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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No.	<i>2005</i>	Press
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Dated	<i>4-8</i>	<i>1876</i>
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Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
4th August 1876. No. 2,005.*

No. 114. Read the following Proceedings of the Government of India, Public Works Department, (Account—Guaranteed Railways,) dated Simla, 6th July 1876, Nos. 184-85 A—G R.:—

Major Moberly's Report on the Accounts of the Guaranteed Railways in Madras.

Read again—

Public Works Department, No. 13½ E—A., dated 17th January 1876.

Read also—

Note by Accountant-General, Public Works Department, No. 316-R., dated 23rd March 1876, and enclosures.

OBSERVATIONS.—In the accounts of the Madras Railway the amounts at debit of store accounts are slowly being diminished. On 31st December 1874 they stood at Rupees 37,48,000, and on 30th June 1875 they had fallen to Rupees 36,10,502.

2. The stock-taking of locomotive stores is progressing slowly, and the Chief Auditor proposes when the stock-taking is complete to value the whole, and then to adjust the value with that shown in the general books. This stock-taking should be expedited as much as possible.

3. A so-called credit note system has been in force on both the Madras and South Indian Lines, but, as worked, it is productive of more trouble than the system it replaced. The condition that errors of sums less than Rupees 20 should be ignored on either side has not been observed, and the Railway Companies have been called upon to render explanations to audit statements from the Examiner of Accounts of despatching departments containing numerous items almost all of which are far below Rupees 20. The attention of the Madras Government will be called to this point, and all reference regarding items below Rupees 20 should at once cease.

4. There is also great difficulty in obtaining payment of credit orders given for the passage of policemen. This should be rectified.

5. The Chief Auditor of the Railway should exercise a general supervision over the accounts of all departments, and the departmental accounts should be prepared in all their stages in the manner he may prescribe. It is, therefore, very desirable that on the Madras as well as on the South Indian Railway the accounts of every department, more especially as referring to the store accounts, should be subordinate to the Audit and Accounts Department. It should rest with the Heads of Departments to say what information they desire for their own purposes, but the Chief Auditor should say how this information should be rendered by the accounts. As to the stores accounts proper, these should be kept by the Audit and Accounts Department, and the actual books in the hands of the Storekeeper should deal with quantities only.

6. The audit on the part of Government, conducted by the Examiner and his Assistants, should be as far as possible a concurrent audit with that of the Railway Company, and every document should be examined conjointly before being posted. Vouchers should be initialled by the Examiner or one of his Assistants, or should be stamped with a stamp made for the purpose. The Examiner's Assistants should work as much as possible in direct communication with the Auditor's Assistants and, if the Railway Company will permit, in the same room. The separate audit introduced recently should be put a stop to.

7. An increase to the establishment of the Examiner for the purpose of introducing a detailed traffic audit with a small office would be of no practical value. The Examiner would do more good by going about inspecting departmental and station accounts, and discussing personally with the Chief Auditor any points which appeared to him to call for attention, than by his attempting an exhaustive audit of his own, outside the Company's audit.

8. It is very desirable that periodical meetings should be established between the Government officers and those of the South Indian Railway for the discussion of business and for the purpose of sanctioning purchase of stores, &c. The Consulting Engineer, Examiner, and Agent should, as a matter of course, attend these meetings, but the presence of any other officers of the Company should rest with the Agent. The Consulting Engineer can withhold his sanction to any proposal made by the Agent pending the receipt of further information required from the Heads of Departments, or for any other reason. Three copies of the minutes of an official meeting held on the East Indian Railway Company, No. 4 of 1876, are attached. They may be communicated to the Agents of the Railway Companies in Madras, to show the completeness of the system as followed in Bengal.

9. The Examiner has succeeded in effecting a comparison between the sanctioned indents for stores from England and the stores received by the Madras Railway. This comparison is undoubtedly useful. The Examiner complains that sufficient facility has not been afforded to him for seeing that only the stores indented for the South Indian Railway were sent out. There does not, however, appear to be sufficient cause for complaint. The Agent should report to the Consulting Engineer the receipt of any and all stores sent out without being indented for and the reasons assigned by the Board for doing so, and should call for explanation from his Board, if necessary. Every check must be placed on the increase of stores, and especially of stores not required. When the above procedure is not followed, the items should be included in the audit statement.

10. Complaints have been made by the South Indian Railway Authorities regarding the repetition in audit statements month after month of items of excess over estimates of the Northern Extension, the replies to which were always the same, *viz.*, that revised estimates were being prepared with all possible expedition. The Examiner's action in recording all objectionable items in his audit statements which he cannot remove by personal communication with the Company's Auditors is right, but before entering any item in the audit statement he should endeavor to have the objection removed. The insertion, however, in audit statements of items observed in the Company's English accounts, and for which the Indian Authorities could not be responsible, was unnecessary: such items should have been referred to the Consulting Engineer. The plan followed on the East Indian Railway described below is suggested for adoption. This would meet the requirements of Government, and would probably be more satisfactory to the Railway Authorities. In the East Indian Railways the Auditor himself brings forward every case of excess over sanction, the Examiner, of course, seeing that no omissions occur, and these are duly recorded at an official meeting. In some cases the Examiner takes exception to an item to which the Company's Auditor does not. In such a case the Examiner and Auditor should discuss the subject with a view to remove the objection. If they cannot succeed, the Examiner's objection, which is then made

in writing on a note, is necessarily brought forward by the Auditor to the meeting, where it is recorded. The statement of these items is to be brought forward at each meeting until sanction is accorded to them, when they should be expunged from the statement.

11. The working expenses of the Madras Railway are great, owing, it is stated, to heavy repairs to rolling stock, which was in much want of them, and also to a high rate for fuel. The issuing rate of fuel should be investigated under the orders of the Madras Government, and the result reported to the Government of India.

12. The audit staff of the South Indian Railway apparently requires strengthening. Owing to the weakness of the present audit staff, the audit of the accounts of districts is too far behindhand. The average time elapsing between the despatch of these accounts from the Chief Engineer's Office to audit and the receipt of the cheques in recoupment of expenditure is from six weeks to two months. The latest expenditure audited and recouped in the middle of January 1876 was for the period ending 10th November 1875. From the same cause there seems to have been no audit by the Company of the Chief Engineer's and District Engineer's books. It is therefore very essential that in the present state of the South Indian Railway, with 400 miles open to traffic and more than 200 miles under construction, a travelling audit should be instituted over the accounts of all disbursing officers, and also of all stations; and as the Auditor cannot possibly see to this work himself, he should have at least two Assistants for that purpose.

13. The concentration at Madras of the chief offices of the South Indian Railway appears very desirable, as a considerable saving of expense and delay would result from the abolition of separate books for the Chief Engineer and for the Audit Office, and much of the time of the Chief Engineer and his Assistant would be liberated for executive duties. The Madras Government will be asked to deal with the matter, and send forward their views as well as those of the Railway Company's officers on the point to the Government of India.

14. It appears that the Chief Engineer's work-ledgers being kept in considerably greater detail than those of the Audit Office, Engineers have to send in vouchers in two different forms—one for the Chief Engineer and one for the Audit Office. There is something wrong in this system. The accounts of the Engineering Department should, of course, be kept in any detail the Chief Engineer may desire, but the Auditor should keep the accounts of the Engineering Department and should incorporate the results arrived at from these accounts in the general books of the Company. This could be easily arranged for, even as the offices are now located, by the Auditor having a branch of his office at Trichinopoly to book and audit the accounts of the Engineers as they come in, and the result of each month's work, as thus arrived at, should alone be forwarded to Negapatam for incorporation in the general journal, ledgers, &c. Under this procedure the Chief Engineer's books will become part and parcel of the principal books of the Company. This proceeding, besides effecting a considerable saving of expense, would much reduce the unsatisfactory delay which now takes place in the audit and recoupment of the account of imprest-holders, as described in paragraph 12 of these Observations. Under any circumstances steps should at once be taken to reduce the delay which now occurs.

*Proceedings of the Madras Government, Public Works Department,
4th August 1876. No. 2,005.*

15. Now that the Southern Extension of the South Indian Railway is open for traffic from end to end, the time has apparently arrived for the withdrawal of imposts from Engineers and for the system of payment from the Head Office being commenced. This may well be done now by a Paymaster. Arrangements should also be made for the prompt payment of laborers.

16. It has been brought to notice that priced summaries of stores issued to Engineers are sent to them for certification from the Chief Engineer's office monthly, and that these appear to reach Engineers about a month after the close of the month to which they refer. This should be remedied at an early date, by having the prices of stores from the General Stores Department done more promptly.

17. All stores issued to Engineers of the South Indian Railway are written off to the works at once. There seems, however, to be some accumulation of stores not used at once in some of the districts. Engineers send to the Chief Engineer monthly a statement of such stores, showing what has been used and what remains. These returns should be checked by the Audit Office.

18. The manufacturing accounts of the Engineering Department, viz., brick-making, quarrying, and lime-burning had been behindhand, but are being brought up now. The Examiner should turn his attention to these.

19. Stock-taking of the general and carriage and wagon stores for the South Indian Railway is going on at Negapatam. But the stock-ledger is not posted daily, so that the stock-taker's returns only record the actual stock found, and the comparison with the book balance has to be worked out from the returns of issues and receipts. In fact, no stock-ledger is kept at all in the stores at Negapatam, but in the Audit Office. It is, therefore, very desirable that a stock-ledger should be kept posted daily, so that the balance of any article may be readily ascertained and stock-taking facilitated. The form of the stock-ledger used in the Engineering stores at Trichinopoly might be adopted with advantage.

20. The Agent, South Indian Railway, should submit for sanction monthly a list of bills for stores received in the past month and a list of the probable purchases in the current month. These should be recorded at official meetings, and should include all disbursements on account of stores, including customs duty, freight, landing charges, &c. This should suffice for the Examiner's purposes.

21. The form in which establishments should be sanctioned should for the South Indian Railway be the same as that decided upon for the East Indian Railway. Two copies of the minutes of an official meeting held on the East Indian Railway, No. 73 of 1875, containing establishment authorizations of the Traffic Department, and No. 2 of 1876, containing comparative statement of salaries and allowances and a list of maximum salaries and scale of increases prepared in accordance with the instructions of the Government of India, are attached to show what is meant.

22. It is very desirable that the Auditors of the Railways should keep a register of leave granted to various employes, from which any information required by the Agent would be obtainable. The Madras Government will be asked to arrange for this being done.

*Proceedings of the Madras Government, Public Works Department,
4th August 1876. No. 2,005.*

ORDER.—Ordered, that a copy of these Observations be forwarded to the Government of Madras for information and guidance, and to the Accountant-General, Public Works Department, for information.

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

No. 115. ORDER THEREON, 4th August 1876, No. 2,005.

RAILWAY, No. 13.

COMMUNICATED to the Consulting Engineer for Railways and to the Examiner of Railway Accounts for information

and guidance with the following observations:—

Paragraph 3.—The practice of taking into account, in connection with the credit note system, errors of sums less than Rupees 20 was ordered to be discontinued in G.O., No. 1,361, dated 1st June 1876.

Paragraph 4.—Under the arrangements communicated with G.O., No. 18, dated 2nd February 1876, the difficulty in regard to obtaining payment for credit orders given for passages of policemen will, it is presumed, disappear, otherwise a detailed report on the subject should be made when the necessary action will be taken to remove all impediments which can be shown to interfere with the free working of the system.

Paragraphs 5 to 7.—The Government Examiner will place himself in communication with the Railway Authorities on the subject of the arrangements sketched out in these paragraphs, and report in due course the effect proposed to be given to the instructions of the Government of India.

Paragraphs 8 and 20.—It is observed that monthly meetings have for years been held by the Officers of Government and those of the Madras Railway Company for the transaction of business, and for the purpose of sanctioning stores, &c.; and arrangements have recently been made for the extension of the system to the South Indian Railway. The nature of the business to be transacted at the meetings held once in every two months at Trichinopoly is described in the papers recorded with Proceedings of Government, No. 945, dated 10th April 1876. The copies of the minutes forwarded to exemplify the system followed in Bengal have not been received, neither have those referred to in paragraph 21. They will, on arrival, be transmitted for the information of the Agents of the Railway Companies.

Paragraph 11.—This subject is being separately investigated.*

Paragraph 12.—The Agent of the South Indian Railway will be called on to submit proposals for the appointment of one or two Travelling Auditors.

Paragraph 13.—The Consulting Engineer will obtain the views of the Railway Officers on this proposal and submit them with his own opinions.

Paragraph 22.—The Examiner will see that Registers of leave are in future maintained and will report the arrangement for the purpose.

(True Extract.)

(Signed) G. W. WALKER, Major-General, R.E.,
Secretary to Government.

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

Exd. W. H. French.
Spare Copies

No 2005

Public Works Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

Urgent date the 4 Aug 76.

Read the following:—

From
The Government of India (No. 10435. P. G. 1876 dt July 18/76).

Communicated to
the Consulting Engineer
for Railways and to the
Superintendent of Railways
Accounts for information
and guidance with the
following observations.

Para 3. The practice of taking
into account in connection
with the Credit note system
gross of annals of Rs 20
was ordered to be discontinued
in G. O. No 1361 dt 1st June 76.

Para 4. Under the arrangements
communicated with G. O.
No. 18 dt 2nd February 1876 the
difficulty in regard to obtain-
ing payment for credit
orders given for passages
of police men will, it is
presumed, disappear.
Otherwise,

I think a detailed report on the subject should be made when the necessary action will be taken to remove all impediments which can be shown to interfere with the free working of the system.

The Government Examiner Para 5 to 7 will place himself in communication with the Railway Authorities on the subject of the arrangements sketched out in these paras, and report in due course the effect given to the instructions of the Government of India.

It is observed that Para 8 & 20 are rather much in line with what has been held by the Officers of Government and those of the Madras Railway Company for the transaction of business and for the purpose of facilitating the work of the railway and arrangements have recently been made for the supervision of the system by the South Indian Railway.

Railway. The nature of the business to be transacted at the meetings held once or twice a month at Trichinopoly as described in the papers passed with the Proceedings of Government No. 10 dated 10th April 1876. The copies of the Minutes forwarded to exemplify the system followed in Bengal have not been received, neither have those referred to in para 11. They will on arrival be transmitted for the information of the Agents of the Railway Companies. This subject is being separately investigated.

Para 11
Para 12

The Agent of the South Indian Railway will be called on to submit proposals for the appointment of two travelling Auditors.

Para 13

The Consulting Engineer will obtain the views of the Railway Officers on this proposal and submit them with his own opinions.

Para 22

The Examiner will see that the proposed Regulations of the Railway are sent to the Railways.

He and are in future
maintained, & will report
the arrangement for the purpose

Ch for Railways
P. B. - Acct
R. B. - Acct

5/5/18

Comptroller of the Treasury
PUBLIC WORKS.

The Com^r of Eng^g for A^g

to the Com^r of Eng^g for A^g 2/18/5

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to the Com^r of Eng^g for A^g

Major Moberg's report
on the accounts of the
Guaranteed Railways
in Madras. The
Gov^t of India, communicating
the orders passed on
—, came to the Com^r of Eng^g
for A^g & to the S^r P^r of
Accto with observations