I. Railway Company, Extraordinary Account.

		Rs.			Rs.
May	To E. I. Railway Company Advance Account	79	May	By Bank of Bengal	79
	„ Balance				
		79			79

E. I. Railway Company, Capital Account.

		Rs.			Rs.
May	To E. I. Railway Company Advance Account	[illegible]	May	By Bank of Bengal	[illegible]
	„ Balance			„ Balance	
		[illegible]			[illegible]

E. I. Railway Company, Revenue Account.

		Rs.			Rs.
May	To Balance	[illegible]	May	By E. I. Ry. Company Advance Account	[illegible]
	„ Deficit	[illegible]		„ Balance	[illegible]
		[illegible]			[illegible]

E. I. Railway Company, Unavoidable Expenditure Account.

		Rs.			Rs.
May	To E. I. Railway Company Advance Account	1		By Balance	1
		1			1

E. I. Railway Company, Unaudited Expenditure Account.

		Rs.			Rs.
	To E. I. Railway Company Advance Account			By Government	[illegible]
	„ Capital	[illegible]		„ E. I. Railway Company Revenue Account	[illegible]
	„ Bank of Bengal	[illegible]			
	„ E. I. Ry. Co. Unaudited Expenditure	[illegible]			
		[illegible]			[illegible]

APPENDIX A.

Railway Books.

Dr. JOURNAL. Cr.

Dr.	May	Rs.
120	Bank of Bengal Dr. to Government Advance Account for credit for May	120
	Sundries Dr. to Bank of Bengal for cash drawn during month	120
60	Capital Cash.	
60	Revenue „	
	(*Note.*—In most Railways separate books are kept of Capital and Revenue expenditure; hence when cash is drawn it will have to be specified how much is drawn on each account. This distinction will, however, not affect the Advance Account).	
44	Capital Account Dr. to Capital Cash, for expenditure of the month as per detailed accounts	44
55	Revenue Account Dr. to Revenue Cash for expenditure of the month as per „	55
73	Cash Dr. to Revenue Account for traffic receipts	73
73	Government Revenue Account Dr. to Revenue Cash for traffic receipts paid into Treasury	73
9	Capital Cash Dr. to Capital Account for realisations by sale of stores	9
9	Government Capital Account Dr. to Capital cash for payments into Treasury	9
79	Government Advance Account Dr. to Sundries.	
	Government Capital Account, for audited expenditure	43
	„ Revenue „ for „	35
	Unaudited expenditure	1
543	Total of the month	543

SUNDRIES DR. TO SUNDRIES.

For closing balances.

41	Government Advance Account.	
34	„ Capital „	
1	Unaudited expenditure.	
38	Revenue Account.	
	Government Revenue Account	38
	Bank of Bengal	20
	Capital Cash	16
	Revenue „	5
	Capital Account	35
114		114

Dr. LEDGER. Cr.

GUARANTEE ADVANCE ACCOUNT.

		Rs.			Rs.
May	To Sundries	70	May	By Bank of Bengal	120
"	" Balance	50			
		120			120

GUARANTEE CAPITAL ACCOUNT.

		Rs.			Rs.
May	To Capital Cash	6	May	By Government Advance Account	42
"	" Balance	36			
		42			42

GUARANTEE REVENUE ACCOUNT.

		Rs.			Rs.
May	To Revenue Cash	70	May	By Government Advance Account	48
			"	" Balance	22
		70			70

UNAUDITED EXPENDITURE.

		Rs.			Rs.
	To Balance	1	May	By Government Advance Account	1
		1			1

BANK OF BENGAL.

		Rs.			Rs.
May	To Government Advance Account	120	May	By Sundries	120
			"	" Balance	20
		120			120

Dr. LEDGER—*continued.* Cr.

CAPITAL CASH.

		Rs.			Rs.
May	To Bank of Bengal	60	May	By Capital Account	44
"	" Capital Account	9	"	" Government Capital Account	9
				" Balance	16
		69			69

REVENUE CASH.

		Rs.			Rs.
May	To Bank of Bengal	40	May	By Revenue Account for expenditure	35
"	" Revenue Account for gross traffic receipts	73	"	" Government Revenue Account	73
				" Balance	5
		113			113

CAPITAL ACCOUNT.

		Rs.			Rs.
May	To Capital Cash	44	May	By Capital Cash	9
				" Balance	35
		44			44

REVENUE ACCOUNT.

		Rs.			Rs.
May	To Revenue Cash for expenditure	35	May	By Revenue Cash for traffic receipts	73
"	" Balance	38			
		73			73

BALANCE.

		Rs.			Rs.
	To Government Revenue Account	38		By Government Advance Account	41
"	" Bank of Bengal	20	"	" Capital "	34
"	" Capital Cash	16	"	" Unaudited Expenditure	1
"	" Revenue "	1	"	" Revenue Account	38
"	" Capital Account	35			
		114			114

No. 1.

FORM OF REQUISITION AND CREDIT ORDER FOR FUNDS.

(Rule I, para. 14, of Accountant General's Note)

_____ RAILWAY.

Requisition on the Government for Cash Advances for the month of December 1866,

*No.*_____, *dated* 15*th November* 1866.

		Rs.
Cash balance in hand on 1st October		1,50,000
Advance received in October		10,00,000
	Total	11,50,000
Amount actually expended in October		8,50,000
Balance in hand on 1st November		1,94,000
Amount received for November		9,00,000
	Total	10,94,000
Estimated expenditure in November		8,50,000
Estimated balance on 1st December		2,44,000
Amount now applied for		7,50,000

Certified that the above Statement is correct.

C. D.
Chief Auditor,
_____ *Railway.*

A. B.
Agent,
_____ *Railway.*

No.____

Sanction is granted to the payment to the _____ Railway, of the sum of Rupees (7,50,000) seven lakhs and fifty thousand only from the Treasury of _____

E. F.
Consulting Engineer to Government.

CONSULTING ENGINEER'S OFFICE,
The _____ 186 .

To

THE ACCOUNTANT GENERAL TO THE GOVERNMENT OF _____

EXAMINATION AND CREDIT ORDER.
FOR PRINT.

(Rule 5, para. 18, of Accountant General's Note.)

No. II.

FORM OF EXAMINER'S DIARY.

(Rule XIX, para. 19, of Accountant General's Note.)

DATE.	ACCOUNTS EXAMINED AND QUESTIONS AND NOTES THEREON.	REPLIES AND REMARKS BY CONSULTING ENGINEER.

Form II.

EXAMINER'S DIARY.

(Rule XIX. para. 13, of Amended General's Note.)

No.

FORM OF MONTHLY

(Rule XX. para. 20, of

ACCOUNT OF RECEIPTS AND EXPENDITURE

Receipts.		Capital.			Revenue.			Total.		
		Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Cash Balance brought forward								1,00,000	0	0
From Government	Cash Advances							1,50,000	0	0
	Bills							12,000	0	0
	Customs duty							4,000	0	0
	One-half of net earnings beyond Guaranteed interest									
Capital raised in India								1,500	0	0
Proceeds of sale of stores								2,000	0	0
Advances repaid or covered by value received								12,500	0	0
Value of stores used on works and charged per contra								40,000	0	0
Refunds								1,500	0	0
Traffic earnings	Coaching				11,000	0	0			
	Merchandise, including demurrage				44,000	0	0			
	Electric Telegraph				4,000	0	0			
	Miscellaneous				1,500	0	0	62,000	0	0
Total								4,86,500	0	0

Chief Auditor ..... Railway.

Government Examiner, Railway Accounts.

III.

ACCOUNT CURRENT.

Accountant General's Note.)

RAILWAY.

FOR THE MONTH OF 186 .

31

Payments.			Capital.			Revenue.			Total.		
	Establishment.	Other charges.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Agency Department	...	...	8,500	0	0	6,208	0	0	14,708	0	0
Audit											
Accounts and Cash Dept.											
Stores	...	...	4,600	0	0	5,500	0	0	10,100	0	0
Engineering											
Locomotive											
Carriage and Wagon											
Electric Telegraph											
Traffic Dept. { Coaching											
Traffic Dept. { Merchandise											
Miscellaneous											
Stores and materials purchased											
Advances to Contractors											
Payments to Govt. { Proceeds of sale of stores											
Payments to Govt. { Capital raised in India											
Payments to Govt. { Gross Traffic receipts											
WORKS :—											
FORMATION—											
Brick-work and masonry in formation			55,000	0	0	11,000	0	0	66,000	0	0
Stations											
Permanent-way											
Fencing											
Electric Telegraph											
Bungalows											
Maintenance											
Locomotive shops											
Carriage and Wagon Shops											
Total charge of the month									7,80,000	0	0
Cash balance									2,94,100	0	0
Agency									8,000	0	0
Cashiers											
Locomotive Department									5,000	0	0
Engineering Staff									21,000		
Traffic, &c.											
Total Cash Balance									5,26,100	0	0
Total									10,48,100	0	0

Agent ..... Railway.

Form III.

MONTHLY ACCOUNT CURRENT OF EXPENDITURE AT RAILWAY CONSTRUCTIONS.

(Rule XX, para. 2, of Accountant General's Notes.)

No. IV.

FORM OF SCHEDULE OF ESTABLISHMENT.

(Rule XXII, para. 21, of Accountant General's Note.)

SCHEDULE OF ESTABLISHMENT AND GENERAL EXPENDITURE IN THE AGENCY, AS PER CASH ACCOUNT CURRENT, FOR THE MONTH ENDING ..... 188 .

REVENUE.

Particulars	Reference					Revenue stores note.			
1. Description.	2. Register Folio No.	3. Work Slip No.	4. Dates.	5. Amount.	6. As per Accountant's No.	7. Amount.	8. Establishment.	9. General charges.	10. Total.
Salaries of Agents and Deputy Agents	718 Board's letter	35	4th July, and 9th Jan. 1868	4,837 12 7	718 732	2,500 0 0 2,500 0 0	4,500 0 0	—	4,500 0 0
Clerks of Divisional Architects and Subordinate Staff	718 720	4104	4th	3,017 0 0	730	3,017 0 0	3,017 0 0	—	3,017 0 0
Clerks of Superintendent and Pleaders, and Head and other Subordinate Staff of the Stationery and Printing Department	720 721	4104	4th	3,333 0 0	732 744	1,700 0 0 650 0 0	2,450 0 0	—	2,450 0 0
Overtime allowance to the Printing Department	722	4104	4th	—	730	150 0 0	—	150 0 0	150 0 0
Salary of Bazaar Master and Office Staff	724	4104	4th	450 0 0	770	401 0 0	401 0 0	—	401 0 0
Allowances to Bazaar Master and his Assistants when absent on duty from Head Quarters or sick	725 746	4104	4th, 5, 20th July 1868	—	771	80 0 0	—	80 0 0	80 0 0
Medical Staff	727	34	4th July 1868	3,171 0 0	772 774 776 778	400 0 0 1,70 0 0 400 0 0 400 0 0	2,300 0 0	—	2,300 0 0
Medicines and ordinary consumption of the Medical Department	727	4104	4th	—	780 781 782 783 784	85 0 0 65 0 0 150 0 0 40 0 0	—	140 0 0	140 0 0
Subscription to Charitable Institutions	728	4104	4th	455 0 0	785	455 0 0	—	455 0 0	455 0 0
Rent of Offices at Calcutta	730	4104	4th	1,250 0 0	786 787	1,250 0 0 200 0 0	—	1,250 0 0	1,250 0 0
Office Contingencies	740	4104	4th	—	790 791 792 793	150 0 0 200 0 0 100 0 0	—	450 0 0	450 0 0
						Total Rs.	13,100 0 0	1,720 0 0	14,770 0 0

Certified that this Schedule has been compiled from the actual disbursements made during the month on account of establishments and general expenditure in the Agency, as per the Cash Book.

Calcutta,
..... 188 .

Chief Auditor.

Received and are dealt with the Agency books.

Government Examiner.

No. IV.

FORM OF SCHEDULE OF ESTABLISHMENT.

(Rule XXII, para. 21, of Accountant General's Note.)

SCHEDULE OF ESTABLISHMENT AND GENERAL CHARGES IN THE STORE DEPARTMENT, AS PER CASH ACCOUNT CURRENT, FOR THE MONTH ENDING 186

CAPITAL.

Sanction.					6.	Expenditure during month.			
1. Description.	2. Resolution No.	3. Meeting No.	4. Date.	5. Amount.	As per Abstract No.	7. Amount.	8. Establishment.	9. General charges.	10. Total.
To be filled up in the manner illustrated in the corresponding form for Revenue Establishments.									
						Total Rs.			10,300 0 0

Certified that this Schedule has been compiled from the actual disbursements made during the month on account of Establishment and General expenditure in the Store Department, as per Cash Book.

Calcutta, ...186

Chief Auditor.

Examined and compared with the Agency books.

Government Examiner.

Form IV.

SUBSIDIARY HEADINGS.

SCHEDULE OF ESTABLISHMENT.

(Rule XXII. para. 41, of Asst. Cmd.'s Note.)

_____

*Abstract No.*_____

CAPITAL.

STORES DEPARTMENT.

_____

_____ 180 .

_____

ARTICLES ASSESSED.	Rs.
ADDED	"
DISALLOWED ...	"

Remarks.

Establishment ... ... Rs.

Landing Charges ... ... "

General ... ... "

TOTAL

Chief Auditor.

No.

FORM OF SCHEDULE

(Rule XXIV, para. 21, of

SCHEDULE OF EXPENDITURE ON STATIONS

CONTRIC

Sanction.												Work in hand during the month.
1 Works.	2 Authority.	3 No.	4 Date.	5 Amount including Establishment charges.			6 Amount expended up to end of the month referred to in the heading.					
				Rs.	A.	P.	Rs.	A.	P.			
Kurrah.												
Bay front Pile Jetty ...	Resolution Meeting ...	1721 13	30th April, 1862	17,125	0	0	3,625	1	0			
Improvement of Station ...	Ditto ...	do.	do.	3,97,000	11	0	33,314	6	0			
Carriage shed extension ...	Ditto ...	do.	do.	3,18,313	0	0	2,250	2	0			
Subhpoor.												
First and second class Waiting-room	Resolution Meeting ...	1041										
Third class Waiting-room	Ditto ...	do.	do.	3,216	2	0	1,264	7	0			
Jumalpoor.												
Drainage	Resolution Meeting ...	672 14	23rd March, 1863	12,740	0	0	12,200	0	0			
Dooping bank	Ditto ...	do.	do.	25,000	0	0	24,250	0	0			
European and Native waiting sheds at passenger Stations	Ditto ...	do.	do.	6,000	0	0	5,000	12	3			
Iron palisading round the works	Ditto ...	do.	do.	12,772	0	0	8,200	12	6			
Metalled branch platform, and laying in a new siding at the back ...	Ditto ...	do.	do.	7,500	0	0	4,250	0	0			
Dinapore.												
Completion of 19 quarters	Ditto ...	do.	do.	7,000	0	0	6,500	0	0			
Total Rs.				9,20,257	13	10	3,23,976	14	11	Total Rs.		

Certified that this Schedule has been compiled from the accounts

Calcutta,

.....188 }

Note.—The Schedules may be prepared separately for different districts, or the works may be combined in one Schedule

V.

OF WORKS

Accountant General's Note.)

FOR THE MONTH ENDING 186 .

TION.

9 As per Abstract No.	Expended during Month.																	
	9 Amount.			10 Labour.			11 Bandies.			12 Total cash expenditure.			13 Materials as per Issue Sheets Nos.			14 Total for each Work.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	As.	P.
153	6,300	0	0	3,300	0	0	140	0	0	3,440	0	0	2,704	1	0	6,144	1	0
154	4,000	0	0															
155	4,000	2	6	10,150	6	0	228	7	0	10,388	15	0	4,212	4	9	25,604	3	9
156	12,200	3	6															
157	3,214	6	0															
159	3,451	0	0	4,010	14	0	...	...	...	4,460	14	0	1,819	6	3	7,455	4	3
173	218	0	0	418	0	0	21	6	8	453	4	8	...	...	...	453	4	8
176	212	7	0	400	8	0	...	...	...	612	7	0	125	10	3	437	1	3
184	16	7	0															
186	3,000	0	0	1,111	14	3	...	...	...	1,127	14	3	20	4	4	1,148	3	6
235	3,700	0	0															
236	26	2	6	1,778	9	6	...	...	...	3,704	8	6	24	3	3	3,800	12	9
304	800	3	0	800	3	0	...	...	...	800	3	0	1,114	0	0	1,917	3	0
307	422	0	0															
308	472	10	3															
309	241	0	0	1,116	10	3	...	...	...	1,116	10	3	3,778	2	6	6,911	15	3
311	111	3	0	111	3	0	...	...	...	111	3	0	3,107	14	0	3,889	0	0
316	478	0	0	478	0	0	...	...	...	478	0	0	...	...	...	478	0	0
...	...	...	...	...	...	...	...	...	...	87,371	3	4	17,758	12	0	51,510	0	0

charged to the accounts as above detailed in the Agency books.

Chief Auditor.

Examined and compared with the Agency books.

Different classes of works taken together for the whole line, or the whole of the *Government Examiner.*

as may be most convenient in each case.

Form V.

SCHEDULE OF WORKS.

(Rule XXIV, para. 21, of Accountant General's Rule).

CONSTRUCTION EXPENDITURE.

STATIONS.

No.

FORM OF SCHEDULE

(Rule XXIV, para. 21, of

SCHEDULE OF EXPENDITURE ON STATIONS

MAIN

Services.						
1	2	3	4	5	6	7
Works	Authority.	No.	Date.	Amount including Establishment charges.	Amount expended up to end of the month referred to the heading	Work is kept during the month.

[To be filled up in the way illustrated in the corresponding form of Schedule for Construction charges.]

Total Rs. Total Rs.

Certified that this Schedule has been compiled from the materials

Calcutta,

The ..... 1865.

Note.—The Schedule may be prepared separately for different divisions, or for works may be comprised in one Schedule.

V.

OF WORKS.

Accountant General's Note.)

FOR THE MONTH ENDING 186

TENANCY.

Extended details Rupees.						
8	9	10	11	12	13	14
As per Abstract No.	Amount.	Labour.	Sundries.	Total each expenditure.	Materials as per Issues Stores Rs.	Total on each Work.

[To be filled up in the way illustrated in the corresponding form of Schedule for Construction charges.]

							13,500	0	0

charged to the Accounts as shown detailed in the Agency books.

Chief Auditor

Examined and compared with the Agency books.

different classes of works taken together for the whole line, or the whole of the as may be most convenient in each case.

Government Examiner.

Form V.

SCHEDULE OF WORKS

(Rule XXIII. para. 21. of Accountant General's Note.)

MAINTENANCE STATEMENT

No. VI.

FORM OF EXAMINER'S CERTIFICATE OF PROGRESS IN ACCOUNTS.

(Rule XXVI. para. 21. of Accountant General's Note.)

_____ RAILWAY.

[To accompany monthly accounts for _____]

NAMES OF BOOKS, &c.	DATE TO WHICH POSTED	REMARKS.
PRINCIPAL BOOKS.		
Construction—		
Cash-book	30th October 1866	
Journal	30th September "	
Ledger	30th " "	
Balance Sheet	Half-year ending 30th June 1866	
Revenue—		
Cash-book	25th October 1866	Immediate steps will be taken to have the Revenue Journal and Ledger posted up to date. The delay in writing up the Cash-Book will be instantly rectified.
Journal	31st August "	
Ledger	31st " "	
Balance Sheet	Half-year ending 30th June 1866	
SUBSIDIARY BOOKS.		
Contractors' Ledger	31st August 1866	
Tradesmen's Ledger ... ... (and so on)	30th October "	

STORE ACCOUNTS.

Store Ledger posted to	31st August 1866	
Returns of receipts and issues received from Store-keeper to	30th September "	
Do. do. checked and posted into Ledgers up to	31st August "	
Store Ledger's balances verified with amount at debit of "General Stores" in principal Ledger up to	30th June "	
Do. do. verified by returns based on actual stock-taking ...	31st December 1865	

SUSPENSE OR OUTSTANDING ACCOUNTS.

Names of Officers with whom the Audit of ——— Railway is to Adjust Charges.	Latest month for which Adjusted Current Rate was passed.	Latest month for which remuneration rate was fixed in respect of the Agency work.	Remarks.
District Engineer, A Division	September 1868	August 1868	
Do. do. B do.	August "	" "	
Locomotive Superintendent ...	September "	" "	
Traffic Manager	" "	" "	
Contractor, A. B.	August "	July "	
Do. C. D.	September "	August "	
&c. &c.	&c.	&c.	

Memo. of progress in realising traffic earnings.

		Rs.
Amount of outstandings to be realised on 30th September 1868		1,33,434
Gross earnings during October 1868		3,00,000
	Total ...	4,33,434
Earnings realised on account of this month, October 1868	Rs. 4,00,000	
Earnings realised on account of previous months as below :—		
August 1868	Rs. 1,03,734	
September 1868	Rs. 1,11,434	2,14,434
Amount of outstandings to be realised on 31st October 1868		17,000

———RAILWAY.

Audit Office,

The ——— 186 .

C. D.,
Chief Auditor.

A. B.,
Agent.

E. F.,
Government Examiner.

Form VI.

EXAMINER'S CERTIFICATE OF PROGRESS IN ACCOUNTS.

(Rule XXVI, para. 21, of Accountant General's Note.)

No.

FORM OF EXAMINER'S AUDIT STATEMENT.....

(Rule XXVIII, para. 23, of

Number.	Description of charge objected to.	Amount Drawn.	Amount objected to.	Examiner's reasons for objection.
				[For the items for actual use, none upon would be allowed.]

VII.

RAILWAY, FOR THE MONTH OF

Accountant General's Note.)

Reply of the Railway Officers.	Decision of the Controlling Engineer.	Amount Disallowed and ordered to be written back and refunded.	When written back or refunded.

No. VIII.

FORM OF MONTHLY RETURNS FROM CIVIL DEPARTMENT.

(Rule XXXIX, para. 23, of Accountant General's Note.)

RETURN OF RECEIPTS AND PAYMENTS IN CIVIL TREASURY AT ON ACCOUNT OF RAILWAYS DURING THE MONTH OF 18

Receipts.				Loans.	Payments.			
Shares paid in India.	Refunds and Bills Cancelled.	Sale proceeds of Stores.	Total		Construction Advances in Cash and Bills.	Customs Duty on Imported Stores.	Payments of Guaranteed Interest.	Total.

Gross Earnings.	Loans.	Working Expenses.	Balance.	Moiety of net revenue beyond Guaranteed Interest, paid over to Railway Company.

OFFICE OF ACCOUNTANT GENERAL, }
18 . }

Accountant General.

No. IX.

ADVICE OF AUDIT OF MONTHLY ACCOUNTS BY CONSULTING ENGINEER.

[*Rule XXXII, para.* 21, *of Accountant General's Note.*]

FROM

THE CONSULTING ENGINEER TO THE GOVERNMENT OF MADRAS,

RAILWAY DEPARTMENT,

TO

THE ACCOUNTANT GENERAL,

MADRAS.

MADRAS, 20*th December* 1866.

SIR,

I have the honour to inform you that the accounts of the Madras Railway for November 1866 have been audited by me as follows, and to request that the needful credit may be afforded to the Company's Advance Account, and corresponding debits made to the Capital, Revenue, and Unaudited Expenditure Accounts, *respectively*.

	Rs.
Expenditure on Capital Account	3,20,000
Of which audited and to be charged to Capital Account	3,16,000
Of which unaudited and to be charged to account of unaudited Expenditure ...	4,000
Expenditure on Revenue Account	85,000
Of which audited and to be charged to Revenue Account	85,000
Of which unaudited and to be charged to Account of unaudited Expenditure ...	...

I have, &c.,

Consulting Engineer for Railways.

Form IX.

ADVICE OF AUDIT OF MONTHLY ACCOUNTS BY THE CONSULTING ENGINEER.

(Rule XXXIV. para. 11. of Accountant General's Rules.)

Note by MAJOR G. CHESNEY, *Accountant General, Public Works Department, on the Government audit of the accounts of Guaranteed Railways.*

SECTION I.

Calcutta:
PRINTED BY THE SUPERINTENDENT OF GOVERNMENT PRINTING.
1866.

Proceedings of the Madras Government, Public Works Department,
23rd August 1866.

No. 527. Read the following papers:—

From the Secretary to the Government of India, Public Works Department, (Account), to the Secretary to Government of Madras, in the Public Works Department, (Railway Branch), dated Simla, 23rd July 1866, No. 658 A.

1. In forwarding a copy of Resolution, No. 642 A. of this date, regarding the final measures proposed for effecting the complete introduction of the appropriation audit of guaranteed railways, I am now to forward a copy of Mr. Kellner's report on the accounts of the Madras railways, and to communicate the following remarks on the points which appear to require special notice in the application of this measure to railways in Madras. I am at the same time to reply to the proposals regarding the establishment required, contained in your letter No. 803, dated 10th March 1866.

2. And, first, I am to draw attention to the detailed particulars in the accounts of those railways which appear susceptible of improvement, or wherein alterations of procedure would seem to be desirable, in order to render a systematic audit practicable and easy.

3. *Omission of cost of English stores from the annual estimate.*—This omission should, no doubt, be rectified for the future in the manner proposed.

Paragraph 2 of Mr. Kellner's report.

4. *Proposal to appoint an independent Auditor and a Chief Accountant.*— If the Chief Auditor is to audit the whole accounts of the railways, such an appointment would prove, it may be hoped, very desirable. But the proposal is coupled with the proposition that his purview should be limited to only a part of the expenditure. It is stated* that "as regards a considerable portion of the expenditure, the duties of payment, audit, and account are all united in the Chief Engineer," and it is proposed† to continue the plan as "the present arrangement is admitted on all hands to work well, and Mr. Kellner had seen for himself that the accounts of the Engineer Department were kept in a clear and satisfactory manner; he would not, therefore, urge any immediate change."

Paragraph 16 of report, and annexure to Madras Proceedings, dated 10th March 1866.

* Paragraph 13 of report.

† Proceedings of the Meeting held at Madras, confirmed by Madras Government.

5. The Governor General in Council is strongly of opinion that the expenditure of a great disbursing department, like that of the Chief Engineer, requires to be subjected to a detailed audit of an independent officer of the Company, to the full as much as any other part of the expenditure. From the estimates for 1866-67 it appears that the expenditure on construction is 60 lacs out of a total expenditure of 86½ lacs.

6. While, therefore, the Governor General in Council concurs in the proposal to appoint an independent Auditor, and sanctions the change being made, if agreed to by the Board of Directors, His Excellency in Council considers it to be an essential condition that the Auditor's scrutiny should be exercised in the same degree over all the expenditure of the Company.

7. The Governor General in Council is disposed to think that the appointment of a separate Chief Accountant would prove of questionable utility. An audit, to be effective, implies a *control* over the accounts as well as a mere inspection of them. In all Government departments, both in England and India, the Auditor and Accountant are one, and on those railways where a separate Head Accountant has been established, the appointment has not been found conducive to efficiency.

8. *Employment of other Banks than the Bank of Madras.*—The Report explains that the advances received from Government are placed in the Oriental Bank. This practice should, beyond doubt, be stopped, and the Company required to bank solely with the Bank of Madras.

Paragraph 24 of report.

9. *Purchase of Stores.*—The latter part of this paragraph describes what appears to be an unnecessary arrangement of bills for stores being passed by the Consulting Engineer, before payment is made, involving a check of a kind which may more advantageously be exercised by the responsible officers of the Company. It may be hoped that, by adoption of the system of authorizations in force in Bengal, this may be given up: it may after this be considered an unnecessary interference with the executive business of the Company.

Paragraph 25.

10. *State of the Store Accounts.*—From the remarks on this head, it is to be inferred that these accounts are exceedingly imperfect. If periodical abstracts of receipts and issues are wanting, they can hardly be otherwise; and as stock has been taken only once since the railway was commenced, a fresh stock-taking will be sure to reveal further deficiencies.

Paragraphs 27-32.

11. Paragraph 30 describes a defective system of the Locomotive Store Department. The materials used not being priced, the value of the work turned out by the department cannot be ascertained. Priced store accounts should no doubt be introduced.

12. The supervision of the reform of the store accounts of this Railway will be an important part of the duties of the Examiner, and it is hoped they will be at once entered on.

Paragraphs 33-35.

13. *Great Southern of India Railway.*—The accounts of this Railway were examined by Mr Trotter, Deputy Controller, who accompanied Mr. Kellner. It is to be inferred from his report, and Mr. Kellner's remarks thereon, that the state of the accounts is defective in many important respects.

14. The Agent combines also the functions of Chief Accountant and Storekeeper, and Mr. Kellner recommends that an independent Auditor should be appointed, with full control over the accounts in all Departments. This appointment seems a highly desirable one; the expenditure on this line, 20½

Estimate for 1866-67.	Rs.
Construction	18,33,000
Revenue	2,37,500
	20,57,500
Receipts carnings	4,10,000

lakhs a year, seems quite sufficient to warrant the outlay, and the Madras Government, if it concurs in this view, is invited to make a proposal to the Secretary of State for introducing this reform at once.

15. There remains to consider the action to be taken for completing the introduction of the new audit.

16. The Madras Government have already appointed Lieutenant Filgate, R. E., the Deputy Controller of Public Works Accounts, provisionally to the duties of audit, with the title of Deputy Consulting Engineer. Lieutenant Filgate is described as having an aptitude for accounts, and the appointment is confirmed, subject to approval of the Financial Department. The Governor General in Council requests, however, that the designation of the appointment may be "Examiner of Railway Accounts," instead of "Deputy Consulting Engineer."

17. As regards salary, the Madras Government have passed Rupees 400 Staff to him provisionally, and leave it to the Government of India to say whether the salary should be gradually increased to Rupees 600. The proposal made in the Accountant General's note, approved by the Government of India, to give the Examiner Rupees 500 after two years' approved service, will therefore probably meet the views of the Madras Government.

18. It appears that the Madras Government contemplate that the Examiner shall audit the accounts of both Railways unaided. It seems questionable whether the Accountant will not be required in addition, especially when the accounts of the Madras Irrigation Company are taken up; but the experience of a few months will be able to decide this point, and, of course, the appointment need not be made till the Madras Government finds it necessary.

19. The reductions made in the Consulting Engineer's Office of Rupees 195 a month, are approved. It is proposed to increase the pay of the Head Clerk of the Office from Rupees 250 to Rupees 400, the addition being a personal allowance. The Governor General in Council agrees to this, subject to final orders in the Financial Department.

No. 528. Proceedings of the Government of India, Public Works Department, (Account), dated Simla, the 23rd July 1866, No. 642 A.

Government Audit of the Accounts of Guaranteed Railways.

Read again the following papers:—

Public Works Department Resolution No. 4A., dated 24th March 1864, paragraph 4, ruling that the supervision of the accounts of guaranteed Railways to be conducted by Government, should be undertaken by the newly-formed Office of the Accountant General, Public Works Department.

Resolution No. 5,292 A., dated 3rd October 1864, determining that an appropriation audit of the Railway accounts should be at once commenced upon with respect to the Railways at Calcutta.

Resolution No. 140A., dated 16th February 1865, in continuation of the foregoing, authorizing provisionally an increase to the Establishment of the Accountant General's Office for undertaking the audit of accounts of the East Indian Railway.

Resolution No. 477A., dated 30th May 1865, with notes by Accountant General and Assistant Accountant General, regarding mode of conducting the appropriation audit.

Resolution No. 482A., dated 30th May 1865, determining that the audit should be extended to the other Railways in Calcutta, and proposing the deputation of Mr. Kellner, Assistant Accountant General, Public Works Department, to Bombay and Madras, to assist in introducing the system at those places.

Resolution No. 905A. of 19th October 1865, conveying final orders for Mr. Kellner's deputation as above proposed.

Read also the following papers :—

Letter No. 451, dated 15th February 1866, from the Government of Bombay, forwarding copy of a Report submitted to that Government by Mr. Kellner, and notifying the approval of that Government to Mr. Kellner's proposals, and the measures taken for the establishment of the new audit.

Letter No. 603, dated 10th March 1866, from the Government of Madras, reporting the measures taken to introduce the new audit, and requesting sanction to the Establishment provisionally entertained for this purpose.

Report by Mr. Kellner on the accounts of the Railways in Madras.

Note by Accountant General, Public Works Department, dated 22nd June 1866, on Railway Audit, and preferring definitive rules for the conduct thereof.

RESOLVED.—The Governor General in Council observes with much satisfaction the progress made towards the introduction of an appropriation audit of Railway expenditure throughout India, as described in the foregoing papers.

2. The new system was commenced, as regards the Railways in Bengal, in the beginning of the year 1865; it has now been extended to Bombay and Madras from the beginning of the current year, with the concurrence and approval of the Governments of those Presidencies, and of all the officials connected with the different Railways.

3. It now remains to consider what measures appear necessary to perfect the arrangements provisionally made, and to establish the new system on a complete and methodical footing.

4. The Accountant General of the Public Works Department has submitted a Note on this subject, in which he has embodied the different points that have to be provided for in the form of definitive rules, and describes how it may be expected that their effect will be still further to simplify and reduce the accounts to be rendered by the Railway Companies to Government, while at the same time placing the audit on a systematic footing.

5. It appears to the Governor General in Council that the rules drafted by Major Chesney will be found very suitable and necessary, and that while the effect of the appropriation audit is already introduced, has been to simplify and reduce work, these rules will tend to carry this simplification and reduction still further; and that the Government control of the expenditure from guaranteed capital will be rendered more effective than at present, and will be likely to be exercised with less trouble to the Railway Companies than before, especially as regards the bulk of accounts required from them.

6. The principal points in which the system, as provisionally established, will be affected by the proposed new rules are as follows :—

I.—Abolition of separate advance accounts for construction and revenue. (Rules I., II.)

II.—No compilation of accounts to be required from the Government Examiner, whose functions will be those of examination and check only. (Paragraph 15 of Note.)

III.—Mode of checking the accounts. Paragraph 16 proposes a slight modification in the system as now established.

IV.—Mode of charging stores. (Rule XIV.) The existing rules (Circular No. 58, G. G. of 1863) provide that for a completed line the stores shall be charged in the first instance to revenue, and that revenue shall be credited with any portion of the general stores used from time to time on construction. As however no line has yet arrived at completion, the time had not yet come for the application of this rule, which the Governor General in Council considers may be modified with advantage. This point is now under consideration, and the Secretary of State will shortly be addressed on the subject. In the meantime the rule as drafted may stand.

V.—The accounts to be audited should be the whole of the accounts and not merely a part. (Rules X., XI., XX., and XXI.) This is a very important condition. So long as the audit of the Government Examiner (and, where there is such an Officer, of the Railway Auditor) is limited to only a part of the accounts, the measure introduced must needs be imperfect.

VI.—The cash account rendered by the Railway Company to comprise the whole account of the Company, and not merely that of the Agency or Head Office. (Paragraph 21 and Rule XXI.) This condition seems very necessary.

VII.—The Monthly cash account to be accompanied by schedules of expenditure. (Rules XXII.—XXV.) A consolidated account bringing together the expenditure of the month and the previous expenditure on each head of service, and comparing the total expenditure with the sanction, is of course necessary for effecting an audit. The proposed schedules appear to be simple and well adapted for the purpose.

VIII.—An Audit statement to be prepared by Examiner, after examination of the monthly accounts, for information of the Consulting Engineers. (Rule XXVIII.) A methodical record of the audit proceedings of the kind contemplated seems quite necessary.

7. These rules should now be referred to the different Local Governments concerned, with a request that if approved they may be introduced at once. Should it seem that any modifications in them appear desirable, the Governor General in Council requests that an early communication may be made on the subject, such as of the rules being held in abeyance pending final decision on the matter, but system being otherwise introduced at once.

8. As regards the proposed Establishment for examination and audit, the Governor General in Council concurs in the views expressed by the Accountant General (paragraphs 25 to 30) with the slight exception that the saving in the cost of the Government control of the East Indian Railway (referred to in paragraph 46), can hardly be claimed as a set off for the expenditure necessary for the purposes of a Government audit, as that saving was derived from a re-organization of Government Railway business made on general grounds, except so far as the arrangements made are shown to be economical on the whole.

9. An Examiner of Railway Accounts has already been appointed at Bombay, under sanction of the Financial Department. Another has been appointed provisionally at Madras, the confirmation of whose appointment will now be recommended to the Financial Department. An Examiner will now be appointed to Bengal, subject to approval in the Financial Department. The duties of audit in the Punjab must be placed on the Deputy Consulting Engineer for the present.

10. The Governor General in Council considers that the staff salary proposed by the Accountant General for the Examiners, viz., Rupees 400 rising to Rs. 500 per mensem after two years' approved service, with the Presidency house-rent of rank, to be suitable, and this scale will be recommended to the Financial Department accordingly for sanction.

11. The opinions of the different Governments concerned will now be requested as to the sufficiency or otherwise of the establishments of Accountants proposed, and on receipt of those replies the necessary application will be referred to the Financial Department.

12. A separate letter will be addressed to each Government on the points in the accounts of the Railways under their supervision which appear to call for special notice with reference to the remarks in Section II. of the Accountant General's Note.

13. In conclusion, the Governor General in Council desires to record the satisfaction with which His Excellency in Council views the introduction of the important change now carried out. The success with which it has been accomplished has been in great measure due to the hearty co-operation afforded by the Governments concerned, and the Government and Railway officials acting under them. Much commendation is due to Mr. Kellner for the tact and ability with which he has conducted the business entrusted to him, and secured the concurrence of all parties concerned in the proposals brought forward.

ORDER.—Ordered that a copy of the foregoing Resolution, together with the First Section of the Accountant General's Note, be forwarded to the Governments of Madras, Bombay, Bengal, and the Punjab, for the purpose set forth in the foregoing Resolution, and to the Government of the North Western Provinces and Chief Commissioner of the Central Provinces, for information.

Also, that a copy be forwarded to the Financial Department, for information and for consideration of the proposed Establishment of Examiners in Madras, Bengal, and with remark that a further reference will be made subsequently regarding the Accountants, when the replies of the Local Governments are received.

consideration of the Financial Department is also desired regarding the proposed alteration in the mode of adjusting the advance accounts in the books of the Accountant General, Civil Department, and regarding the proposed Returns to be furnished by him to the Consulting Engineer. (Rule XXXIX.) These are already supplied to the Accountant General, Public Works Department.

Also, to the Accountant General, Public Works Department, for information and guidance, and for communication of paragraph 13 to Mr. Kellner.

Ordered also, that these proceedings be reported to the Secretary of State.

(Signed) C. H. DICKENS, R. A.,
Secy. to the Govt. of India.

No. 529. ORDER THEREON, 23rd August 1866, No. 2,674.

RAILWAY, No. 46.

1.—These papers will be communicated to the Consulting Engineer for Railways with reference to G. O. No. 802, dated 10th March 1866.

2. The omission noticed in paragraph 3 of Colonel Dickens' letter should be provided in future in the manner indicated by Mr. Kellner.

3. It will be observed that, in paragraphs 4 to 7, the Government of India, in sanctioning the appointment of a Chief Auditor subject to the approval of the Board of Directors, express strongly the opinion that the audit of that officer should not, as contemplated, be confined to only a portion of the expenditure of the Railway Company, but, to prevent the anomaly of combining in the same hands both executive and financial control, should embrace the expenditure of the Chief Engineer's Department also. The Government of India further remark that the appointment of a separate Chief Accountant would appear to be of questionable utility. The Consulting Engineer will place himself in communication with the Railway authorities on those matters, and submit their views with such observations as he may himself deem to offer on the objections urged by the Government of India.

4. The Consulting Engineer will, with reference to the remarks in paragraphs 13 and 14, and, in consultation with the Railway officials, state his opinion on the question of appointing an independent Auditor of the accounts of the Great Southern of India Railway.

5. Lieutenant Pilgrim's official designation will, as desired in paragraph 16, be altered to "Examiner of Railway Accounts."

6. It will be observed from paragraph 10 of the Proceedings of the Government of India, No. 6478, that the scale of Staff salary which has been recommended by the Financial Department for the Examiners at the different Presidencies is Rupees 400, rising to 500 per mensem after two years' approved service, with the Presidency house rent of rank.

7. Attention is drawn to the remarks in paragraphs 9 to 12, and to the question in paragraph 19 of Colonel Dickens' letter.

Proceedings of the Madras Government, Public Works Department.
23rd August 1886.

8. The Consulting Engineer will, in communication with the Railway authorities, carefully consider and report, with reference to paragraph 7 of the Proceedings of the Government of India, on the suitability or otherwise of the rules recommended for adoption, and, with reference to paragraph 11,* on the sufficiency of the establishment of Accountants proposed. He will also submit his observations on such other portions of the papers now communicated as may appear to him to demand notice.

* See also paragraph 18 of Colonel Dickens' letter.

(True Extract.)

Colonel, R. E.,
Secretary to Government.

To the Consulting Engineer for Railways
" Controller of Public Works Accounts
" Financial Department.
" Accountant General.