(1) பக்கங்களின் எண்ணிக்கை 14
(2) புதுக்கித் திருப்பிய நாள் July. 88
(3) ஆதாரங்குறிப்பவர் சுருக்கொப்பம்

தமிழ்நாடு ஆவணக் காப்பகம்.

தமிழ்நாடு அரசு

P.W.D. துறை

அரசாணை எண். / மு. கோப்புத் தாள் எண். 2567. W. அச்சகம் / பலவகை

நாள் : 20. 8. 1888 ~~198~~ .

மடிக்கவோ கண்டபடி கையாளவோ கூடாது

ஆவண. கா-1—18,006—15-6-87.

20th August 1888, No. 2567 W., Public Works.

9567/1

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

General.
Account.

Read—the following paper :—

Office Note from the Examiner, Public Works Accounts, dated Madras, 7th August 1888, No. 2024.

In continuation of my Office Note No. 2023, dated 7th August 1888, and with reference to letter No. 10, Exr., dated 8th June 1888, of which a copy was forwarded with the above-quoted Note, I submit the following remarks with reference to the procedure in accounting for earnest money received from contractors.

2. The Executive Engineer, Trichinopoly Division (Captain Langley), says that "earnest moneys are received and returned then and there, so that there is no necessity for mentioning them in the cash-book; and with reference to my remarks against item 9 (IV) of the summary of the report of the inspection of the Tanjore Division, the Executive Engineer of that division apparently took very much the same view, but the Superintending Engineer (Mr. Rundall) observed that some record should be kept of all moneys received for whatever purpose, but whether earnest money should be passed through the accounts was another question, and I pointed out that Code para. 1897 distinctly required that earnest money received should be entered in the cash-book, adding that the prescribed procedure is probably unnecessarily troublesome.

3. Captain Langley's argument would be perfectly sound if the acceptance of the selected tender could in every case be settled (1) by the Executive Engineer himself, (2) as soon as the tenders are opened, (3) all the competing contractors being present, in person or by agent, and (4) the capabilities and qualifications of all the competing contractors being known to the Executive Engineer; but, if any one of these four conditions is unfulfilled, as any one of them may be, the immediate selection of the successful contractor is or may be impossible, and the earnest money cannot be at once returned.

4. In the first place, the Executive Engineer is only authorised to accept contracts not exceeding Rs. 2,000; and if the rule on this point is observed, and unless the taking of earnest money is a useless form, the earnest money cannot be returned until the acceptance of this or that tender has been approved by the Superintending Engineer or the Chief Engineer as the case may require.

5. In the second place, the possibility of making an immediate selection (assuming the case to be within the Executive Engineer's powers of acceptance) depends entirely upon the form of the tender. If each tender is for a lump sum, or for a uniform per-centage increase or reduction of estimate rates, the selection, so far as it depends solely on the terms of the tenders, can be made at once; but if as sometimes happens (especially in the case of contracts for the supply of materials) the tenders are for rates specified by the contractor without reference to the estimate rates, or if the contractors are allowed the option of tendering for a lump sum or for a per-centage increase or reduction, then it becomes necessary to calculate the results before they can be compared; and if this is done carefully, it may often be necessary to defer the selection of the successful tender.

6. In the third place, attendance of the contractors, in person or by agent, is optional (Code para. 1359), and if any one of them is not so present, his earnest money cannot be then and there returned to him.

7. Lastly, if a tender is received from a new contractor, it may be necessary to make inquiries before deciding. If the competition is pretty close, it might not be worth while to postpone the settlement; but if the tender of the unknown man is very decidedly lower than any other, it would generally be better to make inquiries as to his qualifications before rejecting his tender.

8. For these reasons it seems to me that cases must very frequently occur in which the earnest money should not be returned at once, and in such cases some record in the cash-book of the amounts received, and of their subsequent disposal, is certainly necessary; but I am disposed to think that a sufficient record might be secured without detailing each separate item in the cash-book.

9. Whenever tenders are opened there are certain formalities that must be gone through, and certain particulars must be noted down, such as the names of the parties tendering, the terms of the tender, the amount and particulars of earnest money received, and so on. Apparently the Executive Engineer, Trichinopoly Division, (Captain Langley at least) enters such particulars in his note-book (*see* his explanation of item 9 of summary of the Trichinopoly Division inspection report, in his No. 138 S.E., of 15th June 1888, replying to remarks on report of last inspection). In other divisions perhaps they are noted down on scraps of paper. In other divisions again there may be a book in which such particulars are noted. I do not think that either of the first two plans is a desirable one, especially that of noting them in the Executive Engineer's personal note-book, which he probably takes away with him when he leaves the division. I think that no additional trouble would be caused, whilst certain obvious advantages would be secured, if it were laid down that the particulars in question should be recorded in a recognised form of register, and if this were done, it would be easy to provide for showing in this register not only the earnest money received, but the subsequent disposal of it, *i.e.*, its return (with date and cash-book entry or voucher number) or its forfeiture. It would not then be necessary to enter in the cash-book all details of earnest money received and returned. It would be sufficient as regards receipts to enter the total sum received on a given date as per item *m* page (or folio) *n* of the register. As regards repayments a similar entry of the total sum repaid would be sufficient when all sums received in connection with a single contract are returned at one and the same time; otherwise it would be necessary to enter in addition the name of each party whose earnest money is returned.

P.S.—I must add, with reference to para. 8 above, that the earnest money received should not be returned until the selected contractor has executed the necessary agreement and deposited the (other) required security. If he fails to do this,—as he may fail,—his earnest money should be forfeited, and another tender accepted, and no earnest money ought to be returned until the contract is formally complete. This is another reason why earnest money cannot always, and probably should seldom, be returned then and there when tenders are opened.

Order—dated 20th August 1888, No. 2567 W., Public Works.

Communicated to Superintending Engineers for an expression of their views.

(True Extract.)

Captain, R.E.,
Under-Secy. to Govt., P.W.D.

To Superintending Engineers.
To the Consulting Architect to Government.
,, Examiner, Public Works Accounts.

Exd. F. R. Bantleman.

Spare Copies

986/2

GENERAL.
ACCOUNT.

Gobt. of {1888} Madras.

PUBLIC WORKS.

Dated August, 20th.

Recd. *Encl.*

G.O., 20th Aug. 1888, No. 2567 W.

AUGUST.

Earnest money received from Contractors

Office Note from the Examiner, Public Works Accounts, forwarding remarks with reference to the procedure in accounting for —.

KEEP-WITH Genl. No.

dated 188 .

1,000—7-2-88.

+ cno 7829

[C. No. 8.]

GOVT. OF MADRAS. } 1888. { P.W. DEPT.

EXAMINER, P. W. ACCOUNTS.

356/3. *Madras,* 7 August 1888.

OFFICE NOTE No. 2024

To

W.

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C.

(57)

Vide Cue 7829

Recd 8.8.88

Genl
Accts

No 2517 W dt/20 August
A

Communicated to
Supty Engr for an
expression of their
views.

WCR
16.8.88

Jw
17/8/88

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Supty Engr
C.A to Govt
Exr. Ahd

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C. 16.8.88 pls 86.8.
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Govt. of 1888 Madras
PUBLIC WORKS.

(2)

Dated

Recd

Encl.

G.O. 20th Augt 1888, No 2567 W

Earnest money received from Contractors

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Office note from the Examiner P. W. Accounts forwarding ~~with~~ remarks with reference to the procedure in accounting for ——.

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S/22/8.