

(1) Number of pages 10
(2) Date of repair _____
(3) Initials of the Referencer _____

TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

REVENUE DEPARTMENT

G.O. No.	366	Press.
~~B.P. No.~~		Mis.
Dated	19-1-1877	197.

Not to be folded or roughly handled

Accounts—Audit.

No. 337. *Read the following letter from R. W. LODWICK, Esq., Accountant-General, Madras, to the Chief Secretary to Government, dated Fort St. George, 23rd November 1876, No. 551:—*

With reference to G.O., No. 1822, dated 11th October 1876, Financial, I have the honor to forward the report of my Assistant, Mr. H. S. Groves, on the audit of the accounts of the Botanical Gardens and Stonehouse Park, Ootacamund, and Sim's Park, Coonoor, for the first half of the current official year.

2. In regard to the recommendation in paragraph 4 (g) that the Superintendent of the Gardens should be allowed the use of Service postage labels, I concur with the observations made in Mr. Rule's letter, No. 123, dated 17th May 1876, that they should be used for his official correspondence, but I disapprove of their being used for correspondence with private parties, who should pay their postage, and I beg to recommend that Government notify that persons writing to the Superintendent should, if they wish for a reply, enclose postage stamps for the same.

3. The grant of a permanent advance recently sanctioned will prevent the recurrence of the objectionable procedure noticed in the same paragraph (c and d.)

4. The separate cash-book maintained for Sim's Park should be discontinued. One cash-book only should be maintained as suggested in my letter of 14th February 1876, No. 699, paragraph 4, for this Park, Stonehouse Park, and the Botanical Gardens, and the whole should come under the review monthly of the Commissioner of the Nilgiri Hills. Considering the want of intelligence in the clerk who has charge of these accounts, it is advisable, as proposed by the Auditor, that three columns be opened on each side of the cash-book for the entry of transactions, as they occur, appertaining to each of these institutions.

5. A permanent advance having been allowed, there is no need for the Superintendent to make purchases for the gardens on credit. Accordingly the value of all articles required by him should, on receipt, be paid for. The Commissioner should be requested to see that this principle is enforced, and that receipts from purchasers, when exceeding Rupees 20, bear a stamp.

6. The several heads of account proposed, with one exception, should be opened in the ledger, in order that it may completely record the transactions of the Gardens and Parks. The exception referred to is the head "Government" in lieu of which "Treasury" should be substituted.

7. The drawings from the Treasury, as entered in the accounts subjoined to paragraph 9, agree with the Treasury Accounts of the Commissioner of the Nilgiri Hills.

8. The other proposals which are made by Mr. Groves are approved of by me.

From H. S. GROVES, Esq., Assistant to the Accountant-General, to the Accountant-General,
Madras, dated Madras, 22nd November 1876.

I have the honor to report that I have audited the accounts of the Government Botanical Gardens, Ootacamund, including also those of Stonehouse Park, Ootacamund, and Sim's Park, Coonoor, for the half-year ending 30th September 1876.

2. The books submitted for examination were the *Cash-book*, *Day-book*, *Bank Pass-book*, *Acquittance Roll* and *Ledger*; also a separate cash-book showing transactions connected with Sim's Park, Coonoor. The Stonehouse Park accounts are embodied with those of the Botanical Gardens. The books were on the whole neatly and well kept, but there is still, as my report will show, great room for improvement.

3. The *Cash-book*, regarded merely as a form of account, calls for little remark. The entries were carefully checked, item by item, with the corresponding vouchers, and were found in every case to agree; this would have taken more time than I could command, had not the vouchers been neatly and methodically arranged, which greatly facilitated their examination. As regards the *receipts*, there was no means of checking such as were of a departmental character, arising from the sale of garden produce, for the simple reason that no account is kept of stock, and there are no counterparts to the bills sent out to customers. I shall return to this subject later on. The practice still exists of mentioning in the cash-book the names of all purchasers of produce, even in the most petty transactions, entailing a great waste of time and labor, besides disfiguring the page with unnecessary entries. Government, however, have already directed this to be discontinued, so I need not further insist upon the change.

4. The following irregularities among others of minor importance came to light in the course of examining the cash-book.

(a). Discount is still incurred by the gardens on cheques and postage stamps received in payment of bills, and the transaction is, as before, wrongly recorded. Instead of the net amount actually received being credited, the gross amount is credited, and the discount is charged on the other side. The discount being something still due from the customer, should properly find a place in the day-book, from which the adjusting entry would afterwards be made in the ledger.

(b). In the cash account for April, Rupees 14-5-11 is charged for Eucalypti seed supplied by the Forest Department. This seems contrary to the rule that cash payments should not be made by one department to another.

(c). The coolies employed at Stonehouse Park were paid Rupees 223-10-1 in May, on account of April, out of the receipts of the Botanical Gardens, and the amount was not recouped the gardens till the end of June, when a cheque was received from the Treasury for the amount. It seems highly desirable that transactions of this kind should be avoided, and that money should be spent immediately and solely for the purpose for which it is drawn; all receipts from the gardens being at once credited to Government, and the expenditure of the gardens and the parks being kept quite distinct even though both are under the same management.

(d). In the cash account for July, Rs. 204-8-10 is shown as paid to coolies, and Rs. 24-9-8 on the other side, as fines recovered; whereas in reality only the net amount, Rupees 179-15-7, was paid, and this only should have been entered. The same remarks apply to this case as to that of discount above noticed.

(e). In the same month the sum of Rupees 22-10-0 appears as "received from Sim's Park." This is the cost of clothing supplied to peons employed on the park, and which was originally charged against the gardens. It is clear that the amount should at the very first have been charged in the Sim's Park cash-book; or the mistake having been made, it ought to have been rectified by an entry in the day-book, no actual transfer of cash, as I understand, having taken place at all.

(f). At the end of July, the expenditure appears to have been 2 Annas 6 Pies in excess of the balance in hand, and this was defrayed by the Superintendent out of his own pocket, and recovered at the beginning of the following month. Had a permanent advance been available, such an irregular procedure would have been unnecessary.

(g). No Service stamps being used, there is no means of checking the postage charges of the month or year. At the end of every month a statement is compiled from the cash-book showing charges of this nature incurred in the course of the month, and this is signed by the Superintendent of the Gardens, to serve as a voucher in support of postage charges; but this can hardly be considered sufficient, for it is merely sanctioning charges supposed to have been incurred without any inquiry whether they were incurred or not. I would propose, therefore, that the gardens being a Government institution, they should, like other Government institutions, be allowed the use of Service stamps, and confined to them exclusively.

(h). In the absence of any permanent advance, sums realized by the sale of produce are used in defraying petty expenses, and the balance only is paid into the Bank at the end of the month. The receipts should, as already remarked, be credited to Government in full.

(i). For the same reason, contingent bills are frequently drawn on the Treasury and cashed to meet expenditure not actually incurred, but expected to be incurred, sometimes several months hence: e.g., on March 11th, a contingent bill for Rupees 920-13-10 was cashed, and the whole of the money has not yet been spent (30th September). Only Rupees 245-6-1 was spent at once, and Rupees 125-7-9 still remains unexpended, being the balance of a sum intended for erecting rustic seats on a new terrace, and sloping and turfing the bank above it. Of course, as long as the present system is in force, by which all improvements in the gardens, even to the extent of constructing and repairing buildings, are undertaken by the Superintendent, and not by the Public Works Department, a considerable sum of money will often be required to meet current expenses (payment of laborers, &c.); but this, it seems to me, would be better derived from a permanent advance.

5. For Sim's Park, as above stated, a separate cash-book is kept. The entries being few, and confined almost entirely to expenditure, the audit of this was a matter of little difficulty. The sums charged for labor were checked by comparison with the labor rolls, and found to correspond. The labor rolls, too, were in proper form, and duly signed by the laborers concerned. Almost the only circumstance calling for remark is that a sum of Rupees 19-13-8, intended for sluice work, has been in the Superintendent's hands since March last without being expended. The reason for this, I am told, is that the work has not yet been sanctioned by the Coonoor Municipality, and until sanctioned, cannot be commenced. But it is obvious that the money should not have been drawn at all, until the necessary preliminaries had been settled. Another point to which I would draw attention is that in September's account, Rupees 90 is charged as the price paid to Mr. Phillips of Adderley Estate for a lawn mower, while the only voucher in support of the charge is a letter from Mr. Phillips to the effect that he had received the money. A proper stamped receipt was due from him, and should be obtained without delay. Lastly, I would observe that the cash-book for Sim's Park does not, like the other cash-book, undergo any periodical examination in the Commissioner's Office: at least, so I was told. The reason for this difference is not very clear. It seems just as important that the one should be reviewed by the Commissioner as the other, and I would propose therefore that this be done in future.

6. Having completed the examination of the two cash-books, the *day-book* was next taken up and examined. Owing, however, to the absence of any counterfoil book showing supplies made on credit, or order-book, containing the orders on which supplies were made, the examination could not be carried very far. A remarkable feature in the day-book, as at present maintained, is that it takes no notice of credit transactions telling against the gardens. In other words, while debts due to the gardens are recorded apparently with great care and correctness, debts due by the gardens are entirely omitted. It is hardly necessary to observe that if accounts are to be complete, a record of the one is as indispensable as a record of the other. Nor was the omission supplied in any other way. There was not even a rough memorandum book forthcoming showing clearly all orders made on shopkeepers and others. Such orders it is said are not frequent or large; still as a matter of principle, a strict account should be kept of them, otherwise it would be impossible at any time to form a satisfactory estimate of

the financial position of the gardens. Besides, it is important that there should be some independent record at hand, by which to check the bills that shopkeepers send in. I beg, however, to observe that as a permanent advance to the Superintendent of the Gardens has now been sanctioned by Government, it will not be necessary for him in future to make credit purchases; and, as for purposes of account, such purchases should, whenever possible, be avoided; I beg further to suggest that a rule be laid down enforcing cash payments in every case.

7. The *Bank Pass-book* and *Acquittance Roll* may be passed over with a few words. The entries in the former were compared with those in the cash-book and found to agree. As, however, entries of this nature do not represent receipts and payments, strictly so called, but simply transfers of money between the Superintendent and the Bank, it seems to me desirable, as conducive to clearness, that they should be separated from other entries in the cash-book. This could be done by having double money columns ruled on each side of the cash-book, one reserved for Bank transactions, the other for transactions of the nature of receipt and payment. I would suggest also that the account in the Bank be opened, not in Mr. Jamieson's own name, as it stands at present, but in the name of his office.

8. Having examined the other books, I proceeded last of all to examine the ledger. And here the result was sufficiently disappointing. In most concerns, the ledger is the great chronicle of the business—the book in which the scattered results of the other subordinate books are brought together and arranged for easy inspection; but, as kept in the Botanical Gardens, it is simply a collection of Accounts Current, and even those are not complete. It contains the names of those indebted to the gardens, with a running account under each; and that is all. There are no creditor accounts, nor are there any accounts representing the well known heads, “Stock,” “Cash,” “Charges,” “Profit and Loss,” and so on. Consequently, the ledger does by no means represent the other books or sum up their results; it is hardly even the imperfect ledger, required by the system of single entry. Consequently, also, the ledger does not balance itself, and no estimate can be derived from it of the financial position of the gardens. I would venture therefore to propose that the following changes and additions be made in the ledger:—

(a). That accounts be opened headed *Stock, Cash, Madras Bank, Government, Sale of Produce, Charges, Profit and Loss, and Balance*. Most of these heads will explain themselves. “Stock,” for instance, would represent the assets and liabilities of the gardens collectively; “Cash,” receipts and payments of cash; “Madras Bank,” sums drawn from and paid to the Bank; and so on. The head “Government,” however, may not appear so clear. I have chosen it as the most convenient term to represent all sums drawn from the Treasury, whether regularly, in payment of fixed charges, or occasionally, to meet any exceptional expenditure that may be sanctioned. I propose that this head should be closed to “Charges,” which would be debited with all working expenses; and that the balance of the head “Charges” should be carried to Profit and Loss. The head “Sale of produce” would at the commencement be debited with the estimated value of garden produce, and with all additions as they occur, and credited with the value of the sales.

(b). That the personal accounts including both debtors and creditors (supposing credit transactions unavoidable) should follow in alphabetical order; and that for the sake of convenience, they be headed by an account styled “Abstract of Accounts Current,” to which the balances of all, at the time of balancing, might in the first instance be carried. The balance of this account would then be carried to the general head “Balance” above mentioned.

(c). That separate accounts should be opened for Sim's Park and Stonehouse Park, and that the receipts and expenditure of these parks should be shown under these heads in lump sums. The accounts would be closed by or to “Balance.” At present neither of the parks is represented in the ledger at all.

9. The several books have now been noticed in order. I have next to submit a Statement of Receipts and Expenditure, as recorded in them, for the six months under review.

Botanical Gardens.

RECEIPTS.	RS.	A.	P.	EXPENDITURE.	RS.	A.	P.
Balance in hand on 1st April ...	801	12	10	Salaries and Establishment ...	1,980	0	0
Sale of produce ...	1,448	10	5	Working charges ...	1,984	2	4
Drawn from the Treasury on account of Salary of Fixed Establishment, &c. ...	2,580	0	0	Wages of Carpenters and Bricklayers ...	367	12	5
Amount sanctioned in G.O., No. 770, dated 2nd May 1876 ...	2,930	0	0	Carriage of plants and glass ...	437	0	7
Amount sanctioned in G.O., No. 874, dated 5th July 1872 ...	500	0	0	Purchase of seeds ...	638	4	7
Miscellaneous ...	25	15	0	Do. of glass ...	815	10	5
				Do. of tools ...	16	14	0
				Postage charges ...	27	10	6
				Cost of clothing Peons ...	47	4	0
				Contingencies ...	272	2	7
				Balance in hand on 30th September ...	1,699	8	10
Total ...	8,286	6	3	Total ...	8,286	6	3

Stonehouse Park.

RECEIPTS.	RS.	A.	P.	EXPENDITURE.	RS.	P.	A.
Drawn from the Treasury ...	1,174	14	7	Cost of Establishment ...	1,115	0	0
				Purchase of grass and seed ...	20	0	7
				Cost of Peons' clothing ...	20	10	0
				Miscellaneous ...	19	4	0
Total ...	1,174	14	7	Total ...	1,174	14	7

Sim's Park.

RECEIPTS.	RS.	A.	P.	EXPENDITURE.	RS.	A.	P.
Balance on 1st April ...	19	13	6	Salaries and Establishment ...	1,136	9	1
Drawn from the Treasury ...	1,363	15	1	Erection of buildings ...	96	0	0
				Purchase of a lawn mower ...	90	0	0
				Do. of manure ...	8	2	0
				Cost of Peons' clothing ...	22	10	0
				Miscellaneous ...	10	10	0
Total ...	1,383	12	7	Total ...	1,383	12	7

10. It thus appears that the Botanical Gardens had a credit balance of Rupees 1,699-8-10 at the end of September, and Sim's Park, a credit balance of Rupees 19-13-6. The former of these balances was verified by comparison with the Bank Pass-book, and found correct. The latter was represented as “Cash in hand,” and could not therefore be verified in the same way.

11. A statement of receipts and expenditure would not be complete, unless some notice were taken of debts outstanding; for the balance is virtually *pro tanto* increased or diminished. I have therefore taken a great deal of pains to ascertain, as nearly as possible, the amount of such outstanding, both on the 1st of April and on the 30th of September, and with the following results.

The debts due to the gardens on the 1st of April amounted to Rupees 387-2-9, which by the 30th of September had swelled to Rupees 684-9-3. Of this total, no less than Rupees 135-6-3 has been due for upwards of a year, and is still unrealized. It is made up chiefly of small sums, for which as many as twenty-one different people are held accountable. There is no doubt that even-

Proceedings of the Madras Government, Financial Department,
27th December 1876. No. 2449.

tually the greater part, if not the whole of the amount will have to be written off to Profit and Loss as "bad debts." In some cases, those indebted have migrated to other parts of India or the world, leaving their debts behind them, and though written to several times on the subject, have, I am told, vouchsafed no reply. In other cases the debtors remain, but positively declined to pay; such, at least, was the explanation I received. Some ground their refusal on the fact that the plants or seeds they received have not grown; others state that they have already paid, and do not see why they should pay again; while a third set give no reason at all for their refusal. In whatever way these facts be viewed, it seems clear that the garden authorities have hitherto been very remiss, to say the least, in the recovery of debts; they have certainly not shown any thing like the energy which a private trader would have shown under similar circumstances. I would suggest therefore that steps be at once taken to set matters on their right footing. Those who owe should peremptorily be called upon to pay; and wherever recovery is impossible, the amounts outstanding should at once be written off to Profit and Loss. Of course as long as credit sales continue, losses of this kind will be unavoidable: but by proper and careful management, it would be possible to confine them within comparatively narrow limits.

So much for the debts due to the gardens. On the other hand, on the 1st of April the gardens had liabilities amounting to no less than Rupees 1,811-2-6; which by the end of September had fallen to Rupees 628-3-0. Of the former sum no less than Rupees 925-10-7 had been due since the beginning of the previous year, chiefly on account of seed purchased in England, and freight on various articles imported. It seems desirable that these as well as other payments should be made more promptly in future.

For Stonehouse Park and Sim's Park, there were, as far as I could ascertain, no outstandings; and, indeed, outstandings are hardly to be expected, considering that no sales take place at all, as in the case of the gardens.

My report is now completed. Before closing, however, I would briefly recapitulate the more important proposals which have been made, or implied, in the course of it:

(a.) A Stock-book should, if possible, be kept, showing on one side, *roughly*, the amount and value of garden produce in hand, arranged under the heads Flowers, Vegetables, and Seeds; and on the other the particulars of sales as they occur, specifying in different columns whether for credit or for cash. The daily total of the credit column might then be carried to the day-book, and of the cash column, to the cash-book.

(b.) A counterfoil book should also be kept for entry of particulars of articles delivered to customers, whether for credit or for cash. From this, entries might be made daily in the stock-book, the No. of the counterfoil being mentioned in a column reserved for the purpose. The counterfoils of bills paid should be so initialled by the Superintendent, to serve as vouchers in support of the receipts shewn in the cash-book.

(c.) Cash payments should be *rule* in the case of articles purchased for the use of the gardens or parks. The day-book would thus chronicle *assets* simply, and not *liabilities*.

(d.) Service stamps should invariably be used for official or business correspondence.

(e.) Cheques or Postage stamps received in payment for garden produce should be made to cover the discount incurred in cashing them.

(f.) The receipts and expenditure of the Gardens, of Sim's Park, and of Stonehouse Park, should be kept distinct from each other. It is not necessary, for this purpose, to maintain a separate cash-book for each. The same object could be secured by having three columns ruled on each side of a single cash-book.

(g.) The ledger should be considerably enlarged and otherwise altered, several additional heads of account being opened (See para. 8).

15. I am aware that, for these proposals to be fully and fairly carried out, some addition might have to be made to the Superintendent's present office establishment, which consists, I believe, of a single clerk. This, however, is a question of administration, with which I am not called upon to deal. I have stated only the changes which appear to me desirable, if not absolutely indispensable, for the proper record and check of receipts and expenditure, leaving

Proceedings of the Madras Government, Financial Department,
27th December 1876. No. 2449.

to Government to decide whether these changes are feasible or not. I think, at any rate, that the experiment might be allowed a fair trial.

I ought to add that the clerk, who is now in charge of the accounts, seems to have no knowledge whatever of the system of double entry, and would hardly perhaps be up to keeping a ledger in the way in which I have recommended it to be kept. If therefore my proposals should be sanctioned, it would be necessary for him to undergo some additional training before he would be fit for his work. Should Government desire it, I should be happy to submit a specimen set of accounts, drawn up in accordance with the recommendations I have made.

14. In conclusion, my thanks are due to Mr. Jamieson, the Superintendent of the Gardens, for the readiness and courtesy with which he answered my inquiries, and otherwise assisted me in the execution of my task.

No. 338. ORDER THEREON, 27th December 1876, No. 2449.

The Audit Report on the accounts of the Botanical Gardens and of the Stonehouse and Sim's Parks on the Nilgiris for the first half of 1876-77 shows that the receipts and charges were as follow:—

Botanical Gardens.				RS. A. P.			
				RS.	A.	P.	
Receipts ...	...	...	...	8,286	6	3	
Charges ...	...	...	...	6,586	13	5	
Balance ...	...	...	...	1,699	8	10	
Total ...	...	...	...	8,286	6	3	

Stonehouse Park.				RS. A. P.			
				RS.	A.	P.	
Receipts ...	...	...	...	1,174	14	7	
Charges ...	...	...	...	1,174	14	7	

Sim's Park.				RS. A. P.			
				RS.	A.	P.	
Receipts ...	...	...	...	1,383	2	7	
Charges ...	...	...	...	1,383	12	7	

2. The credit balance in favor of the Gardens was Rupees 1,699-8-10, while the liabilities at the end of September were Rupees 628-3-0. It is not understood how the Auditor makes out a credit balance of Rupees 19-13-6 in favor of Sim's Park at the end of September, for according to the abstract statement given in paragraph 9 of his report the balance was on 1st April, not at the end of September.

3. Of the gross receipts under "Botanical Gardens" the recoveries by "Sale of produce" were Rupees 1,448-10-5.

4. The suggestions of the Auditor seem to be unnecessarily complex for accounts of an establishment spending only about £1,000 or £1,100 per annum.

5. The practice of entering the names of purchasers in the cash-book and of departmental cash payments will be stopped.

6. All issues must be on payment, or, in case of distant purchasers, on prepayment. No credit should be allowed. Information of this should be given to the public by inserting a note in print at the head of the letter paper used.

7. All irrecoverable items will be written off to Profit and Loss, and all receipts paid into the Treasury intact. No money should be drawn by the Superintendent from the public Treasury until needed for expenditure.

8. The use of Service postage stamps exclusively for official correspondence is approved. A Notification in the sense suggested by the Accountant-General will be published by the Commissioner in the *Fort St. George* and *District Gazettes*, and posted at his office and at the gardens.

9. The Commissioner will, in communication with the Accountant-General, report what arrangement or modification of the system of accounts is needed to ensure a sufficient and full entry of all matters of account and transactions without increasing the office establishment of the Superintendent of the Government Gardens. One intelligent Accountant should be found sufficient to do the entire work of the office in an efficient and satisfactory manner.

(True Extract.)

L. M. S. S.

Chief Secretary.

Accountant-General.

.. Commissioner of the Nilgiris.

.. Board of Revenue, through Revenue Department.

Exd. T. O'Connor.

100

366

5/5

2418/48.

8/2573

16/11

1605

W. 306

Enclosed
to the Editor

2.122

19 Jan 77)