MR.O. 1—32,000—15-10-20.

MADRAS RECORD OFFICE.

Government of Madras.

Political DEPARTMENT.

G.O. No. 257 Press Mis.

Dated 23. 6. ~~19~~ 1862

Not to be folded or roughly handled

Proceedings of the Madras Government, Political Department, 23rd June 1862.

No. 46. Read the following Proceedings of Government in the Financial Department, dated 17th June 1862, No. 455.

Communicating the Resolution of the Government of India, sanctioning certain arrangements relative to every officer being required to aid, as far as practicable, in the attainment of a correct classification of charges, and the Civil Paymaster noting the head of charge and the Budget year on every Bill presented for audit, &c.

(Vide Proceedings Financial Department, dated 17th June 1862, Nos. 64 and 65.)

No. 47. ORDER THEREON, 23rd June 1862, No. 250.

To be recorded.

(Signed) A. J. ARBUTHNOT,
Acting Chief Secretary.

Exd. T. O'Connor.

FINANCIAL DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 10th May 1862, No. 3,514.

Read the following papers having reference to the question whether it is the duty of Civil Paymasters, before auditing any charges whatever, to ascertain, in the first instance, if they are provided for in the Budget, and whether they ought to disallow every charge that has not been so provided for, although it has been authorized by Government, and is in all other respects unobjectionable.

From HUGH SANDEMAN, Esq., Civil Paymaster, Fort William; to C. HUGH LUSHINGTON, Esq., Secretary to the Government of India, Financial Department, dated Fort William, 8th January 1862, No. 2.

With reference to your letter, No. 3,875, dated the 20th March last, I have the honor to report on the establishment of this Office.

2. Since the date of my report, No. 74, dated the 1st February last, the following changes have been introduced:—

3. Hyderabad charges are now audited partly at Madras and partly at Bombay; Oude, by the Civil Paymaster, North-Western Provinces; Nagpore, by the Civil Paymaster, Bombay; and Post Office and Telegraph charges by a compiler specially appointed for the purpose. On the other hand, charges connected with the Marine Department, and on account of the three Regiments marginally noted (which latter used to be formerly audited by the Controller of Military Finance) have been made over to this Office. The Department of Resource need not be alluded to, as it brought its own establishment with it from the Office of the Accountant to the Government of Bengal, and is shortly about to be re-transferred.

Arracan Local Battalion.
Bhagulpore Hill Rangers.
Kamroop Regiment.

4. In order to shew whether audit work has increased or otherwise since the 1st of May last, when the establishment was fixed on its present scale as a temporary measure, I shall place in juxta-position, for the satisfaction of His Lordship in Council, the number of bills audited monthly from October 1860 to 30th April 1861, and from 1st May 1861 to the end of November, in all fourteen months.

October	1860	4,649	May	1861	4,585
November	,,	5,557	June	,,	4,283
December	,,	4,708	July	,,	4,837
January	1861	5,389	August	,,	4,894
February	,,	4,890	September	,,	4,626
March	,,	5,171	October	,,	3,651
April	,,	5,762	November	,,	4,115
		35,926			30,991

5. The comparison shews a decrease of 5,000 bills, or about 710 bills monthly. This reduction was anticipated, for the establishment was reduced, from the 1st of May 1861, from Rupees 4,723 to Rupees 4,036, or 687 a month.

6. But though, by means of consolidating charges, there appears a reduction in the number of bills audited during the last seven months, yet many duties, which though apparently of little moment, yet involve considerable labor in the aggregate, have been imposed on the Office, which were not anticipated when the Office establishment was fixed on its present scale. And these duties are in brief as follows:—

First. The indication on every bill of the particular Government to which it is debitable.

Secondly. The indication on every bill of the Budget grant to which a charge is debitable.

Thirdly. The debiting and crediting the deputation allowance of Civilians to the Civil Absentee Fund.

Fourthly. The indication on bills whether charges belong to the past or the current year.

Fifthly. The specification on all bills of the Income Tax Schedule.

Sixthly. Exhibiting deductions on account of funds of Officers in Civil employ attached to the Staff Corps.

Seventhly. The frequent preparation of returns to enable Officers and Departments to prepare their Budget Estimates.

7. From the above statement it may be seen that while the mechanical duties of the Office have somewhat decreased, the diminution has been fully met by the addition of other work which requires care and mental energy on the part of my establishment. Under these circumstances, I would not consider it expedient to diminish the numerical strength of my working staff, to whom it is due to say that they have worked energetically and cheerfully throughout the year.

8. But while alluding to the audit work performed by my Office since May last, I would submit for the consideration of His Lordship in Council whether, under a Budget and Audit system, it is intended that Civil Pay Masters should perform duties of a more important nature than those performed by Civil Auditors under the old system. The latter Officers, as you are aware, passed, after examination, fixed charges, if they were in accordance with the Orders of Government, and fluctuating ones, if they were of an ordinary nature, and did not exceed what the local authorities were competent to sanction.

9. From enquiries which have recently been made by the Lieutenant-Governor of Bengal, as to whether the cost of an establishment, urgently required, can be met from savings in a Budget grant, it would appear that, in His Honor's opinion, it is the duty of this Office to exercise a supervision over the sums sanctioned annually for Civil charges in Bengal, and to make such arrangements as would enable me, without difficulty, to state, when questioned, what is the balance in favor of a particular grant, and whether a supplementary one, under the circumstances, is necessary.

10. If the above view be in accordance with what was contemplated when the Budget and Audit system was inaugurated, it is obvious that my Audit Registers must be kept according to Budget heads, and that bills submitted for audit should only contain such charges as are debitable to those heads. Such an arrangement will, doubtless, secure a Budget classification of charges, but it will at the same time increase very considerably the number of bills submitted monthly for Audit. Moreover, to enable Civil Pay Masters to exercise a strict supervision over sanctioned services, it will be necessary, it is submitted, for the attainment of this end, that this Office should be furnished with a statement exhibiting not only the aggregate amount of those services, but the amounts sanctioned under the several Budget heads, for each district within my jurisdiction; that is to say, if thirty lacs of Rupees are sanctioned for "Law and Justice" in Bengal, the Civil Pay Master should be informed how much of the amount is intended for Hooghly, how much for Burdwan, and so on. By this means, Civil Pay Masters, who pass Civil expenditure daily, will readily be enabled to balance Budget heads, exercise a surpervision over public expenditure, and furnish Government with information when applications are made for supplementary grants.

If the work in the Office is thus increased to any great extent, it will perhaps be necessary to ask for one or two additional Clerks, ortherwise I shall be glad if you will obtain the sanction of His Excellency the Governor General in Council to constitute my present working staff as a permanent arrangement.

No. 190, Financial Department, Fort William, the 14th January 1862.
Forwarded to the Auditor General, for report on the points mooted in paras. 8 to 11.

From L. C. PROBYN, Esq., Officiating Civil Pay Master, North Western Provinces, Allahabad; to H. D. SANDEMAN, Esq., Civil Pay Master, Fort William, No. 428, dated 9th January 1862.

As I have been informed that both fixed and contingent charges are passed in your Office under check of the sums provided for under the different heads in the Budget Estimates, I have the honor to request that you will be so good as to favor me with specimen sheets of your Audit Registers, to enable me to see the system you have adopted in carrying out that object.

2. I beg to add that copies of any circular instructions that you may have issued on the subject, would also be of assistance to me in the contemplated arrangements for giving effect to the same system in this Office after the close of the current official year.

No. 9, Civil Pay Master's Office, Fort William, the 16th January 1862.
Forwarded to the Secretary to the Government of India, in the Financial Department, in continuation of this Office letter, No. 2, dated 8th January 1862.

No. 518, Financial Department, Fort William, the 24th January 1862.

Forwarded to the Auditor General of India, in continuation of this Office docket, No. 190, dated the 14th instant.

From H. BELL, Esq., Officiating Junior Secretary to the Government of Bengal, to the Officiating Civil Pay Master, Fort William, No. 63*a*, dated 11th January 1862.

Judicial. With reference to your Memorandum, No. 481, of the 20th ultimo, intimating that you have forwarded to the Officiating Deputy Auditor and Accountant General, for disposal, my letter, dated the 14th idem, in which you were requested to state whether the expense of the establishment sanctioned for Mr. Stewart, Deputy Magistrate and Deputy Collector of Koostia, could be met from the allotment made in the Budget of the current year for the General Police, I am directed to enquire why you were unable to answer this question yourself, whether there was anything special in the circumstances which rendered a reference to the Deputy Auditor necessary, or whether you are not in a position to give an answer to a question of the description under notice. In your letter, No. 282, dated September 12th, you stated that, if the details of the Budget grants were furnished you, you would be able to report on all applications involving additional expenditure, and the Lieutenant Governor does not therefore understand why, when these details have been furnished, you are unable to give the information required.

2. As it is indispensably necessary that the Lieutenant Governor should be accurately informed of the manner in which the several Departments under this Government are regulating their expenditure, so as not to exceed the allotment assigned to them, I am desired to request that you will frame some plan by which this desirable object can be attained. If Registers were kept in your Office according to the detailed forms of the Budget grants, the Lieutenant Governor thinks there should not be any difficulty in ascertaining at once how the Government stands in regard to its expenditure.

Civil Pay Master's Office, Fort William, the 16th January 1862.
Forwarded to the Secretary to the Government of India, Financial Department, with reference to this Office report, No. 2, dated 8th instant.

No. 520, Financial Department, Fort William, the 28th January 1862.
Forwarded to the Auditor General of India, for report, in continuation of docket, No. 190, sent on the 14th January 1862.

From L. C. PROBYN, Esq., Officiating Civil Pay Master, North Western Provinces; to C. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department, Fort William, No. 163, dated Allahabad, 24th January 1862.

I have the honor to solicit the instructions of His Excellency the Governor General in Council on the following points connected with the duties of this Office.

2. On the occasion of Mr. R. P. Harrison's visit to Allahabad, he informed me that in his opinion it was the duty of Civil Pay Masters, before auditing any charges whatever, to ascertain,

in the first instance, if they were provided for in the Budget; and that any expenditure for which provision was not so made should not be allowed, even though it had been authorized by the Government, and was in all other respects unobjectionable. He further informed me that this was the practice both in the Bengal and Madras Civil Pay Offices.

3. It had appeared to me, with reference to the marginally quoted extracts from the Budget and Audit Committee's report, No. 10, dated 18 h January 1861, that it was not intended that Civil Pay Masters should exercise this check, which, it was thought, solely appertained to the Deputy Auditor and Accountant General; but, in consequence of Mr. Harrison's recommendation, a reference was made on the subject to Calcutta, with a view to ascertaining definitely the practice of the Civil Pay Master of Bengal.

Extract paragraph 20." The present Civil Auditor will become Pay Masters to their respective local Governments, continuing to pass charges both before and after payment, according to the existing practice of the Civil Auditors, without any alteration in their present relations to the Local and Supreme Governments in respect to this part of their duties."
Extract paragraph 25. "It is not intended that the Civil Pay Masters should report on the extent of the issues on account of the Budget grants of the year, which could not be done without great additional labour and expense, and which will be sufficiently provided for by the monthly concurrent audit."

4. Mr. Sandeman, I perceive, has sent a copy of his reply (No. 6, dated 15th instant) to you, and you will see from his letter that though he contemplates exercising this check from the 1st of May next, it does not appear that the arrangements he now proposes have, up to the present time, been in force.

5. Though still of opinion, that it was not contemplated by the Budget and Audit Committee that this check should be exercised by Civil Pay Masters, I allow that much advantage might arise could it conveniently be done.

6. For the check would be exercised earlier and therefore more effectually. In the majority of cases, payment is only made after a bill has been audited by the Civil Pay Master, and if he first ascertained that the items he passed were duly provided for in the Budget, it is obvious that the actual payment of unsanctioned charges would be prevented. On the other hand, the concurrent audit which the Deputy Auditors and Accountants General are directed to exercise over Treasury accounts, even though it be carried on as successfully and punctually as was intended by the Budget and Audit Committee, cannot, at any rate, act as a direct check on expenditure until the expenditure has actually been incurred.

7. Besides it does seem somewhat anomalous that expenditure should be authorized in one Department of Account which may be disallowed in another.

8. But I apprehend Mr. Sandeman has overlooked the many difficulties which will, at least, at first, attend the introduction of the scheme. These difficulties are, I conceive, recognized in the Financial Resolution of the Government, No. 126, dated 6th instant, in which the following passage will be found "nor has he (the Civil Pay Master) the means of attempting to exercise any effective control over Budget appropriation. He can simply ascertain that a particular payment is duly authorized, but whether or not it is in excess of the total credit under a head of Budget expenditure, he cannot even know accurately, as the fact of its being so or not may depend on adjustments, which are only effected in the Accountant's Office."

9. The principal obstacle will, in my opinion, be found to be that bills are presented for audit to, and are audited by, the Civil Pay Masters without any reference to the Budget heads to which the charges contained in them belong. Thus in one bill there may be mixed up together charges on account of several Budget heads, while again, an officer may very possibly (to meet the present requirements of Civil Pay Offices) distribute charges for one month on account of one Budget head over several bills.

10. To exemplify my meaning. A Collector's contingent bill frequently contains charges which in his accounts will have to be classified under the following heads:—Land Revenue, Stamps and Miscellaneous, subordinate to "Charges against Income, Revenue Department," and Salaries and Expenses of Public Departments, Miscellaneous and Civil Contingencies subordinate to "Civil Services;" and these charges, according to the system at present in vogue, are all shown together without any distinction as to the heads to which they must hereafter be carried. Again, there may be half a dozen bills for travelling allowance from the same Collectorate, although all the items are debited to one head of charge. These are only instances, of what under the present system is the case in almost every Department which has dealings with this Office.

11. I think all charges might be drawn for in accordance with the Budget heads to which they belong. It would not be necessary to have a separate bill for each Budget head, each Budget head would have to be separately and distinctly shown in the body of the bill, which should invariably include all charges debitable to that head for the period to which it relates. The Registers in the Civil Paymasters' Offices would have to be altered accordingly, and it would then be comparatively simple to check the bills with the statement of allotments on account of Budget grants, which would be furnished by the Deputy Auditors and Accountants General.

12. It is true the difficulty alluded to in the paragraph I have extracted from the Resolution of the 6th instant, *viz.*, "the adjustments which are effected in the Accountant's Office" would still exist, and that possibly mistakes would occur in consequence of the adjustments not being correctly understood; but I do not think this can be urged as a valid objection to the plan proposed.

13. Sooner or later each item has to be adjusted correctly, and it will be both more expedient and less troublesome if a correct adjustment can be effected from the time it first enters on the Treasury Officer's books. Officers drawing bills could, it is believed, generally show the proper heads to which the charges contained in them belong; and in the event of there being any mistakes, these might be corrected in the Civil Pay Office, either with or without communication with the Deputy Auditor and Accountant General.

14. There is one other change in the system of auditing bills which will be necessary, should the Civil Pay Master have to ascertain that provision is made in the Budget grant for the charges he passes, to which I would draw your attention. In the letter of the Board of Audit, No. 38, dated 21st June 1861, which was approved by the Governor General in Council, in Resolution, No. 1,872, dated 27th idem, it is laid down that the charges to be paid out of the Budget grants should be those which fall due within the year for which the grants are made. The Registers of this, and I believe of the other Civil Pay Offices in India, are compiled with reference to the years to which the payments appertain, and not to those in which they actually occur. Thus in the Registers for 1861-62 the salaries of Officers for the months from May 1861 to April 1862 are included; whereas the Budget grant for the year refers to salaries for the months from April 1861 (payable in May) to March 1862 (payable in April). It is obvious the Registers will have to be altered accordingly.

No. 1,114, Financial Department, Fort William, the 18th February 1862.
Forwarded to the Auditor General of India, for report. Original papers to be returned.

From the Auditor General of India, to the Secretary to the Government of India, Financial Department, No. 1,873, dated 31st March 1862.

I have the honor to submit the following report on the points mooted in paragraphs 8 to 11 of the communication from the Civil Pay Master, No. 2, dated 8th January last, received under your Office Docket, No. 190, dated 14th idem, and in the papers subsequently received under your Office Dockets, Nos. 518, 520, and 1,114, dated, respectively, 21th and 28th January, and 18th February last.

2. Under the Budget and Audit system, the duties to be performed by Civil Paymasters have been somewhat modified, but the extent of the change has not hitherto been clearly defined, nor until the system had been tried, could it be seen what particular duties, in addition to those of the ordinary audit, it might be found necessary to require the Civil Paymaster to perform. The Orders of Government of the 21st May 1861, make the Civil Paymaster responsible that every payment authorized by him has been sanctioned not only by the special Orders of Government for the particular charge, but also by the orders under which the Budget provision for the year has been defined and limited. This necessarily requires that the Civil Paymaster should check the progress of the expenditure out of the grants during the year, and authorize

no payment that is not provided for in the Budget. That the Civil Paymaster is placed in the most favorable position to exercise this check, cannot be doubted, and it is believed that by the requisite arrangement of his Audit Registers, according to the Budget classification, so as to shew the progressive expenditure out of the grants, he will be able, with no great additional labour, to give the earliest information either to the local authorities or to the Supreme Government regarding the balances of any particular grant undrawn, A copy of the detailed Budget Estimates will generally give the Civil Pay Master all the information that he may require, and, in cases of doubt, a reference to the Heads of Departments will generally remove the doubt. The Civil Pay Master will best understand what is practically needed in his Office in respect to the number and forms of bills to be submitted for audit, the forms of Audit Registers and the mode in which the check must be exercised to secure the objects contemplated.

3. In connection with this subject, I beg leave to report that at the suggestion of the Sub-Treasurer, the Civil Pay Master in Calcutta has consented to note on all bills presented for audit the Budget head and year to which they belong, which the Sub-Treasurer considered indispensable to the correct classification of the charge in his accounts. The Civil Pay Masters at the other Presidencies were requested (in letter from this Department, dated 16th November last) to introduce a similar practice into their Offices, and it is understood that the practice at Madras is similar to that in Calcutta.

4. In Bombay, the Deputy Auditor and Accountant General recommended that the change should not be introduced until the new cash account and Budget Estimate forms had been distributed, as any instructions issued on the subject meantime might lead to confusion.

5. The Civil Pay Master at Allahabad urges, in reply to the reference, that the change proposed is not a very great one, but that it is a change in principle, and makes the Civil Pay Masters partially responsible for the correctness of the accounts. He suggests at the same time that disbursing Officers have as good opportunities as himself for ascertaining to what head of charge and what year of account different items belong, but that arrangements can be made for effecting the alteration if desired.

6. The Civil Pay Master at Lahore remarks that the matter would be simple enough were the items of one bill wholly chargeable to one head, but most bills contain items which are chargeable in moieties to different heads, and that if he is to distinguish these, his establishment is not strong enough for the work.

7. It appears to me that every Office should be required to aid as far as practicable in the attainment of a correct classification of charges, and as the Budget heads are given in the Estimates, and the Civil Pay Masters have already been charged with the duty of observing that every bill presented for audit has been duly provided for in the Estimates, there can be but small additional responsibility and labour in noting the head of charge and the Budget year on every bill. I therefore beg to recommend that this duty may be provided for in any arrangements made for the work to be performed by Civil Pay Masters.

8. The representations made to Government in the letter from the Civil Pay Master at Allahabad, No. 453, dated 24th January last (forwarded for report with your Office docket, No. 1,114, dated 18th ultimo,) are in accordance with the views of this Department. The suggestion made by that Officer at the close of his letter, that the Registers of the Civil Pay Masters should be made to correspond with the year of Estimate and Account, is a good one, and, indeed, it appears indispensable that the Civil Pay Master's Office should record the audit of expenditure or sums falling due from 1st May to 30th April, instead of the claims from 1st June to 31st May, as at present, and I accordingly beg leave to recommend that the necessary Orders of Government for the change may be issued in connection with the orders on the subject now under report.

RESOLUTION.—His Excellency the Governor General in Council concurs in the remarks of the Auditor General, viz., that "every Officer should be required to aid, as far as practicable, in the attainment of a correct classification of charges, and that, as the Budget heads are given in the Estimates, and the Civil Pay Masters have already been charged with the duty of observing that every bill presented for audit has been duly provided for in the Estimates, there can be but small additional responsibility and labour in noting the head of charge and the Budget year on every bill;" also, that "it appears indispensable that the Civil Pay Masters should record the audit of expenditure disbursed from 1st May to 30th April instead of the claims from 1st June to 31st May as at present."

His Excellency in Council is therefore pleased to sanction the above arrangements, which will take effect from 1st instant.

A copy to the several Local Governments and Administrations.
" to the Auditor General of India.
" to the Accountant General to the Government of India.
" to the several Deputy Auditors and Accountants General.
" to the several Civil Pay Masters.

(A true Extract.)

(Signed) E. DRUMMOND,
Secretary to the Government of India.

ORDER THEREON, 17th June 1862, No. 455.

Communicated to the several Departments.

(True Extract.)

A. J. ARBUTHNOT,
Acting Chief Secretary.

To the Revenue Department.
" Public Works do.
" Military do.
" Public do.
" Political do.
" Financial Railway do.
" Ecclesiastical do.
" Marine do.
" Educational do.
" Judicial do.

Exd. F. Cartledge.

dest of 27 June

Political 1862 Dept.

Prov: Govt in the
Fe Dt 455.

Rd 17th
Rp 18th June 1862.

No 273.

Copy the Resolution of the Govt of India sanctioning certain arrangements relative to every Officer being required to aid as far as practicable in the attainment of a correct classification & Charges of the Civil Pay &c &c under the head of Charge of the Budget year on every Bill presented for Audit &c

No 250 - 25 June
Recorded

46 - 47