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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No.	2027	Press
B.P. No.		Mis.
Dated	28-7-195	1874

Not to be folded or roughly handled

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*Proceedings of the Madras Government, Public Works Department,
28th July 1874.*

No. 598. Read the following letter from H. G. PRICHARD, Esq., Government Solicitor, Madras, to Colonel G. W. WALKER, R.E., Secretary to Government, Public Works Department, dated Madras, 17th June 1874, No. 347:—

At the request of the Advocate General, I have the honor to forward you herewith a copy of his Opinion relative to the right of the State to examine Account No. II. of the Madras Irrigation and Canal Company (Limited) by the Government Examiner of Accounts.

2. I also return the several papers which were sent to the Advocate General in connection with the above matter.

—
Opinion.

Paragraph 16 of the Contract between the Secretary of State and the Madras Irrigation Company, confers on the Secretary of State such powers of supervision as will enable him to secure that the expenditure of the guarantee capital in and about the works and in the general management of the Company's affairs is being or has been properly made, "*but not further or otherwise,*" and his right of access to the books and accounts of the Company is conferred for the same object and appears to be liable to the same restriction.

2. If, therefore, as stated by Mr. Latham in his letter to Colonel Mullins (No. 16 of 4th February 1874), the Government is able, without any reference to Account No. II., to ascertain that the whole of the capital, with which Government has any concern, has been or is being properly expended on sanctioned works, and if any improper deficiency would have to be made good by the Company, so that, to use Mr. Latham's words, "Account No. I. would not be affected because it would still have to show a proper expenditure of the full amount of capital," I scarcely see on what ground the Government can rest its claim to inspect Account No. II. Mr. Latham represents Account No. II. to be merely a record of forfeited securities, fines, etc., levied by the Company on its employes as a means of self-protection against loss arising from items disallowed by the Government. If it be strictly confined to this, Government would appear to have no concern in it. If however (as seems possible) there might be cases in which the loss arising from a Contractor's default or other occurrence of a like nature, would be allowed on the Capital Account, Government would have an interest in any security forfeited by such a Contractor or his sureties, and the Auditors would have a right to see any account in which such securities and their realization could be traced. In this case the Government Auditors would clearly be entitled to examine Account No. II. The right to inspect Account No. II. will therefore, in my opinion, depend on the question whether Account A. does fully enable the Government Auditors to trace and account for the disposal of all funds which Government has a right to check, including in these any sums recoverable for the recoupment of losses which may appear in the Capital Account.

(Signed) H. S. CUNNINGHAM,
Advocate General.

16th June 1874.

No. 599. ORDER THEREON, 28th July 1874, No. 2,027.

IRRIGATION, No. 54.

His Excellency the Governor in Council observes that the principle to be acted on in regard to Account II. of the Madras Irrigation and Canal Company is clearly and rightly laid down by the Advocate General, and the Chief Engineer for Irrigation will call on the Chief

Proceedings of the Madras Government, Public Works Department,
28th July 1874.

Engineer and Manager of the Company to state distinctly whether any transactions in which the Government possess an interest have ever been brought into Account No. II. If so, the Account should be subjected to the scrutiny of the Government Auditors.

(True Extract.)

Lieut.-Colonel, R.E.,
Joint Secretary to Government.

To the Chief Engineer for Irrigation.
" Government Solicitor.
" Examiner of the Madras Irrigation and Canal Company's Accounts.

Opinion.

Paragraph 16 of the Contract between the Secretary of State and the Madras Irrigation Company, confers on the Secretary of State such powers of supervision as will enable him to secure that the expenditure of the guarantee Capital, in and about the Works and in the general management of the Company's affairs is being or has been properly made, "but not further or otherwise": and his right of access to the Books and accounts of the Company is conferred for the same object and appears to be liable to the same restriction.

2. If, therefore, as stated by Mr. Latham in his letter to Col. Mullins (No. 16 of 4th February 1874) the Government is able, without any reference to Account No. 2, to ascertain that the whole of the Capital, with which Government has any concern, has been or is being properly expended on sanctioned works - and if any improper deficiency would have to be made good by the Company so that to use Mr. Latham's words "Account No. 1 would not be affected because it would still have to show a proper expenditure of the full amount of Capital", I scarcely see on what ground the Government can rest its claim to inspect Account No. 2. Mr. Latham represents Account 2 to be merely a record of forfeited securities, fines &c. levied by the Company on its employees as a means of self-protection against

against loss arising from items disallowed by the Government. If it be strictly confined to this, Government would appear to have no concern in it. If however (as seems possible) there might be cases in which the loss arising from a Contractor's default or other occurrence of a like nature, would be allowed on the Capital Account, Government would have an interest in any security forfeited by such a Contractor or his Sureties, and the Auditors would have a right to see any account in which such securities and their realization could be traced. In this case the Government Auditors would clearly be entitled to examine Account No. 2. The right to inspect Account No. 2 will therefore, in my opinion, depend on the question whether Account A does fully enable the Government Auditors to trace and account for the disposal of all funds which Government has a right to check, including in these any sums recoverable for the recoupment of losses which may appear in the Capital Account.

/Signed/ H. S. Cunningham
 Adv. Genl.
 16th 6th /74.

/True Copy/
 H. E. Richard
 Government Solicitor.

N^o 347.

Madras, 17th June 1874.

From H. G. Prichard
Government Solicitor,
Madras.

To Colonel G. W. Walker, R. E.
Secretary to Government,
Public Works Department,
Ootacamund.

Sir,

1. At the request of the Advocate General, I have the honor to forward you herewith a copy of his opinion relative to the right of the State to examine Account N^o 2 of the Madras Irrigation and Canal Company Limited by the Government Examiner of accounts.
2. I also return the several papers which were sent to the Advocate General in connection with the above matter.

I have the honor to be,
Sir,

Your most Obedient Servant,
H. G. Prichard
Government Solicitor.

Enclosure in letter from
the Government Solicitor,
Madras, to the Secretary
to Government, P. W. D.
Ootacamund, dated
17th June 1874, at 347.

Mr 3800 A/74.

P. W. 1874 Dept.
No. 3800.A.

The Government Solicitor
Madras
To the Secretary to Government
P. W. Department
Ootacamund.

Dated 17th June
Recd 23rd June

N^o 347.
Enclosures 9.

Forwards a copy of the
Advocate General's opinion
relative to the right of the
State to examine accounts
N^o 2 of the Madras Irriga-
tion & Canal Company
Limited by the Government
Examiner of accounts and
return the papers relating
thereto.

Q.O. No: 2027.28.7.74.

Chs 598

Md
13/7

2027
P. W. D.
Proceedings of the Madras Government
Read the following
from the Govt. Solicitor. (P. W. 347. 7/17 June/74)

His Excellency the
Governor in Council observed
that the principle to be
acted on in regard to ac-
count II of the Madras Ir-
rigation and Canal Com-
pany is clearly and rightly
laid down by the Advocate
General and the Chief
Engineer for Irrigation
will

will call on the Chief En-
gineer and Manager of the
Company to state distinctly
whether any transactions
in which the Government
possess an interest have
ever been brought into ac-
count No. 11. In this case
the account should be
submitted to the scrutiny
of the Government aud-
itors.

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No 598 @ 599.

Rev 13/1/74 Retd 14/1/74

To the Chief Engineer
Govt. Engineer
C. of the M. S. & C. Co. of India
S. Copies despatched 2/8/74.

Public Works Department

Letter from the Government Solicitor,
dated 17th June 1874. P. 347.

For orders.

Circulated for
orders.

The Advocate General's
opinion as to the right
of Government to have
the account Current No. 2
inspected does not appear
to give much assistance
in coming to a decision.

Practically the matter
is of very little im-
portance. The balances
in account No. 2 have
not apparently been
made use of to cover losses.
Money expended has
been disallowed, but no

Thank that delay down the
principles by clearly and
upheld. I therefore call
on Mr. Graham & St. John
strictly whether any items
having the character of
be pointed out - is the feature
of the question at issue on
ever shown in acc. No. 2
- transfer - that of ex - the
acc. and be then to be
Section of Govt. Auditor.

25/6

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3800 a

Govt. of Madras.

PUBLIC WORKS.



To
The Chief Engr.
for Singapore

Dated

Recd.

Encl. /

G. O. 28 July 1874. No. 2027

No. 538-539.

Account No. II of the Madras
Eng. & Canal Company -

The Chief Engr. for Eng.
requested to call on the Chief
Engr. Manager of the Co. to
state whether any transactions
in which the Govt. possess
an interest have ever been
brought into Account No. II,
and if so the account to be
submitted to the ~~same~~ scrutiny
of the Govt. Auditors