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MADRAS RECORD OFFICE.

Government of Madras.

Publications

DEPARTMENT.

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Dated 4-4	1871.

Not to be folded or roughly handled

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*Proceedings of the Madras Government, Public Works Department,
4th April 1871.*

No. 46. Read the following letter from the Deputy Secretary to the Government of India, Public Works Department, (Account—Railway,) to the Secretary to the Government of Madras, Public Works Department, Railway branch, dated Fort William, 13th March 1871, No. 185-A.R. :—

I AM directed to forward, for the information of the Government of Madras, the accompanying extract of a report by Captain Filgate, R. E., Assistant Accountant-General in this department, on the system pursued in auditing the accounts of the Guaranteed Railways in the Bombay Presidency on behalf of Government, and to state that the Governor-General in Council considers that the system introduced there might, with advantage, be followed on the Railways in Madras.

2. The opinion of the Government of Madras on the matter is solicited.

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Report by Captain A. J. FILGATE, R. E., Assistant Accountant-General, Public Works Department, on the Bombay, Paroda, and Central India Railways, dated Bombay, the 24th September 1870.

I MUST again bear record to the satisfactory state of the accounts of this Company.

2. In my last report, early in 1869, allusion was made to an item of Rupees 16,43,819, the value of English stores unaccounted for; this sum has since been written off to the debit of Capital under the authority of the Government of India. Further inquiry and investigation of the records of former stock-takings has resulted in a sum of Rupees 1,60,446 now standing at the credit of an account called "Stores excess and deficiency." This may fairly be looked upon as a set-off against the larger sum previously written off, and the Chief Auditor purposes sending forward proposals for thus disposing of the credit on this account.

3. The sale of some surplus stores belonging to the Company has resulted in a book loss of Rupees 24,266, which the Chief Auditor would desire to dispose of in conjunction with the last item; but as, under these circumstances, only a very small portion, if any, of the loss would fall on Revenue, the procedure would be in direct contravention to the recent orders of the Government of India on the subject of losses incurred through the deterioration of stores in stock. Under these orders, the whole of the loss incurred on the sale of stores which have deteriorated while in stock must be borne by Revenue, and in absence of any subsequent ruling on the matter, the whole of the loss should be dealt with in accordance with the orders referred to.

4. Some doubts appear to exist as to the manner in which refunds should be dealt with, the Consulting Engineer being of opinion that such items should be paid into the Treasury to the credit of the Company's account with Government, while the Chief Auditor considers that the orders of Government can be sufficiently met by these sums being paid to the credit of the Company's Banking account. The object of the orders on this subject being to ensure all amounts of receipts and payments being exhibited in the gross, and to bring the Railway Companies' system of account into accord with that in force in all Government offices, under which disbursements are placed in funds, solely by means of credit orders or letters of credit, it is clear that the Consulting Engineer has placed a correct interpretation on the Resolution of the Government of India, and his views of the case should be carried out.

5. There is a small sum standing to the credit of the "Delhi Extension Survey" which should be adjusted at an early date, as the plans, etc., have been made over to Government, and all the expenditure incurred on the survey has been recouped to the Company.

6. The Chief Auditor will address his London Board on the subject of the sum of Rupees 1,08,767-11-5, which stands in the Indian books to the head "London Treasury," with a view of ascertaining the exact details of the transaction. As the amount was obtained for expenditure in this country, and has been duly accounted for in the Indian books, I think it would be a more satisfactory procedure for the sum to be exhibited as an advance made by Government in this country, and for credit to be afforded to the Secretary of State through the London account.

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7. Time did not permit my examining the books of the Store Department; but I am assured that the double set of store ledgers formerly objected to have been abolished, and that the necessary intermediate record of receipt and issue of stores is now kept up in a complete manner.

Report by Captain A. J. FILGATE, R. E., Assistant Accountant-General, Public Works Department, on the Great Indian Peninsula Railway, dated Bombay, the 24th September 1870.

In my last report on the accounts of this Company, owing to certain defects in the system of audit then in force, I suggested that an independent Auditor should be appointed distinct from the Chief Accountant; the Board of Directors of the Company did not concur in this suggestion, but they extended the responsibility and powers of their Chief Officer of Accounts in India, and changed his designation to that of "Auditor."

2. I am bound to admit that the Board appear to have taken the correct view of this important subject, as further experience on other Railways has shown that the plan of having a Chief Accountant distinct from the Chief Auditor has been a failure, and, in one instance, this system has recently been abandoned after a trial of some years.

3. The Account and Audit Office of the Company is now worked in a much more satisfactory manner than it was on the occasion of my last visit. The accounts of the Engineer Department are subjected to a rigid scrutiny, and all outlay, both in cash and stores, is posted into a register of sanctions or works ledger as the expenditure is passed and debited against the sanctions concerned; by this means a good check is obtained over the current transactions of the department.

4. The defects before noticed in the preparation of the vouchers for expenditure have been removed, and an allocation statement is attached to each set of vouchers in which the final heads of account are duly noted.

5. The question of dealing with the duplicate engine gear is still under investigation, and endeavours are being made to arrive at the proper value of each article. When this is done, the account will be finally adjusted, and any deficiency in value will be charged off to Revenue; meanwhile, the Locomotive Superintendent has been instructed that he must make use of the articles in store, instead of making up his requirements in the locomotive shops.

6. Discrepancies found to exist on stock-taking of stores are now dealt with in a systematic manner.

7. Many of the old accounts which cumbered the Company's books have now been cleared off, and the few that still remain are under investigation; it is to be hoped that these will soon be finally closed.

Report by Captain A. J. FILGATE, R. E., Assistant Accountant-General, Public Works Department, on the Government audit of Railway Accounts, Bombay, dated 24th September 1870.

THE manner of conducting the Government audit of Railway accounts has been considerably altered since my last visit.

2. The Government Accountants employed under the Examiner in the Railway Companies' offices now have to examine each bill, and attach their initials thereto before the Companies' Officers can disburse the amounts involved. In the event of the Accountants finding anything irregular in the bills, or should they have reason to believe that the Companies desire to make any payments not clearly provided for by the Government sanctions, it is their duty to take the instructions of the Examiner, and, if necessary, of the Consulting Engineer, before the bills are sent back for payment.

3. On any amount being admitted for payment, it is at once entered in a register of sanctions kept up in the Examiner's office, in which the outlay against each indent, both on account of English and Indian expenditure, is systematically compared with the Government authorization.

4. As a rule Revenue sanctions are given so as to cover all probable outlay during each half-year; the lists of Capital sanctions are revised once a quarter when all completed works are struck out, and no further expenditure allowed thereon.

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5. My first impression on hearing of this system was undoubtedly adverse to the method adopted, as it appeared to me to throw unnecessary work on the Government Officers, but now that I see how easily and effectually it works, my views have entirely changed, and I should like to see it in force on all the Guaranteed Railways in India. The whole of the clerical and detailed work of audit is thrown on the Railway Companies, while the Government audit is chiefly confined, as it should be, to the appropriations made by the Companies.

6. In establishing this system, Colonel Trevor has laid down a perfect system of exercising the powers of control over expenditure which the contracts place in the hands of Government. The good results which are apparent from the Revenue Accounts of the last half-year are doubtless in a great measure due to the new system, and economy in construction must result from a systematic closing of Capital sanctions as soon as the works concerned are completed.

7. I should mention that the system of control which I have attempted briefly to describe is applied to the expenditure of all departments and on all accounts.

No. 47. ORDER THEREON, 4th April 1871, No. 983.

RAILWAY, No. 7.

COMMUNICATED to the Consulting Engineer for Railways, with a view to his submitting, in communication with the Examiner of Railway Accounts, his views on the expediency of introducing in the audit of the accounts of Guaranteed Railways in this Presidency the system obtaining in Bombay.

(True Extract.)

Colonel, R.E.,

Secretary to Government.

To the Acting Consulting Engineer for Railways.

Exd. E. C. Shunker.

Proceedings of the Madras Government

Under date the

Read the following

From The Government of India H. E. N. 185 A. R. of 13th March 1871

1871 Sept. 1
Pro of Govt of India 1321

From
The Govt. of India

Dated 13th & March 71
Res 22nd

185 A. R. Encls: 3

Forwarding extract
from a Report by the
Asstt Acctt Genl P. W. D.
on the system of auditing
the accounts of Guar-
anteed Railways in
Bombay on behalf
of Govt. & requesting the
opinion of the Madras
Govt on the subject of
the introduction of that
system on the Railways
of Madras - 12 April 1871 185 A. R.

N. 46

Communicated
to the Consulting En-
gineer for Railways
with a view to his sub-
mitting, in communica-
tion with the Examiner
of Railway Accounts,
his views on the expediency
of introducing in the
audit of the accounts
of Guaranteed Railways
in this Presidency the
system obtaining in Bombay

The Engineer for Dept of P.W.D.
Railways

N. 46

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Govt of 1871 Madras.

PUBLIC WORKS.

Thos. T. Consulting Engineer
for Railways



Recd.

For

G. O. 11th April 1871 No. 989

No. 1,6 4-17

Accounts. Letter from the
Govt. of India forwarding extract
from a Report by the Filgate R. E.
on the system of auditing the ac-
counts of Government Railways
in Bombay on behalf of Govt.
& requesting the opinion of the
Madras Govt. as to the expediency
of introducing that system
on the Madras Railways,
and to the proposed for steps
into instructions.