

*Proceedings of the Madras Government, Public Works Department,
13th May 1875.*

No 291 Read the following endorsement of the Chief Engineer for Irrigation,
dated Ootacamund, 27th April 1875, No 22 —

From J H LATHAM, Esq, Chief Engineer and Manager, Madras Irrigation and
Canal Company, to Lieutenant-Colonel J MULLINS, R E, Chief Engineer
for Irrigation, and Joint Secretary to Government, dated Kurnool, 18th March
1875, No 37

I HAVE the honor to acknowledge the receipt of G O, No 145, of 18th January
last, containing Mr Williams' letter to you, No 740, of 27th November last, on the
subject of Mr Quinlan's report of 26th October last. Since there seemed no pressing
haste, I postponed reply until I should have disposed of other business requiring early
attention on my return from Madras in the middle of last month.

2 Nothing can be more satisfactory than to have the system of the Company's
accounting and its entries in detail, as carried out under the sanction and supervision
of the Madras Government, searchingly overhauled and criticised by the Examiners of
the Supreme Government, and this has been done by Mr Quinlan in a way which
proves that he has experience and capability for the work. It is not merely a chase
of a day or two after some such apparently missing item as that of 75 Rupees mentioned
in paragraphs 6 and 9 of Mr Quinlan's report, but the months bestowed in writing up
an independent journal of the whole of the Company's accounts as rendered to Govern-
ment, Capital and Loan (paragraph 9), and the compilation of a personal ledger account
(paragraph 6) for every employé on whose behalf any payments had ever been made in
England since the foundation of the Company, which show how painstaking as well as
spirited has been this examination.

3 The first paragraph needing remark in Mr Williams' letter is paragraph 8,
referring apparently to all home payments not correctly brought into the Indian books
up to 30th June 1874. If the statement referred to be a comparative statement of the
sums paid in remittances and advances on account of each employé by the Board in
England, and the sums brought on to the Indian books on that account, it has been
completed up to 30th June 1874 by the Government Accountant here. It will,
however, be necessary to check it completely, and both to find out what sums have or
have not been brought on to the Indian books, and to apportion these between *General
Management* and *Executive Establishment*, before a proposal can be made for adjusting
the account. These investigations will probably take a couple of months.

4 With the exception of the above, I have completed a scheme for bringing
every other item of home expenditure on to the Indian books, and have submitted it to
the Examiner for pre-audit. After pre-audit I will again ask the Board for instructions
upon this definite scheme.

5. Mr Williams' paragraph 10 — I concur in thinking an arbitrary adjustment
desirable of the differences between the Company's ledger balances and the balances
obtained from the accounts rendered to Government, and also in thinking that the
Company's ledger should be altered to suit the Governmental accounts. But I do not
agree with Mr Williams as to the origin of the discrepancies. The adjustments made in
1873 were, for the first time, to post up the Manager's cash ledger with a ratable distri-
bution to all works of the total expenditure in store issues, as shown in the accounts
rendered to Government up to September 1869, since which time store transactions have
been journalized. These adjustments, and those of general plant, were before entry

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Government to check the accounts of the former (as heretofore) will prove the cheaper and less troublesome course. My object will be to gradually strengthen the intelligence and responsibility of the Accountants in the divisions, and to reduce the head office to a small but select staff. Meantime for the Manager to be placed between the present divisional offices and an accounting office under the Examiner in Madras would, I fear, be a somewhat helpless and inefficient position.

15 As to past accounts, I am unable and it is unnecessary for me to give an opinion. Suffice it to say that Mr. Quinlan's thorough examination seems to me a sufficient basis for all adjustments now proposed. I feel that the Company is much indebted to the Examiner and Assistant Examiner for the work they have done, as its officers are for their courtesy and assistance.

No 291-A. From R. G. MACDONALD, Esq., Examiner, Railway and Irrigation Accounts, to Lieutenant-Colonel J. MULLINS, R.E., Chief Engineer for Irrigation and Joint Secretary to Government, dated Madras, 17th April 1875, No 281-I.

I HAVE the honor, in returning the letter from the Chief Engineer and Manager, Madras Irrigation and Canal Company, received with your memorandum, No 19, dated 22nd ultimo, to submit for consideration the following observations, and to solicit reference to my letter, No 195-I, dated 13th March 1875, on the same subject.

2 The lists of entries proposed to be made in adjustment of home expenditure, discrepancies in balances, and certain items of No. 2 Account, referred to in paragraphs 4, 5, and 6, and 8 and 9 of Mr. Latham's letter, have been returned to him on the 5th and 10th April 1875. The statement referred to in paragraph 3 is the one to which Mr. Williams alluded. The compilation of it involved much labor and research.

3 The question discussed in paragraph 7 is whether it is better to include in the balance of a cash book, the balances at the bankers together with the cash in hand, or simply to include the cash in hand, in which case deposits with bankers are treated in the body of the cash book as payments, and cheques drawn against them are entered as receipts. It is not of importance which method is followed. Each answers well. I understand that the Chief Engineer and Manager wishes to open a cash book headed "Loan and Revenue Account," and to record upon the left hand page of it all receipts of the Company other than those, if any, which relate to Capital Account, and on the right hand page all payments out of these receipts. Payments into banks and cheques drawn upon them are not to be recorded in the body of this cash book, but receipts by credit orders from Government and receipts from other sources although paid into banks, and payments for services or works although by cheque, are to be entered.

I see no objection to the change, which is asked for by the Secretary of the Board of Directors.

4 *Contractors' Deposits*—Government is directly interested in seeing that a proper amount of security is taken from Contractors, and also that the money is properly cared for, for if loss occurs on the works Government has practically to bear it, and if Contractors' money is lost by the Company, it has to be made good from funds in which Government is directly interested. It may be mentioned in this connexion that the loss which the Company sustained by mismanagement in the 4th

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division has practically fallen upon the Government up to this time. The items have been formally disallowed by Government, but the financial effect of that proceeding upon the Company is nil, and the Government is year by year paying interest on the misspent moneys. I venture to think that Contractors' deposits should be included in the Capital or Loan and Revenue books to which they refer. The Company has no private funds except its guaranteed interest account and possibly its fine fund.

5 It seems doubtful whether all the money standing at the credit of the account, Contractors' deposits, is really due by the Company, notwithstanding that a balance sheet of the Divisional Contractors' ledgers has been compiled and that this gives the names of the persons at whose credit the money stands. The account will have to be fully analysed, and endeavours should be made to pay sums found to be due. The balance that may remain will for the most part represent forfeited deposits due to defects of work, loss of tools, &c, and the whole balance should apparently be credited to the works concerned and paid into treasury in reduction of advances received.

6 *Fines and forfeitures*—It is usual upon Guaranteed Railways in this country to allow the Agents and Managers to appropriate the fine fund for charitable purposes, in aid of reading rooms and such like institutions. Government does not control this fund. But the fine fund of the Madras Irrigation and Canal Company appears to include other items than fines inflicted upon the ordinary fixed establishments. The account will have to be analysed and all items of unpaid salaries, fines from work-people, &c, excluded. These items should be paid into treasury and credited to the heads of service previously debited.

7 Further discussion of the proposal, that this office should undertake the management of the accounts of the Company, may perhaps await the receipt of the views of the Board of Directors.

SUBMITTED to Government with reference to G. O., No 145, dated 18th January 1875

(Signed) JOHN MULLINS, Lieut.-Colonel, R.E.,
Chief Engineer for Irrigation

No 292 ORDER THEREON, 13th May 1875, No. 1,364

IRRIGATION, No 30

THE foregoing letters contain the answer of the Chief Engineer and Manager, Madras Irrigation and Canal Company, to the matters noticed in the papers printed in Public Works Proceedings of the 18th January last, No 145, and the observations of the Examiner of Accounts thereon.

2 The substitution of a Manager's Loan and Revenue Account for a cash book, being desired by the Company, and not objected to by the Examiner, is approved.

3 His Excellency the Governor in Council has no doubt whatever but that Contractors' deposits forfeited should be credited to the works on which the Contractors were employed. There is apparently no room for a second opinion on this point, as the transaction from whatever point of view it may be regarded is an integral part of the arrangements for the carrying on of the works. The observations of the Examiner in

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13th May 1875*

paragraph 4 are much to the point. Properly speaking the losses in the 4th division caused by the default of the Company's officers ought to have been covered by security, but as a fact the State and not the Company has suffered. Whatever sum therefore under this head may be found not claimable by those against whose names it stands should be credited to the works.

4. His Excellency observes that there can be nothing harsh in the crediting of fines to the head of charge to which they relate, and that fines inflicted on establishments should properly not be drawn in the pay abstract at all. No objection will be made to fines levied from ordinary fixed establishments being dealt with as is done in the case of the Railways. Other items should be adjusted as pointed out by the Examiner.

5. The views of the Board of Directors on the subject of the way in which the Company's accounting should in the future be provided for will be awaited.

(True Extract)

Major, R.E.,

Offg Joint Secretary to Government.

No 22

*Submitted to Government
with reference to G.O. No 145
dated 18th January 1875.*

*Ostacumund
27th April 1875*

St. Col. R. B.

Chief Eng. for Inj.

*To The Secretary to Government
P.W.D.*

Q018: Jan 1875 No 305-306.

P. H. 1875 Dept
No 22 No 2939

From
The Chief Engineer for
Irrigation
To The Secretary to Govt
P.W.D.

Dated 27th April
Recd 3 May 1875
Inclosures 2

Submits letter from
the Examiner of M.S. &
C's Accounts on the
subject of certain
adjustments of some
expenditure -
El. No: 1364. 12-5-75

N-291

12-5-75

See
Instructions

Public Works Department

Proceedings of the Madras Government
Read the following

From The Chief Engineer for
Irrigation } H.E. No 22 of 27th April 1875/
by O No 1364 of 13th May 1875

The foregoing
letters contain the answer
of the Chief Engineer and
Manager, Madras
Irrigation and Canal
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noticed in the papers
printed in Public Works
Proceedings of the 18th
January last. No 145
and the observations of
the Examiner of Accounts
thereon.

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Other items should be
adjusted as pointed
out by the Examiner

5. The views of the
Board of Directors on
the subject of the way
in which the Company's
accounting should in
the future be provided

for

specification.

for will be wanted.

[Signature]

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To Chief Secy: with two Enclrs.
" Manager Lm Hannell Co
" L. Ry & Lm Lf
" &

sd desps 25-5-75

2939
Govt. of 1875 Madras.

PUBLIC WORKS.

To

The Chief Engineer
Irrigation

Dated

Issued

Recd.

Encl

G O. 13th May 1875, No. 1364

Nos. 291-292

Madras Irrigation and Canal
Company. - Passing orders
on the letters of the Chief
Engineer and Manager,
containing answers to the
matters noticed in the papers
printed in P. W. Proceedings
of the 10th January last
No 145 and the observations
of the Examiner of Accounts
thereon.