M.R.O. 1—77,006—8-6-37.

(1) Number of pages 22

(2) Date of repair 23-3-93

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No. 651 Press/Mis.

50-51

Dated 2 3 1867.

Not to be folded or roughly handled

Proceedings of the Madras Government, Public Works Department, 2nd March 1867.

No. 50. Read the following letter from the Secretary to the Government of India, Public Works Department, (Account), to the Secretary to Government of Madras, in the Public Works Department, dated Fort William, 2nd February 1867, No. 115A:—

1. I am directed to forward, for the information of the Government of Madras, copy of the Report furnished by the Accountant General, Public Works Department, on the occasion of his late inspection of the Office of Public Works Accounts at that Presidency, and to express the satisfaction of the Government of India at the results therein described.

2. With reference to the remarks in paragraph 7 of the Report, regarding the periodical inspection of Range Offices by the Controller of Accounts, it is understood by the Government of India that this proposal has been approved by the Government of Madras.

3. It is presumed that the orders which may be passed by the Government of Madras on the Accountant General's proposals, relative to the Workshop and Store accounts, will be communicated to the Government of India. I am to say that the Accountant General's opinion, that the cost of the Superintendent's salary should be divided between the two establishments, appears to the Government of India to be proper.

4. It is concluded that the same rules will be made applicable to the account of the Dowlaishweram workshops; and these proceedings will therefore render unnecessary a further reply to your letter No. 2,997 of the 19th September 1866, regarding that establishment.

No. 51. ORDER THEREON, 2nd March 1867, No. 651.

ACCOUNT, No. 5.

Recorded with reference to G. O. of the 10th January 1867, No. 88, and the 24th idem, No. 242.

(True Extract.)

Colonel, R. E.,
Secretary to Government.

Exd. J. Tulloch.

Report on the Office of Public Works Account, Madras.

My inspection of this office was made between the 29th November and 24th December last.

2. I am happy to be able to report that the Controller's accounts are in very good order. I found the accounts and books to be properly kept according to the prescribed form, and the only remarks which it appeared necessary to record, in addition to the matters settled in personal discussion with the Controller, will be found in the accompanying Memorandum, Appendix D, copy of which has been supplied to him.

3. I also, in company with the Controller, examined the accounts of the Presidency General Store Department and Workshops. These are separate establishments, but located in the same building, and under one Superintendent. The former is maintained as a depôt of tools, instruments, &c., for the use of the Department generally, the other for the repair of instruments and the execution of miscellaneous works of all kinds. The workshop is now in its infancy, but a foundry is under construction, and the establishment when somewhat further developed is likely to prove extremely useful, and to supply a want much felt at present by the Department throughout the Presidency.

4. The accounts as now kept, while based on correct principles, are susceptible of improvement. I accordingly submitted a Memorandum (Appendices A and B) to the Government of Madras, containing proposals under which, while the accounts of the Store Department would continue to be nearly on the footing of ordinary executive range accounts, as regards the expenditure being charged entirely against the grant, the workshop would be constituted an independent establishment like the other Public Works manufactories in different parts of India, and the expenditure for it would only fall against the grant whenever additional capital outlay was necessary, or whenever from any cause it did not pay its expenses. These proposals are, I believe, now under consideration of the Government of Madras, the different officers of the Department concerned having previously signified their concurrence.

5. A similar system will be desirable for the Dowlaishwarum workshop, the accounts of which already approximate nearly to what is desired, and will therefore require but slight modifications.

6. The system of account pursued in the Madras range offices, as laid down in the Madras Manual, resembles in most respects that in force elsewhere, the principal differences being that the monthly accounts are not journalized, and that no ledger is kept, except for transactions with contractors. Considering the comparatively small expenditure in each range in

6—12, 1, 67.

consequence of the large number of ranges, and the necessarily small establishment allowed to each, these records are probably not required and have been omitted without inconvenience. The only modification which it occurred to me to suggest as desirable, referred to the form of *progress report* or schedule of expenditure, and will be found in Appendix D.

7. It appears hitherto not to have been a recognized part of the Controller's duty to make inspections of the range offices. I attach copy of a Memorandum on this subject (Appendix C) which has been submitted to the Madras Government. Everywhere else the inspection of accounts by Controllers has been attended with extreme benefit, and it could hardly fail to prove beneficial in this Presidency also; while if the duty is conducted in view, not only to correct deficiencies and bring irregularities to light, but to afford aid and advice to Range Officers in the management of their accounts, it may be hoped that all unnecessary feeling of antagonism between the two branches of the department would disappear, and that the advantage of having the co-operation of the Controller in maintaining rule and regularity would soon come to be recognized by the other inspecting officers.

8. And provided the Controller has the opportunity of frequent access to the original accounts of disbursing officers, I think the bulk of the accounts now rendered to his office may be sensibly reduced.

9. The brevity of this report, contrasted with the lengthy papers which a few years ago it was necessary to write on each occasion of similar inspections, may I hope be accepted as an indication of the change which has come over the Indian Public Works Accounts during this period.

CALCUTTA,
9th January, 1867.

G. CHESNEY,
Accountant General.

APPENDIX A.

ACCOUNTS OF THE PUBLIC WORKS STORES.

These stores are under the care of the General Superintendent, who has also the control of the Workshops, but the accounts of the two concerns are very properly kept quite separate.

2. I think the accounts are susceptible of reduction.

3. *Cash-books.*—Two are kept up—one in respect of the moneys obtained for the business of the establishment on credit orders, the other for the moneys received for sales of goods which are paid in on receipt to the treasury. The first has only one cash column on each side, so that all payments by means of cheques have to be brought on to the debit side as receipts from the Bank, and charged on the other as payments. Thus a double entry and appearance of a double transaction is required, where only one entry is necessary, and where, in fact, there has been only one transaction. It will be desirable that a double column cash-book should be substituted,—one column for treasury transactions, the other for cash in chest. By the use of this, the number of entries will be reduced one-half. Further, it appears very desirable that the whole of the cash transactions should be shown in one cash-book only, and that the second book should be abolished.

4. *Record of stores.*—These are divided into *Tools* and *Plant* and *Stores*, the accounts of which are kept separate, though on the same plan.

5. The issue-book—styled a Journal—shews the number, rate, and value of every article issued. A similar receipt book—also termed a Journal—details the receipts. These books are written up daily, and the entries carried to a Store Ledger, which contains a separate head for each description of goods.

6. With respect to stores, abstracts of receipts and issues under the classified headings are rendered to the Controller, but as the detailed ledgers are not grouped under those classified headings, they do not readily give the required results, which have to be elaborated on detached slips of paper every month. Thus the correspondence of the detailed books with the abstracts rendered is not apparent from the nature of the record, but in order to prove them; a separate balance has to be worked up whenever it may happen to be required. I should notice, however, that this had been done on 30th April last, and that the balance sheet proved quite accurate.

7. Now first as regards *Tools and Plant.* These are not borne on the accounts of the department at a money value, and therefore all this ledger posting appears superfluous. It is no doubt desirable for statistical purposes, that the value of the Plant on hand may be recorded, but this may be done equally well by a much simpler arrangement. It has to be observed that the prices charged are not necessarily what the articles cost, or even what they are worth, but are arbitrarily fixed, and therefore it is the less necessary to record those prices throughout each stage of the proceedings.

8. I recommend the following arrangement:—The so-called journals to be kept up as at present, but to be termed Issue-book and Receipt-book, and to contain no record of rates and prices. These books to be abstracted at end of each month at foot, so as to bring the total issues and receipts of each description of goods together.

9. These abstract entries to be then carried monthly into a Register of Tools and Plant of form accompanying, one sheet for each sub-head, which should be priced yearly or half-yearly. There would be no difficulty in pricing the articles. Those brought forward from former returns would of course bear their former price. New articles would be brought in at their invoice price. Articles returned might be priced at full, half, or quarter value, according to their state.

10. *Stock.*—As regards other stores, the present forms are suitable, and might remain unaltered. They are somewhat more detailed than is usual, or perhaps necessary, a separate ledger account being kept of each article; but considering that the special duty of the establishment is the custody and accounting for stores, the detail is not excessive. But some additions are needed to make the accounts complete. They now just stop short of the required point.

11. I.—In order that the exact liabilities of the Stores Department may be regularly recorded, as well as its assets, a Ledger is much required. The stock transactions are already abstracted precisely in the form required for ledgering; all that is needed is, that the cash receipts and expenditure should be abstracted monthly, and thence passed through a Journal, and posted into the Ledger.

12. For the Cash Abstract book, Government of India Form No. 21 will be found very suitable.

13. The Journal entries would be four per month, *viz.*:—

Cash Dr. to Sundries.	Stock Dr. to Sundries.
Sundries Dr. to Cash.	Sundries Dr. to Stock.

The totals of these should correspond with the total Ledger Dr. and Cr. postings of the month, as carried into the monthly trial balance sheet, and will prove their correctness.

14. The Ledger should contain the following heads:—

Cash.	Store sales.
Government.	Transfers.
Stores.	Miscellaneous advances.
Store Purchases.	Deposits.

Profit and Loss.

15. A Store (or Stock) Ledger is necessary, kept by the recognized sub-heads, and working up monthly to the main Ledger head, Stock. Form No. 31 is recommended as simple and suitable. The balances of the detailed Sub-Ledgers (which contain a separate account of each item) should be agreed half-yearly with the sub-head balances of the Stock Ledger, in the manner at present done, with this difference that it will be more methodical and satisfactory if these balances are entered in the body of the Stock Ledger, instead of being kept on separate sheets of paper.

16. The reductions in the registers of Tools and Plant recommended will more than suffice to admit of the additional records here proposed being kept up, but I believe that the latter will of themselves reduce work and save trouble, without reference to other arrangements.

17. The mode of rating now in force is carried to a greater refinement than is necessary or desirable. Rates are struck to pies, and as this is necessarily in many cases only an approximation, it follows that if articles are issued at the assumed rate, rate of the residue at the end of the half-year will not be precisely the same as the original rate; and, in order to make it so, a charge to profit and loss is raised, in many cases exceedingly minute.

18. Thus in one case I noticed that an item opened with a balance of 504 articles value Rs. 96-8-7, which give a rate of nearly 3 annas 1 pie each; accordingly the issues, 30 in number, were charged off at that rate, giving a value of Rs. 5-12-6, the resulting balance at the end of the year was therefore 474 articles value Rs. 90-8-1. But 474 things at 3 annas 1 pie each, come to Rs. 91-5-6, and therefore, in order to make the account shew this rate exactly, a charge was made to profit and loss of 9 annas 5 pie. The same operation appears to have been carried out with respect to every item of which the resulting balance would not exactly cover the rate. But this laborious adjustment would be entirely avoided by simply continuing the rate until the error exceeded a pie, and then varying the *rate*, instead of altering the *values*. And it is, I think, quite a needless refinement to strike rates to pies at all; it would be quite sufficient to take the rate to the nearest anna, by which means considerable trouble in computation would be avoided.

MADRAS
7th December, 1866.

(Signed)
G. CHESNEY.

FORM OF REGISTER OF TOOLS AND PLANT.

GENERAL STORES. REGISTER OF TOOLS, PLANT, AND INSTRUMENTS.

Instruments.

NAMES OF ARTICLES.	BALANCE BROUGHT OVER.	RECEIPTS.						TOTAL.	ISSUES.						TOTAL.	BALANCE ON THE 1ST NOVEMBER.	RATE.	VALUE.
		May.	June.	July.	August.	September.	October.		May.	June.	July.	August.	September.	October.				
																	Rs.	Rs.
. . .																		
					1			9			2				2	7	250	1,750
Theodolite 10″ ...	5	3	...	...		...	...		...	..		...	...	...				
								15			...	5	...	...	5	10	185	1,850
„ 6″ ...	4	...	...	11	...	...	...		...	...								

Total ...

C

APPENDIX B.

Workshop Accounts at the Presidency.

This workshop is of recent creation, and the expenditure having hitherto been only small, the question how the accounts should be dealt with has not hitherto offered itself prominently for consideration; but its rapid development into full work is no doubt very desirable, and as it may be expected that the establishment will eventually form an important feature in the arrangements of the Public Works Department of this Presidency, it seems desirable that the accounts of the shop should be placed on a definitive footing at once. The following remarks are accordingly offered in this view.

There can be no doubt, I think, that the simplest plan will be to keep the accounts entirely outside of, and separate from, the ordinary accounts of the Department, and as I understand this view to be also held by the Secretary to Government, and the Controller, the following suggestions will be based on the assumption that this plan is to be adopted.

I will first notice the effect of this arrangement on the mode of accounting for stores:—

I.—All stores intended for the workshops, and obtained from England on indent, should be *excluded* from the budget-estimate. In sending such indents home, it will be necessary to specify that they are additional to the indents included in the budget-estimate, and are intended for a self-supporting institution, and will be paid for in cash.

The adjustment of the transaction will be in this wise:—

On the receipt of the invoice, the Controller will credit the head "London Supplies" in his books, and debit the head "Deposits"*. Supposing, now, the workshops to pay cash for the stores, "Cash" would be debited and "Deposits" credited; and although the deposit account *may* be cleared without a cash payment, that mode of adjustment will, I believe, be found the simplest and most convenient.

* This is a recognized head of account in the Public Works Department, and by referring the workshop transactions to it, the necessity for an *additional* head is avoided.

II.—As regards the stores supplied to the Workshops from the Public Works Stores. The simplest plan will be for the Workshops to pay the Store Department *in cash*, by cheque on monthly bill presented; the Store Department would credit "Stock Sales" and debit "Cash" for the payment, while "Stock Sales" would be debited, and "Stock" credited for the amount of the supplies. On payment being made monthly, as above suggested, the Stock Sales Account of the Store Department would obviously be cleared.

Of course the Store Department would pay all such receipts into the Treasury in the usual manner.

It might at first sight appear that stores issued to the Workshops do not relieve the budget grant of the expenditure already incurred for them; and this view may seem to be supported by the illustration given in the pattern form of budget-estimate, where Rs. 5,000—for stock required for general purposes—is shewn as a charge against the grant. But this entry is made, not with reference to the fact that the stores have been obtained from England, but on the assumption that the *total* stock of the Department will be increased to that extent, when, undoubtedly, the item would indirectly fall against the grant. But under no circumstances does stock become a charge *directly* against the grant; the mode of supply, whether from England, or by purchase in this country, does not affect the matter. The entry of English stores in the budget-estimate in the manner exhibited in the pattern form, is prescribed by the Secretary of State, but in the annual *accounts* no *expenditure* will appear against such grant.

Perhaps the case may be rendered more clear by illustration.

Case 1.—Suppose the grant to a Province to be £1,000, and that it is entirely devoted to obtaining stores from England. There would be only one entry—to that effect—in the *estimate*. But with respect to the *accounts*, the form which they would take would vary according as the stores were issued to works, or not, during the year. Supposing the stock thus supplied remained unused in store, then, since the stock balance of the Department would be increased to that extent, the grant would be shewn as reduced to zero, under Art. 46, Chap. XVI and Art. 49, Sec. ii, Chap. XX. of Government of India Code.

Case 2.—Suppose the whole of the £1,000 worth of stores to have been received *and* expended on works during the year. Then the *Budget-Estimate*, as before, would consist of one item,—English stores—but the *accounts* would shew the £1,000 under the different work heads, and there would be no entry under the head Stores.

Case 3.—Suppose *these* stores, value £1,000, to have been received, but *not* used during the year, but that *other* stores of the same value have been issued to works. Then, since the stock balance of the Department has undergone no variation, the receipt of the former will not form any charge against the budget grant.

From the foregoing considerations it will be apparent that in no case is the relation between grant and expenditure affected by the receipt of stock from England. It is only affected by the stock receipts of the Department *generally* exceeding the issues, without reference to the source from which such excess arises.

16,—8, 1, 67.

Consequently, there is no question about double payment for stores supplied to the workshops; no inconvenience will arise from the workshops paying for the stores it receives from Government, while, if the workshops are to be established on the independent footing contemplated, the arrangement is absolutely necessary.

The case of *Tools and Plant* supplied to the workshop is different, because the expenditure on that head does fall directly against the budget grant. But the difficulty here should not be of any practical importance.—1st, Tools and Plant required for the workshop might in future be obtained direct for it, instead of being carried through the Public Works stores; 2nd, with respect to Tools and Plant already on hand, and paid for out of the Public Works grant, the receipt for any such sold to the Workshop might be credited to the head 'Tools and Plant,' instead of to the head 'Revenue,' and thus form a reduction of the budget expenditure. But such cases will, it may be presumed, be rare.

Supply of Funds.

The Workshop has received its buildings and plant free of charge, also its supplies of material, from the Public Works Stores, but has been dependent on its own business for its supplies of cash, and has received no advances from Government. Commencing with nothing, it has now accumulated a cash balance of about Rs. 2,000, which, assuming, that there are no debts outstanding by the concern, is satisfactory, shewing that the rates charged are remunerative, and affording grounds for expectation that the concern, when fully developed, will prove financially successful. But it seems very desirable to introduce the system now in universal operation throughout all Government departments, both in England and India, as well as on the guaranteed railways, whereby all receipts are paid in periodically to credit of Government, and funds supplied only by means of Treasury credits.

The difference between the payment made to, and the receipts paid in by, the Workshop, would constitute a budget grant, or revenue, as the case may be.

Under the head payment to the shop, should be included an annual charge for deterioration of block and plant; also any expenditure for new buildings, fittings, &c., and repairs to the same, if executed by the Public Works Department. Considering the present limited extent of the concern, and the great value it is likely to be to the Department, it will probably not be desirable to complicate the account by making any charge for interest, at any rate for the present.

Accounts kept by the Workshops.

The form of cash-book is suitable. The detailed registers now kept are excellent, and quite sufficient for the purpose. The mode of bringing out the cost of each job done is that in general use both in private and public establishments.

The complicated deductions now made for value of materials received from Government stores will no longer be necessary under the explanation given above. Further, the account would be much simplified if, instead of distributing the cost of establishment and other general charges ratably over each work,—a very laborious operation,—a fixed percentage (that is, fixed for certain definite periods, but liable to alteration, if necessary, from time to time) were added to the labour charges and to the value of materials issued. These extra charges would be debited to works and credited to a head of account termed "charges general." This account would be debited with the actual charges of that kind incurred, and the difference between the debits and credits would be carried at the end of the year to profit and loss; but experience will soon indicate a rate of percentage that will afford a close approximation to the actual charges.

I assume, as a matter of course, that the charges made to customers will be based on estimates, and not on the actual cost incurred by the Workshop in executing the order. The Profit and Loss account will thus consist of two main items; 1st, the difference between the cost of executing work and the prices charged to customers; 2nd, the difference between the percentages charged to works for charges general, and the actual cost of such charges.

The detailed registers now kept are, as I have noticed, very good as far as they go; what is now required to complete the Workshop accounts is a brief, but systematic, Journal* and Ledger, for bringing into one view the whole operations.

* The name of the records now called the *Journal* should be altered to *Register*.

The Ledger should contain the following heads:—

I. Capital. Cr. for opening balances of Cash, Block, Plant, Machinery, Materials, Manufactured Goods, and Sales.

II. Block. Dr. for value of buildings and all subsequent additions; Cr. for annual deterioration.

III. Plant and Machinery.—Similar to Block.

IV. Materials.—Dr. for value of materials received; Cr. for value of materials issued. [But materials received direct for use on works, need not be carried through this account.]

V. Goods† *(or Manufacture of Goods.)*—Dr. for cost of labour and materials in manufacturing goods; Cr. for *values* of the same charged to customers.

†[or Works in Progress].

NOTE.—When the operations of the shops become more extended, it will be found desirable to separate the above account into two, *viz.*, *Manufactured Goods*, the first being charged with the *cost* of making up articles, and cleared by debit to the second for the *prices*

‡ [or Works in Progress].

of the articles; the latter again being cleared by *sales*. This arrangement will be necessary whenever the accumulation of manufactured articles on hand becomes considerable.

Further, there should be subsidiary accounts at once established, working up to the main head, of each separate branch of the shops, as Instrument Department, Fitting Department, Foundry, &c., or, there being only two main branches at present, it would perhaps be preferable to constitute these the main heads of the Ledger at once, *in place* of the foregoing proposed head. If so, we shall have—

V. *Mechanical Department.*

VI. *Instrument Department.*

VII. *Sales.* Cr. for value of goods sold; Dr. for cash received for the same.

This head should be supported by a subsidiary Ledger, containing an account with each customer, which should balance monthly with this main head.

VIII. *Purchases.* Cr. for value of goods purchased or obtained from Government stores; Dr. for cash paid for same.

IX. *London Supplies.* Cr. for values received; Dr. for payment for same.

X. *Charges General.* Cr. for extra percentages charged for labour and materials; Dr. for establishment and general charges.† This account is closed at end of year by Profit and Loss.

† *i. e.*, Steam engine and general machinery.

XI. *Cash.* Dr. for all cash received; Cr. for all cash paid.

XII. *Profit and Loss.* This account brings into one view the loss or gain on Manufactures ‡ and Charges General. It is also charged with the annual deterioration of Block and Plant and Machinery. This account is cleared through the account *Government*.

‡ Or the two accounts, Fitting and Instrument Departments.

XIII. *Government.* Dr. for cash paid into Treasury; Cr. for amount of credit orders supplied. This account is also Dr. or Cr. as the case may be for the balance on the Profit and Loss account, and the balance resulting represents the revenue derived from the workshop, or the budget grant necessary, according as the concern has been remunerative or the reverse.

XIV. *Balance.*

A Cash Abstract-Book necessary.—All the receipts and payments of the month should be classified by this means, monthly, according to Form S. of Madras Manual, to admit of the results being journalized. This should be kept in a book as a recognized record available for inspection.

The present material account, and the abstract account of work done, as at present kept up, readily admit of being journalized.

Thus the whole transactions of the workshops would be journalized monthly, and then posted into the ledger under the heads indicated above, and a monthly trial ledger balance struck. The ledger should be balanced yearly. Specimen journal entries are attached.

Subordinate to the head Materials in the ledger, there will be required a detail ledger sub-divided under the main heads. The following classification would probably be found convenient:—

Iron, Steel, &c.,
Brass, Copper, &c.
Paints, Varnishes, &c.
Charcoal, Fuel, &c.
Timber, Planks, &c.

Accounts to be rendered to Controller's Office.—The only account necessary is a simple monthly cash account as per Form F of the printed forms lately circulated of Workshop accounts.

The Controller would keep an account of the workshop according to form E of the printed papers, except that no charge need be made for interest, and that if London Supplies are paid for by cash, as is proposed, that account would be closed through *Deposits* instead of through *Government*.

The Controller, or his Deputy, would make a half-yearly appropriation audit of the accounts, and satisfy himself that the accounts were properly kept and up to date; and that the charges were duly supported by vouchers; and on the second half-yearly inspection, when the books were closed and balanced, he would declare what had been the revenue derived from the concern, or the charge on tha grant of the year arising out of it.

Salary of the General Superintendent.—This officer superintends both the Workshop and the General Store Department, but his salary is charged wholly to the latter. The duties connected with the former however it may be presumed, at least engage as much of his time as the care of the stores, while their relative importance will eventually increase. It is therefore suggested that, for the present, the Superintendent's salary be divided equally over the two departments, whereby the charge to the Public Works budget grant on this account will be diminished one-half.

All the arrangements herein suggested might take effect from commencement of year 1867-68.

MADRAS:
5th December, 1866.

(Signed)
G. CHESNEY.

WORKSHOP JOURNAL SPECIMEN FORM.

Dr. Rs.	Rs.		Rs.	Cr. Rs.
		APRIL 1ST, 1867.		
		Sundries Dr. to Sundries, for opening balances—		
		Capital	...	650
		Purchases, for amount payable for stores supplied—		
		Government stores	28	
		Mr. A. B.	2	
				30
		Block, for value of buildings at this date.		
250	...	Machinery and plant, ditto.		
90	...	Raw materials, ditto, as per detailed Ledger.		
50	...	Manufactures, for expenditure to date or order in hand as per detailed account,		
170	...	Sales, for value of orders supplied but not paid for.		
	25	Executive Engineer, 20th Range.		
	35	Mr. C. D.		
				680
60		Cash, for cash in hand.		
30	...			
680				
		ENTRIES FOR APRIL 1867.		
		Cash Dr. to Sundries, as per Cash-book.	...	70
		Government, for credit order to complete standing balance	...	11
		Machinery and plant, old machines sold	25	
161	...	Sales, for realizations—Executive Engineer, 20th Range ...	20	
		Mr. C. D.	18	
		Executive Engineer, 3rd Range ...	17	
		General Stores		80
			...	190
		Sundries Dr. to Cash, as per Cash-book		
		Manufactures, for outlay on that account.		
85	...	General charges—pay of Establishment.		
	11	Steam-Engine.		
	14			
				8
25		Government, for receipts paid into Treasury.		
80	...	*Manufactures Dr. to Sundries.*	...	10
18	...	London supplies for made up goods received		
		Raw materials, for value of materials used on manufacture ...	...	17
		Raw materials Dr. to Sundries.		
		London supplies, for materials received.	6	
32	...	Purchases, for country articles received.	9	
		General stores		
		Mr. A. B.		15
			...	191
		Sundries Dr. to Manufactures.		
		Sales, for selling price of goods sold		
		General Stores.		
	101	Mr. H. K.		
	42	Executive Engineer, 20th Range.		
	48			
				26
191		*Manufactures Dr. to General Charges*, for extra percentage		1
26	...	charged	...	
				619
1	...	*Profit and Loss, Dr. to Manufactures*, for goods destroyed by fire	...	
619				
		ENTRIES FOR MAY 1867.		
			...	99
		Cash Dr. to Sundries.	46	
		Government, for credit order to complete standing advance ...	42	
210	...	Sales, for realizations—General stores	23	
		Mr. H. K.		111
		Executive Engineer, 20th Range ...		
			...	210
		Carried over		
210	...			

JOURNAL—*(continued)*.

Dr. Rs.	Rs.		Rs.	Cr. Rs.
210	...	Brought forward	...	210
		ENTRIES FOR MAY 1867—*(continued)*.		
72	...	*Sundries Dr. to Cash* ... ... Manufactures.	...	209
	25	Purchases, for payments made.		
	11	General stores.		
36		Mr. A. B.		
20	...	London supplies, per Superintendent General Stores.		
68	...	Government, for receipts paid into Treasury.		
		Charges General.		
	5	Establishment.		
	8	Steam-Engine.		
13				
		Sundries Dr. to Materials, for value expended		
18	...	Manufactures.	...	30
		Sales.		
	3	General Stores.		
	9	Executive Engineer, 4th Range		
12				
		Sales Dr. to Mannfactures for selling price of goods sold ...		
	38	General Stores.	...	108
	44	Executive Engineer, 20th Range.		
	26	Captain X.		
108				
20	...	*Manufactures Dr. to General Charges,* for extra percentage charged	...	20
567	...		...	567
		ENTRIES FOR JUNE 1867.		
398	...	*Cash Dr. to Sundries.*		
		Government, for credit order to complete imprest balance ...	...	
		Sales, for realization—Executive Engineer, 20th Range ...	50	98
		Mr. B. C.	45	
		General Stores	170	
		Machinery and Plant—tools sold		265
		Sundries Dr. to Cash	...	35
60	...	Manufactures, for outlay.	...	399
10	...	General Charges.		
39	...	Purchases.		
290	...	Government, for receipts paid into Treasury.		
65	...	*Raw materials Dr. to Sundries.*		
		London supplies, for materials received	...	15
		Purchases—General stores	20	
		Mr. A. B.	30	
40	...	*Sundries Dr. to Materials,* for value expended	...	50
		Sales.		85
	30	General Stores.		
	15	Executive Engineer, 20th Range.		
45				
		Sales Dr. to Manufactures, for price of goods sold	...	40
	30	General stores.		
	10	Executive Engineer, 20th Range.		
40				
30	...	*Manufactures Dr. to General Charges,* for extra percentage ...	...	30
1,017				1,017

13

CLOSING ENTRIES.

Dr.								Cr.
37	...	*Profit and Loss Dr. to Sundries.*						
		Block, for* deterioration at 10 per cent.						28
		Machinery, for ditto						9
		Sundries Dr. to Profit and Loss						30
28	...	*Charges, General.*						
2	...	*Manufactures, net profits on goods sold.*						
8	...	*Government Dr. to Profit and Loss, for loss during the year*						8
179	...	*Capital Dr. to Government,* for decrease of capital during year ...						179
		Viz., Capital at beginning of year 650						
		ditto at end of year—						
		Block 252						
		Plant 35						
		Materials 22						
		Manufactures 201						
		Cash 1		511				
		Less liabilities outstanding—						
		London supplies not paid for 20						
		Purchases, ditto ... 20		40	471			
					179			254
254								
		Sundries Dr. to Sundries, for closing balances.						
471	...	Capital.						252
20	...	London supplies.						35
20	...	Purchases.						
		Block...						22
		Machinery						201
		Raw materials						1
		Manufactures						
		Cash						511
511								

(NOTE.—The entries in the inner columns should be carried into a Sub-Ledger (or personal Ledger) containing a separate account with each person or department having transactions with the shops, as "General Stores," "Mr. A. B.," "Executive Engineer, 20th Range," &c., &c.)

* Probably 3 per cent. would be a proper charge for deterioration of block, and 5 per cent. for that of machiner y.

WORKSHOP LEDGER.

CAPITAL.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	P.
July ...	To Government ..	179	0	0	April ...	By Balance ...	650	0	0
	„ Balance ...	471	0	0					
		650	0	0			650	0	0

BLOCK.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	P.
April ...	To Balance ...	280	0	0	July	By Profit and Loss	28	0	0
					„	„ Balance ...	252	0	0
		280	0	0			280	0	0

PLANT AND MACHINERY.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	P.
April ...	To Balance ..	90	0	0	April...	By Cash ...	11	0	0
					June	„ „ ...	35	0	0
					July ..	„ Profit and Loss	9	0	0
					„	„ Balance ...	35	0	0
		90	0	0			90	0	0

MATERIALS.

Dr. Cr.

		Rs,	A.	P.			Rs.	A.	P.
April ...	To Balance ...	50	0	0	April ...	By Manufacture..	10	0	0
	„ Sundries ...	32	0	0	May ...	„ Sundries ...	30	0	0
June ...	„ „ ...	65	0	0	June ...	„ „ ...	85	0	0
					July ...	„ Balance ...	22	0	0
		147	0	0			147	0	0

MANUFACTURE OF GOODS.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	P.
April ...	To Balance ...	170	0	0	April ...	By Sundries ..	191	0	0
	„ Cash ...	85	0	0		„ Profit and Loss	1	0	0
	„ Sundries ...	18	0	0	May ...	„ Sales ...	108	0	0
	„ General charges	26	0	0	June ...	„ „ ...	40	0	0
May ...	„ Cash ...	72	0	0	July ...	„ Balance ..	201	0	0
	„ Materials ..	18	0	0					
	„ General charges	20	0	0					
June ...	„ Cash ..	60	0	0					
	„ Materials ..	40	0	0					
	„ General charges	30	0	0					
July ...	„ Profit and Loss	2	0	0					
		541	0	0			541	0	0

SALES.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	P.
April ...	To Sales ...	60	0	0	April	By Cash ...	80	0	0
	„ Manufacture	191	0	0	May ...	„ „ ...	111	0	0
May ...	„ Materials ...	12	0	0	June ...	„ „ ...	265	0	0
	„ Manufacture	108	0	0					
June ...	„ Materials ...	45	0	0					
	„ Manufacture	40	0	0					
		456	0	0			456	0	0

PURCHASES.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	P.
May ...	To Cash ...	36	0	0	April..	By Balance ...	30	0	0
June ...	„ „ ...	39	0	0		„ Raw Materials	15	0	0
July ...	„ Balance ...	20	0	0	June ..	„ „	50	0	0
		95	0	0			95	0	0

LONDON SUPPLIES.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	P.
May ...	To Cash ...	20	0	0	April	By Manufactures	8	0	0
July ...	„ Balance ...	20	0	0		„ Raw Materials	17	0	0
					June...	„ „ ...	15	0	0
		40	0	0			40	0	0

CHARGES, GENERAL.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	P.
April.	To Cash ...	25	0	0	April ..	By Manufactures.	26	0	0
May ...	„ „. ...	13	0	0	May ...	„ „ ...	20	0	0
June ...	„ „ ...	10	0	0		„ „	30	0	0
July ...	„ Profit and Loss	28	0	0					
		76	0	0			76	0	0

CASH.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	
April ...	To Balance ...	30	0	0	April...	By Sundries ...	190	0	0
„ ...	„ Sundries ...	161	0	0	May...	„ „ ...	209	0	0
May ...	„ „ ...	210	0	0	June	„ Balance ...	399	0	0
June ...	„ „ ...	398	0	0	July ...		1	0	0
		799	0	0			799	0	0

PROFIT AND LOSS.

Dr. Cr.

		Rs.	A.	P.			Rs.	A.	P.
April...	To Manufacture of Goods ...	1	0	0	July ...	By Sundries ...	30	0	0
July ...	„ Sundries ...	37	0	0		„ Government	8	0	0
		38	0	0			38	0	0

DR. GOVERNMENT. CR.

		Rs.	A.	P.			Rs.	A.	P.
April...	To Cash ...	80	0	0	April...	By Cash ...	70	0	0
May ...	„ „ ...	68	0	0	May ...	„ „ ...	99	0	0
June ...	„ „ ...	290	0	0	June ...	„ „ ...	98	0	0
July ...	„ Profit and Loss	8	0	0	July ...	„ Capital ...	179	0	0
		446	0	0			446	0	0

DR. BALANCE. CR.

		Rs.	A.	P.	Rs.	A.	P.			Rs.	A.	P.	Rs.	A.	P.
July ...	To Block ...	252	0	0				July...	By Capital ...	471	0	0			
	„ Machinery ...	35	0	0					„ London supplies	20	0	0			
	„ Raw Materials	22	0	0					„ Purchases ...	20	0	0			
	„ Manufacture	201	0	0											
	„ Sales ...	...	..	..											
	„ Cash ...	1	0	0											
					511	0	0						511	0	0
					511	0	0						511	0	0

APPENDIX C.

NOTE on the employment of the Controller, P. W. Accounts, on duties of inspection.

It appears not to be regarded as part of the Madras Controller's duties to make systematic inspections of the executive or range offices; but, as in other parts of India, such inspections are regularly prescribed, and form an important and most useful link in the general system, I submit the question for consideration whether it would not be desirable that some ruling in the matter should be laid down here also.

2. From papers which I have seen, it would appear indeed that permission has been on more than one occasion accorded to the Controller to inspect certain range offices, if he thought fit to do so; but this permission can hardly be deemed to have extended beyond the particular cases referred to. Further, I think that, if the duty is considered a proper one to be done, it would be desirable that it should not be left altogether to the option of the Controller, but that the necessity for making such inspections should be distinctly recognized, and conducted under the orders and approval of Government.

3. The accounts rendered by the range officers to the Controller's office come up in very good form; where inspections would be useful is to ensure that these accounts are a faithful reflex of the original transactions which they are intended to represent, and that the latter are fully and accurately recorded on the spot. And the result to be looked for from systematic inspections is not only that irregularities, whenever they occur, would be brought to notice; but that the occurrence of such irregularities would be prevented by the necessity thus imposed on the range officers to have their records in proper order, available for examination. Further, the Accounts Department may often be of great assistance to disbursing officers by shewing them how to avoid needless work and repetition in their accounts. In fact, the inspecting officer should consider the object of his tour to be quite as much to *afford help* to the Executive Department, as to find fault. The present tendency is for the latter to *overdo* their accounts from a misapprehension as to the actual requirements of the Central Office. Mistakes of this kind are set right much better by personal explanation than by writing.

4. It may be said that the duty of inspecting the range accounts should be performed by the Superintending Engineers. But it is not every officer who possesses the special knowledge or aptitude necessary for this kind of business; and considering the varied professional duties which are placed on Superintending Engineers, it is, perhaps, hardly surprizing if this, the least interesting part of them, often fails to receive a sufficient share of the attention of those charged with the executive business of the department. Probably accounts are not so much difficult to understand as distasteful to most men; but however that may be, the experience of every other part of India has been that they were never properly handled until a special department was made specially responsible for them.

5. There is of course the possible occurrence to be guarded against of a clashing of authority between the Superintending Engineer and Controller. But on this point, too, experience everywhere else has shewn that in practice such a difficulty will not ordinarily occur. It may not be easy indeed to draw the line precisely between the functions of the two officers, but a certain amount of tact and good sense must be assumed for the practical working of every Government department; and if the Controller, on the one hand, is careful to avoid interference with executive matters, while, on the other, the Superintending Engineer is content to place notions of personal dignity below considerations for the benefit of the public service, and if both co-operate together in the same object, the maintenance of efficiency in the department, will be secured, while the plan, it may be hoped, will work without friction. On this head, I would request reference to Art. 21, Sec. ii, Chap. III, of the Government of India Code, as indicating the relations sought to be maintained between the two officers. I would also refer to Art. 23, Sec. vii, of same Chapter, as bearing on the foregoing remarks.

6. It might perhaps be well if the Controller, after drawing up a brief memorandum on the occasion of inspecting a range office, were to send the memorandum to the Superintending Engineer, so that the needful orders to the range officer, in respect to any points requiring amendment would be issued by him, instead of by the Controller direct. This is the practice under the Government of Bengal. Of course, it would be open to the Controller to make a reference to the Government should the Superintending Engineer omit to take action on his recommendations.

7. A yearly inspection of all range offices would, it is presumed, be impossible, nor would it be necessary or desirable to go so far as that. The Controller can easily judge, by the accounts which come up, which range offices most need to be visited, and those would naturally receive attention first. And if the whole Presidency were visited by the Controller, or his Deputy, in the course of three years, probably that would be sufficient.

(Signed)
G. CHESNEY.

MADRAS:
17th December 1866.

APPENDIX D.

NOTE by MAJOR G. CHESNEY, *Accts. Genl., P. W. D., on the Office of P. W. Accounts, Madras.*

The different points raised by Controller in connection with his accounts on which my opinion was desired were referred to me while at his office, and my opinions recorded against the different queries in half margin. There now only remain two points on which remarks appear called for—

I. Printed forms do not appear to be so largely made use of as they might be. So much time and trouble are saved by their means, that it will be well not only to supply forms when they are asked for by the Executive Department, but that the Controller's office should see that printed forms are actually made use of to the fullest possible extent.

II. *Form of Progress Report.*—Works completed, or not in progress, are entered—in brief form—until the end of the year. It seems doubtful if the gain is worth the trouble.

The work done up to date is detailed. In the case of contract work, this detail is merely a copy of the contract certificate, and might, I think, be dispensed with. And in the case of work done departmentally it would I conceive, be an improvement either to compare the work done with the sub-head of the sanctioned estimate (as in the case of the corresponding Government of India form), without which the details afford an insufficient guide for audit, or else to omit the details until the work is completed, or has exceeded the estimate.

Provided a system of inspection of the original accounts of disbursing officers be set on foot, the submission to the Controller's office of copies of the Station Books may, I think, be dispensed with to advantage, and considerable labour saved thereby to the range offices.

CALCUTTA,
1*st January*, 1867.

(Signed)
G. CHESNEY.

REPORT on the Office of Public Works Account, Madras.

9th January, 1867.

Public Works Dept

P105-04/67

Calcutta:
PUBLIC WORKS DEPARTMENT PRESS,
1867.

No. 115 A.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.

To

THE SECY. TO GOVT. OF MADRAS,
IN THE PUBLIC WORKS DEPARTMENT.

FORT WILLIAM, FEBRUARY 2, 1867.

SIR,

I am directed to forward for the information of the Government of Madras copy of the Report furnished by the Accountant General, Public Works Department, on the occasion of his late inspection of the Office of Public Works Accounts at that Presidency, and to express the satisfaction of the Government of India at the results therein described.

2. With reference to the remarks in para. 7 of the Report, regarding the periodical inspection of Range Offices by the Controller of Accounts, it is understood by the Government of India that this proposal has been approved by the Government of Madras.

3. It is presumed that the orders which may be passed by the Government of Madras on the Accountant General's proposals relative to the Workshop and Store accounts will be communicated to the Government of India. I am to say that the Accountant General's opinion, that the cost of the Superintendent's salary should be divided between the two establishments, appears to the Government of India to be proper.

4. It is concluded that the same rules will be made applicable to the account of the Dowlaishweram Workshops; and these proceedings will therefore render unnecessary a further reply to your letter No. 2997 of the 19th September 1866, regarding that establishment.

I have the honour to be,
SIR,
Your most obedient Servant,

Lieut.-Col., R. A.,
Secy. to the Govt. of India.

Rec: 19th September 66 at 470

Pub 1867 Department
Proc of Govt for March
No 604

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.

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

115 A.

d February 2, 1867.
ived 13th Feby "

Encl: 1/

Forwards report by Accountant General, Public Works Department on the Office of Public Works Accounts, Madras.

No 651-2nd March 1867

With an Order

No 50-51

27 Mar 67 | 67.2.28

Account

No 651

657

Received, with reference to G.O. of the 10th January 1867, No 881, and the 24th Idem, No 242.

Fort St George
2d March 1867

10