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MADRAS RECORD OFFICE

Government of Madras

Public works

DEPARTMENT

G.O. No.	1369.	Press
B.P. No.		Mis.
251-252.		
Dated	16. 8.	1873.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
16th May 1873.*

No. 251. Read the following Proceedings of the Government of India in the Public Works Department, (Account—Guaranteed Railways,) dated Fort William, 16th April 1873, No. 240—1 A. G. R. :—

Read the following :—

Note by LIEUT.-COLONEL P. P. L. O'CONNELL, R. E., *Official Accountant-General, Public Works Department, No. 168 G. R., dated 1st February 1873.*

I beg to lay before the Government of India, for information and such action as may appear necessary, copy of a recent Report by Captain Filgate, R. E., Deputy Accountant-General in this department, on the Account and Audit Offices of the Madras Railway.

Report of Inspection by CAPTAIN A. J. FILGATE, R. E., *Deputy Accountant-General, Public Works Department, on the Account and Audit Offices of the Madras Railway, dated 4th January 1873.*

THE Account and Audit Offices of this Railway continue to be worked in a very satisfactory manner, and leave but little room for comment. The books are fairly up to date. On the 10th December the Cashier's cash book was posted up to the previous day; the general cash book, which of necessity must always be a little in arrears, was written up to the 6th idem; the Journal was posted for September, and the ledger postings for that month had been commenced.

2. An item in the last balance sheet of the Company that appears to call for special notice is the head "Miscellaneous Survey Accounts." Under this head there is a debit of Rs. 13,256-1-3 on account of the outlay incurred on the Cochin Survey in 1867 and 1868. As there appears no immediate prospect of the construction of this extension, the amount expended on the survey should apparently be reimbursed to the Company. The under-noted survey accounts have also been closed to this head—

	RS.	A.	P.
Deviation Survey	5,927	13	0
Hyderabad „	16,351	13	0
Kurnool „	235	5	0
Raichore „	15,821	1	0

A portion of this outlay is clearly debitable to the preliminary expenses of the North-West Line of the Company, and should be so dealt with, and the remainder should be sent forward for the orders of Government with a full explanation as to the circumstances under which the outlay was incurred.

3. An amount of Rupees 5,638-2-5 is standing at the credit of the head Profit and Loss. This is chiefly made up of the value of stores landed in India in excess of English invoices. Before any steps should be taken to dispose of the amount at the credit of this account, the account should be fully analyzed, and any item properly due to Capital funds, such as interest on monies lodged in banks, should be re-paid to Government to the credit of the Capital Account.

4. The Company's Officers desire that extraneous assets of the nature of the amount standing at the credit of the Profit and Loss Account should be treated exceptionally, and be added to the Sick and Allowance Fund of the Company. This fund is a most useful institution and deserves support, and if the proposed course meets with the approval of the Board of Directors, I see no objection to its being followed. Should it, however, be contemplated to institute a Provident Fund for the employes of this railway, the amount standing to the credit of the Profit and Loss Account might more properly be given to such fund as a portion of a starting bonus, as has been recently done in the case of the Provident Fund of the Eastern Bengal Railway, with the approval of the Secretary of State. The advisability of establishing a Provident Fund is fully recognized by the officers of this railway, and I feel sure that Government would support any reasonable proposition doing this that the local authorities may think proper to send forward.

5. The balance to the credit of the head "Unpaid wages" is Rupees 14,770-14-10. Amounts not likely to be claimed are for the most part periodically transferred to the credit of

the Sick and Allowance Fund. As this course is not in conformity with the instructions issued regarding the disposal of similar amounts on other railways, I bring the matter forward for the issue of such orders as Government may deem necessary. I am of opinion, however, that the orders issued regarding like accumulations on other lines should be put in force, and all items unpaid for more than one year should be refunded to the main accounts originally debited. Should it be found that the Sick and Allowance Fund requires further contributions, it would be much more satisfactory to have these made in ordinary course from current revenue under regular sanction from Government and the Board of Directors.

6. The balances at the debit of the several Store accounts of the Company are being reduced in a satisfactory manner. The balance at debit of General stores on the 30th June 1872 was Rupees 8,09,200-7-4, as compared with Rupees 13,67,328-7-11 on the 30th June 1870; the balances at the debit of the Locomotive stores and Workshop accounts on the same dates were Rupees 19,87,063-15-4 and Rupees 22,22,250-0-8 respectively; and those of the Engineering stores and Workshop accounts Rupees 10,95,761-2-5 on the later against Rupees 27,10,635-13-3 on the earlier date.

7. A continuous stock-taking is now carried out in the General stores, and the result of work done is reported daily to the Chief Auditor, when all discrepancies discovered after verification by the Stores Department are brought to account in the Stock Ledger, and the correct quantity of each article as actually in hand is duly brought forward. Stock of the Locomotive stores was taken as on 30th June 1870, and the result gave a surplus of nearly a lakh of rupees; of this surplus, a large sum was due to wood-fuel, of which a considerable quantity was found in excess of the amounts borne on the books. Owing to the large quantity of articles in store, the numerous depôts that had to be examined, and the small staff employed on the work, this stock-taking extended over a period of twenty-one months. A recent and more careful examination of the timber-yard of the Locomotive Department brought to light a large deficiency under teak, due to the loss by depreciation of sundry scantlings and to an insufficient allowance having been made for wastage. From these circumstances, it appears that although stock-taking of these stores was commenced two and a half years ago, no practical result has yet been obtained therefrom; early and prompt attention should be given to this important subject with a view of the adjustment of the accounts of these stores, which are now of greater value than the whole of the remainder of the Company's stores combined.

8. The last stock-taking of the Engineering stores also gave a surplus. The working of these stores has lately been reported on by the Assistant Examiner, who has pointed out some few apparent defects in the system in force. As the subject is about to be taken up by the Chief Auditor in conjunction with the Examiner, I think the matter may be left in their hands.

9. I have agreed with the Chief Auditor that a re-valuation of all stores in all departments should be made in the first half of 1873, all surplus stock being applied to meet losses on damaged and useless stores when sold, and any available balances being utilized in the reduction of prices; an increase in price being made where a deficiency is discovered.

10. A complete register of outlay against both Capital and Revenue sanctions is kept up. On the line under construction, expenditure is only recorded under the main Capital heads laid down in the Government classification. As the only works of this class in progress are nearly completed, it is not necessary to insist upon a change being made in the procedure in force, but orders as to the course to be followed hereafter, should further extensions be put in hand, appear desirable. This matter has been taken up in my report on the accounts of the Great Southern of India Railway, and the orders issued thereon should be made applicable to all the railways in the Madras Presidency. With regard to the Revenue outlay of the Engineering Department, this is now only audited against the following heads for the whole line :—

- (1.)—Maintenance and renewal of permanent-way.
- (2.)—Repair of bridges, etc.
- (3.)—Repair of stations and buildings.

In order to secure a proper check over the expenditure under these heads, I think that it would be desirable that sanctioned estimates should be submitted for each division of the open line, working up to the total sanctions for the whole line, and that the outlay in each division should be audited against the sanction given under each sub-head for such division.

11. The Stock Ledgers kept by the General Store Department, with their subsidiary vouchers, are dealt with in a systematic manner.

12. I had not time to devote so much attention to the Traffic Audit Office as I should have liked to have done, but from what I did see of the system in force in this office, I think it can be gathered that it is working satisfactorily. No little difficulty is experienced in dealing with the through traffic transactions owing to the manner in which the different railways in connection with the Madras Railway adjust their through traffic accounts, each line adopting a different basis. As it is most desirable that there should be a uniform procedure for dealing with the traffic earnings of the Indian Railways generally, I trust that the conference proposed by Government for considering this question may soon be brought together.

13. The Chief Auditor desires to see the credit-note system introduced for the payment for all dues for the carriage of Government troops and stores. The system has been found to work well on the East Indian Railway, and I trust it will soon be established on all the railways in India.

14. No decision has yet been come to as to the necessary amount of capital that will probably be required to be set aside as a reserve from capital for the purchase of stores. Attention should be called to this subject with a view to its early settlement.

RESOLUTION.—The recommendations made by the Deputy Accountant-General in his report now read may be approved, and the following remarks in connection with the report are recorded.

If the Governor of Madras in Council see no objection, the Government of India would be glad to see the amount standing against the "Miscellaneous Survey Account" settled as suggested in paragraph 2 of the report, any items requiring the orders of the Government of India being sent forward at an early date, accompanied by explanation of the circumstances connected with each.

2. The views expressed* in regard to the disposal of the amount standing at credit of the head Profit and Loss appear deserving of acceptance, and the Governor-General in Council would commend to the attention of the Madras Government

the advantage of securing the establishment of a Provident Fund established for the benefit of the employés of this railway. With regard to the amounts at credit of the head "Unpaid wages," it seems proper that all items unpaid for more than one year should on this, as on other railways, be refunded to the main accounts originally debited.

3. From paragraphs 6 to 9 of Captain Filgate's report it would appear that a good deal remains to be done towards ascertaining the exact value of the stores in stock, particularly those of the Locomotive Department. This matter should engage the early attention of the local officers.

4. The course proposed by the Deputy Accountant-General for securing a proper check over the expenditure of the Engineering Department on Revenue Account, as described in paragraph 10 of his report, is recommended to the Government of Madras for adoption. With regard to the detail to which the audit of the Capital outlay on an unopen railway should be taken, orders will be issued hereafter.

*Proceedings of the Madras Government, Public Works Department,
16th May 1873.*

5. The introduction of the credit note system of payments for all dues for the carriage of Government troops and stores is now the subject of correspondence, and orders thereon will be issued hereafter. A communication having been recently received from the Madras Government regarding the amount of capital required for providing the necessary stores for working the line, no remarks on the 14th paragraph of the report appear called for.

ORDER.—Ordered that this Resolution (with the documents read) be communicated to the Government of Madras for information and guidance.

Ordered also that a copy be forwarded to the Accountant-General, Public Works Department, for information.

(Signed) B. E. BACON, Colonel,
For Secretary to the Government of India.

No. 252. ORDER THEREON, 16th May 1873, No. 1,369.

RAILWAY, No. 40.

COMMUNICATED, through the Consulting Engineer, to the Agent of the Madras Railway, whose attention is called

to the remarks and suggestions of the Deputy Accountant-General.

2. Proposals should be submitted for the adjustment of the amounts expended on the surveys referred to in paragraph 2 of Captain Filgate's report.

3. His Excellency the Governor in Council will gladly support the formation of a fund of the nature of that referred to by the Government of India in paragraph 2 of their Resolution, and considers that the sum now standing at the credit of "Profit and Loss" could not be better employed than by aiding in its formation.

4. The amount at the credit of "Unpaid wages" will be dealt with as ordered, and the suggestions of the Deputy Accountant-General, for effecting a proper check over the expenditure of the Engineering Department on Revenue Account, should be carried out.

5. The attention of the Consulting Engineer is drawn to the subject of stock taking in the various departments, and he will in due course submit a report of the results of the re-valuation of stores for the first half of the current year.

(True Extract.)

Colonel, R.E.,

Secretary to Government.

To the Consulting Engineer for Railways.

„ Examiner of Railway Accounts.

Exd. E. C. Shunker.

No 1369

Communicated
through the Consulting
Engineer / Agent
of the Madras Railway
whose attention is called
to the remarks and
suggestions of the Deputy
Accountant General.
Proposals should
be submitted for the
adjustment of the
amounts

amounts expended on the
Surveys referred to in
para 2 of Captain
Fitzgates' report.

His Excellency
the Governor in Council
will ^{the formation of} gladly support a
fund of the nature of
that referred to by the
Government of India
in para 2 of their Re-
solution, and considers
that the sum now stand-
ing at the credit of
"Profit and Loss" could
not be better employed
than by aiding in its
formation.

The amount at
the credit of Unpaid
Wages

Wages" ^{will} ~~should~~ be dealt
with as ordered, and
the suggestions of the
Deputy Accountant
General for effecting a
proper check over the
expenditure of the En-
gineering Department
on Revenue Account
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The attention
of the Consulting En-
gineer is drawn to
the subject of Stocktaking
in the various Dep'ts,
and he will in due
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of stores for the first
half

half of the current
years.

Q. 111.

Memoranda

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The Chief Engineer
for Railways
Garrison - Railway
Academy

Sept-27-5-92

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C/2699

GOVT. OF MADRAS

PUBLIC WORKS.

The Consulting Eng^s
for Railways

Dated

Recd.

Recd.

G. O. 16 May 1873 No. 1369-

No. 2511252

Account & Audit Office
of the Madras Railway.

Passing orders on the
Ac. of the Govt of India for
~~and~~ communicating
Resolution on the report of
the Dy. Asst. General,
P.W.D., on the account
& audit office of the
Madras Railway.