M.R.O. 1—77,006—8-6-37.

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MADRAS RECORD OFFICE.

Government of Madras.

Public works **DEPARTMENT.**

G.O. No. 2247-48 Press / Mis.

617-49

Dated 25 . 7 1849.

Not to be folded or roughly handled

No. 617. Read the following Endorsement of the Consulting Engineer for Railways, dated Madras, 10th July 1867, No. 197 :—

Read the following letter from the Agent of the Great Southern of India Railway, to the Consulting Engineer for Railways, dated Negapatam, 2nd July 1867, No. 2,344.

1. In reply to your request of the 27th ultimo, I have the honour to inform you that I communicated to my Directors a copy of Major Chesney's report, (of 18th January 1867, upon the audit of Railway accounts, Madras,) in which he expresses an opinion that by concentrating the accounts, establishments, and simplifying the accounts, "it would be found practicable to provide for the salary of a competent "Auditor and Accountant (who need not be altogether independent of the Agent) "without any increase in present charges;" and I have since received instructions to report to the Board.

2. The Directors do not think it desirable, at the present moment, to make any radical change in their system of book-keeping; and they believe that from my present staff, arrangements can be made for the appointment of an officer who shall be directly responsible to the Board that all disbursements have been duly sanctioned, and the various items properly brought to account.

3. Acting under these instructions, I have nominated my Chief Clerk, Mr. J. Smith, to the office of Chief Auditor; and I propose that he shall commence his new duties by auditing the present month's accounts; that he provide security to the extent of two years' salary for the faithful performance of his trust; and that his audit reports in original be regularly laid before the Board.

4. In connection with this subject, I have to inform you my Directors consider that the audit of the Government Examiner "to be of practical benefit must be "thorough and exhaustive, and that the officer conducting the duties of the post "should not confine his examination merely to seeing that Heads of Departments "prepare their accounts properly, but should satisfy himself of the correctness of "the details in every particular." (See note on the duties of the Government Examiner, forwarded with Consulting Engineer's letter to Government, No. 8 of 10th January 1867.) At present the Government Examiner takes a portion of the accounts only, and satisfies himself of the correctness of that portion. Will you please ascertain from Government if the audit wished for by my Directors cannot be introduced.

—

1. Submitted to Government.

2. The appointment which has been made by the Agent and Traffic Manager, in anticipation of the sanction of Government, will probably meet with the approval of his Board of Directors, but I question if a Chief Auditor, who had previously been the Agent's Head Clerk, on a salary of Rupees 250 per mensem, is likely to conduct the duties of an Auditor in a sufficiently independent manner. In short the audit on the part of the Railway Company will be little more than nominal.

3. The Board of Directors seem quite to understand that their instructions would not lead to an efficient audit being introduced by the Agent. They evidently prefer to have the thorough audit carried out by the Government Examiner at the Government expense. The Government, however, never contemplated such an

arrangement; and it rests with them, and not with the Board of Directors, to prescribe the limits to which the scrutiny of the Examiner of Railway Accounts shall extend.

4. As I consider that the measures which have been adopted by the Railway Directors, and the local Agent, are based on a mistaken view of the responsibility of the Railway Company, and would lead to no practical result, I cannot recommend them for sanction.

(Signed) J. C. ANDERSON, Lieut.-Colonel, R. E.,
Consulting Engineer for Railways.

No. 618. ORDER THEREON, 25th July 1867, No. 2,247.

RAILWAY, No. 49.

1. The Government agree with the Consulting Engineer that the measures taken by the Agent of the Great Southern of India Railway are not likely to secure an efficient or an independent audit of the Railway accounts.

2. The Government are altogether unable to entertain the Directors' proposal, which, as Colonel Anderson observes, would throw upon the State the expense of carrying out a thorough audit of the Railway Company's accounts. As has been remarked by the Accountant General, Public Works Department, the duties of the Government Examiner should consist rather in satisfying himself that the Auditors of the Railway Companies conduct the audit in a complete way, than in himself auditing the accounts.

3. The Government are satisfied that the object which both they and the Government of India had in view when the new system of audit was established can only be attained by the appointment of a competent and independent Auditor, with full control over the accounts of all departments of the Great Southern Railway, and, adverting to the Right Honorable the Secretary of State's Despatch, dated the 23rd March last, No. 4, a further reference upon this subject will now be made to him.

4. As a temporary measure pending the receipt of instructions from the Secretary of State, the measures taken by the Railway Agent are sanctioned.

Ordered that the following letter be sent:—

(Here enter No. 2,248, dated 25th July 1867.)

(True Extract.)

(Signed) J. H. M. SHAW STEWART, Major, R. E.,
Under Secretary to Government.

To the Consulting Engineer for Railways.

Ed. S. T. Augustin.

PUBLIC WORKS DEPARTMENT,
FORT SAINT GEORGE,
25th July 1867.

No. 2,248.

No. 619.
To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
PUBLIC WORKS DEPARTMENT.

SIR,

RAILWAY, No. 50.

I am directed to acknowledge the receipt of your letter dated the 6th ultimo, No. 534 A., and in reply to forward a copy of the Proceedings of this Government of this day's date, No. 2,247, from which you will see that, in the opinion of His Lordship in Council, the measures taken by the Agent of the Great Southern of India Railway are not calculated to secure an efficient and independent audit of the Railway Accounts, and that a further reference will be made to the Secretary of State, with a view to the appointment of a competent and independent Auditor, with full control over the accounts of all departments of the Railway.

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

(Signed) J. H. M. SHAW STEWART, Major, R. E.,
Under Secretary to Government.

Ed. S. T. Augustin.

No. 2344

GREAT SOUTHERN OF INDIA RAILWAY.

AGENT'S OFFICE.

NEGAPATAM. 2nd July 1867.

5

From

THE AGENT

Great Southern of India Railway,

To

The Consulting Engineer for Railways
Madras

SIR,

In reply to your request of the 27th Ultimo. I have the honor to inform you that I communicated to my Directors a copy of Major Cheney's report (of 18th January 1867 upon the audit of Railway Accounts Madras) in which he expresses an opinion that by Centralizing the Accounts, Establishments and simplifying the accounts "it would be found practicable to provide for the salary of a Competent Auditor and Accountant (who need not be altogether independent of the Agent) without any increase in present charges;" and I have since received instructions to report to the Board:

2— The Directors do not think it desirable, at the present moment, to make any radical change in their system of book-keeping, and they believe that from my present staff, arrangements can be made for the appointment of an Officer who shall be directly responsible to the Board that all disbursements have been duly sanctioned, and the various items properly brought to account.

Acting

6372.

No 2344

From

The Agnt.
G. I. P. Railway

To

The Consulting Engineer
for Railways
Madras

Dated 2nd July 1867
Rec'd 8th

Subject

Regarding the appointment
of a Competent Auditor.

Sir

3rd Acting under these instructions I have nominated my Chief Clerk Mr J. Smith to the office of Chief Auditor; and I propose that he shall commence his new duties by auditing the present months accounts; that he provide security to the extent of two years salary for the faithful performance of his duty and that his Audit reports in original be regularly laid before the Board.

4th In connection with this subject I have to inform you that my Directors consider that the Audit of the Government Examiner to be of practical benefit must be thorough and exhaustive and that the officer conducting the duties of the post should not confine his examination merely to seeing that Heads of Departments prepare their accounts properly, but should satisfy himself of the correctness of the details in every particular. (A note on the duties of the Government Examiner forwarded with Consulting Engineers letter to Government No 8 of 10th January 67.) At present the Government Examiner takes a portion of the accounts only and satisfies himself of the correctness of that portion. Will you please ascertain from Government if the Audit pointed out by my Directors cannot be introduced.

I have the honor to be
Sir
Your most Obedient Servant

William Ellis

submitted to Government.

The appointment which has been made by the Agent and Traffic Manager in anticipation of the Sanction of Government will probably meet with the approval of his Board of Directors, but I question if a Chief Auditor who had formerly been the Agent's head clerk on a Salary of Rupees 250 per mensem, is likely to conduct the duties of an Auditor in a sufficiently independent manner. In short the audit on the part of the Railway Company will be little more than nominal.

The Board of Directors seem quite to understand that their instructions would not lead to an efficient audit being introduced by the Agent. They evidently expect to have the thorough audit carried out by the Government Examiner at the Government expense. The Government however

however never contemplated such an arrange=
=ment; and it rests with them and not
with the Board of Directors to prescribe
the limits to which the Scrutiny of the
Examiner of Railway Accounts shall
extend.

As I consider that the measures
which have been adopted by the Railway
Directors, and the Local Agent, are
based on a mistaken view of the responsibi=
lity of the Railway Company, and would
lead to no practical result, I cannot
recommend them for Sanction.—

Madras
10th July
1867

J. Anderson Lieut.t Colonel R.E.
Consulting Engr. for Railways

To

The Secretary to Govt.
Public Works Department
Fort Saint George

29th Aug. 1867 No. 272
5th March — 1873 —

Copying in P.W. Letters to Engineers
D/12th August No. 8 of 1867.

P.W. 2564 for Sanction
Pro: of Govt for Sanction
1867 No. 2582

RAILWAY DEPARTMENT.

From
The Consg. Engineer for Railways,

To
The Secretary to Government,
P. W. Dept.

Dated 10th } July 1867.
Received 11th }

No. 197-

Enclosures, No. one

Observations on
a letter from the Agent
& Traffic Manager G.S.I.P.
R. Ry, regarding the ap=
=pointment of a competent
Auditor-

No. 6/7

C. 19th July 1867 (A. 220

Encs. 2247-A 2248-25th July 1867

Public Works Dept

13 15

No 2247

Proceedings of the Madras Government

Under date the 25th July 1867

Read the following

From the Consg Engineer
for Railways

Fort St George 10th July 1867
No 1971

1. The Government agree with the Consulting Engineer that the measures taken by the Agent of the Great Southern of India Railway are not likely to secure an efficient or an independent audit of the Railway accounts.

2. The Government are altogether unable to entertain the Director's proposal which

which, as Colonel Anderson observes, would throw upon the State the expense of carrying out a thorough audit of the Railway Company's accounts. As has been remarked by the Accountant General, P.W.D., the duties of the Government Examiner should consist rather in satisfying himself that the auditors of the Railway Companies conduct the audit in a complete way, than in himself auditing the accounts.

3. The Government are satisfied that the object which both they and the Government of India had in view when the new system of audit was established can only be attained by the appointment of a competent and independent auditor with full control

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control over the accounts of all departments of the Great Southern Railway, and, adverting to the Right Honble the Secretary of State's despatch dated the 23rd March last, No 4, a further reference upon the subject will now be made to him.

It is desirable, meanwhile, that the following letter be sent.

To the Comptroller for Rys

Despatch 26/7/67

To
No. 2248.
The Secretary to
the Govt of India
P.W.D.

Sir

I am directed
to acknowledge the receipt
of your letter dated the 6th
ultimo, No. 534 P.W.; and in
reply to forward a copy of
the proceedings of this Go-
vernment of this day's
date, No. 2247, from which
you will see that, in the
opinion of His Lordship
in Council, the measures
taken by the Agent of the
Great Southern of India
Railway are not calculat-
ed to secure an efficient
and independent audit
of the Railway accounts,
and
and that a further repre-
sent will be made to the
Secretary of State, with
a view to the appoint-
ment of a competent
and independent auditor,
with full control over the
accounts of all depart-
ments of the Railway.

Fort St George
25th July 1867

Recd 26/7/67 with C/Ltr of 4th No 2247 of 1867

Copy in a Ptt. to Letter to England
Dy 12. Augt. No 8 of 1867.

Pub: Works 1867 Departt.

Pro: of Govt. for July
No 2998 & 2348

Pro: of the Madras Govt.
Dt 25th July 1867

(8)

Issuing orders on a letter from the Agent G.I.P. Railway, through the Consulting Engineer relative to the appointment of an independent Auditor for the Audit of Railway Accounts.

Addressing the Govt. of India on the above subject.

Nos. 617-618-& 619

c. 19 July 1867 R. 22nd