

(1) Number of pages _____

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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No. 1073
~~B.P. No.~~

(W) ~~Press~~
~~Mis.~~

Dated 28-4-1876

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
29th April 1876.*

No. 432. Read the following Proceedings of the Government of India in the Public Works Department, (Account-General,) dated Fort William, 17th April 1876, No. 381—98 A—G. :—

Mode of adjusting payments for compensation and other unusual charges connected with works in progress.

Read the following :—

Note by Lieutenant-Colonel J. J. McLEOD INNES, V.C., R.E., Accountant-General, Public Works Department, on the mode of adjusting payments to Contractors for compensation for work stopped.

I have the honor to acknowledge the receipt of your communication* conveying and desiring me to report on a suggestion that, in cases where compensation has to be paid to Contractors for losses incurred by them consequent on stoppage of works, or similar acts of Government, unconnected with the Executive management of the works, the amount of that compensation should be charged off in the Public Works Accounts under the head Profit and Loss instead of to the work under contract.

2. In reply, I would observe that this suggestion is at variance with the system and principles at present in force for regulating the incidence of our charges. The principle by which we are guided in respect of charges to Profit and Loss is, that there should never be a charge to this head which can be shown to appertain in any way to any other head of charge, and practically the charges to Profit and Loss are narrowed to robberies and to losses by such causes as fire, floods, &c.

3. Any outlay actually connected with a work, however wrong, if brought about by people or authorities connected with it, whether Contractors, members of the Executive Department, or the Government itself, is held to be debitable to that work. If a Contractor fails, and a loss results from the state of his account; if a Public Works Official makes a mistake, and to remedy it money has to be spent which is not recovered; if money spent becomes eventually money thrown away owing to change of design or intention; all these cases are cases of loss of money, but loss chargeable to the work. And in the last of these three classes is to be included change of intention in respect of proceeding with a work. In the case of the * * * barracks, compensation charges are quite as reasonably an item in the cost of the work, whether it be ever finished or not, as that portion of the outlay on the Indus Valley State Railway which is due to the change of gauge, or to the delay in deciding on its design. And no one disputes that such outlay should be charged as part of the cost of the line.

4. The point to be held in view is that such compensation and other charges being abnormal outlay should be shown as distinct abnormal items in the cost of the work, should be kept thoroughly separate from all its normal charges, and be in no way mixed up with them, or incorporated in other items. They should certainly not be included in the cost of stock so as to get buried in and enhance the real rates of the actual work done. All charges against a work other than the normal outlay against recognized sections and heads of work should be recorded and kept entirely distinct, as specific heads of themselves, additional to the estimated heads of the work. But they should be charged against the work and not against Profit and Loss.

5. In the case of the * * * barracks, I entirely demur to the order of * * * to debit a part of it to Stock, and my reasons are twofold—

1st.—That the rates of Stock should be kept at real or market rates, the excess being charged to current work.

2nd.—That such abnormal charges should be shown permanently as distinct items, and not be included with others, so as in the first place to get lost to view themselves, and, in the next, to act unfairly in their incidence as to the undue enhancement, which they bring about, of the rates of actual work with which they are not really connected.

Proceedings of the Madras Government, Public Works Department,
29th April 1876.

RESOLUTION.—The Governor-General in Council considers that there is much force in the arguments advanced by the Accountant-General in the mode of adjusting charges arising from payment for compensation to Contractors for suspension of work, or to losses due to other causes. In all such cases the amount involved should be charged to the work concerned, but in doing so a distinction should be preserved between the abnormal and the normal charges. The former should be shown as distinct items of charge against the work in the manner recommended by the Accountant-General, and not be mixed up with the normal cost of the work; and this should be done for the future.

The Governments of Madras, Bombay, Bengal, North-Western Provinces and Panjab, in the Public Works Department B. and R. and Irrigation Branches.
The Chief Commissioners of Oudh, Central Provinces, British Burmah, Mysore and Coorg, and Assam.
The Resident, Hyderabad.
The Agents of the Governor-General for Central India and Rajpootana.
The Superintendent of Port Blair, and Chief Commissioner, Assam and Nicobar Islands.
The Director-General of Telegraphs.
The Inspector-General of Military Works.
The Accountant-General, Public Works Department.
The Director of State Railways.

ORDER.—Ordered that this Resolution be communicated to all Local Governments and Administrations for information and guidance.

(Signed) C. H. DICKENS, Colonel, R.A.,
Secy. to the Govt. of India.

No. 433.

ORDER THEREON, 29th April 1876, No. 1,073.

ACCOUNT, No. 26.

COMMUNICATED to all officers of the
Public Works Department.

(True Extract.)

Colonel,

Offg. Under Secy. to Govt., P.W.D.

To all District Engineers.
To the Consulting Architect.
" Examiner of Public Works Accounts.

Exd. S. T. Austin.
Spare Copies

Nos. 381—98 A—G.

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
ACCOUNT.
General.

Fort William, April 17, 1876.

Mode of adjusting payments for compensation and other unusual charges
connected with works in progress.

Read the following:—

Note by Lieut.-Col. J. J. McLeod Innes, V. C., R. E., Accountant General, Public Works Department, on the mode of adjusting payments to Contractors for compensation for work stopped.

I have the honor to acknowledge the receipt of your communication* conveying and desiring me to report on a suggestion that, in cases where compensation has to be paid to Contractors for losses incurred by them consequent on stoppage of works, or similar acts of Government, unconnected with the Executive management of the works, the amount of that compensation should be charged off in the Public Works Accounts under the head Profit and Loss instead of to the work under contract.

2. In reply, I would observe that this suggestion is at variance with the system and principles at present in force for regulating the incidence of our charges. The principle by which we are guided in respect of charges to Profit and Loss is, that there should never be a charge to this head which can be shown to appertain in any way to any other head of charge, and practically the charges to Profit and Loss are narrowed to robberies and to losses by such causes as fire, floods, &c.

3. Any outlay actually connected with a work, however wrong, if brought about by people or authorities connected with it, whether Contractors, members of the Executive Department, or the Government itself, is held to be debitable to that work. If a Contractor fails, and a loss results from the state of his account; if a Public Works Official makes a mistake, and to remedy it money has to be spent which is not recovered; if money spent becomes eventually money thrown away owing to change of design or intention; all these cases are cases of loss of money, but loss chargeable to the work. And in the last of these three classes is to be included change of intention in respect of proceeding with a work. In the case of the * * * barracks, compensation charges are quite as reasonably an item in the cost of the work, whether it be ever finished or not, as that portion of the outlay on the Indus Valley State Railway which is due to the change of gauge, or to the delay in deciding on its design. And no one disputes that such outlay should be charged as part of the cost of the line.

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RESOLUTION.—The Governor General in Council considers that there is much force in the arguments advanced by the Accountant General in the mode of adjusting charges arising from payment for compensation to Contractors for suspension of work, or to losses due to other causes. In all such cases the amount involved should be charged to the work concerned, but in doing so, a distinction should be preserved between the abnormal and the normal charges. The former should be shown as distinct items of charge against the work in the manner recommended by the Accountant General, and not be mixed up with the normal cost of the work; and this should be done for the future.

B & R and
The Governments of Madras, Bombay, Bengal, North Western Provinces and Punjab, in the Public Works Department, Irrigation Branch,
The Chief Commissioners of Oudh, Central Provinces, British Burmah, Mysore and Coorg, and Assam.
The Resident, Hyderabad.
The Agents of the Governor General for Central India and Rajpootana.
The Superintendent of Port Blair, and Chief Commissioner, Andaman and Nicobar Islands.
The Director General of Telegraphs.
The Inspector General of Military Works.
The Accountant General, Public Works Department.
The Director of State Railways.

ORDER.—Ordered,
that this Resolution be communicated to all Local Governments and Administrations for information and guidance.

(Mian)
Colonel, R. A.,
Secy. to the Govt. of India.

1/11
2.6.76

To
The Secretary to the Govt. of Madras
Public Works Dept.

b.s.c.

No 1073 d/29 April 1876

Communicated to all
Officers of the Public
Works Department

20.1.76

P. W. 1876 Department

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.

General.

80-2958

To

THE GOVERNMENTS OF MADRAS, BOMBAY, BEN-
GAL, NORTH WESTERN PROVINCES AND PUNJAB,
IN THE PUBLIC WORKS DEPARTMENT, IRRIGA-
TION BRANCH.

THE CHIEF COMMISSIONERS OF OUDH, CEN-
TRAL PROVINCES, BRITISH BURMAH, MYSORE
AND COORG, AND ASSAM.

THE RESIDENT AT HYDERABAD.

THE AGENTS OF THE GOVERNOR GENERAL FOR
CENTRAL INDIA AND RAJPOOTANA.

THE SUPERINTENDENT OF PORT BLAIR, AND
CHIEF COMMISSIONER, ANDAMAN AND NICOBAR
ISLANDS.

THE DIRECTOR GENERAL OF TELEGRAPHS.

THE INSPECTOR GENERAL OF MILITARY WORKS.

THE ACCOUNTANT GENERAL, PUBLIC WORKS
DEPARTMENT.

THE DIRECTOR OF STATE RAILWAYS.

Nos. 381-98 A-G.

Dated April 17, 1876.

Received 25

155
25

No 32/33

To all District Engineers
Cons. Architects
Exec. P. W. Accounts
De. P. W.

Mode of adjusting payments for compensation
and other unusual charges connected with works
in progress.

No. 504, P. W. D. Press-17-4-76-417.

With order

2958 ✓

Gobt. of 1876 Madras.

PUBLIC WORKS.

To

All District Engineers

Dated

Issued

Recd

Encl.

G.O. 29 Feb 1876, No. 1073

No. 432/3.

18-5-76

Mode of adjusting payments
for compensation and other
unusual charges connected
with works in progress.

Pro: of the Govt. of the Govt.
of India, Comg: Resolution
regarding the — — — — —
to all officers of the P.W.D.