GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

General.
Account.

Read—the following papers :—

From Colonel R. C. B. PEMBERTON, R.E., Secretary to the Government of India, Public Works Department (Account—General), to the Secretary to the Government of Madras, Public Works Department, dated Simla, 10th May 1887, No. 121 A.G.

* * * * *

5. *Paragraph* 23, *Practice of rushing expenditure in March.*—The procedure referred to by the Deputy Auditor-General is described in the accompanying extract from his report on the Rangoon Public Works Office of Account. It is left to the discretion of the Madras Government to take any action it thinks proper in this matter. The suggestion of Mr. Byrne will cause the cash book to be closed at the proper date.

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Office note from the Examiner, Public Works Accounts, dated Madras, 17th June 1887, No. 221.

In G.O., No. 597 W., dated 8th March 1882, Government passed orders on a report from this office regarding the large number of cheques drawn at the close of the financial year 1880-81. Since then this matter has apparently received no special attention, and, as shown in the margin, the cheques drawn *in the last few days of the year*, remaining uncashed at the end of the year, have risen from 732 cheques aggregating Rs. 2,53,358 in 1880-81, to 1,428 cheques aggregating Rs. 7,05,684 in 1886-87.

Year.	Number of cheque.	Amount. Rs.
1880-81	732	2,53,358
1881-82	753	2,37,265
1882-83	1,205	5,09,003
1883-84	1,121	4,38,226
1884-85	1,115	5,13,935
1885-86	1,043	3,53,298
1886-87	1,428	7,05,684

2. When the cash balance statements for March 1887 began to arrive, it became apparent that it would be well to bring the matter again to the notice of Government, and desiring, when doing so, to be in a position to say definitely whether these transactions involved any serious irregularity, over and above the exceptional rate of expenditure at the end of the year, I requested the Executive Engineers of the divisions noted in the margin—divisions in which the balance of uncashed cheques at the end of the year was most exceptionally heavy—to state, with reference to cheques drawn on the 30th and 31st March, whether such cheques were made over to the payees on the same dates, and, if not, on what dates they were so paid over.

Kistna, Eastern.	North Arcot.
Do. Western.	Nellore.
Presidency.	Godávari, Central.
South Arcot.	Do. Eastern.
Tinnevelly.	West Coast.
Madura.	Coimbatore.
Nilgiri.	Ganjam.

3. The replies received from the marginally-noted * divisions are to the effect that the cheques in question were made over to the payees, or despatched by post to their several addresses on the dates on which they were drawn.

* Kistna, Eastern.	Godávari, Central.
Do. Western.	Do. Eastern.
South Arcot.	Ganjam.
Tinnevelly.	

4. The replies received from other divisions as noted in the margin † are not equally satisfactory. I give below, in parallel columns, either the substance of the replies, or extracts therefrom, and my comments thereon.

† Presidency.	Nellore.
Madura.	West Coast.
Nílgiri.	Coimbatore.
North Arcot.	

5. *Presidency division.*—Cheques were all made over to payees on the 2nd and 4th April—Saturday and Monday.

In the course of a separate but related correspondence, the Executive Engineer states that the cash book for March was not closed until the 13th April, owing to pressure of work, about 250 bills having been received in the forenoon of the 31st March. Cheques were being drawn until a late hour at night, all other work being set aside.

In this case it would seem that the Executive Engineer must have known that many of the cheques thus hurriedly drawn at the end of the year would not be paid away; and if the 250 bills received in the morning were all to be examined before the cheques were drawn in the evening—or late at night—I doubt whether the examination could have been quite what the code contemplates.

6. *Ramnad division.*—The Executive Engineer reports that in the Ramnad sub-division 16 (out of 26) cheques were sent for delivery *through an upper subordinate*, and that (of the 16) thirteen were delivered *somewhere between the* 13*th and* 27*th April*, whilst the remaining three apparently had not been delivered at the date of writing, *i.e.*, 13*th May* 1887.

In contravention of Code Form Book, No. M. 3, Note 5.

7. *Nílgiri division.*—The Executive Engineer gives details, of which the following is a summary:—

Date of issue.	Number of cheque.	Amounts.
		Rs.
1st April	4	9,749
2nd „	1	1,000
3rd „	1	1,000
4th „	7	18,957
13th „	1	2,063
20th „	1	74
27th „	2	2,000
2nd May	2	2,000
Not paid away at date of writing, *i.e.*, 6th May ...	4	3,253

Seven cheques for Rs. 1,000 each were *reserved* at the request of the payee, Messrs. Richardson and Cruddas. Three of these had not been paid away on the 6th May.

The statement that cheques were *reserved* at the request of payee seems to imply that they were drawn with the express intention of keeping them. Such a proceeding is distinctly irregular. The cheques paid away on the 2nd and 3rd April were two of the *reserved* cheques. As to the remaining cheques, it would seem probable that they were drawn either with the intention of keeping them, or without a sufficient assurance of the attendance of contractors to receive them. If arrangements were made and fell through, any entries based on the cheques should have been cancelled.

8. *Nellore division.*—The Executive Engineer reports that the cheques were made over to contractors up to the 3rd April 1887 as the contractors presented themselves.

The irregularity in this division is comparatively trifling.

9. *West Coast division.*—Cheques were made over to payees on dates of drawing, except in case of absent contractors when cheques were sent by post:—

"The delay, however, in sending cheques by post continued up to 9th April, as there was hardly time before the close of the official year to make fair copies of bills and extracts from measurement books for the signature of the contractors."

The cheques should not have been drawn until the necessary preliminaries were completed.

10. *Coimbatore division.*—There was no irregularity in the Divisional office or in the Coimbatore sub-division. In the Erode sub-division one cheque was delivered on the 1st and one on the 6th April.

The irregularity is small.

In the Salem sub-division 18 cheques were kept in the office for periods ranging up to the 19th April.

Most of these cheques should probably not have been drawn until April.

11. *North Arcot.*—The Executive Engineer reports that cheques were being sent by post up to the 4th April.

The irregularity is small.

12. It would perhaps have been better if I had, in the first instance, put the same inquiries to all divisions; but Government will see that, judging by the divisions as to which information has been obtained, apart from the rush to spend money at the very end of the year, and the consequent hurried drawing of cheques, involving, it is to be feared, in some cases at any rate, insufficient compliance with the code rule as to preliminary formalities, there has been no very noticeable irregularity except in the Nílgiri and West Coast divisions; and in the Salem sub-division of Coimbatore and even in this division, I have no doubt that the officers concerned acted upon a *bonâ fide*, though mistaken, view of the rules.

13. In the Ramnad division the sending of cheque through an upper subordinate, who was not a sub-divisional officer, was of course an irregularity (*vide* Code paragraph 1371); but it is not an irregularity which need be specially noticed in this connection.

14. In other divisions the retention of cheques does not seem to have extended beyond a few days.

15. The code rule on the subject, as laid down in note 5 on Form No. M 3 is, in my opinion, very clear. It is that "a cheque should not be drawn until it is intended to be paid away, and no cheque should be entered in the cash book until it has actually been paid away," and if a cheque is drawn and cannot be paid away, any account entries inadvertently and irregularly made in connection with such a cheque should in strictness be cancelled at once, and should certainly be cancelled if the cheque is not paid away before the end of the month, and especially before the end of the last month of the financial year.

16. I am bound however to add that, however clear the rule may be, it does not cover the whole of the ground, and, in my opinion, it is not altogether a practicable rule. I had intended, in connection with this report, to suggest modifications which seem to me desirable; but the reference made to me under your endorsement, No. 1770 C., dated 23rd May 1887, on Government of India letter forwarding for consideration a suggestion of the Deputy Auditor-General, has independently raised the question of measures for checking the rushing of expenditure at the end of the year, and I now propose to deal with the whole question in connection with that reference. It will probably be well to defer action on this note until receipt of my reply to the above-mentioned reference.

Office note from the Examiner, Public Works Accounts, dated Madras, 2nd July 1887, No. 291.

[Your office note, No. 1770 C., dated 23rd May 1887.]

In my office note, No. 222, dated 17th June 1887, I dealt with paragraphs 4 and 6 of Government of India letter, No. 121 A.G., dated 10th May 1887, and stated that the subject of paragraph 5 would be taken up separately. I also referred to the matter in my office note, No. 221, dated 17th June 1887, calling attention to the large number and amount of cheques drawn in the last few days of the year, and to certain connected irregularities.

2. The irregularities which do or may occur in connection with the rushing of expenditure, at the end of the financial year, may be considered under three heads, viz. :—

(*a*) Ante-dated cheques, *i.e.*, cheques drawn in April, or even May or June and dated 31st March.

(*b*) Dummy cheques, *i.e.*, cheques drawn on or before 31st March but retained in the Executive Engineer's possession after that date.

(*c*) Insufficient attention to preliminary formalities, due to hurry and pressure.

3. The suggestion made in paragraph 14 of the Deputy Auditor-General's report on the office of the Examiner, Public Works Accounts, Burma,* referred to in paragraph 5 of Government of India letter above quoted, is aimed solely at the first kind of irregularity (*a*), *i.e.*, at the practice—or the supposed practice—of drawing cheques after the close of the year, and dating them as on the last day of the year, in order to evade the rule as to lapsing of grants. Government has to consider whether it is necessary to provide at all for this description of irregularity, and, if so, how to deal with it.

* "That each Executive Engineer be required to telegraph to the Examiner on the 31st March his total expenditure for that month, with the number of last cheque drawn. And when there are sub-divisions similar information should be furnished by the sub-divisional officer."

4. My first impression was, that it was not necessary to make any provision at all; and even now I do not think there is reason to suppose that the practice is adopted by any officer of the Madras Public Works Department; but information given to me confidentially by an officer of the Executive Branch has convinced me that such things have been done before, not perhaps by an officer actually employed at the time in the Public Works Department, but at any rate by one who might any day be so employed, and therefore it may be as well to guard against any repetition of the practice.

5. I do not, however, recommend the adoption of the suggestion made by the Deputy Auditor-General. It is as well to bear in mind what the transaction in question really amounts to. In plain English it is the utterance of a series of deliberate falsehoods—as to which however see also paragraph 8 below—and an officer who is prepared to do this, is not likely to be very particular as to the means of defeating any check introduced in order to prevent it. A check that is easily defeated is worse than useless.

6. The check proposed by the Deputy Auditor-General would I think be defeated by a very simple expedient. At the time when the officer is required to telegraph his total expenditure he knows, to a rupee, what he wants his expenditure to be; he also knows fairly well what payments in the aggregate he will be able to make during the month—or whatever the time may be—during which he wants to draw and ante-date cheques, even if he cannot, at the time, foresee his payments in sufficient detail to enable him to draw dummy cheques, and so avoid ante-dating. There is nothing whatever to prevent him from telegraphing any sum he chooses, and afterwards making his expenditure up to that amount by ante-dated cheques. The rules of the department require him to keep his cheque book under lock and key (Code paragraph 1612); and if he chooses to draw his cheques himself, nobody will know when he drew them. It is a question of cooking the accounts somehow; and if

he is prepared to cook them at all, he will cook them in a new way when the old way is closed.

7. I think therefore that, whilst the proposed check would certainly be considered as casting an unmerited slur on ninety-nine, or more, officers of a hundred, it would be laughed at by the individuals at whom it was aimed, who indeed would probably find a new pleasure in defeating the check invented for their especial benefit.

8. In my opinion the remedy—if any is required—should be looked for in another direction. However irregular may be the practices occasionally adopted in this connection, they are not adopted with any view to personal benefit. To some slight extent the desire of obtaining credit for spending the grant may perhaps operate; but I am inclined to believe that, as a general rule, an officer who does this sort of thing does it under the mistaken notion that he is helping Government in spite of itself, that is in spite of the rules it has laid down; and that he is really doing the best for the interests committed to his charge; and I believe that a little plain speaking is all that is really necessary to prevent such practices. At present there is not a word about the matter in the code. If it is necessary to do any thing, I would introduce into the code a distinct prohibition of such practices, with a statement in plain English of what they amount to, and of the light in which they are really regarded by Government. I believe that would be quite sufficient.

9. If, however, Government thinks that some positive check is necessary, then I would suggest that every Executive Engineer and every sub-divisional officer having a drawing account, be required to post to the Examiner's address, on the 1st April in each year, under registered cover, an exact transcript of the last two pages of his cash book, the accountant or sub-divisional officer's clerk being responsible for the despatch of the transcript, if the Executive Engineer or the sub-divisional officer should be absent. I am not recommending the adoption of this check: I am only pointing out that, if some positive check is considered necessary, this, in my opinion, is the only one that would be really effectual.

10. Then as to dummy cheques, that is cheques drawn and brought to account, but not paid away. The dummy cheque may be deliberately fabricated, or it may be the result of accident. In the first case the cheque is drawn at a time when, or under circumstances in which, the officer drawing it knows that he would not be justified in paying it away; and he has no intention of paying it away: he only wants to bring the charge to account. This is distinctly prohibited in Code paragraph 1627. In the second case the cheque is drawn with every intention of paying it away, and in circumstances which would fully justify such payment; but some accident prevents it being issued, and it remains in the officer's cash chest. The code is silent as to what should be done in such cases; but in note 5 on Form M-3 the officers of the department are instructed that "a cheque should not be drawn until it is intended to be paid away, and no cheque should be entered in the cash book until it has actually been paid away."

11. Judging from the facts reported in my office note, No. 221, dated 17th June 1887, I see no reason to suppose that in Madras dummy cheques are deliberately fabricated in contravention of Code paragraph 1627. The only case which suggests any thing of this sort is that of certain cheques drawn by the Executive Engineer, Nílgiri division, and "reserved" by him; but from the Executive Engineer's explanation I am satisfied that the cheques were properly drawn and might have been paid away to the contractor as soon as drawn, but that they were held by the Executive Engineer as the agent of the contractor at the request of the latter. I think the proceeding was irregular and objectionable, but there was no contravention of Code paragraph 1627. But though there may be no disregard of Code paragraph 1627, it appears that the latter part of the rule quoted at the end of paragraph 10 is habitually disregarded, and that many cheques are drawn, and improperly brought to account, although actually remaining for days and weeks in the possession of the Executive Engineer, with the result of falsifying the accounts and unduly swelling the expenditure against grants; and it seems not improbable that a considerable number of these

cheques are drawn without any reasonable assurance that there will be an early opportunity of paying them away; and in order to prevent this, the rules on the subject should, I think, be revised and amplified, and should, above all, be introduced into the body of the code, instead of being relegated to the notes on the back of some form.

12. The question is one that is continually arising. It was raised in connection with the inspection of the Nílgiri division last year, *vide* G.O., No. 1340 W., dated 29th May 1886, but without definite result; and again only a few months ago by the Superintending Engineer, III Circle, in his endorsement on a letter from the Executive Engineer, Cuddapah division, *vide* G.O., No. 2898 W., dated 3rd November 1886, but such result as was arrived at in the office note correspondence which ensued was probably communicated to nobody except the Executive Engineer, Cuddapah division. Apparently the view then taken was that the difficulties referred to by the Superintending Engineer were of very rare and exceptional occurrence, and that it was unnecessary to legislate for them. I think this was a mistake. Cases are, I believe, continually occurring in which cheques drawn in accordance with a *bonâ fide*, though possibly mistaken, interpretation of the code rules, do remain for a long time in the possession of the Executive Engineer or of some subordinate officer; and I think it is very desirable to have a clear understanding as to what is to be done in such cases, and I should be very glad if the matter could be settled before the approaching inspections.

13. Supposing a revision of the rules to be expedient, the first question to be settled is, when may a cheque be drawn? I entirely agree with the Superintending Engineer, III Circle, that the present rule * is impracticable if it is to be strictly interpreted. You cannot insist that an officer shall never draw a cheque until the payee is there, at his side, waiting to receive it. No doubt cheques should not be drawn unless there is a reasonable assurance that an opportunity of handing them to the payees will very shortly occur, or unless there is an intention of at once sending them by post to the address of the payees; but an absolute rule on this point is impracticable. If a contractor has arranged to be present in the afternoon, it surely cannot be considered improper to draw his cheque in the morning, if convenient to the Executive Engineer. For my own part I am not prepared to say that it would necessarily be irregular to draw it the day before, or possibly the day before that—every thing must depend upon circumstances which cannot be provided for by a hard-and-fast rule—and after all the contractor may not turn up at all. The essential thing appears to be that that no cheque shall be drawn until all prescribed preliminaries, in respect of measurements, &c., have been completed in such wise that the officer drawing the cheque is satisfied that the cheque may, with propriety, be paid away, *i.e.*, be allowed to pass out of his possession and beyond his control, as soon as he has signed it: an absolute rule on this point is quite practicable. I would therefore introduce into the code two rules, viz., (1) an absolute rule, that no cheque is to be drawn until the officer is satisfied that he *may*, with propriety, pay it away, as soon as it is drawn, and (2) a caution, that no cheque should be drawn without a reasonable assurance that it *will* be paid away very shortly.

* No cheque should be drawn until it is to be paid away.

14. The next question is: when is an entry to be made in the accounts? There are two possible courses, viz.:—

(1) To make the entry only when the cheque is actually paid away; and
(2) To make the entry when the cheque is drawn, with an understanding that the entry will be cancelled, if the cheque is not actually paid away in a certain time.

I am decidedly of opinion that the first course is the proper one: it is certainly that now prescribed by the code, if the notes on the backs of the code forms may be considered code rules; it is the only plan strictly consistent with the general rule that the public accounts are based on cash and not on liabilities; and I am not aware of any difficulty in carrying it out. Moreover, the alternative plan could not be adopted without the approval of the Government of India.

15. It will, however, be necessary to answer the question put by the Superintending Engineer, III Circle, in his letter to you, No. 1641 of 17th November 1886, viz., "in what form of memorandum or account should the transaction be recorded" during the interval between the drawing of the cheque and the paying of it away. I think this is a matter that should be provided for, and I would require a register to be kept, in each Divisional office, of all cheques drawn, but not actually paid away, and consequently not brought to account; that is to say (1) all cheques retained in the possession of the Executive Engineer and (2) all cheques sent to a sub-divisional officer and not advised by him as actually paid away. The register would be a very simple matter, the only particulars required being the book and cheque numbering, the date of drawing, whether in possession of Executive Engineer or sent to sub-divisional officer, and the amount and date of payment and entry in accounts, with a reference, in case of cheques sent to sub-divisional officer, to the letter or memorandum reporting payment and forwarding voucher. Moreover, if the rules of the code—paragraph 1371 and others—are attended to, the entries in the register should be very few, and incidentally the register would afford a ready means of ascertaining, on the occasion of inspections of Superintending Engineer, and Examiner, whether the rules are observed.

16. I have assumed that a cheque is only *paid away* when it is handed to the payee, or to his authorised agent, or sent by post directly to the address of the payee; and that it is not paid away as long as it remains in the possession, or under the control, of any officer of the department, or is in transit from one officer to another. If Government accept this interpretation, it might be introduced into the code.

17. I must however point out that this interpretation differs from that given by my predecessor in his office note to you, No. 593 of 25th November 1886. He considered that a cheque was paid away when dealt with under paragraph 1912 of the old code — note to paragraph 1371 of the present edition — meaning apparently that it was paid away as soon as despatched to the sub-divisional officer. It would be waste of time to argue as to which of these two interpretations is, in law or in logic, the more accurate; the question is which is the best with reference to the object in view, and if the object is to prevent the fabrication of dummy cheques, the only effectual plan is to refuse to consider a cheque paid away, and so to prevent its being brought to account, as long as it remains in any way under the control of the drawer.

18. If the above proposals are accepted, nothing more will be necessary, from a strictly accounts point of view; but I ought to point out the risk that is run when cheques drawn and signed are unnecessarily retained in the possession of the Executive Engineer or of a subordinate officer. The risk is the same whether the cheque is brought to account or not, and I think that, in the interests of the drawing officers themselves, it would be well to lay down some rule as to the cancelling of cheques retained for more than a certain number of days, as to which also see the above-mentioned correspondence with the Superintending Engineer, III Circle.

19. The third class of irregularity, that resulting from the hurry and pressure consequent on having to pay an abnormally large number of bills in a very short time, is one as to which I have very little to say. It is a thing that can hardly be proved, though there can be very little doubt that it must occur—occasionally at any rate. It is, for instance, almost impossible that 250 bills received in the morning can be properly examined and checked before being paid the same evening, *vide* paragraph 5 of my office note, No. 221, dated 17th June 1887. The only remedy is to distribute over a month or six weeks the work now done in a few days. It is a matter for the Executive, not for the Accounts, Branch to deal with.

Office note from the Examiner, Public Works Accounts, dated Madras, 24th February 1888, No. 1107.

I beg to invite your attention to the remarks made in my office note, No. 291, dated 2nd July 1887, on the subject of rushing expenditure at the end of the year,

and with reference thereto to suggest that, if Government wish to prevent a recurrence of the same this year, it would be well to issue orders at once calling the attention of Superintending Engineers to the necessity of seeing that payment of bills is not deferred until the very end of the year, and that no payments are recorded in the accounts which are not *bonâ fide* made and completed within the year, *i.e.*, no entries should be made in cash books except of cash paid or of cheques actually handed over to the contractors or other creditors before the close of the month of March, on account of work actually measured, and for which bills have been received, examined, and passed by the disbursing officer.

Order—dated 3rd March 1888, No. 732 W., Public Works.

The Government do not consider it necessary to issue any special orders as regards ante-dating cheques. Every officer must be well aware that under no circumstances can there be any justification for a proceeding which is tantamount to misrepresentation.

2. In the matter of cheques drawn on or before 31st March, but retained in the possession of the Executive Engineer after that date, it is desirable that there should be a definite ruling in the code as to when a cheque *may* be drawn, coupled with a caution that no cheque should be drawn unless there is a reasonable probability that the cheque *will* be paid away very shortly.

3. It should also be understood that a cheque is not to be entered in the accounts until it has actually been paid away; but as delay between drawing and paying is sometimes unavoidable, a register should be kept of all cheques drawn but not paid away and consequently not brought to account.

4. In order that the expression *paid away* may be clearly understood, its interpretation as given by the Examiner of Public Works Accounts will be entered in the code.

"A cheque is only paid away when it is handed to the payee, or to his authorised agent, or sent by post directly to the address of the payee; it is not paid away as long it remains in the possession, or under the control, of any officer of the department, or is in transit from one officer to another."

5. With regard to the general question of rushing expenditure at the end of each official year, while fully aware of the difficulties with which officers have to contend in order to avoid the lapse of grants, the Government must impress upon Superintending Engineers and all concerned, the necessity of using every effort to distribute expenditure equally throughout the working season, and they have no doubt that a great improvement in this direction can be effected.

6. The Secretary to the Code Committee will draw up the draft rules embodying the spirit of these orders, for introduction into the Public Works Code.

(True Extract.)

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

To Superintending Engineers.
To the Examiner, Public Works Accounts.
" Consulting Architect to Government.
" Chief Engr. for Irrigation

Exd. A. Aubert.
Spare Copies

GENERAL.
ACCOUNT.

Govt. of {1888} Madras.

PUBLIC WORKS.

Dated March, 3rd.

Recd. *Encl.*

G.O., 3rd March 1888, No. 732 W.

MARCH.

Rushing expenditure at the close of a year

Passing orders on the subject of —

Replies to several points noticed as requiring explanation in the Examiner's Summary on the Inspection Notes of the Deputy Examiner.

ENCLOSURE
965
6 APR 88
EXAMINER, P.W.

Item No.	Para of Inspection Note	Explanation by the Executive Engineer
5	9-10	These vouchers are now submitted
6	10	This advance of Rs 30 was made to head lascar Trivadi anicut to enable him to purchase tank grasses for repairing the four lascars sheds at the above anicut. These lascars were ordered to build the sheds themselves and were paid the amount of estimate in two instalments. the first as an advance, and the second on completing the sheds. The Supty. Engineer is requested to accord his sanction under Code para 1296.
18	32	The materials were supplied by Contractor Venkatasamy Padiachy for the Shatiatope anicut works. The same Contractor undertook to do the Veeranam Tank new surplus sluice. Having no bricks at site for the latter works, the bricks charged to the former costing Rs. 246-15-2 were given to Contractor on condition of his replacing them at a subsequent date, and the bricks have been debited to the latter works through the adjustment books and the amount Rs. 246-15-2 is withheld from the value of works done by the Contractor till he replaced these materials. These materials have since been reported to have been supplied.
19	24&25	The balances due to Kanakasabhai Mudr. & Soobroya chetty will be credited to Deposits in the accounts for March/88 Superintending Engineer's orders to do so having been just received.

Item No.	Para of Inspection Note	Explanation by the Executive Engineer.
19	24&25	Pavady Padiachy is still doing work on Konamungalam Tank. As soon as bill is received the balance due will be adjusted. The dues to Contractors Ragavachary and Perumal Naidu have been adjusted in the accounts for December 187. The sum of Rs. 10 due to Puthina Mudr. (dead) will be removed to the credit of Deposits in the accounts for March 188. The sanction of Superintending Engineer is applied for.
20	26	There are agreements for the following works. Streeputhur Tank – Improvements. Valiencotah Tank – ____ Do. ____ Perumukkal Tank – ____ Do. ____ Konamungalam Tank – Constructing a masonry weir Byravaram Tank – Reconstructing a sluice Nallavur Tank – Improvements. I am unable to explain why the agreements were not drawn up for the remaining works. but I think that this is a matter that should be left to Executive Engineers to decide. Agreements are now taken for all works given out on contract. but as the Executive Engineer is responsible for the execution of works he may in some cases prefer not to take an agreement; it appears to be forgotten that an agreement not only binds the contractor but also binds the Executive Engineer, which is often a more serious matter. I have also to observe that of 6 works for which agreements were not taken, 4 have been fully completed and 2 are nearly so.

Item No.	Para of Inspection Note	Explanation by Executive Engineer.
21	27	All Contracts are made by the Executive Engineer only, and none by the Sub Divisional officers.
22	28	Perumukkal Tank – Improvements. Tender accepted by the Superintending Engineer in his No. 5824 dated 27-2-87. Pathapadi Tank. Constructing a masonry weir. Agreement is in Piece Work form. Supdg. Engineer's sanction was not obtained; however the work has been completed and paid for fully.
23	29	No contract is given without accepting a tender
24	30	It is very difficult to get contractors in this division and if earnest money is insisted upon hardly any tender will be received, so the system of calling for tenders with earnest money is not suitable to this Division. I think this is a question that should be left to the decision of the Executive Engineer and not be the subject of remarks by the Examiner.
27	32&33	In the case of Venkatasamy Padiachy – please see my explanation against Item No. 18 In the case of Rama Sadha Pillai the Sub Engineer then in charge of the work failed to take receipt for materials issued to Contractor as required by Code para 1851.
30	36	The well bricks have been charged to the Sub head "Brick in chunam for wells" Veeranam Tank – Repairing and Improving 6 sluices. The Sub Divisional officer will be directed to report whether they have been really used up on the work; when the materials at site of Works for the month of March 188 are checked by him.

Item No.	Para of Inspection Note	Explanation by Executive Engineer
30	36	Pelandorai anicut The materials have been adjusted since - and the balance of materials at site will be checked at the end of March 88.
37	48	The service book has since been transferred.
35	45	The service books will be soon attested and report made.
36	46	The service books will be opened and report made
39	52	The register will be completed and report made.

Cuddalore
21st March 1888

C. Lucas Major RE.

Executive Engineer.

AE
21/3

1

No 5565

Superintending Engineers Office
V Circle Madras

Bangalore 29 March 1888

From

Colonel H. M. Vibart RE
Superintending Engineer
V Circle

To

The Chief Engineer
Public Works Department.

Enclosures 3.

Sir

With reference to G.O. No 569 W dated 17th February 1888 I have the honor to forward the replies of the Executive Engineer South arcot to the several points noticed in the Examiner's Summary of the Inspection Notes of South arcot Division office as requiring the Executive Engineer's explanation.

2. " The several points noticed

as

as requiring my attention - viz - items
6. 13. 16. and 28 of the Examiner's
Summary are being attended to.
3. The Deputy Examiner's notes of
Inspection - and the Examiner's
Summary are herewith returned.

I have the honor to be
Sir
Your Most Obed.t Servant

Alex.r Abel Col.R.E
Supg: Engineer v Circle

R.O.N. 965 dy 6-4-88

No. 1459 C d/5 April 1888

To C

Forwarded, and favour of return - also for remarks, if considered necessary.

WCW
5-4-88

Dy.

"

To W. No. 1404 Encs: 2
25.4.88

I beg to offer the following remarks :-

2. Item No. 5 of summary. The two vouchers referred to, viz voucher No. 11 of May 1887 for Rs. 7-13-0 and

PWC No. 3127
3924/88

EXAMINER
No. 965
6 APR 1888
ENCLOSURES 2
P.W. ACCOUNTS

From The Superintending Engineer
5 Circle

To The Chief Engineer
P.W. Department.

Dated 29th March 1888
Rec'd 4.6.88

Enclosures 3 2

No. 5565.

Inspection Notes of the South Arcot Divisional Office by the Dy. Examiner. Forwards the replies of the Executive Engineer to the several points noticed in the ——.

To

voucher No. 32/34 of June 1887 for Rs. 30/, have not yet been received by this office.

3. Item No. 6 of summary. The Supg. Engineer's sanction to the advance has not yet been communicated to this office.

4. Item No. 18 of summary. The procedure adopted was irregular. The materials transferred should have been at once debited to the contractor in the contractors' ledger; and in the accounts they should have been credited to one work and debited to the other; but as the bricks are reported to have been since replaced, no further action appears necessary.

5. Item No. 20 of summary. In my opinion in all cases in which a definite contract is implied, that is, whenever the undertaking is, to do a stated quantity of work, it is desirable that a written agreement of some sort should be taken; but I doubt whether a written agreement is necessary in bonâ fidê cases of piece-workers as recently defined (vide G.O. No. 94 W. dated 11th. January 1888). It is quite true that a contract is binding on both parties,

but I am under the impression that, as a matter of law, the contract exists independently of the written agreement, which is merely a reduction to writing of a previous understanding, and that a verbal contract equally with a written agreement, is binding on both parties, if it can be proved; and if so it is probably better that the understanding should in all such cases be reduced to writing. The point will be taken up very shortly in connection with the general question of contract forms.

6. Item No. 22 of summary. As regards the Sathapadi Tank case, I beg to point out that the form in which the agreement was drawn has nothing to do with the matter. Under G. O. No. 94 W. dated 11th. January 1888 it is a contract, and subject to the rules relating to contracts. As the Executive Engineer says nothing about this, it is possible that he may have failed to understand it, and it would be well to call his attention to it.

7. Item No. 23 of summary. The question is whether tenders (in the plural) were invited as distinctly required in the Code. The Executive Engineer's statement that "no contract is given without accepting a tender", is consistent with the supposition; and probably means, that if tenders are not publicly invited at any rate some one individual is asked to submit a tender. Such a proceeding may or may not be desirable, but it is not in accordance with Code para 1355 which says that " tenders —— will invariably be invited in the most open and public manner possible ——".

8. Item No. 24 of summary. Code para 1360 does not absolutely insist on earnest money in all cases, but the rule as it stands, can hardly be said to leave the Executive Engineer all the latitude that he claims. It may be desirable to modify the rule, but that is a matter for Government to settle, and it might be well to ask Supg. Engineers generally to report on the matter. As it is, the Executive Engineer claims to ignore the rule, which I believe is not found impracticable in some other divisions not very differently circumstanced.

9. Item No. 27 of summary. The

PWC No. 3924

fact of the Sub Engineer not taking a receipt is no reason why the materials should not have been debited to the contractor's account. The issue of materials must have been known through the issue statements.

10. Item No. 30 of the summary.

The Executive Engineer has not stated what steps he has taken to remedy the habitual incompleteness of the ten-day reports, and their unpunctuality. I trust that he will be directed to take effective measures in connection therewith, as the accuracy and punctuality of these initial accounts is essential if divisional accounts are to be correctly and punctually rendered.

II. The other matters under this item have been noted for direct inquiry by this office of the Executive Engineer.

12. Items Nos. 35, 36 and 39 of summary. I note that further reports are due.

No. 569 W a/17.2.88
" 94 W a/11.1.88
" 2965 W a/10.11.86

C.

Rg 30.4.88
E.2

No. 1391 W d/12th May 1888

No. 1391 W

PUBLIC WORKS DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

UNDER date the 12th May 1888

READ the following

From the Supdg. Engr. 5th Circle. A.R. No. 5565 d/ 29. March 1888
From the Ex. Engr. Bridges " No. 1407 d/ 25 April 1888

The Examiner's Office note will be communicated to the Supdg. Engineer 5th Circle for the information and guidance of the Ex. Engineer South Arcot Division, whose special attention should be drawn to paras 1 and 2.

2. The subject of para 8 will be referred to Supdg. Engineer separately for opinion.

3. The Ex. Engineer will report through the S.E., what steps he proposes to take to remedy the incompleteness and unpunctuality of ten day reports complained of by the Examiner.

To The Supdg. Engr. 5th Circle
" Ex. Engr. Bridges

3.5.88

4/5/88