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MADRAS RECORD OFFICE

Government of Madras

Public works

DEPARTMENT

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Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
10th May 1873.*

No. 136. Read the following letter from Colonel C. DICKENS, R. A., Secretary to the Government of India, Public Works Department, (Account—Irrigation,) to Colonel G. W. WALKER, R. E., Secretary to the Government of Madras, Public Works Department, dated Fort William, 9th April 1873, No. 93-A. I. :—

I AM directed to forward, herewith, a copy of a recent report by Captain Filgate, R. E., Deputy Accountant-General, Public Works Department, on the Account and Audit Offices of the Madras Irrigation and Canal Company, and to request that the Government of India may be favoured with an expression of the opinion of the Madras Government on the several suggestions made therein.

Report on the Account and Audit Offices of the Madras Irrigation and Canal Company.

MANY of the obsolete accounts which I noticed in my last report on the Audit and Account Offices of this Company have now been closed, and attention is being paid to the Store Accounts with a view to their adjustment. This must necessarily be a matter involving considerable trouble and labour, as, owing to the system of account-keeping followed, the actual state of the Company's store transactions were very imperfectly represented by their books.

2. The last balance sheets of the Company were taken out on the 31st March last, and the under-noted items shown therein should be fully investigated and adjusted with as little delay as possible :—

<i>Guaranteed Capital Account.</i>						RS.	A.	P.
Store charges	...	...	...	...	Dr.	95,972	15	0
General stores	...	...	...	...	..	3,34,177	15	9
Manufacture of stores	...	...	...	...	..	2,39,714	4	1
Manufacture of stores, private account	...	...	...	...	Cr.	10,192	8	6
Stores sold and recoverable in cash	...	...	...	...	..	27,712	5	7
Stores lost	...	...	...	...	..	828	4	6
General plant	...	...	...	...	..	11,042	2	8
Miscellaneous advances	...	...	...	...	Dr.	410	1	6
Suspense Account	...	...	...	...	Cr.	580	9	0

<i>Loan Account.</i>						RS.	A.	P.
Suspense Account	...	...	...	...	Dr.	246	6	2
Store charges	...	...	...	...	..	1,14,043	15	6
Stores lost	...	...	...	...	..	81	9	1
Stores sold and recoverable in cash	...	...	...	...	..	1,049	8	9
Miscellaneous advances	...	...	...	...	..	5,522	1	1
Stores in transit	...	...	...	...	..	406	15	9

All the stores of the Company originally borne on the Guaranteed Capital books have either been used upon works, or have been transferred to the loan account. Under these circumstances, the whole of the Store Accounts in the Guaranteed Capital books should be closed.

3. It has been the custom to debit all miscellaneous charges in connection with stores to the accounts called "Store charges," and from these accounts being treated as final heads instead of mere suspense items, the stores in stock have not been assessed at their proper value; a portion of these stores have been sold at a loss, the total of which has been estimated at about Rs. 21,000. This loss may, I think, be written off to Construction as a contingent charge on the works for which the stores were originally obtained, but in future care should be taken that all legitimate store charges are debited at once to the articles to which they appertain, whether such articles are issued to works or kept in stock.

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4. The inefficient balance in March last amounted to Rupees 1,101-14-5 and has since been considerably reduced.

5. A sum of Rupees 19,085-15-3 stands at the debit of profit and loss in the guaranteed Capital books, and Rupees 33,311-2-6 in a similar account in the loan books. As these items must ultimately be charged against the Capital of the Company, it would, I think, be advisable to close them to the final head 'Construction' without further delay, as the amounts entered under these heads can only be looked upon as contingent charges of the undertaking.

6. At the suggestion of Captain Moberly all the Revenue transactions have been transferred to the loan books and are now brought to account under suitable heads. The Indian general charges are apportioned half-yearly between Capital and Revenue in proportion to the outlay on the two accounts, but no debits have as yet been raised against Revenue on account of the Home charges. As the Capital outlay has almost ceased, it is clear that a large portion of the general charges incurred in England should be met from Revenue, and I would suggest that the Secretary of State be requested to have detailed statements of such outlay for each half-year sent out to India in a form similar to that in use by the Guaranteed Railway Companies, and that the amount of Home general charges should be distributed between Capital and Revenue in proportion to the expenditure incurred on each, or that some other fixed rule for dividing these charges in an equitable manner be laid down.

7. In addition to the Guaranteed Capital and Loan Accounts, another account, called No. 2 Account, is kept up by the Company, in which transactions relating to securities, fines, interest, etc., are dealt with. The Officiating Manager states that some time back the Government of Madras directed that this account should be kept distinct and separate from the ordinary transactions of the Company, and the Directors have since issued instructions to their Agent, that the Government Officers should not be allowed access to it.

8. Although the items contained in this account may appertain solely to the Company, and may properly be dealt with by them without reference to Government, it is very necessary that the Government Officers should satisfy themselves that this is the case, and that no item is entered therein which properly appertains to the ordinary accounts of the undertaking. For instance, in the case of securities, a Contractor's security may be forfeited on his failing to meet his engagements; Government here may clearly have a claim against this forfeited security, and direct that it should be credited to the Construction Account as a set-off to the loss which the Contractor's neglect may have caused. So with fines, the Company should not have power to dispose of such receipts without the previous sanction of Government. I would consequently beg to suggest that these accounts be placed under the same supervision as the ordinary accounts of the undertaking; for under the present peculiar position of the Company, I consider it will be deemed desirable that Government should have as complete an insight as possible into their affairs.

9. Progress reports of the construction works of the Company are now submitted quarterly to the Chief Engineer for Irrigation under the heads, Main supply, Building, and Distribution.

These documents which are considered necessary by the Madras Government are very bulky, owing to the outlay on all the works under each head, whether completed or not, being entered therein in detail. The reports might be considerably simplified without losing any value by all the transactions relating to completed works being lumped together and the accounts finally closed, details only being given of the expenditure on incomplete works. I mentioned this matter to the Chief Engineer for Irrigation, who now performs the duties of Consulting Engineer to Government for this Company, and I gathered that he was of opinion that the condensed form would fully meet the Government requirements.

10. I think it my duty to bring to notice, for such orders as may appear necessary, that advances are now being made to this Company on Revenue Account much in excess of the revenue already earned and paid over into the Government Treasury. It appears to me that the Company might be fairly charged interest on the balances standing to their debit in the Government books on this account.

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10th May 1873.*

11. I append lists of the surplus stores in the hands of the Company, with the prices at which they can be disposed of: some of these articles can properly be utilized on the State Railways now under construction.

CALCUTTA,
6th January 1873.

(Signed) A. J. FILGATE, Captain, R. E.,
Depy. Acctt. Genl., P. W. Dept.

No. 137.

ORDER THEREON, 10th May 1873, No. 1,309.

IRRIGATION, No. 10.

COMMUNICATED to the Chief Engineer for Irrigation, who will, in communication with the Government Examiner, report on the several points dealt with in the Deputy Accountant-General's review.

(True Extract.)

(Signed) G. W. WALKER, Colonel, R.E.,

Secretary to Government.

To the Chief Engineer for Irrigation.

.. Examiner of the Madras Irrigation and Canal Company's Accounts.

Exd. E. C. Shunker.

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*Report on the Account and Audit Offices
of the Madras Irrigation and Canal
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Building.
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A. J. FILGATE, *Captain, R. E.,*

Depty. Acctt. Genl., P. W. Dept.

CALCUTTA,
6th January, 1873. }

*Mr 2388
H. E. May 10. 1873*

Pub. Works 1873 Dept
No 2388

From
the Government of India

Dated 9th April 1873
No 15 - a

No 93 A-1

Forwarding copy
of Capt Kilgates report
on the Account & Audit
Offices of the Madras
S. Hqs. and requesting
an expression of the
opinion of the Madras
Govt. on the several
suggestions made
therein With order.

Notified to the Chief Engineer for
Communication

Mr. [unclear] who will in communication with the Govt.
of Madras report on the several points that
arise in the Dy. Accounts General's review.

one Ch. Eng. for Dy. Engr.
" Sec. Mr. G. L. S. (Secy)

Ch. Eng. 19-5-78.

Per May

10 March 1873 D. 44

Ch. 2088

Govt. of 1873 Madras
PUBLIC WORKS.

Headship Engr for
Irrigation

Date

Recd.

Encl.

G. O. 10th May 1873. N. 1309.

Recd. 13th 4/187

M. S. & Company.

Letter from the Govt. of India
forwarding copy of Capt
Fitzgibbon's report on the Ac-
count & audit of the
M. S. & Co. & requesting
an expression of
opinion on the several

Mr. M. S. & Co.

Ch. 2088-19-8-73.

2088