

GOVERNMENT OF MADRAS.
FINANCIAL DEPARTMENT.

22nd March 1880, No. 609.

Local Funds.

Read the following papers :—

No. 138. *Proceedings of the Board of Revenue, dated 2nd February 1880, No. 168.*

The Board resolve to submit, for the consideration of Government, the appended three Resolutions adopted at a Conference of the Board, the Accountant-General, and the Examiner of Public Works Accounts, and request that orders may be issued as to whether the principles embodied in them may be taken as the basis of detailed proposals, which will involve a considerable modification of the existing Local Fund Rules.

2. The principle of the first Resolution is objected to by the Examiner of Public Works Accounts; but the Board submit that, now that Local Fund public works are to be executed, as a rule, by Local Fund Engineers under the direct control of the Presidents, there is no necessity for continuing a system of audit which was retained on the introduction of Local Funds simply as part of a system of utilising the Public Works Department as an agency for the execution of Local Fund works. It will be cheaper and more convenient to have the whole audit conducted by one department, and Resolutions I and II are, it is submitted, very much more in accordance with the whole spirit of the Local Funds Act than are the rules now in force. The recent re-organisation of the Public Works Department, and the severance of its connection with Local Funds as an executive agency, removes all difficulties in the way of according to local bodies a much larger measure of independence in the administration of their funds than has hitherto been afforded them, and the Board trust that the opportunity will not be lost. At the same time, they consider that the system of audit now proposed will afford ample security against wasteful or irregular expenditure, and they believe that it is, in its main features, identical with a system recently sanctioned for Lower Bengal.

3. In some few localities it is still proposed to carry out Local Fund works by the agency of the Public Works Department. It is possible that the matter may be reconsidered if the Board's present proposals are adopted; but all difficulty can be avoided by ruling that if in future any Local Board desires to have a work executed by the Public Works Department, and that Department is prepared to undertake it, the amount allotted for the purpose will be treated by the Local Fund Audit Office as a contribution to Provincial.

(A true Extract.)

(Signed) J. STURROCK,
Acting Sub-Secretary.

ENCLOSURE No. 1.

Resolutions adopted at a Conference of Board of Revenue, Accountant-General, and Examiner of Public Works Accounts.

RESOLUTION I.—All audit of Local Fund expenditure to be undertaken by the Accountant-General, who will have a Local Fund Audit Department attached to his office under the immediate charge of an Inspector of Local Fund Accounts, who will travel and inspect as well as supervise at head-quarters.

RESOLUTION II.—Funds to be supplied in accordance with Section 35 of Act IV of 1871. Presidents to place executive officers in funds monthly after comparison of past expenditure with allotments and cash balances.

RESOLUTION III.—The cost of the establishment may be roughly estimated as follows:—

	RS.
Inspector of Local Fund Accounts	9,000
Additions to Audit Office	10,000
Travelling allowance]	1,500
Additions to Presidents' Offices	24,000
Total	44,500

Adding to this the cost of the existing Local Fund Audit in the Accountant-General's Office, viz., Rs. 5,880, the whole cost of audit will be Rs. 50,380, or 1 per cent. on an average Local Fund outlay of 50 lakhs. A small portion of this will also be fairly debitable to Special Funds.

N.B.—The Examiner of Public Works Accounts dissented from the principle embodied in Resolution I.

(Signed) J. STURROCK,
Acting Sub-Secretary.

No. 139. *Proceedings of the Board of Revenue, dated 12th February 1880, No. 219.*

In their Proceedings, dated 2nd February 1880, No. 168, the Board submitted, for the consideration of Government, three Resolutions adopted at a Conference of the Board, the Accountant-General, and the Examiner of Public Works Accounts, and stated that the Examiner dissented from the principle embodied in Resolution I. The Board have now had more time to consider the grounds on which Major Traill based his dissent, and in support of the conclusion arrived at by themselves and the Accountant-General that an audit by competent Accountants is all that is necessary,

SECTION V.—*Superior Officers of Accounts Branch.*

1. Assistant Controllers, 2nd Grade, will be selected from candidates who must either pass an examination conducted under the orders of the Accountant-General, Public Works Department, the same as that laid down for Accountants, 2nd Grade, omitting Book-keeping and Departmental Accounts; or they must produce satisfactory certificates of three years' approved service and good recommendations from Banking or Mercantile Firms. A further examination in Book-keeping and Departmental Accounts must be undergone before promotion to Assistant Controller, 1st Grade.

2. Deputy Controllers will be appointed from three sources—

- (1)
- (2) Assistant Controller, 1st Grade.
- (3) Accountants, 1st Grade.

reductions will show that theirs were far from being exceptional cases.

2. The Board do not mean to raise any objection to the Government availing themselves of professional knowledge for the due exercise of such control over Local Fund public works operations as must necessarily be exercised by the Government; but they do not think it is necessary in connection with audit, and would prefer its restriction to such Inspectors as the Government may think necessary to appoint under the provisions of Section 28 of Act IV of 1871. This question of inspection is a distinct one, which the Board do not propose to discuss here in detail; but they think it necessary to remark that any such appointments will be out of harmony with the views

expressed in their Proceedings of the 2nd February above alluded to, unless the functions of these officers are restricted to inspection and advice as distinguished from supervision. For plans and estimates the arrangements might be similar to those which worked, so far as the Board are aware, perfectly satisfactorily while the system of District Engineers was in force. The great bulk of Local Fund public works expenditure is of such a nature that the plans and estimates may well be left to the Professional Agency at the disposal of the Local Boards, subject to such control as regards sanction by the Board of Revenue or Government in the Financial Department as may be deemed necessary, and the proposals in connection with the few large works which are likely to be projected may be referred by Government, as formerly, for the opinion of the Chief Engineer.

3. The Board take this opportunity of stating with reference to Resolution III that they are disposed to think that any detailed proposals, which may be submitted in the event of the Resolutions being generally approved, will go farther in the direction of local audit than may seem to be indicated by the figures of the rough estimate appended to the Resolution. In fact, they would have the audit practically carried out by Accountants attached to the Local Boards' Offices subject to revision by the Inspector of Local Fund Accounts, compilation and incorporation in the general accounts of the Presidency being alone carried out in the Central Office. Under this arrangement when the system has once been got into good working order, the Local Fund accounts of a year might be closed at a very much earlier date than is at present the case, any adjustments found necessary on inspection being carried out in the accounts of the following year.

4. The above Proceedings are submitted with the full concurrence of the Accountant-General.

(A true Extract.)

(Signed) J. STURROCK,
Acting Sub-Secretary.

No. 140.

ORDER THEREON, 22nd March 1880, No. 609.

The Government have recently deemed it expedient to make radical changes in the agency by which local works throughout the Presidency are to be carried out. Hitherto the execution of such works has been almost entirely entrusted to the Department of Public Works, and all expenditure relating thereto has been accounted for in that Department. In future, the execution of local works will devolve on the Local Boards employing agencies directly responsible to them and not to Government. This change in so important a branch of the administration as works renders it incumbent upon Government, in view of the general welfare and progress of the country, to consider the present position of Local Fund administration, and to mark out a line of action by which they trust Local Boards will be encouraged to exercise more fully than has been the case heretofore the powers with which they are by law invested. These powers have been necessarily more or less moderated during the early years of their existence; but the Government are persuaded that the experience gained in working the Act since its introduction in 1871 will enable these Boards to exercise with prudence and marked advantage to the public service wider powers than hitherto,—whilst the Government on their part, withdrawing from direct interference in executive matters, adopt measures, through the machinery provided by the Act, to ensure the due and proper employment of the public funds entrusted to such Boards, the Presidents being primarily and doubly responsible for moving the Boards to give effect to the Act.

2. The provisions of the Act are—

that for the development of communications, education, and sanitation, the Government shall constitute Circles within which the Act shall operate; they shall appoint Local Fund Boards (Section 4) for the administration of the funds raised for the purposes of the Act, of which Board (Section 5) the

Collector shall be President, and shall be vested (Section 23) with the entire executive power of the Board, whose resolutions shall be carried into effect by him, he being directly responsible for the due fulfilment of the purposes of the Act, and being empowered (Section 24) to appoint such executive establishment as the Local Fund Board shall think necessary and proper, and on such salaries as the Board may think reasonable; the Government having power to dictate as to numbers and salaries; that to provide the necessary funds the Government may (Section 36) levy any or all of certain specified taxes, rates, and tolls; that the Collector of the district (Sections 47, 63, &c.,) shall realise these revenues for the Local Fund; that the President under Government orders (Section 35) shall direct in what Bank or Government Treasury the collections, &c., shall be lodged; that Local Fund Boards shall furnish annual budget-estimates (Section 30) and accounts of receipts and expenditure in such form and at such times as (Section 32),—and that the accounts shall be audited by such officer and in such manner as,—the Governor in Council may direct; that it shall be competent to Government (Section 28) to appoint officers to inspect or superintend the operations of the Local Fund Boards, the cost to be borne ratably by the Local Fund Boards of all Circles.

3. Such being the provisions of the law, the Government proceed to lay down a modified form of administration, which they believe will aid in developing the scheme of local administration framed by the Act. The changes now ordered relate—

- (1) to the control and custody of the funds;
- (2) to the audit and inspection of the accounts;
- (3) to the scrutiny of plans and estimates of works.

4. (1) As regards the control and custody of funds, the Government resolve to adhere strictly to the provisions of Section 35 of the Act. All moneys received either directly or through the Revenue Department will be credited to an account in the Government Treasury in the name of the President, who will be directly responsible for the appropriation of such moneys under the restrictions provided in the Act or ordered by Government under its sanction. He will be required to work in strict accordance with the sanctioned budget, and will be responsible for the proper financial administration of the fund, and the manner in which its accounts are kept and locally audited. He will place the executive officers in funds monthly or from time to time as the circumstances of the case may demand, subject to such regulations as may be adopted hereafter.

5. (2) Accounts. To enable the President to exercise this strict financial control, and to ensure the Government that such control is duly and properly exercised, the following system of audit and inspection of accounts will be adopted:—

The final audit of the receipts and expenditure of Local Fund Boards will be entrusted to the Accountant-General, but the primary audit will be performed in the office of the President, under the supervision of the Accountant-General. The Accountant-General will have attached to his office, under the immediate charge of an Auditor and Inspector of Local Fund Accounts, a Local Fund Audit Department. The officer in charge of this Office shall be an Examiner of the Public Works Accounts Department, of a rank not higher than the second grade, second class. His services will be placed wholly at the disposal of the local Government in the Financial Department for this special duty. He shall be borne on the strength of the Department of Public Works, but shall in no way be under the control of that Department,—being under the Accountant-General,—through whom he will communicate with the Board of Revenue or Government. His salary and pension contribution will be paid from Local Funds. He will be directly responsible for the audit and inspection of all Local Fund accounts, and will be required to inspect in person the Local Fund Account Offices of the Presidents. The system of audit to be adopted in the matter of works expenditure will be simpler in character than that now prevailing in the

Department of Public Works. He will be aided in the duty of inspection by assistants as provided hereunder. His Office will consist of two branches—(a) Works, (b) Miscellaneous; Education, Sanitation, Medical, &c., falling under the latter head.

6. The primary audit of all receipts and expenditure will be performed in the President's Office by special Audit Clerks, who shall be appointed by the President in communication with the Inspector of Local Fund Accounts and the Accountant-General. These Clerks should ordinarily have had experience in Works accounts. In performance of their audit duties these Audit Clerks shall be required by the President to conform strictly to such audit rules as may be hereafter passed. The President will be required to submit the monthly accounts, after they have been duly scrutinised by the Audit Clerks, to the Audit Office at Madras. The scrutiny in the Central Office shall be mainly of a financial character, with the view of enabling the Board of Revenue and Government to exercise due financial control over the operations of Presidents. The duties of the Auditor in his capacity of Inspector of Local Fund Accounts will be confined to inspection solely, and shall not partake of the nature of an audit for which the President is primarily responsible. The Accountant-General will forward monthly to the Board of Revenue a statement showing the state of the accounts in each Circle at the close of the preceding month, and within a fixed period from the close of a year an audited balance sheet.

7. (3) The examination of plans and estimates of such works as may be of too important a character to be left altogether for disposal by the Local Fund Boards will devolve upon the Chief Engineer, who will be aided for this purpose by an Executive Engineer of the Public Works Department to be attached to his Office. This officer will be employed on this duty under the orders of the Chief Engineer, but his salary will be disbursed from Local Funds in the same manner as that of the Examiner of Accounts.

8. To the Office of the Chief Engineer thus constituted Presidents will send for examination plans and estimates for all works indicated above. Of this class will be all *new works* estimated to cost Rs. 2,500 and upwards and all *repairs* estimated to cost upwards of Rs. 10,000. In addition to works falling under either of these heads, it may frequently be desirable that plans and estimates for works within these pecuniary limits should, owing to their character, be submitted for the scrutiny of the Chief Engineer. Of this kind would be bridges of any unusual construction, drainage works, alterations in buildings involving modification of original plans; but as regards plans and estimates of this class, it must be left to the Presidents, in consultation with the Local Boards, to determine in each case whether the advice of the Chief Engineer is desirable or expedient in addition to the opinion of the local Engineers. The Government have no desire, even were such a course practicable, to lay down definite rules which would govern every case. They prefer, in the spirit of the opening paragraph of these instructions, to leave the decision to the Local Fund Boards, believing that, in the exercise of their discretion in the matter, they will so regulate their action that, while all plans and estimates receive due consideration before being sanctioned for execution, no unnecessary labor be thrown upon the Central Office.

9. Plans and estimates which have been examined in the Central Office, and which do not require the sanction of Government, will be returned to the Presidents through the Revenue Board, in view to the sanction of the proper authority being obtained for carrying out the work. Those which from their amount need to be sanctioned by Government will be submitted accordingly by the Chief Engineer in his capacity of Secretary to Government, and the sanction will be communicated in the usual course.

10. The annual cost of the scheme above sanctioned will be approximately Rs. 72,350 as follows:—

GOVERNMENT OF MADRAS.
PUBLIC WORKS DEPARTMENT.

10th April 1880, No. 918 W.

General.
Establishment.

Read the following papers:—

No. 24. Proceedings of the Madras Government in the Financial Department, dated 22nd March 1880, No. 609.

No. 24-A.

MEMORANDUM.

In paragraph 7 *et seq.* of G.O. of the 22nd March 1880, No. 609, Financial Department, it is laid down that the examination of plans and estimates for Local Fund Works (new works over Rs 2,500 and repairs over Rs. 10,000 each) will devolve on the Chief Engineer, who will be aided by an Executive Engineer and office establishment, the total cost of which debitable to Local Funds is put down at Rs. 21,250.

2. With reference to this the undersigned, while desirous of meeting the requirements of Government, foresees a difficulty which, though by no means serious, must at least for the present delay the employment of the precise agency named in the order, owing to the fact that there is no Executive Engineer of the Department whose services could be specially and separately set apart for the post. It is impossible in fact at this moment to provide Executive Engineers for all the posts created under the late re-organisation of the Department.

3. Under these circumstances the only feasible plan will be to arrange that the duty of examining Local Fund projects shall devolve primarily on the Deputy Chief Engineer, Major Pennycuik, who will refer all such as he thinks desirable to the Chief Engineer, and, as the first named officer has expressed his willingness to accept the duty in addition to that properly appertaining to his present post, the undersigned has the honor to suggest that, as a suitable method of remunerating him for work which cannot fail to be very onerous, his aggregate pay and allowances (including Presidency house-rent) should be made up to that of a Superintending Engineer, Third Grade.

4. The amount to be paid by Local Funds on this account must be arbitrarily fixed, and perhaps Rs. 500 per month would be a fair proportion, being rather more than one-third of his* total salary. This

* Major Pennycuik's. would leave (on the understanding that the total amount of Rs. 21,250 provided in the Financial Department scheme is not to be exceeded) Rs. 15,280 for an Assistant Engineer and for office establishment.

5. It appears doubtful whether the former would be necessary, and it is equally doubtful what amount of office establishment will be required, as at present very little

Obdt. of 1880
FINANCIAL.

To THE BOARD OF REVENUE,
&c., &c., &c.

Dated March, 22nd.

Issued

Recd.

Per.

G.O., 22nd March 1880, No. 609.

MARCH.
Nos. 138-140.

Local Funds.—Certain changes ordered in respect to the control and custody of Local Funds, the audit and inspection of the accounts, and the securing of plans and estimates of works.

means exist for ascertaining the number of estimates Presidents will think it necessary to send up for approval.

6. The requisite office establishment should be provided rather by the entertainment of extra men than by additions to the salaries of those now employed, and it would be better to begin with a small establishment, leaving it to be supplemented hereafter if necessary.

7. Whatever men are thus employed should be entertained on precisely the same terms as those now in the office, and should form part of the Chief Engineer's regular establishment, it will therefore be necessary (as their service will be pensionable) to provide for pension contribution as well as for their salaries.

8. For the present at least one good draftsman and a copyist will be necessary, and the following might be adopted as the scale required for immediate employment:—

	Per Annum.
	RS.
Share of pay of Deputy Works	6,000
Draftsman, Rs. 120 } per month	1,920
Copyist, „ 40 } do.	168
Two Peons, „ 14 do.	522
Pension contribution	
Total ...	8,610

The undersigned would however wish to reserve the right of asking hereafter, in case of necessity, for an Assistant Engineer who will cost per annum—

	RS.
Pay	3,000
Presidency allowance	600
Do. house-rent	240
	3,840
Pension contribution	960
Total ...	4,800

and for such additional office establishment as experience may show to be indispensable. The latter will certainly not cost more than Rs. 2,000 per annum, so that the total cost will not under any circumstances exceed about Rs. 16,000, as against Rs. 21,250 provided by the Financial Department scheme.

9. Should the foregoing proposal commend itself to Government, the undersigned would solicit the earliest convenient orders being passed to allow of the office hands being got together, and instructions being issued to the several Presidents, Local Funds Boards, for the conduct of business.

3rd April 1880. (Signed) R. H. SANKEY, Colonel, R.E.,
Chief Engr. and Secy. to Govt., P.W.D.

No. 25. ORDER THEREON, 10th April 1880, No. 918 W.

THE Government of India has been addressed on the subject of the provision of an Examiner of Accounts in accordance with paragraph 11 of the order in the Financial Department.

2. As a temporary arrangement the Government accept the Chief Engineer's proposal that the scrutiny of designs of Local Fund Works shall be entrusted primarily to the Deputy Chief Engineer (Major Pennyquick, R.E.) who will receive a remuneration of Rs. 100 per month, in addition to his present salary, on account of the duty thus imposed.

3. The following addition will be made to the Chief Engineer's Office Establishment:—

	Per Mensem	RS.
1 Draftsman	100	
1 Copyist	40	
2 Peons	14	
	154	
Per annum	1,848	
Pension contribution	462	
	2,310	

making, with the allowance of Rs. 100 per mensem to the Deputy Chief Engineer, a total annual sum of Rs. 3,510 to be at present provided from Local Funds, in place of Rs. 21,250 as entered in paragraph 10 of the order in the Financial Department.

4. These arrangements will be subject to revision when greater experience has been gained as to the extent of the work to be done in connection with Local Funds.

(True Extract.)

(Signed) R. H. SANKEY, Colonel, R.E.,
Secretary to Govt., P.W.D.

To the Financial Department.
" Examiner of Public Works Accounts.
To Major John Pennyquick, R.E.

Exd. S. T. Austin.
Spare Copies

★
GENERAL.
ESTABLISHMENT.

Govt. of (1880) Madras.
PUBLIC WORKS.

To

THE FINANCIAL DEPARTMENT.

&c., &c., &c.

Dated April, 10th.

Issued

Recd.

Encl.

G. O., 10th April 1880, No. 918 W.

APRIL.
Nos. 24-25.

ESTABLISHMENT UNDER THE CHIEF ENGINEER FOR THE SCRUTINY OF PLANS AND ESTIMATES OF PUBLIC WORKS EXECUTED BY LOCAL FUND BOARDS.

*Copy
To be returned*

PUBLIC WORKS DEPARTMENT.

General.
Establishment.

No. 2,388 W.

No. 77C.

FROM

THE SECRETARY TO THE GOVERNMENT OF MADRAS,

Public Works Department,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

Public Works Department.

have SIR,—I am directed to acknowledge the receipt of your letter of the 17th September 1880, No. 1,639 G., and in reply to invite attention to my letter of the 1st October 1880, No. 2,277 W., in which the general questions to which your communication relates has been fully discussed, and I am to express a hope that, until a decision has been arrived at in regard to the future normal scale of the Madras Public Works Department, the present arrangements may be allowed to hold good.

I have the honor to be,

Sir,

Your most obedient servant,

(Signed) R. H. SANKEY, Colonel, R.E.,
Secretary to Govt., P.W.D.

FORT ST. GEORGE,
16th October 1880.

Exd. S. T. Austin.
Spare Copies



Govt. of (1880) Madras.
PUBLIC WORKS.

To

THE SECRETARY TO THE
GOVERNMENT OF INDIA.

Dated October, 16th.

Issued

Recd.

Encl.

G. O., 16th October 1880, No. 2,388 W.

OCTOBER.

No. 776.

Addressing on the subject of the proposal to increase the salary of the Deputy Chief Engineer to that of a Superintending Engineer.

J. W. Dept.
Proceedings of Govt.
under date the 26 Aug/81

No. 2126 VV a/26. 8. 81

Mr. P. Rolfe having been entertained as a Clerk IV Class 2^d grade in the Public Works Secretariat, with effect from the 10th August 1881, his pay will for the present be met from the Budget provision for Temporary Establishment.

Att

23/8/81

To The Ex P.W. a. ✓ read 26-8-81

1881
The following is a list of the
names of the persons who have
been in the service of the
Government of the State of
New York since the year 1881.

The following is a list of the
names of the persons who have
been in the service of the
Government of the State of
New York since the year 1881.

B. N. 2126 N. 9. 26. Aug 1881

Oct 24/8