M.R.O. 1—77,006—8-6-37.

(1) Number of pages 16

(2) Date of repair 1.2.43

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

[illegible] DEPARTMENT.

G.O. No. Press / Mis.

Dated 18 .

Not to be folded or roughly handled

Proceedings of the Madras Government, Public Works Department, 26th September 1862.

No. 468. Read the following Proceedings of the Board of Revenue, dated 13th September 1862, No. 6,110.

Read the following papers :—

From Lieutenant-Colonel F. H. RUNDALL, in charge of the Audit and Account Departments, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, Madras, dated Chepauk, 30th April 1862, No. 13,117.

SIR,

1 Letter from the District Engineer, Coimbatore, with 3 enclosures to be returned.
1 Copy of letter to do. No. 13,116, 30th April 1862.
* No. 641, dated 20th March 1862, to be kindly returned.

1. With reference to the Proceedings of the Board of Revenue, No. 3,768, dated the 16th July 1861, communicated in Proceedings of Government, No. 1,698, dated the 23rd August 1861, I have the honor to forward herewith an original letter* from the District Engineer Coimbatore with his accompaniments, being one from Captain Farewell, enclosing a balance sheet prepared by the Acting Conservator of Forests showing the financial working of the Mudumallai Forest from March 1856 to October 1860.

2. A copy of my reply to the above communication is also herewith forwarded, from which it will be seen that the balance sheet prepared apparently under Captain Morgan's directions does not represent the operations of the forest in the manner required by the Board. If that Officer has submitted to your Board other accounts of statements prepared conformably to the instructions given in the Board's Proceedings above referred to, I request that a copy of the same may be furnished to this Office, or if not that Captain Morgan may be called upon to do so at once, as it is desirable that the balance standing against the Mudumallai Forest should be early adjusted.

ENCLOSURE No. 1.

From Captain J. GODDARD, District Engineer of Coimbatore, to Colonel W. I. BIRDWOOD, R. E., Deputy Chief Engineer, Southern Circ'e, Madras, dated Ootacamund, 20th March 1862, No. 641.

Pursuant to orders conveyed in your Resolution, No. 4,509, dated 31st August 1861, passed upon Proceedings of the Madras Government, No. 1,698, dated 23rd idem, reviewing the Revenue Board's Proceedings, regarding the accounts of the Mudumallai Forest wherein you required me to call upon Captain Farewell to furnish certain documents to Captain Morgan in connection with the above accounts, I have the honor to enclose a letter No. 242, dated 14th instant, from Captain Farewell for your consideration.

ENCLOSURE No. 2.

From Captain W. FAREWELL, Executive Engineer, to Captain J. GODDARD, District Engineer of Coimbatore, dated Wellington, 14th March 1862, No. 242.

1. In acknowledging the receipt of the Proceedings of Madras Government No. 1,698, dated 23rd August 1861, and your Order thereon, No. 4,509 of the 31st idem, I have the honor to report that Captain Morgan, the Acting Conservator of Forests, having informed me that he had communicated direct with Government regarding the closing of the Mudumallai Forest accounts (furnishing me with an account a copy of which I enclose), I did not think it necessary for me to say anything on the subject until again called on to report with reference to it.

2. On carefully reading over the Proceedings of the Board of Revenue No. 3,768 of the 16th July 1861, it occurs to me that the orders of the Board are clearly that before taking over the Forest from the Engineer Department, they required a financial Statement of the result of the working of the forest by the Engineer Department supposing the timber to have been sold at the market rates, so Captain Morgan's accounts supply the information required, and there is no doubt that the financial result is in favor of the forest as pointed out by me when I recommended that the forest should be made over to the Forest Department for the remainder of the unexpired lease, having no funds at my own disposal to continue the working of the forest myself.

3. The intention of the Board however appears to me to have been misunderstood by Captain Morgan, the Acting Conservator of Forests, who makes an actual retrospective transfer of the forest from the Engineer Department to the Forest Conservancy Department from the date of its being originally leased and worked by the Engineer Department, and by fixing the market rate on the total quantity of the timber supplied to the Barracks, makes out that the Barracks owe the forest 4,240-3-7 instead of, as will be observed on referring to another account* forwarded by Captain Morgan as my Assistant in the Department Public Works, the Barracks having a balance due to it by the Mudumallai Forest of 52,413-8-2, being 4,034-5-10 above my ledger balance against the Forest or 4,034-5-10 to the good of the Barracks.

* Copy enclosed.

4. The Mudumallai Forest accounts were kept here precisely as the accounts for any other building material, so much was paid monthly to the Officer in charge of the forest, who was an Assistant Engineer attached to the Wellington Barracks, he was debited with the amount so paid and credited with the quantity of timber delivered at its cost price including such carriage as he paid for, the timber being measured on despatch and delivery.

5. On referring to my ledger I find that the timber from Mudumallai Forest cost at different times 2, $\frac{1}{2}$, $\frac{1}{4}$, $\frac{1}{3}$, and 1 per cubic foot delivered on the hills, the price gradually decreasing as the working of the Forest developed itself, and labor and supplies became more abundant and less costly.

6. The forest was not a Government forest at all, but the property of a Native Rajah, from whom it was leased by the Engineer Officer in charge of the erection of Wellington Baracks on his own individual responsibility to yield him a certain amount of materials for the works, the forest Conservancy Department had nothing whatever to do with the management or interior economy of the forest, it was under the whole and sole control of the Engineer leasing it, and he could if he thought fit either work it or throw it up, supposing he found that the timber obtained from it cost more than his estimate rates allowed, and he could obtain timber cheaper elsewhere.

7. I would for the above reasons respectfully urge that its accounts be closed up to the date of its transfer to the Forest Department (*vide* my letter No. 221, dated 26th November 1860) like that of other accounts for lime sand or any other building material for the works, thus giving the Barrack works the benefit of any profit whatever accruing from the vigorous working of the forest, while it was entirely under the agency of the Engineer superintending the Barracks.

8. As I have before said the works ledger shows a recoverable outstanding balance against Mudumallai Forest of 48,379-2-4, and the Acting Conservator of Forests values the plant, &c., on the date of the actual transfer of the forest to his Department to be 52,413-8-2, which if permitted to be at once struck out of my outstanding balances and debited to the Forest Department will admit of so much of my present outstanding balance being cleared off, and thus allow the matter to be fairly adjusted.

9. Before taking any further steps on this subject, I would request the Chief Engineer's views on the arguments I have used in this letter, which I trust will accord with his own.

ENCLOSURE No. 3.

ABSTRACT.—Balance sheet of the Mudumallai Forest accounts.

ENCLOSURE No. 4.

ABSTRACT.—Account Current of the Mudumallai Forest as closed on the 31st October 1861.

ENCLOSURE No. 5.

From Lieutenant-Colonel F. H. RUNDALL, in charge of the Audit and Account Departments, to Captain J. GODDARD, District Engineer of Coimbatore, dated Chepauk, 30th April 1862, No. 13,116.

1. With reference to your letter of the 20th ultimo, No. 641, communicating one from Captain Farewell, dated the 14th idem, No. 212, I have the honor to request that you will obtain and furnish his explanation on the following points.

2. It is not clear from Captain Farewell's letter of the 16th November 1860, No. 221, how the balance of Rupees 48,379-2-4, shown to have been against the Mudumallai Forest on the 31st October 1860 has arisen, viz., what sum has been debited, and what credited to the Forest to produce this result.

3. An Account Current of the Forest dated 16th November 1860, signed by Captain Morgan, was forwarded with the above letter, but this apparently shows only the supplies from the forest to the Barracks during the period between May and October 1860, as well as the advances drawn from the Barracks during that time, and yet it professes to be an account of the forest operations closed up to October 1860, which it certainly is not. The reason of the difference between the balance of Rupees 52,413-8-2 in the account, and Rupees 48,379-2-4 stated by Captain Farewell, is not explained. If it is owing, as is presumed, to Captain Morgan having priced the timber in hand on the 31st October 1860, at higher rates, it should be so stated distinctly.

4. The balance sheet, dated 20th August 1861, forwarded in Captain Farewell's letter under acknowledgment, being copy of one furnished by Captain Morgan, shows a very different result, viz., a balance in favor of the forest, and consequently against the Barracks of Rupees 4,240-3-7, and yet this also purports to represent transactions up to 31st October 1860. So that according to this balance sheet, the Barracks will have to account for not only the balance of Rupees 48,379-2-4, standing against the forest on the 31st October 1860, but will have to pay the forest the sum of Rupees 4,240-3-7, while no entry occurs to show what has become of the timber which was on hand in October 1860, when the Forest Conservancy Department was to have taken over the concern, and work it on account of Government.

5. It would seem from the present balance sheet the Forest Department considers that in addition to taking over the Mudumallai Forest with a cash balance represented to be in its favor amounting to Rupees 4,240-3-7, it should also have the benefit of the timber then in hand, to be worked for its own advantage, while it was distinctly understood that the transfer was made, because the Wellington Barracks, on account of which the forest was worked up to October 1860, did not require any further supplies of timber.

6. The Barracks should therefore have the benefit of all stock in hand, which the Forest Department should pay for, and the account of the Mudumallai Forest should be so prepared, as to show distinctly what amount of cash balance if any, and what balance of stock (timber and plant) remained to be accounted for, on the 31st October 1860. These results would have been apparent had the instructions given by the Board of Revenue to Captain Morgan, and communicated in Orders of Government 23rd August 1861, No. 1,698, been attended to, in the preparation of the accounts of the entire period. I request that you will obtain from Captain Farewell, Accounts Current prepared in accordance with these instructions. It is presumed that the accounts furnished to him by the Assistant Engineer in charge of the forest for the time it was worked on account of the Barracks, will give sufficient information to permit of this compilation being at once undertaken.

7. I have further to remark upon the discrepancy in the rate of charge for the timber delivered at Wellington. In the Memorandum showing the financial result of the working of the forest up to the end of 1859-60, in Proceedings of Government of the 12th October 1860, No. 2,132, Rupees 1,48,433-7-0 are entered on account of 1,18,750$\frac{3}{4}$ C. F. of timber at

Rupees 1-4-0 per C. F., but in the balance sheet of Captain Morgan Rupees 1,70,704-3-3, are entered for the same quantity at Rupees 1-7-0 per C. F. This shows an excess charge to the Barracks of Rupees 22,265-12-3. In paragraph 4 of the same Order of Government reference is made to an addition of 3 Annas per C. F. proposed to be made, and information respecting the same, is called for, but it is not yet supplied. Captain Farewell should report whether the additional charge is to cover the cost of carriage of timber to Wellington, whether the cost came up to this rate, and if it was incurred and charged to the Wellington Barracks in the accounts of the forest.

Rupees	1,70,704-3-3
,, ...	1,48,438-7-0
Excess Rupees	22,265-12-3

8. In paragraph 5 of Captain Farewell's letter of the 14th March 1862, No. 242, it is stated that timber from the Mudumallai Forest cost at different times Rupees 2, ½, ¼, ⅛ and 1 per C. F. delivered on the Hills. He should now be requested to report the exact rates and quantities which were charged to the Barracks from time to time up to October 1860. If the rates charged were not uniformly ¼ or ⅛ as appears from the accounts already referred to, care should be taken in preparing the accounts called for, to take credit for the supplies of timber to the Barracks at the exact rate charged to them.

9. If the rate or rates thus charged, are found to be under or over the actual cost, a report of this should be made with explanation of the grounds upon which this assumption may be based, but no alteration need be now made, in the accounts of the forest, for it is of importance that they should be so prepared as to represent the balance which now stands against the forest, viz., Rupees 48,379-2-4. There is a difference of Rupees 191-4-0 between the balance in the accounts in this Office, viz., Rupees 48,177-14-4, and that stated in Captain Farewell's letters already referred to, viz., Rupees 48,379-2-4; and this should be explained by him, when submitting the accounts now called for.

10. The item, of Rupees 11,144-14-5, amongst the receipts in Captain Morgan's balance sheet as the value of the Gundleput plant returned to the forest, is not reconcileable with the sum of Rupees 10,100 shown in the previous account of the same Officer, already referred to, as the value of plant in hand. This should be explained particularly with reference to the remarks in paragraph 3 of the Orders of the Government of the 12th October 1860, explanation of which item is therein called for.

11. Another item of Rupees 21,156-4-0 in the same balance sheet as the sale proceeds of timber supplied to the Gundleput workshop, is also not clear. It is necessary to know whether this sum was realized in cash and used in the expenditure on the forest, whether the timber, said to have been sold, is a portion of the two supplies of 16,119 and 11,150 C. F. delivered at Gundleput amounting to Rupees 18,133-14-0 and 9,756-4-0 respectively, and whether these supplies were debited to the Barracks, or only kept in suspense account in the forest accounts; and if the latter whether the difference between the quantity supplied to the workshop and that sold, is included in the quantities said to have been on hand, or if not, how accounted for.

12. It is observed that in the balance sheet of Captain Morgan, only one of two items of timber unfit for the Barracks use, and sold, is entered. The Statement in Proceedings of Government 12th October 1860, already referred to, shows two items of 3,223 and 4,017 C. F. amounting to Rupees 2,318-11-0 and Rupees 4,121-9-9 respectively as sold, but in the balance sheet, only 2,226-8-7 are entered as the sale proceeds of 3,226 C. F. These differences should also be explained.

13. Copies of your letter and its accompaniments and of this communication will be forwarded to the Board of Revenue with reference to their Proceedings recorded in the Orders of Government dated 23rd August 1861, in view to Captain Morgan being called upon to furnish accounts prepared strictly in accordance with their instructions, and I request that you will obtain

from Captain Farewell with as little delay as possible the accounts called for in paragraph 7 with information on the several points noticed already with a view to the early settlement of the large balance against the Mudumallai Forest.

(True Copy.)

(Signed) F. H. RUNDALL, Lieutenant-Colonel,
In charge of the Audit and Account Departments.

Order of Government dated 19th June 1862, No. 1,401, Public Works Department.

(In Cons. 21st June 1862, No. 3,828.)

From Lieutenant-Colonel F. H. RUNDALL, in charge of the Audit and Account Departments, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, Madras, dated Chepauk, 7th July 1862, No. 1,926.

With reference to the Proceedings of Government in the Public Works Department, No. 1,401 dated 19th June 1862, I have the honor to request you will be good enough to favor me with any observations the Board may have to make on the points therein noticed, as well as upon the papers forwarded with my letter of the 30th April last, No. 13,117, which papers I request you will be good enough to return when no longer required.

1. With the first of these letters Lieutenant-Colonel Rundall forwarded certain correspondence relating to the Financial working of the Mudumaial Forest from March 1856 to October 1860, and requested to be furnished with copies of the Statements submitted by Captain Morgan in reference to the Board's Proceedings dated 16th July 1861. The Board observe that in conformity with the directions issued in these Proceedings, Captain Morgan submitted with his letter dated 22nd August 1861, the several accounts called for by the Board, and that they were reviewed in their Proceedings dated 7th April 1862, No. 2,279, which were submitted to Government.

2. The Board were under the impression that their Proceedings had been communicated to the Officer in charge of the Audit Department, Department Public Works, with the Order of Government dated 19th June 1862 above recorded, but from the letter dated 7th July 1862, it appears that such was not the case. The Board therefore resolve to furnish that Officer with copies of Captain Morgan's letter dated 22nd August 1861, and of the Board's Proceedings dated 7th April 1862. The several accounts which accompanied Captain Morgan's letter were sent to Government with the Proceedings last referred to and were not returned. If required they can be procured from the Government Office.

3. It appears to the Board that the difficulty which is experienced in closing this discussion arises from the confusion of three perfectly distinct matters, viz.,

First.—The result of the working of the Mudumalai Forest, which was what the Government particularly desired to know, and which, as shown by the Board, exhibits a surplus of Rupees 41,749-11-10 returns above charges.

Second.—The adjustment of the accounts between the Mudumalai Forest and the Barracks, which is a purely departmental matter, and will merely affect the apparent cost of the timber used for the Barracks, making this more or less as the returns from the forest are valued at a higher or lower rate, but not affecting the ultimate cost of the Barrack works.

Third.—The adjustment between the Department Public Works and the Forest Conservancy Department on the transfer of the Forest and its stock of timber, plant, &c., to the latter Department.

4. In their Proceedings above referred to, the Board as already mentioned explained that the financial result of the working of the Mudumalai Forest, was an actual profit of Rupees 41,749-11-10.

As the forest was ordered to be made over to the Conservancy Department from November 1860, the Board deemed it proper that whatever timber remained in the Forest on 31st October 1860, should be transferred to the accounts of the new Department in order that it might be sold and the value realized; but the Government in their Order dated 19th June 1862, above recorded, observed that the forest having been leased by the Executive Engineer without reference to the Conservancy Department, the profit or loss of the undertaking, up to the time of handing over the forests to the Conservancy Department, should be placed on the accounts of the Public Works Department. The Board never intended that the amount in question should be carried to credit as profit of the Conservancy Department, but only that the value of the timber, &c., should be shown in the accounts of the Forest Department. Either the sale proceeds of the timber when disposed of, or the timber itself as an addition to stock on hand, must appear in the Conservancy Department accounts as an asset at credit. Its cost to the Conservancy Department will be debited against the Department, and credited to the accounts of the Mudumalai Forest, or of the Jackatallah Barracks on which account the forest was worked.

5. In paragraph 8 of his letter dated 14th March 1862, which accompained Colonel Rundall's first communication recorded above, Captain Farewell stated that this work ledger showed a recoverable outstanding balance against the Forest of Rupees 48,372-2-9. Captain Morgan objects to this that the value of timber supplied, if credited to the Forest at the market rate, would show a balance of Rupees 4,210-2-7 in favor of the forest, but this being a question between two branches of the same Department will not affect the adjustment of the transaction between the Department Public Works and the Forest Conservancy Department.

6. The rate at which credit is to be allowed by the Barrack works to the Mudumalai Forest for timber supplied should however be determined, as an item in the cost of the Barracks.

7. It will not affect the financial result of the working of the forest as reported by the Board, viz., a net gain of Rupees 41,749-11-10, including the value of stock on hand transferred to the Forest Conservancy Department, if, as they presume to be the case, the value assigned by Captain Morgan to the timber supplied by him to the Barracks is that for which the Barrack works have given him credit in their accounts.

From the final accounts furnished by Captain Morgan it appears that the balance in favor of the Mudumalai Forest when the works were closed, and the forest transferred to the Forest Conservancy Department was Rupees 56,103-2-10 inclusive of the value of plant amounting to Rupees 13,000. Paragraph 8 of the Board's Proceedings dated 7th April 1862, shows the details of this amount, which for the sake of convenience are given below:—

	Rs.	A.	P.
Advance outstanding against Wellington Carriage contractor and workmen	523	12	2
Amount to be recovered from the Barracks on account of timber supplied	2,628	12	11
Value of timber made over to the Conservancy Department...	39,012	8	0
Do. of provisions do.	401	1	9
Sum remaining to be recovered on account of timber sold to private individuals	532	0	0
	43,103	2	10
Value of plant	13,000	0	0
Total.....	56,103	2	10

8. Captain Morgan originally rendered an account which showed that Rupees 52,113-8-2 were due to the Barracks as observed by Government in paragraph 3 of their Order dated 19th June 1862, which amount is composed of the value* of the timber, provisions, and plant, which remained in store on 31st October 1860, and this amount as estimated is due to the Barracks by the Forest Conservancy Department, as the forest was worked on the former account, and the stock has been transferred with the forest to the latter.

* 39,012	8	0
13,000	0	0
491	1	9
52,113	9	9

9. The financial result of the operations in the forest, which the Government chiefly desired to know, having been ascertained, all that remains to be done is to close its transactions. The Board consider that the best plan to simplify matters will be to dispose of the whole stock which remained on 31st October 1860, and to carry the money realized to the credit of the Barrack works. If the Forest Conservancy Department take the timber its cost must be debited to them and credited to the Barracks. The Barrack works will give the Mudumalai Forest credit for this amount in the Departmental Accounts between these two branches of the Department Public Works. By this arrangement the whole gain derived from the working of the forest will go to diminish the cost of constructing the Barracks. If any of the provisions or plant that remained were taken by the Conservancy Department, their value should be paid to the Department Public Works in cash out of the funds sanctioned by the Government for the working charges of the Forest Conservancy Department, and these proceeds should also be credited in the Barrack accounts, as the original cost was debited against them. The matter as it stands is entirely connected with the Public Works Department, and the Board believe that the Officer in charge of the Audit and Account Departments will be better able to dispose of it in communication with Government than the Board can be.

10. The Conservator of Forests will take no action in the matter until final orders are passed by Government on the adjustment to be made.

(True Copies and Extract.)

(Signed) W. HUDLESTON, *Secretary.*

No. 469. ORDER THEREON, 26th September 1862, No. 2,308.

The Officer in charge of the Audit and Account Departments of the Central Office to whom a copy of the Board's Proceedings has been already communicated is requested to submit his proposals for the final adjustment of the Mudumallai Forest accounts at an early date.

(Signed) W. I. BIRDWOOD, Colonel, R. E.,
Secretary to Government.

No. 6,110.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 13th September 1862.

Read the following papers :—

From Lieut.-Colonel F. H. RUNDALL, in charge of the Audit and Account Departments, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, Madras, dated Chepauk, 30th April 1862, No. 13,117:—

1 Letter from the District Engineer, Coimbatore, with 3 enclosures to be returned.
1 Copy of letter to do. No. 13,116, 30th April 1862.
* No. 641, dated 20th March 1862, to be kindly returned.

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2. A copy of my reply to the above communication is also herewith forwarded, from which it will be seen that the balance sheet prepared apparently under Captain Morgan's directions does not represent the operations of the Forest in the manner required by the Board. If that Officer has submitted to your Board other accounts or statements prepared conformably to the instructions given in the Board's Proceedings above referred to, I request that a copy of the same may be furnished to this Office, or if not that Captain Morgan may be called upon to do so at once, as it is desirable that the balance standing against the Mudumallai Forest should be early adjusted.

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ENCLOSURE No. 1.

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From Captain W. FAREWELL, Executive Engineer, to Captain J. GODDARD, District Engineer of Coimbatore, dated Wellington, 14th March 1862, No. 242.

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9. Before taking any further steps on this subject, I would request the Chief Engineer's views on the arguments I have used in this letter, which I trust will accord with his own.

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2. It is not clear from Captain Farewell's letter of the 16th November 1860, No. 221, how the balance of Rupees 48,379-2-4, shown to have been against the Mudumallai Forest on the 31st October 1860 has arisen, viz, what sum has been debited, and what credited to the Forest to produce this result.

3. An account current of the Forest dated 16th November 1860, signed by Captain Morgan, was forwarded with the above letter, but this apparently shows only the supplies from the Forest to the Barracks during the period between May and October 1860, as well as the advances drawn from the Barracks during that time, and yet it professes to be an account of the Forest operations closed up to October 1860, which it certainly is not. The reason of the difference between the balance of Rupees 52,413-8 2 in the account, and Rupees 48,379-2-4 stated by Captain Farewell, is not explained. If it is owing, as is presumed, to Captain Morgan having priced the timber in hand on the 31st October 1860, at higher rates, it should be so stated distinctly.

4. The Balance sheet, dated 20th August 1861, forwarded in Captain Farewell's letter under acknowledgment, being copy of one furnished by Captain Morgan, shows a very different result, viz., a balance in favor of the Forest, and consequently against the Barracks, of Rupees 4,240-3-7, and yet this also purports to represent transactions up to 31st October 1860. So that according to this Balance sheet, the Barracks will have to account for not only the balance of Rupees 48,379-2-4, standing against the Forest on the 31st October 1860, but will have to pay the Forest the sum of Rupees 4,240-3-7, while no entry occurs to show what has become of the timber which was on hand in October 1860, when the Forest Conservancy Department was to have taken over the concern, and work it on account of Government.

5. It would seem from the present Balance sheet the Forest Department considers that in addition to taking over the Mudumallai Forest with a cash balance represented to be in its favor amounting to Rupees 4,240-3-7, it should also have the benefit of the timber then in hand, to be worked for its own advantage, while it was distinctly understood that the transfer was made, because the Wellington Barracks, on account of which the Forest was worked up to October 1860, did not require any further supplies of timber.

6. The Barracks should therefore have the benefit of all stock in hand, which the Forest Department should pay for, and the account of the Mudumallai Forest should be so prepared, as to show distinctly what amount of cash balance if any, and what balance of stock (timber and plant) remained to be accounted for, on the 31st October 1860. These results would have been apparent had the instructions given by the Board of Revenue to Captain Morgan, and communicated in Orders of Government 23rd August 1861, No. 1,698, been attended to, in the preparation of the accounts of the entire period. I request that you will obtain from Captain Farewell, accounts current prepared in accordance with these instructions. It is presumed that the accounts furnished to him by the Assistant Engineer in charge of the Forest for the time it was worked on account of the Barracks, will give sufficient information to permit of this compilation being at once undertaken.

7. I have further to remark upon the discrepancy in the rate of charge for the timber delivered at Wellington. In the Memorandum showing the financial result of the working of the Forest up to the end of 1859-60, in Proceedings of Government of the 12th October 1860, No. 2,132, Rupees 1,48,438-7-0 are entered on account of 1,18,750¾ C. F. of timber at Rupees 1-4-0 per C. F., but in the Balance sheet of Captain Morgan Rupees 1,70,704-3-3, are entered for the same quantity at Rupees 1-7-0 per C. F. This shows an excess charge to the Barracks of Rupees 22,265-12-3. In paragraph 4 of the same Order of Government reference is made to an addition of 3 Annas per C. F. proposed to be made, and information respecting the same, is called for, but it is not yet supplied. Captain Farewell should report whether the additional charge is to cover the cost of carriage of timber to Wellington, whether the cost came up to this rate, and if it was incurred and charged to the Wellington Barracks in the accounts of the Forest.

Rupees.....	1,70,704-3-3
"	1,48,438-7-0
Excess Rs.	22,265-12-3

8. In paragraph 5 of Captain Farewell's letter of the 14th March 1862, No. 242, it is stated that timber from the Mudumallai Forest cost at different times Rupees 2, ½, ¼, ¼ and 1 per C. F. delivered on the Hills. He should now be requested to report the exact rates and quantities which were charged to the Barracks from time to time up to October 1860. If the rates charged were not uniformly ½ or ⅓ as appears from the accounts already referred to, care should be taken in preparing the accounts called for, to take credit for the supplies of timber to the Barracks at the exact rate charged to them.

9. If the rate or rates thus charged, are found to be under or over the actual cost, a report of this should be made with explanation of the grounds upon which this assumption may be based, but no alteration need be now made, in the accounts of the Forest, for it is of importance that they should be so prepared as to represent the balance which now stands against the Forest, viz., Rupees 48,379-2-4. There is a difference of Rupees 191-4-0 between the balance in the accounts in this Office, viz., Rupees 48,177-14-4, and that stated in Captain Farewell's letters already referred to, viz., Rupees 48,379-2-4; and this should be explained by him, when submitting the accounts now called for.

10. The item, of Rupees 11,144-14-5, amongst the receipts in Captain Morgan's Balance sheet as the value of the Gundleput plant returned to the Forest, is not reconcileable with the sum of Rupees 10,100 shown in the previous account of the same officer, already referred to, as the value of plant in hand. This should be explained particularly with reference to the remarks in paragraph 3 of the orders of the Government of the 12th October 1860, explanation of which item is therein called for.

11. Another item of Rupees 21,156-4-0 in the same Balance sheet as the sale proceeds of timber supplied to the Gundleput workshop, is also not clear. It is necessary to know whether this sum was realized in cash and used in the expenditure on the Forest, whether the timber, said to have been sold, is a portion of the two supplies of 16,119 and 11,150 C. F. delivered at Gundleput amounting to Rupees 18,133-14-0 and 9,756-4-0 respectively, and whether these supplies were debited to the Barracks, or only kept in suspense account in the Forest accounts; and if the latter, whether the difference between the quantity supplied to the workshop and that sold, is included in the quantities said to have been on hand, or if not, how accounted for.

12. It is observed that in the balance sheet of Captain Morgan, only one of two items of timber unfit for the Barracks use, and sold, is entered. The Statement in Proceedings of Government 12th October 1860, already referred to, shows two items of 3,226 and 4,017 C. F. amounting to Rupees 2,318-11-0 and Rupees 4,121-9-9 respectively as sold, but in the balance sheet, only 2,226-8-7 are entered as the sale proceeds of 3,226 C. F. These differences should also be explained.

13. Copies of your letter and its accompaniments and of this communication will be forwarded to the Board of Revenue with reference to their Proceedings recorded in the orders of Government dated 23rd August 1861, in view to Captain Morgan being called upon to furnish accounts prepared strictly in accordance with their instructions, and I request that you will obtain from Captain Farewell with as little delay as possible the accounts called for in paragraph 7 with information on the several points noticed already with a view to the early settlement of the large balance against the Mudumallai Forest.

(True Copy.)

(Signed) F. H. RUNDALL, Lieutenant-Colonel,
in charge of the Audit and Account Departments.

Order of Government dated 19th June 1862, No. 1401, Public Works Department.
(In Cons. 21st June 1862, No. 3828.)

From Lieutenant-Colonel F. H. RUNDALL, in charge of the Audit and Account Departments, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, Madras, dated Chepauk, 7th July 1862, No. 1,926.

With reference to the Proceedings of Government in the Public Works Department, No. 1,401, dated 19th June 1862, I have the honor to request you will be good enough to favor me with any observations the Board may have to make on the points therein noticed, as well as upon the papers forwarded with my letter of the 30th April last, No. 13,117, which papers I request you will be good enough to return when no longer required.

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1. With the first of these letters Lieutenant-Colonel Rundall forwarded certain correspondence relating to the Financial working of the Mudumalay forest from March 1856 to October 1860, and requested to be furnished with copies of the Statements submitted by Captain Morgan in reference to the Board's Proceedings dated 16th July 1861. The Board observe that in conformity with the directions issued in these Proceedings, Captain Morgan submitted with his letter dated 22nd August 1861, the several accounts called for by the Board, and that they were reviewed in their Proceedings dated 7th April 1862, No. 2,279, which were submitted to Government.

2. The Board were under the impression that their Proceedings had been communicated to the Officer in charge of the Audit Department, Department Public Works, with the Order of Government dated 19th June 1862 above recorded, but from the letter dated 7th July 1862, it appears that such was not the case. The Board therefore resolve to furnish that Officer with copies of Captain Morgan's letter dated 22nd August 1861, and of the Board's Proceedings dated 7th April 1862. The several accounts which accompanied Captain Morgan's letter were sent to Government with the Proceedings last referred to and were not returned. If required they can be procured from the Government Office.

3. It appears to the Board that the difficulty which is experienced in closing this discussion arises from the confusion of three perfectly distinct matters, viz.

First.—The result of the working of the Mudumalay Forest, which was what the Government particularly desired to know, and which, as shown by the Board, exhibits a surplus of Rupees 41,749-11-10 returns above charges.

Second.—The adjustment of the accounts between the Mudumalay Forest and the Barracks, which is a purely departmental matter, and will merely affect the apparent cost of the timber used for the Barracks, making this more or less as the returns from the forest are valued at a higher or lower rate, but not affecting the ultimate cost of the Barrack works.

Third.—The adjustment between the Department Public Works and the Forest Conservancy Department on the transfer of the Forest and its stock of timber, plant, &c., to the latter Department.

4. In their Proceedings above referred to, the Board as already mentioned explained that the financial result of the working of the Mudumalay Forest, was an actual profit of Rupees 41,749-11-10.

As the Forest was ordered to be made over to the Conservancy Department from November 1860, the Board deemed it proper that whatever timber remained in the Forest on 31st October 1860, should be transferred to the accounts of the new Department in order that it might be sold and the value realized; but the Government in their Order dated 19th June 1862, above recorded, observed that the forest having been leased by the Executive Engineer without reference to the Conservancy Department, the profit or loss of the undertaking, up to the time of handing over the forests to the Conservancy Department, should be placed to the accounts of the Public Works Department. The Board never intended that the amount in question should be carried to credit as profit of the Conservancy Department, but only that the value of the timber, &c., should be shown in the accounts of the Forest Department. Either the sale proceeds of the timber when disposed of, or the timber itself as an addition to stock on hand, must appear in the Conservancy

Department accounts as an asset at credit. Its cost to the Conservancy Department will be debited against the Department, and credited to the accounts of the Mudumalay Forest, or of the Jackatallah Barracks on which account the forest was worked.

5. In paragraph 8 of his letter dated 14th March 1862, which accompanied Colonel Rundall's first communication recorded above, Captain Farewell stated that this work ledger showed a recoverable outstanding balance against the forest of Rupees 48,372-2-9. Captain Morgan objects to this that the value of timber supplied, if credited to the forest at the market rate, would show a balance of Rupees 4,240-2-7 in favor of the forest, but this being a question between two branches of the same Department will not affect the adjustment of the transaction between the Department Public Works and the Forest Conservancy Department.

6. The rate at which credit is to be allowed by the Barrack works to the Mudumalay Forest for timber supplied should however be determined, as an item in the cost of the Barracks.

7. It will not affect the financial result of the working of the Forest as reported by the Board, viz., a net gain of Rupees 41,719-11-10, including the value of stock on hand transferred to the Forest Conservancy Department, if, as they presume to be the case, the value assigned by Captain Morgan to the timber supplied by him to the Barracks is that for which the Barrack works have given him credit in their accounts.

From the final accounts furnished by Captain Morgan it appears that the balance in favor of the Mudumalay Forest when the works were closed, and the Forest transferred to the Forest Conservancy Department was Rupees 56,103-2-10 inclusive of the value of plant amounting to Rupees 13,000. Paragraph 8 of the Board's Proceedings dated 7th April 1862, shows the details of this amount, which for the sake of convenience are given below :—

	Rs.	A.	P.
Advance outstanding against Wellington Carriage contractor and workmen...	528	12	2
Amount to be recovered from the Barracks on account of timber supplied...	2,628	12	11
Value of timber made over to the Conservancy Department... ...	39,012	8	0
Do. of provisions do.	401	1	9
Sum remaining to be recovered on account of timber sold to private individuals...	532	0	0
	43,103	2	10
Value of plant	13,000	0	0
Total...	56,103	2	10

8. Captain Morgan originally rendered an account which showed that Rupees 52,413-8-2 were due to the Barracks as observed by Government in paragraph 5 of their Order dated 19th June 1862, which amount is composed of the value* of the timber, provisions, and plant, which remained in store on 31st October 1860, and this amount as estimated is due to the Barracks by the Forest Conservancy Department, as the Forest was worked on the former account, and the stock has been transferred with the Forest to the latter.

* 39,012	8	0
13,000	0	0
401	1	9
52,413	9	9

9. The financial result of the operations in the Forest, which the Government chiefly desired to know, having been ascertained, all that remains to be done is to close its transactions. The Board consider that the best plan to simplify matters will be to dispose of the whole stock which remained on 31st October 1860, and to carry the money realized to the credit of the Barrack works. If the Forest Conservancy Department take the timber its cost must be debited to them and credited to the Barracks. The Barrack works will give the Mudumalay Forest credit for this amount in the Departmental accounts between these two branches of the Department Public Works. By this arrangement the whole gain derived from the working of the Forest will go to diminish the cost of constructing the Barracks. If any of the provisions or plant that remained were taken by the Conservancy Department, their value should be paid to the Department Public Works in cash out of the funds sanctioned by the Government for the working charges of the Forest Conservancy Department, and these proceeds should also be credited in the Barrack accounts, as the original cost was debited against them. The matter as it stands is entirely connected with the Public Works Department, and the Board believe that the Officer in charge of the Audit and Account Departments will be better able to dispose of it in communication with Government than the Board can be.

10. The Conservator of Forests will take no action in the matter until final orders are passed by Government on the adjustment to be made.

(True Copies and Extract.)

Secretary.

To Colonel W. I. Birdwood, R. E., Secretary to Government, P. W. D.
Copy to Officer in charge of the Audit and Account Departments, Central Office,
with copy of Captain Morgan's letter dated 22nd August 1861, and
Board's Proceedings 7th April 1862, and 4 original enclosures returned.
" to Captain R. H. Beddome, Officiating Conservator of Forests.

Exd. J. Wright.

Pre 12 Oct 1698 Book 198-199
R 23 Aug 98 - 1698
P 19 June 99 - 353-356

1862. Department.

No. 2828

PROCEEDINGS OF THE BOARD OF REVENUE,

Dated 13th *September* 1862.
Despatched. 15 Do
Received. 16 Do

No. 6,110.

Affording information on the financial working of the Mudumallai Forest, and expressing the Board's views on the subject of adjustment of accounts between the Mudumallai Forest and the Barracks and also between the P. W. D. and the Forest Conservancy Department.

Nos 465-469

C 23 Sept 62 24

Williamson
No 2308 - 26 Septr 62

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The Officer in charge of the Audit and Account Depts of the Central Office to whom a copy of the Boards Proc has been already communicated is requested to submit his proposals for the final adjustment of the Mudumalay Forest accounts at an early date.

Chepauk
26 Septr 62

The Officer in charge of the Audit & Account Depts of the Central Office Nilgiris

The Board of Revenue

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