

(1) Number of pages 1-2

(2) Date of repair _____

(3) Initials of the Referencer _____

MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No.	2166	Press
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Dated	3-11-	1864.

Not to be folded or roughly handled

JB

*Proceedings of the Madras Government, Public Works Department,
3rd November 1864.*

No. 71. Read the following letter from Captain J. MULLINS, R. E., Consulting Engineer for Irrigation and Canal Company, to Colonel C. A. ORR, R. E., Secretary to Government, Department of Public Works, dated Madras, 18th October 1864, No. 125 :—

SIR,

1. I have the honor to submit, for the consideration of Government, a letter No 1,292 of the 23rd ultimo, from the Agent and Manager, Irrigation and Canal Company, in which, with reference to the arrears into which the periodical accounts rendered to Government have fallen, he desires the sanction of Government to the supersession of the present forms of accounts by a modified and more simple system.

2. Mr. Henslowe says, that the subject has been brought to the notice of the Secretary of State for India by the Board of Directors, and he goes on to point out that the Contract provides for furnishing no such accounts as those which are submitted, and are found to give so much trouble, and in paragraph 5 a summary is given of the supposed requirements of the Contract in

Paragraph 6. respect to accounts. Mr. Henslowe, however, admits that the Company have "yielded to the suggestions" embodied in the volume called "Rules on the general scheme of accounts, &c, to be rendered to Government by the Madras Irrigation and Canal Company."

3. The Agent has, it appears to me, not explained fully the provisions of clause 16 of the Contract, which says that, in order to secure and ascertain that the expenditure is being properly made on the works and in the management of the Company's affairs, the "Company and their Officers, Servants and Agents, as also their accounts and affairs shall in all things be subject to the superintendence and control of the Secretary of State." This would seem to be conclusive; and with a view to the practical exercise of the control thus intended, a complete scheme of abstract accounts was prepared, and as the Agent admits accepted.

4. However as the Government would not wish to require the preparation of inconvenient accounts, if others more convenient and equally good could be furnished with less trouble, I asked* the Agent to favor me with a set of the

* Letter No. 245 of the 23rd ultimo, copy enclosed accounts referred to in paragraph 7 of his letter, so that it might be seen how all transactions were immediately and ultimately disposed of; as the result of this reference I have received the

† With No 1,496, 10th instant. cash account† of the Bowanassy Division for June, and the Agent's ten day cash account, the former being an account submitted monthly, and the latter every ten days to the Board of Directors, and also a copy of the Store and Plant Daybook, Madras Stores for June, which is likewise sent to the Directors.

5. It is probable that in addition to these returns some statement equivalent to the Progress Reports is forwarded periodically, but this is not stated. Admitting this however, it is very difficult to understand how the Board

Conclusion of Agent's letter, No. 1,292. can find the information "sufficient to enable them to manage the affairs of the Company." It is true that these returns which are herewith forwarded for inspection are accounts in one sense of the word, but they are essentially initial accounts, containing information for the most part useless to all authorities beyond the office of primary audit. The cash account of the Bowanassy Division is simply an arranged transcript of the Cash Book, and it contains the information from which the cash account proper should, and can be compiled. The Agent's cash account is similarly useful to check the accuracy of Division accounts in respect of remittances, and to adjust sundry trifling transactions, but it too is only an initial or primary record. The Store and Plant Daybook is a record of receipts and issues, the data for store accounts, but giving no information of any value to those not entrusted with the duties of detailed audit, and it is perfectly useless for all the purposes for which the Government require accounts to be rendered.

6. Unless the Board of Directors prepare accounts, using these returns as vouchers, it is impossible to imagine a system so calculated to prevent all useful information being accessible

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neither the cause of expenditure nor its result can be ascertained from such accounts, and it is astonishing that such quires and reams of documents should be transmitted at a necessarily great cost to a distance of many thousand miles, to enlighten nobody.

7. Rule LX runs thus: "It is desirable that the forms of the accounts to be rendered by the Executive Officers, and of the preliminary documents to be kept by the Chief Accountant should be based on the principle of the general scheme now described, in order to facilitate the preparation of the general accounts," and now that two and half a years have elapsed it would

seem that the Company's own accounts are on an entirely different system. Mr. Henslowe should not however, as perhaps he has done in the same paragraph, look upon records of transactions and accounts for information as in any respect convertible terms, for though the former are the ground work of the latter, the objects they fulfil are entirely distinct; they are used for different purposes, and are not required by the same authorities. . .

8. I have been many times carefully through the rules and forms of accounts now in force, and they appear to me to be generally well adapted to secure the ends intended, and to exhibit the information required without giving unnecessary trouble, but in some few instances modifications might be made with advantage. For instance Rule XXXIX provides for the disposition of store charges, and the expenditure under this head during each year is, at its close, to be debited to stores consumed and stores remaining on hand. The former part of the adjustment is easily effected, the latter involves an enormous amount of calculation, and a great deal of book work, as every description of tool and of files alone there are dozens of sizes and descriptions, requires a separate calculation and debit. Up to the present time no adjustment of store charges has been made, and the amount outstanding has accumulated to Rupees 1,36,818. The total

31st July 1863, the latest accounts. expenditure on stores is Rupees 5,74,500, and if the store charges be adjusted by a per-centage debit to stores consumed, a regular adjustment can without the slightest difficulty be effected quarterly or yearly. Up to the present time the per-centage charge would be a little under 25, and that per-centage might be applied to all stores consumed up to the 30th April last, and the necessary debit could at once be made in the accounts. The per-centage for the future can be modified to suit the proportion which store charges may bear to stores. When the capital accounts come to be closed should the per-centage allowed to cover store charges have been slightly deficient or in excess, the small differences for it cannot be large, would be adjusted to "profit and loss."

9. In Rule XLVI the 5th line "will be charged to profit and loss" should be "will be charged to works," this being in accordance with the general intention of the Rules, and with the Rule LVIII and Form S.

10. Forms L and M, the vouchers required in support of the account current K, by Rules LI, LII, have been much complained of, and they are voluminous chiefly because the entries under "tools" are very numerous. I suggested that "tools" might be entered in one line without the details being given, but this it was said would be more troublesome than making full transcripts as at present, though I should have thought that as totals must or should be made for the information of the Agent at least as often as once a quarter, the periods for which the accounts rendered to Government are required, it would, with proper arrangements, be found more convenient to condense these accounts, as suggested by me.

11. From what has been above stated the Government will, I think, see that it would be impossible to accept the primary accounts which have been submitted as a sample of the information which satisfies the Board of Directors, and, while it is not necessary to suppose that the "scheme of accounts" is perfect, it appears to possess advantages in completeness and intelligibility over the system under which particulars of expenditure are furnished to the Directors, which might make it worth while for them to adopt it in whole or in part. Some change is certainly much needed, for while cash accounts are supposed to be sent to the Agent punctually

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3rd November 1864.*

in support of the monthly applications for credits, to a more recent date than six weeks in arrears, though this information is essentially necessary to enable me to judge whether the funds asked for are in proportion to the real wants of the several disbursing Officers, and, it may be added equally necessary to enable the Agent to prepare his estimate.

No. 72. ORDER THEREON, 3rd November 1864, No. 3,166.

1. The Governor in Council concurs with the Consulting Engineer. The primary accounts furnished by Mr. Henslowe are, in the opinion of Government, insufficient to enable them to exercise that degree of control over the expenditure of the guaranteed million sterling which is prescribed in the Contract.

2. With reference to paragraphs 8 to 11, Mr. Henslowe will be informed that the Government are prepared to consider any modifications, which, without detracting from the intelligibility and usefulness of the accounts rendered to the Consulting Engineer, will reduce the labor of their preparation, and meet the convenience of the Company.

(True Extract.)

(Signed) CHARLES A. ORR, Colonel, R. E.,
Secretary to Government.

To the Consulting Engineer, Irrigation and Canal Company
" Manager for do. do.

5. Consulting Engineer's Office,
Irrigation & Canal Company
Madras, 13th October 64.

N^o 125

Sir,

Captain J. Mallins R.E.

Cons Engineer I.C.C.

The Secretary to Government
Department of Pub. Works.

I have the honor to submit for the consideration of Government, a letter N^o 1292 of the 23rd ultimo from the Agent & Manager Irrigation and Canal Company, in which, with reference to the arrears into which the periodical accounts rendered to Government have fallen, he desires the sanction of Government to the supersession of the present forms of accounts by a modified and more simple system. -

2. Mr. Stenslowe says that the subject has been brought to the notice of the Secretary of State for India by the Board of Directors, and he goes on to point out that the Contract provides for furnishing no such accounts, as those which are submitted, and are found to give so much trouble and in para. 5 a summary is given of the supposed requirements of the contract in respect to accounts. - Mr. Stenslowe however admits that the Company have yielded to the suggestions embodied in the volume called "Rules on the general scheme of accounts" to be rendered to Government by the

Madras

"Madras Irrigation and Canal Company."

3. The Agent has, it appears to me, not explained fully the provisions of Clause 16 of the Contract, which says that in order to secure and ascertain that the expenditure is being properly made on the works and in the management of the Company's affairs, the Company and their officers, servants and Agents as also their accounts and affairs shall in all things be subject to the superintendence and control of the Secretary of State. This would seem to be exclusive; and with a view to the practical exercise of the control thus intended, a complete set of Abstract Accounts was prepared, and as the Agent admits accepted.

4. However as the Government would not wish to require the preparation of inconvenient accounts, if others more convenient and equally good could be furnished with less trouble, I asked the Agent to furnish me with a set of the accounts referred to in para. 7 of his letter, so that it might be seen how all transactions more immediately and ultimately disposed of; as the result of this reference I have received the cash account of the Bomanassery Division for June, and the Agent's 10 day cash account, the former being an account submitted monthly, and the latter every 10 days to the Board of Directors, and also a copy of the Store and Plant day book, Madras Stores for June, which is likewise sent to the Directors.

5. It is probable that in addition to these returns some statements equivalent to the Progress Reports is forwarded periodically, but this is not stated. Admitting this however, it is very difficult to understand how the Board can find the information sufficient to enable them to manage the affairs of the Company. It is true that these returns which are here

Letter No. 245 of the 23rd ult. copy furnished

Letter No. 1496. Winst.

Conclusion of Agent's letter No. 1272

forwarded for inspection are accounts in one sense of the word, but they are essentially initial accounts, containing information for the most part useless to all authorities beyond the office of primary audit. The cash account of the Bomanassery Division is simply an arranged transcript of the cash book, and it contains the information from which the cash account proper should, and can be, compiled. The Agent's Cash account is similarly useful to check the accuracy of Division accounts in respect of remittances, and to adjust sundry trifling transactions, but it too is only an initial or primary record. The Store and Plant day book is a record of receipts and issues. The data for these accounts, but giving no information of any value to those not entrusted with the duties of detailed audit, and it is perfectly useless for all the purposes for which the Government require accounts to be rendered.

6. Unless the Board of Directors prepare accounts using these returns as vouchers, it is impossible to imagine a system so calculated to prevent all useful information being accessible; neither the cause of expenditure nor the result can be ascertained from such accounts, and it is astonishing that such queries and reams of documents should be transmitted at a necessarily great cost and distance of many thousands of miles to enlighten nobody.

7. Rule 108 runs thus: "It is desirable that the forms of the accounts to be rendered by the Executive Officers, and of the principal documents to be kept by the Chief Accountant should be based on the principle of the general scheme now described in order to facilitate the preparation of the general accounts." and now that 2 1/2 years have elapsed it would seem

Agent's letter No. 1272 that the Company's own accounts are an entirely different

different system. - Mr. Stenhouse should not however, as perhaps he has done in the same paras look upon records of transactions and accounts for information as in any respect convertible terms, for though the former are the ground work of the latter, the objects they fulfil are entirely distinct, they are used for different purposes, and are not required by the same authorities. -

3. I have been many times carefully through the rules and forms of accounts now in force, and they appear to me to be generally well adapted to secure the ends intended, and to exhibit the information required without giving unnecessary trouble, but in some circumstances modifications might be made with advantage. - For instance, Rule XXXIX provides for the disposition of Store Charges, and the expenditure under this head during each year is, at its close, to be debited to stores consumed and stores remaining on hand. The former part of the adjustment is easily effected, the latter involves an enormous amount of calculation, and a great deal of book work is every description of tool, and of files alone there are dozens of sizes and descriptions, requires a separate calculation and debit. - Up to the present time no adjustment of store charges has been made and the amount outstanding has accumulated to Rs. 1,36,818. The total expenditure on stores is Rupees 5,74,500 and if the store charges be adjusted by a percentage debit to stores consumed, a regular adjustment can without the slightest difficulty be effected quarterly or yearly. - Up to the present time the percentage charge would be a little under 25, and that percentage might be applied to all stores consumed up to the 30 April last, and the necessary debit could at once be made in the accounts. The percentage for the future can

31 July, 1863

the latest account

can be modified to suit the proportion which store charges may bear to stores. - When the Capital accounts come to be closed, should the percentage allowed to cover store charges have been slightly deficient or in excess, the small difference for it cannot be large, would be adjusted to Profit and Loss. -

9. In Rule XXV the 5th line will be changed to profit and loss: should be will be changed to works - this being in accordance with the general intention of the rules, and in the rule XXVIII and Form S. -

10. Items L and M the vouchers required in support of the Account Current R, by rules LI, LII, have been much complained of, and they are voluminous chiefly because the entries under "tools" are very numerous. I suggested that "tools" might be entered in one line without the details being given, but this it was said would be more troublesome than making full transcripts as at present, though I should have thought that as labels must or should be made for the information of the Agent at least as often as once a quarter, the periods for which the accounts rendered to Government are required, it would, with proper arrangements, be some more convenient to condense these accounts, as suggested by me. -

11. From what has been above stated the Government will I think, see that it would be impossible to accept the primary accounts which have been submitted as a sample of the information which satisfies the Board of Directors, and, while it is not necessary to suppose that the "scheme of accounts" is perfect, it appears to possess advantages in completeness and intelligibility over the system under which particulars of expenditure are furnished to the Directors, which might make it worth while for them to adopt it in whole or in part. - Some change

change is certainly much needed for while each
 accounts are supposed to be sent to the Agent punctu-
 ally every 10 days, I have never been able to obtain
 information as to expenditure and cash balances,
 in support of the monthly applications for credit,
 so a more recent date than 6 weeks in arrears,
 though this information is essentially necessary
 to enable me to judge whether the funds asked
 for are in proportion to the real wants of the
 several disbursing officers, and, it may be added,
 equally necessary to enable the Agent to prepare his Estimate.

Have the honor to be,
 Sir,
 Your most obedient servant,
 Wm. Lindell's Captain,
 Consulting Engineer for S. C. Company.

Wm. Lindell's

Copy in as letter to England
 of Mr. Lindell 18th Oct 87.

1st 11/1887
 of Mr. Lindell's letter to England
 of 13th Oct 87
 to the Consulting Engineer
 to the S. C. Company

Recd 18th Oct 87
 Recd 20th Oct 87
 Recd 21st Oct 87

1887
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2166 Public Works Department
 Proceedings of the
 under date the 2nd October 1887
 Read the following
 letter
 From the Consulting Engineer
 Irrigation and Canal Co.
 Submits for the consider-
 ation of Govt letter No 1292
 of 23rd Ultimo from Agent
 desiring sanction to the ex-
 punction of the present
 forms of accounts by a
 modified more simple
 system

The Honorable
 Council, enquire
 with the Con-
 sulting Engineer - the
 primary accounts for
 the Government
 are in the opinion of
 Government insufficient
 to enable them to
 exercise

Wm

Cash in Atlantic City
of 14th December 1883

Sept 1864 Deft
Jm. of Good Shepherd

20166
Jewell the host
of the North

letter from the Consul;
Esq. Wm. J. G. Hubbard,
with regards and from
the Agent, requesting
assistance with reference
to the present form for
recording by a medical
and some doubts by the
Governors therein.

Sept. 72