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MADRAS RECORD OFFICE.**Government of Madras.***Public works* **DEPARTMENT.**

G.O. No. <u>3823 A</u>	Press
<u>681-682</u>	Mis.
Dated <u>30-11</u>	<u>18 66.</u>

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
30th November 1866.*

Read the following papers :—

No. 681. From the Secretary to the Government of India, Public Works Department, (Account,) to the Secretary to the Government of Madras, Public Works Department, (Railway Branch), dated Simla, 30th October 1866, No. 1,054 A.

1. In forwarding to you a copy of Resolution No. 1,009 A of 24th instant, circulating the revised Rules for the audit of Railway Accounts, I am directed to say that, with the exception of that part which relates to the new mode of placing Railway Companies in funds, and which it has been found necessary to introduce from the 1st January next, the only change, which it is believed will be found in the new system, already obtains in the audit of the Railway Accounts in Madras, is in the form of monthly Account Current. It will be observed, however, by reference to the remarks on Form No. V., that this form is intended to be merely illustrative, and need not be rigidly adhered to, but may be varied to suit the accounts of any particular Railway. The only necessary condition of such an account is, that it shall embrace the whole cash receipts and disbursements of the Company in India, and open and close with the cash balances of the agency and its Officers.

2. With reference to Article XXII. of the Rules, I am to request that the Government of India may be informed of the period which the Consulting Engineer to the Government of Madras may fix on, within which the accounts of each month are to be rendered to him. I am to add, with reference to paragraph 7 of Resolution No. 642-9 A of the 23rd July last, that the Governor General in Council still hopes to be favored with the opinion of the Government of Madras on the Rules, and requests that should experience of their working render improvement apparent, suggestions for the needful revision may be made to the Government of India.

3. The Governor General in Council hopes also that the reply to my letter No. 638 A of the 23rd July may be furnished at an early date.

Proceedings of the Government of India, in the Public Works Department, (Account), dated Simla, 24th October 1866, No. 1,009 A.

Rules for Government Audit of Railway Accounts.

Read again the following papers—

Resolution No. 642-9 A of 23rd July 1863, circulating, for information and for immediate adoption, with certain possible reservations, a set of rules framed by the Accountant General, Public Works Department, for conducting the examination and audit of Railway Accounts.

Read also—

The following Resolution of the Government of India, in the Financial Department, approving of the proposed Rules, with certain modifications :—
No. 2,558, dated 28th September 1866.

RESOLUTION,—By the Government of India, Financial Department.

Read again—

Proceedings in the Public Works Department, No. 648 A, dated 23rd July 1866, regarding measures for the introduction of the new system of appropriation audit of the accounts of Indian Railways.

from

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30th November 1866.*

Read—

A draft by the Accountant General, Public Works Department, concurred in by the Public Works Department, in which the rules proposed in his Note dated 22nd June 1866, are modified on grounds which were considered at a conference in the Financial Department.

Resolution.—The Governor General in Council approves of the rules set forth in the draft which is read above, and authorizes their introduction.

2. Hitherto, the advances from Civil Treasuries, on Capital and Revenue Account, have been kept distinct in the accounts of the Civil Department, and the new rules make no change in this respect.

3. The payments from Civil Treasuries on Capital Account have hitherto been carried at once to debit of that account in the books of the Civil Department, without any subsequent audit of the payments; this course will not be altered.

4. In dealing with the Revenue Account, as kept on the Government books in the Civil Department, the contract with the Railway Companies requires that the account should be credited with the gross traffic receipts, and be debited with only the audited expenditure, in order that thereby the Revenue Account may admit of the declaration upon it (according to Section 18 of the Contract) of the half-yearly profits arising from the excess of the receipts over the charges that "shall have been allowed and sanctioned by the East India Company."

5. To ensure this debit of only audited working charges against the Revenue Account, the Civil Treasuries have hitherto made payments on that account only upon audited bills.

6. But as some working expenses require to be paid without waiting for audit, such payments, in anticipation of credit, have been provided hitherto in one of the following ways:—

1st.—By advances from Construction Funds.

2nd.—By advances from Traffic Receipts.

3rd.—From a permanent advance allowed by Government for the Revenue Account.

7. The first course is irregular, and it will be an especial duty of the Examiner of Railway Accounts to see that it is not resorted to in any case; while any tendency to it should also be checked by Consulting Engineers regulating the amount of the monthly Letters of Credit, or Credit Orders, by the cash balances in the hands of the Railway Companies on Capital Account, the past month's actual expenditure, and the probable requirements of the month on that account.

8. It is also not consistent with the Contract, nor desirable, that any part of the traffic receipts should be diverted, even temporarily, for working expenses; the whole should be paid in gross into the Treasury.

9. In place of the third expedient, viz., a permanent advance for enabling Railway Companies to make payments on working account without pre-audit, it is deemed preferable to advance funds henceforth on working account by means of a monthly Credit Order on certain Treasuries, or of cheques payable at other Treasuries against monthly Letters of Credit—the amount of the Credit Order, or Letter of Credit, being carefully regulated by the probable requirements of the month.

10. The amount of the Credit Order, or of the cheques drawn against Letters of Credit, will be carried to a Revenue Advance Account, as has been done, it is presumed, with the permanent advances hitherto authorized for some Railway Companies. This account will be credited with the audited expenditure, which will then be debited to the Revenue Account.

11. Thus, through the interposition of the Revenue Advance Account, the Revenue Account, equally with the Capital Account, will continue on its present footing in the Civil Accounts, notwithstanding an alteration in the mode of providing funds for working expenses.

12. The balance of the Revenue Advance Account will also show usefully the amount of unaudited payments from Civil Treasuries, which are excluded from calculation in declaring the half-yearly profits on Revenue Account. This balance (answering to the present permanent

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30th November 1866.*

advance) will consist of cash in the hands of Railway Officers on Revenue Account, and payments made by them but not audited.

13. In accordance with the Contract, the Revenue Account on the Government books should admit of the declaration of profits for the half-years ending 30th June and 31st December, and the main object, if not the end and aim of the new system of appropriation audit on the books of the Railway Companies in India, will be but imperfectly attained if the profits be not declared by the Railway Examiners on accounts accessible to, and examined by them, in this country.

14. Accordingly, to complete the Revenue Account on the books of the Civil Department, the proportion of the expenditure for salaries, establishments, and contingencies of the Home Boards of the Railway Companies, which is debitable to the Revenue Account, should be brought upon those books by means of transfer entries.

15. This expenditure, and that for Europe stores, which are ultimately used for working and maintenance, is in English money, and the rate of exchange at which it is to be converted into Indian money for debit to the Revenue Account, is a point of some importance. It has been determined in the Public Works Department that *s. 10d.* per Rupee should be observed as the adjusting rate, and so long as stores are purchased from Capital Funds, this may continue; but without prejudice to the adoption hereafter by Government of a different rate (probably the average rate of the bills drawn on India by the Secretary of State) when, on closure of the Capital Account of any Railway Company, special arrangements may have to be made for the supply of funds from the Treasury of the Secretary of State for India for the Home payments of such Company.

16. The Governor General in Council trusts that the system contemplated by these new rules may conduce to method, regularity, and expedition in the audit of Railway Accounts—a result which will be beneficial alike to the interests of the Government and the Railway Companies. His Excellency in Council will be glad to receive information in this Department, after the expiration of six months, as to the manner in which the rules are found to work.

ORDER.—Ordered, that this Resolution be communicated to the Public Works Department, the Comptroller General of Accounts, the Accountants General of Bengal, Madras, Bombay, the North-Western Provinces, and the Punjab, and the Deputy Accountant General, Central Provinces.

OBSERVATIONS.—The Draft Rules have been approved in the Financial Department, with certain modifications which have been made in communication with this Department, and which have been rendered necessary to meet the arrangements which are in contemplation for allowing Railway Companies to draw funds from District Treasuries, as well as from the Presidency Banks. The opportunity of this review has been taken to amplify the illustrative forms attached to the rules, and to add explanation on points which seemed to call for them.

2. His Excellency in Council remarks that it is necessary to fix a date at which that part of the rules which relates to the provision of funds shall come into effect, and determines accordingly that the 1st January 1867 shall be fixed for the purpose.

3. The standing imprests now allowed on Revenue Account will, therefore, cease to be allowed from that date, and the funds required by Railway Companies for Capital and Revenue expenditure, will be henceforward provided monthly or oftener when necessary, by credits on Government Treasuries, upon which advances will be made in the manner indicated in the rules.

4. In carrying out this change, it will be necessary that the bills for working expenses to 31st December 1866, should be submitted to Consulting Engineers as

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30th November 1866.*

soon after 31st January as possible. On the bills being finally discharged, the standing imprests now held by Railway Companies will be refunded into the nearest Government Treasuries. From and after 1st January 1867, the Governor General in Council directs that the requirements, both for Capital and Revenue Account, be provided in the manner laid down in these revised rules.

5. All expenditure from and after the 1st January 1867, will be provided for by the credits to be issued under the new system, the first of which should be issued in December next.

6. In dealing with the requisitions for funds, the Consulting Engineers will be careful to sanction no more than is absolutely necessary for actual and immediate requirements, whether for Capital or Revenue. But it may be remarked that it will be to the advantage of the Railway Companies also to restrict their drawings on Revenue Account within due limits, as such drawings will necessarily reduce, *pro tanto*, the balance of traffic receipts in Government Treasuries, on which interest is payable under the recent orders* of the Secretary of State.

7. Particular attention is requested to the provision now made by these rules (Articles XV to XX) by which, subject to the approval of the Secretary of State, all stores (except such as are purchased in India for immediate consumption in maintenance and working) will, in future, be provided from Capital Funds. Europe stores being brought on the Indian books at the exchange of 1s. 10d. the Rupee.

8. The monthly Account Current prescribed in these rules, embracing the whole receipts and expenditure of the Railway Company, will, from January 1867, take the place of the various monthly accounts now furnished to Consulting Engineers and the Accountant General of the Public Works Department.

9. It will be the especial duty of the Government Examiners, under the direction of the Consulting Engineers, to see that the expenditure brought forward in the accounts is covered by the requisite sanctions, and also that all receipts of the Railway Company are paid into the public Treasury to the credit of the proper heads of service, and to specify all deviations from this rule, and all doubtful cases, in the audit statement prescribed in Article XXX.

10. It is of great importance that the sums due by Capital to Revenue Account, and *vice versa*, should be finally adjusted within each half-year, and that the adjustment should also be recorded on the books of the Provincial Accountant General. The attention of the Governments concerned is especially directed to the rules on this subject.

11. According to the new system, as already generally in force, and now consolidated by these rules, the books of the Railway Companies are made up irrespective of the Government audit, which will follow the record, thus obviating delay in the preparation of the books and the large inefficient balances which have accumulated in past years. But it is nevertheless the duty of Consulting Engineers to withhold audit from expenditure which may be found objectionable in any way,

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30th November 1866.*

and the course prescribed for such cases in these revised rules is calculated to ensure a full and impartial consideration of any differences of opinion, as regards expenditure, between Consulting Engineers and the representatives of the Railway Companies.

12. The new system of audit having now been everywhere started, and Examiners of Railway Accounts appointed at the seat of each Government which exercises control over guaranteed Railways, the duties of the Accountant General, Public Works Department, as immediate Auditor of these accounts, will now cease, and will be limited for the future to the maintenance of a record of Railway receipts and expenditure in the manner indicated by the rules, and to a general supervision of the working of the system and the Railway Accounts. This will be best effected by inspections, which should be made as frequently as possible by the Accountant General, or an Officer of his Department.

13. The reports of such inspections will be made to the Government of India, but it will, of course, be open to the local authorities to act at once on the suggestions regarding audit and account which may be made to them directly by the Accountant General while on tour.

14. References on matters of account by the Examiners, on the working of the rules, should be referred, through Consulting Engineers, to the Accountant General.

ORDER.—Ordered, that a copy of the foregoing observations be forwarded to the Governments of Madras, Bombay, Bengal, and the Punjab, for information and guidance; and to the Government of the North-Western Provinces, and the Chief Commissioner of the Central Provinces, and to the Financial Department, for information.

(Signed) W. McCLEERY, C. E., Offg. Asst. Secy.,
for Secy. to the Govt. of India.

No. 682. From the Secretary to the Government of India, Public Works Department, (Account,) to the Secretary to the Government of Madras, Public Works Department, (Railway Branch,) dated Simla, 2nd November 1866, No. 1,074 A.

1. I am directed to inform you that the Accountant General, Public Works Department, has been instructed to proceed to Madras next month, in view to afford any personal explanation and assistance that may be necessary in applying the new Rules, issued with Resolution No. 1,009 A of the 24th October, to the Audit of Railway Accounts, and to carrying out the inspection contemplated in the 12th paragraph thereof.

2. With respect to the value of the supervision to be exercised on these occasions by the Accountant General, I am to forward an extract from a letter* lately addressed to the Government of Bombay on the subject, and which it is hoped will explain clearly the kind of relations which the Government of India desires to have established in this matter, between the Accountant General and the Local Officers of the Railway Department.

* No. 1,053 A of 30th October 1866, paragraph 13.

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30th November 1866.*

Extract from a letter from the Secretary to the Government of India, in the Public Works Department, to the Secretary to the Government of Bombay, in the Railway Department, No. 1,053 A, dated 30th October 1866.

13. *Inspection of Accounts by Accountant General, Public Works Department.*

On this point, the views of the Government of Bombay will probably have been met by the Resolution* of the Government of India, indicating the functions of the Accountant General and his relations to the Consulting Engineer. I am desired to say that there is no intention whatever of placing the Consulting Engineer's Office in any position of subordination to the Accountant General or on the footing, with respect to the latter, of a Controller of Public Works Accounts. The Accountant General's functions, with regard to the Railway Accounts, will be those of an Inspecting Officer on behalf of the Government of India; and whilst it would of course be open to Officers on the spot and to the Local Government, to act on any suggestions made by the Accountant General verbally or otherwise, his reports will be made to the Government of India, by whom the Government of Bombay will in due course be addressed on any points calling for observation. There is, in fact, no more question of subordination involved in such relations, than there is in the case of the Examiners of the Audit Board, who conduct the Appropriation Audit of the Accounts of the Admiralty, War Office, and other Public Departments in England. All that is required on behalf of the Accountant General is the supply of certain returns, and free access to the books of the Consulting Engineer and Railway Companies.

No. 683. ORDER THEREON, 30th November 1866, No. 3,823A.

ACCOUNT, No. 56.

1. The foregoing papers will be communicated to the Consulting Engineer for Railways for his information and guidance with reference to the Order of Government of the 7th instant, No. 3,550.

2. The Rules now forwarded by the Government of India for conducting the examination and audit of Railway Accounts, supersede the draft rules* previously communicated to the Consulting Engineer, and will at once be brought into force, with the exception of Clauses I. to V, relating to the provision of funds, which will be introduced from the 1st January 1867.

3. Adverting to paragraphs 3 and 4 of the above quoted Order No. 3,550, it will be observed that, among other modifications, the submission by the Railway authorities of the monthly schedules of works and establishments is not required by the rules as they now stand. The charges entered in the monthly Accounts Current will be checked by the Examiner, as provided in Clause XXIV. of the Rules, by comparison with the detailed accounts maintained in the Railway Company's Office.

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30th November 1866.*

4. With reference to Clause XXII of the Rules, the Consulting Engineer will report, as soon as possible, the date which may be agreed upon for the submission of the monthly Account Current.

5. The special attention of the Consulting Engineer is requested to paragraphs 6, 7, 9, and 10 of the Resolution of the Government of India, No. 1,009A, of the 24th ultimo.

6. Lieutenant-Colonel Anderson will observe that the points mooted by him in paragraphs 9 and 10 of his letter, dated the 15th ultimo, No. 406, are, in great measure, disposed of in the enclosure to Colonel Dickens' letter, dated the 2nd instant, No. 1,074 A.

(True Extract.)

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

To the Consulting Engineer for Railways.
„ Controller of Public Works Accounts.
„ Accountant General.
„ Financial Department.

Exd. S. T. Augustin.

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11074 A.
Government of India.
Public Works Department.
Account.

To
The Secretary to the Government of Madras,
Public Works Department,
Railway Branch.

Triv., 2nd November 1886.

Sir,

I am directed to inform you that the Accountant General, Public Works Department, has been instructed to proceed to Madras next month, in view to afford any personal explanation and assistance that may be necessary in applying the new Rules, issued with Resolution No. 1009 A of the 24th October, to the audit of railway accounts, and to carrying out the inspection contemplated in the 12th para. thereof.

2. With respect to the value of the supervision to be exercised on these occasions by the Accountant General, I am to forward an extract from

from a letter lately addressed to the Government of Bombay on the subject, and which it is hoped will explain clearly the kind of relations which the Government of India desires to have established in this matter, between the Accountant General and the Local officers of the Railway Department.

I have the honour to be,
Sir,
Your most obedt. Servt.,

Wm. Lubbock Esq.,
Secy. to the Govt. of India

Extract from a letter from the Secretary to the Government of India in the Public Works Department to the Secretary to the Government of Bombay in the Railway Department,
No 1053 A dated 30th October 1866.

13. Inspection of accounts by Accountant General, Public Works Department.

On this point, the views of the Govt. of Bombay will probably have been met by the Resolution of the Govt. of India indicating the functions of the Accountant General and his relations to the Consulting Engineer. I am desired to say that there is no intention whatever of placing the Consulting Engineer's office in any position of subordination to the Accountant General or on the footing, with respect to the latter, of a Controller of Public Works Accounts. The Accountant General's functions with regard to the Railway Accounts will be those of an inspecting officer on behalf of the Govt. of

*Resolution No 1010 A of 24th October 1866
about provided rules for Railway Audit.

of India, and whilst it would of course
be open to Officers on the spot, and to the
Local Government, to act on any suggestions
made by the Accountant General verbally
or otherwise, his reports will be made to
the Govt of India, by whom the Govt of
Bombay will in due course be addressed,
on any points calling for observation. There
is in fact no more question of subordination
involved in such relations, than there is
in the case of the Examiners of the Audit
Board who conduct the appropriation audit
of the Accounts of the Admiralty, War Office,
and other Public departments in England.
All that is required on behalf of the
Accountant General is the supply of certain
returns, and free access to the books of the
Consulting Engineer and Railway Companies.

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7 Nov 1866. 144 @ 146.

J. H. W. Depd
Secy of Govt for the
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From
The Secy. to the
Govt of India
To The Secy. of Govt
P. W. D.

3rd } Nov 1866
Encl 13th }
Encl one. N 1074/18.

Intimating that
the Acctt Genl P. W. Dept
will visit Madras in
Decr next, with a view
to afford assistance in
applying the revised
Rules to the audit
of Railway Accounts,
& forwarding an extract
from a letter recently
addressed to the Govt
of Bombay on the
subject.
Cio 23rd 3A. 30th Nov 1866

N 522

21st Nov 1866 Cio 21st

N 1054 A
Government of India.
Public Works Department.
Account.

To
The Secretary to the Government of Madras,
Public Works Department,
Railway Branch.

Sunday, 30th October 1866.

Sir,
In forwarding to you a copy of Re-
solution N 1009 of 24th inst, circulating the re-
vised Rules for the audit of Railway Accounts,
I am directed to say that with the exception of
that part which relates to the new mode of placing
railway companies in funds, and which it has
been found necessary to introduce from the 1st
January next, the only change which it is believed
will be found in the new system from what
already obtains in the audit of the railway accounts
in

in Madras is in the form of monthly account-current. It will be observed however by reference to the remarks on Form N. V, that this form is intended to be merely illustrative, and need not be rigidly adhered to, but may be varied to suit the accounts of any particular railway. The only necessary condition of such an account is that it shall embrace the whole cash receipts and disbursements of the company in India and open and close with the cash balances of the agency and its officers.

With reference to article XXII of the Rules I am to request that the Government of India may be informed of the period which the Consulting Engineer to the Government of Madras may fix on, within which the accounts of each month are to be rendered to him. I am to add, with reference to para. 7 of Resolution N. 642-9 A of the 23. July last, that the Governor General in Council still hopes to be favoured with the opinion of the Government of Madras on the Rules, and requests that should ex-

perience

experience of their working render improvement apparent, suggestions for the needful revision may be made to the Government of India.

3. The Governor General in Council hopes also that the reply to my letter N. 658 A of the 23. July may be furnished at an early date.

I have the honour to be,
Sir,
Your most obedient servant,

(W. Richards) L. P. KA
Secretary to the Govt. of India.

Public Works Department.

CV 3823A

PROCEEDINGS of the MADRAS GOVERNMENT
Under clause No 30 of Act No 1866.
Read the following

From the Secy: to the York
of India —

(Here enter No. 1054A dated 30 Dec 1966.)



No.

As

(- " - 421074 A 872 Nov 76)

The foregoing
papers will be com-
municated to the Con-
sulting Engineer of
Railways for his
information and guidance
with reference to the order
of Government of the
7th Instant, No. 3550-
2

The rules now for-
warded by the Govt.
of India, for con-
ducting the examination
and

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 L. 7 Nov. 1860 — Aug. 1861

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and audit of Railway
Accounts, supersede
the draft rules previous

by communicated
to the Consulting En-
gineer, and will at once
be brought into force,
with the exception of
Clauses I to V, relating
to the provision of
funds, which will be
introduced from the
1st January 1867.

Adverting to para-
graphs 3 and 4 of
the above quoted Order,
No. 3550, it will be
observed that, among
other modifications,
the submission by
the Railway authorities
of the monthly schedules

P. W. 186 . Department.

With O. O. 23rd Aug/66,
No. 2671.

PROCEEDINGS OF GOVERNMENT.

Dated

of works and establish-
ments is not required
by the rules as they now
stand. The changes entered
in the monthly accounts
current will be checked
by the Examiner, as
provided in Clause XXIV
of the rules, by com-
parison with the detailed
accounts maintained
in the Railway Com-
pany's Office.

With reference to
Clause XXII of the rules,
the Consulting Eng-
will report, as soon as
possible, the date which
may be agreed upon
for the submission
of the monthly accounts
current.

Current

The special attention of the Consulting Engineer is requested to paragraphs 6, 7, 9, and 10 of the Resolution of the Government of Order No. 1009 A, of the 21st ultimo.

Lieutenant Col. Anderson will observe that the points mooted by him in paragraphs 9 and 10 of his letter dated the 15th ultimo, No. 406, are, in great measure, disposed of in the enclosure to Colonel Dieter's letter dated the

2nd

2nd Inst. No. 1071
A.

W.B.

- To The Consulting Engineer three copies of the Rules and of the Res. No. 1009 A for Railways
- 4 " Controller of P.W. Accounts with four copies of the Rules and of the Res. No. 1009 A
- 3 " Accountant Genl. with three copies of the Rules and of the Res. No. 1009 A
- 11 " Financial Dept. with eleven copies of the Rules and of the Res. No. 1009 A
- Revised copies of the orders only despatched to the Comg Engr, Cont of P. W. Acct. Acct. Genl. & Finl. Dept. 4/12/88.
- 31
Resp. 3. December

Orville Dwyer
Proc. of Geology for Nov.

No 3823 A
Proc. of the Marine Socy
Of 3rd November 1866

Proc. of 5094/66



Attest

21st Nov 1866