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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Finl DEPARTMENT

G.O. No.
B.P. No.

468.

Press.
Mis.

Back No. 101-104

Dated

18. 3. 1881

17/18

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GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

18th March 1881, No. 468.

Local Funds—Engineering Establishment.

Read the following papers :—

No. 101. *Proceedings of the Board of Revenue, dated 21st September 1880, No. 1353*
[Current No. 2593].

Read the following letter from A. C. TUPP, Esq., Officiating Accountant-General, Madras, to the Chief Secretary to Government, Financial Department, dated Ootacamund, 4th September 1880, No. 1023-N :—

I have the honor to bring the following difficulty to the special notice of Government and to request the favor of early orders thereon. The question has recently arisen (in the newly-organized Local Fund Department of my office) as to what is the best manner in which Local Fund Engineers can be supplied with funds, and the choice would seem to lie between two plans which may be respectively termed the "letter of credit" and the "permanent advance" system.

2. The former system is that now in force and under it Local Fund Engineers are supplied with funds by means of letters of credit; it is similar to that which obtains in the Public Works Department, but it is not found to work well, owing to the adjustments it involves, owing to the fact that Local Fund Engineers are compelled to render separate accounts to this office, the result of the examination of which accounts must first be communicated to the Treasury Officer before he can exhibit under its proper heads the amount shown at first in one lump sum under "cheques" in his account.

3. The adjustment will thus frequently not be effected for three months after the appearance of the original entry in the treasury accounts, and the likelihood of confusion under such a system, both in this office and in the district offices, is great, and it cannot be doubted that it necessitates an amount of labor and care not called for by the latter, *i.e.*, the permanent advance system.

4. Further, it is scarcely possible, under any circumstances, to effect a complete reconciliation between the figures of the Local Fund Engineers' account and those of the Treasury Officers' account as long as a system involving payment by cheque continues in force owing to differences which arise from the balance remaining in the Local Fund Engineers' hands and from outstanding cheques, as cheques under this system are allowed to run for three months.

5. Under the permanent advance system, which is the only alternative I am able to offer for the consideration of the Government, the above difficulties would be met, but others would arise. Local Fund Engineers would be supplied with funds by means of a permanent advance varying according to the requirements of each district and which would be recouped in the ordinary manner, *i.e.*, on the submission of bills. These bills being for sums actually disbursed would be fully classified according to the heads shown in the forms of the Local Fund account, and their amounts would be embodied by the Treasury Officer in his account like those of ordinary Local Fund bills.

Local Fund Engineers would in fact, under this system, be on a footing with all other Local Fund Officers in respect of their accounts, and I think the plan recommends itself *very strongly* from an account point of view on the ground of its simplicity.

6. It presents, however, the following objections:—

(1.) It involves the grant of numerous permanent advances, some of considerable amount, which is opposed to the spirit of the orders of the Government of India on the subject of permanent advances, which were originally intended, as the Government is aware, to enable an officer to meet charges on account of petty contingencies and no expenditure on a large scale. I estimate the average permanent advance for each district at 1,500, or a total advance of Rs. 31,500 for the whole Presidency.

(2.) It does not accord with the system of Public Works accounts to which this Government has recently stated its intention of adhering as closely as possible in its organization of a Local Fund Audit Department. These objections are *marked*, but the advantages of the system, on the other hand, appear to me to be great, so much so that I think it is a question whether the system at present in force should not be replaced by the permanent advance system. It is, however, clearly necessary that the Government should decide so important a question. I therefore beg to request their orders in the matter. I would observe, in conclusion, that the two systems are not so opposed in principle as might at first sight appear. There would, it is true, always be a large sum outstanding under the permanent advance system, but it must not be forgotten that under the letter of credit system there would always be sums outstanding in the shape of imprests (advances) to subordinates and balances in the hands of the Local Fund Engineers themselves, the outstanding sum being in this case variable, whereas under the permanent advance system it is fixed and therefore ascertainable at any moment. Further, the permanent advance would be intended for distribution amongst the subordinates of the Engineer as well as for his own use, and would in its purposes thus resemble the letter of credit through which *imprests* are furnished indirectly. I have estimated the average permanent advance at Rs. 1,500, but it is possible that a considerably smaller sum may suffice; this, however, can be accurately determined only in communication with the Local Fund Engineers, to whom I propose to address a circular on the subject when I shall have received the orders of Government as to which of the two systems should be adopted.

No. 1754.

Referred to the Board of Revenue for their opinion.

OOTACAMUND,
8th September 1880.

(Signed) J. A. DAVIES,
Acting Under Secy. to Govt.

The Collectors of North Arcot, Tanjore, Chingleput, and Salem will be requested to favor the Board, at an early date, with an expression of their opinion upon the question referred by Government.

(A true Copy and Extract.)

(Signed) E. GIBSON,
Acting Sub-Secretary.

No. 102. *Proceedings of the Board of Revenue, dated 3rd February 1881, No. 167*
[Current No. 427].

Read the following letters:—

From the President of the Local Fund Boards, Salem District, dated 9th October 1880, No. 318.

From the President of the Local Fund Boards, Tanjore District, dated 27th October 1880, No. 1923.

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From the President of the Local Fund Boards, North Arcot District, dated 16th November 1880, No. 430.

From the President of the Local Fund Boards, Chingleput District, dated 19th November 1880, No. 106.

THE foregoing letters are replies from the several Presidents of Local Fund Boards to whom reference was made regarding the most suitable mode of supplying funds to Local Fund Engineers. The choice lies between what is known as the letter of credit system which obtains in the Public Works Department, and what is called the permanent advance system, which, for reasons given in his letter embodied in the Board's Proceedings under reply, the Accountant-General recommends for adoption by Local Fund Boards.

2. The Collector of Salem is opposed to the permanent advance system, which he considers would have the effect of subordinating the execution of works to the convenience of the Account Department, and he suggests that some modification in the letter of credit system might be devised which would remove existing difficulties and make it work satisfactorily.

3. The Collector of Tanjore, who writes with diffidence upon a subject regarding which he says he knows little from practical experience, would give the permanent advance system a trial, money advanced being kept in deposit at the taluk treasuries.

4. The Collector of North Arcot, while expressing his own views in favor of the permanent advance system, states that the Local Fund Engineer is opposed to it and prefers the system of letters of credit.

5. The Collector of Chingleput, after consulting the Treasury Officer and the Local Fund Engineer, whose views are diametrically opposed, recommends the retention of the letter of credit system, and suggests that the difficulty indicated in paragraph 2 of the Accountant-General's letter might be obviated by the Engineers who draw cheques, writing across them the head of account to which they should be debited.

6. The general result of these references seems therefore to show that, although considerable facilities for the purposes of auditing expenditure would be afforded by the adoption of the permanent advance system, the introduction of that system would be attended by many difficulties; that sums considerably in excess of Mr. Tupps' estimate would be required to be advanced to prevent works being constantly interrupted by delay in payment; and that whatever inconvenience from an account point of view may be experienced in the working of the existing practice of granting letters of credit, they are but small in comparison with those which would probably be felt by the executive agency should the plan recommended by the Accountant-General be adopted in its stead.

7. Referring to the question raised by Messrs. Price and Stokes, the Board request that Government will be pleased to pass orders as to the mode of communication between the Accountant-General and Local Fund Engineers. The natural channel would seem to be through the office of the President.

(True Extract.)

(Signed) E. GIBSON,
Acting Sub-Secretary.

No. 103. *Proceedings of the Board of Revenue, dated 3rd February 1881, No. 172*
[Current No. 492].

Read the following letter from A. C. TUPP, Esq., Officiating Accountant-General, to the Chief Secretary to Government, Financial Department, (through the Secretary to the Board of Revenue), dated Fort St. George, 20th January 1881, No. 72.

I have the honor to submit, for orders, the accompanying original communication from the President, Local Fund Board, Cocanada, and in doing so I beg to state that the practice of laying in a stock of materials, &c., appears to me to be objectionable on the following grounds:—

1. It is the reverse of conducive to the economy of funds. It is evident that the maintenance of stock will entail buildings or sheds for purposes of protection, and watchmen to guard the premises. Further, deterioration and loss from a variety of causes are not unlikely to result from such an arrangement.

2. It will cause complication in the system of accounts. Clerks will be required to maintain a record and render an account of issues and receipts, and a suspense head "Stock" will need to be opened in the Presidents' books.

3. I am not aware of any substantial objection to the more simple practice of purchasing materials for particular works and charging their cost directly to those works at the time of purchase.

4. I would therefore solicit the instructions of Government as to whether I am to admit such charges in the accounts of Local Fund Boards or not.

ENCLOSURE No. 1.

From W. S. FOSTER, Esq., President of the Local Fund Board, Cocanada, to the Auditor, Local Fund Accounts, Madras, dated 21st December 1880, No. 642.

Referring to your remark against Item No. 48 "Stock" on the observations of accounts of the Cocanada Circle for September last, I have the honor to forward certain papers and to explain as follows.

2. The Local Fund Engineer applied for a grant of Rs. 10,000 for "Stock" consisting of materials, &c., and the request was not granted at the meeting held on the 13th July last.

3. The Local Fund Engineer, in his letter of the 8th November 1880, No. 1208 (copy enclosed), brought the matter forward again and explained the circumstances on which his proposals were based. The subject was therefore discussed at a fuller meeting held on the 16th November last, and an allotment of Rs. 10,000 was sanctioned to cover the expenditure already incurred and to meet such charges in future pending sanctioning of the Revenue Board.

4. The nature of the transaction is simply that of permanent advance. Materials of different descriptions are bought from the grant of Rs. 10,000 above referred to and stocked together at various depôts, and when any material is taken and used for a certain work a debit will be made to that work, making also at the same time a corresponding credit to "Stock."

I beg to request your instructions as to how such transactions are to be accounted for.

ENCLOSURE No. 2.

From C. BROWN, Esq., C.E., Local Fund Engineer, Cocanada Circle, to the President of the Local Fund Boards, Godavari District, dated Cocanada, 8th November 1880, No. 1208.

In reference to your letter, No. 513, dated 29th ultimo, I have the honor to state that the Local Fund Board, at a small meeting in Rajahmundry, declined to sanction Rs. 10,000 for stock.

2. Since then it was seen that no such allotment was necessary. I then discussed the question with Mr. W. S. Foster, who approved, and the subject was also discussed and approved of at the meeting, 22nd September 1880.

3. The matter is practically a book transaction enabling us to scrutinize material transactions better than we otherwise should do.

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4. I have the honor to request that this subject may be brought up again at the next meeting for final disposal. I was quite under the impression that the matter had been already settled.

In forwarding the foregoing letter for the orders of Government, the Board observe that when in his letter, dated 23rd November 1880, the President applied for sanction to an allotment of Rs. 10,000 for the purpose to which the Accountant-General now objects, sanction was withheld* pending the consideration of the question whether "permanent advances" as a means of payment for works should be allowed. The Board have now expressed an opinion adverse† to the proposal, and they agree with the Accountant-General that the establishment of depôts is open to abuse and should be discountenanced.

(True Copies and Extract.)

(Signed) C. A. GALTON,
Secretary.

No. 104. ORDER THEREON, 18th March 1881, No. 468.

The Government agree with the Board on both the points indicated in their Proceedings, dated 3rd February 1881, No. 167.

2. This decision negatives the proposal for a particular application of the permanent advance system proposed in Board's Proceedings, dated 3rd February 1881, No. 172.

(True Extract.)

R. DAVIDSON,
Chief Secretary.

To the Board of Revenue.
Accountant-General.

Exd. E. C. Shunker.

Gobt. of (1881) Madras.

FINANCIAL.

To
THE BOARD OF REVENUE,
&c., &c., &c.

Dated March, 18th.

Issued

Recd.

Encl.

G.O., 18th March 1881, No. 468.

MARCH.
Nos. 101-104.

Local Funds—Engineering Establishment.—The Board of Revenue agreed with in their views as to the best method of supplying funds to Local Fund Engineers for Public Works expenditure and as to the mode of communication between the Accountant-General and Local Fund Engineers.

No. 1,353.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 21st September 1880.

Read the following letter from A. C. TUPP, Esq., Officiating Accountant-General, Madras, to R. DAVIDSON, Esq., Chief Secretary to Government, Financial Department, dated Ootacamund, 4th September 1880, No. 1,023-N:—

I HAVE the honor to bring the following difficulty to the special notice of Government and to request the favor of early orders thereon. The question has recently arisen (in the newly-organized Local Fund Department of my office) as to what is the best manner in which Local Fund Engineers can be supplied with funds, and the choice would seem to lie between two plans which may be respectively termed the "Letter of Credit" and the "Permanent Advance" System.

2. The former system is that now in force and under it Local Fund Engineers are supplied with funds by means of Letters of Credit; it is similar to that which obtains in the Public Works Department, but it is not found to work well, owing to the adjustments it involves, owing to the fact that Local Fund Engineers are compelled to render separate accounts to this office, the result of the examination of which accounts must first be communicated to the Treasury Officer before he can exhibit under its proper heads the amount shown at first in one lump sum under "Cheques" in his account.

3. The adjustment will thus frequently not be effected for three months after the appearance of the original entry in the Treasury accounts, and the likelihood of confusion under such a system, both in this office and in the District Offices, is great, and it cannot be doubted that it necessitates an amount of labor and care not called for by the latter, *i.e.*, the Permanent Advance System.

4. Further, it is scarcely possible, under any circumstances, to effect a complete reconciliation between the figures of the Local Fund Engineers' account and those of the Treasury Officers' account as long as a system involving payment by cheque continues in force owing to differences which arise from the balance remaining in the Local Fund Engineers' hands and from outstanding cheques, as cheques under this system are allowed to run for three months.

5. Under the Permanent Advance System, which is the only alternative I am able to offer for the consideration of the Government, the above difficulties would be met, but others would arise. Local Fund Engineers would be supplied with funds by means of a Permanent Advance varying according to the requirements of each district and which would be recouped in the ordinary manner, *i.e.*, on the submission of bills. These bills being for sums actually disbursed would be fully classified according to the heads shown in the forms of the Local Fund account, and their amounts would be embodied by the Treasury Officer in his account like those of ordinary Local Fund bills.

Local Fund Engineers would in fact, under this system, be on a footing with all other Local Fund Officers in respect of their accounts, and I think the plan recommends itself *very strongly* from an account point of view on the ground of its *simplicity*.

6. It presents, however, the following objections:—

(1.) It involves the grant of numerous Permanent Advances, some of considerable amount, which is opposed to the spirit of the orders of the Government of India on the subject of Permanent Advances, which were originally intended, as the Government is aware, to enable an officer to meet charges on account of petty contingencies and no expenditure on a large scale. I estimate the average permanent advance for each district at 1,500, or a total advance of Rs. 31,500 for the whole Presidency.

(2.) It does not accord with the system of Public Works accounts to which this Government has recently stated its intention of adhering as closely as possible in its organization of a Local Fund Audit Department. These objections are *marked*, but the advantages of the system, on the other hand, appear to me to be great, so much so

DISPOSED OF

18 MAR 81

BY G.O. N°

that I think it is a question whether the system at present in force should not be replaced by the Permanent Advance System. It is, however, clearly necessary that the Government should decide so important a question. I therefore beg to request their orders in the matter. I would observe, in conclusion, that the two systems are not so opposed in principle as might at first sight appear. There would, it is true, always be a large sum outstanding under the Permanent Advance System, but it must not be forgotten that under the Letter of Credit System there would always be sums outstanding in the shape of imprests (advances) to subordinates and balances in the hands of the Local Fund Engineers themselves, the outstanding sum being in this case variable whereas under the Permanent Advance System it is fixed and therefore ascertainable at any moment. Further, the Permanent Advance would be intended for distribution amongst the subordinates of the Engineer as well as for his own use, and would in its purposes thus resemble the Letter of Credit through which imprests are furnished indirectly. I have estimated the average Permanent Advance at Rs. 1,500, but it is possible that a considerably smaller sum may suffice; this, however, can be accurately determined only in communication with the Local Fund Engineers, to whom I propose to address a circular on the subject when I shall have received the orders of Government as to which of the two systems should be adopted.

No. 1,754.

REFERRED to the Board of Revenue for their opinion.

OOTACAMUND,
8th September 1880.(Signed) J. A. DAVIES,
Acting Under Secy. to Govt.

THE Collectors of North Arcot, Tanjore, Chingleput, and Salem will be requested to favor the Board, at an early date, with an expression of their opinion upon the question referred by Government.

(A true Copy and Extract.)

(Signed) E. GIBSON,
Acting Sub-Secretary.

To the Collector of North Arcot.
" " of Tanjore.
" " of the Chingleput District.
" " of Salem.

Copy to the Chief Secretary to Government, Financial Department,
with original letter and endorsement returned.

Exd A. S. Rodgers.

DEPARTMENT.

No. 1023.

OOTACAMUND
Fort Saint George,
Accountant General's Office,
4th September 1880.

FROM THE ACCOUNTANT GENERAL

TO THE GOVERNMENT OF MADRAS,

TO THE

Chief Secretary to Government
Financial Department

SIR,

I have the honor to bring the following difficulty to the special notice of Government and to request the favor of early orders thereon.

The question has recently arisen (in the newly organised Local Fund Department of my office) as to what is the best manner in which Local Fund Engineers can be supplied with funds, and the choice would seem to lie between two plans which may be respectively termed the "Letter of Credit" and the "Permanent Advance" system.

2. The former system is that now in force and under it Local Fund Engineers are supplied with funds by means of Letters of Credit; it is similar to that which obtains in the Public Works Department, but it is not found to work well, owing to the adjustments it involves owing to the fact that Local Fund Engineers

Local Fund Engineers. — Requesting Collectors of North Arcot, Tanjore, Chingleput, and Salem to favor the Board with an expression of their opinion on the question of what is the best manner in which — can be supplied with funds.

SEPTEMBER, 4th 1880.
No. 1,333.

PROCEEDINGS, 21st SEPT. 1880, No. 1,333.

Dated September 21st.

Printed 24th.

Signed 11th October 1880.

THE COLLECTOR OF
NORTH ARCOT,
Cc.,
Cc.,
Cc.

Board of Revenue,
MADRAS.

Hind 1880. September

3 OCT 23

R.L.

Engineers are compelled to render separate accounts to this office, the result of the examination of which accounts must first be communicated to ^{the} Treasury Officers before he can exhibit under its proper heads the amounts shown at first in one lump sum under "Cheques" in his account.

3 The adjustment will thus frequently not be effected for three months after the appearance of the original entry in the Treasury Accounts, and the likelihood of confusion under such a system, both in this office and in the District Offices, is great, and it cannot be doubted that it necessitates an amount of labor and care not called for by the latter (i.e.) the Permanent Advance system.

4. Further, it is scarcely possible, under any circumstances, to effect a complete reconciliation between the figures of the Local Fund Engineers' Account and those of the Treasury Officers' account as long as a system involving payment by cheque continues

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Continues in force owing to differences which arise from the balance remaining in the Local Fund Engineers' hands and from outstanding cheques as cheques, under this system are allowed to run for three months.

5 Under the Permanent Advance system, which is the only alternative, I am able to offer for the consideration of the Government, the above difficulties would be met, but others would arise. Local Fund Engineers would be supplied with funds by means of a Permanent Advance varying according to the requirements of each district and which would be recouped in the ordinary manner, i.e. on the submission of bills. These bills being for sums actually disbursed would be fully classified according to the heads shown in the forms of the Local Fund Account, and their amounts would be embodied by the Treasury Officer in his account like those of ordinary

ordinary Local Fund bills.

Local Fund Engineers would in fact, under this system, be on a footing with all other Local Fund officers in respect of their accounts, and I think the plan recommends itself very strongly from an account point of view on the ground of its simplicity.

6. It presents however the following objections.

(1) It involves the grant of numerous Permanent Advances, some of considerable amount which is opposed to the spirit of the orders of the Government of India on the subject of Permanent Advances, which were originally intended, as the Government is aware, to enable an officer to meet charges on account of petty contingencies and not expenditure on a large scale.

I estimate the average permanent advance for each district at 1500/- or a total advance of Rs 31,500/- for the whole Presidency.

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(2) It does not accord with the system of Public Works Accounts to which this Government has recently stated its intention of adhering as closely as possible in its organisation of a Local Fund Audit department. These objections are marked but the advantages of the system on the other hand appear to me to be great, so much so, that I think it is a question whether the system at present in force should not be replaced by the 2nd Permanent Advance system.

It is however clearly necessary that the Government should decide so important a question. I therefore beg to request their orders in the matter.

I would observe in conclusion, that the two systems are not so opposed in principle as might at first sight appear. There would, it is true, always be a large sum outstanding under the Permanent Advance system, but

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I propose to address a circular on
the subject when I shall have re-
ceived the orders of Government
as to which of the two systems should
be adopted.

I have the honor to be,
Sir,
Your Most Obedient Servant

A. B. H. Tupp.

Offg. Assistant General

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No. 1,353.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 21st September 1880.

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TO BE RETURNED WITH REPLY

R. D.

6 SEP 20

11th Sept 1880

ACCTY. GENL'S OFFICE, MADRAS

FROM
Local Fund. P. C. May

TO
THE ACCOUNTANT GENERAL, MADRAS,

The Chief Secretary to Government
Financial Dept.

Dated 4th Sept 80
Recd. 6. }
Ans'd. }
No. of answer.

Subject.

Request to Government
for the Local Fund Engineers
to be placed in funds
under the Letter of Credit
Permanent Advance
System

Received
Ootacamund 9th September

September 1880 -

Chief Secretary

Agm. Secretary

Refused to the Board of Revenue for their opinion

that I think it is a question whether the system at present in force should not be replaced by the Permanent Advance System. It is, however, clearly necessary that the Government should decide so important a question. I therefore beg to request their orders in the matter. I would observe, in conclusion, that the two systems are not so opposed in principle as might at first sight appear. There would, it is true, always be a large sum outstanding under the Permanent Advance System, but it must not be forgotten that under the Letter of Credit System there would always be sums outstanding in the shape of imprests (advances) to subordinates and balances in the hands of the Local Fund Engineers themselves, the outstanding sum being in this case variable whereas under the Permanent Advance System it is fixed and therefore ascertainable at any moment. Further, the Permanent Advance would be intended for distribution amongst the subordinates of the Engineer as well as for his own use, and would in its purposes thus resemble the Letter of Credit through which imprests are furnished indirectly. I have estimated the average Permanent Advance at Rs. 1,500, but it is possible that a considerably smaller sum may suffice; this, however, can be accurately determined only in communication with the Local Fund Engineers, to whom I propose to address a circular on the subject when I shall have received the orders of Government as to which of the two systems should be adopted.

No. 1,754.

REFERRED to the Board of Revenue for their opinion.

OOTACAMUND,
8th September 1880.

(Signed) J. A. DAVIES,
Acting Under Secy. to Govt.

THE Collectors of North Arcot, Tanjore, Chingleput, and Salem will be requested to favor the Board, at an early date, with an expression of their opinion upon the question referred by Government.

(A true Copy and Extract.)

J. A. Davies
Acting Sub-Secretary.

To the Collector of North Arcot.

" " of Tanjore.
" " of the Chingleput District.
" " of Salem.

Copy to the Chief Secretary to Government, Financial Department,
with original letter and endorsement returned.

Edw. A. S. Rodgers.

Local Fund Engineers.—Requesting Collectors of North Arcot, Tanjore, Chingleput, and Salem to favor the Board with an expression of their opinion on the question of what is the best manner in which — can be supplied with funds.

SEPTEMBER.
No. 1,353.

PROCEEDINGS, 21st SEPT. 1880, No. 1,353.

Received

Printed in

Dated September 21st.

To THE COLLECTOR OF NORTH ARCOT, &c., &c., &c.

1880.
Board of Revenue,
MADRAS.

No. 172.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 3rd February 1881.

Read the following letter from A. C. TUPP, Esq., Officiating Accountant-General, to R. DAVIDSON, Esq., Chief Secretary to Government, Financial Department (through the Secretary to the Board of Revenue), dated Fort St. George, 20th January 1881, No. 72:—

I HAVE the honor to submit, for orders, the accompanying original communication from the President, Local Fund Board, Cocanada, and, in doing so, I beg to state that the practice of laying in a stock of materials, &c., appears to me to be objectionable on the following grounds:—

1. It is the reverse of conducive to the economy of funds. It is evident that the maintenance of stock will entail buildings or sheds for purposes of protection, and watchmen to guard the premises. Further, deterioration and loss from a variety of causes are not unlikely to result from such an arrangement.

2. It will cause complication in the system of accounts. Clerks will be required to maintain a record and render an account of issues and receipts, and a suspense head "Stock" will need to be opened in the Presidents' books.

3. I am not aware of any substantial objection to the more simple practice of purchasing materials for particular works and charging their cost directly to those works at the time of purchase.

4. I would therefore solicit the instructions of Government as to whether I am to admit such charges in the accounts of Local Fund Boards or not.

ENCLOSURE No. 1.

From W. S. FOSTER, Esq., President of the Local Fund Board, Cocanada, to the Auditor, Local Fund Accounts, Madras, dated 21st December 1880, No. 642.

REFERRING to your remark against Item No. 48 "Stock" on the observations of accounts of the Cocanada Circle for September last, I have the honor to forward certain papers and to explain as follows.

2. The Local Fund Engineer applied for a grant of Rs. 10,000 for "stock" consisting of materials, &c., and the request was not granted at the meeting held on the 13th July last.

3. The Local Fund Engineer, in his letter of the 8th November 1880, No. 1,208 (copy enclosed), brought the matter forward again and explained the circumstances on which his proposals were based. The subject was therefore discussed at a fuller meeting held on the 16th November last, and an allotment of Rs. 10,000 was sanctioned to cover the expenditure already incurred and to meet such charges in future pending sanctioning of the Revenue Board.

4. The nature of the transaction is simply that of permanent advance. Materials of different descriptions are bought from the grant of Rs. 10,000 above referred to and stocked together at various depôts, and when any material is taken and used for a certain work a debit will be made to that work, making also at the same time a corresponding credit to "Stock."

I beg to request your instructions as to how such transactions are to be accounted for.

ENCLOSURE No. 2.

From C. BROWN, Esq., C.E., Local Fund Engineer, Cocanada Circle, to the President of the Local Fund Boards, Godavari District, dated Cocanada, 8th November 1880, No. 1,208.

In reference to your letter, No. 513, dated 29th ultimo, I have the honor to state that the Local Fund Board, at a small meeting in Rajahmundry, declined to sanction Rs. 10,000 for stock.

2. Since then it was seen that no such allotment was necessary. I then discussed the question with Mr. W. S. Foster, who approved, and the subject was also discussed and approved of at the meeting. 22nd September 1880.

DISPOSED OF

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BY G. O. N.

3. The matter is practically a book transaction enabling us to scrutinize material transaction better than we otherwise should do.

4. I have the honor to request that this subject may be brought up again at the next meeting for final disposal. I was quite under the impression that the matter had been already settled.

(True Copy.)

(Signed) E. G. RICKETTS,
for President.

In forwarding the foregoing letter for the orders of Government, the Board observe that, when, in his letter, dated 23rd November 1880, the President applied for sanction to an allotment of Rs. 10,000 for the purpose to which the Accountant-General now objects, sanction was withheld* pending the consideration of the question whether "permanent advances" as a means of payment for works should be allowed. The Board have now expressed an opinion adverse† to the proposal, and they agree with the Accountant-General that the establishment of depôts is open to abuse and should be discountenanced.

(True Copies and Extract.)

[Signature]
Secretary.

To the Chief Secretary to Government, Financial Department,
with copy of Board's Proceedings, 8th January 1881, Mis. No. 97.
„ Accountant-General.
„ President, Local Fund Boards, Gadávani District.

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7. Referring to the question raised by Messrs. Price and Stokes, the Board request that Government will be pleased to pass orders as to the mode of communication between the Accountant-General and Local Fund Engineers. The natural channel would seem to be through the office of the President.

(A true Extract.)

W. J. Lewis

Acting Sub-Secretary.

To the Chief Secretary to Government, Financial Department,
with four original letters and their enclosures to be returned.
Copy to all Presidents of Local Fund Boards.
„ to the Accountant-General.

Exd. W. J. Lewis.

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Local Term Account

Cont. of 188 } *Advers.*

To _____

Dated
Recd. } 188 , No.

Nos.

No. 4274 492

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M 9/3/61 R 14/3/61

Gobt. of 1881 Madras.

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G.O. No. 188

Nos. 101 - 104

L.F. Engineering Catalogue.

The L.F. of Rev. agreed with
in their views as to the
best method of supplying
fuel to L.F. engineers
for P.W. expenditure, and as
to the mode of communica-
tion between the Secy.
and L.F. Engineers.

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