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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Fisheries DEPARTMENT

G.O. No. 2021 & 2021A Press.
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GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

20th October 1881, No. 2021.

Local Funds—Accounts.

Read the following papers :—

Proceedings of the Board of Revenue, dated 17th May 1881, *No.* 862 [*Current No.* 1288].

Read the following papers :—

From A. C. TUPP, Esq., Officiating Accountant-General, Madras, to the Chief Secretary to Government, Financial Department, dated Fort St. George, 5th February 1881, No. 623 L.F.D. [Current No. 301].

In reply to your Official Memorandum, No. 208, dated the 1st February 1881, I have the honor to enclose two statements showing—

(1.) The establishment employed in this office for the audit and inspection of Local Fund Accounts.

(2.) The establishment employed by Collectors in various districts for the local audit of the same accounts.

2. It will be seen from Statement No. 1 that the total monthly charge for the Central Office of Audit is Rs. 2,107, of which Rs. 458 represents the pay of the clerks previously attached to the Accountant-General's Office for Local Fund work and paid out of these funds, and Rs. 1,649 represents the pay of the new establishment entertained under the orders of Government, No. 609, of 22nd of March 1880. Out of this Rs. 1,649, Rs. 750 is the salary of the Auditor and Inspector, who is a gazetted officer.

3. When the audit is changed from a detailed to a financial one, as it will be on the 1st of April under Orders of Government, No. 2072, of 6th November 1880, it will probably be possible to dispense with the services of the following clerks :—

One third class, at Rs. 60	.. ..	60
One fourth class, at Rs. 30	.. ..	30
Three fifth class, at Rs. 25	.. ..	75
	Total ..	165

thereby reducing the total monthly charge from Rs. 2,107 to Rs. 1,942.

From A. C. TUPP, Esq., Officiating Accountant-General, Madras, to the Chief Secretary to Government, Financial Department, dated Fort St. George, 19th February 1881, No. L.F.D. 641 [Current No. 443].

With reference to paragraphs 5, 6, and 10 of G.O., No. 609, dated 22nd March 1880, I have the honor to suggest, for the favorable consideration of His Excellency the Governor in Council, the following modifications of the scheme therein laid down for the audit of the accounts of Local Funds under Act IV of 1871.

2. These suggestions are respectfully offered as being the outcome of some eight months' consideration and partial trial of that scheme.

3. I propose adopting the new system of audit, as detailed in my letter, No. 1184, dated 28th September 1880, and approved of in G.O., No. 2072, dated

6th November 1880, *fully*, from the commencement of the ensuing official year. Hence the present time would seem to be specially suitable for the introduction of any modifications which the Government may agree with me in thinking desirable.

4. The changes I would propose relate—

I.—To the arrangements for the District Audit.
II.—To the duties of the Inspector and Auditor.
III.—To the nature of the work in the Central Office.

5. I.—*First, then, in regard to "the arrangements for the District Audit,"* I would suggest as follows:—

(1.) The appointment of the Auditors in each district should *rest* with the Accountant-General and would ordinarily be *made* by the Inspector and not with the President; the President, however, having a veto on any appointment to which he reasonably objected. Where the Accountant-General and the President differ in opinion, the matter should be referred to the Board of Revenue for decision. This is essential because the Auditor is held "directly responsible for the audit of the accounts" as provided for in the scheme, while he could not fairly be considered responsible for the work of employés of whom he knows nothing. In my opinion there will never be a really efficient audit without this is done. It is contrary to all principles of auditing that the Auditor should be appointed by and be the servant of the officer whose accounts it is his duty to audit.

6. Further, the Accountant-General should have the power of transferring the District Auditors from district to district at his discretion. He alone, it may fairly be assumed, would be in a position to determine the requirements of the several offices in the matter of audit; but it should be well understood that in all these matters the Accountant-General and the Inspector are to work cordially with the *Collector* and to consult, as far as possible, the latter's wishes and convenience.

7. (2.) The District Auditors should consist of two classes, a higher and a lower, on pay of Rs. 75 to 100 and Rs. 60 to 85 respectively. The former would be allotted to the heavy, the latter to the light districts. There should be but one Auditor attached to each President's Office. The Auditor should undergo a three months' training in the Central Office and should pass an examination before being appointed to a district.

8. I am of opinion that *one* efficient man would ordinarily be well able to conduct the primary audit of the entire Local Fund Accounts of a district. Transfers would, of course, only be made between those districts in which the same language was spoken.

The Auditors would be answerable for their work to the Accountant-General through the Inspector and not to the President, but they would be removable at any time at the request of the President.

9. Under this system the Auditors would be the representatives of the Inspector and the Accountant-General, though of course to some extent subordinate to the President. They would perform the detailed audit of the vouchers and compare the vouchers with the accounts just as is done in the Treasury Account Branch of my office.

10. II.—As regards "*the duties of the Inspector*" his work *should*, I think, partake in a large measure "of the nature of an audit" and not be confined to inspection only.

The scheme lays down that he shall be confined to inspection only; this leaves the entire audit to mere clerks and is, I am sure, undesirable. I consider that the Inspector's duty should amount at least to a *review* of the work of the District Auditors, and that the audit of *every* voucher and every account should be reviewed by the Inspector or by one of his graded Assistants.

11. The districts should be distributed between the Inspector and his three Assistants: each district should come in turn under the review of the Inspector, and no district should remain more than a year under any one of the Assistants.

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The work of review would be so arranged for that all the accounts for the whole year would, at one time or another, come under the scrutiny of the Inspector or his Assistants, *all* of whom would be employed in this work.

The district audit would thus be *final* and not as at present only *primary*.

12. III.—*The work of the Central Office.*—This would thus be restricted to *compilation*. The utility of any audit short of a detailed one in the Central Office does not appear to me obvious, and the "financial audit" which the scheme provides for might well be conducted in the districts, the accounts of each Circle after having been duly audited by the District Auditor (but of course not compiled by him, but by the Treasury Accountants as at present) would be sent to the Central Office to be posted into the Detail books and thence incorporated into the Government Accounts.

A final financial audit would still take place in the Central Office, but it would be confined to seeing that the actual expenditure did not exceed the total budget grants under each head of account.

13. The above modifications if carried out would result in round numbers in the following savings upon the annual cost of the entire audit establishment as recently estimated for:—

		Rs.
Under Central Office	.. ..	7,000
„ District Audit Establishment	.. .. ..	6,000
	Total ..	13,000

This does not allow for the extra charge under travelling allowance, which would necessarily result from the proposed change in the duties of two of the Assistant Inspectors.

Experience alone can enable me to estimate this with any degree of accuracy, but I see no reason to anticipate its being very considerable and should consider that Rs. 3,000 a year would cover it; I therefore think that the proposals which I now make would result in a net saving of about Rs. 10,000 per annum.

14. I would suggest that the Inspector and Auditor be called Inspector of Local Fund Accounts only and his three Assistants, Assistant Inspectors; this would prevent any confusion in nomenclature between the District Auditors and those of the Central Office.

15. With regard to retrenchments and other cases where a conflict of opinion might occur, the course I would suggest is that the District Auditor should suggest to the President the procedure which he considers correct; if the President differs from the Auditor, the matter should be laid before the Inspector. If the President still maintains his own view, the point should be referred in succession to the Accountant-General, the Board of Revenue, and the Government, whose orders would of course be final.

16. With regard to the question of whether the audit of Local Fund Accounts should be superintended by an Inspector appointed from among the officers of the Financial Department, or by the Examiner of Public Works Accounts acting as an Ex-officio Deputy Accountant-General (as proposed in the letter of the Government of India, No. 3393, dated the 25th October 1880), I am very strongly of opinion that, if any responsibility at all is to be left to the Accountant-General, he should be aided by an officer of his own department, who will be practically and absolutely subordinate to him, and not by an officer of another department (particularly one of the rank of an Examiner of Public Works Accounts) whose subordination would be merely nominal, and whose whole training and position would unfit him to be an Assistant to an officer of little higher rank than himself, and one with whom he is often thrown into antagonism in other portions of his duties.

17. If it be desired that the Inspector of Local Fund Accounts should be a Public Works Officer, then he should be a Deputy Examiner, and should be placed entirely under the orders and control of the Examiner of Public Works Accounts, the

Accountant-General being relieved of all responsibility in the matter. If on the other hand it be desired that the Accountant-General's responsibility should be maintained, it will be only just to him to give him, as an Assistant, an officer trained in his own department, whose ideas are not likely to clash with his, and whose subordination and obedience will be willing and complete.

I regret that my very sudden departure on furlough has prevented my placing the whole subject before Government in as complete a form as I could have wished; but I hope that the present resumé of the results of eight months' working of the department will not be altogether without value.

From S. JACOB, Esq., Assistant Secretary to the Government of India, Department of Finance and Commerce, to the Chief Secretary to Government, dated Simla, 25th October 1880, No. 3393.

In continuation of letter in the Public Works Department, No. 303 A.G., dated 3rd July 1880, conveying sanction to the arrangements proposed by the Government of Madras for the audit, accounting, and inspection of Local Funds Accounts, I am directed to inquire whether His Grace the Governor in Council has any objection to the appointment of the Examiner of Public Works Accounts at Madras to be Ex-officio Deputy Accountant-General for Local Funds Accounts. This arrangement would render unnecessary the appointment of an additional Examiner for the work connected with Local Funds Accounts. With the two Deputy Examiners attached to his office the Examiner should be able to undertake this work and carry out inspections concurrently with those of the Public Works Department Accounts—Imperial and Provincial. In his position of Deputy Accountant-General the Examiner could also undertake, if required, the audit of all miscellaneous Local Fund outlay in addition to that of Public Works Local Fund Accounts.

No. 565 [Board's G.O., Register No. 1159].

Referred to the Board of Revenue for remarks.

(Signed) C. D. MACLEAN,
Under Secretary.

To the Board of Revenue.

By the foregoing endorsement a letter, dated 19th February 1881, from the Accountant-General, suggesting certain modifications of the scheme laid down by Government* for the audit of Local Fund Accounts, is referred for the remarks of the Board.

* G.O., dated 22nd March 1880, No. 609.

2. The modifications proposed relate to—

(*a.*) The District Audit.
(*b.*) The duties of the Inspector and Auditor.
(*c.*) The work of the Central Office.

3. With regard to the District Audit (*a*) it is suggested that, subject to veto by the President of a Local Fund Board, the appointment of Auditors employed in the districts should rest with the Accountant-General; but in the event of a difference of opinion between these officers a reference be made to the Revenue Board; such Auditors when appointed to be under the control of the Accountant-General, but removable from office upon the request of the President. They should be of two classes, drawing salaries of from Rs. 75 to 100 and Rs. 60 to 85 a month respectively; one Auditor being allotted to each district, after preliminary training in the Central Office.

4. The proposal as to the duties of the Inspector and Auditor (*b*) is to do away with the limitation placed upon his work by paragraph 6 of the order quoted above,

and instead of restricting his duties to "inspection solely" to require him to review as Auditor every voucher and account.

5. Regarding the Central Office (*c*) it is proposed that the work therein be restricted to compilation; the "scrutiny mainly of a financial character," prescribed in paragraph 6 of the Government Order, being limited to watching that the total expenditure under each head does not exceed the budget grant.

6. Regarding these proposals the Board observe that, although the first (*a*) involves the withdrawal from Presidents of all responsibility in the matter of audit and is thus opposed to the general tenor of the order of Government under reference, the principle advocated by the Accountant-General, that an Audit Establishment should be independent of the officer responsible for expenditure of funds, is undoubtedly sound; and as Section 28 of the Local Fund Act empowers the Government to appoint officers to inspect and superintend the operations of Local Fund Boards, there would seem to be no objection to the delegation, under Section 71 of the Act, of that power in the present case to the Accountant-General. But in the event of this plan being adopted the Board would make the control over the establishment by the Accountant-General complete and would allow no division of authority between that officer and the President such as Mr. Tupp contemplates. Any such dual control would necessarily render the scheme unworkable. The classification as regards pay of the District Auditors appears suitable.

7. The proposals regarding the duties of the Inspector and Auditor (*b*) have the Board's approval; but they would go further and recommend that, with a view to insuring the status of the Auditor's Assistants, their number be reduced from three (as provided in the Government Order—foot-note to paragraph 6) to two, each drawing a salary of Rs. 250 a-month. This would entail no additional expense, and yet would secure a travelling staff sufficient for the inspection of every district at least once a year. The Board understand that this arrangement would be acceptable to the present Accountant-General.

8. In the event of the above proposals being approved by Government, the Board would have no ground for objecting to the suggestions as to the nature of the work to be performed by the Central Office (*c*).

9. The Board approve the suggested alteration in the official designation of the Accountant-General's Assistants for Local Fund work for the reasons given at paragraph 14 of Mr. Tupp's letter, and also the procedure for deciding doubtful cases indicated at paragraph 15.

10. Referring to paragraphs 16 and 17, the Board concur with the Accountant-General in the opinion that it is far better, in the interest of the work to be done, that he should be assisted by an officer of his own department rather than by one of the Public Works Department over whom his control would of necessity be less complete.

(True Copies and Extract.)

(Signed) E. GIBSON,
Acting Secretary.

From H. F. CLOGSTOUN, Esq., Officiating Accountant-General, to the Chief Secretary to Government, dated Fort St. George, 13th August 1881, *No. L.F.D.* 1079 [*Current No.* 2127].

With reference to your Under Secretary's Official Memorandum, dated the 2nd instant, I have the honor to state that no change was proposed to be made in this office letter No. Local Fund Department 641, dated 19th February 1881, in the mode of *accounting* for Local Funds expenditure. The accounts will continue as hitherto to be kept by Local Fund clerks working in the offices of the Collectors. The work of auditing these accounts is now carried on by Auditors appointed by the Presidents in communication with the Inspector of Local Fund Accounts and the Accountant-General under the sanction conveyed in paragraph 6 of G.O., No. 609, dated 22nd March

1880, and working in the offices of the Presidents. The audit in this office is at present one simply of a financial character, that is to say it is limited to ascertaining that (1) the balances under each minor fund agree with the total balance in the Treasury; (2) that the budget sanctions are not exceeded under any head of account; and (3) that, as far as can be ascertained without actually examining vouchers, the receipts and expenditure are correctly apportioned between the several funds. The audit by vouchers in this office, which was an audit precisely similar to that previously carried out of the same vouchers in the President's Office, has been discontinued since the 1st April last, under the sanction accorded in G.O., No. 2072, dated 6th November 1880, Financial, and in lieu of this audit in the Central Office it is proposed in paragraph 10 of my predecessor's letter, dated 19th February, that the audit in the Presidents' Offices shall be *reviewed* by the Auditor and Inspector of Local Fund Accounts or by one of his graded Assistants. This duty of reviewing the district audit, which it is proposed to impose on the Inspectors in addition to their duty of inspecting the Presidents' Offices, will involve no increase of expenditure whatever, except perhaps in the matter of travelling allowance as explained in paragraphs 11 and 13 of the letter above quoted.

2. As regards the remark that "the plan of a District Audit Establishment instead of a Central Establishment at head-quarters for making a final audit appears to be opposed to all theory of ordinary financial administration," I have the honor to point out that the audit was localized mainly under the orders of Government; but that I have no reason to doubt that with proper inspection by the Local Fund Auditor and his Assistants a local audit may be made as thoroughly efficient as one conducted in this office under the supervision of the Inspector. In Bengal the audit of the accounts of the District Road Fund is performed by a body of Members of the Committee, three I think in number, so that the scheme of audit proposed for the Local Funds of this Presidency is not without precedent.

3. In point of cost I have no doubt that an audit in the Central Office would be somewhat cheaper than that now carried on in the districts, inasmuch as perhaps fifteen men in this office could perform the work which is now performed by not less than twenty men in the districts (*one*, say in each of twenty districts), but it is a question for Government to decide whether the extra expenditure involved by the system of district audit is counterbalanced by the advantages obtained by making the audit a local one.

ORDER THEREON, 20th October 1881, No. 2021.

The papers above recorded relate to certain proposals made by the Accountant-General to revise the scheme of audit of Local Fund Accounts adopted by G.O., dated 22nd March 1880, No. 609. The proposals are, in the main, concurred in by the Board of Revenue.

2. Under the proposed system the district audit that now takes place will be accepted as final, the local operations being reviewed by the Inspector of Local Fund Accounts and the Accountant-General. As essential to the well-working of this plan, it is proposed to place under the Accountant-General directly all the District Auditors, of whom there should be only one for each district, and to confer on him the power of appointing them. The Board of Revenue suggest, with the concurrence, it would seem, of the present Accountant-General, that the Assistant Inspectors of Local Fund Accounts shall be reduced from three to two. These proposals will result in considerable economy of Local Funds. The Government, concurring with the Board of Revenue in approving these changes, sanction them, and direct that the percentage charge to Local Funds be revised accordingly.

3. The changes now authorized are briefly enumerated below:—

(*a.*) The District Auditors to be entirely subordinate to the Accountant-General and the officers under him, and not to the Presidents.

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(*b.*) The duties of the Inspector and Auditor and his Assistants to consist of the revision of the primary audit by District Auditors.

(*c.*) The Central Office to be relieved of all audit and restricted to compilation and financial review.

(*d.*) The District Auditors to be of two grades, the first on salaries ranging from Rs. 75 to 100, and the second from Rs. 60 to 85; one Auditor to be appointed to each district.

(*e.*) The "Auditor and Inspector" to be in future styled "Inspector of Local Fund Accounts," and his Assistants, "Assistant Inspectors." The latter to be two in number on salary of Rs. 250 each per mensem.

4. With reference to the concluding paragraph of the Board's Proceedings, the Government are of opinion, judging by the light of past experience, that the services of a Public Works Examiner are not essential for the purpose intended, as the estimates for works are professionally checked by the Public Works Department, and the expenditure must be accounted for in accordance with the estimate, to ensure which it is unnecessary to have the further advice of an officer of that department; while it is very important to maintain the principle of a single audit for all branches of Local Fund expenditure.

5. A special report upon the working of the system will be submitted by the Board of Revenue and the Accountant-General after a year's experience of it.

6. Copy of these Proceedings will be sent to the Government of India in continuation of the letter to that Government, dated 5th August 1881, No. 1425.

(True Extract.)

R. DAVIDSON,
Chief Secretary.

To the Board of Revenue.
" Accountant-General.

No. 2021 A.

Copy to the Government of India, Department of Finance and Commerce.

R. DAVIDSON,
Chief Secretary.

Exd. T. O'Connor.

Govt. of [1881] Madras.

FINANCIAL.

THE BOARD OF REVENUE,

&c., &c., &c.

ted October, 20th.

d. Encl.

G.O., 20th October 1881, No. 2021.

OCTOBER.

cal Funds—Accounts.—The proposed revision
scheme of audit of Local Fund Accounts
oned.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

2021/2021A
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I regret that my very sudden departure on furlough has prevented my placing the whole subject before Government in as complete a form as I could have wished; but I hope that the present resumé of the results of eight months' working of the department will not be altogether without value.

From S. JACOB, Esq., Assistant Secretary to the Government of India, Department of Finance and Commerce, to the Chief Secretary to Government, dated Simla, 25th October 1880, No. 3393.

In continuation of letter in the Public Works Department, No. 303 A.G., dated 3rd July 1880, conveying sanction to the arrangements proposed by the Government of Madras for the audit, accounting, and inspection of Local Funds Accounts, I am directed to inquire whether His Grace the Governor in Council has any objection to the appointment of the Examiner of Public Works Accounts at Madras to be Ex-officio Deputy Accountant-General for Local Funds Accounts. This arrangement would render unnecessary the appointment of an additional Examiner for the work connected with Local Funds Accounts. With the two Deputy Examiners attached to his office the Examiner should be able to undertake this work and carry out inspections concurrently with those of the Public Works Department Accounts—Imperial and Provincial. In his position of Deputy Accountant-General the Examiner could also undertake, if required, the audit of all miscellaneous Local Fund outlay in addition to that of Public Works Local Fund Accounts.

No. 565 [Board's G.O., Register No. 1159].

Referred to the Board of Revenue for remarks.

(Signed) C. D. MACLEAN,
Under Secretary.

To the Board of Revenue.

By the foregoing endorsement a letter, dated 19th February 1881, from the Accountant-General, suggesting certain modifications of the scheme laid down by Government* for the audit of Local Fund Accounts, is referred for the remarks of the Board.

* G.O., dated 22nd March 1880, No. 609.

2. The modifications proposed relate to—

(*a.*) The District Audit.
(*b.*) The duties of the Inspector and Auditor.
(*c.*) The work of the Central Office.

3. With regard to the District Audit (*a*) it is suggested that, subject to veto by the President of a Local Fund Board, the appointment of Auditors employed in the districts should rest with the Accountant-General; but in the event of a difference of opinion between these officers a reference be made to the Revenue Board; such Auditors when appointed to be under the control of the Accountant-General, but removable from office upon the request of the President. They should be of two classes, drawing salaries of from Rs. 75 to 100 and Rs. 60 to 85 a month respectively; one Auditor being allotted to each district, after preliminary training in the Central Office.

4. The proposal as to the duties of the Inspector and Auditor (*b*) is to do away with the limitation placed upon his work by paragraph 6 of the order quoted above,

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and instead of restricting his duties to "inspection solely" to require him to review as Auditor every voucher and account.

5. Regarding the Central Office (*c*) it is proposed that the work therein be restricted to compilation; the "scrutiny mainly of a financial character," prescribed in paragraph 6 of the Government Order, being limited to watching that the total expenditure under each head does not exceed the budget grant.

6. Regarding these proposals the Board observe that, although the first (*a*) involves the withdrawal from Presidents of all responsibility in the matter of audit and is thus opposed to the general tenor of the order of Government under reference, the principle advocated by the Accountant-General, that an Audit Establishment should be independent of the officer responsible for expenditure of funds, is undoubtedly sound; and as Section 28 of the Local Fund Act empowers the Government to appoint officers to inspect and superintend the operations of Local Fund Boards, there would seem to be no objection to the delegation, under Section 71 of the Act, of that power in the present case to the Accountant-General. But in the event of this plan being adopted the Board would make the control over the establishment by the Accountant-General complete and would allow no division of authority between that officer and the President such as Mr. Tupp contemplates. Any such dual control would necessarily render the scheme unworkable. The classification as regards pay of the District Auditors appears suitable.

7. The proposals regarding the duties of the Inspector and Auditor (*b*) have the Board's approval; but they would go further and recommend that, with a view to insuring the status of the Auditor's Assistants, their number be reduced from three (as provided in the Government Order—foot-note to paragraph 6) to two, each drawing a salary of Rs. 250 a-month. This would entail no additional expense, and yet would secure a travelling staff sufficient for the inspection of every district at least once a year. The Board understand that this arrangement would be acceptable to the present Accountant-General.

8. In the event of the above proposals being approved by Government, the Board would have no ground for objecting to the suggestions as to the nature of the work to be performed by the Central Office (*c*).

9. The Board approve the suggested alteration in the official designation of the Accountant-General's Assistants for Local Fund work for the reasons given at paragraph 14 of Mr. Tupp's letter, and also the procedure for deciding doubtful cases indicated at paragraph 15.

10. Referring to paragraphs 16 and 17, the Board concur with the Accountant-General in the opinion that it is far better, in the interest of the work to be done, that he should be assisted by an officer of his own department rather than by one of the Public Works Department over whom his control would of necessity be less complete.

(True Copies and Extract.)

(Signed) E. GIBSON,
Acting Secretary.

From H. F. CLOGSTOUN, Esq., Officiating Accountant-General, to the Chief Secretary to Government, dated Fort St. George, 13th August 1881, *No. L.F.D.* 1079 [*Current No.* 2127].

With reference to your Under Secretary's Official Memorandum, dated the 2nd instant, I have the honor to state that no change was proposed to be made in this office letter No. Local Fund Department 641, dated 19th February 1881, in the mode of *accounting* for Local Funds expenditure. The accounts will continue as hitherto to be kept by Local Fund clerks working in the offices of the Collectors. The work of auditing these accounts is now carried on by Auditors appointed by the Presidents in communication with the Inspector of Local Fund Accounts and the Accountant-General under the sanction conveyed in paragraph 6 of G.O., No. 609, dated 22nd March

1880, and working in the offices of the Presidents. The audit in this office is at present one simply of a financial character, that is to say it is limited to ascertaining that (1) the balances under each minor fund agree with the total balance in the Treasury; (2) that the budget sanctions are not exceeded under any head of account; and (3) that, as far as can be ascertained without actually examining vouchers, the receipts and expenditure are correctly apportioned between the several funds. The audit by vouchers in this office, which was an audit precisely similar to that previously carried out of the same vouchers in the President's Office, has been discontinued since the 1st April last, under the sanction accorded in G.O., No. 2072, dated 6th November 1880, Financial, and in lieu of this audit in the Central Office it is proposed in paragraph 10 of my predecessor's letter, dated 19th February, that the audit in the Presidents' Offices shall be *reviewed* by the Auditor and Inspector of Local Fund Accounts or by one of his graded Assistants. This duty of reviewing the district audit, which it is proposed to impose on the Inspectors in addition to their duty of inspecting the Presidents' Offices, will involve no increase of expenditure whatever, except perhaps in the matter of travelling allowance as explained in paragraphs 11 and 13 of the letter above quoted.

2. As regards the remark that "the plan of a District Audit Establishment instead of a Central Establishment at head-quarters for making a final audit appears to be opposed to all theory of ordinary financial administration," I have the honor to point out that the audit was localized mainly under the orders of Government; but that I have no reason to doubt that with proper inspection by the Local Fund Auditor and his Assistants a local audit may be made as thoroughly efficient as one conducted in this office under the supervision of the Inspector. In Bengal the audit of the accounts of the District Road Fund is performed by a body of Members of the Committee, three I think in number, so that the scheme of audit proposed for the Local Funds of this Presidency is not without precedent.

3. In point of cost I have no doubt that an audit in the Central Office would be somewhat cheaper than that now carried on in the districts, inasmuch as perhaps fifteen men in this office could perform the work which is now performed by not less than twenty men in the districts (*one*, say in each of twenty districts), but it is a question for Government to decide whether the extra expenditure involved by the system of district audit is counterbalanced by the advantages obtained by making the audit a local one.

ORDER THEREON, 20th October 1881, No. 2021.

The papers above recorded relate to certain proposals made by the Accountant-General to revise the scheme of audit of Local Fund Accounts adopted by G.C., dated 22nd March 1880, No. 609. The proposals are, in the main, concurred in by the Board of Revenue.

2. Under the proposed system the district audit that now takes place will be accepted as final, the local operations being reviewed by the Inspector of Local Fund Accounts and the Accountant-General. As essential to the well-working of this plan, it is proposed to place under the Accountant-General directly all the District Auditors, of whom there should be only one for each district, and to confer on him the power of appointing them. The Board of Revenue suggest, with the concurrence, it would seem, of the present Accountant-General, that the Assistant Inspectors of Local Fund Accounts shall be reduced from three to two. These proposals will result in considerable economy of Local Funds. The Government, concurring with the Board of Revenue in approving these changes, sanction them, and direct that the percentage charge to Local Funds be revised accordingly.

3. The changes now authorized are briefly enumerated below:—

(*a.*) The District Auditors to be entirely subordinate to the Accountant-General and the officers under him, and not to the Presidents.

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(*b.*) The duties of the Inspector and Auditor and his Assistants to consist of the revision of the primary audit by District Auditors.

(*c.*) The Central Office to be relieved of all audit and restricted to compilation and financial review.

(*d.*) The District Auditors to be of two grades, the first on salaries ranging from Rs. 75 to 100, and the second from Rs. 60 to 85; one Auditor to be appointed to each district.

(*e.*) The "Auditor and Inspector" to be in future styled "Inspector of Local Fund Accounts," and his Assistants, "Assistant Inspectors." The latter to be two in number on salary of Rs. 250 each per mensem.

4. With reference to the concluding paragraph of the Board's Proceedings, the Government are of opinion, judging by the light of past experience, that the services of a Public Works Examiner are not essential for the purpose intended, as the estimates for works are professionally checked by the Public Works Department, and the expenditure must be accounted for in accordance with the estimate, to ensure which it is unnecessary to have the further advice of an officer of that department; while it is very important to maintain the principle of a single audit for all branches of Local Fund expenditure.

5. A special report upon the working of the system will be submitted by the Board of Revenue and the Accountant-General after a year's experience of it.

6. Copy of these Proceedings will be sent to the Government of India in continuation of the letter to that Government, dated 5th August 1881, No. 1425.

(True Extract.)

R. DAVIDSON,
Chief Secretary.

To the Board of Revenue.
" Accountant-General.

No. 2021-A.

Copy to the Government of India, Department of Finance and Commerce.

R. DAVIDSON,
Chief Secretary.

Exd. T. O'Connor,

Govt. of [1881] Madras.

FINANCIAL.

To

THE BOARD OF REVENUE,

&c., &c., &c.

Dated October, 20th.

Issued

Encl.

Read.

G.O., 20th October 1881, No. 2021— 2021-A

OCTOBER.

Local Funds—Accounts.—The proposed revision of the scheme of audit of Local Fund Accounts, sanctioned.

Financial DEPARTMENT.

No. 2878.

From the Government of India,
Finance & Commerce, dated
25th October/80, No. 3393.

Original Letter sent to the Board of Revenue + forwarded in theirs Proc. dy 17/5/81 No. 862.

2021/2021A
/81

FOR ORDERS.

It is submitted that the proposal of the Govt of India strike at the root of the system proposed to be inaugurated by G.O. 22nd March/80, No. 609, which contemplates a complete audit of Local Fund accounts by the general Account department as distinguished from the pure P. W.

Accounts

account department.
The arrangements were within the powers of this Govt as defined in Act XXI of 1871 - vide section 32 - The restrictions sought to be imposed by the Govt of India argue ignorance of those powers and the present proposal of the Govt of India is a practical reversion to the objectionable system which it was thought expedient to abandon. The Ex officio Deputy Accountant General to the Govt of P.W. Accts will not be so much under the control of the Accountant General as the officer proposed in G.O. 22nd March 80.

It is submitted therefore that

Secretary
Major Trail says
he can't do this
unless the system
that has been noticed
by the Accountant
General is changed.
Dept. audit for
all L.T. accts.
Efficiency + not
economy was the object
aimed at by the change
of system. The technical
check has not been
secured by the change
a few for the
Inventions of the

that copy of G.O. 11th Aug. 1880, be furnished to the Government of India and that they be informed that this Government are not in favor of the present proposal as it involves a reversion to the old state of things which this Govt have resolved on abandoning on mature consideration and in virtue of the powers conferred on them by Madras Act IV of 1871.

25/III/80

Separate statistics in
A/C office - but
I don't think this of so
much importance for the
Local inspections.

The statistics would
have to be submitted
check of the audit of
Local Funds by the
Insp. Genl of

FOR ORDERS.

No. 2878

112

to Hon'ble member
in charge

Lm
22.1.81

C30.1 Rec'd 1/
R7-1881

Wks. No. 67.]

Office of the Examiner, P. W. Accounts,

Chepák, 21st Jany 1881.

My dear Sir

Jn 21 / Jn 21A / K 11

With reference to your question as to whether I could undertake the work of auditor of Local Funds Accounts in addition to my usual duties, I have to state that, if it is intended to revert to the arrangement for the audit of the P. W. Local Funds Subsidiary which existed last year, with the same establishment & rules, the work could be executed by this Office.

If however it is intended that

21A

the Examiner Wks should
audit all the Charges both
Public Wks & Miscellaneous
under civil Rules, which I
understand vary with each
District at the discretion of
the L.F. Boards, I do not
consider that the audit could
be satisfactorily undertaken
by the Examiner in addition
to his usual duties -

The records of this Office together
with the information supplied
by the Accountant General
makes it very questionable

2021/2021A
8/12

whether any thing has been
gained in the way of Economy
by the Changes ordered in the
Early part of last year; while
it appears that the highly
professional check which was
before available is now to
a great extent lost, Consequently
if any change is contemplated
in the present arrangements
as regards Local Fund Works
I may perhaps be allowed
to suggest that the matter should
be discussed with the Secretary

Yr faithfully
D. H. Frail

No 208

2021/2021A
9/13

Official Memo.

The undersigned is directed to request that the Accountant General will be so good as to state precisely what agency he is now employing for the audit & inspection of Local Fund accounts and District audit.

Cm

1.2.81.

1st February/81

To

The Accountant General.

Financial

C No 2878

Memo.

No. 208

Dated 1st Feby 1881

Local Fund
Departts.

No. 470/623

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10 14

301/81

Fort Saint George
Accountt. Genls Office
5 February 1881.

From

The Accountant General
to the Government of Madras.

To

The Chief Secretary
to Government
Financial Department.

Sir,

In reply to your Official memorandum No: 208, dated the 1st. February 1881, I have the honor to enclose two statements showing—

(1) the Establishment employed in this office for the audit and inspection of Local Fund Accounts.—

(2) the Establishment employed by Collectors in various districts for the local audit of the same accounts.—

2. It will be seen from Statement No 1 that the total monthly charge for the Central Office of Audit is Rs. 2107, of which Rs. 458 represents the pay of the clerks previously attached to the Accountant General's Office for Local Fund work and paid out of those funds, and Rs. 1649 represents the pay of the new Establishment entertained under

the

the Orders of Government No 609 of 22d of March 1880. — Out of this Rs 1,649, Rs 750 is the salary of the Auditor and Inspector who is a Gazetted Officer. —

3. When the audit is changed from a detailed to a Financial one, as it will be on the 1st of April under Orders of Government No 2072 of 6th November 1880, it will probably be possible to dispense with the services of the following clerks —

1	3rd Class	at 60	= 60
1	4th Class	at 30	= 30
3	5th Class	at 25	= 75.
		Total	165.

thereby reducing the total monthly charge from Rs 2107 to Rupees 1942. —

I have the honor to be
Sir,
Your obedient Servant.

A. Cotterell Tupp
Offg. Accountant General. —

Copy

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Statement of Establishments entertained by Collectors for the District Audit of Local Funds Accounts.

Districts	Names	Designation	Pay	Total
Ganjam	Nil			
Vizagapatam	B. Appala Narasayya	Head Auditor	40	
	Ch. Venkata Rao Panthulu	2d do	35	
	Ch. Sanayasiah	3d do	20.	95.
Godavari	T. C. Krishnamurty Chetti	Clerk	55.	
	K. Narasimhan	do	25	
	V. Gopal Rao	do	15	
	V. Ramarazu	do	15	110.
Kistna	K. Ramakrishnabramham	Auditor	70.	
	K. Muktheswara Rao	Asst do	25.	
	K. Sita Ramaswami	do	15	
Nellore	Charles A Brito	Auditor	70	
Cuddapah	T. Gurumurthiah	Head Auditor	60	
	A. Vincatasubbiah	2d do	25	
	M. Sastriah	3d do	18	
	Dawood Khan	Attender	7.	110
Bellary	B. Muniswami Pillay	Auditor	50	
	C. Ramachary	2d do	30.	
	R. Narasimhulu naidu	3d	25.	105
Kurnool	S. Narasinga Rao	1st Auditor	35.	
	N. Bhima Rao	2d do	25.	60
Chingleput	V. Appadorai Mudali	Auditor	50.	
	N. Balaji Rao	Asst do	25	75
North Arcot	Kristnaswami Mudali	Auditor	60.	
	Venkatasawmi naidu	Asst do	25	
	Gopamla Kistna Pillay	do	18.	
	Mariappiah	Attender	7.	110
		Carried Over —		640

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Districts.	Names.	Designation	Pay.	Total.
		Brought forward.		845
South Arcot	Nil			
Tanjore	T. V. Vemba Villa	1st Clerk	25	
	T. Srinivasa Chariar	2d do	25	50. ✓
Trichinopoly	Nil			
Madura	K. Rama Rao	Chief Auditor	70.	
	M. V. Govinda Rao	Asst do	25.	
	Samavier	do	15.	110. ✓
Tinnevelly	R. Vasudeva Rao	Auditor	60.	60. ✓
Combatore	T. Vencoba Rao	Chief Auditor	45.	
	R. S. Vasudeva Rao	2d do	30.	
	S. Venkat Rao	3d do	20.	
	S. B. [illegible]	4th do	15.	
				110. ✓
Nilgiris	Vidialingum Pillai	Ag Auditor	50	50
Salem	B. Narrain [illegible]		50	
	B. Arthu Villa		35	
	C. Kuppuswami	do	25	
		Moochie	10.	110. ✓
South Canara	Mr. C. R. Rao	Auditor	70.	
	T. Sadashiva Rao	2d Clerk	25	
	A. J. Mascarinhas	3d do	15.	110. ✓
Malabar	S. Venkatasawami	Syn Auditor	60.	
	K. Govindan	Asst do	30.	
	V. Kuttuswami	do	20.	
				110. ✓
		Monthly Total	1553	✓ In Malabar a Fine on 8 Rs per Mensem has been substituted in lieu of the sanction which has been disallowed by Government and by this Office.
			12	
		Annual Total	18660	✓

Audit Office
Accountant General's Office
February 1881.

Contd 1/4

C Vertheil Kupp
Offg Accountant General.

Central Office

Present Establishment			New Establishment entertained under para 10 of G.O. No 609 dated 22nd March 1880		Old or Previously existing Establishment		Remarks
Designation	Grade	Pay	Names	Pay	Names	Pay	
1	2	3	4	5	6	7	
Auditor & Inspector of Local Fund Accounts		750	R. C. Chapman Esqr.	750			
1st Assistant		275	Mr. A. K. Hunt	275			
2nd Do.		125	C. Subba Ramayya Avl.	125			
3rd Do.		100	Mr. H. Buchan	100			
Clerk	II class	115			M. V. Viraswami Chetti	115	
Do.	Do.	90	S. Sethiapathi Pillai	90			
Do.	III Do.	60	G. Perumalatha Mudali	60			
Do.	Do.	60	S. Subra Manya Ayyar B.A.B.C.	60			
Do.	Do.	60	S. Krishnaswami Ayyangar B.A.	60			
Do.	Do.	60			C. Ananthayya Nayadu	60	
Do.	IV Do.	50	M. K. Munuyesa Mudali	50			
Do.	Do.	43			S. Sri Ramulu Chetti	43	
Do.	Do.	30	V. Rambayya Nayadu	30			
Do.	Do.	30			K. Vira Raghavulu Nayadu	30	
Do.	V. Do.	25			A. Bashyam Nayadu	25	
Do.	Do.	25			K. Gattu Rayulu Nayadu	25	
Do.	Do.	25			C. Raja Gopala Mudali	25	
Do.	Do.	25			S. Krishnaswami Mudali	25	
Do.	Do.	25			V. Kunnara Swami Mudali	25	
Do.	Do.	25			S. Rangavelu Mudali	25	
Do.	Do.	25	Mr. R. Crispe	25			
Do.	Do.	25			M. Subba Ramayya	25	
Do.	Do.	25			Mr. S. Burr	25	
Do.	Do.	25			M. Gunnuruthi	10	
Attender		10					
Do.		10	S. Gurusawmy	10			
Khow		7	Inadan Singh	7 *			* Sanctioned in G.O. No. 2373 dated 24th December 1880.
Do.		7	V. Jagan Nayakulu	7			
Total Cost	Monthly	2107 12		Monthly	1649 12	Monthly	458 12
	Annual	25,284		Annual	19,788	Annual	5496

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Fort Saint George, Accountant General's Office, February 1881

C. J. Sotheron Esqr.
Offg. Accountant General

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18 19

R&V 2878/80

4/8/80 Rs 1652. G. & Civil
10 " " 1560 " "
15/9/80 Rs 1791 " "
29/4/80 Rs 893 " Mis
22/3/80 Rs 609 " "
6/4/80 Rs 2092 " Ord

R.D.
7 FEB 81
First (1881) Department
(A.F. Accounts)

From

The Accountant General
Madras.

To

The Chief Secretary to Government
Financial Department
Fort St George

No. 623 /Enc: 2/

Dated 5th February 1881
Received 7

No: 301

Forwards two statements shewing the Cost of Audit Establishment at the Central office and the other in the Districts & States and that a reduction of Rs 165 per annum can possibly be effected from April 1881 when the audit at the Central office is changed into a Financial one.

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20
Financial Department.

No. 2878 of 1880
301 of 1881

From

the G. of Mad. no 25 Oct/80 no. 3393
regarding the Offr to the Examiner of P.W.
Accts. as ex-officio Dpty. Accountant General
for local Fund accounts

" R. G. dated 5 Feb. 1881, no. 623,
furnishing information regarding cost of audit
establishment at the central office, & the
districts.

FOR ORDERS.

Mr. D.

Mr. Palmer, the present
Asst Accountant. The
Accountant General is
diffident of recommending
Mr. Chapman for the
confirmed post.

10.2.81

Mr. D.

I think we had better
ask G.S. that Major
Hill should consider
whether he could undertake
the Office. Secondary
audit of the Work of the
L.F. Acct. from the
Districts (& it is I think
Subsidiary Returns. combined
& it seems is just what
audit. Ask Auditor) in

in addn. to his own P.W. Rents
work.

Sir. add that if there
is any difficulty in
allotting a 2d Grade 2d
Cl. Exam[r]. P.W.R. dept.
for this work. as contemplated
by the Rd. of 22d March
80. he will endeavour
to make the arrangts
on the lines of the
Limpg arrangts. Vz. have
in hand here adopted
by the Auditor. since
these Rds. as soon
as possible it may be
desirable, whether the
P.W. [must] check is in dispute
in assessing as the
Estimates for d. J. wks
are checked by the
technical depart[t] in

2021/2021A
1721

detail of items of the
audit of expenditure
than as under the
Estimate.

Did he want the
detail of Sr. Estabt. &
the Contgn. Incident
as. this may not be
Lucas said Sr. Lucas
to audit. His Contract
Pier Estabt. has been
limited. it appears
from it that he is not
spending any thing
approaching the Estabt
to be estimated for the
L.J. & M.J. are
being charged third
quarters of the Estabt
to be over charging
them largely. This
shd be looked into.

Estabt like Lucas Pattern

Sir. not know enquiries
done from the Rd. of March
80. & Letters I omit
summarise. Rather over
Estimate of future cost
possible under the inclusive
form in addn. to the previously
existing Estabt. Rich Wt.
Giffard d.o. Low this has.
of Retrenchment. then the
present Expenditure is in
excess of new Estabt. but
the former Cost in the Estabt.
Estabt. office is saved.
Orders not to supervise the

in addn. to his own P.W. Rec's work.

Sol. asked that if there is any difficulty in allotting a 2nd grade 2nd Cl. Exam^r. P.W.D. dept. for this work. as contemplated by the Rd. of 22nd March 80. he will indicate briefly the arrangts on the lines of the temporary arrangts. Govt. have hitherto adopted by the Municipn. since these Rds. as soon as considn. it may be desirable, whether the P.W. Dept. check is in addition to the Estimates prd. J. W's are checked by the technical dept^t.

2021/2021A
1872

detail pictures of the audit of expenditure to be met from the annual Estimate.

Did not want the detail of Dist. Salaries &c. the Municipn. Incident as. this may not be fully. Exam. said Dr. Lisboa's establishment. His Central Pres. Estab^t. was started hurried. It appears from it that he is not expending any thing approaching what is to be estimated for the L.F. & M.F. are being charged third quarters of the Estt. he can over charging them largely. This will be looked into.

Sel. like to know whether

This will know more quite clear from the Rd. of March 80. & Lenfers I don't remember whether our Estimate of future are to be included & be inclusive for in addn. to the previous existing Estab^t. Each Dist. Engr. &c. has this has. of the Municipn. then the present Expend^r is in excess of our Estt. but the former Cost in the P.W.D. Office is saved. & does not appear in the

Local Funds Deptt.

No. L.F.D. / 641

Fort Saint George
Accountt Generals Office
19th February 1881.

From The Accountant General
to the Government of Madras.

To The Chief Secretary
to Government
Financial Department.
Fort Saint George.

2721/2721A
18
22

Sir,

With reference to paras 5, 6 & 10 of G.O. 609 dated 22nd March 1880, I have the honor to suggest for the favorable consideration of His Excellency the Governor in Council the following modifications of the scheme therein laid down for the audit of the accounts of Local Funds under Act III of 1871.

2. These suggestions are respectfully offered as being the outcome of some 8 months consideration and partial trial of that scheme.

3. I propose adopting the new system of audit, as detailed in my letter No 1184 dated 28th September 1880 and approved of in G.O. No 2072 dated 6th November 80, fully, from the commencement of the ensuing official year.

Hence, the present time would seem to be specially suitable for the introduction of any modifications which the Government may agree with me in thinking desirable.

4. The changes I would propose relate,

I

I. to the arrangents for the district audit.

II. to the duties of the Inspector & Auditor.

III. to the nature of the work in the Central office.

5. I. First, then, in regard to "the arrangements for the district audit" I would suggest as follows:—

(1.) The appointment of the auditors in each district should rest with the Accountant General and would ordinarily be made by the Inspector & not with the President; the President, however, having a veto on any appointment to which he reasonably objected. Where the Accountant General and the President differ in opinion, the matter should be referred to the Board of Revenue for decision. This is essential because the Auditor is held "directly responsible for the audit of the accounts" as provided for in the scheme, while he could not fairly be considered responsible for the work of employés of whom he knows nothing. In my opinion there will never be a really efficient audit without this is done. It is contrary to all principles of auditing that the auditor should be appointed by and be the servant of the officer whose accounts it is his duty to audit.

6. Further, the Accountant General should have the power of transferring the district auditors from district to district, at his discretion. He alone, it may fairly be assumed, would be in a position to determine the requirements of the several offices in the matter of audit; but it should be well understood that in all these matters the Accountant General and the Inspector are to work cordially with the Collector and to consult as far as possible the latter's wishes and convenience.

7. (2) The district auditors should consist of two classes, a higher and a lower, on pay of Rs. 75 to 100 & Rs 60 to 85 respectively. The former would be allotted to the heavy, the latter to the light districts. There should be but one Auditor attached to each President's office.

The auditor should undergo a three months training in the Central office and should pass an examination before being appointed to a district.

8. I am of opinion that one efficient man would ordinarily be well able to conduct the primary audit of the entire Local Fund Accounts of a District. Transfers would, of course, only be made between those districts in which the same language was spoken.

The Auditors would be answerable for their work to the Accountant General through the Inspector and not to the President: but they would be removable at any time at the request of the President.

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IX 23

9. Under this system the auditors would be the representatives of the Inspector and the Accountant General though of course to some extent subordinate to the President. They would perform the detailed audit of the vouchers and compare the vouchers with the accounts just as is done in the Treasury Account branch of my office.

10. II. As regards "the duties of the Inspector" his work should, I think, partake, in a large measure "of the nature of an audit" & not be confined to inspection only.

The scheme lays down that he shall be confined to inspection only; this leaves the entire audit to mere clerks and is, I am sure, undesirable. I consider that the Inspector's duty should amount at least to a review of the work of the District auditors, and that the audit of every voucher and every account should be reviewed by the Inspr or by one of his graded Apistants—

11. The Districts should be distributed between the Inspector and his three Apistants: each district should come in turn under the review of the Inspector and no District should remain more than a year under any one of the Apistants.

The work of review would be so arranged for, that all the accounts for the whole year would, at one time or another, come under the Scrutiny of the Inspector or his Apistants, all of whom would be employed in this work. 2020/20217 20 24

The district audit would thus be final and not as at present only primary.

12. III. The work of the Central office.

This would thus be restricted to Compilation. The utility of any audit short of a detailed one in the Central office does not appear to me obvious. & the "financial audit" which the scheme provides for might well be conducted in the Districts, the accounts of each circle after having been duly audited by the district auditor (but of course not compiled by him but by the Treasury Accountants, as at present,) would be sent to the Central office to be posted into the detailed Books and thence incorporated into the Government Accounts—

A final financial audit would still take place in the Central office, but it would be confined to seeing that the actual expenditure did not exceed the total budget grants under each head of account.

13. The above modifications, if carried out, would result in round numbers in the following savings upon the annual cost of the entire Audit Establishment as recently estimated for

Under Central Office — Rs 7000 ✓
" District Audit Estt — Rs. 6,000. ✓
Total Rs. 13,000

This does not allow for the extra charge under travelling allowance which would necessarily result from the proposed change in the duties of two of the Assistant Inspectors

Experience alone can enable me to estimate this with any degree of accuracy but I see no reason to anticipate its being very considerable and should consider that Rs 3000 a year would cover it

I therefore think that the proposals which I now make would result in a net saving of about Rs 10,000 per annum.

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14. I would suggest that the Inspector and Auditor be called Inspector of Local Fund Accounts only and his three Assistants — Assistant Inspectors: this would prevent any confusion in nomenclature between the District Auditors and those of the Central Office.

15. With regard to retrenchments and other cases where a conflict of opinion might occur, the course I would suggest is, that the District Auditor should suggest to the President the procedure which he considers correct; if the President differs from the Auditor, the matter should be laid before the Inspector. If the President still maintains his own view, the point should be referred in succession to the Accountant General, the Board of Revenue

and the Government, whose orders would of course be final.-

16. With regard to the question of whether the audit of Local Fund Accounts should be superintended by an Inspector appointed from among the Officers of the Financial Department, or by the Examiner of Public Works Accounts acting as an ex officio Deputy Accountant General, (as proposed in the letter of the Government of India № 3393 dated the 25th October 1880), I am very strongly of opinion that, if any responsibility at all is to be left to the Accountant General, he should be aided by an Officer of his own Department, who will be practically and absolutely subordinate to him, and not by an Officer of another Department (particularly one of the rank of an Examiner of Public Works Accounts) whose subordination would be merely nominal, and whose whole training and position would unfit him to be an assistant to an Officer of little higher rank than himself, and one with whom he is often thrown into antagonism in other portions of his duties.-

R. № 2878/82

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17. If it be desired that the Inspector of Local Fund Accounts should be a Public Works Officer, then he should be a Deputy Examiner, and should be placed entirely under the orders and control of the Examiner of Public Works Accounts, the Accountant General being relieved of all responsibility in the matter. If on the other hand it be desired that the Accountant General's responsibility should be maintained, it will be only just to him to give him, as an Assistant, an Officer trained in his own Department, whose ideas are not likely to clash with his, and whose subordination and obedience will be willing and complete.-

I

I regret that my very sudden departure on furlough has prevented my placing the whole subject before Government in as complete a form as I could have wished; but I hope that the present resumé of the results of 8 months working of the Department will not be altogether without value.—

I have the honor to be,
Sir,
Your most obed.t Servt.
S. Forrest Supp.t
Off.g Accountant General.

Financial Department.

No. 2878- 301+443.

From the Government of India
Finance & Commerce, dated
25th October 1880. No. 3393

" " Accountant-General, Madras,
dt 5th & 19th February 1881.
Nos. 623 & 641.

2021/202/A
28 27

FOR ORDERS.

I much regret that the last office-paper "For Orders" has been mislaid. It contained a note by the Honorable Mr. Hudleston on 2878 and 301, the substance of which he will probably remember. 443 has now come in, and the three papers are for consideration.

12.3.81

My reluctance is that I proposed to do so that Major Trotter should take up the complete audit of L.F. Accts in addition to his own duties. But that difficulty has been overcome that the services of a Pay. Sy. are not assigned for one purpose or

copied by [illegible]

the books of the
are perfunctorily
checked by the P.W.D
& the Superintendent
he accounts for - is
decorded with the
Cash & Imprest
Cash held in
P.W.O. While we
agree it is useful to
maintain the Imp
cash of a single
digit for each branch,
of L.7-8 funds
However that
Acctgn. has sent
in the Statements
I think it would

Folio of 2021/2021A
Ref: 2-18 of the
for their remarks
before we audit
the S.D.

In Serial order on 663.

Entered

Referred to [illegible]
& Revenue for remarks.

18.3.87

Audit of Local Fund Accounts

2021/2021A
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FOR ORDERS.

No 2878-2021A

22/2/80 Re. 609.
4/4/80 Re. 2072.
7/4/80 Re. 2330.
R. Re. 2878/80.

Fin. (881) Department
(A. & A. Accts.)

From
The Accountant General
Madras.

R. D.
22 FEB 81

To
The Chief Secretary to Government,
Financial Department
Fort St. George.

No. 565

Referred to the Board
of Revenue for remarks.

for Secretary
Under Secretary

2-3

To the Board of Revenue.

No. 641

Dated 19th February 1881
Received 23

No. 443

Subject

Submits modified proposals for the scheme for the audit of Accounts of Local Funds under Act IV of 1871.—

With Enclosures

NOTE.—This paper should be returned with reply, and should not be marked in any way by the 21 MAR 81 receiving office.

CURRENT No. 1288.

2021/2024A
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No. 862.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 17th May 1881.

Read the following papers:—

From A. C. TUPP, Esq., Officiating Accountant-General, Madras, to the Hon. R. DAVIDSON, C.S.I., Chief Secretary to Government, Financial Department, dated Fort St. George, 5th February 1881, No. 623-L.F.D.

IN reply to your Official Memorandum, No. 208, dated the 1st February 1881, I have the honor to enclose two statements showing—

(1.) The establishment employed in this office for the audit and inspection of Local Fund Accounts.

(2.) The establishment employed by Collectors in various districts for the local audit of the same accounts.

2. It will be seen from Statement No. 1 that the total monthly charge for the Central Office of Audit is Rs. 2,107, of which Rs. 458 represents the pay of the Clerks previously attached to the Accountant-General's Office for Local Fund work and paid out of these funds, and Rs. 1,649 represents the pay of the new establishment entertained under the orders of Government, No. 609, of 22nd of March 1880. Out of this Rs. 1,649, Rs. 750 is the salary of the Auditor and Inspector, who is a gazetted officer.

3. When the audit is changed from a detailed to a financial one, as it will be on the 1st of April under orders of Government, No. 2,072, of 6th November 1880, it will probably be possible to dispense with the services of the following Clerks:—

		Rs.
One third class, at Rs. 60	... ...	60
One fourth class, at Rs. 30	... ...	30
Three fifth class, at Rs. 25	... ...	75
	Total ...	165

thereby reducing the total monthly charge from Rs. 2,107 to Rs. 1,942.

DISPOSED OF
5 AUG 81
BY G.O. No.
DISPOSED OF
20 OCT 81
BY G.O. No.

ENCLOSURE No. 1.

Central Office.

Present Establishment.			New Establishment entertained under paragraph 10 of G.O., No. 609, dated 22nd March 1880.		Old or Previously-existing Establishment.		Remarks.
Designation.	Grade.	Pay.	Names.	Pay.	Names.	Pay.	
1	2	3	4	5	6	7	8
		RS.		RS.		RS.	
Auditor and Inspector of Local Fund Accounts.	...	750	R. C. Chapman, Esq., ...	750			
1st Assistant	...	275	Mr. A. H. Hart	275			
2nd do.	...	125	C. Subba Ramayya, M.A.	125			
3rd do.	...	100	Mr. H. Buchan	100			
Clerk	II Class...	115	.....	...	A. V. S. Viraswami Chetti ...	115	
Do.	Do. ...	90	S. Sithapathi Pillai	90			
Do.	III Class.	60	G. Porumainatha Mudali	60			
Do.	Do. ...	60	S. Subramaniya Aiyar, B.A. & B.C...	60			
Do.	Do. ...	60	T. Krishnaswami Aiyangar, B.A. ...	60			
Do.	Do. ...	60	.....	...	D. Ananthayya Nayadu	60	
Do.	IV Class..	50	M. K. Murugesa Mudali	50			
Do.	Do. ...	43	.....	...	S. Sri Ramulu Chetti	43	
Do.	Do. ...	30	P. Thambayya Naidu	30			
Do.	Do. ...	30	.....	...	K. Vira Raghavulu Naidu ...	30	
Do.	V Class...	25	.....	...	A. Bashiyam Naidu	25	
Do.	Do. ...	25	.....	...	K. Yathi Rajulu Naidu	25	
Do.	Do. ...	25	.....	...	C. Raja Gopala Mudali	25	
Do.	Do. ...	25	.....	...	P. Krishtnasawmi Mudali	25	
Do.	Do. ...	25	.....	...	V. Kumaraswmi Mudali	25	
Do.	Do. ...	25	.....	...	P. Thangavelu Mudali	25	
Do.	Do. ...	25	Mr. R. Cripps	25			
			.....	...	M. Subba Ramayya	25	
			.....	...	Mr. S. Burr...	25	
Attender	...	10	.....	...	M. Gurumurthi	10	
Do.	...	10	P. Guruswami	*10			
Peon	...	7	Madan Singh	* 7			
Do.	...	7	V. Jagan Nayakulu	* 7			* Sanctioned in G.O., No. 2,373, dated 24th Dec. 1880.
Total Cost Monthly ...		2,107	Monthly ...	1,649	Monthly ...	458	
		12		12		12	
Annual ...		25,284	Annual ...	19,788	Annual ...	5,496	

FORT ST. GEORGE,
— February 1881.

(Signed) A. C. TUPP,
Offg. Accountant-General.

25,284
18,660
43,944

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ENCLOSURE No. 2.

STATEMENT of Establishments entertained by Collectors for the District Audit of Local Funds Accounts.

Districts.	Names.	Designation.	Pay	Total.
			RS.	RS.
Ganjam	Nil	.....	...	...
Vizagapatam ...	B. Appala Narasayya ...	Head Auditor ...	40	
	Ch. Venkata Rao Panthulu ...	2nd do. ...	35	
	Ch. Sanayasiah	3rd do. ...	20	
				95
Godávari	T. O. Krishnamurty Chetti ...	Clerk	55	
	K. Narasiman	Do.	25	
	P. Gopal Rao	Do.	15	
	V. Kamaraz	Do.	15	
				110
Kistna	K. Ramakristnabramham ...	Auditor	70	
	K. Muketswara Rao	Assistant Auditor...	25	
	K. Sita Ramaswami	Do. ...	15	
				110
Nellore	Charles Brito	Auditor	70	
				70
Cuddapah ...	T. Gurumurthiah	Head Auditor ...	60	
	A. Vencatasoobiah	2nd do. ...	25	
	M. Sashiah	3rd do. ...	18	
	Davood Khan	Attender	7	
				110
Bellary	B. Muniswami Pillay	Auditor	50	
	C. Ramacharry	2nd Auditor ...	30	
	R. Narasimulu Naidu... ...	3rd do. ...	25	
				105
Kurnool	S. Narasinga Rao	1st do. ...	35	
	Bhema Rao	2nd do. ...	25	
				60
Chingleput ...	Y. Appadorai Mudali ...	Auditor	50	
	N. Balaji Rao	Assistant Auditor...	25	
				75
North Arcot ...	Kristnaswami Mudali	Auditor	60	
	Vencatasawmi Naidu	Assistant Auditor .	25	
	Gopaula Kistna Pillay ...	Do. ...	18	
	Mariappah	Attender	7	
				110
South Arcot ...	Nil	.....	...	
Tanjore	T. V. Vembu Pillay	1st Clerk	25	
	T. Srinivasa Chariar	2nd do.	25	
				50
Trichinopoly ...	Nil	.....	...	
Madura	K. Rama Rao	Chief Auditor ...	70	
	M. N. Govinda Rao	Assistant Auditor ..	25	
	Samavier	Do. ...	15	
				110
Tinnevelly ...	R. Vasudeva Rao	Auditor	60	
				60
Coimbatore ...	T. Vencoba Rao	Chief Auditor ...	45	
	R. S. Vasudeva Rao	2nd do. ...	30	
	S. Vencat Rao...	3rd do. ...	20	
	S. R. Govindasamiah	4th do. ...	15	
				110
Nilgiris	Vidialingum Pillay	Acting Auditor ...	50	
				50

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Statement of Establishments entertained by Collectors for the District Audit of Local Funds Accounts—(*Continued*).

Districts.	Names.	Designation.	Pay.	Total.
			RS.	RS.
Salem	R. Narrain Rao	Auditor	50	
	O. Sundara Rao	Assistant Auditor...	25	
	B. Anthu Pillay	Do. ...	25	
	C. Kuppuswamiah	Moochi	10	
				110
South Canara ...	Mr. C. R. Ray	Auditor	70	
	T. Sadashiva Rao	2nd Clerk	25	
	A. J. Mascarinhas	3rd do.	15	
				110
Malabar	S. Vencataswami Iyer... ...	Auditor	60	
	K. Govinden	Assistant Auditor...	30	
	V. Kistnasawmi	Do. ...	20	
				110
		Monthly Total ...	...	1,555
				12
		Annual Total ...	...	18,660

In Malabar, a Peon on Rs. 8 per mensem has been entertained in excess of the sanction which has been disallowed by Government and by this office.

FORT ST. GEORGE,
— February 1881.

(Signed) A. C. TUPP,
Offg. Accountant-General.

From A. C. TUPP, Esq., Officiating Accountant-General, Madras, to the Hon. R. DAVIDSON, C.S.I., Chief Secretary to Government, Financial Department, dated Fort St. George, 19th February 1881, No.L.F.D. 641.

WITH reference to paragraphs 5, 6, and 10 of G.O., No. 609, dated 22nd March 1880, I have the honor to suggest, for the favorable consideration of his Excellency the Governor in Council, the following modifications of the scheme therein laid down for the audit of the accounts of Local Funds under Act IV of 1871.

2. These suggestions are respectfully offered as being the outcome of some eight months' consideration and partial trial of that scheme.

3. I propose adopting the new system of audit, as detailed in my letter, No. 1,184, dated 28th September 1880, and approved of in G.O., No. 2,072, dated 6th November 1880, *fully*, from the commencement of the ensuing official year. Hence the present time would seem to be specially suitable for the introduction of any modifications which the Government may agree with me in thinking desirable.

4. The changes I would propose relate —

I.—To the arrangements for the District Audit.
II.—To the duties of the Inspector and Auditor.
III.—To the nature of the work in the Central Office.

5. I.—*First, then, in regard to "the arrangements for the District Audit,"* I would suggest as follows :—

(1.) The appointment of the Auditors in each district should *rest* with the Accountant-General and would ordinarily be *made* by the Inspector and not with the President; the President, however, having a veto on any appointment to which he reasonably objected. Where the Accountant-General and the President differ in opinion, the matter should be referred to the Board of Revenue for decision. This is essential, because the Auditor is held "directly responsible for the audit of the accounts" as

provided for in the scheme, while he could not fairly be considered responsible for the work of employés of whom he knows nothing. In my opinion there will never be a really efficient audit without this is done. It is contrary to all principles of auditing that the Auditor should be appointed by and be the servant of the officer whose accounts it is his duty to audit.

6. Further, the Accountant-General should have the power of transferring the District Auditors from district to district at his discretion. He alone, it may fairly be assumed, would be in a position to determine the requirements of the several offices in the matter of audit; but it should be well understood that in all these matters the Accountant-General and the Inspector are to work cordially with the *Collector* and to consult, as far as possible, the latter's wishes and convenience.

7. (2.) The District Auditors should consist of two classes, a higher and a lower, on pay of Rs. 75 to 100 and Rs. 60 to 85 respectively. The former would be allotted to the heavy, the latter to the light districts. There should be but one Auditor attached to each President's office. The Auditor should undergo a three months' training in the Central Office and should pass an examination before being appointed to a district.

8. I am of opinion that *one* efficient man would ordinarily be well able to conduct the primary audit of the entire Local Fund accounts of a district. Transfers would, of course, only be made between those districts in which the same language was spoken.

The Auditors would be answerable for their work to the Accountant-General through the Inspector and not to the President, but they would be removable at any time at the request of the President.

9. Under this system the Auditors would be the representatives of the Inspector and the Accountant-General, though of course to some extent subordinate to the President. They would perform the detailed audit of the vouchers and compare the vouchers with the accounts just as is done in the Treasury Account Branch of my office.

10. II.—As regards "*the duties of the Inspector*" his work *should*, I think, partake in a large measure "of the nature of an audit" and not be confined to inspection only.

The scheme lays down that he shall be confined to inspection only; this leaves the entire audit to mere Clerks and is, I am sure, undesirable. I consider that the Inspector's duty should amount at least to a *review* of the work of the District Auditors, and that the audit of *every* voucher and every account should be reviewed by the Inspector or by one of his graded Assistants.

11. The districts should be distributed between the Inspector and his three Assistants: each district should come in turn under the review of the Inspector, and no district should remain more than a year under any one of the Assistants.

The work of review would be so arranged for that all the accounts for the whole year would, at one time or another, come under the scrutiny of the Inspector or his Assistants, *all* of whom would be employed in this work.

The district audit would thus be *final* and not as at present only *primary*.

12. III.—*The work of the Central Office.*—This would thus be restricted to *compilation*. The utility of any audit short of a detailed one in the Central Office does not appear to me obvious, and the "financial audit" which the scheme provides for might well be conducted in the districts, the accounts of each Circle after having been duly audited by the District Auditor (but of course not compiled by him, but by the Treasury Accountants as at present) would be sent to the Central Office to be posted into the Detail books and thence incorporated into the Government Accounts.

A final financial audit would still take place in the Central Office, but it would be confined to seeing that the actual expenditure did not exceed the total budget grants under each head of account.

13. The above modifications if carried out would result in round numbers in the following savings upon the annual cost of the entire audit establishment as recently estimated for:—

	Rs.
Under Central Office	7,000
„ District Audit Establishment	6,000
Total ...	13,000

This does not allow for the extra charge under travelling allowance, which would necessarily result from the proposed change in the duties of two of the Assistant Inspectors.

Experience alone can enable me to estimate this with any degree of accuracy, but I see no reason to anticipate its being very considerable and should consider that Rs. 3,000 a year would cover it; I therefore think that the proposals which I now make would result in a net saving of about Rs. 10,000 per annum.

14. I would suggest that the Inspector and Auditor be called Inspector of Local Fund Accounts only and his three Assistants, Assistant Inspectors; this would prevent any confusion in nomenclature between the District Auditors and those of the Central Office.

15. With regard to retrenchments and other cases where a conflict of opinion might occur the course I would suggest is, that the District Auditor should suggest to the President the procedure which he considers correct; if the President differs from the Auditor, the matter should be laid before the Inspector. If the President still maintains his own view, the point should be referred in succession to the Accountant-General, the Board of Revenue, and the Government, whose orders would of course be final.

16. With regard to the question of whether the audit of Local Fund accounts should be superintended by an Inspector appointed from among the officers of the Financial Department, or by the Examiner of Public Works Accounts acting as an Ex-officio Deputy Accountant-General (as proposed in the letter of the Government of India, No. 3,393, dated the 25th October 1880), I am very strongly of opinion that, if any responsibility at all is to be left to the Accountant-General, he should be aided by an officer of his own department, who will be practically and absolutely subordinate to him, and not by an officer of another department (particularly one of the rank of an Examiner of Public Works Accounts) whose subordination would be merely nominal, and whose whole training and position would unfit him to be an Assistant to an officer of little higher rank than himself, and one with whom he is often thrown into antagonism in other portions of his duties.

17. If it be desired that the Inspector of Local Fund Accounts should be a Public Works Officer, then he should be a Deputy Examiner, and should be placed entirely under the orders and control of the Examiner of Public Works Accounts, the Accountant-General being relieved of all responsibility in the matter. If on the other hand it be desired that the Accountant-General's responsibility should be maintained, it will be only just to him to give him, as an Assistant, an officer trained in his own department, whose ideas are not likely to clash with his, and whose subordination and obedience will be willing and complete.

I regret that my very sudden departure on furlough has prevented my placing the whole subject before Government in as complete a form as I could have wished; but I hope that the present résumé of the results of eight months' working of the department will not be altogether without value.

From S. JACOB, Esq., Assistant Secretary to the Government of India, Department of Finance and Commerce, to the Hon. R. DAVIDSON, C.S.I., Chief Secretary to the Government of Madras, dated Simla, 25th October 1880, No. 3,393.

In continuation of letter in the Public Works Department, No. 303-A.G., dated 3rd July 1880, conveying sanction to the arrangements proposed by the Government of Madras for the audit, accounting, and inspection of Local Funds accounts, I am directed to inquire whether His Grace the Governor in Council has any objection to the appointment of the Examiner of Public Works Accounts at Madras to be Ex-officio Deputy Accountant-General for Local Funds accounts. This arrangement would render unnecessary the appointment of an additional Examiner for the work connected with Local Funds accounts. With the two Deputy Examiners attached to his office the Examiner should be able to undertake this work and carry out inspections concurrently with those of the Public Works Department accounts—Imperial and Provincial. In his position of Deputy Accountant-General the Examiner could also undertake, if required, the audit of all miscellaneous Local Fund outlay in addition to that of Public Works Local Fund accounts.

No. 565 [Board's G.O., Register No. 1,159].

REFERRED to the Board of Revenue for remarks.

(Signed) C. D. MACLEAN,
Under Secretary.

To the Board of Revenue.

BY the foregoing endorsement a letter, dated 19th February 1881, from the Accountant-General, suggesting certain modifications of the scheme laid down by Government* for the audit of Local Fund accounts, is referred for the remarks of the Board.

* G.O., dated 22nd March 1880, No. 609.

2. The modifications proposed relate to—

(*a.*) The District Audit.
(*b.*) The duties of the Inspector and Auditor.
(*c.*) The work of the Central Office.

3. With regard to the District Audit (*a*) it is suggested that, subject to veto by the President of a Local Fund Board, the appointment of Auditors employed in the districts should rest with the Accountant-General; but in the event of a difference of opinion between these officers a reference be made to the Revenue Board; such Auditors when appointed to be under the control of the Accountant-General, but removable from office upon the request of the President. They should be of two classes, drawing salaries of from Rs. 75 to 100 and Rs. 60 to 85 a month respectively; one Auditor being allotted to each district, after preliminary training in the Central Office.

4. The proposal as to the duties of the Inspector and Auditor (*b*) is to do away with the limitation placed upon his work by paragraph 6 of the Order quoted above, and instead of restricting his duties to "inspection solely" to require him to review as Auditor every voucher and account.

5. Regarding the Central Office (*c*) it is proposed that the work therein be restricted to compilation; the "scrutiny mainly of a financial character," prescribed in paragraph 6 of the Government Order, being limited to watching that the total expenditure under each head do not exceed the budget grant.

6. Regarding these proposals the Board observe that, although the first (*a*) involves the withdrawal from Presidents of all responsibility in the matter of audit and is thus opposed to the general tenor of the order of Government under reference,

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30 34

the principle advocated by the Accountant-General, that an Audit Establishment should be independent of the officer responsible for expenditure of funds, is undoubtedly sound; and as Section 28 of the Local Fund Act empowers the Government to appoint officers to inspect and superintend the operations of Local Fund Boards, there would seem to be no objection to the delegation, under Section 71 of the Act, of that power in the present case to the Accountant-General. But in the event of this plan being adopted the Board would make the control over the establishment by the Accountant-General complete and would allow no division of authority between that officer and the President such as Mr. Tupp contemplates. Any such dual control would necessarily render the scheme unworkable. The classification as regards pay of the District Auditors appears suitable.

7. The proposals regarding the duties of the Inspector and Auditor (*b*) have the Board's approval; but they would go further and recommend that, with a view to insuring the status of the Auditor's Assistants, their number be reduced from three (as provided in the Government Order—foot-note to paragraph 6) to two, each drawing a salary of Rs. 250 a month. This would entail no additional expense, and yet would secure a travelling staff sufficient for the inspection of every district at least once a year. The Board understand that this arrangement would be acceptable to the present Accountant-General.

8. In the event of the above proposals being approved by Government the Board would have no ground for objecting to the suggestions as to the nature of the work to be performed by the Central Office (*c*).

9. The Board approve the suggested alteration in the official designation of the Accountant-General's Assistants for Local Fund work for the reasons given at paragraph 14 of Mr. Tupp's letter, and also the procedure for deciding doubtful cases indicated at paragraph 15.

10. Referring to paragraphs 16 and 17, the Board concur with the Accountant-General in the opinion that it is far better, in the interest of the work to be done, that he should be assisted by an officer of his own department rather than by one of the Public Works Department over whom his control would of necessity be less complete.

(True Copies and Extract.)

Acting Secretary.

To the Chief Secretary to Government, Financial Department,
with original letter and enclosures returned.

Copy to the Accountant-General.

Exd. A. Grubert, and J. Tulloch.

609 – 22 – 3 – 00 Jud
673 – 29 – 4 – 00 Bnd 1-434 1-4-00
to 1677 13 17 – 15 – 7 – 00
1552 – 11 – 0 – 00
1560 – 13 – 8 – 00
1791 – 15 – 9 – 00
2072 – 6 – 11 – 00 ord
2138 – 17 – 11 – 00
1554 – 11 – 0 – 00
1830 – 22 – 9 – 00
1200 – 22 – 6 – 00
1219 – 16 – 7 – 00

Jud (1881.) Dept
(Genl Accts)

Board of Revenue,
MADRAS.

To

THE CHIEF SECY. TO GOVT.,
FINANCIAL DEPARTMENT.

CURRENT No. 1288.

Dated May 17th.

Printed th.

Received June 1st /81

PROCEEDINGS, 17TH MAY 1881, No. 862.

Cy 30-5-81 ens

MAY.

No. 862.

Audit of Local Fund Accounts.—Submitting remarks on letter from Accountant-General suggesting certain modifications of the scheme laid down by Government for —.

F DEPARTMENT.

No.

From Govt of India d 25 Oct 80 no 3393

Rr. Board d Rev. d 17 May 81 no 862

2021/20211A
35

FOR ORDERS.

In view of the changes in Local Fund adm: deemed necessary on the assumption of the connection of the P.W.D with the execution of Civil Works, rules were laid down in Govt. 22nd March 80 609 F relating to

I The Control & custody of the Funds,

II The audit & Inspection of the accounts, &

III The scrutiny of plans estimates

The papers under consideration

I think G.I. should at once be told that the Govt. should undertake the complete audit & inspection of L.F.A. & that after expiration of the provisional arrangements for the purpose

relate to the Audit, or accounts head.

The G.o. quoted, as explained by the subsequent G.o. of 6th Nov/80 No 2072, directed the adoption of the following system.

There was to be a final audit in the office of the Auts Genl; and a primary audit in office of the Presidency under the supervision of the A.G.

— The Govt having a Local Fund Dept under an "Auditor & Inspector of L.F. Accounts", who will be an Exd I.C.S. Accts put at disposal of Financial Dept & directly under the A.G. This office to be directly responsible for audit & inspection of all L.F. accts — aided by accts — but himself to inspect, not audit, in person Presidency offices.

The Primary audit to be in the Presidency office,

— by District auditors appd by the President in communication with the Inspector & A.G.

— & to constitute all audit proper so called, i.e. comparison with vouchers &c, which none of which should be sent to Madras, but should be subject

to Govt Sanction for some time. On the whole I am disposed to withdraw the control & supervision of the L.F. Aut. Dept from the Accts Genl. & am about to adopt measures for rendering his control complete.

I then ask the Accts Genl's proposals. I am disposed to concur with the Govt in approving them in their entirety. In thus directing this adoption I wish to know how the accounting for L.F. Expenditure will be arranged in the Govt.

My impression is that at present Govt is called the "primary" audit is in fact carried out by the L.F. Accounts in the Govt — the Govt audit is contemplated by this

vide Govt. G.O. No 15 July 80
No 1677-B.W.

Accts Genl. is to be the final audit — this to commence to move by the Accounts to that advt. Estabt which will be required. & add. charges thereon L.F. Govt — This will be a living matter —

Moreover the plan of a Govt audit Estabt for final audit. is decidedly opposed to the theory of our financial administration

Govt Accounts Govt — Govt 19/2 audit of accts by a central Estabt is the

to inspection by the Inspector & Auditor

— The final or secondary audit in the Govt is to be mainly of a "financial character" i.e. only the accounts strictly so called to be sent to Madras for compilation & incorporation in the Govt accts &c.

The Govt of India in sanctioning the scheme made it a condition, inter alia, that the L.F. Auditor & Inspector to be appd shd remain on the list of Examiners under the Govt of India.

The Govt in G.O. 11 Augt 80 no 1582 FD however pointed out that India's instructions were obviously given under a misconception as to that arrangements for account & audit were by law in the hands of the Govt-Govt.

Meantime that portion of the instructions contained in the G.O. of 22 March relating to the appt of an Inspr from the Govt Genl's Dept establishment, had not been carried out, owing to the services of such an officer not being available; and down to the present time

an officer of the Financial Dept has been doing the work.

Subsequently in letter d. 15 Oct./80 the Govt of India suggested that the Exv. of P.W. Audit ab maximo cht be made ex officio Dy A.G. for Local Fund Accts, thus rendering unnecessary an additional appt.

Major Trail in reply to a Qy stated - that he cd undertake the work, if conducted on the old rules as to D.P.W. audit, & if it was restricted to works; - but not if Miscellaneous (i.e. all expenditure other than works) were included.

Meanwhile Mr Tupp, in a letter dated 19 Feb. /81 No 641 made certain independent suggestions regarding modifications, which trial & experience showed to be desirable, in the Audit scheme of March.

The Board's remarks thereon were called for, & are now submitted in Proc. dated 7 May 81, No. 862.

The Board generally approve Mr Tupp's modifications.

Enclosed and I imagine. Under the Qy. February can be carried on with more cost than the old system. We work I think it is open to grave objection on

dated 21 Jan. 81

Scom of Expenditure 2 the L. Govt.

For the Explan. 3 Lus Letter to Govt. by P.M. Inv. Expy & G.I. at once.

[illegible]

Mr. It was evidently under that the Board's remarks on the Govt letter of Oct. : but this has not been done distinctly: but it

2. Arrangements for district audit
3. Duties of the "Inspector Auditor"
4. Work of the Central Office.

These proposals affect

(1) Arrangements for district Audit have in substance as follows:

1. The appointment of district auditors to rest with A.G., & the ordinary mode of the Inspr + Auditor, not of the Resident, because (1) Auditor is responsible + (2), as Board remark, the principle that audit cht be conducted by an independent official is sound. 2021/2021/7 37

2. Dist. Auditors to be divided into two classes (a) 75 to 100 Rs. (b) Rs. 60 to 85 with a 2 ms. probationary training in the A.G.'s Office. The Board approve.

3. That Tupp wd give Resident a veto on appt of a Dist. Auditor &c. But Board would, if responsibility of audit is to be withdrawn from Residents, make the audit establ. entirely independt of the Resident, & under secs. 28 & 71 of Act IV of 71 wd empower the A.G. to inspect "or superintend the operations of the Boards.

The above proposals are opposed to the principle laid down in para 4 of the Govt. of 22 March 81 that the Resident "will be responsible for

the manner in which the accounts are ~~audited~~ kept & locally audited. On the other hand independent financial control of the D.G. is perfectly familiar to collectors; but the district auditor wd. invariably have to bring to notice errors or mistakes ~~of management~~ through the auditgeneral. That (dist. audit) Official, being independent, could not even, without risk, make (Govt) suggestions to the President. There wd. therefore be a certain amount of delay which wd sometimes prove, to say the least, highly inconvenient. But it may be that the benefits obtained of the independence of the audit will be considered to counterbalance this disadvantage. Mr Tupp para 15, & the Board para 9 think the auditor may safely suggest to the Head. - but Quaere!

B. The second point relates to the duties of the Inspector & Auditor.

By the L.O. of March his duty on tour was to consist entirely in inspection work in Audit. Mr Tupp & the Board wd. modify this, & impose on him & his asstg the review of the audit of every voucher & rect. The Board wd allow 2 asstg on Rs 250 each. The work wd be so arranged

For An instance of the difficulties that may arise in this connection vide Corr. 17 Nov 80 no 2133

2021/2021A
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that the acct. for the whole year wd come under the review of the Insp. or one of his asstg.

This wd ensure the district audit being in every sense final.

(V) The work of the Central Office. The above modifications wd reduce the work here to mere sorting & incorporation into the Insp. audit. - the only financial audit consisting in comparing (& seeing) that actual expenditure did not exceed total budget grants under each head.

2021/2021A
38

Mr. Tupp then calculates that his proposals would involve a saving of Rs 10,000 per annum on the sanctioned estimate of Rs 72,300 Rs 58,100.

The present actual cost is shown in Mr Tupp's letter of 2nd Feb/81 to be

Central Office Rs 25,284 but 15,296 of this belongs to the old Police & will be excluded from the comparison

Distr Audit 18,666

43,944

It is further suggested that the name of Inspecting Auditor is hereby altered to Inspecting

Mr Tupp strongly urges
with reference to the letter from
Govt 2nd Instn of 25th Oct. so that
the Inspector be an Officer of
the Fin. Dept. Govt on Exp. 1876.
The Board concur: & indeed
their first proposal was to
this effect (vide Sec. Pro. B.R.
1276/80 dated 21 Aug in Ctr. 22 Nov.)

The questions now for con-
sideration are

1st Whether Mr Tupp's modification
of the Audit scheme, as sup-
ported by the Board, are to be
sanctioned, or

2nd With reference to the
letter from Govt of India supporting
appt of Engr as Insp Offrs Dept.
for Ld. Audt. &c. it is
submitted that India be told
that we dont see reasons
for the suggestion
adopt 1st because the Govt is unable
to undertake the work, & 2nd because
on reconsideration Govt are of opinion
that an Officer of the F.D. is more
suitable.

FOR ORDERS.

2nd Submitted yes - with the
exception that the appointment
of Auditors shd rest in the Resi-
dents & not in the Accountant
General. However sound the Govt
contention may be on this point
compliance with wd certainly
lead to clashing & squabbles in
the Residents Office and as the
provision for Inspection by the
Inspector & his Assistants is
amply sufficient to check any
irregularities if occur unde-
sirable to set up an indepen-
dent Dept in the Residents
own Office.

[illegible]

[illegible]

{OFFICIAL MEMORANDUM.
~~ENDORSED ORDER.~~
~~TELEGRAM.~~}

[Office-copy.]

20211 | 93 3114
39

No. of

The Under Secretary to Govt. is
directed to request that the Accountant
Genl Govt will be good enough to state
how the Accounts for Local Fund
Expenditure could be arranged in
the districts of the system sketched
in his letter dated 19th February
1881. If I.L.F.B. 641 be adopted. It
is presumed that what is called
the "primary audit" is in fact
carried out by the Local Fund Ac-
countants in the districts, and
that for the District Audit which
is to be the final Audit and
Appellate establishment there will
an increased charge on Local Funds
will become necessary. The plan

also of a District Audit Establishment instead of a central establishment at Head Quarters for making a final audit appears to be opposed to all theory of ordinary financial administration. The Accountant General however requested to shew whether his scheme can be carried out without more cost than the ordinary system would involve as any increase of expense to Local Funds would make it open to grave objection

W 2/8/81.

To The Accountant General Delhi

2021/2021A
40

Fort Saint George
Accountant General's Office
13th August 1881

No. 1079

2/27

From
W. F. Hogestown Esqre
Offg Accountant General

To The Chief Secretary
to Government
Financial Department

Sir,

2021/2021A
40

With reference to your Under Secretary's Official Memorandum dated the 2nd instant, I have the honor to state that no change was proposed to be made in this Office letter No. Local Fund Department 641 dated 19th February 1881, in the mode of Accounting for Local Funds Expenditure.—The Accounts will continued as hitherto to be kept by Local Fund Clerks working in the Offices of the Collectors. The work of auditing these Accounts is now carried on by Auditors appointed by the Presidents in communication with the Inspector of Local Fund Accounts and the Accountant General under the sanction conveyed

conveyed in para 6 of G.O. No. 609 dated 22nd March 1880, and working in the Offices of the Presidents.- The Audit in this Office is at present one simply of a financial character, that is to say it is limited to ascertaining that (1) the balances under each Minor Fund agree with the total balance in the Treasury, (2) that the budget sanctions are not exceeded under any head of Account, and (3) that as far as can be ascertained without actually examining Vouchers, the receipts and Expenditure are correctly apportioned between the several funds. The audit by Vouchers in this Office, which was an audit precisely similar to that previously carried out of the same Vouchers in the Presidents Office has been discontinued since the 1st April last, under the sanction accorded in G.O No. 2072 dated 6th November 1880 Financial, and in lieu of this audit in the Central Office it is proposed in para 10 of my predecessor's letter dated 19th February that the audit in the Presidents Offices shall be reviewed by the Auditor and Inspector of Local Fund Accounts or by one of his graded Assistants.- This duty of reviewing the District Audit which it is proposed

20 3/2020/2021A
441/10

to impose on the Inspectors in addition to their duty of inspecting the Presidents Offices will involve no increase of Expenditure whatever except perhaps in the matter of travelling allowance as explained in paras 11 and 13 of the letter above quoted.-

2. As regards the remark that "the plan of a District Audit Establishment instead of a Central Establishment at Head Quarters for making a final audit appears to be opposed to all theory of ordinary Financial Administration", I have the honor to point out that the Audit was localized many by under the Orders of Government; but that I have no reason to doubt that with proper inspection by the Local Fund Auditor and his Assistants a local audit may be made as thoroughly efficient as one conducted in this Office under the supervision of the Inspector. In Bengal the audit of the Accounts of the District Road Fund is performed by a body of members of the Committee, three I think in number, so that the scheme of audit proposed for the Local Funds of this Presidency is not without precedent.-

3. In point of cost I have no doubt that an audit in the Central Office would be somewhat cheaper than that now carried on in the Districts inasmuch as perhaps fifteen men in this Office could perform the work which is now performed by not less than 20 men in the Districts (one, say in each of twenty Districts) but it is a question for Government to decide whether the Extra Expenditure involved by the system of District Audit is counterbalanced by the advantages obtained by making the audit a local one.

I have the honor to be,
Sir,
Your most Obedient Servt
H Maxtone
Acctt Genl

Nov 13

2222/27/2021A
4472

Local Fund (1881) Deficit
— Accts.

From

The Off. Accountant General
R. Fort Saint George

15 AUG 81

To

The Chief Secretary to
Government
Financial Department
Octacamund.

No.

Dated 13 August 81
Received 14 " 1881

Subject

Sir

I have the honor to forward herewith a Statement of the Deficit in the Local Fund Accounts for the year 1880-81, amounting to Rs. 1,42,25— as per margin.

2. The Deficit has been carefully examined by the Local Fund Auditors, and I have the honor to state that I am satisfied that the Deficit has been correctly ascertained.

3. I have the honor to request that the Deficit may be met from the Local Fund Balances.

I have &c.
Sd/-
Accountant General.

Memo for 14.25— S—R— 81.

Stores that no Charge was proposed to be made in the letter No. 645 of 1880 relating to the mode of accounting for Local Funds Expenditure.

Letter from Accountant General dated 25/8

25/8

7 DEPARTMENT.

No.

From Asstfield d. 13th Augt/81 no. 1079 L.D.

Ha24/2021A
43

FOR ORDERS.

I. In the forgoing letter the Asstfinl. now applies for the sanction of the questions raised & the answers thereto proposed in his Note of 27/7/81.

2. He states that as heretofore the Local Fund accts. will be kept & the Local Fund Audit Officers.

The new Auditors will audit these accounts; this audit being reviewed by the Inspector of L. F. Accts & his graded assistants

The final financial audit will take place in the A.G. Office.

As to cost, the A.G. admits that an audit in the Central Office will be somewhat cheaper.

[illegible] 24/5/44

being handy [illegible]
the Chief Asst. L.F. Auditor
& the Asst. Com.:

As explained to the Committee of this plan - it is proposed to place auditors to Authys. directly under the L.F. Auditors (who it is considered might be reduced to only [illegible] Branch H.Q. there being four Corps in each Army H.Q.) and that their appointments should be with him - & the Rev. Bd.

Jan 24/24 | 2nd 24/44
444

consideration can be legally done.

Under B. suggests (in which appears the present A.G. arrangement) that the Assist. Auditors of L.F. Auditors shall be withdrawn from 3 to 2.

The Board proposals like Hamilton coincide in removing of L.F.

I do not see in them a direct hint that the percentage charge to L.F. is raised accordingly.

24/5/44

27 Audit

FOR ORDERS.

GO (Fin.) 2021/81

Financial Department.

2021/2021A

115 11

PROCEEDINGS of the MADRAS GOVERNMENT.

READ the following letters:-

From the Accountant General dated 5th Feby/81
No. L.70
623 (Memorandum)

Do dated 19th Feby/81, No. L.70
641

Board's Proceedings Dated 17th May/81 No. 862

From the Accountant Genl. dated 13th Aug/81 No. L.70
1179

Order. 25th October 1881, No 2021.

The papers above recorded relate to certain proposals made by the Accountant General to revise the scheme of Audit of Local fund accounts adopted by G.O. dated 22nd March/80 No 609. The proposals are, in the main, concurred in by the Board of Revenue ~~& similar~~ important changes.

Under

Note. Should words be introduced in the Order, making the appn of the district auditors by the Acct. Genl. a tentative measure. It is not improbable that the creation of a gradi independt Office in the Secrett may, in practice, be found to work unsatisfactorily - vide Offg Chief Secy's minute on original Note for Orders.

I think Letter not to.

An avowedly tentative arrangement is

2. Under the proposed system ~~xxxxxxxxxxxx~~ ~~xxxxxxxxxxxx~~ ~~xxxxxxxxxxxx~~ ~~xxxxxxxxxxxx~~ the district audit that now takes place there will be accepted as final, the local distrust of operations being ~~mostly~~ reviewed by the Inspector of Local fund accounts and the Accountant General. As essential to the well working of this plan, it is proposed to place under the Accountant General directly all the District Auditors, of whom

Likely to indirectly causing a little overlapping between the two services primarily. But if occasion arises Govt. could transfer the system if necessary. Control of the working of the system will be required to Audit Govt. Offices after a year's experience of it.

L.K. 7/10/25

2021 | 2021A

whom there should be only one for each district, and to confer on him the power of appointing them. The Board of Revenue proposal, with the concurrence, it would seem, of the present Accountant General, that the ~~xxxxxxxxxxxx~~ of Local fund accounts shall be reduced from 3 to 2. These proposals will result in considerable economy of Local funds. The Government, concurring with the

the Board of Revenue
in approving these
changes, sanction them
and direct that the
percentage charge to
local funds be revised
accordingly.

3. The changes
now authorized are
briefly enumerated
below:-

(a) the district auditors
to be entirely subordinate
to the Accountant
General and the officers
under him, and not
to the Presidents;

(b) the duties of the
Inspector & Auditor
& his apistants to
consist of the revision
of the primary audit
by district auditors;

(c) the central office
to be relieved of all
audit and restricted
to compilation & financial
reviews.

(d) the district auditors
to be of two grades,
the first on salaries
ranging from Rs. 75
to 100, and the second
from Rs 60 to 85; and one
auditor to be appointed
to each district.

(e) the "Auditor & Inspector"
to be in future styled
"Inspector of Local Fund Accounts"
Inspector, and his
apistants - "Apistant
Inspectors"

Inspectors". The ~~Superintendent~~ latter ~~Inspectors~~ to be three in number on a salary of Rs 250 each per mensem.

3. With reference to the concluding para of the Board's Proceedings the Govt are of opinion, judging by the light of past experience, that the services of a Public Works Examiner are not essential for the purpose intended, as the estimates for works are professionally checked by the P.W.D. and

and the expenditure must be accounted for in accordance with the estimate, to ensure which it is ~~necessary~~ necessary for further advice upon this point of view that officer to have ~~P.W. Officers~~; while it is very important to maintain the principle of a single audit for all branches of G. of I. expenditure

4-5 A special report upon the working of the system will be submitted by the Board of Revenue and Govt after a year's experience of it

4.5. Copy of these Proceedings will be sent to the Government of India in continuation of the letter to that Govt dated 5th August 81 No. 1425.

To the Board of Revenue (13 with Reports of Govt pleaders and P.W.D. Secy. Genl.) despd 5/11

Boards Trans 220-30

despd 7/11

V. 2021A
Copy to the Govt of India Dept of Finance and Commerce.

Govt. of {188 } Madras

2021/2021
49

Dated
Recd. } 188 , No

Nos.

2-12-91
19-2-92
23-11-95

F. 6 No. 3622/81

Financial Department.

Local Funds
Audit

Under Disposal Docket.

Papers to be read in Proceedings:—

× No. 301 of 81
× No. 443 of 81
× No. 1288 of 81
× No. 2127 of 81

From Orders

R. R. the Journal

2021/2021A
50

2021/2021A
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3-2-06 ✓
2-12-08
16·8·11 ✓
11·7·13 ✓
12-6-15 ✓
4·11·31 B III

Govt. of Madras.
Orig

DISPD.
20 0
BY. G.

1921/2021 A

1921

A No. 362

L.F. Accounts ... proposed
revision of ... of
audit of L.F. ...
... etc.