(1) Number of pages 11

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MADRAS RECORD OFFICE.

Government of Madras.

Public works. DEPARTMENT.

G.O. No. 1542 Press Mis.

609-610.

Dated 27-5- 1864.

Not to be folded or roughly handled

Proceedings of the Madras Government, Public Works Department, 27th May 1864.

No. 609. Read the following Circular from Colonel R. STRACHEY, R. E., Secretary to the Government of India, to the Secretary to the Government of Madras, Public Works Department, dated Fort William, 12th April 1864, No. 14:—

SIR,

1. I am directed to forward a copy of a Report by the Commission on Public Works Accounts, together with a Resolution by the Government of India thereon, and to state that detailed and separate instructions will issue as soon as they can be got ready.

2. As regards the Reserve, I am to state that the proposal contained in paragraphs 9 to 11 of the Government of India's Resolution, to limit the application of the lump sum (allotted to each sub-head of original works) which is to take its place, to works not exceeding Rupees 10,000 each, will not take effect for the present. The practical powers of the Local Governments to dispose of the Reserve will therefore be unchanged, subject only to the strict application of the rule which prohibits any increase being made to the Reserve by transferring from savings on specific Budget appropriations.

3. The forms referred to in the Report of the Commissioners will follow when printed.

(Signed) E. C. S. WILLIAMS, Captain, R. E.,
Under Secretary to the Government of India.

No. 610. ORDER THEREON, 27th May 1864, No. 1,542.
Recorded, with reference to G. O. No. 1,326, dated 7th May 1864.
(True Extract.)

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

Exd. S. T. Augustin.

No. 4A. / 1408.

PROCEEDINGS OF THE GOVERNOR GENERAL OF INDIA IN COUNCIL.

PUBLIC WORKS DEPARTMENT,
Fort William, 24th March, 1864.

Account.

Report of the Commission on Public Works Accounts.

Read a Report of the Commission of Enquiry into the system of the Public Works Accounts, dated 27th February 1864.

RESOLUTION.—The Commissioners appointed to enquire into the system of Public Works Accounts, having submitted their report, His Excellency the Governor General in Council is pleased to express his approbation of the prompt and satisfactory manner in which they have performed their task. They have consulted every source of information which was within reasonable distance, and have recorded their recommendations in so brief and unpretending, though practical a manner, that those unacquainted with the subject would perhaps scarcely appreciate the labour gone through to arrive at the result, or the very important nature of the measures contemplated. The officers of the Public Works Department in every part of India which they have visited, have cordially co-operated with them, and it is satisfactory to the Government of India to observe from the result of the present enquiries that, although many important changes have now been proposed, satisfactory progress has been made during the last few years in the provinces visited by the Commissioners in establishing order and regularity in the accounts of the Department.

2. The subject matter of the report being mainly of a nature that calls for final orders in the Financial Department, the Governor General in Council directs that the whole of the papers shall be transferred to that Department for further orders after the conclusions adopted in this Department shall have been duly recorded. With this view His Excellency in Council will now proceed to consider the main conclusions of the report which, with a few modifications that will be indicated, appear to the Government of India to be such as may be generally adopted as the basis for the future account system of this Department. The recommendations of the Commission may be summed up as follows:—

Paras. 18—25.

3. *The formation of a principal Public Works Account Office under the Government of India to deal with the whole of the Accounts of Public Works expenditure throughout India, and the appointment of an Accountant General in the Public Works Department.* This proposal is approved and might be carried out at once. Of

retention of a Reserved Fund under any form." His Excellency in Council considers that in this country a reserve in some form is at present necessary, and the modification of existing rules proposed by the Inspector General appears reasonable. Under this amendment a certain lump sum would be provided against each head of service for minor works not exceeding Rs. 2,500 each. Any surplus remaining after providing for these minor works would be available for undertaking new works, whether they be entered in the Budget-Estimate or not, but only up to a limit of estimated cost of Rs. 10,000 for each work, and on the understanding that the aggregate amount of the lump sums taken for minor works in the Budget-Estimate does not exceed one-tenth of the whole sum. All savings from sums specifically *appropriated* in the Budget-Estimate would be only applicable to increase the appropriations on works included in the Budget-Estimate, unless the sanction of the Government of India is obtained to a different appropriation. The power to transfer from one sub-head to another under the same class would remain as at present, but any change from one class to another, as from original works to repairs or establishments, would still be prohibited as under existing rules, unless under the authority of the Government of India.

12. *Store Accounts.*—The different proposals made under this head are generally approved and should be gradually carried out. The value of the tools, plant, machinery, instruments, office furniture, and live stock, now at the debit of the Public Works Suspense Account, should be written off in the accounts of the current year as a preliminary measure. Detailed instructions should be issued on this point from this department after consultation with the new Accountant General.

Paras. 72—83.

13. *The substitution of cash payments for liabilities as charges in the accounts.*—This change which is recommended by sound financial principles should be introduced, if possible, by the beginning of the next financial year.

Para. 89.

14. *Abolition of an intermediate Suspense Account in the Central Offices; all audited expenditure being charged direct against the Government.*—This change, which appears conducive to simplicity and efficiency in the accounts, should also be carried out as soon as possible.

Para. 124.

15. *Inclusion of all Public Works in the same Budget.*—The proposal of the Commission to include in one Budget all the expenditure on Public Works, whether to be met from Imperial or Local Funds, appears to be stated somewhat too broadly. It appears preferable to lay down as a rule that, so far as the accounting is concerned, the agency should determine the character of the charge. In this way Local Funds spent by Imperial Establishments, should be dealt

Paras. 131—132.

with as contributions to Imperial Funds, and so accounted for; and this is what the Commission appear to have in view. On the other hand, it would appear unobjectionable to allow Imperial Funds applied under local agencies by proper authority to be finally written off on that authority in the Imperial Accounts, as a lump sum grant for local purposes, and the audit taken accordingly in connection with the local outlay. It is a matter of much public interest to cherish the germs of self-government contained in the administration of the Local Funds, and there seems no sufficient reason to disturb the arrangements under which they are now dealt with under the sole responsibility of the Local Governments.

16. *Stores from England.*—The Governor General in Council does not see any sufficient reason for altering the existing practice, by which payments in England for stores for the Public Works Department are included as charges in the Indian estimates and accounts. If such a change is proper for Public Works stores, it must be equally so for the stores obtained from England for other departments. But, as the cost of such stores forms in truth no part of the home expenditure, and as the Secretary of State merely procures them at the requisition of the Government of India, the control over their purchase can only be properly exercised in India; and the cost of them is therefore properly included in the estimates of Indian expenditure.

Para. 59.

17. *Reduction of Stock.*—The Commissioners observe that the present stocks might be usefully reduced to a very considerable extent, and that all unserviceable stores should be at once sold, and the proceeds brought to account. These recommendations should be promptly and effectually carried out; and care taken by frequent inspections, to prevent any future accumulation of unnecessary stores.

Paras. 77—78.

18. *Transfer of the compilation of accounts from Controllers' Offices to those of Executive Engineers.*—This recommendation is approved, and the Accountant General will be instructed to give effect to it as rapidly as is consistent with the maintenance of regularity in this branch of the accounts, it being necessary to bear in mind that it is better to continue for a time the present mode of abstracting, although it may not be the best, rather than to run the risk of introducing confusion into the department by too sudden a change.

Paras. 31—40.

19. With one exception the other points referred to in the report do not call for detailed remarks here. It will be the duty of the Accountant General on his appointment to take up at once the whole subject, and to submit detailed proposals for giving effect to the different proposals in a safe and practicable manner.

20. But with regard to the recommendation made in para. 152, that one Code and system of detailed account should be established for all India,

course the appointment of Inspector General of Public Works Accounts under the Government of India will, at the same time, lapse.

4. An Assistant Accountant General may also, with advantage, be appointed. He would remain in charge of the Office while the Accountant General is absent on tours of inspection, a duty to which much importance should be attached. The services of this officer, who should be a skilled Accountant, will also be called for to assist the Accountant General in connexion with the Railway Branch of the Public Works Accounts. For under the new system it will obviously become a part of the duty of the Accountant General to the Public Works Department to see to the correctness of the accounts of the Railway expenditure so far as the Government is concerned in them, and it will be desirable in this view to transfer to his Office the business connected with Railway Accounts heretofore conducted in that of the Auditor and Accountant General.

5. The Governor General in Council considers that the following salaries will be suitable for the two new offices thus to be created:—

Accountant General per month, Rs. 2,000.

Assistant Accountant General to have the position and salary of a First Class Controller, Rs. 1,200.

It will be the duty of the Accountant General as early as possible to submit for approval a scheme for his Office; of course he will pay strict attention to economy in his proposals.

6. *The introduction throughout India of a complete monthly audit of the whole expenditure on original Accounts.*—This proposal affects mainly the Presidencies of Madras and Bombay, as a monthly audit such as is proposed has been for some time enforced in every other part of India. The system of partial audit on items cannot be allowed to remain. The Governor General in Council considers this change to be quite essential to a healthy system of account, and has no doubt that this view will at once be concurred in by the Governments of Madras and Bombay. This system of complete monthly audit is moreover necessary for ensuring that uniformity and regularity in the submission of the monthly abstract accounts which will, under the new arrangements, be required by the Government of India. Those Governments should, therefore, be at once addressed, and requested to arrange for the introduction of a monthly audit of their Public Works expenditure.

Paras. 92—106.

7. *Formation of the Public Works Controllers into one body for the purpose of appointment and promotion.*—This also is a change which practically would affect only Madras and Bombay, as all the other Controllers throughout India already form one body. It is necessary for filling properly these important posts, that the widest field of

Paras. 41—44.

selection should be open; and it appears obvious that, unless the plan proposed by the Commission is carried out, the Governments of those Presidencies will have a difficulty in providing officers of sufficient standing and practically conversant with accounts for their Account Offices. Moreover, if the Controllers, serving in Madras and Bombay, have not the opportunity of becoming acquainted with the system generally in force under the Government of India, they will hardly be so eligible for promotion to the head of their department as those officers who are more thoroughly conversant with the working of the entire system, and they will, at the same time, have less opportunity of coming under the notice of the central authority and proving their ability.

8. In this view, as well as for the reasons advanced by the Commissioners, the formation of the Controllers and Deputy Controllers throughout the whole country into one body appears desirable. So far as the administrative functions of the Controllers are concerned, they would remain, as at present, entirely under the orders of the Local Government, and no practical objection would appear likely to arise on this ground. The case should therefore be put to the Governments of Madras and Bombay, and their opinions invited upon it; it being remarked that, whatever final decision is adopted, the Government of India would desire that the Public Works officers in Madras and Bombay should be regarded as eligible to all the appointments belonging to the Imperial Accounts Department, due regard of course being paid to their personal qualifications.

9. *Modification in the mode of dealing with the reserve or unappropriated sum allowed to be entered on the Budget-Estimate.*—The Governor General in Council entirely agrees with the Commission that the power now vested in the Local Governments to apply savings (i. e., unspent balances of Budget appropriations) to new works not entered in the Budget-Estimate, but within their powers of final sanction, should be withdrawn. The case as put by the Commission, and a comparison of the Public Works expenditure with the original Budget-Estimates of past years, show clearly that by No. 22 of the existing Budget Rules, a Local Government may entirely upset the Budget appropriations, so far as works sanctioned by the Local Governments are concerned, and may undertake any number of new works not entered in the Budget, so long as the aggregate amount passed on the Budget is not exceeded.

Paras. 51—57.

10. Thus it is evident that a Local Government might undertake and execute works of the necessity for which the Government of India would have no opportunity of expressing an opinion, and to which there might be strong objections.

11. At the same time the Governor General in Council is not prepared to go the full length with the Commissioners in objecting to "the

the Governor General in Council is not satisfied that this would be practicable, nor if practicable, that it would be desirable. So far as the abstracted accounts are concerned which come up to the Government of India, absolute uniformity is certainly necessary, and uniformity in these involves the establishment of the same general principles of account throughout the country. But absolute identity in the system of detailed management of works, and of actual disbursement of money, and of the original accounts of such disbursements, seems in no sense requisite. It will be however for the Governments of Madras and Bombay to determine how far uniformity of system in details is practicable, and the report of the Commission should be referred to them for that purpose. It is not doubted that those Governments will appreciate as fully as the Government of India does, the value and importance of the different changes recommended by the Commission, and the favourableness of the present time for introducing such reforms as may appear really desirable.

ORDER.—Ordered, that the foregoing Resolution, together with the original papers relating thereto, be forwarded to the Financial Department for early consideration and orders.

Colonel, R. E.,
Secy. to the Govt. of India.

the Governor General in Council is not satisfied that this would be pra
ll—ma— if practicable that it would be desirable. So far as the abst

Account.

To

SECY. TO GOVT. OF INDIA,
FINANCIAL DEPARTMENT,

FROM

SECY. TO GOVT. OF INDIA,
IN THE PUBLIC WORKS DEPT.

No. 4A. / 1408.

Dated 24th March, 1864.

Received

Resolution by the Public Works Department on the report of the Commission on Public Works Accounts.

15/12 11P

No. 15/12.
Recorded, with reference
to G. O. No. 1326 - dated 7th May
1864.

Chepmell
27th May 1864

X: 87

the Governor General in Council is not satisfied that this would be pra

1864 Dec 15
Pro: of Govt for May
No 1280.

Account.

CIRCULAR No. 14.

To

FROM

SECY. TO GOVT. OF INDIA,
IN THE PUBLIC WORKS DEPT.

Dated 12*th April*, 1864.

Received 28 May "

E 1.

No 1512-27 E. May 1864.

No. bag. 610

Forwards copy of a Report by the Commission on Public Works Accounts, together with Government of India's Resolution, and informs that detailed instructions will be issued as soon as ready.

Wilson Order.