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MADRAS RECORD OFFICE

Government of Madras

Public works.

DEPARTMENT

G.O. No.	1374	Press
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262.263.		
Dated	17 5	1873.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
17th May 1873.*

No. 262. Read the following Proceedings of the Government of India in the Public Works Department, (Account—Guaranteed Railways,) dated Fort William, 16th April 1873, No. 231—2 A. G. R.:—
Read—

Note by LIEUTENANT-COLONEL P. P. L. O'CONNELL, R. E., *Officiating Accountant General, Public Works Department, on Report by* CAPTAIN FILGATE, R. E., *Deputy Accountant General, Public Works Department, on the Account and Audit Offices of the Great Southern of India Railway, No. 169 G. R., dated 10th 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 Offices of the Great Southern of India Railway.

Report by CAPTAIN A. J. FILGATE, R. E., *Deputy Accountant General, Public Works Department, on the Account and Audit Offices of the Great Southern of India Railway.*

The current accounts of this Railway are kept up in a satisfactory manner, and on the old Store accounts being adjusted, the books will clearly show the whole of the Indian transactions of the Company.

2. On the 30th June last, the balance standing against general stores in the principal books was Rupees 27,42,369-5-10, while the store books showed a total of Rupees 24,06,785-7-5. The Government of India recently passed orders as to the manner in which a large portion of this discrepancy should be disposed of. Some of the items regarding which the orders of Government have been taken will now be written off, but the Agent considered it necessary to refer the others to his Board of Directors before carrying out the instruction received regarding them. There is a small difference between the amount referred to the Government of India for orders, and the discrepancy as above shown between the General and Store books, but this is due to certain adjusting entries, and is capable of explanation. As it is most desirable that these accounts should be reconciled before the stores for the Southern Extension are received, it is to be hoped that the Director's reply to the reference made to them may reach the Agent at an early date, and so allow the matter to be finally disposed of.

3. Continuous stock-taking is now in force on this railway, but does not appear to be carried out in so methodical a manner as on the Madras Railway. I would beg to suggest that the system in force on the latter railway should be adopted, and that daily reports of the work done should be furnished by the stock-takers, and the stock books duly corrected as to quantities after full inquiry is made into all discrepancies brought to notice.

4. A recent examination of the fuel in stock has shown an excess of 283 tons of coal valued at Rupees 5,490, and a deficiency under firewood of 835 tons valued at Rupees 4,265. This is due to the wastage allowance on firewood having been fixed too low, and that on coal too high. With a view of accounting for the fuel consumed more accurately in future, the allowance on the former has been increased from 10 to 15 per cent., and that on the latter reduced from 10 to 5 per cent.

5. The Store accounts are still kept directly under the Agent, but as the Company has an independent Financial Officer in the Chief Auditor, I think that the supervision and working up of the store as well as all the other accounts of the railway should be vested in him; the Store accounts more especially might with advantage be transferred to his office and placed under his immediate control.

6. The statement of permanent-way stores in the hands of the Resident Engineer on the open line works up to the balance against that head in the general books. Stock of these stores was last taken in 1870 when a surplus was discovered, the amount of which was duly brought to debit in the Company's books.

7. The Agent desires permission to pass certain old sleepers through the general store books at their value as firewood previous to issuing them for consumption by the Locomotive Department. Although this is opposed to the wording of the recent orders relating to returned stores,

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I think the Agent's wishes may be complied with in this particular case, as these sleepers will be virtually consumed directly after receipt; the orders referred to appear to have been issued with a view of preventing an accumulation of stores which might remain in stock for years, and while there, deteriorate considerably in value.

8. There is a sum of about Rupees 700 standing at the debit of an account called "Materials missing;" this represents the value of articles short delivered, which should properly have been recovered by the Board of Directors from the owners of the ships concerned. It would be more satisfactory to have such amounts recovered in India; but this can hardly be done unless the Directors alter the system which they now follow of paying all freight in England, instead of a portion being payable in India, as is the usual custom. Under any circumstances, full recovery should be made of the value of all short deliveries, or a complete explanation of the reasons for not making such recoveries should be sent to India with a view to the correct adjustment of the books.

9. The Agent has recently received an advice from his Directors that a sum of £5,553-2-8 which had been standing in the English books in an account called "Separate Fund" had been paid over to the Secretary of State under orders from the India Office. This amount represents the discount received on freight and insurance apparently from the first commencement of the railway, and will considerably reduce the value of the stores in stock. A re-valuation of the English stores should accordingly be made.

10. The accounts of the Engineering Department in connection with the construction of the Southern Extension are being kept up in accordance with the rules sanctioned by the Government of India. The outlay in each district is audited at head-quarters against the estimated outlay under the following heads:—

Earth-work.	Workshops, Store buildings,
Minor bridges, culverts, and dood openings.	etc., (in detail).
Large bridges (in detail).	Station machinery.
Level-crossings.	Telegraph.
Platelayers' huts.	Tools and Plant.
Gate lodges.	Office furniture.
Mile-stones, grade-posts, etc.	Establishment.
Fencing.	Contingencies.
Ballasting.	Suspense Accounts.
Permanent-way.	Cartage.
Each Station.	Chunam-burning.
	Brick-making.
	Quarrying.

11. The vouchers for all expenditure incurred are sent forward to the Chief Auditor, accompanied by an account current and an allocation statement, and from these an abstract of the total cash outlay on each head is prepared for each month. The store transactions are dealt with in a similar manner.

12. Each District Engineer is an Imprest-holder for the probable amount of his requirements as estimated by the Chief Engineer, and is placed in funds by means of cheques issued by the Agent on the several treasuries where the money is likely to be wanted; under the orders in force, these cheques are only to be cashed as money is needed.

13. Under the present method of working the audit, no check is maintained over individual estimates, nor indeed, does the Auditor know on what particular works the outlay is incurred. The Chief Engineer keeps up at his office at Trichinopoly complete Works Ledgers which show the outlay on each mile of earth-work, on each minor bridge or culvert, and on each building or work at each station, and upon these ledgers a far more perfect check could be maintained and a better comparison made between the estimate and the outlay than is at present exercised by the Audit Office. From these circumstances the question arises as to the check which the Government desire to maintain over the outlay. Is the general check as above described sufficient, or should the more detailed one be instituted by the Audit Department?

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14. The Agent has already agreed to charge monthly a percentage of 7 per cent. on all Revenue cash outlay to that head as the Revenue proportion of general charges, and the Government of Madras having approved of the Agent's proposals, the matter has been referred to the Government of India for orders. This percentage was intended to include both Indian and Home charges, but the Agent has since found that this procedure works inconveniently, and he would like to charge a diminished percentage for the Indian charges alone, and to deal with the Home charges at the close of the half-year, dividing them in the same proportion as the total Indian charges for the period have been allocated. I can see no objection to this modification, but before orders can be issued on the subject, a reply should be sent forward to a further reference made by the Government of India on the matter.

15. Orders appear necessary as to the manner in which the freight charges on the broad gauge permanent-way of this railway about to be made over to the Nizam's (State) Railway should be met, and also as to whether the price to be paid for the same should be placed to the credit of the Company in England or in India.

16. The accounts of this line are kept fairly up to date. On the date of my inspection—December 12th—the cash-book was posted up to the 10th of that month, and the journals and ledgers had been completed for the month of September.

RESOLUTION.—The Government of India is pleased to record the following observations and orders on the points raised in the Deputy Accountant-General's Report.

2. The Madras Government should be requested to ascertain what reply has been received by the Agent from the Directors of the Company in regard to the Store accounts referred to in paragraph 2 of the report, and take steps towards the early adjustment of these accounts.

3. The suggestions made in paragraph 3 that the system of stock-taking in force on the Madras Railway should be adopted on this line, is recommended to the attention of the Madras Government.

4. As to the Store accounts, the Government of India consider that, as suggested in the report, these accounts may well be placed under the immediate control of the Chief Auditor, and request that if no objections to this procedure are found to exist, the necessary steps towards this end may now be taken.

5. Permission may be granted as a special case to pass the old sleepers referred to in paragraph 7 of the report through the General Store books, as desired by the Agent, and recommended by Captain Filgate.

6. The Government of Madras should be requested to address the Secretary of State in view to the proper adjustment of the "materials missing" account alluded to in paragraph 8 of the report.

7. A re-valuation of the English stores of this Company, due to the amount refunded from the account called "Separate Fund," as suggested by the Deputy Accountant-General, seems desirable.

8. With reference to the remarks made in paragraphs 10 to 13 of the report, on the subject of the audit of the Engineering accounts of the Southern Extension of this railway, the Government of India are of opinion that the audit should in each case follow the estimate, and that it will be sufficient if the outlay in each district is compared with the estimate sanctioned for the same under the heads quoted in paragraph 10 of the report under review; but the Chief Auditor of the Company and the Government Examiner should occasionally inspect the books

of the Chief Engineer's office and bring forward for orders any matters requiring notice.

9. Orders have already been issued as to the manner in which the value of the permanent-way sold to Government with a view to its utilization on the Nizam's State Railway, should be adjusted.

10. An early reply to Public Works Department No. 1,584 A. R. of the 25th November 1872, on the subject of the apportionment of general charges between Capital and Revenue, is desired.

ORDER.—Ordered that this Resolution 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) R. E. BACON, Colonel,
for Offg. Dy. Secy. to the Govt. of India.

No. 263. ORDER THEREON, 17th May 1873, No. 1,374.

RAILWAY, No. 41.

COMMUNICATED, through the Consulting Engineer, to the Agent of the Great Southern of India Railway, who is

desired to state the result of the reference to London in regard to the adjustment of the discrepancies in the Store Accounts referred to in paragraph 2 of the Government of India Resolution.

2. The method of stock-taking adopted on the Madras Railway is commended to the attention of the Agent of the Great Southern Company who will also be requested, if there are no insuperable objections to the arrangement, to take early measures for placing the control of the Store Accounts under the Chief Auditor.

3. The old sleepers referred to in paragraph 5 may be dealt with as desired.

4. Paragraph 6 will be referred to the Consulting Engineer for report on the nature of the missing materials and the circumstances of their short delivery, and he will take steps for a re-valuation of the English Stores of the Company which the transaction alluded to in paragraph 7 has rendered necessary.

5. The procedure laid down in paragraph 8 in regard to the audit of the expenditure of the Engineering Department on the extension should in future be adopted.

6. Adverting to the last paragraph of the Resolution the Consulting Engineer will be requested to expedite the submission of the final proposals promised in his letter recorded with G. O. No. 1,081, dated 8th April 1873.

(True Extract.)

Colonel, R. E.,

Secretary to Government.

To the Consulting Engineer for Railways.
„ Examiner of Railway Accounts.

Exl. E. C. Shunker.

N^o 1374

Communicated
through the Consulting
Engineer to the Agent
of the Great Southern
of India Railway who
is desired to state the
result of the reference
to London in regard
to the adjustment of the
discrepancies in the
Store Accounts referred
to

to in para 2 of the Govern-
ment of India Resolution.

The method of
Stock taking adopted
on the Madras Railway
is commended to the atten-
tion of the Agent of the
Great Southern Company
who will also be requested
if there are no insur-
mountable objections to the
arrangement to take
early measures for placing
the control of the Store
Accounts under the
Chief Auditor.

The old Stores
referred to in para 5
may be dealt with as
desired.

Para 6 will be
referred to the Chief
Engineer for report on
the nature of the mis-
sing materials and
the circumstances of
their short delivery
and he will take steps
for a revaluation of
the English Stores of
the Company which
the transaction alluded
to in para 7 has ren-
dered necessary.

The procedure
laid down in para 8
in regard to the audit
of the expenditure of the
Engineering Dept. on the
extension should in
future

in future be adopted.

Adverting to
the last paragraph of
the Resolution the
Consulting Engineer
will be requested to ex-
pedite the submission
of the final proposals
promised in his letter
recorded with G.O. No
1081 dated 8th April 1873.

G.M.

N^o 262-63

To The Com^r Eng^r for
Railways
Examiner Railways
Dec 25
1873-26-5-78.

2/10/78

Est. of 1873 India
PUBLIC WORKS.

The Consulting Eng^r
for Railway.

Date

Ref.

Encl.

17 May 13th.

No. 2621263

Account & Audit Office
of the G. S. of India.
Passing orders on the
Prov. of the Govt. of India
communicating Resolutions
on the report of the Deputy
Accountant General, Mr. D.
on the Account and Audit
Office of the G. S. of India.