

(1) Number of pages 1-75
(2) Date of repair _____
(3) Initials of the Referencer _____

MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No.	486-87	Press Mis.
381-6-83		
Dated	12-2-	1869.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
13th February 1869.*

No. 381. Read the following letter from the Controllth of Public Works Accounts, to the Secretary to Government, Public Works Department, dated Madras, 21st December 1868, No. 4,030 :—

1. In compliance with the Orders of Government, communicated in their Proceedings of the 2nd September last, No. 2,801, I have the honour to forward, for the consideration of His Excellency the Governor in Council, a copy of a letter from the Consulting Engineer for the Madras Irrigation and Canal Company, underdate the 10th instant, giving
- 1 Letter from the Consulting Engineer.
 - 1 Memorandum from the Government Examiner.
 - 1 Draft Rules.
 - 1 Tabular Statement.
- * No. 106.

cover to Draft Rules for the audit of the Company's Accounts in accordance with the views of the Government of India, as expressed in their Secretary's letter of the 8th August last, No. 123 A. I.

2. The Rules in force for the Government audit of Railway Accounts have been generally adopted in the preparation of the Draft Rules now submitted, the chief points of difference being noted below.

3. In the case of Guaranteed Railways, each Company is placed in funds solely by means of its Credit Order, or Letter of Credit, as the case may be. The Officers of the Madras Irrigation and Canal Company do not, however, draw all the money required for the Company's works from the Treasuries under this Government, but receive from their Board of Directors large sums which are obtained from the Treasury of the India Office, and remitted to the Agent in this country at a favorable rate of exchange. This practice cannot but tend to weaken the control of the Government and its Consulting Engineer over the Company's expenditure, as there are at present, so far as I am aware, no means of restricting the issue of funds to the actual requirements of the Company. In paragraphs 4 and 5 of his Memorandum of the 31st October 1868, the Government Examiner alludes to this subject, and recommends that whatever funds may be at the Company's disposal should be transferred to this country, and the Officers of the Company required to draw only from the Indian Treasuries. As the Government of India are in correspondence with the Secretary of State upon this matter, it appears unnecessary for me to do more than to invite the attention of this Government to their Proceedings of the 19th June 1868, No. 1,947, and to add that, no definite orders having yet been passed, Nos. I., IX., &c., of the printed Rules have been modified to suit existing practice.

4. The printed Rules require that as soon as the books of the *month* are posted, the Agent shall furnish the Consulting Engineer with an Account Current, opening and closing with the cash balance in hand at the beginning and end of the month. In lieu of a *monthly* Account Current, the accompanying Draft Rules provide for the Manager of the Madras Irrigation and Canal Company furnishing the Government Consulting Engineer with a *quarterly* Account Current. The Government of India place great stress upon the establishment of a concurrent *monthly* audit in the way most likely to be suitable to the Irrigation Company, and as it appears from paragraph 12 of the Examiner's memorandum already quoted, that the accounts from the districts, which embrace almost the whole of the operations of the Company,

are "received in batches thrice a month at the head Office in Madras," I do not see what difficulty can be felt in adopting No. XXII. of the printed Rules in its integrity. The Consulting Engineer, with whom I have been in correspondence regarding the Draft Rules, and have personally discussed this subject, states that it was the practice formerly to require the Company to submit its accounts monthly, but that, in consequence of great delays which then occurred, and of the arrears which accumulated in the Agent's Office, it was found necessary to substitute quarterly for monthly accounts. Moreover, Captain Mullins is of opinion that the introduction of any new rule requiring the submission of *monthly* Accounts Current would increase, in some measure, the work of the Agent's office, and that it is scarcely necessary, at this stage of the Company's proceedings, to disturb existing arrangements. The matter is now left for the decision of Government.

5. Following the change proposed in No. XXII. of the printed Rules, corresponding alterations have been made in Rules XVIII., XXIV., XXVI., XXVIII., &c. In addition to the quarterly Account Current, the Draft Rules prescribe that the Agent shall furnish the Consulting Engineer with a quarterly store Account Current, a quarterly abstract of the entire expenditure of cash and store in India under all heads, and certain other Returns specified in paragraph XXIV., all of which are said to be absolutely necessary.

The half-yearly accounts will be dealt with in the same way as the monthly accounts. The Examiner will see that the books are properly closed and balanced half-yearly; he will countersign the balance sheets after proving them with the books; and, finally, he will record his remarks on the whole in an Audit Statement, which will be duly laid before the Local Government by the Consulting Engineer. This Statement will also show the sums paid during the half-year, but not passed by the Railway Auditor.

Rules being sanctioned, be prepared and furnished QUARTERLY, it is considered unnecessary to follow the practice with Guaranteed Railway Companies, and to require the submission of half-yearly accounts in addition. No. XXXII. of the Draft Rules, however, provides for the Agent of the Madras Irrigation and Canal Company furnishing to the Consulting Engineer, half-yearly, the Revenue Accounts required by the Contract, and for these accounts being dealt with by the Examiner in the manner prescribed for accounts of capital expenditure. The forms of Revenue Account to be adopted have not yet been determined upon, and the Government Examiner, in alluding to this subject in paragraphs 6 to 9 of his memorandum, states that however limited the Revenue operations of the Irrigation Company may be, a Revenue Account should appear in the Company's books. I quite concur in Captain Moberly's views, and would suggest the issue of early orders upon this subject.

7. Nos. XXXVIII. to XLI. of the printed Rules prescribe the course to be adopted in dealing with objectionable charges in the Accounts of Guaranteed Railways. The provisions of these Rules will be found to be considerably modified in the Draft Rules herewith submitted, the modifications having, I presume, been made

6. No. XXXII. of the printed Rules is quoted at length in the margin. In lieu of this Rule, the Draft Rules simply require that the Examiner shall see that the Company's books are properly closed and balanced half-yearly, and that he shall countersign the balance sheets after proving them with the books. As the Irrigation Company's Accounts Current will, in the event of the Draft Rules being sanctioned, be prepared and furnished QUARTERLY, it is considered unnecessary to follow the practice with Guaranteed Railway Companies, and to require the submission of half-yearly accounts in addition. No. XXXII. of the Draft Rules, however, provides for the Agent of the Madras Irrigation and Canal Company furnishing to the Consulting Engineer, half-yearly, the Revenue Accounts required by the Contract, and for these accounts being dealt with by the Examiner in the manner prescribed for accounts of capital expenditure. The forms of Revenue Account to be adopted have not yet been determined upon, and the Government Examiner, in alluding to this subject in paragraphs 6 to 9 of his memorandum, states that however limited the Revenue operations of the Irrigation Company may be, a Revenue Account should appear in the Company's books. I quite concur in Captain Moberly's views, and would suggest the issue of early orders upon this subject.

with reference to existing practice, and to the terms of the Madras Irrigation and Canal Company's Contract. The remaining differences between the printed and Draft Rules are of minor importance, and call for no remark.

8. Adverting to Clause XXIII. of the Draft Rules, I would suggest that the Consulting Engineer be requested to communicate with the Company's Agent, with a view of determining, and reporting to Government, the date which may be agreed upon for the submission of the quarterly Accounts Current.

9. With regard to the assistance to be rendered to the Government Examiner, I have ascertained from the Consulting Engineer that the salaries attached to

* Rupees	25
Rupees	20
	45

two vacant clerkships,* in all Rupees 45, are available from the establishment sanctioned for his Office, and I propose that that amount be distributed as shown

in the accompanying Tabular Statement. The present Head Accountant of the Consulting Engineer's Office may be deputed for employment under Captain Moberly, his salary, Rupees 70, being raised to Rupees 90 per mensem. The Assistant

† Salary Rupees 35.

Accountant† now attached to the Consulting Engineer's Office may continue on that establishment, and be appointed to the post of Accountant‡ for which provision is made in the enclosed State-

‡ Salary Rupees 42.

ment. There will then be a balance of Rupees 18 from which to meet the increase

§ Vide G. O., No. 3,831, dated 9th December 1868, paragraph 2.

(Rupees 10) proposed§ to the salary of the Consulting Engineer's Head Draughtsman, and to provide Captain Moberly with the services of a Peon|| which are said to be much required.

|| Rupees 7 per mensem.

10. The duty of checking the accuracy of all vouchers for cash and stores will devolve upon the Accountant proposed to be employed under the orders of Captain Moberly, and the Government Examiner will deal with vouchers appearing to call for further enquiry, and will see, after the vouchers have been brought to account in the general books of the Company, that they have been charged to their proper heads, and that credit is given to the local Officers for such expenditure incurred under their supervision as may be properly vouched for.

11. As the Government Examiner will hereafter be required to attend at the Chief Railway Offices, as well as at the head Offices of the Madras Irrigation and Canal and the Indian Tramway Companies, I would venture to recommend, for the favorable consideration of Government, that Captain Moberly be authorized to draw the same rate¶ of carriage allowance as is granted to the Executive

¶ Rupees 50 per mensem.

Engineers of the Public Works Department employed at the Presidency.

12. In conclusion, I beg to suggest that the new system of audit, as well as the other measures recommended in this letter, be introduced from the 1st April next and that, meanwhile, arrangements be made for providing the Government Examiner with the required accommodation at the Office of the Company's Manager in Madras.

Proceedings of the Madras Government, Public Works Department,
13th February 1869.

Office to which proposition refers.	NATURE OF CHARGES.	PROPOSITION.			
		Permanent.		Temporary.	
		Increase per month.	Decrease per month.	Increase per month.	Decrease per month.
Consulting Engineer, Madras Irrigation and Canal Company.	Present scale.	Proposed scale.	RS.	RS.	Period.
	1 Manager	225	...	...	...
	1 Head Accountant	70	...	...	...
	1 Assistant do.	35	...	...	...
	1 Head Writer	50	...	...	...
	1 Writer	25	...	...	...
	1 Do.	20	...	...	...
	1 Draughtsman and Estimator	50	...	...	...
	1 Do.	40	...	...	...
	1 Record-keeper	50	...	...	...
	1 Moochee	10½	...	...	...
	2 Peons at 7	14	...	...	...
	2 Do. at 6	12	...	...	...
	1 Sweeper	3	...	...	...
	For the Government Examiner.	...	...	...	...
	1 Accountant	90	...	...	...
	1 Peon	7	...	...	...
		604½	115	115	115

(Signed) S. BROCK,
Controller of Public Works Accounts.

Proceedings of the Madras Government, Public Works Department,
13th February 1869.

From the Consulting Engineer for Irrigation and Canal Company, to the Controller of Public Works Accounts, dated Madras, 10th December 1868, No. 106.

1 Report of Examiner
1 Draft Rules.
From Controller, No. 3,382, dated 10th November 1868.
To do. No. 93, " 13th " "
From do. No. 3,518, " 19th " "

1. I have the honour to forward the Rules for the audit of the Accounts of the Madras Irrigation and Canal Company, as revised with reference to the correspondence as per margin.*
2. I enclose also the report of the Examiner of Railway Accounts, which he left with me in order that there might not be the delay of transmitting the Rules through him on their return by the Agent to the Company.
3. My correspondence with the Agent and Manager will be laid before Government.

DRAFT RULES FOR THE AUDIT OF THE ACCOUNTS OF THE IRRIGATION AND CANAL COMPANY.

I.—Applications for advances in India required by the Company will be made to the Consulting Engineer monthly, or more frequently if necessary, according to Form No. 1. After careful scrutiny of the requisitions, the Consulting Engineer will forward them to the Accountant General of the Local Government for issue of the needful advances.

II.—These advances will be made by means of a Credit Order, in the case of Government Treasuries managed through the Presidency Banks, and of a Letter of Credit in the case of all other Government Treasuries.

III. The Credit Orders will state specifically the respective amounts sanctioned for Construction and Revenue advances. Whenever the agreement with a Presidency Bank renders it necessary to do so, the Credit Order will be charged off the Treasury Balance to the Capital and Revenue accounts respectively of the Company. The corresponding entries in the books of the Accountant General to the Local Government will be cleared in the manner indicated in Form No. 2.

IV.—The Letters of Credit to be issued on Treasuries other than those managed through a Presidency Bank, will simply empower the officers in charge of such Treasuries to pay cheques up to the amount specified, the payments being subject to any charge of premium which may be separately arranged for with the Company. The Company will draw cheques, as required, against the Letter of Credit, clearly showing, on the face of every cheque, whether it is for Capital or Revenue account, and the undrawn balance will lapse at the termination of the month for which the Letter of Credit is granted. The cheques paid on each Letter of Credit will be noted on its reverse, and it will be returned, at the end of the month to which it refers, to the Consulting Engineer, to enable the Examiner to verify the corresponding credits in the books of the Company.

V.—It follows that, in the case of advances made upon Letters of Credit, the debits in the accounts of Government Treasuries will be, not upon the Letters of Credit, but upon the Cheques paid whether for Construction or Revenue, and the transactions will be cleared in the books of the Accountant General to the Local Government in the manner indicated in Form No. 2.

VI.—All irrigation revenue is collected by the Revenue Officers of the Government. All Tolls revenue, and revenue from town supply shall, if collected by the Company's Officers, be paid into the Government Treasury.

VII.—The Examiner will satisfy himself, in the first place, that every disbursement is for purposes sanctioned by Government, or by the Consulting Engineer, also that every payment entered

Examination of Cash Book,

*Proceedings of the Madras Government, Public Works Department,
13th February 1869.*

in the Cash Book is passed by competent authority, i. e., by the Chief Accountant of the Company; also that the head to be charged is clearly and correctly specified on the voucher, and so debited in the books.

Of Vouchers.

VIII.—It will be further his duty to see that a proper receipt, pay-sheet, or other voucher, is filed for every payment made.

IX.—It will be the duty of the Examiner to see that every advance drawn from the Government Treasury in India, or from the Secretary of State in England, is brought to credit in the Company's books, and that every sum charged in those books, as paid into the Treasury for Tolls revenue, subscription for shares, &c., is supported by a corresponding credit in the Government Civil accounts. This check will be exercised by means of information to be obtained from the Consulting Engineer. The Examiner will likewise compare the list kept by the Company, of cheques drawn against Letters of Credit, with the return of the Local Accountant General of the cheques paid, made on the back of the Letters of Credit, noting the differences at end of each month, according to the illustrations in Form No. 3. When the advance is made on a Credit Order, the list of cheques will be compared with the Bank pass-book.

Examination of Receipts.

X.—The Examiner must also satisfy himself that all cash receipts are brought regularly to credit day by day as realized, and that the system of account in force provides for this being methodically done.

Punctuality to be enjoined.

XI.—It is also his duty to ascertain if the Cash Book is written up day by day, and to bring all cases of delay to the notice of the Consulting Engineer.

Advances to disbursing Agents.

XII.—A part of the payments of the Company is on suspense accounts, as advances to Engineers for Construction account, or to Contractors. In all cases of running advances to servants of the Company, a monthly cash Account Current should be required, and the whole amount expended by the disburser should be passed monthly to his credit, and to the debit of the proper heads. A schedule should be kept of all the Officers in account with the Company, and the Examiner should satisfy himself that the account of each has been regularly received, passed, and booked.

And Contractors

XIII.—Similarly, as regards Contractors who have received advances, and who have open accounts with the Company, the Examiner is to see that monthly credit is afforded them for all the work done.

Distribution of charges on Capital and Revenue.

XIV.—A large part of the fixed charges for establishments will have to be distributed upon Construction and Revenue. The Examiner will see that this is done periodically, by the needful entries in the Journal and Ledger, according to the proportion approved by Government.

Store Accounts

XV.—The Examiner should satisfy himself that all Indian Stores are brought on to the Store Accounts and into the principal books as received, and that all stores sent from England are duly credited to London on receipt of the invoices at the authorized rate of exchange.

Adjustment between Capital and Revenue

XVI.—That all stores, except such as are purchased in India for immediate consumption in Maintenance and Working, are charged to Capital in the first instance, and that a transfer is made monthly in the books from Capital to Revenue of the stores issued from one account to the other.

Transfers of Stores

XVII.—That the movements of stores from place to place, as from the general depot to charge of Local Sub-Storekeepers, be duly recorded in the principal books.

Stores used on works

XVIII.—That the stores used on works, or otherwise disposed of, be charged off monthly

*Proceedings of the Madras Government, Public Works Department,
13th February 1869.*

month to the proper accounts, the entries in the Journal and Ledger being supported by properly detailed abstract sheets or other returns.

Subsidiary Store Accounts.

XIX.—That the subsidiary Store Accounts are properly worked up, so that the amount at debit of Stores in the principal Ledger may be verified and supported by the detailed or Sub-Ledgers and priced lists of the detailed Store Accounts.

Verification of Store Returns.

XX.—Another point of importance to be attended to by the Examiner is, that the Store Returns should bear, clearly recorded on them, the evidence of whatever verification they may have undergone.

Depreciation of General Plant

XXI.—It will be the Examiner's duty also to see that the amount to be debited to works on account of the depreciation of General Plant is brought into the accounts of the last month of the official year.

Examiner's Diary

XXII.—The Examiner will keep a Diary, according to Form No. 4, wherein he will note all matters requiring reference to the Consulting Engineer, the Accountant General, Public Works Department, or through these Officers, to the Government, as the case may require.

XXIII.—So soon as the books of the month are posted, the Agent of the Company will furnish to the Consulting Engineer an Account Current, and other accounts to be rendered to Consulting Engineer.

XXIV.—The balance to be shown in the Cash Account will be the aggregate of the cash balances held by the Agent and all the disbursing Officers of the Company, so far as the accounts of expenditure of these Officers, received and booked at the head Office at the period of preparation of this being done. Cash advances to Officers unaccounted for up to the period of preparation of the Account Current at the head Office, will be included in the cash balances at foot of the Account Current, so that its completion need not be delayed for any arrear in the returns of actual expenditure of disbursing Officers.

Nature of cash balance shown thereon

XXV.—The Examiner will prove the charges brought forward in these monthly Accounts Current for establishments and works with the corresponding registers, schedules, or other detailed accounts of works and establishment charges, maintained in the Company's Office. The registers for each month should, in fact, work up to the results exhibited in the monthly accounts, and prove their correspondence with each other.

Check of entries by Examiner

XXVI.—The progress report will show:—
1st.—The sanction for each work.
2nd.—The total expenditure incurred on it to date.
3rd.—The expenditure during the month.
4th.—All adjustments of expenditure formerly debited to wrong heads, &c.

Progress Report of work done.

Authority for audit of work charges

XXVII.—The authority for all work charges will be the sanction of the Local Government.

Certificate of progress in Accounts.

XXVIII.—The monthly accounts will be accompanied by a certificate, according to Form No. 6, showing the dates for which each of the operations of book-keeping referred to in Arti-

*Proceedings of the Madras Government, Public Works Department,
13th February 1869.*

cles V. to XVII. have been completed; this will put before Government the exact state of progress of the Company's accounts.

Examiner to attest monthly accounts.

XXIX.—The Examiner will test and countersign the Accounts Current and the Progress Reports of works when such accompany them, in token that he has ascertained their agreement with the books.

Audit Statement prepared by Examiner

XXX.—The Examiner will bring all objectionable charges at once to the notice of the Consulting Engineer, and, until proper authority is received to debit them to a final head of account, will see that all such items are charged to Inefficient Balance. The Examiner will prepare a monthly Audit Statement, according to Form 7, pointing out all the items in the accounts furnished by the Agent which call for notice with respect to deficient authority for expenditure, want of vouchers in the original accounts, or any other cause, and will lay it with the accounts before the Consulting Engineer, the latter, provided he is not authorized to pass the items, will refer the Statement to the Local Government, with his opinion, and obtain their orders.

Half-yearly Accounts.

XXXI.—The half-yearly Accounts will be dealt with in the same way as the monthly Accounts. The Examiner will see that the books are properly closed and balanced half-yearly; he will countersign the balance-sheets after proving them with the books; and, finally, he will record his remarks on the whole in an Audit Statement, which will be duly laid before Government by the Consulting Engineer. This Statement will also show the sums paid during the half-year, but not passed by the Auditor.

Audit Statement.

Half-yearly Revenue Accounts.

XXXII.—The Agent of the Company will furnish to the Consulting Engineer half-yearly the Revenue Accounts as required by the contract, and these will be in such form as may be determined upon. The Revenue Accounts will be dealt with by the Examiner in a manner similar to that laid down for the accounts of Capital expenditure.

Aid which may be afforded by Audit Department of the Company

XXXIII.—The foregoing rules indicate the nature and degree of the scrutiny to be exercised by the Government Examiner over the Company's accounts, and prescribe the form in which they are to be laid before the Consulting Engineer for audit. But it is, of course, implied, and, indeed, is shown by the forms to be intended, that the accounts, before undergoing the examination of the Government Officer, should first have been subjected to the scrutiny of the Chief Auditor or other Head of the Accounts Department of the Company. And it will probably conduce much to the satisfactory working of the system, and a complete and effectual, and evidence thereof clearly indicated upon the Accounts, so that the functions of the Government Examiner may rather be limited to satisfying himself, and recording the fact, that the needful check has been exercised by the former, than to exercising or initiating it himself.

Examiner to notice delay in recovering advances, &c in the recovery of advances to Contractors or others, and of the debts outstanding on account of Revenue.

Adjustments between Capital and Revenue duly settled each half-year, and that corresponding entries are made on the Capital and Revenue books of the Company.

To be made by cheque

XXXVI.—The Examiner will also see that the settlement of claims due by Capital to Revenue, and vice versa, is effected by means of cheques on the Government Treasury, so that the transactions may be recorded on the books of the Accountant General to the Local Government.

*Proceedings of the Madras Government, Public Works Department,
13th February 1869.*

Advice of audit.

XXXVII.—The Consulting Engineer, after audit of the monthly Account Current, will advise the Provincial Accountant General (see Form No. 8) of the sums passed to Revenue Account, including the adjustment between Capital and Revenue provided for in Article XXXV. The needful entries will then be made on the books of the Accountant General in the Capital and Revenue Accounts, respectively, of the Company, as illustrated in Form No. 2.

Charges from which audit is withheld, referred to Local Government.

XXXVIII.—It will be open to the Consulting Engineer to refuse audit to any items that may appear to him to have been improperly disbursed.

In such cases, the objection will be notified to the Agent of the Company; and, should the explanation of the latter appear insufficient, the objections, with the Agent's reply, will be referred to the Local Government.

How re-admitted to audit.

XXXIX.—If the decision of the Local Government be in favour of the Agent, the Consulting Engineer will formally admit the charge, and a supplemental statement will be rendered to the Local Accountant General; but if the Local Government concur in the Consulting Engineer's objection, the expenditure must be removed from the accounts rendered to Government, unless authority be given by Government for its retention temporarily under Inefficient Balance.

Returns from Provincial Accountant General, to Consulting Engineer and to Accountant General, Public Works Department.

XL.—The Accountant General of the Presidency or Province will furnish the Consulting Engineer monthly with an Abstract Return of the Cash receipts and payments through Government

Treasuries, on account of the Company, according to Form No. 9, to enable the Examiner to check the corresponding entries in the Company's books, as referred to in Article IX. A copy of this return will be furnished to the Accountant General, Public Works Department.

XLI.—The Provincial Accountant General will also furnish the last named Officer with a copy of the Revenue and Capital Accounts of the Company rendered quarterly by him to the Secretary of State, and the Financial and Public Works Departments of the Government of India.

Returns by Consulting Engineer, to Accountant General, Public Works Department.

XLII.—A copy of the monthly Accounts of the Company and of the Examiner's Audit Statement will be furnished by the Consulting Engineer to the Accountant General, Public Works Department; also of the orders passed by the Local Government upon the latter. The Accountant General will also be supplied with copies of the half-yearly Accounts.

Registers of expenditure kept by Consulting Engineer and Accountant General.

XLIII.—The Consulting Engineer will keep up registers of expenditure passed by him to the Capital Accounts of the Company. Advice of the

sums thus passed will be made monthly to the Accountant General, Public Works Department, who will keep up registers of the Capital expenditure of the Company.

XLIV.—The Accountant General, or an Officer of his Department, will from time to time visit the Offices of the Company and Consulting Engineer, to examine and see whether the audit is conducted regularly in the prescribed way. A report of the result of such inspections will be made to the Government of India.

Memorandum to accompany the Draft Rules for the audit of the Accounts of the Irrigation and Canal Company.

1. In accordance with the instructions conveyed in Order of Government, No. 2,801, dated 2nd September 1868, I have been engaged with the Consulting Engineer for the Irrigation and Canal Company in preparing a set of Draft Rules for the audit of the accounts of that Company.

*Proceedings of the Madras Government, Public Works Department,
13th February 1869.*

2. With the view of ascertaining whether any alteration of those accounts would be necessary when establishing a concurrent monthly audit, I visited, with Captain Mullins, the Office of the Company, and the Chief Accountant showed me cursorily the various accounts.
3. These appeared clear, and to afford all the necessary information, and I do not consider that any alteration will be required, or that any difficulty will be found in establishing the audit contemplated by Government.
4. I observed that the Company does not draw funds from this Government, but from England, and there seems to be no limit or control on the part of Government as to the amounts they may draw.
5. It appears to me very advisable that, if possible, whatever funds may be at the Company's disposal, to draw against, should be transferred to this country, and that the Company should be required to draw from Government here.
6. The Company, I find, have no proper Revenue Account. There is an account of that name in their books, but it is used merely as a Suspense Account, to the debit of which all sums expended on Revenue Account out of Capital are placed for subsequent adjustment when there shall be Revenue funds at disposal.
7. The whole of what Revenue now accrues to the Company is collected by the Revenue Officers of Government, but there is no record in the Company's books of these transactions.
8. I understand from Captain Mullins that a system of Revenue Accounts, proposed for the adoption of the Company, has been already submitted to Government.
9. I think that, however limited their Revenue operations may be, a Revenue Account should appear in the Company's books, and I would suggest the advisability of early orders being issued on the subject.
10. As the Government of India in paragraph 4 of letter No. 123 A. I., of 8th August 1868, have directed that the Rules for the audit of the Railway accounts shall be the model for the Rules for the audit of the Accounts of this Company, and as Captain Mullins and I have found that the Rules contained in the enclosure to Public Works Nos. 1,009—15 A, of 1866, will, with slight modifications, suit the operations of the Irrigation Company, I beg herewith to submit them thus modified.
11. As from the latter part of paragraph 5 of the letter under reference, the Government of India indicate that I should undertake the duties of the audit, I would submit the following arrangement for the consideration of Government.
12. I learnt from the Chief Accountant of the Irrigation Company that the accounts from the districts, which in fact embrace almost the whole of the operations of the Company, as those at the head Office are inconsiderable, are received in batches thrice a month.
13. I would suggest then that the services of the Head Accountant at present employed in the Office of the Consulting Engineer for the Irrigation Company should be placed at my disposal, such as appear to call for further enquiry.
14. When the various vouchers had been brought to account in the general books of the Company, I would attend at the Office, and see that they had been charged to their proper heads, ture, &c. In this arrangement Captain Mullins concurs.
15. I regret that there has been so much delay in submitting this report, but I have had to visit Negapatam and Trichinopoly to audit the Accounts of the Great Southern of India Railway since the receipt of the first Order, and my current work has also interfered with it. The reply of the Agent of the Irrigation Company has only just been received.

MADRAS,

31st October 1868.

(Signed) C. M. MOBERLY, Captain,
Examiner of Railway Accounts.

*Proceedings of the Madras Government, Public Works Department,
13th February 1869.*

No. 382.

ORDER THEREON, 13th February 1869, No. 486.

IRRIGATION, No. 15.

1. With this letter the Controller of Public Works Accounts submits the Draft Rules called for in the Order of the 2nd September 1868, No. 2,801, for the audit of the Accounts of the Madras Irrigation and Canal Company under the system in force for adjusting the Accounts of Guaranteed Railways.
2. The Controller shows that the Rules prescribed for the Government audit of Railway accounts have been adopted with the modifications noticed in paragraphs 3 to 7. With regard to the means by which the Officers of the Irrigation Company are placed in funds no remark is necessary, as the Government of India are in correspondence upon the subject with the Secretary of State, whose orders will be awaited.
3. The Government are unable to sanction the proposed changes in Nos. XVIII., XXII., XXIV., XXVI., XXVIII., &c., of the Rules as in force for the audit of Railway Accounts; and convinced that the labour involved in the preparation of *monthly* Accounts Current by the Manager of the Madras Irrigation and Canal Company will be very inconsiderable, they direct that the Rules above quoted, as well as that numbered XXXII., be adopted in their integrity.
4. With regard to the form of Revenue Account to be maintained by the Company, the Government observe from the Manager's letter of the 26th June 1868, No. 116, that up to that date no instructions had been received from the Board, although the matter had been repeatedly brought under their consideration. Looking to the urgent necessity which exists for an early settlement of the question, Mr. Henslowe will be requested to take measures for obtaining an expression of the Board's views without further delay.
5. Rules Nos. XXXVIII. to XLI., regarding the mode of dealing with objectionable charges, will be allowed to stand as modified.
6. With reference to paragraph 8, the Consulting Engineer will be requested to report, in communication with the Company's Manager, the date which may be agreed upon for the submission of the monthly Accounts Current.
7. Under the explanation afforded the Government sanction the re-distribution of the Consulting Engineer's establishment in the manner recommended by the Controller, and grant authority for a carriage allowance of Rupees 50 per mensem being passed to the Government Examiner from the 1st April next, when the new system of audit will be introduced.
8. Adverting to paragraph 12, Captain Mullins will ascertain what accommodation will be required by the Government Examiner's Department in the building occupied by the Company's Manager, and, obtaining through the latter Officer the consent of the owner of the premises to such additions as may be absolutely necessary, he will communicate with the Superintending Engineer of the 4th Division, who will thereupon take measures for the commencement of the work on emergency, and submit a plan and estimate in due course for the sanction of Government.

*Proceedings of the Madras Government, Public Works Department,
13th February 1869.*

9. With these remarks the Draft Rules, together with a copy of these Proceedings, will be forwarded for the information of the Government of India.

(Here enter No. 487, dated 13th February 1869.)

(True Extract.)

Colonel, R. E.,
Secretary to Government.

To the Consulting Engineer for the Madras Irrigation and Canal Company.

- .. Manager for do. do.
- .. Government Examiner of Railway Accounts.
- .. Controller of Public Works Accounts.
- .. Accountant General.
- .. Consulting Engineer for Railways.

Exd. S. T. Augustin.

PUBLIC WORKS DEPARTMENT,
FORT ST. GEORGE, 13th February 1869.

No. 487.

No. 383.

To

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

SIR,

IRRIGATION, No. 16.

From Govt. of India, No. 39 A. I.
To do. do. " 1,948, 9th June 1868.
From do. do. " 123 A. I., 8th Oct. "

1. Adverting to the correspondence marginally noted, I am directed by the Right Honorable the Governor in Council to forward for the information of the Government of India a copy of a letter from the Controller of Public

Works Accounts under date the 21st December 1868, No. 4,030, giving cover to Draft Rules for the audit of the accounts of the Madras Irrigation and Canal Company under the system in force for adjusting the Accounts of Guaranteed Railways.

2. The rules prescribed for the Government audit of Railway Accounts have been adopted with the modifications noticed in the Controller's letter and in the accompanying Proceedings of Government of this date, No. 486.

3. The audit of the Irrigation Company's Accounts will be undertaken by the Government Examiner with the aid of a small establishment which it is proposed to provide by a re-distribution of the Office of the Consulting Engineer in the manner shown in the accompanying Tabular Statement, to which I am to request the sanction of the Right Honorable the Governor General in Council.

4. I am to add that instructions have been issued for the introduction of the new system of audit from the 1st April next, when the changes proposed in the Consulting Engineer's Establishment are intended to be carried into effect.

I have the honor to be,

Sir,

Your most obedient servant,

Colonel, R. E.,
Secretary to Government.

Exd. S. T. Augustin.

the Government of India

Office of the Controller of P.W. Accounts
Madras 21st December 1868.
N^o 4030.

From
The Controller of P.W. Accounts
To,
The Secretary to Government
Public Works Department
Fort Saint George.

Sir,
In compliance with the
orders of Government communicated
in their Proceedings of the 2nd Sep-
tember last, N^o 2801, I have the
honor to forward, for the considera-
tion of His Excellency the Governor
in Council, a copy of a letter from
the Consulting Engineer for the
Madras Irrigation and Canal
Company under date the 10th In-
stant, giving cover to draft rules
for the audit of the Company's
Accounts in accordance with the
views of the Government of India

1 Letter from the
Consulting Engineer.
1 Letter from the
Government Examiner.
1 Draft Rules.
1 Enclosure.

N^o 106.

as expressed in their Secretary's letter of the 8th August last, No. 123 A.I. -

2. The rules in force for the Government Audit of Railway Accounts have been generally adopted in the preparation of the draft rules now submitted, the chief points of difference being noted below. -

3. In the case of Guaranteed Railways, each Company is placed in funds solely by means of its Credit Order, or Letter of Credit as the case may be. The Officers of the Madras Irrigation and Canal Company do not, however, draw all the money required for the Company's works from the Treasuries under this Government, but receive from their Board of Directors, large sums, which are obtained from the Treasury of the India Office, and remitted to the

9 2
Agent in this country at a favorable rate of exchange - This practice cannot but tend to weaken the control of the Government and its Consulting Engineer over the Company's expenditure, as there are at present, so far as I am aware, no means of restricting the issue of funds to the actual requirements of the Company. - In paras 4 and 5 of his Memo. of the 31st October 1868, the Government Examiner alludes to this subject, and recommends that whatever funds may be at the Company's disposal should be transferred to this country, and the officers of the Company required to draw only from the Indian Treasuries. As the Government of India are in correspondence with the Secretary of State upon this matter, it appears unnecessary for me to do more than to invite the

the attention of this Government to their Proceedings of the 19th June 1868, No. 1917, and to add that no definite orders having yet been passed, Nos. I-VI-IX, &c. of the printed rules have been modified to suit existing practice.

The printed rules require that as soon as the books of the month are posted, the Agent shall furnish the Consulting Engineer with an Account Current, opening and closing with the cash balance in hand at the beginning and end of the month. In lieu of a monthly Account Current, the accompanying draft rules provide for the Manager of the Madras Irrigation and Canal Company furnishing the Government Consulting Engineer with a quarterly Account Current. The Government

of India place great stress upon the establishment of a concurrent monthly Account in the way most likely to be suitable to the Irrigation Company, and as it appears from para 12 of the Engineer's Memo. already quoted, that the Accounts from the Districts, which embrace almost the whole of the operations of the Company, are received in batches three a month at the Head Office in Madras. I do not see what difficulty can be felt in adopting No. XXII of the Printed Rules in its integrity. The Consulting Engineer, with whom I have been in correspondence regarding the draft rules, and have personally discussed this subject, states that it was the practice formerly to require the Company to submit its accounts monthly, but that in consequence of great delays

delays which then occurred, and of the arrears which accumulated in the Agents Office, it was found necessary to substitute quarterly for monthly Accounts. Moreover, Captain Mullins is of opinion that the introduction of any new rule requiring the submission of monthly Accounts Current would increase, in some measure, the work of the Agents Office, and that it is scarcely necessary, at this stage of the Com-
pany's proceedings, to disturb existing arrangements. The matter is now left for the decision of Government.

Following the change proposed in No. XXII of the printed rules, corresponding alterations have been made in Rules 18, 24, 28, &c. In addition to the quarterly Account Current, the draft rules prescribe that

that the Agent shall furnish the Consulting Engineer with a quarterly Store Account Current, a quarterly Abstract of the entire expenditure of Cash and Store in India under all heads, and certain other Returns specified in para XXIV, all of which are said to be absolutely necessary. b. 23. No. XXVII of the Printed Rules is quoted at length in the margin.

The half yearly statements will be drafted in the same way as the monthly Accounts. The Examiner will see that the books are properly closed and balanced half yearly. he will countersign the balance sheets after proving them with the books, and, finally, he will record his remarks on the whole in an Audit Statement, which will be duly laid before the Local Government by the Consulting Engineer. These statements will also show the sums paid during the half year, but not passed by the Railway Auditor.

In lieu of this, the draft rules simply require that the Examiner shall see that the Company's Books are properly closed and balanced half yearly, and that he shall countersign the Balance sheets after proving them with the books. As the Irrigation Company's Accounts Current

7
Current will, in the event of the draft rules being sanctioned, be prepared and furnished quarterly; it is considered unnecessary to follow the practice with Guaranteed Railway Companies, and to require the submission of half yearly Accounts in addition. No. XXVII of the draft rules, however, provides for the Agent of the Madras Irrigation and Canal Company furnishing to the Consulting Engineer half yearly the Revenue Accounts required by the Contract, and for these Accounts being dealt with by the Examiner in the manner prescribed for Accounts of Capital expenditure. The forms of Revenue Account to be adopted have not yet been determined upon, and the Government Examiner, in alluding to this subject in paras 6 to 9 of his Memo, states that
however

12 5
however limited the Revenue operations of the Irrigation Company may be, a Revenue Account should appear in the Company's Books. I quite concur in Captain Moberly's views, and would suggest the issue of early orders upon this subject. -
Nos XXXVIII to XLII of the printed rules prescribe the course to be adopted in dealing with objectionable charges in the Accounts of Guaranteed Railways. The provisions of these rules will be found to be considerably modified in the draft rules herewith submitted, the modifications having, I presume, been made with reference to existing practice, and to the terms of the Madras Irrigation and Canal Company's Contract. The remaining differences between the printed and draft rules are of
minor

minor importance, and call for no remark.

8. Adverting to Clause XXIV of the draft rules, I would suggest that the Consulting Engineer be requested to communicate with the Company's Agent, with a view of determining, and reporting to Government, the date which may be agreed upon for the submission of the Quarterly Accounts Current.

9. With regard to the assistance to be rendered to the Government Examiner, I have ascertained from the Consulting Engineer that the salaries attached to two vacant clerkships, in all Rupees 45, are available from the Establishment sanctioned for his office, and I propose that that amount be distributed as shown in the accompanying Tabular Statement. The present Head Accountant of the Consulting Engineers

Rs. 25
Rs. 20
45.

Office

Salary Rs. 35.

Salary Rs. 42.

* Vide G.O. No. 3831
dated 9th Dec. 1868,
para 2.

* Rs. 7 per mensem.

Office may be deputed for employment under Captain Moberly, his salary Rupees 70, being raised to Rupees 90 per mensem. The Assistant Accountant now attached to the Consulting Engineer's Office may continue on that Establishment, and be appointed to the post of Accountant for which provision is made in the enclosed Statement. There will then be a balance of Rupees 18 from which to meet the increase (Rupees 10) proposed to the salary of the Consulting Engineer's Head Draughtsman, and to provide Captain Moberly with the services of a peon which are said to be much required. 10. The duty of checking the accuracy of all vouchers for Cash and Stores will devolve upon the Accountant proposed to be employed under the orders of Captain Moberly, and the Government Examiner will deal

deal with vouchers appearing to call for further enquiry, and will see, after the Vouchers have been brought to account in the General Books of the Company, that they have been charged to their proper heads, and that credit is given to the Local officers for such expenditure incurred under their supervision as may be properly vouched for.

11. As the Government Examiner will hereafter be required to attend at the Chief Railway Offices, as well as the head offices of the Madras Irrigation and Canal and the Indian Tramway Companies, I would venture to recommend, for the favorable consideration of Government, that Captain Moberly be authorized to draw the same rate of Carriage ^{R. 50 per mensem.} allowance as is granted to the Executive.

14 1
Executive Engineers of the Public Works Department employed at the Presidency.

12. In conclusion, I beg to suggest that the new system of audit, as well as the other measures recommended in this letter, be introduced from the 1st April next, and that, meanwhile, arrangements be made for providing the Government Examiner with the required accommodation at the office of the Company's Manager in Madras.

I have the honor to be,
Sir,

Your most Obedient Servant

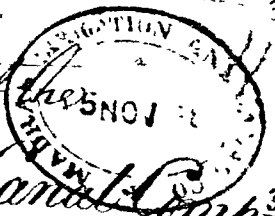
S. Brock

Controller of P.W. Accounts.

Coups. Brock



Draft Rules for the Audit of Accounts of the Irrigation & Canal Comp^y



Applications for advances
by Company.

I. Applications for advances in India, required by the Company, will be made to the Consulting Engineer monthly, or more frequently if necessary, according to Form No. 1. After careful scrutiny of the requisitions, the Consulting Engineer will forward them to the Accountant General of the Local Government, for issue of the needed advances.

II. These advances will be made by means of a Credit Order, in the case of Govt. Treasuries managed through the Presidency Banks, and of a Voucher of Credit in the case of all other Govt. treasuries.

III. The Credit Order will state specifically the respective amounts sanctioned for Construction and Revenue advances. Whenever the agreement with a Presidency Bank renders it necessary to do so, the Credit Order will be charged off the Treasury Balance to the Capital and Revenue accounts respectively of the Company. The corresponding entries

Credit Orders, and Vouchers
of Credit.

Credit orders on Govt. treasuries
managed through Presidency
Bank.

10th Dec 1888
11th Dec 1888
14 99 59

From, (1888)
The Central Government

To,
The Secretary to Government
Public Department
Fort St. George

Dated 21st
Dec 22 } December 1888
No. 4.

No. 4030.

Submitting with suggestions
and remarks for the consideration
of Govt. of a letter
from the Consulting Engineer
for the Indian Irrigation
and Canal Company, giving
order to draft and for
the audit of the Company's
Accounts.

No. 4030/1888 - 1888/1888

1888/1888

C. 4 1888/1888 Q. 192

2-4 Jan 1898. 192
entries in the books of the Accountant General to the Local Government will be cleared in the manner indicated in Form No. 2.

IV. The Letters of Credit to be issued on treasuries other than those managed through a Residentcy Bank, will simply empower the officers in charge of each treasury to pay cheques up to the amount specified, the payments being subject to any charge of premium which may be separately arranged for with the Company. The Company will draw cheques as required against the Letter of Credit, clearly shewing, on the face of every cheque, whether it is for Capital or Revenue account, and the undrawn balance will lapse at the termination of the month for which the Letter of Credit is granted. The cheques paid on each Letter of Credit will be noted on its reverse, and it will be returned, at the end of the month to which it refers, to the Comr. Engrs. to enable the Examiners to verify the corresponding credits in the books of the Company.

Debits in Govt. treasury accounts to be on Cheques paid.

V. It follows that, in the case of advances made upon Letters of Credit, the debits in the accounts of Govt. treasuries will be, not upon the Letters of Credit, but upon the cheques paid whether for Construction or Revenue, and the transactions will be cleared, in the books of the Accountant General to the Local Govt., in the manner indicated in Form No. 2.

All receipts to be paid into Govt. treasury.

VI. All irrigation revenue is collected by the Revenue Officers of the Govt. All Solla revenues and revenue from Town supply, shall, if collected by the Company's Officers, be paid into the Government Treasury.

Examination of Cash books.

VII. The Examiners will satisfy himself in the first place that every disbursement is for purposes sanctioned by Govt., or by the Comr. Engrs.; also that every payment entered in the Cash Book is passed by competent authority i.e. by the Chief Accountant of the Co.; also that the head to be charged is clearly and correctly specified on the vouchers, and so debited in the book.

29 Jan 1897 CA 17
VIII. It will be further his duty to see that a proper receipt, pay-sheet, or other voucher, is filed for every payment made. —

Of Vouchers.

IX. It will be the duty of the Examiners to see that every advance drawn from the Govt. treasury in India, or from the Secretary of State in England is brought to credit in the Company's books, and that every amount charged in those Books as paid into the treasury for tolls, revenue, subscription for shares, &c. is supported by a corresponding credit in the Govt. A/c't accounts. —

This check will be exercised by means of information to be obtained from the Com. Engineers. — The Examiners will likewise compare the list kept by the Company, of cheques drawn against Vouchers of Credit, with the return of the Voucher Accountant General of the cheques paid, made on the back of the Voucher of Credit, noting the differences at end of each month according to the illustrations in Form No. 3. When the advance is made on a Credit Order, the list of cheques will be compared with the Bank pass-book. —

X. The Examiners must satisfy themselves Examination of receipts. —



Punctuality to be enjoined. —

Advances to disbursing Agents. —

And Contractors. —

himself that all cash receipts are brought regularly to credit day by day as realized, and that the system of account in force provides for this being methodically done. —

XI. It is also his duty to see that if the Cash-book is written up day by day, and to bring all cases of delay to the notice of the Com. Engineers. —

XII. A part of the payments of the Company is on expense accounts, as advances to Engineers for Construction account, or to contractors. In all cases of running advances to servants of the Company a monthly cash account current should be required, and the whole amount expended by the disbursees should be passed monthly to his credit, and to the debit of the proper heads. A schedule should be kept of all the officers in account with the Company, and the Examiners should satisfy himself that the account of each has been regularly received, passed and booked. —

XIII. Similarly, as regards contractors, who have received advances, and who have open accounts with the Co. —

Company, the Examiner is to see that monthly credit is afforded them for all the work done.

XIV. A large part of the fixed distribution of charges on charges for establishments will have to be distributed upon Construction and Revenue. The Examiner will see that this is done periodically, by the needful entries in the Journal and Ledger, according to the proportion approved by Govt.

XV. The Examiner should satisfy himself that all Indian Stores are brought on to the Store accounts and into the principal books as received, and that all stores sent from England are duly credited to London on receipt of the invoices at the authorized rate of exchange.

XVI. That all stores, except such as are purchased in India for immediate consumption in Maintenance and Working, are charged to Capital in the first instance, and that a transfer is made monthly in the books from Capital to Revenue of the stores issued from one account to the other.

XVII. That the movements of stores from place to place, as from the

distribution of charges on Capital and Revenue.

Store accounts.

Adjustment between Capital and Revenue.

Transfers of Stores.

Stores used on works.

Store charges.

Subsidiary Store accounts.

Verification of Store returns.

General Depot Decharge of local sub-storekeepers, be duly recorded in the principal books.

XVIII. That the stores used on works or otherwise disposed of, be charged off to the proper accounts, the entries in the Journal and Ledger being supported by properly detailed abstract sheets or other returns.

XIX. That store charges are debited each quarter to the works or heads of charge on which stores have been consumed.

XX. That the subsidiary store accounts are properly worked up, so that the amount at debit of stores in the principal Ledger may be verified and supported by the detailed or sub-ledgers and priced lists of the detailed store accounts.

XXI. Another point of importance to be attended to by the Examiner is, that the store returns should bear, clearly recorded on them, the evidence of whatever verification they may have undergone.

xxxii. It will be the Examiner's Depreciation of General Plant.
It is also to be noted that the amount
to be debited to works on account
of the depreciation of General
Plant is brought into the accounts
of the last quarter of the official
year.

xxxiii. The Examiner will keep a diary, according to Form
No. 1, wherein he will note all
matters requiring reference
to the Com. Engr., the Account
General, Public Works Reports,
or through these officers, to the
Com., as the case may require.

xxxiv. The Agent of the Company, Quarterly Account Current
will furnish quarterly to the Com. Engr. an Account Current
opening and closing with the
cash balance in hand at the
beginning and end of the quarter.
This account will be completed
and delivered within a fixed period
to be agreed upon between the
Com. Engr. and the Company.
He will also at the same time
furnish a Store Account Current
in the same form as at present in



Nature of Cash balance
shown therein.

and a General Abstract
Statement Form P, an Account
current of Manufactures of Stores
Form R, an Annual return of
General Plant Form S, and the
appendices to ^{the} same hitherto fur-
nished.

xxxv. The balance to be shown
in the Cash account will be the
aggregate of the Cash Balances
held by the Agent and all the
disbursing officers of the Co.,
so far as the accounts of expendi-
ture of these officers, received
and booked at the head office
at the period of the account,
will admit of this being done.
Cash advances to officers unac-
counted for up to the period of
preparation of the account
current at the head office, will
be included in the cash balance
at foot of the account current,
so that its completion need not
be delayed for any arrear in the
returns of actual expenditure
of disbursing officers.

xxxvi. The Examiner will prove
the Cash entries by examining the

the charges brought forward in these quarterly accounts current for establishments and works with the corresponding registers, schedules, or other detailed accounts of works and establishment charges, maintained in the Company's office. The Registers for each quarter should, in fact, work up to the results exhibited in the quarterly accounts, and prove their correspondence with each other.

XXVIII. The Progress Report, which will be furnished quarterly to the Com. Eng. shall show:

- 1st The sanction for each work.
- 2nd The total expenditure incurred on it to date.
- 3rd The expenditure during the quarter.
- 4th All adjustments of expenditure formerly debited to wrong heads.

XXIX. The authority for all work charges will be the sanction of the Local Govt.

XXX. The quarterly accounts will be accompanied by a certificate, according to Form N.C., shewing the dates for which each of the operations of book-keeping

XXVII. The Agent of the Company will furnish to the Com. Eng. half yearly the Revenue accounts as required by the Contract and these will be in such form as may be determined upon. The Revenue accounts will be dealt with by the Examiner in a manner similar to that laid down for the accounts of Capital expenditure.

* Revenue accounts to be submitted Half yearly.

Progress Reports of work done.

Authority for audit of work charges.

Certificate of progress in accounts.

Examiner to attest Quarterly accounts.

Audit Statement.

book-keeping referred to in Articles V to XVII have been completed; this will put before Govt. the exact state of progress of the Company's accounts.

XXXI. The Examiner will test and countersign the accounts current, and the Progress Reports of works when such company ^{there} is to show that he has ascertained their agreement with the books.

XXXII. The Examiner will bring all objectionable charges at once to the notice of the Com. Eng., and, until proper authority is received to debit them to a final head of account, will see that all such items are charged to inefficient Balance. The Examiner will prepare a quarterly Audit Statement according to Form 7 pointing out all the items in the quarterly accounts furnished by the Agent which call for notice with respect to deficient authority for expenditure, want of

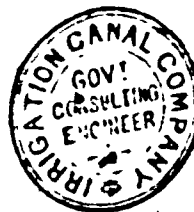
of vouchers in the original
accounts or any other cause,
and will lay it with the accounts
before the Com. Eng., the latter
provided he is not authorized to
pass the items will refer the
statement to the Local Court
with his opinion and obtain
their orders.

XXXIII. The Examiner will see
that the Books are properly
closed and balanced half yearly
and he will countersign the
Balance sheets after proving
them with the books.

XXXIV. The foregoing rules indi-
cate the nature and degree
of the scrutiny to be exercised
by the Court. Examiner over the
Company's accounts, and pre-
scribe the form in which they
are to be laid before the Com. Eng.
for audit. But it is, of course,
implied, and, indeed, is shown
by the forms to be intended, that
the accounts, before undergoing
the examination of the Court
offices, should first have been
subjected to the scrutiny of the

Closing of books.

And which may be afforded by
audit department of the Co.



Chief Auditor or other head of the
accounts department of the Co.
And it will probably conduce
much to the satisfactory working
of the system, and a rapid dis-
posal of the Court audit of the
accounts, if the audit of the Co.
offices is complete and effect-
ual, and evidence thereof clearly
indicated upon the accounts, so
that the functions of the Court
Examiner may rather be limited
to satisfying himself, and recom-
mending the fact, that the needful
check has been exercised by the
former, than exercising or
initiating it himself.

Examiner to notice delay in
recovering advances.

XXXV. It will be the Examiner's
duty to bring to notice all cases
of unreasonable delay in the
recovery of advances to contractors
or others, and of the debts outstand-
ing on account of Revenue.

Adjustments between
Capital and Revenue.

XXXVI. The Examiner will see that
sums due by Capital to Revenue
and vice versa are duly settled
each half year and that corre-
sponding entries are made on the
Capital

Capital and Revenue Books of
the Company.

XXXVII. The Examiner will also see that the settlement of claims due by Capital to Revenue, and vice versa, is effected by means of cheques on the Govt. treasury so that the transactions may be recorded on the books of the Accountant General to the Local Govt. - To be made by Cheque.

XXXVIII. The Cons. Eng^r, after audit of the quarterly account current, will advise the Provincial Accountant General (see Form No 8) of the sums passed to Revenue account, including the adjustment between Capital and Revenue - Advice of audit. - provided for in Article XXXVI. The needful entries will then be made on the books of the Accountant General in the Capital and Revenue accounts, respectively, of the Company, as illustrated in Form No 2.

XXXIX. It will be open to the Cons. Eng^r to refuse audit to any charges from which audit is withheld, referred to Local Govt. - items that may appear to him to be improper.

I have been improperly disturbed. In such cases, the objection will be notified to the Agent of the Company; and, should the explanation of the latter appear insufficient, the objections, with the Agent's reply, will be referred to the Local Govt. -

How readmitted to audit. - XL. If the decision of the Local Govt. be in favor of the Agent, the Cons. Eng^r will formally admit the charge and a supplemental statement will be rendered to the Local Accountant General, but if the Local Govt. concurs in the Cons. Eng^r's objection the expenditure must be removed from the accounts rendered to Govt. unless authority be given by Govt. for its retention temporarily under Inefficient Balance.

XLI. The Accountant General of the Presidency or Province will furnish the Cons. Eng^r - Returns from Provincial Govt. General to Cons. Eng^r and to Accountant General Pub. W. Dep^t. monthly with an abstract return of the cash receipts and payments through Govt. treasuries on

on account of the Co. according
to Form No. 9, & enable the Ex-
-aminers to check the corres-
-ponding entries in the Company's
books, as referred to in Articles.
A copy of this return will
be furnished to the Accountant
General, Public Works Departt.

XLI. The Provincial Accountant
General will also furnish the
last named officer with a copy
of the Revenue and Capital ac-
-counts of the Co. rendered quar-
-terly by him to the Secretary of
State, and the Financial and
Public Works Departments of the
Govt. of India.

XLII. A copy of the quarterly ac-
-count of the Co., and of the Ex-
-aminer's audit statement, will
be furnished by the Comr. Engrs
to the Accountant General, Pub-
-lic Works Department; also of
the orders passed by the Local
Govt. upon the latter. The Ac-
-countant General will also be sup-
-plied with a copy of each half
yearly Revenue account.

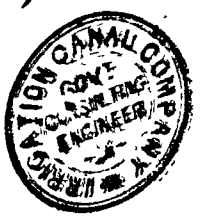
Returns by Comr. Engrs. to Acctt.
General Pub. Works Deptt.

Registers of expenditure kept
by Comr. Engrs. & Accountant General.



XLIII. The Comr. Engrs. will keep
up Registers of expenditure
passed by him to the Capital
accounts of the Co. with which
he may be officially connected.
Notice of the sums thus passed
will be made quarterly to the
Accountant General, Public
Works Department, who will
keep up Registers of the Capit-
-al expenditure of the Company.

XLIV. The Accountant General,
Accountant General, Pub. W. Deptt. or an officer of his Department,
& inspect Co's accounts. - will from time to time visit
the offices of the Co. and Comr.
Engrs., & examine and see whe-
-ther the audit is conducted re-
-gularly in the prescribed way.
A report of the result of such
inspections will be made to the
Government of India.



Memorandum to accompany the
draft rules for the audit of the accounts
of the Irrigation and Canal Company.

- In accordance with the instructions
conveyed in order of Government No 2801
dated 2nd September 1868 I have been
engaged with the Consulting Engineer for
the Irrigation and Canal Company in
preparing a set of draft rules for the
audit of the accounts of that Company.
2. With the view of ascertaining whether
any alteration of these accounts would
be necessary when establishing a consolidated
monthly audit, I visited with Captain
Mullins the office of the Company, and
the Chief Accountant shewed me carefully
the various Accounts.
 3. These appeared clear, and to afford all
the necessary information, and I do not
consider that any alteration will be
required, or that any difficulty will be
found in establishing the audit Contem-
-plated by Government.
 4. I observed that the Company does not
draw funds from this Government, but
from England, and there seems to be no
limit or control on the part of Government
as to the amounts they may draw.



11/6357/68

11/6357/68

5. It appears to me very advisable that, if possible, whatever funds may be at the Company's disposal, to draw against, should be transferred to this country, and that the Company should be required to draw from Government here.
6. The Company, I find, have no proper Reserve Account. There is an Account of that name in their Books, but it is used merely as a suspense account, to the debit of which all sums expended on Reserve Account out of Capital are placed for subsequent adjustment when there shall be Reserve funds at disposal.
7. The whole of what Reserve now accrues to the Company is collected by the Revenue Officers of Government, but there is no record in the Company's Books of these transactions.
8. I understand from Captain Mallins that a system of Reserve Accounts proposed for the adoption of the Company, has been already submitted to Government.
9. I think that, however limited their Reserve operations may be, a Reserve Account should appear in the Company's Books, and I would suggest the advisability of early orders being issued on the subject.
10. As the Government of India in para 4 of letter no 123 A1 of 8th August 1888 have directed that the Rules for the audit of the Railway Accounts shall be the model

- for the rules for the Audit of the Accounts of this Company, and as Captain Mullins said I have found that the Rules contained in the enclosure to Public Works Nos 1009-15A of 1866 will, with slight modifications, suit the operations of the Irrigation Company, I beg herewith to submit them thus modified.
11. 11. As from the latter part of para 5 of the letter under reference the Government of India indicate that I should undertake the duties of the Audit, I would submit the following arrangement for the consideration of Government.
12. I learnt from the Chief Accountant of the Irrigation Company that the accounts from the Districts, which in fact embrace almost the whole of the operations of the Company, as those at the Head Office are inconsiderable, are received in batches twice a month.
13. I would suggest then that the services of the ^{Head} ~~Chief~~ Accountants at present employed in the office of the Consulting Engineer for the Irrigation Company should be placed at my disposal. ^{They} might initiate the audit by checking the accuracy of each voucher for Cash and Stores, testing such as appear to call for further inquiry.
14. When the various vouchers had been brought to account in the General Books of the Company, I would attend at the Office, and see that they had been charged

Head
Office

He

4.

to their proper heads, and that the various District Officers had been properly credited with their vouchers for expenditure, &c. &c. In this arrangement Captain Mullins concurs. —

15. *Concurs. -* I regret that there has been so much delay in submitting this report, but I have had to visit Mysore and Trichinopoly to audit the accounts of the Great Southern of India Railway, since the receipt of the first order, and my current work has also interfered with it. The reply of the Agent of the Irrigation Company has only just been received. —

Recd. Mr. W. B. Ly Sept:
Examin. Railway Accounts

Madras
31st Oct 1868

Enclosure
1 Report of Examiner
1 do

Consulting Engineer's Office
Irrigation & Canal Company
Madras 10th Decr. 1868. 30

No. 106.

From, Captain J. Mullins R.E.
Cons. Eng. for I & C Co.

To, The Controller of Pub. W. Accounts.

Sir, I have the honor to forward the rules for the audit of the accounts of the Madras Irrigation and Canal Company, as revised with reference to the correspondence as per margin. -

From Controller No. 3382

27/10 Nov 1868

To do No. 93 of

13th do

From do No. 3518

27/12 do

2. I enclose also the report of the Examiner of Railway accounts, which he left with me in order that there might not be the delay of transmitting the rules through him on their return by the Agent to the Company. -

3. My correspondence with the Agent and Manager will be laid before Government. -

I have &c

(Signed) John Mullins - Captain R.E.
Cons. Eng. for I & C Company

1 True copy 1

S. Brock
Controller of Pub. Accounts.



1868/12/11

Enclosed in a letter from
the Controller of the accounts
to the day to Govt. of N. S. of
21st. May 1888 No. 4030.

1	Manager
1	Head Accountant
1	Assistant
1	Head writer
1	Writer
1	Dr.
1	Draftsman & Estimator
1	Dr.
1	Record keeper
1	Moosee
2	Peons at 7
2	Dr. at 16
1	Sweeper

[illegible]

S. Wood
Controller of the Accounts.

[Signature]

Public Works Dept.
 No 486
 Proceedings of the Madras Government
 Under date the 13th January 1869
 Had the following
 From the Controller of Public Works Department
 D. H. Accounts (Revenue No 4030 of 11th Decr 1868)
 The Controller of Public Works Department
 Madras
 With reference to the letter of the Controller of Public Works Department submitted in the draft rules called for in the order of the 2nd September 1868, No 2895, for the audit of the accounts of the Madras Irrigation and Canal Company under the system in force for adjusting the accounts of Government Railways.

The

N
 W
 M

Enclosed in a letter from the Controller of Public Works Department to Govt of Madras of 21st Aug 68 No 4030.

File 4995/68
 10th January 1869

2. The Controller
shows that the rules
prescribed for the
Government audit of
Railway accounts
have been adopted with
the modifications no-
ticed in parts 3 to 7.
With regard to the
means by which the
Officers of the Navigation
Company are placed
in funds, no remark
is necessary, as the
Govt of India are
in correspondence upon
the subject with the
Secretary of State, whose
orders will be awaited.

33
The Government
are unable to sanction
the proposed changes
in Nos 18, 22, 24, 26
28, &c of the rules for
the audit of Railway
Accounts, and, considering
that the labor involved
in the preparation of
monthly accounts con-
sistent with the exigencies
of the Indian Navigation
and Canal Company
will be very con-
siderable, they direct
that the rules above
quoted, as well as that
numbered ~~XXXII~~ be
adopted in their
entirety. With
Yours

With regard to the
form of Revenue Account
to be maintained by
the Company, the
Government observe
from the Manager's
letter of the 26th June
1868, No. 116, that up
to that date no in-
structions had been
received from the
Board, altho the matter
had been repeatedly
brought under their
consideration. Looking
to the urgent necessity
which exists for an
early settlement of the
question, Mr. Pinelowe
will

34
will be requested to
take measures for
obtaining an expression
of the Board's views
without further delay.
Rule No. XXXIII
to ~~the~~ regarding the
mode of dealing with
objectionable charges, will
be allowed to stand
as modified.
With reference to
the Consulting Eng-
ineer, it is requested to re-
port in communication
with the Company's
Manager, the date
which may be agreed
upon for the submission
of the monthly Accounts
Current. Under

Under the explicit
sanction of the
Government, and the
sanction of the
the distribution of
the Consulting Engineer
Establishment in the
manner recommended
by the Committee, and
they grant authority
for a Carriage Allowance
of £100 per
year, being passed
to the Local Committee
from the 1st April 1851,
when the new system
of public works was
introduced, and
Advertising

Advertising, stoppage
12 Captain Bullen
will ascertain what
amount of money will
be required by the
Post Office, and
Department in the building
now occupied by the
Company, and obtain the
consent of the owner
of the premises to
such additions as
may be absolutely
necessary, he will
communicate with
the Surveyor of the
Engineer of the
who will thereupon
take possession for
the commencement
of the work on all

Advertising, stoppage
12 Captain Bullen
will ascertain what
amount of money will
be required by the
Post Office, and
Department in the building
now occupied by the
Company, and obtain the
consent of the owner
of the premises to
such additions as
may be absolutely
necessary, he will
communicate with
the Surveyor of the
Engineer of the
who will thereupon
take possession for
the commencement
of the work on all

interference in the
plan and estimate
in due course for the
sanction of Government.

With these remarks
the draft rules together
with a copy of the
proceedings will be
forwarded for the in-
formation of the Govt
of India.

To Mr. Secretary to
the Govt of India
for the Railway
Department
The undersigned
marginaly

To The Comptroller & Manager
of the
Railway Accounts
for the
Railway

Dec 15/2/69

From Govt of India -
No. 39. A. I.
To. No. 1948. 9th June/68.
From. No. 123 A. I. 8th Oct/68.

marginally noted I
am directed by the
Right Honorable the
Governor in Council
to forward for the in-
formation of the
Government of India
a copy of a letter from
the Comptroller of Pub.
Works Accounts
under date the 21st
ultimo, regarding
cover to draft rules for
the audit of the accounts
of the Railway
and the
under the system
free for adjusting the
accounts of
Railways.
2. The rules pre-
scribed for the Govt
audit of Railway

Accounts have been
adopted with the mo-
difications noticed in
the ^{accompanying} letter
and in the Proceedings
of 20th of this date
The credit of the
Largest Company
disposals will be
sufficient to the
Government with the aid
of a small establishment
which is proposed
to provide by a
distribution of the Office
of the Company in
the

31 39
the manner shown
in the accompanying
Table Statement, to
which I am to request
the sanction of the
Right Honorable the
Governor General in
Council.

I am to add that
instructions have been
issued for the introduction
of the new system of
audit from the 1st
April next, when the
changes proposed in the
Consulting Engineer's
Establishment are intended
to be carried into effect.

187

Cue 4995

Cort. of {1869} Madras.

PUBLIC WORKS.

To the Consulting Engrs.
for the Madras Irrigation
and Canal Company

Further Recd 436 \$11⁰⁰
 February 1st
 " " 1864 of 2nd 3.71

144

Recall

G. O. 12 Feb 1860. No. 486 Hrsy

Nos. 351-352 & 353

free for adjusting the account
of guaranteed Oathings, for-
warded to the folg Indian with
the opinion of the Madras Govt.
thereon -

Dr. rules Papering orders on the
from the Cash of Amos sub-
ing Draft rules for the credit
Accounts of the M. S. K. B. Co. and
Complete in force for adjust-
from the accounts of Guaranteed
Group.

rules Copy gazetted from the
G.O. giving order to draft
the receipt of the accounts of
the work under the system.