M.R.O. 1—77,006—8-6-37.

(1) Number of pages 6.

(2) Date of repair 16.8.39.

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Finance DEPARTMENT.

G.O. No.	84	Press / Mis.
37-38.		
Dated	23-2-	1866.

37-38 4/5

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Proceedings of the Madras Government, Financial Department,
23rd February 1866.

No. 37. Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 7th February 1866, No. 549.

Read letter from Mr. M. H. Foster, dated 22nd January 1865, forwarding a Memorandum drawn up by him regarding some of the main points to be attended to by the Officers engaged in carrying on the new system of Account.

ORDER.

Ordered that paragraphs 1 to 14 of Mr. Foster's Memorandum be forwarded to the Military and Public Works Departments, and to the several Local Governments and Administrations, for information, also to the Comptroller General and the Provincial Officers of Account, for information and guidance, the particular attention of these Officers being directed to Mr. Foster's remarks and recommendations, and the Comptroller General being required to carry out the principles laid down in the twelve clauses of the 10th paragraph of the Memorandum, under instructions not to permit any deviation therefrom, without the express orders of the Government of India.

(A true Extract.)

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

Extract from a Note by Mr. M. H. Foster, dated 22nd January 1866.

Before leaving India I should have been glad to have been able to prepare a final report giving a full account of the progress that has been made in the revision of the Indian Financial Accounts and of the defects that still remain to be remedied; but my time has been so much taken up with the organization of the Central Accounts, and other urgent matters, that I must, at the last moment, content myself with a concise reference to some of the main points.

2. With regard to the Civil Accounts, it is satisfactory that out of the twenty-nine principal recommendations made in the Commissioners' Report, eighteen have been completely carried out, seven are in progress of being carried out, and four only have not been adopted, or have been met by other arrangements.

3. Amongst the first Class are the revision of the Estimates, Accounts, and Financial Statements, the abolition of pre-audit and the introduction of a rapid and effectual post-audit, the simplification of Treasury Accounts, the separation of Revenue from Cash Accounts, the payment of fixed charges by permanent orders, the facilities afforded by the present mode of payment, the rendering and record of monthly accounts checked by purely Cash Balances, the appointment of efficient Deputies, and the re-organization of establishments, the abolition of Vernacular accounts at the Treasuries, and the establishment of a complete set of Imperial Accounts, bringing the whole of the financial transactions into one view. The latter has also this further advantage that the several Governments and Administrations are kept under a continued pressure to render accurate accounts at an early date; for any irregularity will at once make itself felt at the Central Office. The monthly accounts, also, being checked by purely Cash Balances, no receipt or payment can fail to be recorded at the proper date.

4. Amongst the 2nd Class, the recommendations which are in course of being carried out may be mentioned, the supersession of the necessity for intermediate estimates by the substitution of a monthly Account of Revenue and Expenditure which can be accompanied by remarks regarding any material anticipated changes, the early adjustment of all arrear accounts by the introduction of a more simple mode of adjustment, and the publication of periodical accounts and returns—a matter which will lead to results useful to the Government as well as to the public.

5. The recommendations which have not yet been adopted relate to the simplification of Rules regarding allowances, travelling, &c., the proposal to bring to account all Receipts or Payments in India or England as final transactions in the countries in which they occur, the alteration in the date of the commencement of the Financial year, and certain changes in the mode of showing the Government Balances in the Bank which have been met by other arrangements.

6. In the Military Department, useful and economical alterations have been made in the mode of examining and compiling the pay charges, and in the system of recording receipts and disbursements in the Books of the Military Accountant.

7. Further changes, including the simplification of the duties in the Presidency Pay Office, and the consolidation of the Account Departments, were proposed by me, in a Memorandum which I submitted to the Military Accountant General some months ago. This, and a further Memorandum, which I lately laid before the Financial Department, are still under the consideration of Government.

8. In the Public Works Department, the recommendations of the Commissioners which received the sanction of Government have only partially been carried out, and there is still room for simplification and reduction of work. One point which appears to me to be very desirable, is the entire separation of Stores from Cash in the Budget Estimate, as well as in the individual estimates of works, &c. There will be confusion in the accounts till this is done, nor will the check over the expenditure of Stores upon works be complete until it becomes one of quantities only.

9. The Marine and Dock-yard accounts, which were in a state of great disorder and scattered over a number of separate Departments, have been brought together under the Bengal Accountant, and are now working in a most satisfactory manner. Captain Obbard, the Superintendent at Kidderpore, deserves great credit for the readiness with which he adopted the changes.

10. I will now revert to the Civil Accounts, and draw attention to the points which, in my opinion, it is important to uphold—

1st.—All accounts should be monthly, so that the audit may be immediate, and discrepancies or errors be at once investigated; the record of objectionable items should be closely watched, and an analytical abstract of those remaining unadjusted at the end of the year should be submitted to Government.

2nd.—The accounts should be founded on Cash Balances, to the exclusion of inefficient items, or the value of Stores.

3rd.—The rendering of the Treasury Monthly Accounts, and also those from the Military and Public Works Departments, on the due dates, should be strictly insisted upon. Should it become necessary, on account of delay, to exclude any from the Central Monthly Accounts, a note, explaining the reasons, should be added.

4th.—Inspection of the Treasury Accounts and of the local Offices of Account should be carried out soon and completely by Officers possessing experience in the new system.

5th.—When the Accounts of all the Governments have been worked into the Books and reviewed, there should be a careful revision of the sub-heads and detail items, so as to bring the several accounts into unison with each other, and render the common headings applicable to all the accounts.

6th.—The Provincial Offices should record their accounts in the classified form laid down under main heads, minor heads, and detail items. The Central Office of Account will confine its entries in the Imperial Books to the two first; but as it has the Abstract Accounts of all the Governments which give the detail items, it will be perfectly easy for the Annual Financial Statements, or for any other purpose, during any month or at the close of the year, to bring together, from the several abstracts, the Receipts and Disbursements of all the Governments in the greatest detail. As the Monthly Abstracts bring forward previous transactions, those for the month of April will give the total amounts for the financial year in the fullest detail.

It is desirable in the Central Books to open headings for the minor, as well as for the major, heads, in order that they may contain full information. On the other hand, the introduction of the detail items into these Central Books would over-burden and confuse the Accounts, and interfere with their affording a broad and general view of the Finances of the Empire.

Proceedings of the Madras Government, Financial Department,
23rd February 1866.

7th.—The grants should be passed into the Books, in order that there may be a permanent record of the savings or of the excess of expenditure beyond the grants. Additional grants should be avoided as much as possible; but, should they be necessary, it would be most convenient to bring them upon the Books altogether at the close of the year. When, however, excess of expenditure on account of one grant is met out of the surplus of another, transfers should not be made in the Books; but in the Annual Account the authority for the excess should be quoted.

8th.—The mode of exchanging Lists of Debits and Credits between Departments, to be accepted or objected to at once, will save such labor in interdepartmental adjustments, and punctuality in rendering and accepting these should be strictly enforced.

9th.—Neither the Imperial nor the Provincial Accounts should be framed so as to show District details. These can always be obtained with sufficient accuracy from the District Registers in which the sanctioned establishments and the actual contingent charges are entered in full detail.

10th.—The audit, examination, and record of the Treasury Accounts, and of the Vouchers accompanying them, should be under a single superintendence and responsibility. The Clerk in charge of a Treasury Account should complete the whole audit and record in the Register of the account, and no division of these duties between separate branches should be permitted.

11th.—The Deposit Accounts should come under the special attention of the Accountant General or his Deputy, for in these there exists a great opening for fraud. An Annual Report on the state of the Deposit Accounts should be rendered to the Accountant General by the Officer in charge of the branch.

12th.—It is important that the Revenue Accounts furnished by Treasury Officers to the Revenue Board should be checked by the Cash Accounts furnished to the Accountant General. For this purpose a monthly statement of the total Cash receipts and payments at the several Treasuries should be furnished to the Board, and care should be taken that the Revenue Accounts are framed in such a manner as to show the actual payments of Revenue into Treasuries. A similar course should be followed in the case of other Departments keeping Departmental Accounts.

11. The first month's accounts of the current year have been passed into the Imperial Books, and these have been balanced without the smallest difficulty. The system having now been fairly started, the monthly accounts will no doubt shortly be posted up to date. It has been impossible, at the commencement, to introduce the Balances on the Fund and other Debt Heads, owing to the state of arrear of the accounts of former years. Every effort has been made to simplify the mode of dealing with these Books, and it is to be hoped that they will shortly be completed so as to enable the closing Balances to be brought correctly into the new Books. In the meantime Statements of approximate Balances have been called for from the several Governments, and as soon as these have been received, they will be posted into the new Books, subject to corrections which may be necessary when the old accounts are brought up to date, and discrepancies are brought to light.

12. A few months will, I trust, prove the complete success of the scheme which has been sanctioned by Government.

13. Some of the preceding remarks apply mainly to Bengal and the other Provinces under this Presidency. The Governments of Madras and Bombay have opposed some of the recommendations which have been successfully adopted in Bengal. It will probably not be till the Supreme Government can depute to those Presidencies Officers versed in the system which is now in operation in Bengal, in order to point out how the difficulties that are now felt there can be overcome, that Madras and Bombay will reap the full advantages of the new system

14. In the meantime, however, much could be done in those Presidencies in improving departmental administration and accounts. Amongst others, I would specially mention the Bom-

Proceedings of the Madras Government, Financial Department, 23rd February 1866.

bay Marine and Dock-yard accounts, which might with advantage be brought under the system which has been introduced into the administration and accounts of the Bengal Marine and Kidderpore Dock-yard.

(A true Extract),

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

No. 38. ORDER THEREON, 23rd February 1866, No. 84.

Ordered that a copy of the foregoing Proceedings, and of its enclosure, be furnished to the Revenue, Public Works, and Military Departments, and also to the Accountant General.

(True Extract).

A. J. ARBUTHNOT,
Chief Secretary.

To the Revenue Department.
„ Public Works do.
„ Military do.
„ Accountant General.

Exd. J. H. Burns.

No. 549.

EXTRACT from the Proceedings of the Government of India, in the Financial Department, dated / *February* 1866.

Read letter from Mr. M. H. Foster dated 22nd January 1866, forwarding a Memorandum drawn up by him regarding some of the main points to be attended to by the Officers engaged in carrying on the new system of Account.

ORDER.

Ordered that paragraphs 1 to 14 of Mr. Foster's Memorandum be forwarded to the Military and Public Works Departments, and to the several Local Governments and Administrations for information, also to the Comptroller General and the Provincial Officers of Account for information and guidance, the particular attention of these Officers being directed to Mr. Foster's remarks and recommendations, and the Comptroller General being required to carry out the principles laid down in the twelve clauses of the 10th paragraph of the Memorandum, under instructions not to permit any deviation therefrom without the express orders of the Government of India.

(A true Extract)

J. E. Cooke

Asst. Secretary to the Government of India.

[Exd. N. R. Nundy.]
104. 5-2-66.

Financial 1886 Dept

Extract Revs. Port of India in Financial Dept
No 529

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Forwd a memorandum
drawn up by Lieut. Mc H. Foster
regarding some of the main
points to be attended to
by Officers employed in Car-
rying on the new system
of accounts.—

With an order

List of Enclosures

Memorandum by Lieut. Mc H. Foster on the duties of Assistants to the Resident Engineer, Public Works & Military &c. Departments to be attended to on the introduction of the new system of accounts.

37. 38.