

REPORTS

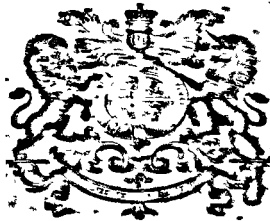
OF THE

COMMISSIONERS OF ENQUIRY INTO INDIAN ACCOUNTS

(1864 TO 1866)

AND

MEMOIRS OF GOVERNMENT THEREON



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REPORT
OF THE
COMMISSIONERS OF ENQUIRY INTO INDIAN ACCOUNTS
ON THE
SYSTEM OF AUDIT AND ACCOUNT NOW PURSUED IN THE MILITARY DEPARTMENT,
WITH SUGGESTIONS IN REGARD TO THE MODE IN WHICH THE ACCOUNTS
SHOULD IN FUTURE BE RECORDED AND AUDITED.

[Account Proceedings, September 1864, Nos. 518 and 519.]

Having concluded our investigation of the various Offices composing the Military Account Department, we beg to submit the following report.

2. We will, in the first instance, briefly describe the constitution of the Department as it now exists.

3. The Army of India is under the control of the Governments of India, Madras, and Bombay, the former having the administration of what is known as the Army serving in the Bengal Presidency; the latter Governments having control over that part of the Army serving in the Madras and Bombay Presidencies respectively.

4. The Military Account Department consists in each Department of Account. Presidency of the following Officers:—

Controller.
 Military Accountant.
 Compiler.
 Examiner of Pay Accounts.
 „ of Commissariat and Stud Accounts.
 „ of Medical Accounts.
 „ of Ordnance, Barrack, and Clothing Accounts.

And in Bengal there has been during the last few years an Officer designated the "Chief Accountant General, Military Department,"

Disbursing Officers. 5. The designation of Disbursing Officers is the same in each of the three Presidencies, *vis.*,—

Presidency and Circle Paymasters.
 Commissariat Officers in charge of Ranges.
 Officers in charge of Stud Depôts.
 Pension Paymasters.

6. The duties of the Officers forming the Military Account Department may be thus briefly and generally described:—

ACCOUNTANT GENERAL.

7. This Officer is the principal adviser to the Government on all questions relating to Military Accounts; he compiles into a general Budget Estimate for all India, the Estimates furnished to him by the Controllors of the three Presidencies; and it is intended that he shall, in like manner, compile the Accounts of the Receipts and Expenditure for Military Services.

8. The duties of the Accountant General are prescribed by the General Order by the Right Honourable the Governor General, No. 197, dated 7th March 1864, and it is therein further prescribed that his relation to the Military Department will be similar to that of the Accountant General to the War Office at Home.

CONTROLLERS.

9. The duties of these Officers are also prescribed in the above General Order; they are as follows:—

I.—To examine into all sources of Military expenditure, and control all permanent and contingent expenses, whether relating to moneys or materials, "but without interfering with the functions of the Administrative Heads of Departments."

- II.—To check and examine the several Annual Estimates of expenditure, propose modifications therein, and to submit the same to the Accountant General, Military Department, by the 31st January of each year.
- III.—To represent to the proper authority, and to report to the Governments under which they are immediately serving, every instance in which reduction of expenditure, whether in money or stores, by any means of economy; may be practicable consistently with efficiency.
- IV.—To provide for the effectual supervision over all Accounts of Military expenditure, the verification of all balances of cash and stores; and, with the view of restricting the amount of cash in hand, or of Reserve Stock, to make such inquiries as may be necessary; also enforcing the due and timely adjustment of all advances and inefficient balances.
- V.—To check all requisitions for cash and stores, and to see that the Military Accountant furnishes in due course the Monthly and Annual Estimates of cash requirements.
- VI.—To examine and report upon the monthly Returns of the Effective Strength of Her Majesty's British Forces.

In addition to the above, the Controller has to render to the Accountant General, Military Department, the following statements:—

- I.—Monthly Statement of Audited, Passed, and Classified Expenditure.
 II.—Monthly Statement of Receipts and Unaudited Disbursements.
 III.—Monthly Statement of Increase and Decrease of Outstanding Balances.
 IV.—State of audit of Accounts in the several Examiners' Offices.
 V.—Quarterly Statement of Receipts and Unaudited Disbursements.
 VI.—Annual Statement of Receipts and Unaudited Disbursements.
 VII.—Annual Statement of Quick and Dead Stock.
 VIII.—Annual Report on the Appropriation Audit.
 IX.—Abstract of Annual General Books.

10. The Offices of Examination, Compilation and Accounts are under the supervision of the Controller, and the following Offices, although each acting as the Head of a Department, are subordinate to, and are under the immediate directions of, the Controller, *vis.*—
- | | |
|--|---|
| Offices under the supervision of the Controller. | Examiner, Pay and Pension Accounts.
„ Commissariat and Stud Accounts.
„ Medical Accounts.
„ Ordnance, Barrack, and Clothing Accounts.
Compiler.
Military Accountant. |
|--|---|

EXAMINER, PAY AND PENSION ACCOUNTS.

11. This Officer examines all claims or payments on account of full pay, whether for Staff, Regimental, or Departmental Services; all Bills for Contingencies, or for any Service not directly sanctioned by Regulation, are examined in this Office *before* payment. The Examiner, when he has satisfied himself of the correctness of the claims, sends the vouchers to the Compiler.
12. The Examiner of Pay Accounts is also responsible for the examination of the Accounts relating to Pensions; the details of the duty, however, devolve upon the 2nd Examiner, who shares with the Examiner a portion of the general work of the office.

who also examines Pension Accounts.

EXAMINER, COMMISSARIAT AND STUD ACCOUNTS.

13. The Executive Commissariat Officer in charge of each of the 28 Ranges forwards at short intervals statements supported by vouchers of his payments: these are examined in anticipation of the Monthly Account Current. The Commissariat Officer makes all payments, excepting for the full pay of the permanent establishments, on account of Commissariat, Barrack, Ordnance, and Medical Services: the vouchers for the last three Services are, after examination by the Commissariat Examiner, transmitted to the Ordnance or Medical Examiners for re-audit: the Commissariat Examiner compiles under the sub-heads of Service that portion of the Account that relates to Commissariat Services proper, and sends a Monthly Compilation Statement to the Military Accountant.
14. There are 8 Stud Establishments: the Officer in charge of each furnishes a monthly account current of his receipts and disbursements; this is audited by the Commissariat Examiner, and a Monthly Compilation Statement of the expenditure, under detailed heads of classification, is prepared for the Military Accountant.

EXAMINER, MEDICAL ACCOUNTS.

15. The expenditure for Medical Services and Supplies is disbursed by the Commissariat Officers of the several Ranges: the vouchers having been audited by the Commissariat Examiner, a list thereof is forwarded to the Medical Examiner, who merely compiles the amount expended under certain detailed heads of classification, and forwards a monthly statement to the Military Accountant.

Duties of Examiner of Medical Accounts.

16. The Medical Examiner in Bengal prepares the Budget Estimate for Medical Services; he forwards four copies of this Estimate to the Principal Inspector General of Hospitals, and corresponds direct with that Officer on this subject.

17. The other duties of the Medical Examiner are purely statistical, and consist of the preparation of certain returns showing the consumption of stimulants, the average cost of 100 sick in the several circles, and furnishes Statistical Returns. the cost of the medical charges of each regiment, and returns of this nature.

EXAMINER OF ORDNANCE, BARRACK, AND CLOTHING ACCOUNTS.

Duties of the Examiner of Ordnance, Barrack, and Clothing Accounts.

18. This Officer is entrusted with the following duties:—

Examination of Cash and Store Accounts of the Ordnance Department,
 " " " " of the Barrack Department,
 " " " " of the Clothing Department,

and he has for the last year or two been specially charged with the audit of the Accounts connected with the Government Dockyard at Kidderpore. We have, however, recently suggested in our Report on the system of Audit and Account pursued at Kidderpore Dockyard, dated 2nd August 1864, that this latter duty should be transferred to the Deputy Auditor and Accountant General, Bengal.

19. All purchases for Ordnance, Barrack, or for the Clothing Department are made by the Commissariat Officers, and vouchers for such expenditure are forwarded by the Commissariat Examiner to the Examiner of Ordnance Accounts, who re-examines them, even to the arithmetical calculations.

20. The Ordnance Examiner also 'pre-audits,' as it is termed, claims for repair of Camp Equipage, compensation for Clothing, and for other Services; the vouchers for these Services are "enforced" by the Examiner and transmitted to one of the Commissariat Officers for payment.

21. The principal duties of the Ordnance Examiner appertain to the audit of the Store Accounts; these are rendered in great detail by the Officers at the head of the several manufacturing establishments; by the Officers in charge of Arsenals, Forts, and Magazines; and in fact by every Officer to whom stores are entrusted.

22. The Ordnance Examiner also prepares Annual Balance Sheets, and Profit and Loss Balance Sheets of Manufacturing Establishments. Accounts for the several Manufacturing Establishments, and reports upon the result of their outturn and working.

23. He also furnishes the Military Accountant with Monthly Statements compiled under detailed heads of Service, showing the cash expenditure on account of the Ordnance, Barrack, or Clothing Department; and finally he also furnishes that Officer with an Annual Account, in journal form, showing the entire transactions of each Department, both as relates to store and cash.

COMPILER.

24. This Officer prepares the Budget Estimate; classifies the expenditure, so far as relates to pay, under the detailed heads of Service; keeps the Returns in regard to the Effective Strength of Her Majesty's British Regiments; and, in Bengal, keeps the Registry of all admissions to the Pension List, and regulates the transfer of Pensioners from one circle to another.

MILITARY ACCOUNTANT.

25. This Officer records the Receipts and Expenditure of the Military Department, and prepares all Periodical Statements connected therewith; he is responsible for the issue of Letters of Credit to the several Sub-Accountants, and for accounting for all moneys or stores obtained for the Military Service.

26. All invoices of stores from England are sent to the Military Accountants, who furnish the Departments concerned with extracts or copies thereof.

27. The duty of forwarding to the authorities at home the Privilege Remittance Rolls, Savings Banks and Casualty Returns, devolves upon these Officers.

Is the Book-keeper.

28. They are in fact the Book-keepers for the whole of the Military transactions in their respective Presidencies.

29. By the General Order of 7th March 1864, it is prescribed that the Military Accountant at each Presidency will furnish the following periodical statements to the Civil Financial Officers:—

I.—Monthly Statement of Receipts and Unaudited Disbursements.

II.—Quarterly Statement of Receipts and Unaudited Disbursements.

III.—Annual Statement of Receipts and Unaudited Disbursements.

IV.—Monthly Statement of Cash Balances in the hands of Disbursing Officers.

V.—Monthly Statement of assessment, collection, and refund of Income Tax by Disbursing Officers of the Military Department.

VI.—Annual General Books, Journal and Ledger.

We will now proceed to consider the duties performed by Disbursing Officers.

PRESIDENCY AND CIRCLE PAYMASTERS.

80. The Bengal Presidency is, for Account purposes, divided into six circles, each of which is in the charge of a Paymaster. The following stations are included in the several Circles:—

Presidency Circle.—Pay Office, Calcutta: consisting of Alipore, Barrackpore, Ballygunge, Berhampore, Chunar, Cherra Poonjee, Chinsurah, *Dacca*, *Darjeeling*, Debraoogh, *Dinapore*, Dorunda, Dum-Dum, Fort William, Gowhaty, Hazareebagh, Julpigore, Midnapore, Sylhet, and Titallyah.

Allahabad Circle.—Pay Office, Allahabad: consisting of *Allahabad*, Benares, Etawah, *Geatior*, Jaunpo, Jhansi, Jubbulpore, Nowgong, *Saugor*, Segowise, Spree, Seronge, Goonah, Rapore, Chanda, Chudwary, Nagode, Bhopal, Kerwarah, Saidarpore, Angur.

Lucknow Circle.—Pay Office, Lucknow: consisting of *Cawnpore*, Futtoghurh, *Fyzabad*, Gonda, Gorakhpore, *Lucknow*, Moradabad, Sestapore, Shahjehanpore, Humsarpore, Bandah, Bareilly, Nynse Tal.

Meerut Circle.—Pay Office, Meerut: consisting of *Agra*, *Delhi*, Deyrah, Dughshio, Juttogh, Loodians, *Meerut*, Multra, Roorkee, Subathoo, and *Umballah*.

Lahore Circle.—Pay Office, Meera Meer: consisting of Dhurmasalla, *Ferozapore*, Govindgurh, Hazara, *Jiunder*, Lahore, Madhopore, Meera Meer, *Mooltan*, *Sealkote*, Dehra Ghazee Khan, Dehra Ismael Khan.

Trans-Ravva Circle.—Pay Office, Rawul Pindia: consisting of Abbottabad, Bunnoc, Kohat, Murdan, No shera, *Peshawur*, and *Rawul Pindia*.

NOTE.—At the stations in italics, which are the Head-quarters of Commissariat Ranges, cash payments are made by Commissariat Officers.

Hyderabad.

In addition to these six circles, there is a Paymaster who renders separate Accounts for the Hyderabad Contingent.

81. The Paymaster of each circle is furnished by the Regimental Paymaster or other Disbursing Officer with an Estimate of the amount required during the ensuing month for the payment of the Troops; this Estimate is certified by the Officer Commanding the

How Regimental Paymasters obtain advances,

Regiment or Battery. The Circle Paymaster compiles these Estimates into a general Return adding thereto the amount he requires for the payment of Staff and other allowances, and specifies the sum that he will require to draw upon each Treasury; this document is furnished to the Military Accountant on the 1st of the month for the ensuing month's payments; in whose Office the Returns from the several Circle Paymasters and other Accountants are compiled into a general statement showing the amount to be drawn during the month at each Treasury in the several Presidencies; this statement is forwarded to the Controller, who transmits to the Civil Department, from whence the necessary authority is issued to the Treasury Officer

82. Payments to Native Troops and to Staff and other Officers are made monthly in arrears; payments to European Troops are made by the Paymaster, or other Disbursing Officer, daily; and to facilitate this arrangement, advances on account of the current month's payments are made by the Circle Paymaster; the amount so advanced is not recorded as final disbursement, but is held in the "Inefficient Balance" until the following month, or until such time as complete vouchers are rendered in liquidation of the advance.

83. The Circle Paymasters forward to the Pay Examiner a weekly statement of the payments they have made, and they furnish to the Military Accountant a Monthly Account Current of their receipts and disbursements.

84. Until very recently, all Officers to whom advances were made by the Circle Paymaster rendered to him the necessary documents in discharge of such payments; within the last few months the experiment has, in the Presidency Circle only, been tried, by which Regimental Paymasters, or other Disbursing Officers of European Troops, render their Pay Lists and Vouchers direct to the Pay Examiner at Calcutta, the Circle Paymaster being allowed credit for the sum paid by him on the production of the payee's receipts.

85. The Circle Paymasters make no payments in cash; they grant orders on the several Treasuries throughout the country, or, when they have credit at the Bank of Bengal, they issue checks thereon. All Family or Service Remittances are, in the first instance, paid to the Circle Paymaster, who issues orders of payment on the various Treasuries.

86. The accounts rendered to the Circle Paymaster are carefully examined in his office before payment; a Personal or Ledger Account is kept with each Officer, Commissioned or Warrant.

87. Payments to Staff and other Officers, to European Pensioners, and for Non-Regimental Services, are made on bills prepared by the payees; they are presented to, and examined by, the Circle Paymaster, and, if correct, a statement is made out, giving the particulars of the claims; this document, together with the order of payment, is given to the claimant. The order of payment is, as before stated, either a check on the Bank of Bengal, or on one of its Branches, or an order on one of the local Treasuries.

38. When an Officer is transferred from the payment of one Circle Paymaster to another, a last Pay Certificate is granted; this document is the authority to the Paymaster into whose payment the Officer has passed to make future issues of pay and allowances. When an Officer is about to leave the country, he must obtain the last Pay Certificate from the *Presidency* Paymaster, and this document must be endorsed both by the Pay Examiner and by the Military Accountant.

COMMISSARIAT OFFICERS IN CHARGE OF RANGES.

39. These Officers, in addition to their executive duties, make payments for the Services as at foot,* and render Periodical Statements of their disbursements to the Commissariat Examiner; they also furnish that Officer and the Military Accountant with a

Monthly Account Current of their receipts and disbursements.

40. The Commissariat Officers submit, through the Deputy Commissary General of their Circle, monthly demands for the amount of credit required; these demands are forwarded to the Military Accountant, and the Treasuries concerned are duly informed of the amount to be drawn.

Mode of obtaining advances.

Store Account.

41. Commissariat Officers, in addition to their Cash Account, forward to the Commissariat Examiner, a Monthly Store Account.

OFFICERS IN CHARGE OF STUD DEPÔTS.

42. These Officers submit demands for their monthly credit to the Superintendent of Studs, who obtains the necessary authority on the several Treasuries from the Military Accountant.

43. The Stud Officers furnish, both to the Examiner of the Stud Accounts and to the Military Accountant—

- I.—Report of actual Cash in hand on the last day of every month;
- II.—Monthly Cash Account Current;
- III.—Annual Accounts of Cultivation;
- IV.—Annual Accounts of the valuation of the Cattle in each Stud;

and render to the former Officer only—

V.—Monthly Account of Stock Receipts and Issues.

VI.—Monthly Return of Cattle received, sold, transferred, or dead.

PENSION PAYMASTERS.

44. These Officers render a monthly account of their payments to the Pay Examiner; they also furnish an Annual Statement of all Pensioners in their payment; Pensions to Natives are granted at monthly rates, but the payment is made in six-monthly periods.

Duties of Pension Paymasters.

Letters of Credit.

Stations where the pensions are paid.

45. The Paymasters obtain letters of credit, for such amounts as they may require, on the Treasuries at the several Stations where the pensions are paid.

46. Having thus given a general sketch of the Military Account system as now carried out in the Bengal Presidency, we will proceed to furnish the results of our personal investigation into the several Offices, and of the Accounts rendered thereto: this portion of our subject we will arrange as under:—

Results of personal investigation.

I.—Budget Estimate.

II.—Examiner's Offices, Cash and Store.

III.—Office of Account.

ANNUAL BUDGET ESTIMATES.

47. The details upon which these are framed are forwarded by Heads of Departments, in the month of November, to the Controller of Military Accounts in the several Presidencies.

48. The Controllers having carefully examined and revised the details, compile them into a general Estimate for each Presidency, and submit the same, on or before the 31st January, to the Accountant General, who modifies the amount approved by the Controllers, for the various Services, to such an extent as he may consider desirable.

Controllers submit Estimates to the Accountant General.

Accountant General is furnished with detailed documents;

adds four columns, viz. —

1 and 2.—Modifications of the Military Finance Department. Additions and Reductions.

3 and 4.—Estimate as proposed by the Military Finance Department. Personnel and Matériel.

* Pay of Subordinate and Transport Establishments, Commissariat Department. Supplies of provisions and forage, Supplies of Barrack, Ordnance, and Medical stores, and for the pay of the Subordinate Establishments, and miscellaneous expenses on account of these Departments.

He moreover gives, on marginal notes on the printed Estimates, full explanations of the causes that have led him to alter the sums proposed by Heads of Departments and by the Controllers.

50. After the Estimate has been revised by the Accountant General, it should be submitted to the Financial Department on or before the 31st January, to enable the Financial Member to include the amount required for Military Services in his Annual Budget Statement.

51. It would appear, however, that these directions have been disregarded, and the Supreme Government has issued the following Resolution, dated Financial Department, 15th April 1864, No. 2018:—

“The grant passed under C, Army, for the Service of 1864-65, is Rs. 12,65,31,890, including the value, as per margin, of stores and freight expected from England, as per Estimate of the Right Hon'ble the Secretary of State for India. But as the grant has been based on a rough Memorandum furnished by the Officiating Chief of the Military Finance Department, the Governor General in Council requests that proper Estimates for 1864-65 be submitted without further delay; that the grant passed should be considered as *conditional* only pending the issue of orders on the Estimates when received in this Department; and that measures be taken to prevent a repetition of the delay in the submission of the Annual Budget Estimate of Military expenditure, which has occurred every year since the introduction of the new system of Accounts.”

52. We were led by the perusal of this Resolution to a very minute investigation into the course now adopted in the compilation of the Budget Estimates, and we are satisfied, that so long as the present system is pursued, delay in furnishing the Financial Department with the information required must ensue.

Present system of compiling Estimate must lead to delay.

53. As stated in paragraph 9, the Controllers of the several Presidencies furnish the Accountant General with the Estimate of the Military expenditure for the ensuing year on or before the 31st January, the very day fixed by the Financial Department as that upon which it should be informed of the amount required for each of the several Services comprised in the Budget Estimates.

54. As the Accountant General does not obtain the Estimate for each Presidency until the end of January, he cannot commence his revision until after that date, the minuteness with which he appears to criticize the Controllers' work is instanced by the fact that in the Bengal Estimate, as submitted by that Officer, every item, with the exception of sixteen only, has been altered by the Accountant General; his alterations ranging in sums from 1 Rupee to Rs. 4,81,800.

55. In many instances the modifications by the Accountant General are not, we venture to think, justified by a careful investigation into the facts of the case, as gathered from the detailed documents furnished by the Controller; and in confirmation of this opinion, we would refer to the following example which we have selected from the Madras Estimates, 1864-65:—

56. A reduction was made of Rs. 1,14,214 from the Madras Estimate under the head of “Horses;” the sum demanded by the Commissary General is Rs. 5,14,214; this is reduced by the Accountant General to 4 lakhs, the only explanation that is afforded being that he considers that sum adequate for feeding 4,550 horses. We have referred to the detail Estimates, and find that the number of horses is correct; that the cost of feeding them is based principally on *contract* rates; and that the aggregate of the Estimate amounts, as stated by the Commissary General, is Rs. 5,14,214.

57. Many similar cases might be adduced where the alterations made by the Accountant General are open to question; reductions such as that noticed must put the Departments concerned to great inconvenience; and, if persisted in, will lead to a loose and careless manner of preparing the Estimates; if an Executive Officer find that the Statements he has elaborated with thoughtful care, and upon which he bases his cash demands for the year, be entirely ignored by the Accountant General, Military Department, he will soon cease to take any interest in their preparation, and they will become valueless. We would suggest that, when practicable, no deduction, clerical errors excepted, should be made from an Estimate unless the Head of the Department concerned has an opportunity of affording an explanation in substantiation of the figures submitted by him; this might be easily arranged, so far as Bengal is concerned, and without causing delay, were the Accountant General, during the preparation of the Estimates, to put himself into personal communication with the Heads of Departments.

58. We would now offer a few remarks upon the forms in which the detail Estimates are submitted by the Controllers of Military Accounts to the Accountant General. We should have imagined, as the Estimates all flow to one centre, that uniformity of detail

Diversity of forms upon which Estimates are compiled.

Stores	...	...	₹	328,744
Freight	..	..		4,445
				333,189
			or Rs.	33,31,890

would have resulted; this, however, is not the case: there is scarcely one of the items that is made up on a principle common to the three Presidencies, *e.g.*—

59. In Bengal and Bombay the Estimates for Barrack supplies are made out in the greatest detail; the number of articles required by each Regiment or Detachment is separately shown. In Bengal the explanatory vouchers fill two thick octavo volumes, and in Bombay these documents fill three volumes (Imperial). The immense number of items that have to be separately calculated must involve a great deal of unnecessary work—unnecessary, because we find that the only information furnished by the Controller at Madras is a simple Statement, from each of twenty-seven *Stations*, of the *total* quantities of the several articles required; these Statements are brought together in a general abstract, and the amount demanded is clearly and distinctly shown, the whole of the information being contained in a few sheets of paper.

60. It must not, however, be inferred that the Madras Estimates are entirely to be adopted as a model for the other two Presidencies, for we find, with reference to the Estimate for Medical supplies, that whilst Bengal and Bombay furnish the information required in a condensed and abstract form, Madras fills one very thick volume with the detail of the articles required and their cost; detailed Estimates are furnished by every Medical Officer in charge of an Hospital, who provides with elaborate minuteness for every ingredient which composes the diet of the patients, and for every article of general supply for Hospital use; in very many of the Estimates we find such items as the following:—

1 Nutmeg Grater ...	...	...	...	...	...	2 Annas.
1 Needle ...	...	...	...	...	...	1 Pie.
5 Eggs ...	...	...	...	...	...	3 Pie each.
5 Corks, &c., &c.	...	...	...	...	...

61. Considering that these Estimates are compiled in the month of October, and are based upon the estimated number of sick during the year commencing six months after that date, it appears to us that no practical advantage can be derived from this elaboration; in this view we are borne out by the fact that when these Estimates are revised by the Accountant General, he entirely ignores the whole of the detail, and allocates to the Madras Presidency a defined amount, based on the average number of sick, and the average cost, as ascertained from the expenditure of previous years, of each diet.

62. The great amount of detail that is, under present arrangements, furnished to the Accountant General, renders it almost impossible for that Officer to exercise any practical check over the Estimates as submitted by Heads of Departments: the alterations that he may make are frequently the cause of embarrassment to the Department, and lead to an unnecessary and useless correspondence: the details furnished by the several Controllers fill no less than thirty volumes:—

Bengal ...	...	...	...	...	...	10
Madras ...	...	...	...	...	...	6
Bombay ...	...	...	...	...	...	14
						<u>30</u>

63. Without burdening this Report with further details in regard to the anomalies that exist in the form of the subsidiary vouchers of the Estimates of the three Presidencies, we will merely state that although an attempt has been made to introduce a set of vouchers common to the whole of India, each Presidency appears to have its own views as to the mode of making up these vouchers, and of the extent of information that should be afforded to the Accountant General.

64. The Accountant General, in addition to the Budget Estimates, compiles, for the information of the Financial Department, the following Returns:—

- I.—Cash requirement Estimate;
- II.—Regular Estimate;
- III.—Actual Receipts and Disbursements.

65. With reference to Estimates Nos I and II, considering, as we do, that one carefully compiled Estimate of Military Services is sufficient for all practical purposes, we have not gone very minutely into the mode of compiling these documents: it is admitted that, so far as No. II is concerned, it causes a great deal of work in the Compiling Offices; and the information it contains is no more to be relied upon than that contained in the original Estimate.

66. In regard to the "Actual Receipts and Disbursements," it is not the complete and final record of the Military receipts and expenditure of the year; and is, in our opinion, quite valueless: we shall, before we close this report, suggest a simple and, we trust, effective substitute for this unsatisfactory Return.

67. It is now necessary to draw attention to the course observed by the several Disbursing Officers in regard to their payments, and the manner in which the Accounts rendered by them are audited and compiled in the Military Account Department; we have arranged this part of our subject in the following order:—

- I.—Presidency and Circle Paymasters.
- II.—Examiner, Pay Accounts.
- III.—Compiler.
- IV.—Commissariat Officers of Ranges.
- V.—Examiner, Commissariat and Stud Accounts.
- VI.—Ditto, Medical Accounts.
- VII.—Ditto, Ordnance, Barrack, and Clothing Accounts.
- VIII.—Military Accountant.
- IX.—Controller.
- X.—Accountant General.

I.—PRESIDENCY AND CIRCLE PAYMASTERS.

68. In paragraph 82 we alluded to the existing arrangement of making advances to the Paymasters of Her Majesty's British Regiments for the payment of the Troops, and the holding such advances in the "Inefficient Balance" until the following month; this system is very faulty, as it not only involves a vast amount of unnecessary work on the Circle Paymasters, but it withdraws from the actual expenditure of the year a large sum for the pay of Officers and men, for which a grant has been obtained.

69. The unnecessary labor imposed upon the Circle Paymaster is instanced by the fact that he is compelled, when he renders his Monthly Account Current, to send to the Military Accountant a list in which is given the full particulars of every item comprising the Balance; the list for the Allahabad Circle for the month of March last comprises 817 separate items, some of which are for extremely small amounts, and have been brought forward month by month for very long periods.

Amount of Inefficient Balance.

70 The aggregate amount of the Inefficient Balance was, on the 31st of March last, as follows, viz.:—

	Rs.
Presidency Circle	2,84,843
Allahabad "	2,82,936
Lucknow "	3,89,401
Meerut "	5,63,000
Lahore "	2,39,241
Trans-Ravee "	2,69,689
Hyderabad Contingent	56,683
Total	20,85,799

71. The amount of the Inefficient Balance in the Madras Presidency is 8½ lakhs, and in the Bombay Presidency it is 9 lakhs, or, in all, no less than upwards of 38 lakhs.

72. The Inefficient Balance is an exceedingly embarrassing item in the Military Accounts, and leads to great difficulties in adjusting them at the end of the year; for whilst the Annual Account of receipts and disbursements made up by the Military Accountant exhibits the audited expenditure only, the Account of Military expenditure compiled by the Financial Department, for the information of the Home Government, shows the audited expenditure, plus the amount of Inefficient Balance at the end of the year, minus the amount of that item at the commencement of the year: the two Accounts can never agree, and it is always a matter of opinion, and not one of fact, as to what has been the Military expenditure for any one year; moreover the "Inefficient Balance" is differently treated in each Presidency.

73. In consequence also of the system now in force in regard to the Inefficient Balance, the following anomaly exists:—The Budget Estimates provide for the pay of Officers and men for a year from 1st May to 30th April; the expenditure as shown in the Annual Account of receipts and disbursements is, so far as regards the European Force, limited to pay, for the Officers, to the end of February, and for the men, to the end of the month of March; in respect, however, to the expenditure on account of the Native Army, the pay, both of Officers and men, is included to the 31st March. We shall subsequently suggest an arrangement by which this anomaly and inconvenience may be obviated.

74. We are in possession of a copy of the "Preliminary Rules and Instructions for conducting the duties of the Military Finance Department," dated 18th October 1861; it is therein stated, Act VII, p. 19—"The Military Accountant will also take care that outstandings are not allowed to remain unsettled, and he will carefully scrutinise the state of all Inefficient Balances." Notwithstanding these very clear and positive directions on this subject, we find that the Paymasters of Circles have rendered

The Military Accountant, although responsible for the Inefficient Balances, does not investigate them.

their Accounts to the Military Accountant, month after month, containing such items as the following:—

Allahabad Account, March 1864.—Statement of Inefficient Balance.

CAPTAIN THE HONOURABLE A. STEWART.—Retrenchment No. 474, December 1861, one pie—to be recovered from him. Balance of Rs. 399-11-0.

CAPTAIN J. BANHAM, D 2, R. H. BRIGADE.—Retrenchment No. 591, August 1862, six pie—Memorandum given 19th February 1864, for recovery.

PAYMASTER, 80TH REGIMENT.—Two pie—to be recovered from him.

75. One of the above items has been brought forward on the Retrenchment Statement, month by month, for no less than twenty-eight months, and no steps have been taken in the Military Accountant's Office to stop the great inconsistency of perpetuating to the debit of Officers' Accounts amounts so infinitesimally small as not to be worth the collection, and which should never have appeared to their debits.

Retrenchments made for absurdly small amounts.

Form in which Monthly Return of Inefficient Balance is rendered.

76. The following is the Form, furnished every month from each of the six Pay Circles, in which the several items of the outstanding Inefficient Balances are particularised:—

OFFICE.		Name of Disbursing Officer.	To whom paid.	Particulars of payment.	Advances.	Retrenchments.	Total amount outstanding against each Officer.	Steps taken for adjustment.
No.	Date of payment.							

77. It would appear from a Return compiled for our information in the Office of the Controller, that the following is the average number of separate payments by each of the Circle Paymasters during the three months ended 31st March last; from this Return and the particulars we have furnished in the Appendix (No. 2) of the estimated charge for the several Circle Pay Offices for 1864-65, we observe that the estimated cost of each separate payment is as under:—

CIRCLE.	NUMBER OF VOUCHERS.					Cost of Establishment per annum.	Average cost for each separate payment.
	European Troops.	Native Troops.	Miscellaneous.	Total per month.	Total per annum.		
Presidency	177	269	1,000	1,446	17,352	Rs. 57,320	Rs. 3-30
Allahabad	82	165	327	574	6,888	28,590	4 16
Lucknow	24	63	332	419	5,028	28,040	5 59
Meerut	82	87	652	831	9,852	27,040	2 74
Lahore	82	64	274	410	4,920	24,636	5
Tiana-Ravee	29	24	242	265	4,360	26,460	6

78. The average cost of making each payment, as ascertained from these Returns, appearing to be excessive, we considered it our duty to investigate personally the Office of one of the Circle Paymasters—that at Calcutta was the only one that we could, without considerable delay and inconvenience, visit.

PRESIDENCY PAYMASTER.
Investigation into the Calcutta Pay Office.

79. After making a preliminary examination of the Books kept and the Accounts rendered by the Presidency Paymaster, a visit was paid to his Office on the 1st June, on which day the amount of business transacted is considerably beyond the average limits of the Circle of this Paymaster as described in paragraph 30; his disbursements include payments to—

- Staff and Departmental Officers and to Officers of the Account Department;
- Paymasters of European Regiments;
- Officers Commanding Native Regiments;
- Pensions to Europeans;
- Miscellaneous Services;

in the latter category the payments made by the Paymaster of Invalids and the Paymaster of the Depot at Chinsurah are included.

80. Following the course, through the Presidency Paymaster's Office, of a bill for pay, say that of the Accountant General, we found that from the time of its delivery to the time the cheque is given to the payee, it undergoes no less than ten or eleven operations, each by a separate individual. One of these operations consists of making a statement of the bill, showing the amount and the deductions; this is given to the claimant, although he has made out the original himself, and is moreover of the same amount as that presented on many previous occasions; the time taken up by the examination and manipulation of the claims is very considerable, and further time is consumed by the claimant in obtaining, at the Bank of Bengal, cash for the Paymaster's Draft.

81. At the period when we inspected the Paymaster's Office, every payment was made by cheque on the Bank of Bengal; the Controller who accompanied us was so struck with the inconvenience of this arrangement, both to claimants and to the Office Staff, and seeing also the additional labor it entailed, he at once issued an order to the Paymaster to pay in *cash* all claims of five rupees and under: an order of the Financial Department is, however, in existence, limiting payments by cheque to Rs. 10 and upwards.

82. As an example of the extraordinary waste of time in dealing with small matters, we will select a claim preferred by the Deputy Judge Advocate General of Calcutta for 6 annas (*9d.*) for paste supplied either by or for the Duffry; it is signed by the Officer preferring it, but being for *stationery* expenses, he cannot order the payment, or rather he is prohibited from including the amount in his ordinary contingent bill until it has been 'pre-audited' by the Controller of the Stationery Department; the claim is therefore sent to that Department in the first instance, is duly examined, recorded, and enfaced, in red ink, for the amount allowed, signed by the Controller of Stationery, and by him returned to the Deputy Judge Advocate General. He is now in possession of a document upon which he can obtain payment from the Presidency Paymaster, and, accordingly, he sends the claim to that Officer for payment; he is still prohibited from including the amount in his ordinary monthly contingent bill. The claim, when it reaches the Office of the Presidency Paymaster, is subjected to the examination and manipulation described in the previous paragraph, and eventually the Paymaster signs two documents for this small sum of 6 annas, *viz.*, one, a statement of the bill, to be returned to the payee, and the other a *Cheque upon the Bank of Bengal*, and the claimant is subjected to a further delay in obtaining cash for this Draft.

83. The transaction, so far as the Paymaster is concerned, does not end with the record through the Books prior to the time the Cheque is issued; it has to be further recorded in the Books and Statements from which the Disbursement Lists and Account Current are compiled, and has finally to be entered in both of these documents for the information of the Military Accountant and the Pay Examiner.

84. We observed also that the Presidency Paymaster makes remittances to Saugor for the pay of the Battery of Artillery at that Station; the Battery of Artillery, stationed at Calcutta is, however, not paid by this Officer, but by the Circle Paymaster at Allahabad; this unnecessary complication of duties has arisen from an order having been issued that the Circle in which the Head-quarters of the Brigade is located should undertake the payment of all the Batteries belonging thereto, wherever stationed.

85. We will venture another case in exemplification of the elaboration of work under the present system. There is, as before observed, an Officer at Calcutta who is charged with the duty of adjusting the Accounts of Invalids and time-expired men prior to their embarkation for England; the Officer is designated "Paymaster" and Commandant of Invalids; there is another Officer, the Paymaster of the Depot, stationed at Chinsurah, whose duty it is to pay the Recruits from England prior to their being sent to their respective Regiments. The payments made by these Officers are sometimes very numerous, and yet the following course is pursued in regard to each payment: a bill or claim is made out for the amount to be paid; it is sent to the Examiner, Pay Department; it is enfaced and signed by that Officer, returned to the Paymaster at Fort William, or Chinsurah, as the case may be, and, by them, presented to the Presidency Paymaster, who, after manipulating the claim through his Books, issues a Cheque on the Bank of Bengal for the amount, retains the voucher, and returns it, with his Accounts, to the Pay Examiner within seven days of the date of payment. It will be thus seen that, although there are two Officers holding the appointment of Paymaster, they are not entrusted with a single pie, but are compelled to obtain the money they require through the agency of another Paymaster, who merely grants a Draft for the amount: the delay incurred, and the amount of labor involved in working a simple transaction through such complicated machinery can hardly be credited, and to a great extent accounts for the excessive cost of the Departments connected with the Military Accounts in this country.

86. The Pay Circles, as at present constituted, are in fact Examining Offices, and so minutely are the Accounts examined by the Paymaster before they are paid, that the Presidency Paymaster has a staff of no less than 47 clerks.

87. On an analysis of the Presidency Paymaster's Account Current for the month of March 1864, for one month, by the Presidency Paymaster. Analysis of the payments, for one month, by the Presidency Paymaster. 1,257, viz.:—

Pensions of small amount to widows, and for wounds, &c.	286
Bills in payment of small claims for pay and contingencies, Rs. 100 and under	276
Establishment, pay, passage allowance, and other bills	696
	1,257

88. The payment and record of these claims occupied 49* Officers and Clerks 27 days, or at the rate of under one claim per Clerk per diem, and when it is considered that many of the bills have already been examined by the Pay Examiner, and are moreover for very small amounts, it appears to us almost incredible that occupation could be found for so large a staff; but we must say that, on our personal inspection of the Office, every Clerk appeared to be fully employed, and we were given to understand that the work was with difficulty carried on with the present Establishment: this, on a survey of the records, was soon manifest, for we found no less than twenty-eight different Ledgers, Journals, Registers, and other Books, many of them, e.g., the personal account with every Officer in the Presidency Pay Circle, being of great bulk.

89. The preparation of the monthly Account Current and the supporting documents involve a vast amount of labor; the Paymaster is responsible to two Officers for the accuracy of his Accounts—to the Examiner for his disbursements, and to the Military Accountant for his Account Current; the documents furnished to the latter Officer in explanation of the inefficient Balance, and of the cheques drawn on the Bank of Bengal, are exceedingly voluminous, and might be dispensed with, the former by having a quarterly instead of a Monthly Return, and the latter, by the utilization of the Bank Pass Book. We should have submitted a scheme for the revision of this Department, but we consider that a more sweeping alteration is required, and we shall, in due course, suggest what, in our opinion, should be the course through which payments in the Presidency should flow.

90. We would here observe that the Office of the Presidency Paymaster and that of the Examiner of the Pay Accounts is in the same building, nevertheless the Paymaster furnishes the same description of Returns and Accounts to the Examiner, and goes through exactly the same process as does the Circle Paymaster at Meerut or Lahore.

91. We have shown in paragraph 77 that each payment made by the Presidency Paymaster costs Rs. 3-30; we consider this rate excessive, and only to be accounted for by the amount of unnecessary work performed; the cost of similar duties performed in the Trans-Ravee Circle is on an average 6 Rupees for each payment; this is exclusive of the cost of examination, compiling, or of any portion of the expenses of the Offices of the Military Accountant, of the Comptroller, or of the Accountant General.

92. The appointments of Circle Paymasters were originally made in the last century; doubtless at that period, and even down to the time of the opening of the main line Railway, the system was a good one, as the time occupied in communicating with the Stations in the Upper Provinces rendered it necessary to subject the claims to a preliminary examination before payment: circumstances have, within the last few years, materially changed, and the most distant Military Station is now reached by dāk in a few days.

93. The Pay Examiner being the Auditor of all claims for full pay, it is considered that those claims can only be paid by one of the Circle Paymasters, so that the amount may appear in his List of Disbursements to be rendered to the former Officer; this is a cause of much inconvenience to many Officers, and increases work to an unnecessary extent, e.g., the Commissariat Officers at Saugor or Gwalior, although Disbursing Officers and rendering monthly Accounts to the Military Account Department, Calcutta, are compelled to send the bills for their own pay and that of their permanent establishment to the Circle Paymaster at Allahabad for pre-audit, a distance, by road, of 282 and 265 miles, respectively; the claims can only be paid by the Circle Paymaster by a Draft upon the Treasuries at the stations, and at which the Commissariat Officers themselves have an open credit.

94. We will pass to the Officer to whom the Accounts of disbursements are rendered, and who is charged with the duty of making a detailed audit thereof; this Officer is the

II.—EXAMINER, PAY ACCOUNTS.

His Office has recently been removed to the same building in which the Presidency Paymaster conducts his duties.

• Presidency Paymaster	1
Assistant on probation	1
Clerks	47
	49
	49 x 27
	1,323

105. The Compiler, in addition to his other duties, keeps a record of the Native Soldiers who are placed on the Pension List; he should record also all casualties by death or otherwise; this, however, has not been done for some time, and the Register is both incomplete and in arrear. We are given to understand that there is great irregularity on the part of the Pension paymasters in forwarding the Casualty Lists. As the Pay Examiner is charged with the audit of the Pension Accounts, we should have thought that the duty of keeping the records in regard to pensions should have devolved upon him rather than on the Controller or the Compiler.

The Compiler keeps Register of Pensioners.

106. It is important to notice that the duty of the Compiler, so far as relates to the classification of the expenditure, is limited solely to the amount disbursed on account of pay; the Commissariat, Medical, Barrack, and Ordnance Examiners have on their establishments an Assistant specially charged with compiling the Accounts appertaining to their separate Departments.

IV.—COMMISSARIAT OFFICERS OF RANGES.

107. The duties of these Officers are briefly described in paragraph 39; there are twenty-eight Disbursing Officers who render Accounts to the Commissariat Examiner and to the Military Accountant; to the former Office is transmitted, about every ten days, a list of vouchers for examination in anticipation of the Monthly Account Current; the latter document is generally received about the middle of the month following that for which the Account is rendered; with the Cash Account is also forwarded a Monthly Return of stores issued and received.

108. The Commissariat Officer pays for all Services appertaining to Commissariat, Medical, Barrack, and Ordnance Supplies; a great many payments, particularly with reference to the first three Services, are on account of Regiments, e.g., dry batta to men on holidays or absent with leave, Punkah Establishment for Regimental Hospitals, repairs of Fire Engines, Conservancy Establishments, Gomastah Bills, &c., &c.; these claims are, under the present system, which assumes that only Commissariat Officers can pay for Commissariat supplies, certified by the Officer Commanding the Regiment, forwarded by him to the Commissariat Officer for examination, who transmits to the certifying Officer an order of payment, not on the Paymaster of the Regiment, but on the local Treasury: the Commissariat Officer retains the voucher, and forwards it, with his periodical list of disbursements, to the Commissariat Examiner.

109. This arrangement entails unnecessary trouble, both to the Officer Commanding the Regiment and to the Commissariat Officer; the former, instead of being able to adjust the transaction through the intervention of the Paymaster of the Regiment, is compelled personally to negotiate the Draft of the Commissariat Officer, and that Officer, instead of limiting his duties to the examination and approval of the claim, has to pay the amount to a Regiment very frequently at a considerable distance from his own station, to debit himself with the amount of the Draft drawn, to include the sum in his List of Disbursements, and to pass the transaction through his Cash Book; the simple course would be for all claims appertaining to Commissariat Services in connection with Regiments, to be certified by the Officer Commanding, to be by him forwarded to the Commissariat Officer, who should, if the claims be correct, allow the same and authorise the Regimental Paymaster to pay the amount, and include it in his Monthly Pay List. We have compiled a new form of Pay List (Appendix No. 9), in which provision is duly made for this arrangement—an arrangement which will relieve all parties, particularly Commissariat Officers, of considerable labor.

110. Specimen forms of claims applicable to the Bengal Presidency should be prepared in the Military Account Department, Calcutta. Under existing arrangements each Commissariat Officer appears to send up, in support of the charges in his Account, such vouchers as he may deem sufficient; these are in manuscript, and cover an unnecessary amount of paper, one-half of the form being generally reserved for the "remarks by the Executive Commissariat Officer," the "remarks" usually consisting of a transcript, on the right-hand side of the page, of the information contained on the left-hand side. The deductions or disallowances, if any, should be made from the amount at foot of the bills, and credit only given for the net amount paid.

111. The cash transactions of Commissariat Officers should be of the most simple character; they should debit themselves with all cash received by them, whether in the nature of Drafts upon the local Treasuries, from Regiments, or from private individuals for the purchase of stores. We urge this course, as we find that it is the practice to mix up store transactions with the cash records, and to credit in the Account Current fictitious amounts for the supply of stores to other Presidencies or Departments, and to debit, per contra, the same amounts to the general Account of the Government of India. The Account Current should be strictly limited to cash transactions; all others should be adjusted by the Officer to whom the Accounts are forwarded for examination, and all that he requires is the voucher showing the quantity and value of the stores issued, and the name of the party receiving them.

Expenditure is sub-divided contrary to orders of Government;

112. We notice that, notwithstanding the order of Government to the contrary, the items of expenditure are classed in the Account Current, under the heads of—

Arrear, former years	} Settlement } Payment
Current.	

It has been ruled that the amount to be charged as the expenditure of the year shall be the amount that may come in course of payment within the year; the above sub-division is therefore both unnecessary and inconvenient: we would suggest that orders be at once issued to stop this useless classification of charges, as we find that it pervades the Books of the Department; it is continued, so we are given to understand, by orders of the Accountant General, Military Department.

V.—EXAMINER OF COMMISSARIAT AND STUD ACCOUNTS.

113. In the Bengal Presidency there are twenty-eight Officers of the Commissariat Duties of Commissariat Examiner; Department who are disbursers; each of these Officers renders, every ten days, to the Examiner of the Commissariat Accounts, a Statement, accompanied by vouchers, of his payments: he also furnishes, at the expiration of each month, an Account Current of all receipts and payments; a copy of this Account is also forwarded to the Military Accountant.

114. The Examiner of Commissariat Accounts selects from the vouchers forwarded by the Commissariat Officers those appertaining to the Medical, Ordnance, Barrack, or Clothing Departments; these he forwards, with a statement showing the aggregate amount for each Service, to the Examiners of the Accounts of the several

Departments. The Commissariat Examiner then credits, in his Books or Statements, the Disbursing Officer with the amount of the vouchers forwarded by him to the Examiners of the other Departments. The aggregate amount is included under a general head of "charges on account of other Military Departments;" any retrenchments that are made in connection with these vouchers are communicated to the Commissariat Examiner, who embodies the observations of the other Examiners with his own, and transmits them to the Commissariat Officer.

115. After the vouchers for Commissariat Services have been duly examined, they are classified under heads of Service, and a Monthly Statement, showing the sum expended under each Budget head and sub-head, is compiled. This Statement is divided into three sections, and shows the amount applicable to each station on account of "Commissariat Services," "settlement of arrears, 1861-62 and former years," and "payment of arrears, 1861-62, and former years." A copy of this Return, which is exceedingly elaborate, is forwarded to the Military Accountant.

Monthly Compilation Statement is prepared,

116. In addition an Annual Account is made up, compiled from the Monthly Returns, and a copy furnished to the Military Accountant.

117. A question has been referred to us on the subject of relieving the Examiner of Commissariat Accounts of work stated to be properly belonging to the Military Accountant's Office; a further question is raised as to the necessity of the Accounts Current of Executive Commissariat Officers being submitted to the Commissariat Examiner, and whether that Officer could not obtain details required by him in some other manner than through the medium of the Account Current.

118. On the subject raised in this reference, we have before us the printed Report of the Military Accountant to the Controller of Military Accounts, No. 75, dated 30th May 1864, and the Appendices thereto, containing the remarks of the Commissariat Examiner on the Report in question, and the Military Accountant's replies.

119. The original question was simply this—shall the Debtor side of the Commissariat Officer's Monthly Account Current, at least so far as the amount received by him for Income Tax, Fines, Sale of Stores, &c., be examined by the Military Accountant, or by the Commissariat Examiner?

120. The Military Accountant urges that the examination of the Debtor side of the Account Current should rest with him, and that he also should alone criticise the "Inefficient" Balance Statement, on the other hand, the Examiner of Commissariat Accounts

contends that many of the items of receipt, particularly in regard to the sale of rum, malt liquor, and other stores, are so blended with the *Store* Accounts of those articles, that the examination can only be conducted by him, unless he furnishes the Military Accountant with copies or certificates from his Store Accounts, an arrangement which would lead to no practical results, and only cause unnecessary expense; this the Military Accountant admits, for, while urging for the transfer of this work from the Commissariat Examiner, he states that it will not be practicable for him to undertake the duty in question without the aid of "at least" two Assistants, possessing a good knowledge of Accounts "and of the Commissariat system,"

on salaries say of Rs. 150 and Rs. 100 per mensem; this evidently means that the Clerks who have hitherto performed the work in the Commissariat Examiner's Office should be transferred, at increased rates of pay, to that of the Military Accountant. We see no object in this, and we quite concur in the view expressed by the Commissariat Examiner, that the duty of checking the debit side of the Account Current (excepting that portion relating to the advances from the local Treasuries) should be intrusted entirely to that Officer.

121. The Military Accountant is, to use his own terms, "the Book-keeper of the Government," and as such, his duties should, in our opinion, be limited to recording the results of the Accounts of Disbursing Officers, after those results have been ascertained by the Examiners. We shall, in due course, treat upon the duties of the Military Accountant; very detailed information relating to this controversy will be found in the *forty-six* closely-printed pages (foolscap) of the Report above alluded to.

122. The Military Accountant has, however, in this Report raised three important questions bearing on the duties of the Commissariat Examiner, which we will here allude to:—

Further questions raised by Military Accountant.

1st.—Whether the Commissariat Examiner should keep a money value Account of all Commissariat stock?

2nd.—Whether the total amount should be passed through the Books kept by the Military Accountant? and

3rd.—He deprecates the system of "intermingling cash and store transactions" in the Cash Accounts Current of the Executive Commissariat Officers.

123. Hitherto the Commissariat Store Accounts have been limited to showing the receipt and issues in quantities only; the principal articles kept in store are malt liquor, wine, spirits, and tea; other articles are also retained, but in very limited quantities. The system pursued in regard to the supply of rations to the Troops prevents the necessity of keeping up any stock, tea and coffee excepted, of the ingredients forming the daily ration.

124. The Military Finance Department, in letter No. 7441 of the 21st March 1862, to the Commissariat Examiner, stated that "what is wanted is simply this:—The Commissariat Department spends a sum of money for the purchase of stock, and when the vouchers for the purchase are submitted, the Commissariat Department is allowed to take credit for the cash disbursed. But as the cash is only expended as *cash*, its equivalent existing in the shape of stock, the debit removed by the production of the vouchers should be replaced by a debit against the Department for the value of the stock purchased, and which debit should be relieved on the production of Monthly Statements of the value of stock expended under the several major and minor heads."

125. The Military Finance Department, on the representation of the Commissariat Examiner, seeing the impracticability of the scheme laid down, has been satisfied with a Statement at the end of each year showing the value of all stock balances. The

but limited its request to Annual Cash Statement.

Military Accountant could not, in para. 28 of his Report above

The Military Accountant now urges the necessity of a money value Account:

ment in the Military Books, which should exhibit the whole of the stock transactions of the Commissariat Department, whether connected with the purchase or issue of stores for Army purposes, with the receipt of stores from, and the issue of stores to, other Departments, or with the purchase, or issue, of stores to other Governments." This, in our opinion, is quite unnecessary; there is no practical utility in imposing this extra labor on the Commissariat Examiner or on the Executive Officers of the Commissariat Department, for undoubtedly were this system introduced, it would, as observed by the Military Accountant himself, "be no light work to perform."

The cash expenditure for Commissariat Services is very carefully examined before credit is given to the Disbursing Officer, and no claim for the purchase of stores is finally passed unless the examining Officer satisfies himself that the stores are actually brought into the Stock Account of the Officer concerned: this is all that is done in England in the examination of the Accounts for Commissariat Services, and more is not required.

126. The second recommendation of the Military Accountant is, "that the money value of the store transactions should be recorded and adjusted in his Books;" he deprecates the prevailing system, so far as Commissariat Accounts are concerned, "of the intermingling of cash and store transactions;" in this, as before observed, we quite concur, but we are firmly of opinion that much complication and embarrassment of Accounts has been involved by the commingling, in the General Books of the Military Department, the cash and store transactions of the several separate Establishments; and we shall, in this Report, suggest the discontinuance of a practice fraught with so many objections from every point of view.

Complication in the Books has been caused by commingling cash and store transactions.

127. The third point, *viz.*, "the introduction in the Accounts Current of Executive Officers of the Commissariat Establishment of fictitious entries on the debit and credit sides of the Account representing the money value of stores furnished to other Governments," is one to which we have already alluded to in para. 111, we entirely concur with the views expressed by the Military Accountant; the transaction should be entirely adjusted on the *Store* Accounts, and should not in any way be included in the Cash Accounts of the Commissariat Officers.

128. The vouchers in support of the several charges included in the Cash Account should not be needlessly elaborated: we have had before us the accounts rendered by the Commissariat Officer in charge of the Presidency Range, and those relating to the Umballa Range: in both of these Accounts we find many forms that might be much simplified, and by which much saving of time might be effected in their compilation and examination: we would instance the form of Ration Certificate, in which much detail is given that cannot be of the least use to the Commissariat Officer, and which involves additional work in the Examiner's Office: it appears to us that all that is required is a certificate, based upon the Regimental Records, of the number of men that have been rationed during the month: we submit such a form as would, in our opinion, suffice—Appendix No. (6).

129. The Examiners of Accounts should be responsible for the curtailment of all unnecessary work in the Disbursers' Offices: the Examiners have before them, in full detail, the vouchers and documents upon which payments are made: should these vouchers be unnecessarily diffuse, the attention of the Disburser should be directed to the fact, and a revised form should be submitted by the Examiners for the consideration of the Accountant General: we venture this suggestion as we are satisfied that if the Accounts be rendered, supported by vouchers based upon a clear and business-like arrangement, much time will be saved to all parties concerned. We observe in one of the Store Accounts that has come under our observation, that the transactions of one month are represented, it would appear from the Account, by ninety-nine issue vouchers, but on an investigation of the Account in question, we found that no less than *sixty-seven* of these *separate* vouchers were for issues, amounting in the aggregate to 33 gallons 35 drams of port, each of the sixty-seven vouchers and the number of vouchers should be reduced.

was in manuscript, and each of them was signed by a Staff Surgeon Major: the Examiner has not made any observation on this useless expenditure of time and stationary; the Commissariat Officer is therefore continuing, and will continue, the objectionable practice until his attention be drawn to the circumstance.

130. The Accounts rendered by the Range Officers are by no means voluminous or complicated; it is true that the amount they disburse is considerable, and the vouchers furnished by them numerous; this, however, is no criterion of the amount of work involved, as in many instances single payments are supported by numerous sub-vouchers; and in each month's Accounts there are Ration Statements, requisitions for Transport, Railway Warrants, &c., each of which is considered as a separate voucher: the amount of work falling within the sphere of the Commissariat Examiner is moreover by no means so extensive as would at first sight appear, for out of 9,501 vouchers for the month of March, no less than 4,960 are passed on to the Medical, Ordnance, or Barrack Departments; the Commissariat Examiner certainly examines these vouchers before passing them to the other Departments, but they form no element in his detailed Compilation Statement.

131. The examination and compilation of the *Stud* Accounts are entrusted to the Commissariat Examiner; he receives Monthly Accounts from each of eight Officers in charge of depôts: the examination of these Accounts should not occupy much time, and their compilation is of the most simple character.

132. It would appear, therefore, that the Accounts of thirty-six Officers are examined in this Department: it will be found on reference to Appendix No. 2 that this duty occupies no less than two Officers and eighty-one Clerks, a great proportion of whom are engaged upon the compilation of Statements, the preparation of Returns of averages, and other duties of an extraneous nature, not directly concerned with the examination of the Accounts.

VI.—THE EXAMINER OF MEDICAL ACCOUNTS.

133. The Officer in charge of this Department is a Surgeon-Major: the Office is in the same building as that of the Commissariat Examiner; indeed the transactions of these two Departments are so intimately connected with each other that it would be very inconvenient were the Offices separated.

134. The Medical Examiner exercises no control over the amount expended on account of Medical supplies: the contracts are made by Commissariat Officers, and all articles required in the various Hospitals are supplied through their intervention: the Medical Examiner accepts, therefore, the result of the examination made by the Commissariat Examiner, and merely completes the vouchers, under certain sub-heads, of the grant for Medical Services,

and prepares and renders to the Military Accountant the following separate Returns every month :—

Audited charges	...	...	...	...	...	Current.
Settlement arrears	...	...	...	...	...	1862-63.
Ditto do.	...	...	...	...	...	Prior years.
Payments	...	...	...	...	...	1862-63.
Ditto	...	...	...	...	...	Prior years.

135. The Office of the Medical Examiner consists of fifteen Clerks : these he divides into the following separate sections :—

Number of Clerks.

Medical Supplies and Charges.

Statistical, as regards expenditure.

Audit.

136. The result of this minute sub-division of so small an Office is a great and unnecessary increase of work, as the Clerks in one section do not avail themselves of the information collated in either of the other sections.

137. Many of the Returns prepared in the "Statistical" Section are based upon Returns specially furnished by Deputy Inspector Generals of Ranges, *e. g.*, there is a Monthly Statement of the average consumption of stimulants ; this statement is printed, and it shows the rate of consumption per cent. of spirits, wines, malt liquors, effervescing liquids, and lime-juice—doubtless a very useful and necessary Return, but one certainly not required for Account purposes ; this Return is prepared by the Medical Examiner from separate and special Statements furnished to him monthly by the Deputy Inspector Generals of Circles ; the very same information is given in the Diet Rolls furnished to the Medical Examiner ; these, however, are not available for the "Statistical" Section of that Officer's Department, as these documents are furnished to, and required by, the "Audit" Section, notwithstanding that the Clerks of the three sections are all working in the same room.

138. There is also a Register of stock articles issued in each Circle ; the issues are arranged under fifteen heads, ten of which are spirits and stimulants, already recorded, in the fullest detail, in the Monthly Average Statement. The Medical Examiner states that he makes no use of the Register, but merely keeps it for the information of the Commissary General ; that Officer cannot, however, make much practical use of it, as the Register is not posted beyond June 1863.

139. Again, an Annual Return is also prepared of the gross cost per 100 patients ; one copy of this Return is transmitted to the Principal Inspector General, and one to the Controller ; the Controller admits that the copy furnished to him is not required, and that transmitted to the Inspector General, cannot be of much service, as the last rendered is for the year 1861-62.

140. In our investigation we discovered many other useless Returns and Statements which had been introduced by the Medical Examiner without the knowledge of the Controller ; that Officer has ordered their discontinuance ; they were quite useless, and, generally speaking, in arrear.

141. It may be here stated that the Examiner himself admits that his professional knowledge does not in any way facilitate the control over the expenditure.

A Medical Officer is not required to examine Medical Accounts.

VII.—EXAMINER OF ORDNANCE, BARRACK, AND CLOTHING ACCOUNTS.

142. The Officer intrusted with the examination of these Accounts is one of many years' service, he is a Lieutenant of the Veteran Corps ; he audits not only the claims upon which cash payments are made, but examines also the Store Accounts rendered by these Departments ; as the duties of this Officer are multifarious, and as the course of action is, to a certain extent, different in each Department, it may be as well if we pass our observations on each separately.

ORDNANCE DEPARTMENT.

143. All cash payments for supplies furnished locally are made by the Commissariat Officers, and the amount disbursed is included in their Accounts rendered to the Commissariat Examiner : this Officer examines the vouchers appertaining to this Service, both as to their arithmetical calculations and the correctness of rates, he then abstracts from the Monthly Accounts all vouchers relating to the Ordnance Department, prepares a list thereof, and forwards it to the Office of Ordnance Examiner : here the vouchers undergo another examination, *ad initio*, even to the computa-

tions; the quantities of the various articles paid for are then traced into the Day Books of the various Officers.

144. The Ordnance Examiner has no check over the rates charged: and he admits, on the audit of the Commissariat Examiner, all claims for transport, boat-hire, and services of a like description.

145. The vouchers for all cash payments are, after their re-examination, compiled into a Monthly Compilation Statement. Statement for the information of the Military Accountants: the Statement is furnished to that Officer monthly, and the Ordnance Examiner records the amount expended under the various sub-heads of the grant for Ordnance Services in his Books: the Statements show the amount applicable for prior years under the same sub-divisions as the expenditure for Commissariat Service.

146. Many of the claims for Ordnance Service are, before payment, sent to the Examiner for "pre-audit;" the claims which are admissible are "enfaced" in the usual manner, and the Examiner signs the documents as the authority to the Circle Paymasters to pay the amount: these claims consist, in a great measure, of bills for local purchases required for the Arsenals, Magazines, &c., and for the repair of Arms, Accoutrements, and Harness, Browning Arms, Transport Charges, Compensations for losses, &c.; none of these claims, although in many instances appertaining to Regimental Services, are ordered to be paid through the Regimental Paymasters.

147. The Ordnance Examiner receives from each Officer in charge of Military Store Establishments a Monthly Account of their receipts and issues; there are—

3 Arsenals,
5 Magazines,
6 Depôts,
14 Forts,
6 Manufacturing Establishments:

the general principle of these Accounts is, that a *certified copy* of the Day Book should be rendered from each Officer in charge of stores: this Book should contain a complete record of all the receipts and issues which takes place daily in the several Establishments: the copies of the Day Books are supported by the *original* vouchers, whether for receipts or issues, and are forwarded monthly.

148. The entries in the Day Books show quantities only: the Ordnance Examiner inserts the rate and value of stores issued and received; issues and receipts between Magazines excepted, the money value of all stores issued is placed to the debit of the party receiving them; a Ledger Account is opened with every Officer Commanding a Regiment of Cavalry or Infantry, or a Battery of Artillery.

149. After the termination of each year the Officers in charge of the stores in the Arsenals, Magazines, Forts, and Manufacturing Establishments furnish to the Ordnance Examiner a *copy* of their Store Ledger: this is at many Stations, particularly at the Arsenals of Fort William and Ferozepore, a document of most capacious extent, occupying at the latter Station alone no less than ten bulky sections of imperial size paper: every item in the Ledger is examined with the entries in the Day Book, and the total quantity of each description of article in store at the end of the year is abstracted into a general Return, the rate is inserted, and the value ascertained.

150. Officers in charge of Arsenals, &c., also furnish, at the end of each month, a General Indent.—Repair of stores. Indent of articles issued for, and labor expended in, making and repairing stores: this Return is of a very voluminous nature; it shows the value of every item of material that has been used in each repair, however trifling, and the wages of every man employed thereon. So minutely is the Return compiled that the total cost of the repair of one article, amounting to seven annas only, involved no less than eleven separate calculations: the total value of one of the ingredients used in this repair was *one-sixteenth* of a pie!

151. The total quantity of articles consumed during the month is worked up into a General Statement, and credit is taken on the Ledger accordingly: in like manner a General Statement of wages is prepared, showing the class of work upon which the work-people have been employed; these Returns are not examined with the detailed Statements of work executed, so that for all practical purposes these documents are not required by the Ordnance Examiner.

152. In making our recommendations in regard to the examination of the Store Accounts, we will suggest a course by which this great and unnecessary detail may be avoided.

153. In regard to the store transactions with Regiments and Batteries, the Officers Commanding furnish half-yearly Returns of all articles in charge; the Returns for the half-year ending 30th April are brought together in Abstracts, in the same manner as is done with the stores in charge of Ordnance Officers, and the total value is arrived at.

154. Civil Officers, to the number of about 250, who are in possession of Ordnance Stores, also render Accounts to the Ordnance Examiner; each of these Officers furnishes a half-yearly Account of the stores in their charge: these Statements show—

Description of Store.	Stock, 1st May or 1st November.	Receipts.	Issues returned into Store or sold.	Expenditure.	Balance.

155. To each Statement, as rendered by the Civil Officer, the Ordnance Examiner adds the rate and value: this valuation is made not only at the end of the year, but intermediately; a Ledger Account, showing the money value of all stores, is kept with each Officer, who is debited with the value of the issues to him, and credited with his Returns or expenditure; the balance on the Ledger Account should agree with the balance shown by the half-yearly Statement rendered by the Officer in charge of the stores; these Statements are then brought together in a general Abstract in the same manner as are those for the other classes of Store Account.

156. It will be unnecessary to describe in detail the other operations in regard to adjustment of stores to other Governments and to those Departments* which, being Departments of expenditure, do not render Store Accounts to the Ordnance Examiner: there is, however, a very large class of business conducted under what is called *Cash Recoveries*, that is, for stores issued to Officers for private use, or to replace those for which a fixed contract allowance is granted.

157. Before alluding to the general summary of the Ordnance transactions, we will offer a few observations on the account of the Manufacturing Establishments under this Department: these consist of—

1. Gun Foundry at Cossipore.
2. Gunpowder Agency at Ishapore.
3. Timber Agency at Calcutta.
4. Manufacturing Deptt at Dum-Dum.
5. Mathematical Instrument Department.
6. Gun Carriage Agency at Futteghur.

158. The principle upon which these Accounts are prepared and examined will be found fully described in a letter addressed to the Controller, Military Accounts, by the Ordnance Examiner, dated 25th January 1864, No. 8218 (Appendix No. 8).

In regard to the Accounts of the Gun Foundry at Cossipore we have already submitted to Government a separate Report dated 17th August 1864.

159. The Officers in charge of the Manufacturing Departments prefer claims, for the fixed Establishments, on the Paymaster of the Circle in which the Department is situated; they, however, render to the Ordnance Examiner a Monthly Account of the receipts and disbursements on account of the extra Establishment and contingencies. In regard to the Gun Carriage Agency at Futteghur, although the Officer in charge of that Establishment is a direct Accountant, he has received a very large amount from the Circle Paymaster on account of Timber purchases, the whole of which amount is held in Inefficient Balance of the latter Officer.

160. The Ordnance Examiner compiles, solely for the purposes of the Military Accountant, a very elaborate set of Books, in which is included the entire transactions of the Ordnance Department for the year: the Military Accountant examines that portion of the Returns showing the quantity of stores received from England, and then incorporates the results in the General Books for Military Services.

161. These very voluminous Accounts for the year 1862-63 were completed on the 23rd August last, just four months after the termination of the year: the Military Accountant has only just recorded the Accounts rendered to him for the year 1861-62.

162. The Balance Sheet is worked out by the Examiner of Ordnance Accounts to the fractional parts of a pie, and it has the appearance of being a very satisfactory document: we were astonished to find that transactions so numerous as those that flow through the

* Public Works, Mint, Telegraph, Roorkee Workshops, Stationery.

Ordnance Department, and, in many cases, so involved, could, in so short a period, be balanced with such nicety; this led us to a rather minute investigation into the Accounts, and we were not long in discovering that, as such, they are perfectly valueless, and are really not what they profess to be: we found, on analysing the item of Rs. 1,20,02,826 on the credit side of the Balance Sheet of the year 1862-63, that it is not, as it should be, the value of the "stock remaining with the Army," but only the *estimated* value thereof, arrived at by taking the *actual* value of the stores in charge of three or four Regiments of Cavalry, or Infantry, and three or four Batteries of Artillery, ascertaining the average per Regiment or Battery, and multiplying the result by the number of Regiments and Batteries in the whole Presidency; this item at once destroys the integrity of the Account, and it can only be balanced by introducing a compensating item, per contra, equivalent to the difference between the value of stores in charge of Officers Commanding Regiments, &c., as per estimated Statement, and the value, had the actual receipts and issues during the year been acted upon.

163. There is another item which produces much complication in these Accounts, and which almost takes them out of the control of the Ordnance Examiner, *viz.*, the introduction, by order of the Military Accountant, of large sums in adjustment of the Accounts of former years, and transactions relating to other Presidencies, of which the Ordnance Examiner has no knowledge; to show the extent of these transactions, it may be stated that the following amounts, which are merely the *balance* of the items introduced by direction of the Military Accountant, appear in the Ordnance Books for the year 1862-63 and 1861-62:—

		Rs. A. P.	
1862-63, "Difference between the Dr. and Cr. side of adjustment			
and of former years" ...	ditto ... ditto ...	1,85,780	5 7
1861-62, Ditto	ditto	3,96,409	14 0½

BARRACK ACCOUNTS.

164. The payments for Barrack Supplies and Services are made by the Commissariat Officers in charge of Ranges. Barrack Masters are not Cash Accountants: the vouchers for cash purchases are examined with the Day Books of stores received, and the claim is not allowed until the stores are brought on the charge of the Barrack Master.

165. The Ordnance Examiner has only control over those articles of store, such as furniture; the items of consumption, such as charcoal, oil, &c., are not passed through the Store Accounts, a Contractor makes the necessary supply to the several Regiments; the claims are paid, after due examination, by the Commissariat Officer, are included in his Lists of Disbursements, and are forwarded to the Ordnance Examiner by the Examiner of Commissariat Accounts: the former Officer compiles the expenditure under ten sub-heads of Account, and furnishes a Monthly Statement thereof to the Military Accountant.

166. The Barrack Masters' Day Books show not only the quantities of new furniture, &c., issued, but also the issues of consumable articles: this is quite unnecessary, as the articles are not to the debit of the Barrack Master, and the Ordnance Examiner has no control over them.

167. The Commissariat Officers furnish Barrack Masters with advances of cash, to be repaid within the month, for payments on account of transport, coolie hire, &c.: at the end of the month the Barrack Master prepares a voucher showing the amount he has disbursed; this voucher finds its way, through the Commissariat Examiner, to the Ordnance Examiner, who is moreover furnished with a duplicate of these vouchers by the Barrack Masters in their Monthly Accounts; these are not required and should be discontinued.

168. The Day Books furnished by the Barrack Masters are posted, by the Ordnance Examiner, into an Abstract, showing the receipts and issues month by month during the year: the balance is then struck, and the quantity of each description of article is compared with the quantity shown on a General Annual Return furnished by each Barrack Master; these Returns, if correct, are further abstracted into a General Statement, and the total number of each article having been arrived at, the average price is included in the Return, and the computations made at this rate: an Annual Account is prepared for the information of the Military Accountant; this Account also includes the payments made by the Commissariat and Pay Departments during the year.

169. The Accounts rendered by the Barrack Masters to the Ordnance Examiner have to be transmitted through the Quartermaster General to that Officer; this arrangement causes considerable delay in the examination of the Accounts, *e.g.*, the Accounts of the Barrack Master at Fort William for the month of April were completed and signed by the 2nd May; they did not, however, reach the Ordnance Examiner until the 27th of that month, as they were not considered complete until the signature of the Quartermaster General, or of one of the Officers of his Department, was attached to one or other of the documents: to obtain this, these purely formal Accounts were transmitted to Simla, and in their transit from the Fort of Calcutta to Banksall Street had to travel upwards of 2,000 miles.

170. A large sum is realized during the year by Barrack Masters for the repairs and damages to furniture, &c.: the amount is paid by the Paymaster or Quartermaster of the Regiment to the Paymaster of the Circle, who pays the sum into the local Treasury; similar transactions are, when Her Majesty's Regiments are serving in the United Kingdom and the Colonies, adjusted by the Regimental Paymaster, who is furnished with the necessary documents by the Barrack Master, who forwards to the War Office a duplicate or abstract thereof as a check upon the Paymaster's Accounts. The check adopted in this country does not appear to be complete, as there is no evidence that the entire amount paid to the Barrack Master is given over to the Circle Paymaster.

CLOTHING ACCOUNTS.

Detail of duties.

171. The duty devolving upon the Ordnance Examiner in regard to the Clothing Accounts is as follows:—

- I.—Examination of claims for compensation for clothing not issued to Regiments.
- II.—Examination of claims for making up clothing at the Regiments.
- III.—Examination of the Accounts of the Clothing Agent, Alipore.

172. Each British Regiment furnishes an Annual Clothing Account showing the stock in hand and the number of garments, boots, &c., received and issued during the year: the articles to which the men are entitled, and which are not issued to them, are clearly shown on the same Return; the total amount due for these articles is recorded against each man's name; when the aggregate sum is ascertained a separate bill is made out by the Ordnance Examiner in favor of the Regiment, is enforced in the usual manner, and transmitted to the Officer Commanding: the amount is paid by the Regimental Paymaster and included in the Pay List.

173. Payment is made for making up clothing according to the approved tariff of rates for each description of garments: the number of garments made up is checked by the number for which materials have been issued from the Clothing Agency: a bill is prepared by the Ordnance Examiner in favor of the Regiment, and it is paid by the Paymaster.

174. The Accounts of the Clothing Agency, Alipore, consist of copies of the Day Books, which contain the receipts of materials from England, issues to the Master Tailor for conversion, and of made-up garments and materials to Regiments: the issues to Regiments pass through the Accounts of an Officer designated the "Packing Serjeant."

175. The examination by the Ordnance Examiner consists in ascertaining from a set of printed Returns, known as the "Pimlico Tables," the quantity of materials that should be consumed in the number of garments specified in the several Regimental Indents; the quantities are checked off in the Store Ledger, which is made up and forwarded by the Agent every three months: the original Ledger is transmitted to the Ordnance Examiner.

176. The Report of the Ordnance Examiner on the Accounts for the year 1862-63 shows the results, so far as they can be ascertained, of the year's working; the Statement, as explained by the Examiner, is not so complete as he would wish, but as the great object of that Officer has been to overtake the arrear in the audit of these Accounts, he has not gone so fully into the results of the working of the Clothing Factory at Alipore as he purposes doing in regard to the Accounts for the year 1863-64.

177. The examination of the Clothing Accounts is now being pursued with great earnestness and intelligence by the Ordnance Examiner, who is rapidly bringing up these Accounts to the latest period; but as we found that the Day Books had only been received to the month of April, we considered it advisable to ascertain, by personal inspection, the causes which led to the delay on the part of the Clothing Agent in rendering the Accounts required.

178. The Agent for Clothing acts in two capacities, as Agent and as Superintendent; he has two Offices, one on one side of the main road through Alipore, and the other on the opposite side; the two Offices are quite distinct from each other; that which carries out the duties of the Agent, in his capacity of Superintendent, considering itself the controlling power, looks with distrust upon everything that is done in the way of Accounts on the other side of the way, where the working branch of the Establishment is conducted: the result of this feeling is, that whilst only one set of Accounts for working the entire Clothing Department is required two sets are now in operation: there are two Store Ledgers, two Cash Books, &c., and a great and unnecessary increase to the work.

179. The present arrangements involve a great deal of extra copying of Indents and other documents, the whole of which might be obviated were a complete amalgamation made of the two Offices.

The Store-keeper should keep the Store Ledger. 180. The Store-keeper's Ledger should be kept by the Store-keeper himself, and the copy that is made in the Superintendent's Office from the Store-keeper's Day Book should be discontinued.

181. Materials for clothing are almost entirely received from England; the number of separate receipts are but few during each quarter; it is unnecessary therefore to devote the Dr. or left hand side of the Ledger solely for receipts; one-third of the page might be so arranged that the receipts might be recorded thereon, and the remaining two-thirds would be sufficient, in most cases, for the issues; this would obviate the necessity of opening the numerous headings on both sides of the Ledger.

182. The system now pursued, in regard to the issue of materials to be made up into garments, involves a great deal of unnecessary Office work, and it leads also to a waste of material; the practice is for the Master Tailor to indent on the Store-keeper for the articles required for completing each requisition, sometimes for a single garment; this causes a large accumulation of remnants, and gives to all parties concerned additional work; this might be obviated, and the entire economy of the Clothing Factory altered were some such arrangement as the following carried out:—

System of issue now pursued is objectionable.
 Suggestions for improved working of the Establishment.

- I.—The operations of the Factory should be limited to making garments of the ordinary sizes; all extra sizes, large or small, should be made at the Regiment from the materials to be furnished from Alpore.
- II.—The Indents from the Regiments should show how many of each of the several sizes from No. 1 to No. 6 that would be required, and the Size Roll should show the measurements of the abnormal sizes only.
- III.—The Agent should, at the commencement of each month, direct the Master Tailor to make up, during the month, such number of each size of the several garments as he, the Agent, might deem requisite.
- IV.—The Master Tailor would obtain from the Store-keeper the necessary quantity of material, either in one issue, or day by day, as required.
- V.—In regard to Tunics for Infantry of the Line, they should be made up without cuffs, collars, shoulder straps, and buttons. When the Tunics have been duly examined and passed they should be packed in bales of convenient bulk for transit: the number of garments and the size should be distinctly marked thereon.
- VI.—Cuffs, collars, and shoulder straps should be made ready for delivery with the Tunics.
- VII.—The stock of Regimental buttons should be handed over to the Quartermaster of the Regiment, who should include in the Annual Indent of Clothing the necessary quantity required for the year.
- VIII.—Trowsers for British Troops and clothing for Native Troops should, as far as possible, be made up in sizes.
- IX.—By amalgamating the Packing Department with that of the Store-keeper a great saving of labor would be effected.
- X.—One Cash Book for the entire Department is quite sufficient.

183. The Inefficient Balance amounted, on 31st May last, to Rs. 1,00,712; every item composing this large balance should be at once carefully investigated and cleared up; there is one item for *three pie* which has been brought forward, month by month, since April 1861; and many items for the pay of Establishment beyond the sanctioned amount which have been disallowed still remains unsettled and included in this balance.

184. It is very desirable that this Department should be conducted with every regard to economy, as from the results of the working for the year 1862-63, it would appear that the cost of each garment is considerably in excess of the price at which they might have been obtained from England: the records of the year may, however, be open to some doubt, so that we hesitate to base any argument upon them. We would, however, urge that the Accounts be brought up to the latest date; that the two Establishments be amalgamated; that all superfluous work be abolished and that the mode of working be altered; further, that the particular attention of the Examiner of Clothing Accounts be directed to the Accounts of the present financial year, so that on its completion the Government may have a reliable Statement of the actual cost of each garment manufactured at the Agency.

185. The balance of stock in the Clothing Factory is of considerable value, and contains many items, so we were informed, of obsolete pattern; these should be at once removed from store, and either sold in this country or returned to England for that purpose.

186. We would here allude to an inconvenience that arises from the financial year in this country being different to that in England; the former commences on the 1st May; the latter on the 1st April: the clothing for British Regiments serving in India is due on the latter date, and all compensations for clothing are also due on that date; it is in consequence a matter of considerable doubt as to the amount that will be paid in the nature of compensation during the month of April, and an uncertain element is thus introduced into both Estimates and Accounts.

Redundant stock should be disposed of.
 Inconvenience in regard to Clothing Accounts of Indian financial year commencing on 1st May.

VIII.—MILITARY ACCOUNTANT.

187. Having detailed the duties of the Disbursing and Examining Officers we now come to the Office in which the result of the Accounts are recorded; how this is accomplished will be seen from the following remarks.

188. A reference to paragraphs 9 and 29 will show what Returns have to be prepared and rendered on account of Military receipts and expenditure; the whole of these are prepared by the Military Accountant and transmitted by him to the Controller: it may be as well here to recapitulate the various Statements and Returns that have to be compiled either for the Military Accountant General or for the Financial Department.

I.—Monthly Statement of Receipts and Unaudited Disbursements	...				{ For the Accountant General and the Financial Department.
II.—Quarterly	ditto	ditto	ditto	ditto	
III.—Annual	ditto	ditto	ditto	ditto	
IV.—Monthly Statement of audited, passed, and classified expenditure	...				Accountant General.
V.—Monthly Statement of increase and decrease of outstanding balance	...				Ditto.
VI.—State of audit of Accounts in the several Examiners' Offices	...				Ditto.
VII.—Annual Statement of Cash Balances in the hands of Disbursing Officers	...				Financial Department.
VIII.—Monthly Statement of assessment, collection, and refund of Income Tax by Disbursing Officers of the Military Department	...				Ditto.
IX.—Annual Statement of Quick and Dead Stock	...				Accountant General.
X.—Annual Report on Appropriation Audit	...				Ditto.
XI.—Abstract of General Books	...				Ditto.
XII.—Annual General Books, Journal, and Ledger	...				Financial Department.

I.—MONTHLY STATEMENT OF RECEIPTS AND UNAUDITED DISBURSEMENTS.

189. This return is compiled with the view of affording the Financial Department the earliest information in regard to Military expenditure. Disbursing Officers render, within three days after the termination of each month, an Abstract of their receipts and payments; these Abstracts are compiled by the Military Accountant into a General Statement, which should be transmitted to the Accountant General to the Government of India on or before the 20th of the month.

II.—QUARTERLY RETURN OF RECEIPTS AND UNAUDITED DISBURSEMENTS.

190. This being on a different form to the Monthly Statement above alluded to, and as it furnishes more detail than is given in that Return, a separate compilation is made; those already prepared for the Monthly Statements are not utilized: the information for this Return is obtained from the Monthly Statements of audited and classified expenditure furnished by the Compiler of the Pay Department and by the Examiners of the other Departments.

III.—ANNUAL RETURN OF RECEIPTS AND UNAUDITED DISBURSEMENTS.

191. This includes both audited and unaudited expenditure; the Compiler of Pay Accounts and the Examiners of the other Accounts furnish the Military Accountant with an Annual Statement of their disbursements; the items of debt, remittances, and other receipts and charges not appertaining to the Budget Grants for Military Services are obtained from the Accounts Current of the Disbursers.

IV.—MONTHLY STATEMENT OF AUDITED, PASSED, AND CLASSIFIED EXPENDITURE.

192. The Compiler of Pay Accounts renders to the Military Accountant three separate Returns, each month, of the expenditure on account of pay; in like manner the Examiners of the Commissariat, Stud, Medical, Ordnance, Barrack, and Clothing Departments render three separate Returns monthly for the expenditure, audited and passed, in their several sections: the three Returns from each Department relate to current and arrear expenditure; these Statements are compiled in the greatest detail, furnishing particulars of the expenditure on items not particularised in the Budget Estimate, and showing the amount expended at each Station; the Military Accountant, however, does not record these minute particulars, as all that he acts upon is the total amount of expenditure under each major and minor head of the Budget Estimate.

This Monthly Statement is prepared solely for the Accountant General, Military Department.

V.—MONTHLY STATEMENT OF INCREASE AND DECREASE OF OUTSTANDING BALANCE;
AND

VI.—STATE OF AUDIT OF ACCOUNTS IN THE SEVERAL EXAMINERS' OFFICES.

193. These are merely departmental Statements.

VII. and VIII.—MONTHLY STATEMENT OF CASH BALANCES AND OF INCOME TAX ASSESSED AND REFUNDED.

194. These Statements are made up for the Financial Department.

IX.—ANNUAL STATEMENT OF QUICK AND DEAD STOCK.

195. The last Return prepared is for the year 1861-62, and was forwarded to the Accountant General to the Government of India in November 1863.

X.—ANNUAL REPORT ON APPROPRIATION AUDIT.

196. This is a most voluminous Statement; it is supposed to represent the actual audited expenditure on account of Military Services, and should, according to the instructions on this subject, be based entirely on adjusted charges after the closing of the Annual Books. This Return is compiled solely for the use of the Accountant General, but it is of no practical use; in the first place it is compiled *before* the Annual or General Books are commenced, the Appropriation Account for the year 1862-63 having been rendered to the Accountant General on the 19th July last, the Books for 1861-62 having only just been closed, and those for 1862-63 not yet opened; moreover, the expenditure, as shown by the Returns, differs very materially from the "actuals" for the same period, as given by the Accountant General in the printed Budget Estimate for the year 1864-65.

XI.—ABSTRACT OF GENERAL BOOKS.

197. In the recent orders issued regulating the duties of the several Departments of Military Account, it is laid down that an *Abstract* of the General Books should be prepared for the Accountant General. We cannot understand to what use this Return can be applied, as before an Abstract of the Books is prepared the Books themselves must be closed; the Books for 1861-62 have just been balanced, it is only for those Accounts that an Abstract can be prepared, and we consider this quite useless.

XII.—ANNUAL GENERAL BOOKS, JOURNAL AND LEDGER.

198. These Books, when completed, contain the final record of Military expenditure for the year, and the state of each Account opened with Disbursing Officers and others; in fact these are the Books proper; their use is much diminished by their being so much in arrear: the Books for the year 1861-62 were commenced on the 12th June 1863, and were only completed at the commencement of this month (August 1864): the principle upon which the General Military Books are based is the adjustment of each personal Account annually; for instance, the Books for 1862-63 should be opened in the month of April 1863, and the entire transactions of each Disbursing Officer recorded in the Journal and thence posted to the Ledger: no detail is kept of the expenditure, and it is not in any way subdivided either under the major or minor heads of the Budget Estimate; this, it would be imagined, would have so simplified the record, that the adjustment of the Books, considering that there are only about 46 Disbursing Officers, would have been accomplished without any difficulty, and that in a few months after the closing of the year the Books would have been balanced and closed also: this is not so; the Books, as already stated, are in very considerable arrear, and the Journal is so overloaded with unnecessary detail that it fills no less than 1,429 pages, notwithstanding that the entire sum disbursed as Military charges is recorded in one line for each Disbursing Officer.

199. It thus appears that, although there are two Annual Accounts of expenditure, an Abstract of the General Books, and the General Books themselves, there are no two that agree with each other, and, as before stated, the amount expended on any one year for Military Services is a matter of opinion and not one of fact.

200. In the Ledger for the year 1860-61, the last closed at the period of our detailed inspection of the Office, we noticed two Accounts that are deserving of particular attention, viz., "Advances Repayable" and "Deposits."

201. The Account of "Advances Repayable" exhibited, on 30th April 1861, a balance in favor of the Government of no less than Rs. 8,45,302, and this fact appears to have had the effect of beguiling the Military Accountant and his Assistants into the belief that as the balance was, as it was termed, on the "right side," no investigation was necessary: had reference been made to the Ledger Account, it would have been found that this balance in favor of the Government was thus comprised, viz.—

							Rs.
Total Credit Balance	...	...	...	...	...	...	19,77,084
" Debit "	...	...	...	...	...	...	11,31,782
Net Credit in favor of Government			...	...	...	...	8,45,302

202. Of the large sum standing to the credit of Government no less than Rs. 16,04,673 arises on the "Deposit" Account, and upon which we shall touch hereafter.

203. I will be seen above that no less than Rs. 11,31,782 stands to the debit of "Advances Repayable" in other words, upwards of £113,000 has been advanced to, or is owing by, Officers and others, and yet the Military Accountant appeared to be almost entirely ignorant of the fact, and when it was explained to him, he stated that the debts were outstanding before his time. The number of separate Accounts, debit and credit,

remaining outstanding on the "Advances Repayable" Ledger is no less than about 1,400, most of which might with little trouble have been settled.

204. The "Advances Repayable" Account was the pioneer of the "Inefficient" Balance Account; the latter had its origin in the fact that the former became so unmanageable and overgrown that it was necessary to break new ground: the latter, in point of amount, although of only a few years' standing, already far outstrips the former, for whilst the balance due on the "Advances Repayable" Account is Rs. 12,31,782, that on the "Inefficient" Balance already amounts to Rs. 20,85,799 in Bengal alone. Although that the General Books for 1861-62 are balanced, the Advances Repayable Account has not been commenced for that year.

205. The state of the "Deposit" Account is still more unsatisfactory: no less than Rs. 16,04,678 remained due, on 30th April 1861, to sundry Officers, who have, for various causes, deposited money with Circle or Divisional Paymasters; this Account, like that

previously noticed, has, on the plea that the balance is on the "right side," been almost entirely neglected; the Deposit Ledger has not been balanced since 1850-51, upwards of thirteen years; the consequence is, that there are large sums due to the estates of deceased Officers that should have been long since closed, and many other transactions that a small amount of investigation would have cleared off; in several cases money has been deposited to meet retrenchments, and which doubtless appear to the debit of the Officer in the "Advances Repayable" Ledger.

206. We would here suggest that both these Accounts should be at once fully and thoroughly investigated; and we would again draw attention to the fact, as alluded to in paragraph 117, that whilst the Military Accountant has been endeavouring to obtain the control of work not within his proper sphere, the legitimate duties of his Office have not received that detailed investigation which their importance demanded.

In regard to the General Books, it appears that two copies are made; one for the Military Department, and the other for the Financial Department; the latter is forwarded to England.

207. Before closing our observations on the Military Accountant's Office, we would wish to draw attention to the following subjects, viz.—

- I.—Regimental Savings' Bank Accounts.
- II.—Accounts of Remittances and Casualty Returns.
- III.—Advances from local Treasuries.

I.—REGIMENTAL SAVINGS' BANK ACCOUNTS.

208. There is a separate section of the Military Accountant's Department for auditing these Accounts; the work is, however, only partially done by the Officer in charge, whose duty is limited to recording, in an "Abstract Ledger," the amount deposited and withdrawn by each Regiment every month; the details are furnished from two sources, the Circle Paymaster, who sends a certificate of the aggregate amount of the transactions of each Regiment, and from Regimental Paymasters of Cavalry and Infantry, and of Officers Commanding Batteries of Artillery, showing the amount deposited or withdrawn, each month, by each Troop, Company, or Battery.

209. At the end of the year each Regiment or Battery transmits to the Military Accountant the Savings' Bank Ledger and the necessary vouchers, as prescribed by War Office Regulations; these Ledgers contain the Account of every depositor, and record all the transactions of the year; three Special Auditors are appointed to examine these Ledgers; the Officers appointed do not belong to the Military Accountant's Office; they are as a rule selected from one or other of the Public Offices, and receive, when the Accounts of the year are examined, an honorarium of Rs. 2,500; it is an understood rule that the work is, if undertaken by an Officer in the Service, done after Office hours, and it is also ruled that each Account is separately examined by two of the Auditors; we consider that the system is objectionable on two

grounds:—

I.—That the work does not strictly appertain to the Military Accountant, it being an integral part of the duty of the Pay Examiner.

II.—That unnecessary expense is incurred, as the present Establishment, if re-organized with the view of examining the details of the Account, would be quite sufficient to perform the duty.

II.—ACCOUNTS OF REMITTANCES AND CASUALTY RETURNS.

210. The Military Accountant is furnished, by Regimental Paymasters or by Officers Commanding Batteries of Artillery, with Rolls and Lists monthly; these are supported by a certificate from the several Circle Paymasters to the effect that the amount has been duly passed to the credit of the Public: the Military Accountant compiles these separate lists into a general Return showing the aggregate amount received; this Return is forwarded to the Home Government by the second Mail in each month. The lists are forwarded with

regularity, and this portion of the Military Accountant's duties seems to be satisfactorily performed.

III.—ADVANCES FROM LOCAL TREASURIES.

211. The course pursued in regard to supplying the Disbursing Officers with funds has already been described in paragraph 81. We would here wish to draw attention to the manner in which a settlement is effected in regard to these advances between the Military and Civil Departments.

212. The adjustment of the advances from Civil Treasuries for Military Services is a duty that appertains to the Military Accountants; they alone have the information upon which the amount drawn by Disbursing Officers can be checked, and they alone can certify that the sums claimed by Civil Treasuries on account of Military advances have been duly acknowledged by the Officers to whom the advances have been made.

213. Knowing the importance of a prompt settlement in regard to these transactions, we enquired very minutely into the course pursued in the Office of the Military Accountant. We found it unsatisfactory in the extreme; the adjustment with the Deputy Auditor and Accountant General was considerably in arrear, and no adjustment has been effected in regard to the advances from the Bengal Treasuries since April 1862.

214. It would appear, from papers referred to us, that this important part of the business of Military Accountant is in an equally unsatisfactory state in the Presidencies of Madras and Bombay: the papers to which we allude contained a Report from the Deputy Auditor and Accountant General, Bombay, complaining that he had not received from the Military Accountant any Statement of Civil charges incurred in the Military Department, nor the reports of the result of the examination of the Statements furnished in regard to Military Remittances.

215. On the papers in question we suggested that the Deputy Auditor and Accountant Generals of the several Presidencies and Provinces should be called upon to report—

I.—The period to which the Statement of advances from Civil Treasuries, on account of Military charges, has been rendered to the Military Accountant.

II.—The period to which the Accounts between the two Departments have been adjusted.

III.—The differences, if any, that exist between the record in the Military Books and that in the Books of the Civil Department.

IV.—What steps have been taken to reconcile the differences.

216. The replies to these enquiries are worth a careful perusal, as they plainly indicate that the system adopted in the Military Department, at least in regard to this important element, has entirely broken down: the answers may be thus tabulated:—

	I	II	III	IV
	The period to which the Statement of Advances from Civil Treasuries on account of Military charges has been rendered to the Military Accountant.	The period to which the Accounts between the two Departments have been adjusted.	The differences, if any, that exist between the record in the Military Books and that in the Books of the Civil Department.	What steps have been taken to reconcile the differences.
MADRAS ...	February 1864 ...	Cannot be definitely stated. A Statement of difference has been completed to 30th April 1864.	Differences on 30th April 1864 amount to Rs. 4,83,680, some of the items relate to periods so far back as 1861.	The adjustment between the two Departments was temporarily deferred, as the Office was "short-handed," since order, 10th March 1864, active measures have been taken, and the examination of Accounts for 1863-64 has been completed.
BOMBAY ...	1st December 1863, and those to April 1864, nearly ready (on 18th June 1864)	Partially adjusted to 1860-61.	The unadjusted differences at the close of 1863-64, amount to Rs. 17,16,068.	References have been made to the Collectors and Military Accountant.
PUNJAB ...	March 1864 ...	1858-59 has been adjusted; 1859-60 and 1860-61 will be adjusted in the course of four months, from June 1864.	No specific Statements of the differences between the two Departments are received from the Military Accountant; all references on this subject are either "pending" or are finally disposed of.	The answer given to question III is stated to be in answer to question IV also.
CENTRAL PROVINCES	March 1864 ...	As no objection has been taken by the Military Department to the Statements rendered, assumes that the Accounts are adjusted to March 1864.	No reference has been made by the Military Department to adjust differences; therefore assumes that there is none.	
HYDERABAD ...	April 1864 ...	To March 1864, excepting May to October 1863 and February 1863, Madras to June 1863; Bombay, June 1863.	A long list of objections is given in the Report.	Whenever differences exist, Returns are forwarded to the Military Accountant.

Replies have not been received from the Military Accountants.

217. The Military Accountants' replies have either not been received, or, if received, they have not been forwarded to us.

218. The attention of the Accountant General of the Military Department has been also directed to this important question; his reply, forwarded to the Financial Department through the Military Department, merely states that he has called upon the Controllers of the three Presidencies to report, and to suggest a course for the future.

IX.—CONTROLLER.

219. The duties of the Controller have been described in paragraph 9: this officer keeps no Accounts; the Accounts and Returns for which he is responsible are prepared in the office of the Military Accountant, from whence they are forwarded to the Controller, who passes them to the Accountant General.

220. All questions connected with the pay or allowances of the Army, claims for Pensions, and in fact all matters connected with Military Finance are referred to the Controller.

X.—ACCOUNTANT GENERAL.

221. The only duties that we could discover that are now entrusted to the Accountant General are—

- I.—Consolidation of Budget Estimates.
- II.—Abstracting Monthly Returns of Receipts and Expenditure.
- III.—Passing on papers referred to him by the Military Department, to the other branches, for the information required.
- IV.—Deciding doubtful questions referred to him by the Controller:—these are very few in number.

I.—CONSOLIDATION OF BUDGET ESTIMATES.

222. The Estimates for Military Services are forwarded to the Accountant General by the Controller of each Presidency complete in every respect; how the Accountant General manipulates these Statements has already been described in paragraphs 47 to 57.

II.—ABSTRACTING MONTHLY RETURNS OF RECEIPTS AND EXPENDITURE.

223. The Military Accountant of each Presidency forwards, through the Controller, to the Accountant General a Monthly Statement of the receipts and disbursements: the Accountant General merely posts these Monthly Statements in a Register under the Budget heads.

III.—CORRESPONDENCE.

224. This is exceedingly limited, and consists principally of explanations in regard to the alterations made by the Accountant General in the Budget Estimates, as rendered by the Controllers and Heads of Departments, or in obtaining from other Departments information to enable him to answer questions referred to him from the Military Secretariat.

225. We have entered thus fully into the detail working of the several Establishments forming the Military Account Department, with the view of showing the operose arrangements which at present exist both as regards the compilation of the Estimates and the record of the expenditure.

226. It appears to us that both of these important duties are in an exceedingly unsatisfactory state; we find, in regard to the former, that the Financial Department complains that since the introduction of the present system of Account, the information required for the Annual Budget Statement has not been furnished in proper time; and in regard to the latter, we observe that the General Books for Military Services for the year 1861-62 have only just been closed; that in consequence of this arrear the value of these Books is considerably diminished, and it has become necessary to anticipate the amount of the audited expenditure, under the several heads of Service, by compiling numerous Statistical Statements, giving very unsatisfactory and incomplete information, and involving an enormous amount of unnecessary labor.

227. This unsatisfactory state of the Military Accounts is traceable to two principal causes:—

I.—The dispersion, in various parts of Calcutta, of the several Departments of Military Accounts.

II.—The custom of looking on each of such Departments as a distinct office, and not in the true light of being each an elemental part of one great whole, a General office of Account, whereof the Accountant General is the single Head.

228. *1st.*—The following is the list of the Military Account Departments in Calcutta and the parts of the City where the Offices are situated:—

Locality of Military Account Offices		
Presidency Paymaster	...	3, Bankshall Street.
Examiner, Pay	...	3, Coilah Ghât Street.
Compiler	...	3, Park Street.
Commissariat Examiner	...	Middleton Row.
Medical Examiner	...	Ditto,
Ordnance Examiner	...	Bankshall Street.
Military Accountant	...	4, Coilah Ghât Street.
Controller	...	3, Park Street.
Accountant General	...	13, Chowringhee Road.

229. Considering that the Pay Examiner, whose Office is in Bankshall Street, has to send all the vouchers, pay lists, and other documents connected with pay, to the Compiler in Park Street, and that that Officer has to furnish the Military Accountant, whose Office is in Coilah Ghât Street, with the results of these Returns, it is no wonder that the cost of the Establishments are excessive, and the correspondence involved by the separation of Offices, so intimately connected with each other, is increased to a very great extent.

230. Again, how necessary it is that the Accountant General should have immediately at his command the state of the expenditure of any item of a grant, or that he should be aware of the state of the Account of any of the Disbursing Officers; and yet information of this description can only be obtained from the records of the Military Accountant, whose Office is nearly two miles distant from that of the Controller and from that of the Accountant General: the consequence is, that the Military Accountant, and also the other officers whose offices are at the other end of the City, have to furnish Periodical Returns and Statements containing information which, if the Books were readily accessible, could be obtained at a moment's notice, and the Returns would then become unnecessary.

231. We are aware that there would be very great difficulties in obtaining an office sufficiently commodious to accommodate all the Establishments of the Military Account Department, but we think that the necessity is so great that some effort should be made with the view of bringing cognate offices into closer proximity with each other; we feel satisfied that were a suite of offices erected for the Accountant General's Department, under which we include all the separate Establishments before alluded to, the saving that would be effected would far more than compensate for the outlay. In proof of this assertion we may state that the office of the Accountant General of the War Office was, within the last few years, conducted in two separate establishments, only a few hundred yards distant from each other, but the inconvenience was so great that, at considerable expense, the accommodation at one of the offices was extended, and the two offices have been consolidated, so that now the entire business of the Account Department is conducted under the same roof. The anticipations in regard to the advantages of this arrangement have been more than realized, not only has a large saving been effected, but business has been much facilitated, and the Accounts more speedily audited and recorded than when the Examining Branch was separated from the Book-keeping section.

232. We may observe that the amount paid for the rent of the Military Offices amounts to a very considerable sum: we would also draw attention to the fact that the present Office of the Military Accountant is Government property; that the site is admirably adapted, both from its extent and central position, as that upon which a Central Office for the Military Departments might be erected.

Advantages that have accrued in England by consolidating the offices.

The amount paid for rent in Calcutta is considerable:

a site for new Offices suggested.

233. *2nd.*—The arrangements above alluded to, although of considerable importance, bear no comparison to the advantage of consolidating under one responsible head, the separate and distinct Establishments which collectively form the present Military Account Department.

234. The present position of some of these Establishments is very undefined, for although nominally under the jurisdiction of the Controller, he in reality exercises but little, if any, direction over the functions of the Medical Examiner, the Commissariat Examiner, or the Presidency Paymaster; and what is to us still more remarkable, the Accountant General does not in any way attempt to direct the course of action that should be followed in either the one or the other of these establishments; if he require information on any point, he addresses a formal letter to the Controller, who, if he can furnish the information, makes a formal reply: it not unfrequently happens that the Controller himself must obtain the information required by the Accountant General from one or other of the separate establishments: a remarkable instance of the delay that takes place in consequence of the present arrangement of the Account Offices came to our notice when we were pursuing our investigation

The Controller has only nominal control over some of the Departments;

delay arising from present system of separate Offices;

of the Accounts in the charge of the Ordnance Examiner: the Accountant General on the 18th May writes to the Controller for certain information on some question respecting the valuation of stores received from England: on the 29th May the Controller sends the Accountant General's letter to the Military Accountant for "early" report; that officer retains the letter until the 18th June, and then merely sends it with a covering letter to the Examiner of Ordnance Accounts for "immediate" report and return: the Ordnance Examiner furnished the information required in a few minutes, but it would find its way back to the Accountant General through the Military Accountant and the Controller; this is a fair specimen of the manner in which, in consequence of the separation of the offices, business is carried on, and will continue so long as the present arrangement exists: the delay would be obviated if all the same Returns are called for by separate Departments of Account were immediately under the directions of the Accountant General; a further inconvenience arises, *viz.*, that the same Returns are frequently

called for, so we are informed, by the Controller, by the Military Accountant, and even by the Inspector General of Ordnance.

235. We will refer once more to the General Order of the Right Honourable the Governor General, No 197, 7th March 1864: it is there stated, with reference to the newly formed Office of Accountant General, that "this is the head office of the system of Army Accounts,"

and that, as before observed, the relation of this officer to the Military Department will be similar to that of the Accountant General to the War Office at Home. We consider that the intentions of the Government when this appointment was made was to impose upon the Accountant General in India analogous duties and responsibilities to those intrusted to the Accountant General of the War Office; let us therefore consider what those duties are:—With the view of there being no misunderstanding on this point, we have furnished in the Appendix (No. I)

Detail of duties is given in the Appendix: a copy of the instructions issued to that officer: these instructions were compiled after a most minute and searching inquiry had been made into the Account Department of the War Office by two Committees, each composed of the most experienced Officers of the Treasury.

236. It will be seen on reference to these instructions that the Accountant General of the War Office at Home is responsible for the due performance of the following duties:—

- I.—Compilation of Estimates,
- II.—Control of Expenditure,
- III.—Examination of Cash Accounts,
- IV.—Record of Expenditure,
- V.—Rendering an Annual Account of Receipts and Expenditure for Military Services,
- VI.—Store Accounts.

237. The Establishment placed at his disposal for carrying out these duties consist of:—

- 2 Assistant Accountants General,
- 195 Permanent and
- 40 Temporary clerks.

237

238. The Department is divided into sections, according to the nature of the business, one group of sections being under the immediate direction of one of the Assistant Accountants General and the other group of sections in the charge of the other. Although these several sections are each responsible for the particular class of business allotted to them, the senior Clerks in charge cannot take the initiative in any matters of importance without the approval of the Accountant General, or of the Assistant Accountant General in charge of the section, neither can the senior Clerks sign any letters appertaining to the business under their immediate control: these are signed by the Accountant General himself, or by the one or other of the two Assistant Accountants General.

239. In drawing a comparison between the duties to be performed by the Accountant General in this country and the Accountant General of the War Office, it must be remembered that the latter has not only the Accounts from the Regimental Paymasters, in every part of the world, but he has also the Accounts appertaining to Militia, Yeomanry, Volunteers, Enrolled Pensioners, and others; and he has very onerous duties connected with Her Majesty's British Forces serving in India, such, for example, as the distribution of Remittances and Effects; he has also a large portion of his Department engaged in the examination of the claims and Accounts connected with the construction, repair, and maintenance of Fortifications, Barracks, and Military Buildings, a duty which in this country is entirely performed by the Public Works Department.

240. It appears to us, therefore, that as the different Offices of Control, Audit, and Book-keeping in England are directed by one officer, there is no reason why the same course should not be carried out in this country. It would be necessary, in the first place, to

The English arrangement of the Office should be followed.

take from the officers now in independent charge of their several Departments the power of independent action, and bring them together into one general Establishment.

241. The question now arises, what is the Establishment that is required for carrying on the important duties of the Military Account Department? To enable the Government to form an opinion on this subject, we would direct particular attention to paragraph 9, in which we have given in detail a description of the duties that now devolve upon the Controller; by comparing those duties with those described in Appendix No. I, as devolving upon the Accountant General of the War Office, it will be seen that the functions of these two Officers are almost identical: a reference to paragraph 221, in which we have described the responsibilities imposed upon the Accountant General in India, will show that they are entirely confined to passing his opinion on such abstract questions as may be referred to him by the Military Department, the information respecting the questions relating to the Accounts or Expenditure being obtained through the Controller, and the consolidation of the Budget Estimates and Monthly Returns of Expenditure rendered by the Controllers of Bengal, Madras, and Bombay into general abstracts.

242. So far, therefore, as the Estimates and Accounts are concerned, there does not appear to be any necessity that they should be subjected to any supervision beyond that of the Controller, on whom, at the present time, the real responsibility rests: the duties now performed by Colonel Broome do not justify the appellation of Accountant General being given to that Officer; the Controller is, from the nature of his work, the actual Accountant General, and the first point to be decided is, whether the various and important duties of the present Controller should be transferred to the Accountant General, or whether the comparatively unimportant functions of the latter should be allocated to the Controller, who would in that case be designated Accountant General: so far as our experience goes, we have come to the conclusion to recommend the latter course: the one or the other of these Officers is not only redundant, but embarrassing, and we do not doubt that so long as the functions of these two Officers remain unchanged, so long will the Accounts of the Military Account Department be in arrear and confusion.

The present Accountant General or the Controller is unnecessary.

two Officers remain unchanged, so long will the Accounts of the Military Account Department be in arrear and confusion.

The Establishment for the Bengal Office.

243. The Establishment, so far as Bengal is concerned, might for the present consist of—

Accountant General,
1 Deputy Accountant General,
1 Assistant Accountant General,
1 Principal Book-keeper,
1 Examiner, Pay and Pensions,
1 Ditto Commissariat Accounts,
1 Ditto of Store Accounts.

244. It would be quite unnecessary to continue the appointments of Controller, Military Accountant, Examiner of Medical Accounts, or Compiler, but there should be appointed an Assistant Book-keeper, and the Assistants to the Examiners should be retained: these Officers would, in the absence of their Principals, act as their *locum tenens*; such number of Clerks should be appointed as on the working of the system of Accounts that we shall propose might be found necessary.

Certain offices might be abolished; but the principal Officers should have Assistants.

245. When it shall have been ascertained what number of Clerks are required for the performance of the duties that will devolve upon the Accountant General's Department, those now distributed throughout the several separate Offices should be amalgamated into a general list; they should be divided into separate classes, promotion being made as vacancies occur throughout the Department, and not in regard to the particular section of the Office in which the casualty may have happened. It should also be understood that, although a certain number of Clerks are appropriated to a particular section, they must be available for general Service within the Department, and they will be liable to be transferred from one section of the Office to another according as the exigencies of the Service may require.

246. Having stated what, in our opinion, should be the Establishment of the Military Account Department, we will now consider the manner in which the duties and responsibilities that should be imposed upon the Accountant General can be best carried out: we will arrange our observations under this head in the order observed at paragraph 236 with reference to the duties performed by the Accountant General of the War Office at Home.

I.—COMPILATION OF ESTIMATES.

247. We consider that judiciously arranged and carefully prepared Estimates are the key to the success of any system of Public Accounts: the defects in the Estimates are a continual source of difficulty to the proper record of the Accounts, to the control of the expenditure or of the audit of the disbursements; on the other hand, the Estimates being well arranged, and the items grouped together under major and minor heads of Service, the Accounts rendered by disbursers would be made conformably thereto, and the Books of Record

Importance of carefully prepared Estimates,

and of the Books been in charge of a responsible Book-keeper.

arranged in like manner; the Books of Account being all brought together under the immediate control of a responsible Book-keeper, and not scattered over branches of a Department without connexion or uniformity, the Estimates, disbursements, audit, record, and final Annual Account would form one consistent and unbroken chain.

248. The Budget Estimates are merely Statements showing, at a certain given period of the year, the approximate amounts that will be required for carrying on the Service of the ensuing year. Upon the aggregate amount of these Estimates for the several Services

the Financial Member of Council arranges for the Ways and Means of the year: the expenditure of the year should therefore be checked against the Budget grants and not with the "Revised" or "Regular" Estimates which are prepared towards the end of the financial year, and are based upon at least six months of actual expenditure, and for the remaining portion of the year on the estimated charges. We see no practical utility in these Statements, they keep all the Departments of Account in a continual state of distraction; for scarcely is one Estimate finished than another has to be commenced; and at the very busiest period of the year, when the Budget Estimate for the ensuing year is being compiled, the "Regular" Estimate for the current year is under preparation. We would therefore suggest that the Estimates for Military Services be limited to those compiled for the Financial Member's Budget Statement.

249. The Estimates should, in the Bengal Presidency, be compiled by the Accountant General, and the necessary documents and Returns should be furnished to him by the Heads of the several Departments: in Madras and Bombay the Estimates should be prepared, on forms furnished from Calcutta, by the Controllers,

who are the representatives of the Accountant General in those Presidencies.

250. The Estimates from Madras and Bombay would be forwarded to the Accountant General not later than the 31st January, and he would, after subjecting them to a careful revision, compile them into a general Budget Estimate for Military Services for all India:

any alterations in the amount which he may consider it necessary to make should not be shown on the face of the Estimates, but should be explained to Government, together with his observations on the Estimates generally, in a separate Report.

251. We have prepared a revised form of Estimate (Appendix No. 4), and we submit the same for the consideration of the Supreme Government: we may observe that this form has been prepared in conjunction with the present Accountant General and the Controller, and that both these Officers approve of the general arrangement and classification.

252. The principle that has guided us in framing this Estimate is the bringing together, under separate grants, analogous to the "votes" in the English Estimate, Services of a cognate nature. We have made the grants as concise and intelligible as possible, and where we have considered detailed information necessary, we have furnished it in the Appendices; these can be amplified to any extent without interfering with the information contained under each grant, which should be as succinct as possible, for upon the simplicity of the grants depends the facility of recording the expenditure.

253. We propose that the Estimates for Military Services in each of the Presidencies should be divided into the following grants:—

GRANT 1.—ARMY AND GARRISON STAFF.

254. Under this grant would be included the pay and all the expenses of the Head-quarter, Divisional, Brigade, and Station Staff, Depôts, Sanataria, and Bazar Establishments.

255. The whole of this grant should be compiled by the Accountant General; the only items upon which he would have to confer with the Heads of the several Departments would be those in regard to contingencies or travelling expenses; but even in respect to these, the expenditure during the past or current year is as near an approximation to the amount required as can be given by the Officers at the head of the several Establishments.

GRANT 2.—ADMINISTRATIVE STAFF.

Grant 2.—The Military Secretariat is a Military charge.

256. We consider that the pay and expenses of the Military Secretariat is a Military charge, and, as such, should be removed from the Civil Estimates.

257. This grant will be entirely made up by the Accountant General. The Officers of the Account Department should be separately shown, and the number of each class of Clerks should be arranged for the Accountant General's Department, and not under each sections thereof.

GRANT 3.—REGIMENTAL PAY, ALLOWANCES, AND CHARGES.

258. We have brought together, as far as it is desirable to bring them into one Statement, the entire charges in the nature of pay and personal allowances for the whole Army, European and Native, and of the Native followers attached thereto: at a glance will be seen

Grant 3.—General Statement showing all Pay and Allowances.

the estimated numbers of each arm of the Service, the total cost, and the aggregate estimated amount of allowances as compared with the sum granted in the previous year.

259. It is intended that the expenditure shall, as now, be recorded with the view of showing the total cost under each arm of the Service, and not under the separate items composing the pay and allowances: provision will, however, be made in the Pay Lists for furnishing information on this point should it at any time be required.

260. This grant will be entirely made up by the Accountant General, who should be informed by the Military Authorities, during the month of November of each year, of the intentions of the Supreme Government in regard to the strength of the Force to be maintained during the ensuing year; should it be in contemplation to augment or decrease the Force, or to make any alteration in the Establishments of the Regiments or Corps, the Accountant General should have the earliest information, and it would be his duty to inform the Commissary General and the Principal Inspector General of the Medical Department of the strength of the several arms of the Service that it is intended to maintain: upon the numbers to be borne must depend the amount to be provided for pay, allowances, and other charges.

261. One of the principal features in this grant is the substantiating Appendices; in these will be found the approved Establishment of each Regiment of Cavalry or Infantry, European and Native, of the Batteries of Artillery, or of the various Irregular Corps: the total cost of the pay, allowances, and charges is succinctly shown, and the aggregate estimated cost of each arm of the Service is given, the numbers per Establishment are distinctly represented, and these numbers are carried to the body of the Estimate, and are compared with the numbers approved for the previous year: thus is readily shown the augmentation or diminution both in number or cost of the several Regiments or Corps of the entire Service. These Appendices, we apprehend, will be found exceedingly useful, not only to the Officers Commanding Regiments, but also to the Military Departments, and will save many references to the Accountant General: further advantage is also obtained in thus ascertaining the normal cost of each Regiment, Battery, &c., as the additions to, or reductions from, the strength of the Establishments can readily be arrived at.

GRANT 4.—COMMISSARIAT ESTABLISHMENTS, SUPPLIES AND SERVICES.

262. The necessary details in regard to this grant should be prepared by the Commissary General: in the event of the number of the several ranks of Commissariat Officers being the same as approved for the previous year, it would be unnecessary to furnish any details, the numbers and the aggregate amount of pay to be provided would be sufficient: in the case of any increase to, or reduction of, the numbers, or amount sanctioned in the previous year, full explanation should be afforded.

263. The amount to be provided for the Subordinate Establishments should be shown under Ranges, and a comparison should be made with the grant of the previous year, and explanations of any cause of increase should be given.

264. The sum required for the provisions of Europeans should be based upon the actual rates paid to the Contractors for the rations to be supplied: the Commissariat Officer of each Range, or Station, should prepare a Statement showing the probable strength to be maintained during the ensuing year, and he should carefully calculate the entire cost of one ration per man per annum: we submit, for universal adoption throughout India, a Return of this nature, Appendix No. 5, which will enable the Commissary General to see what is the relative comparative cost per ration at every principal Military Station in the Empire.

265. In regard to the other items in this grant, the Commissary General should furnish whatever Returns or Statements the Accountant General may require, but they should, as far as possible, be limited to Returns of a general nature, and should not descend into those minute particulars which have hitherto been furnished: the Commissary General would, of course, obtain from the Officers under his orders such detail information as he may consider necessary, and that Officer would, after revising and correcting these Returns, compile them into a General Statement: it should be, however, distinctly understood that the Accountant General should be allowed access to all Returns, Books, orders or other papers to which he may wish to make reference in the progress of his examination of the Estimates: it would moreover be very desirable were the Accountant General to communicate personally with the Commissary General on any point requiring explanation.

GRANT 5.—STUD AND REMOUNT ESTABLISHMENTS.

266. We propose that the Deputy Superintendents in charge of Stud Depôts should furnish their detailed Estimates to the Superintendent of Studs, who should examine, revise, and correct them; he should also prepare a General Statement of the estimated expenses under each of the items particularized in the grant:

Grant 5.—The Superintendent of Studs should furnish a general Estimate.

The Accountant General may inspect Books, &c., kept by the Commissary General.

The Commissary General should furnish necessary details.

A form submitted for ascertaining cost of rations.

Cost of Subordinate Establishments.

Grant 4.—The Commissary General should prepare this Estimate.

The cost of the Establishment of Regiments, &c., is shown in the Appendices.

The Accountant General should have early information in regard to the Force to be maintained.

The expenditure should be recorded as at present.

it would not be necessary to give greater detail than is shown in the Budget Estimate: the General Statement might be supported, if necessary, by the original Estimates furnished by the Deputy Superintendents.

GRANT 6.—CLOTHING ESTABLISHMENTS, SUPPLIES, AND SERVICES.

267. The Estimate for this Service should be prepared by the Agent of Clothing; it should be limited to the sum required for expenditure in this country: the Return in regard to the quantity and estimated value of materials to be obtained from England will be dealt with by the Accountant General in the usual manner.

Grant 6.—Should be prepared by Clothing Agent.

GRANT 7.—BARRACK ESTABLISHMENTS, SUPPLIES, AND SERVICES.

268. The Barrack Department is at present under the immediate directions of the Quartermaster General: upon that Officer should, so long as the present arrangements exist, devolve the duty of preparing the Estimate for this Service. As all purchases for Barrack stores and supplies are made by the Commissariat Officers, prepared by the Barrack Master and Commissariat Officer, jointly, the one furnishing the list of articles required, and the other the estimated cost: these Returns, when complete, should be transmitted to the Quartermaster General for examination, revision, and compilation. It will be observed that under this grant we have included the "Purchase of Barrack Bedding;" we are aware that this has always been considered as a Commissariat supply, and that the issues are made by Officers of that Department; with this arrangement we do not wish to interfere: it appears to us that all expenses connected with the *logement* of the Troops should be brought together under one grant; the present grant for the Barrack Department already includes the cost of charpoys and all articles of Barrack furniture.

Grant 7.—The Quartermaster General should furnish the Estimate for this Service.

The Estimates for these must be jointly, the one furnishing the details being supplied by the Barrack Master and Commissariat Officer.

Barrack Bedding is included in the grant.

GRANT 8.—ADMINISTRATION OF MARTIAL LAW.

269. This grant will be prepared by the Accountant General. We have considered it desirable to group together, under a separate grant, all the expenses connected with this Service: hitherto the pay of the Judge Advocate General, the Deputies, and other Officers have been included under General Staff.

Grant 8.—Should be prepared by the Accountant General.

270. We have not made any provision for the subsistence of men in Military prisons or cells; the system at present prevailing in the Indian Army is to pay over to the "Prison Fund" all mulot pay; whether arising from men being in prison or under stoppage by sentence of Court Martial: the fixed and approved charges on account of each prisoner is deducted from the Fund, and the balance is paid over to the Paymaster, who either includes the sum in his Pay List to the credit of Government, or hands it over to the Circle Paymaster, who pays it into the local Treasury.

271. This is the only instance in which the entire transaction does not appear in the Estimates and Accounts. We admit that, so far as we can learn, the present system works well; but it may be for consideration whether, at some future period, the gross amount required for prison expenses should not be included under this grant, and the whole amount stopped from the men credited to Government: in the meantime we have introduced on the Budget Estimate a Memorandum in explanation of the manner in which funds are obtained to meet the prison expenses.

GRANT 9.—MEDICAL ESTABLISHMENTS, SERVICES, AND SUPPLIES.

272. The grant for this Service has hitherto, in Bengal, been made up by the Examiner of Medical Accounts, an Officer who is nominally under the directions of the Controller. In Madras and Bombay the Estimate for Medical Services is prepared and submitted by the Principal Inspector General, who, at Madras, furnishes copies of all the details upon which his calculations have been based; this is unnecessary. We would propose that, so far as the supplies are concerned, the Principal Inspector General should obtain from the Deputy Inspectors General of Circles the estimated cost of the diets, &c., in the several hospitals in their district; this information should be compiled into a Tabular Statement in the Central Medical Office, and furnished to the Accountant General, who should, as in the case of the Commissariat, have access to any Statements or Books that may be kept in the Office of the Principal Inspector General.

273. If more convenient, there is no objection to the Inspector General of the British Medical Establishment furnishing the Estimate for that Service direct to the Accountant General.

The Inspector General, British Establishment, may send separate Estimates.

GRANT 10.—ORDNANCE ESTABLISHMENTS, STORES, AND CAMP EQUIPAGE.

274. The Inspector General of Ordnance is the Head of this Department; he should be responsible for the compilation of this grant: the Estimates of the Officers in charge of the Manufacturing Establishments should be referred to him, and he would make such alterations as he might consider necessary.

Grant 10.—The Inspector General of Ordnance should furnish the Estimate for this Grant.

275. A list of such stores as it is intended to purchase during the year should be furnished to the Accountant General; it would be sufficient to show the gross number or quantity of each article of store that may be required for each Presidency, and not under Stations; the Returns now furnished, showing the probable issues from stock, should be discontinued.

A list of Stores to be purchased should be furnished:
that for Stock issues to be discontinued.

276. As in the case of the Commissariat and Medical Departments, the Books and Records of the Inspector General of Ordnance would, so far as they relate to the preparation of the Estimates, be open to the inspection of the Accountant General.

Accountant General to have access Books, &c.

GRANT 11.—ECCLESIASTICAL.

Grant 11.

277. This grant will be prepared by the Accountant General.

GRANT 12.—EDUCATIONAL.

Grant 12.

278. The Principal of the Lawrence Military Asylum will furnish the Accountant General with an Estimate of the expenses of that Establishment.

The Accountant General will complete the remaining portion of the grant.

GRANT 13.—SURVEYS, TOPOGRAPHICAL AND TRIGONOMETRICAL.

Grant 13.

279. The necessary information for this grant will be furnished by the Surveyor General.

280. We understand that the Government has under consideration the expediency of providing for this Service in the Civil Estimates; we are of opinion that this course should be followed, particularly as the pay of the Surveyor General is already provided for as a Civil charge.

This service should be provided on Civil Estimates.

GRANT 14.—SEA TRANSPORT CHARGES.

Grant 14.

281. This grant should be prepared by the Accountant General in communication with the Quartermaster General.

GRANT 15.—MISCELLANEOUS.

Grant 15.

282. The Accountant General would prepare this grant; he would obtain such information as he may require from the Heads of Departments.

GRANT 16.—VOLUNTEER CORPS.

283. The amount that will be included in this grant will at present be inconsiderable: it is not improbable that, in a few years, the grant may extend to a large amount: be this as it may, we have considered it desirable to show the expense separately, as it appertains neither to the European nor Native Army: we have treated it as an Auxiliary Force, and have therefore placed it after the grants for the Regular Army.

Grant 16.—Expenses of Volunteers provided for as Auxiliary Forces.

284. The Accountant General will compile this grant from the orders that he may from time to time receive from Government.

GRANTS 17 TO 21.—NON-EFFECTIVE SERVICES.

285. These will be compiled by the Accountant General, and, as far as possible, from the Pension Registers: it will not be necessary to furnish the names of each Pensioner: if they be grouped together in classes, it will be sufficient; neither will it be necessary to show the amount payable at each Station.

Grants 17 to 21.—Should be compiled from the Pension Registers.

HYDERABAD CONTINGENT.

286. We have prepared a separate Statement, showing the gross amounts included under the several grants on account of this Service: this will facilitate the adjustment that may hereafter take place in regard to the cost of this Contingent.

Separate Statement for Hyderabad Contingent.

RECEIPTS AND RECOVERIES.

287. This Statement will be prepared by the Accountant General, from information furnished to him by the several Departments. We do not advise any deviation from the existing practice of paying all receipts into the General Treasury, and of providing for the gross expenditure on account of the various Services. Under all the circumstances, we consider that this is the soundest principle, and one less likely to lead to an embarrassment of Accounts than if the plan pursued in the War Office Estimates at Home in regard to deductions for Commissariat supplies and Hospital stoppages were followed, which is to deduct the

Gross receipts should be paid into the Treasury:

the English system should not be followed.

estimated amount of the credits from the vote. The Accountant General expressed himself much in favor of the English system, and suggested, at least in regard to Commissariat supplies, that the deduction should be made from the grant of the sum that will be recovered from the Troops for Malt Liquor and Spirits issued to them: he stated that in regard to Malt Liquor, a contract is made for a certain number of hogsheads to be supplied at each Presidency, and that a fixed quantity is allowed to be issued to the men on payment of about half cost price: provision is made in the Estimate for the entire cost, and the amount realized from the Troops is repaid to the Treasury. As before observed, we incline to the Indian practice rather than to that observed in the English War Office Estimates; amongst other objections to the English practice there are two, which to our minds are conclusive; it may happen (and it frequently does happen) that the expected receipts are not forthcoming, within the period of the financial year, to meet the expenditure that has been incurred, thus rendering it necessary to obtain a special grant to meet the deficiency; or, it may happen, that credits may be realized beyond the amounts estimated, in which case, the Head of the Department would have at his control a sum beyond that sanctioned by the Government.

deductions for Commissariat supplies should be paid at Treasury: separate sum received for this, or any other Service that has eventually to be credited to the Government, should be paid direct into the local Treasuries: the Books of the Accountant General will be arranged in such a manner that a periodical adjustment, a mere paper transaction, say every three months, will be all that is necessary.

objections to War Office system. 288. It must, however, be understood that we do not consider it necessary that each

The receipts would be adjusted by Book entries. 289. In order that it may be seen what is the gross and what is the net estimated cost of the Army serving in India, we have, in the first Abstract of the Military Budget Estimate of India, shewn, Presidency by Presidency, the gross estimated expenditure, comparing that amount with the grants of the previous year; in the second Abstract we have shown also, under each Presidency, the total gross estimate, the approximate amount of receipts and recoveries, and the net estimated expenditure: the detail of the items under which the credits will be realized will be found in the Estimate for each Presidency.

290. If this form of Estimate be approved, and prepared in the manner in which we have thus briefly sketched out, we have no hesitation in stating that the delay complained of by the Financial Department will be obviated, and the vast detail now prepared, as stated in paragraph 62, will be quite unnecessary.

The form proposed will obviate delays complained of. 291. We would here state that in imposing upon Heads of Departments more responsibility than they now possess in regard to their Budget Estimates, it must be distinctly understood that they should be prohibited from introducing any new appointments, not previously sanctioned, into their Annual Estimates. Any lists or documents furnished to the Controllers should specify the authority under which the several Officers and others introduced for the first time are employed. It should also be understood that the general approbation of any Estimate is by no means to be taken as giving a sanction to any new appointment, or extra allowances that may be therein introduced, unless the same have previously been approved by the proper Authorities; nor is such general approval to authorize the payment in regard to stores or supplies of the exact prices specified therein, unless a contract or agreement has already been entered into.

The Estimate does not cover unauthorised charges.

Only approved items should be admitted into the Budget.

in regard to stores or supplies of the exact prices specified therein, unless a contract or agreement has already been entered into.

II.—CONTROL OF EXPENDITURE.

292. The control of Military expenditure is vested in the Controllers: it would, however, appear from the instructions issued to those Officers since the appointment of the Accountant General that it is the intention of the Government to limit their functions; we quote the following passage from the instructions alluded to, dated 1st April 1864:—

SECTION II, paragraph 8.—“All transactions affecting Military expenditure are subject to the cognizance of the Controllers of Military Accounts in the Presidency concerned. It will also be the duty of the Controllers to bring to the notice of the Military Department of the Government of India, Account Branch, every transaction affecting their special duties, and to furnish the Officer in charge of that branch with the fullest information bearing thereon.”

293. This simply transfers the responsibilities of the Controller to the Accountant General, who in fact becomes the Controller General, and thus the duties of these two Offices in Bengal become merged; this we assume was the ultimate intention of Government, guided doubtless by the perusal of the instructions to the Accountant General and the Controller have by these orders been merged.

General of the War Office at Home:—that Officer is enjoined to “exercise an effective general control over the expenditure for Army Services, taking care that the duties of the local Controllers of Expenditure are carefully and properly discharged.” By “local Controllers” is meant the Senior Commissariat Officer at each Station, who, in addition to his ordinary duties, is specially appointed “Controller of Army Expenditure.”

294. If, as we recommend, the Office of Controller in the Presidency of Bengal be merged into that of the Accountant General, no inconvenience would be experienced: all letters should be addressed to the Accountant General, and such as could be acted upon by the Deputy or Assistant Accountant General should be at once referred to them. We shall, before we close this Report, suggest a course by which this arrangement might be much facilitated. All questions requiring the directions of the Accountant General would be sent to him in original, and he would record his orders on the documents submitted to him.

295. The question arises as to the extent of the control over the expenditure that should be exercised by the Military Account Department: the existing rules, as prescribed in Articles I to IV, Section II of the Instructions, dated 1st April 1864, appear to be sufficiently explicit.

296. The next question is, whether any, and if any, what control should be exercised by the Financial Department over Military expenditure: the Accountant General should, we would propose, have the power of authorizing under existing Rules the payment of all Military allowances, and he will examine the Accounts rendered for the same: there should, however, be a clear understanding that no general or important alteration whereby increased allowances are given, or increased expense incurred, should be made by him unless the sanction of the Financial Department shall have been obtained through the intervention of the Secretary to Government, Military Department.

297. If the Military Accounts in this country are to be conducted on the English system, it will become necessary, with the view of controlling the powers of the Accountant General, that the Financial Department should be referred to in such cases as are referred to the Treasury by the Military Authorities at Home: these are principally the following:—

I.—Any proposition for a rate of pay of a new appointment, or further increase of any existing salary.

II.—Any grant of a special gratuity or donation or any pension or superannuation.

III.—Any staff or other appointment, after the Estimates of the year are approved, for any increased pay or allowances to Officers not previously sanctioned.

IV.—All proposed alterations in existing orders affecting the pay or allowances of Officers or men to be submitted for directions.

298. We are of opinion that the control of an independent Department is necessary; the great object of referring questions relating to the pay of the various Departments to one central controlling power is, that something like uniformity in the rates of remuneration is observed. We would instance the remuneration granted by the Military Authorities to the Soldier Clerks in the Office of the Deputy Adjutant General of Artillery; the pay to these enlisted men ranges from, including extra allowance, Rs. 1,800 per annum for the *seventh* Clerk, who is a Gunner, to Rs. 5,600 per annum to the first Clerk, who is a Quartermaster Sergeant,—a rate of pay much in excess of that granted to Commissioned Officers of the junior ranks.

III.—EXAMINATION OF CASH ACCOUNTS.

299. Before we enter on this subject, we will consider through what agency the expenditure for Army Services should be recorded: at present the disbursers have to render their Accounts to intermediate Officers—the Circle Paymasters,—the Accounts of these Officers only appear on the Books; but as these Books for the year 1861-62 are only just completed, it is not possible, from the official records in the Military Accountant's Office, to ascertain what amount is due by any one of these Officers, unless a reference is made to the Account Current of the Officer himself; moreover, it may happen that a Regimental Paymaster, or other disbursing Officer, may be considerably in debt to the public; the transaction would not, however, appear in the Books of the Department (even were they posted to date), but would merely be shown in the Inefficient Balance of the Circle Paymaster: indeed, it may further happen that some Regimental Paymaster may have outstanding transactions with one or more of the Circle Paymasters at the same time.

300. There are six Paymasters of Circles throughout the Bengal Presidency, so that every Paymaster of Her Majesty's British Regiments, the Officers Commanding Batteries of Artillery, and Officers Commanding Native Regiments, are compelled to send their Estimates and Pay Lists to one or other of these Paymasters frequently many hundred miles away from the Station at which the Regiment is located: a great deal of time is consumed, and extra correspondence is caused by this arrangement, and so far as we can ascertain, there is no compensating advantage obtained for the very heavy cost of the present system. We have already alluded in paragraph 84 to the inconvenience and increased work which the present system of paying the Artillery occasions.

301. In regard to British Regiments serving in the Colonies, each Paymaster of Infantry,

and Officers Commanding Batteries of Artillery, are in *direct* account with the Accountant General of the War Office; it is quite immaterial whether the Regiment be stationed at Malta, or New Zealand, in the West Indies, or in China; the

Pay Lists are rendered, with the greatest regularity, without the intervention of any intermediate aid. The system has been in operation for time immemorial, and a reference to any Regimental Paymaster would prove how little difficulty he experiences in adjusting his Accounts, although far removed from the Head-quarter Account Office.

302. The experiment has been partially tried in this Presidency; we say partially, because the Regimental Paymaster, although his Pay List is examined by the Pay Examiner direct, has to render his Estimates, and obtain his advances of cash, from the Presidency Paymaster, and to that Officer he is a Sub-Accountant, there being no separate record of his transactions in the Books of the Military Accountant. The experiment in regard to the direct transmission of the Pay Lists has, so we are informed, answered in every respect.

303. We would suggest, therefore, that Paymasters of British Regiments, Officers Commanding Batteries of Artillery, and Officers Commanding Native Regiments, be eventually made *direct* Accountants, their Pay Lists, at the end of each month, without the intervention of the Circle Paymasters, *direct* to the Accountant General.

304. It will facilitate this arrangement if all Regiments serving in India be mustered on the *last* day of the month, instead of on the *first* day; this is done in all Regiments serving on the British Establishment: the muster should be made by the Paymaster of the Regiment.

305. The course we would suggest in regard to supplying the Regiments or Batteries with funds is as follows:—the Paymaster, in the case of British Regiments of Infantry and Cavalry, and the Officer Commanding, in respect to Batteries of Artillery and Native Regiments, should prepare Estimates of the probable amount required for the ensuing month's payments; this should be approved by the Officers Commanding Regiments of Cavalry and Infantry, and by the Senior Officer at the Station in regard to Artillery and Native Regiments: an Abstract of the approved Estimate should be sent by the "approving" Officer to the Treasury from which the money is to be issued: the original Estimate should be returned to the Paymaster or other disbursing Officer, and by him at once transmitted to the Accountant General, Military Department, Calcutta, for the Bengal Presidency, and to the Heads of the Military Account Department of Madras and Bombay.

306. The payment to the disbursing Officer of Native Regiments should be on the last day of the month, and should not exceed the total amount of the Estimate; the sum that should be issued would be the exact amount of the Pay List, which document should be at once forwarded to the Accountant General; in the event of the Treasury being closed, as suggested in our Report on the Civil Accounts, on the last day of the month, the Officer Commanding should obtain the necessary advance of cash on the day previously.

307. The Officer in charge of the Treasuries from which these Regimental advances are to be made should, at the commencement of each year, be furnished, through the Deputy Auditor and Accountant General of the Presidency or Province, with general instructions or permanent orders as to the gross amount to be issued monthly to each Regiment or Battery, it being understood that no issue should be made unless on an Abstract of the Monthly Estimate, and that in all cases the check or order on the Treasury should, in the case of Regimental Paymasters, be countersigned by the Officer Commanding the Regiment.

308. We will now consider what duties would devolve upon Circle Paymasters were our suggestions in regard to the Regimental Accounts adopted. We have drawn attention to the inconvenience and delay that takes place by the Circle Paymasters, although far removed from certain Stations, having to issue and adjust all claims for pay of Commissariat and other Staff and Departmental Officers: we would suggest that, at least so far as the pay of Commissariat Establishments is concerned, that all payments should be made by the Commissariat Officers, and included by them in their Monthly Cash Accounts.

309. As we purpose making a separate suggestion in regard to the payments made by the Presidency Paymaster, we will limit our observations to the duties of Paymasters of Circles.

310. On reference to paragraph 77, it will be seen, after excluding payments on account of European and Native Troops, that the following average number of payments for Miscellaneous Military Services are made by each Paymaster in each month:—

Number of separate payments per month in certain Circles.

Allahabad	Lucknow.	Meerut.	Lahore.	Trans-Ravee.
337	333	652	274	242

these numbers would be reduced by the payments on account of Commissariat Establishments at the several Stations in each Circle.

311. The question arises whether the duty performed by the Paymasters in charge of the undermentioned Circles justifies the expense incurred, which, on reference to Appendix No. 2, will be found to be as under :—

					Rs
Lucknow	...	...	...	...	28,040
Lahore	...	...	...	...	24,680
Trans-Ravee	...	...	...	...	26,480
					79,200

312. For this amount an average, after excluding the payments appertaining to British Regiments, of 12,700 payments per annum will be made by the three Paymasters, or at the rate of Rs. 6½ for each payment.

313. It must be borne in mind that whatever may be the extent of the examination, by the Circle Paymasters, of the vouchers submitted to them, it is nearly useless, as the work has to be gone over again when the vouchers reach the Office of the Pay Examiner, Calcutta.

314. The question naturally suggests itself as to the course that would be adopted in making the payments were Circle Paymasters discontinued: in answer to this, we would observe that in each of the Circles above named there are the following number of Commissariat Officers, who are direct Accountants to the Accountant General, and there are moreover the following number of separate Treasuries in each of these Circles :—

			No of Commissariat Disbursing Officers.	No of Separate Treasuries.
Lucknow	...	...	3	11
Lahore	...	...	4	12
Trans-Ravee	...	...	2	12

315. By distributing the number of miscellaneous Military payments amongst the Commissariat Officers and Civil Treasurers a very few payments would devolve upon each: we would propose that at those Stations where there are Commissariat Disbursing Offices, that the payments, above alluded to, be made by them, and at those Stations where there is no Commissariat Officer in charge, the payments should be made direct from the Civil Treasury; both the Commissariat and the Treasury Officer should be considered as Bankers in regard to these transactions, they, whenever practicable, should pay on permanent or standing orders, and it should be distinctly understood that their responsibility would be limited to issuing, upon a requisition or order from whomever the Accountant General may authorize for that purpose, the sums necessary for the payment of staff pay and other charges.

316. The payments in the Allahabad and Meerut Circles are more numerous than those before mentioned; we would, however, suggest the same course should eventually be adopted at each Circle. Without making any precipitate change throughout the country, we occur in the several Circles, the appointment of Paymaster would suggest that, as vacancies be abolished, and that the Clerks, or such of them as might be absolutely required, should, as a temporary arrangement, be transferred to the Commissariat or Treasury Offices. We are aware that it is quite contrary to precedent to keep up Offices that are not wanted for the sake of existing incumbents, but in this case it would be advisable, if any change is to be made, to proceed cautiously, so that the Officers concerned and the Central Office of Account might be prepared to meet the new system. We observe that orders have recently been issued to

Madras Government in regard to the reduction from ten to six District Paymasters: we have not had an opportunity of witnessing the working of the present system of Military Accounts either in Madras or Bombay, but we do not hesitate to recommend for those Presidencies the same system as is proposed for Bengal.

317. In regard to Presidency Paymasters, we would propose that their duties be administered by the Accountant General in Bengal, and by the Controllers at Madras and Bombay.

318. We have already alluded to the fact, that so far as the Presidency Paymaster of Calcutta is concerned, the greater part of the work performed by him is done twice over in the same building; we would propose that it should be done once only, and in the following manner :—

319. The Accountant General should have an Account opened in his name at the Bank of Bengal: this Account should be credited by weekly issues from the General Revenue Account, on requisitions signed by the Accountant General, Military Department, and approved by the Accountant General to the Government of India.

320. All claims now sent to the Presidency Paymaster for payment should be sent direct to the Accountant General, and there would be no objection to lodge them in his Office two days before the end of the month.

The claims should be sent to the Accountant General direct

321. Heads of Departments should prepare, on printed forms, a claim for every person employed in such Department during the month: separate bills for the superior Officers will not be required.

on printed forms.

322. The claims will be referred to the Pay Examiner, who should, after satisfying himself of their correctness, write at the foot of the claims, "allowed for the sum of Rs. _____," and sign his name or initials: the Examiner should also write in red ink in the right-hand corner of the claim at the top the sub-head of the grant to which the amount is chargeable. The enforcement of claims should be discontinued: the claims that have been examined and allowed during the day should, at a certain fixed hour, be submitted to the Deputy or to the Assistant Accountant General, and one or the other of these Officers should initial the claim, and see that it is marked to the correct head of Service. The claims should then be sent to the Book-keeping Branch for entry in the Registers of claims; there should be two of these; one for claims payable by the Bank and orders on the Mofussil Treasuries jointly, and the other for payments ordered to be made solely from Mofussil Treasuries; see Appendices Nos. 12 & 13. In regard to Register No. 1 the following course should be observed: the claims having been entered in the Register, they should be handed over to another Clerk to prepare the list for transmission to the Bank, and to write the letter of advice to the claimant; when the bills are entered, the total of the Register would be made, and it should agree with the total of the list for the Bank; the list should be then closed, and it should be examined, as also should the letters of advice that are attached to each bill, by the Principal Book-keeper or the Assistant Book-keeper, who would then take the original claims, the Bank list, and the letters of advice to the Deputy or the Assistant Accountant General who signed the original bills; he should then compare the amounts with the letters of advice, and if it be correct he should sign them.

323. The list for the Bank should be signed by the before-mentioned Officer and approved by the Accountant General; in the absence of the latter Officer, it should be signed by the Assistant Accountant General and approved by the Deputy.

List of Orders on the Bank.

324. The letters of advice should, as a rule, be sent to the claimants through the Post, or by Peons to be specially attached to the Office for the purpose. The personal applications of Officers in regard to their claims should be discouraged; they should understand that it is their duty to prefer them as promptly as possible, and that due time must elapse for their examination and preparation for payment.

Letters of Advice.

325. In regard to the claims to be entered in the Register No. 2, the same course should be observed up to, and including the entry in, the Register; no list would be required, but a letter of advice should be sent to the Officer in charge of the treasury upon which the claim is made payable, and an order of payment should be forwarded to the claimant.

Register of claims to be paid by Mofussil Treasuries.

326. The claims for Pensions, alluded to in paragraph 87, should be paid by the Paymaster of Invalids, Calcutta, whose present duties, during the greater part of the year, are by no means onerous. Were this proposition carried out, the services of the Presidency Paymaster, his Assistant, and that of the forty-seven Clerks would, so far as Bengal is concerned, be available for general duties, as three or four intelligent Clerks would be all that would be required in regard to the duties connected with the Registers of claims and letters of advice.

The Establishment of Presidency Paymasters would be available for general duties.

327. It appears to us that the Accounts that would eventually be rendered on account of Military Expenditure would be as under:—

Number of Disbursing Officers that will eventually render separate Accounts.

Paymasters of British Regiments	...	...	...	35
Ditto Cavalry	Ditto	...	...	7
Officers Commanding Batteries of Artillery	...	...	...	54
Officers Commanding Native Regiments:—				
Infantry	...	...	...	72
Cavalry	...	...	...	33
Commissariat Officers	...	...	...	23
Stud Officers	...	...	...	8
Pension Paymasters	...	...	...	3
Officers in charge of Manufacturing Establishments, say	5
Paymasters of Invalids	1
Paymasters of Chinsurah Depôt	1

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328. As before observed, whatever changes are approved should be introduced gradually, and it would perhaps be sufficient, during the present year, to authorize all Paymasters of Regiments and Officers Commanding Batteries of Artillery to obtain their advances direct from the Treasury and to render their Pay Lists direct to the Accountant General in Bengal, and to the Controllers at Madras and Bombay.

Regiments of Cavalry and Infantry and Batteries of Artillery to render Pay Lists direct to Accountant General;

to be extended to Native Troops, and eventually Circle Paymaster may be discontinued.

masters may, as proposed, be entirely discontinued.

329. When the new system is in thorough working order, both as regards the Treasury and the Accountant General's Office, it may be extended to Officers Commanding Native Regiments, and eventually the intervention of Circle Pay-

330. The payments to be made by the Treasury Officers would be included in the monthly claim to be made through the Deputy Auditor and Accountant General of the several Presidencies or Provinces.

331. The Pay Lists for Regimental Services should be examined, so far as the disbursements are concerned, in the same manner as at present. With the view of facilitating the examination, we have prepared a new form of Pay List for Infantry (Appendix No. 9), and, if it be approved, it will serve as a model for the Artillery and Cavalry. We have arranged the Account, so that the Paymaster, entering in their proper place the amount of his disbursements "compiles" or classifies his own Account, and the intervention of a separate "Compilation" Establishment will be no longer necessary.

332. The Examiner will check all items on the debit side of the Account, excepting the Drafts drawn on the Treasuries; these will be examined by the principal Book-keeper; the Examiner will therefore, so soon as he has finished his audit, transfer the Pay Lists to the Book-keeping Branch where the expenditure will be recorded against the grants, the Treasury Drafts checked, and other necessary action taken.

333. It should be distinctly ordered that the Examiner should not keep any Books beyond those that are absolutely necessary to facilitate the examination of the Accounts; all Books of record will be kept by the Principal Book-keeper, to whom reference must be made in regard to any information that may be required with respect to the amount to the debit of personal Accounts, or the sum that may have been recorded under any item of the several grants.

The Examiner should keep no Books of record.

334. So long as Circle Paymasters are continued, they should send their lists of disbursements, addressed to the Accountant General, on the form proposed in Appendix No. 10: these lists and the vouchers should be at once handed over to the Examiners, who would, after each voucher has been duly examined, enter the sub-head of the Budget grant in the column left for that purpose. The Chief Examiner of each Circle would compile, from the weekly lists, the monthly totals under Budget heads, and, at the end of the month, the Account Current should be also examined by him, so far as miscellaneous receipts are concerned. The Account Current should then be sent to the Book-keeper, with the Statement of classified expenditure, and he would check the cash obtained from the several Treasuries, and pass the miscellaneous receipts, expenditure, and other transactions, through the Abstract Books of Accounts.

New form of Disbursement List for Circle Paymasters;

Account Current;

how to be dealt with.

335. The examination of the Accounts of Commissariat Officers should be conducted, under the directions of the Accountant General, by the Examiner of Commissariat Accounts, who should be responsible for the correctness, not only of the disbursements, but for the receipts also. Lists of disbursements should be forwarded on a form similar to that given in Appendix No. 11, and the compilation under the items of the Budget Estimate should be entrusted to the Examiner of the Account. The Commissariat Examiner should examine and enter, on the same Statement as that upon which the items chargeable to the grant for Commissariat are included, all vouchers for expenditure on account of Medical, Ordnance, Barrack, or any other Service that may appear, under proper sanction, in the disbursement lists of Commissariat Officers. In regard to claims for Ordnance or other Stores purchased for stock, the certificate of the Examiner of Store Accounts must be obtained to each voucher in confirmation of the stores having been duly accounted for by the receiving Officer.

all vouchers to be compiled into one Statement;

claims for stores purchased should be referred to the Examiner of Store Accounts.

336. It will be unnecessary for the Commissariat Examiner to furnish the Examiner of Store Accounts with Periodical Statements in regard to the expenditure under the sub-heads of the grants for Ordnance or Barrack Services. If information of this description be required for the purpose of enabling the Examiner of Store Accounts to complete his statistical records, in regard to either of these Departments, it should be obtained, at the end of the year, from the Book-keeper, if he can furnish it, and, if it be absolutely required, it must be obtained direct from the Accounts of the Disbursing Officers.

He should be furnished with the amount expended by the Book-keeper if necessary.

Commissariat Examiner to examine Stud Accounts.

for Stud Services.

337. The Examiner of Commissariat Accounts will continue to examine the Accounts of the Stud Officers, which must be compiled under the sub-heads of the Budget grant regard to the record of the expenditure under heads of Service; his functions should be limited to the examination and compilation of the vouchers; the responsibility of recording the results of these transactions will devolve upon the principal Book-keeper, from whom alone all information in regard to the amount expended under any grant, or item thereof, should be ascertained; hence the necessity of a prompt audit and a speedy record of the transactions of Disbursing Officers. The examination of the Commissariat Store Accounts are, as previously observed, so mixed up with the cash transactions of the Disbursing Officers, that to separate them would cause additional work; we propose, therefore, not to disturb the present system, and we consider that the Examiner of Commissariat Accounts should be held responsible for the audit of both Cash and Store Accounts of the Commissariat Officers.

338. The Examiner of Commissariat Accounts should not keep any Books or Statements in regard to the record of the expenditure under heads of Service; his functions should be limited to the examination and compilation of the vouchers; the responsibility of recording the results of these transactions will devolve upon the principal Book-keeper, from whom alone all information in regard to the amount expended under any grant, or item thereof, should be ascertained; hence the necessity of a prompt audit and a speedy record of the transactions of Disbursing Officers. The examination of the Commissariat Store Accounts are, as previously observed, so mixed up with the cash transactions of the Disbursing Officers, that to separate them would cause additional work; we propose, therefore, not to disturb the present system, and we consider that the Examiner of Commissariat Accounts should be held responsible for the audit of both Cash and Store Accounts of the Commissariat Officers.

339. The detail examination of Store Accounts should be conducted as at present; an Annual Statement of the quantities of the several articles remaining in store at the end of each year should be shown in a General Statement, and the total value ascertained: it would be unnecessary to show the value of the stock remaining at each Station.

340. Pension Accounts might be examined as at present; there is, however, no necessity for Paymasters of Pensioners to send separate Returns for each description of Pension paid; they should be classed as now, but a general list showing the total payments for each class would be sufficient, and one certificate for the whole payments each month is all that is required. The lists of payments and all Returns should be on foolscap paper.

341. The Register of Pensioners, now kept by the Compiler on behalf of the Controller, should in future be intrusted to the Examiner of Pay and Pensions, who should be held responsible for keeping it posted to date, not only as regards the entry of new Pensioners, but also with reference to casualties; Paymasters should be enjoined to render the Casualty Returns with promptness and regularity.

342. Before we proceed to the explanation we have to submit in regard to the record of the expenditure, and the Books that should be kept, we would direct attention to what we consider one of the most important elements in the Military Accounts.

343. The funds necessary for carrying on the Military Service throughout the country are, for the most part, furnished from Civil Treasuries: the manner in which Disbursing Officers draw upon these Treasuries has already been described in paragraph 31. There can be no doubt that unless the Accounts between the Civil and Military Departments, in regard to these transactions, are promptly and regularly adjusted, inextricable confusion will take place, the whole system of Accounts will be compromised, and frauds to a large extent might remain undetected.

344. We have already pointed out in paragraph 218 how this important duty has been neglected. We would suggest that no time should be lost in making a complete adjustment between the Books of the two Departments, and that the earnest attention of the Military Accountants in the three Presidencies be directed to this important duty.

345. From the commencement of the ensuing year we would suggest the following course, by which we feel assured that the difficulties now experienced and a new system inaugurated. would be obviated, and an early adjustment would be effected between the two Departments.

I.

346. No Draft or Order should be given for any sum under Rs. 100, if the claim can be paid in cash.

II.

347. No Disbursing Officer should, unless there be special reasons to the contrary, have the power to draw any Cheque, Draft, or Order, on any Treasury out of the Presidency or Province in which he is stationed.

III.

348. In those cases where it is necessary to remit money to Stations in other Presidencies or Provinces the amount should be paid to the local Treasury, and an Order should be obtained on the Treasury at which the remittance is to be made, or the original claim should be sent to one of the Military Disbursing Officers, paid by him and included in his Account under the item of the Budget Grant to which the amount might be chargeable.

IV.

349. Officers wishing to remit any portion of their pay to other Stations should be restricted to one Order per month, and no Remittance Order should be issued for less than Rs. 50.

350. These rules, if sanctioned, would considerably reduce the number of Orders now drawn by Disbursing Officers; eventually we do not see any reason why Remittance Drafts should not be obtained solely from the Treasury Officers, and the intervention of the Disbursing Officer of the Military Department discontinued.

This system would reduce the number of Orders.

Suggestions for a prompt settlement with the Civil Department.

351. The following arrangements are submitted with the view of obtaining a prompt settlement of the amount drawn by Disbursing Officers on the Civil Treasuries:—

I.

352. The Deputy Auditor and Accountant General of each Presidency or Province should, so soon as the Monthly Accounts of the several Treasury Officers shall have been received, transmit to the Military Account Department, Bengal, Madras, or Bombay, as the case may be, an Abstract List (see Appendix No. 22) of all advances for Military Services in the previous month; this list should be supported by copies of the original details furnished by the Officer in charge of each Treasury and by the original Drafts or Orders.

II.

353. The Disbursing Officer should debit himself in his Monthly Account Current, or Pay List, with the amount that he has drawn upon the several Civil Treasuries, and he should transmit a list of all the Drafts or Orders drawn by him on the form given in Appendix No. 20.

Process of recording these transactions in the Military Books.

354. The course to be adopted in order to record these transactions in the Books of the Accountant General may be as follows:—

I.

355. The Disbursing Officer will be debited, in the principal Books, with the amount stated by him as having been drawn during the month. The aggregate amount drawn by Disbursing Officers will be passed to their debit and to the credit of an Account to be opened in the principal Ledger, to be entitled "Advances from Civil Treasuries."

II.

356. The Monthly Lists forwarded by the Deputy Auditor and Accountant Generals of the several Presidencies or Provinces will be examined by the Accountant General, Military Department, so far as Bengal is concerned, with the original Orders, Drafts, &c., forwarded in support of the charge. To facilitate this operation a Register, as per form Appendix No. 21, should be kept, showing the amount that has been drawn from each Civil Treasury.

III.

357. The differences between the amount drawn by Disbursing Officers and that paid by the Civil Treasuries should be explained in detail monthly; a copy of this explanation, which should show all Drafts or outstanding Orders, should be rendered to the Deputy Auditor and Accountant General of each Presidency or Province. (See Appendix No. 23.)

IV.

358. In concluding this subject we would suggest that there should be established, under the immediate direction and control of the principal Book-keeper, a section of the Accountant General's Office specially charged with the duty of regulating and adjusting the entire transactions relating to cash advances from the several Treasuries.

359. We may now proceed to consider the next branch of our subject, *viz.*—

IV.—RECORD OF EXPENDITURE.

Books necessary for recording Military Receipts and Expenditure.

360. The Books which appear to us to be necessary for the purpose of recording the cash transactions of the Military Department are the following:—

- I.—Register of claims, No. 1.—Orders of payment issued at the Presidency.
- II.—Register of claims, No. 2.—Orders of payment on Mofussil Treasuries.
- III.—Abstract Book of Regimental Paymasters' Receipts and Disbursements.
- IV.—Abstract Book of Commissariat Officers' Receipts and Disbursements.
- V.—Abstract Book of Receipts and Disbursements of Miscellaneous Accounts.
- VI.—General Abstract Book.
- VII.—Journal.
- VIII.—Principal Ledger.—Part I, Part II.
- IX.—Receivable Order Book.
- X.—Register for the record and adjustment of the advances from Civil Treasuries.

I.—REGISTER OF CLAIMS, No. 1.—*Orders of payment issued at the Presidency.*

Appendix No. 12.

361. This Book will be required for the registry of orders issued in liquidation of claims passed in the Presidency. The orders will be divided into two classes: 1st, advances to Disbursing Officers; 2nd, final payments; the former may be posted in detail to the debit of the parties in whose favor they may be granted, and the latter should be posted in the Abstract Book to the debit of the services for which issued. The gross amounts will be charged to the personal Account of Disbursing Officers, or to the sub-head of one or other of the Budget grants: the net amount will be passed to the credit of Accounts to be entitled "Orders Payable" and "Advances from Civil Treasuries," the former being analogous to "Bills Payable" in a Merchant's Books: the difference between the gross and net amounts is the deductions, as shown in detail in the Register of claims: the total amount of the deductions, under the several heads of Account, will be passed to the credit of those Accounts at the end of each month.

II.—REGISTER OF CLAIMS, No. 2.—*Orders on Mofussil Treasuries.*

Appendix No. 13.

362. In this Book would be recorded all claims, after they have been examined, which are made wholly payable by orders signed by the Accountant General on Mofussil Treasuries. This is also a branch of the business hitherto conducted by the Presidency Paymaster; the course to be followed in regard to the final record is similar to that suggested in regard to Register No. 1. The account to be opened in the Ledger, instead of being styled "Orders Payable," should be denominated "Advances from Civil Treasuries." It must be distinctly understood that these Orders have no connection with the Draft or Orders drawn by Disbursing Officers on the Treasuries in question; the Treasury Officers need, however, send to the Civil Department but one general list for all Drafts or Orders discharged during the month: the due appropriation of these Orders to the debit of the Accounts concerned would be conducted in the Office of the Accountant General.

III.—ABSTRACT BOOK OF REGIMENTAL PAYMASTERS' RECEIPTS AND DISBURSEMENTS.

Appendices Nos. 14 and 15.

Regimental Accounts to be entered in Abstract Books.

363. This book may be divided into two parts: 1st, Receipts; 2nd, Disbursements.

The total amount of receipts should be posted direct in the Ledger to the debit of the Paymaster, and the aggregate monthly total to the credit of the Accounts concerned; the total amount of the disbursements should be credited to the Paymaster, the aggregate total under each head of Service being posted in the General Abstract Book to the debit of the several detailed heads.

IV AND V.—COMMISSARIAT AND MISCELLANEOUS ABSTRACT BOOKS.

364. These should be treated as proposed in regard to No. III, and the forms of Appendices 14 and 15, modified as required, will be applicable thereto.

VI.—GENERAL ABSTRACT BOOK.

Appendix No. 16.

365. In this Book accounts may be opened for every class of payments detailed in the Budget Estimates; the first entries should be those from the Claim Registers Nos. 1 and 2: a total of these should be made, and then should follow the monthly totals, under each head of Service, of the abstract Books before mentioned, the aggregate of these amounts may be totalled, and the amount entered in the outer column, and the monthly results should be passed to the Journal and Ledger: to facilitate this operation, a Monthly Abstract Sheet (Appendix No. 17), containing every head of expenditure, should be filled in, and the Journal posted therefrom, the Ledger being posted direct from the General Abstract Book: the Journal and Ledger should then be checked with each other.

VII.—JOURNAL.

Appendix No. 18.

366. As it is proposed to divide the principal Ledger into two volumes, it will be convenient to have separate columns in the Journal, corresponding with the divisions of the Ledger, so as to facilitate the balancing of the Books. To simplify the posting the debit

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reason why Remittance Drafts should not be obtained solely
from the Treasury Officers, and the intervention of the Dis-
bursing Officer of the Military Department discontinued.

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view of obtaining a prompt settlement of the amount drawn
by Disbursing Officers on the Civil Treasuries :—

I.

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The Disbursing Officer will be debited, in the principal Books, with the amount
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Appendix No. 13.

362. In this Book would be recorded all claims, after they have been examined, which are made wholly payable by orders signed by the Accountant General on Mofussil Treasuries. This is also a branch of the business hitherto conducted by the Presidency Paymaster; the course to be followed in regard to the final record is similar to that suggested in regard to Register No. 1. The account to be opened in the Ledger, instead of being styled "Orders Payable," should be denominated "Advances from Civil Treasuries." It must be distinctly understood that these Orders have no connection with the Draft or Orders drawn by Disbursing Officers on the Treasuries in question; the Treasury Officers need, however, send to the Civil Department but one general list for all Drafts or Orders discharged during the month: the due appropriation of these Orders to the debit of the Accounts concerned would be conducted in the Office of the Accountant General.

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Appendices Nos. 14 and 15.

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Regimental Accounts to be entered in Abstract Books,

The total amount of receipts should be posted direct in the Ledger to the debit of the Paymaster, and the aggregate monthly total to the credit of the Accounts concerned; the total amount of the disbursements should be credited to the Paymaster, the aggregate total under each head of Service being posted in the General Abstract Book to the debit of the several detailed heads.

IV AND V.—COMMISSARIAT AND MISCELLANEOUS ABSTRACT BOOKS.

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VII.—JOURNAL.

Appendix No. 18.

366. As it is proposed to divide the principal Ledger into two volumes, it will be convenient to have separate columns in the Journal, corresponding with the divisions of the Ledger, so as to facilitate the balancing of the Books. To simplify the posting the debit

The Journal would have separate columns showing personal and Service Accounts.

and credit sums should appear on opposite sides of the page: the debit and credit totals should be carried forward throughout the year, so as to check the amount of the postings in the Ledger.

367. As the Journal will contain a connected record of the Accounts of the Military Department, an outline of the leading periodical entries which it may be requisite to make is given in the Appendix No. 18. Two objects are in view in giving these details: the first is to give a more comprehensive sketch of the construction of the proposed Accounts than a description of the Books to be kept can convey; the second is, that such details shall serve as a practical illustration of the use of the Journal.

VIII.—PRINCIPAL LEDGER.

368. To avoid the inconvenience of too bulky a volume, and with due regard to the division of labor, the principal Ledger may be divided into two parts; but the folios should be consecutively numbered throughout to facilitate the references to and from the Journal.

369. PART I.—The first section of the principal Ledger will contain the whole of the personal Accounts of the Military Department; a separate Account will be opened for every person to whom money may be advanced, or by whom any amount is due; Accounts will be opened for recording the grants; the advances from, and payments into, Civil Treasuries on account of Military Services, money transactions with or on account of other Departments of the Government, Regimental, Circle, and Pension Paymasters, Commissariat Officers, and in fact for every person who may be a debtor or creditor in account with the Military Department. In the event of the personal Accounts being too numerous for entry in the principal Ledger, they may be posted into sub or auxiliary Ledgers, and the Accounts may be arranged in classes, *e. g.*, Deposits, &c.

370. PART II.—The second section will be exclusively confined to the several heads of expenditure under the numerous sub-divisions of the Military grants. The several heads should be opened according to the classification of the Budget Estimate: we have, however, in Appendix No. 8, drawn up a list of such detailed headings as should, in our opinion, be kept distinct.

371. The postings to the Ledger should be made in the manner suggested in paragraph 365; some entries, such, for example, as cross-entries in adjustment of Accounts or correction of errors, must be posted to the Ledger direct from the Journal.

372. The Ledger Account should be totalled monthly, and the amount extracted on a Balance Sheet; this will exhibit the true, audited, and final expenditure posted against the Budget grants; all other Statements which attempt to show the expenditure must be fallacious, and should at once be discontinued.

373. A copy of this Monthly Statement and such other Statements as may be required should be sent to the Financial Department. In regard to Madras and Bombay, the Controllers would send a copy of such Monthly Statement, and of such other Returns as may be required, to the Accountant General, Military Department, and all that would then be required, with the view of compiling a general Monthly Statement of Receipts and Expenditure for Military Services for all India, would be to add three columns to the Bengal Statement; the receipts and expenditure of each Presidency would then be shown, and the aggregate charge, under each head of Service, for the whole Empire, would be distinctly represented.

IX.—RECEIVABLE ORDER BOOK.

Appendix No. 19.

374. Parties who have to make payments to the credit of the Military Department, at the Presidency, should be furnished by the Military Account Department with an order authorizing the Bank to receive the amount thereof.

These should be recorded in the Receivable Order Book, a form for which is shown in Appendix No. 19; the amount of these receipts would be passed by the Bank to the credit of the General Revenue Account of the Civil Department, but it would be necessary for the Bank to furnish the Military Account Department with a list, weekly, of the sums received: the several amounts would be marked off in the Receivable Order Book as paid, and the necessary Journal entry would be founded on the aggregate of the four weekly lists rendered by the bank.

X.—REGISTER FOR THE RECORD AND ADJUSTMENT OF ADVANCES FROM CIVIL TREASURIES.

Appendix No. 21.

375. In this Book will be recorded the particulars of every Draft drawn or Order issued by the several Disbursing Officers upon the Civil Treasuries; the orders will be carefully compared with the Returns furnished by the Deputy Auditor and Accountant General, and the transactions should be adjusted monthly on the Adjustment Sheet prepared for that purpose.

V.—ANNUAL ACCOUNT OF RECEIPT AND EXPENDITURE.

Appendix No. 24.

376. It is, we think, desirable that the principal Books appertaining to each year's Accounts should be kept open for a period not exceeding five months after the close of the year, *i. e.*, the Books for any one year ending 30th April shall not be finally closed later than 30th September. It is not intended that any payment, although appertaining to the transactions of a former year, shall be recorded as such, if they be made on or after the 1st May; the period of five months will be limited to recording the receipts and payments prior to the 30th April; this period will be sufficient to allow the Accounts of Disbursing Officers belonging to the old year to be reviewed, examined, and recorded in the Books belonging thereto: by the 30th September the Books for the previous year should be finally closed, adjustments made, the balance struck, and the result reported to Government; all transactions after that date, belonging to the past year, must be recorded as receipts or expenditure of the current year.

377. No item of receipt or payment included in an Account Current in the new year can be carried to the debit or credit of the prior year's Accounts; the date of payment or of the receipt must regulate the Account to which the transactions are posted.

The date of payment should regulate the year to which the claims should be charged.

378. So soon as the Accounts are closed, and the balance struck, a general Balance Sheet should be prepared, showing the net expenditure under each sub-head of the Budget grants.

Annual Balance Sheet.

VI.—STORE ACCOUNTS.

379. The system of Store Accounts in India is much in advance of that pursued in England; here all stores are reduced to their money value, and the stock on hand, at the end of each year, in the arsenals, magazines, and forts, in the charge of Regiments, or of Barrack Masters, is shown not only in quantities, but in value also. In England and in the Colonies, Officers in charge of stores are debited with them in quantities only; recently, Officers in charge of the Manufacturing Departments have rendered their Store Accounts both in quantities and money value, but the system has not been extended to Officers who are entrusted with the valuable Military Stores in the arsenals, magazines, or other Military Establishments, and at present the value of the Military equipments in the British Service could not be ascertained without vast labor.

System of Store Accounts in India and in England.

380. The Indian system has perhaps gone a little too far and has attempted too much: the minuteness with which these Accounts are endeavoured to be kept is shown at paragraph 150: this fine working is not only expensive, but it is fallacious; it involves the Store Department in a mass of minute details in compiling the Accounts, and imposes an unnecessary amount of work in their audit.

The Indian system too elaborate.

381. By affixing a money value to the stores, the results of the year's transactions as regards purchases, receipts from other sources, and issues can be readily ascertained, and a still greater advantage accrues, as it can be seen at a glance whether the general stock has been increased or diminished during the year: this being so, we think it very desirable that the Store Accounts should continue to be kept with their money value: we would, however, offer one or two suggestions, by which we are satisfied that the Accounts will be much simplified without in any way destroying their efficiency.

Advantages of recording Store Accounts with a money value.

382. It may be here stated that the money value affixed to the various stores is not the current rate at which those stores could be obtained, but a fixed rate, as shown by the approved Rate Book, and which is revised every seven years.

The rate is fixed for seven years.

is revised every seven years.

Class of Store Accounts.

383. The Store Accounts now kept in this country fall within one or the other of the following groups, *vis.*—

- I.—Stores in charge of Officers having the control of arsenals, magazines, or forts.
- II.—Stores in charge of Officers Commanding Regiments of Cavalry or Infantry, or Batteries of Artillery.
- III.—Stores in charge of Barrack Masters.
- IV.—Stores in charge of Civil Officers.
- V.—Stores in charge of Superintendents of the Manufacturing Establishments.

I.—STORES IN CHARGE OF OFFICERS HAVING THE CONTROL OF ARSENALS, &c.

384. The Military stores in the arsenals and forts may be divided into two classes: 1st, raw materials for the repair of Military equipments; and 2nd, stores, equipments, and munitions in reserve, or to replace the ordinary consumption.

385. In regard to the first, we find, as already alluded to in paragraph 150, that elaborate and complicated Statements are furnished by Officers in charge of arsenals, showing the expenditure both as regards materials and labor on every repair however minute: these Returns might be abolished, and it would be quite sufficient if the Officer in charge of the arsenals, &c., were to prepare a Monthly Statement showing

are elaborate.

Certain Returns might be abolished.

the quantity of each description of store that had been consumed, leaving to that Officer the responsibility of their due appropriation.

Monthly return of stores expended to be posted in the Ledger. 386. The Monthly Return of stores expended would be posted in the Store Ledger to the credit of the Officer in charge.

387. In regard to the detail Accounts in the Arsenals, there would be no necessity to keep a separate record of the materials consumed or labor expended on the repairs, the estimated or probable cost of each of which is Rs. 50 or under: the expenditure on these Services might be grouped together under a general head of "Petty Repairs:" the Officer in charge of the Arsenal would be held responsible that the materials issued for these repairs were not in excess of that absolutely required, and that the workmen employed upon the various jobs were requisite for their due performance.

388. With reference to the 2nd point, we have alluded in paragraph 149 to the great bulk of the Store Ledgers at the principal Arsenals. We think it desirable that the labor in preparing these Books, and the Returns connected therewith, should be reduced, and with this view, we would suggest that as regards the three Arsenals, viz., Fort William, Ferozepore, and Allahabad, and some of the principal Magazines on or near the line of Railway, that the Store Accounts should be examined locally by Officers delegated for that purpose from the Office of the Store Examiner: we have suggested this course in regard to the Store Accounts of the Kidderpore Dockyard, and we feel satisfied that if the system of local audit be extended, a vast saving of work will result.

389. Were this system adopted it would be no longer necessary for Officers in charge of these Establishments to send to the Examiner of Ordnance Accounts copies of their Day Books or of the Annual Ledger; all that would be required would be a Monthly List of the vouchers of the receipts into, and issues from, the Arsenal or Magazine.

390. We would suggest that the Store Ledgers of the Arsenals and principal Magazines be balanced every three months, and that at the termination of the first three-monthly period, the Examining Officer should at once proceed to the first Station on the line of Railway, say Allahabad, and examine the Accounts of that Arsenal; he should take all the vouchers appertaining to the receipts and issues of stores with him, and he should see that the quantities described have been duly posted in the Ledger; that the correct balances have been brought forward from the previous Ledger, and that the balance of the Accounts for the three months examined by him is correctly brought down, and he should be authorized to compare a limited number of the articles actually in store with the Book record.

391. The Accounts of one Station having been examined, and the balance brought down, the Examining Officer should proceed to the next Station, and so on; it may become a question whether two Officers would not be required for this duty, but of this there is no doubt, that whether one or two be necessary, the expense of their journey will be far more than covered by the saving that will be effected not only in the reduction of clerical labor at the Arsenals, Magazines, &c., and in the Office of the Examiner, but also in ensuring an independent control over the actual consumption of stores.

392. After the examination of the last three-monthly period of the year the balance should be at once carried to the Ledger for the new year, which should be prepared in anticipation: the Local Auditor should check the balances brought forward therein, and should at once forward to the Examiner the Ledger appertaining to the year just closed.

393. The duty of the Examiner would be confined to affixing a money value to the vouchers alluded to in paragraph 389 and passing the amount to the debit or credit of the parties concerned: the value of the receipts and issues should be arranged under classes, so that, at the end of the year, there would be no difficulty in ascertaining the total value of the issues to, or receipts from, Batteries of Artillery, Regiments of Cavalry, Infantry, &c., &c.: the net amount of these Statements added to the value of the stores in possession of these Corps at the commencement of the year would give the value of stores in their possession at the end of the year: a revaluation, founded on actual quantities upon revised rates, should be made every seven years.

394. The same course might be followed in regard to the valuation of stores in Arsenals, Magazines, &c., and the present period is highly favorable for a general inspection of all stores in charge of these Establishments; a new Rate Book is being prepared by the Ordnance Examiner, and a new nomenclature is being arranged by the Inspector General of Ordnance; these should both be introduced from the commencement of the ensuing financial year, before which time it would be very desirable to eliminate from the stores all unserviceable, obsolete, or redundant articles, so that the stores in stock, at the commencement of the year, might represent those actually fit and ready for service: the quantity of each article in store at the several Arsenals, Magazines, &c., should be brought together in a General State-

ment, and the value, at the new rates, should be ascertained. This should be the foundation of the Accounts, so far as regards their money value, for the ensuing seven years, *i. e.*, until the period arrives for revising the Rate-Book: the value of stores, at the end of each year, would be ascertained by adding to the value of the stock, at the commencement of the year, the value of all purchases, stores received from England, returned from Regiments, Civil Officers, &c., and deducting the value of sales, condemnations, and issues to Regiments, &c. It would be unnecessary to put a money value on the transactions between one Arsenal or Magazine or Fort and another.

Mode of dealing with the Accounts at Head-quarters.

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II.—STORES IN CHARGE OF BATTERIES OF ARTILLERY AND REGIMENTS OF CAVALRY AND INFANTRY.

395. Half-yearly Returns are now forwarded by each Officer in charge of a Battery of Artillery or of a Regiment of Cavalry or Infantry, European or Native; these Returns show the following particulars, *viz.*—

Names of Articles.	BALANCE IN STORE, 1ST MAY 1864.					DURING THE HALF-YEAR.		BALANCE IN STORE, 1ST OCTOBER 1864.			
	Equipment.	Serviceable.	Repairable.	Unserviceable.	Total.	Received.	Issued.	Serviceable.	Repairable.	Unserviceable.	Total.

Originals and copies of vouchers are forwarded.

397. We consider that Annual Returns are sufficient, furnished an annual instead of a half-yearly Statement, the only documents that would be then required in support thereof with.

396. These Statements are supported by the original vouchers, in regard to the receipts and issues, and by fair copies, *in extenso*, of these documents.

would be very desirable to complete the equipment of all Batteries and Regiments to their normal standard, in which case it would be quite sufficient if the Officers Commanding would be the original vouchers, the fair copies being dispensed with.

III.—STORES IN CHARGE OF BARRACK MASTERS.

398. The course pursued in regard to the Accounts of Barrack Masters has already been described at paragraph 167; we there suggested that the copies of the cash vouchers should be discontinued; we consider also that the copy of the Day Book is unnecessary, and might be dispensed with: the Examiner can take the necessary action on the original vouchers; these should be forwarded to him monthly.

399. By discontinuing the copy of the Day Book, the Native Clerks that have recently been appointed at the principal Barrack Stations might be discontinued: the clerical work in regard to the Accounts is very trifling, and we are of opinion that it should be performed by the Barrack Sergeants, by which means they would be acquiring a knowledge of the Office routine and would be qualifying themselves for promotion.

400. The Ordnance Examiner should abstract and record these Accounts in the manner described in paragraph 168: the Statements now furnished by the Military Accountant should be discontinued.

Not necessary to send Statements to the Military Accountant.

IV.—STORES IN CHARGE OF CIVIL OFFICERS.

401. The accounts rendered by these Officers are fully described in paragraph 154: we would suggest that as the stores are issued for general use, there is no practical utility in retaining the full and original value on the Books: it is sufficient to ascertain that the stores are actually in the charge of the Officer to whom they have been delivered; this object would be accomplished and a considerable saving of labor effected were the Officer in question to forward an annual instead of a half-yearly Statement: the aggregate value of the several

An Annual Statement of stores in charge of Civil Officers is sufficient.

articles of store issued during the year would be shown by the Store Examiner; but he would not make any valuation of the stores in charge of the several Officers.

V.—STORES IN CHARGE OF THE SUPERINTENDENTS OF THE MANUFACTURING ESTABLISHMENTS.

402. All stores issued to these Departments must be carefully valued at the approved rates,

Store Accounts at Manufacturing Departments to be locally examined.

should be carefully ascertained.

Store Accounts are carefully examined by Mr. Leonard and his principal Assistant, Mr. Vaughan,

exception to the principle upon which the results of the year's working at Cossipore are shown, we should be doing an injustice to Mr. Leonard, the Ordnance Examiner, and his Assistant Mr. Vaughan, were we not to record our satisfaction of the painstaking manner in which these complicated Accounts are examined, analysed, and reported on. We should therefore have no hesitation in entrusting to these Officers the details necessary to carry out our suggestions in regard to the Military Store Accounts.

who could carry out reforms suggested.

these complicated Accounts are examined, analysed, and reported on. We should therefore have no hesitation in entrusting to these Officers the details necessary to carry out our suggestions in regard to the Military Store Accounts.

403. Before concluding this subject, we would suggest that the Books, Returns, and

All Statements hitherto furnished by the Store Examiner to Military Accountant to be discontinued.

be limited to recording the *cash* transactions of the Department, all records in regard to Store Services being kept by the Store Examiner from whom information relating to these could at all times be obtained through the Accountant General, under whose immediate orders this Officer would serve.

for upon this depends the cost of the articles manufactured; in like manner the stock at the end of the year should be valued, and the value of any semi-manufactured articles

We have already alluded to these Accounts at paragraph 158 and in our report on the Cossipore Gun Foundry: we would only further suggest that the detail examination of these Accounts should be conducted by the local Auditor already referred to, and that the annual result of the year's working, based upon the result of the local audit,

should alone be forwarded to the Examiner; the investigation of these Accounts form the most important part of the duty of that Officer, and although we have had occasion to take

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GENERAL.

404. We have in paragraph 294 adverted to the advisability of the entire correspondence

General registry for the Accountant General's Department:

the fact that the entire correspondence of the separate Departments of the War Office at Home is addressed to one Officer; it is registered, sorted, and distributed to the branches of the Office concerned, and unity and promptness of action is ensured. If our proposition in regard to an amalgamated Office under the immediate direction and control of the Accountant General be approved, we consider that all correspondence connected with his duties should be addressed to him direct: if this were done, he would have an unlimited control over the entire system pursued at the War Office.

drawn up by the gentleman in charge of the Registry Department of the War Office, so that should it be considered desirable at any time to introduce a general system of registration, full explanations could be readily referred to: we will only observe that the system has been in operation for several years and answer in every respect.

405. We have adverted to the arrear that now exists in the Military Accountant's Office; we would suggest, should the recommendations contained in this Report be approved, the Military Accountant being relieved of all current work, and relieved also of the duty of incorporating into the Military Books all store transactions; that he be allowed a period of twelve months, from the commencement of the ensuing financial year, to get up the arrear, and that, on the 1st May 1866, the balances due on the various personal Accounts should be adjusted to 30th April 1865, and then transferred into the Books for the year 1865-66.

406. From 1st May 1865, the Military Accountant should be relieved from all work connected with Regimental Savings' Banks, Remittances, and Casualty Returns, and from the preparation of all Statements and Returns hitherto compiled by him.

407. As the General Military Books have not been commenced for the year 1862-63, and as it is very desirable that they should be relieved, as much as possible, of all unnecessary detail, we would suggest that the store transactions should be omitted: we have, in the set of Books we have proposed, limited them to *cash* transactions only, and we cannot conceive that any inconvenience will result if the omission of the store items commences with the years 1862-63.

408. We would again direct particular attention to the importance of adjusting every separate Account now standing enclosed in the "Deposit" and "Advance Repayable" Ledgers: the Military Accountant should be directed to report the total number of these

A Monthly Report should be furnished of progress of adjusting our Accounts.

appertaining to the Military Account Department being addressed to the Accountant General; we would urge an arrangement of this kind, and, in doing so, we would instance

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Accountant General, showing the number of these Accounts which have been adjusted month by month.

409. The adjustment of the advances from Civil Treasuries on account of Military Services is another subject that should demand the immediate and earnest attention of the Military Accountants of the three Presidencies: no time should be lost in obtaining a complete explanation in regard to every item of difference that may exist between the Military and Civil Books, and the Accounts should be adjusted to the latest date.

410. We regret that we have not had an opportunity of personally inspecting the Books and Accounts kept in the Military Account Offices of Madras and Bombay; it would appear that, so far as relates to the adjustment of the advances from Civil Treasuries, there is every reason to apprehend that the Books are in an unsatisfactory state; this, however, cannot be fully ascertained unless they are subjected to a searching investigation by an Officer totally unconnected with the Department; this, so soon as an opportunity should arise, we would suggest, should be done.

411. We are given to understand that the same system of Account is carried on in the Presidencies of Madras and Bombay as that pursued in regard to the Bengal Army, but upon this point we cannot obtain any very positive information: we, however, observe that, so far as the Office of the Ordnance Examiner at Madras is concerned, the entire Establishment of Clerks, in number about 50, are not provided for in the Department of Account, but form a portion of, and are provided for in, the Establishment of the Inspector General of Ordnance and Magazines; this arrangement is objectionable and should be discontinued: we would propose that the course suggested in regard to the Examiner of Store Accounts in Calcutta should be followed in Madras and Bombay.

412. The Military Accounts would be much simplified if the present system of dividing the pay of Regimental Officers, under the Heads of "Pay and Indian Allowances," "Extra Batta" "Pentage," &c., could be obviated; the exceptional rates of pay in the Presidencies also causes considerable embarrassment without any compensating advantage: it is desirable that the Pay Regulations should be simplified, and a normal rate of Regimental Pay and allowances should, if possible, be established for all India.

413. We are given to understand that a New Pay Code has been, for the last five years, under compilation; it is very desirable that it should be finished without further delay; with this view we would suggest that the Officer, who has been specially appointed for this duty, be relieved from all extraneous work, such as attending Committees of Enquiry, &c. The delay in completing the Code has, to a great extent been caused by the limited period that the Officer in question has been able to devote to his primary duties.

414. The labor of recording the Accounts would be much diminished if pie were omitted from the Books; Disbursing Officers should be directed to adjust their payments, so that the total amount of each voucher may be limited to rupees and annas; it being understood that in those cases when the voucher amounts to less than six pie they should be omitted and when the voucher amounts to six pie or upwards an anna may be charged.

415. A considerable saving of clerical work would be effected if the Budget Estimate for Military Services were made up in £ instead of Rupees, the pound sterling being in all cases calculated as Rupees 10.

416. We have limited our observations to the course to be pursued in regard to the Accounts of the Army serving in Bengal, but in doing so, we would here wish to state that whatever suggestions we have made in regard to these Accounts should be extended to Madras and Bombay also; one universal system should be established for the three Presidencies, so that if an Officer of one Presidency is required for duty in one of the other Presidencies, he will be able to take up the work at once without incurring any delay in acquiring the technicalities or peculiarities of a system common only to the Presidency to which he is sent.

CONCLUSION.

417. We will now proceed to summarize the principal recommendations contained in this Report: those of minor consideration will be found in the body of the Report itself.

BUDGET ESTIMATE.

(1) The form should be entirely revised, and should be limited to showing the probable requirements for the ensuing year, compared with the Budget grant of the current year, and the forms of Estimate and the subsidiary Returns should emanate from the Accountant General's Office. The "Revised," "Regular," and "Cash Requirement" Estimates should be discontinued.

(2) Heads of Executive Departments should, under the limitations prescribed, be held responsible for the preparation of their Estimates.

(3) All Military charges should be provided in the Military Budget Estimates, including those of the Secretariat.

DISBURSING OFFICERS.

(4) The duties now performed by Presidency Paymasters should be transferred to the Office of the Accountant General in Bengal, and to that of the Controllers in Madras and Bombay.

(5) Commissariat and other Disbursing Officers should pay, and include in their Accounts, all expenditure appertaining to their respective Establishments.

(6) Paymasters of Regiments and Officers Commanding Batteries of Artillery should be direct Accountants, and should render their Pay Lists *direct* to the Central Account Office in each Presidency.

(7) This arrangement should eventually be extended to Officers Commanding Regiments of Native Troops.

(8) As vacancies occur, the Paymasters of Circles should be abolished, and their duties distributed in the manner prescribed in the Report.

(9) New forms of Regimental Pay Lists should be established on the model proposed in Appendix No. 9.

(10) The sub-vouchers to Accounts should be carefully revised; they should, as a rule, be printed on foolscap paper, and universally adopted throughout India.

(11) Disbursing Officers should render Monthly Statements of the Drafts or Orders drawn by them on the Civil Treasuries and the Deputy Auditor and Accountant Generals of the several Presidencies or Provinces should send corresponding Statements to the Accountant General, Military Department in Bengal, and to the Controllers at Madras and Bombay respectively.

CENTRAL ACCOUNT OFFICERS.

(12) The separate Establishments of Military Account and Audit should be consolidated into a Central Account Office in each of the three Presidencies; that in Bengal would be under the immediate directions of the Accountant General; and those in Madras and Bombay respectively would be under the Controllers, who would, however, be considered as the representatives of the Accountant General in those Presidencies.

(13) The appointments of Accountant General and Controller in Bengal should be merged.

(14) The Examiner of Commissariat Accounts should *finally* examine and classify the disbursements appertaining to Medical, Ordnance, and other Services; he should also examine and record the transactions relating to the Commissariat Store Accounts.

(15) The Commissariat and other Examiners should be restricted from keeping any Books or Statements in regard to the progress of the expenditure; these should be kept by the

(16) Principal Book-keeper, who should be a practical Accountant; there should be a principal Book-keeper appointed to each of the Central Offices of Account.

(17) The appointments of Military Accountant, Examiner of Medical Accounts, and the Compiler should be abolished.

(18) The Examiner of Ordnance, Barrack, and Clothing Accounts should, in future, be styled "Examiner of Store Accounts."

(19) The several Offices of Accounts, now in various parts of Calcutta, should be brought together in a Central Office.

CASH ACCOUNTS.

(20) The foundation of the Accounts should be monthly statements of *audited* receipts and disbursements.

(21) These Statements or balance sheets should be prepared in each of the three Presidencies; copies of those prepared at Madras and Bombay would be forwarded to the Accountant General, Military Department, who would compile a General Statement for all India.

(22) A copy of this General Statement should be furnished to the Financial Department, in lieu of all other Returns and Statements relating to the receipts and disbursements on account of Military Services.

(23) The Military Books should record *cash* transactions only; those appertaining to the receipts and issues of stores should be recorded in a separate set of Books to be kept by the Examiner of Store Accounts.

(24) The greatest importance should be attached to a prompt and careful adjustment of the advances from Civil Treasuries on account of Military Services; a separate section of the Book-keeper's branch of the Office should be established with the view of making these adjustments.

(25) An Annual Account of the receipts and disbursements for Military Services for all India will be prepared (Appendix No. 24); and a copy of this Account will be sent to the Financial Department.

STORE ACCOUNTS.

(26) The whole of the Store Accounts, excepting those of the Commissariat, should be examined, recorded, and adjusted by the "Examiner of Store Accounts;" this Officer would, in Bengal, be under the immediate directions of the Accountant General, Military Department, and in Madras and Bombay respectively, he would be under the directions of the Controller.

(27) A system of local examination of Store Accounts should be established; many Returns and Statements now furnished should be discontinued, and the Accounts simplified.

(28) The Rate Book should be revised and corrected every seven years, and a valuation of stores in stock should be made at the termination of each seven-yearly period; the valuation should be at the revised rates, and should form the basis, as explained in the Report, of the annual money value of stores in stock.

(29) The clothing Accounts of the Agency would be simplified if the garments were made in sizes, and if the other suggestions on this subject were carried out.

GENERAL.

(30) The proposed system of Account, both cash and store, should be introduced from the commencement of the ensuing financial year, which should be altered to accord with the financial year in England, *viz.*, 1st April.

(31) The Military Accountants in each of the Presidencies should be allowed one year, from the commencement of the ensuing financial year, to bring up the arrear of their Books, and to adjust all outstanding Accounts.

(32) One system of Account, both cash and store, should be adopted in each of the three Presidencies.

418. We may observe that several of the recommendations contained in this Report had already been under the consideration of the Controller, who had abstained from issuing directions thereon pending the result of this enquiry.

419. We may also state that, although we have considered it our duty to advert to the unnecessary elaboration of the work performed in the examination and record of the Military Accounts, we should be doing injustice to several able and zealous Officers were we to omit to state that the organization and arrangements of their offices were very complete; that the audit was close up to date; and that the work is exceedingly well done. This being so, we have every confidence that the recommendations contained in this report, if approved, will be zealously carried out by the experienced officers at the head of the several establishments now forming the Military Account Department.

420. In apologizing for the prolixity of this Report, we would explain that we have gone into so much detail with the view of facilitating the introduction of the system that we propose into the Military Account Offices of Madras and Bombay.

421. In conclusion, we would wish to thank the many Officers with whom we have been associated in this enquiry, for the information they have furnished to us, and for their uniform courtesy on all occasions.

422. The primary object we have had in view in this Report has been to make such proposals as will tend to the efficient working of the Military Account Departments: we have not in any way loosened the checks over dishonesty or negligence, and we have every confidence that if the recommendations be carried out in their integrity, the Military Books will afford information with correctness, facility, and promptness. We have no hesitation in urging the adoption of the various alterations proposed, as the efficiency of the Department will be increased and an ultimate saving will accrue in the three Presidencies of *at least* Rs. 6,00,000 or £60,000 per annum: in verification of this statement, we would refer to a memorandum (Appendix No. 26) showing the appointments that it is proposed eventually to discontinue, and those that we suggest should be made; after allowing a very full margin for increased pay to the clerks, and for contingencies, the balance in favor of Government amounts to the sum stated.

M. H. FOSTER.

H. W. S. WHIFFIN.

CALCUTTA,
30th August 1864.

ABSTRACT OF APPENDICES
TO THE
REPORT OF THE COMMISSIONERS OF ENQUIRY INTO INDIAN ACCOUNTS:

MILITARY ACCOUNT DEPARTMENT.

- No. 1.—Memorandum of the duties of the Accountant General, War Office, London.
- ” 2.—Statement of the amount provided in the Military Budget Estimate of 1864-65 for the expenses of the Military Account Departments in India.
- ” 3.—Letter of the Examiner of Ordnance Accounts, to the Controller of Military Finance, on the system on which the Store Accounts of the Manufacturing Establishments are prepared and examined.
- ” 4.—Military Budget Estimates for India and Bengal, together with an Abstract from Home Estimate Statement of Military Charges.
- ” 5.—Commissariat Estimate—Statement of Cost of Victualling European Troops.
- ” 6.—Regimental Ration Statement.
- ” 7.—Monthly Statement of Receipts and Issues of Commissariat Stores.
- ” 8.—List of Service Accounts to be opened in Military Books.
- ” 9.—Regimental Pay List.
- ” 10.—Disbursement List for Circle Paymasters.
- ” 11.—Ditto for Commissariat Officers.
- ” 12.—Register of Claims (No. 1). Orders for Payment issued at the Presidency.
- ” 13.—Register of Claims (No. 2). Ditto on Mofussil Civil Treasuries.
- ” 14.—Abstract Book of Regimental Paymasters' Accounts; Part 1—Receipts.
- ” 15.—Ditto ditto, Part 2—Disbursements.
- ” 16.—General Abstract Book of Expenditure.
- ” 17.—Monthly Abstract Sheet—of Receipts and Payments—for the Journal.
- ” 18.—Journal—with Specimen Entries.
- ” 19.—Receivable Order Book.
- ” 20.—List of Drafts drawn on Civil Treasuries by Disbursing Officers.
- ” 21.—Detailed Register of Bills drawn—for Military Account Department.
- ” 22.—Monthly Abstract List of Advances from Civil Treasuries.
- ” 23.—Monthly Adjustment Sheet of ditto.
- ” 24.—Annual Account of Receipt and Expenditure, giving explanations of excesses, &c.
- ” 25.—Memorandum on the system of registry of Correspondence, War Office, London.
- ” 26.—Statement showing the probable savings that would be effected by carrying out the system of Accounts recommended in the foregoing Report.

Appendix No. 1.

[See Paras. 235 and 241 of Report.]

War Office Memorandum, dated 24th June 1862.

The Accountant General is responsible to the Secretary of State for all the business connected with—

1st.—Preparing the Annual Estimates to be submitted to Parliament for Army and Militia Services.

2nd.—Examining and Allowing Claims previous to payment, and Auditing the Accounts of Accountants.

3rd.—Issuing all Warrants for the payment of money required for the above Services.

4th.—Keeping the accounts relating to the receipts and expenditure for Army and Militia Services.

5th.—Preparing, pursuant to Acts IX & X Vict., cap. xcii., Sec. 2, an account to be laid before Parliament of the above Receipts and Expenditure.

Preparation of the Estimates.

The Annual Estimates to be laid before Parliament will be prepared, under the directions of the Assistant Under-Secretary of State, by the Accountant General, who is empowered to call upon Heads of Branches, Departments, or Establishments, to furnish such documents and statements as he may require.

He will prepare the Estimate of the sum required for pay, allowances, and other charges, according to the number of the effective force to be maintained during the year, calculated at the rates fixed by Royal Warrants.

He will see that no new charge is inserted in the Estimates, unless it has been approved by competent authority.

He will see that the Estimates are prepared for presentation to Parliament, in accordance with those which have been transmitted to, and approved by the Treasury,

He will see that no alteration in the classification of Services in the Army Estimates is made without the sanction of the Treasury.

He will prepare such information as may be required by the Select Committee of the House of Commons for the preparation of the Estimates of the Charge of the Disembodied Militia of Great Britain and Ireland.

Examining and Allowing Claims previous to payment, and Auditing the Accounts of Accountants.

He will exercise an effective general control over the Expenditure for Army and Militia Services, taking care that the duties of the Local Controllers of Expenditure are carefully and properly discharged.

He is to take care that there be no delay in the examination of certificates for payments, and that if claims are accompanied by proper vouchers and in all other respects correct, warrants or orders for payment shall be forthwith prepared; but in the event of any error in the accounts, or overcharge, or whenever in his opinion any item ought to be disallowed, he is to take such steps, in order to correct the inaccuracies, as he may consider necessary.

He will not sign any orders for payment for Stores supplied, or for works or services performed, the amount of which will exceed the sum voted by Parliament for each item, unless sanctioned by the Secretary of State.

He will see that the accounts of his Sub-Accountants are duly and correctly rendered, and examined without any unnecessary delay; he will allow only such portion of the expenditure as may be found to be in accordance with the Warrants, Orders, and Regulations of the Service, and will call for such information with regard to any of the items as he may deem necessary. In case satisfactory explanations be not given, he will require repayment when due; from his Sub-Accountant, of any sums which may have been erroneously issued, but will not make demands for refunds from other persons without the authority of the Assistant Under-Secretary of State. In case of any new or extraordinary charge, he will submit the same for the directions of the Secretary of State.

He will further examine, check, and allow such Store Accounts as may be referred to him by the Secretary of State, and at present those rendered by all Officers of the Commissariat and Purveyors' Departments, and by Governors and Warders, or other persons in charge of Military Prisons and Garrison or Barrack Cells, taking care that all issues are made in accordance with the Regulations of the Service.

The Superintendent of the several Manufacturing Departments will render, as soon after the termination of the financial year as possible, Balance sheets, and, where practicable, Profit and Loss Accounts, showing the result of the year's working; the Accountant General will be held responsible that such documents are rendered in strict accordance with the forms prescribed, and in conformity with the principles laid down in the War Office Circular to the Heads of the Manufacturing Departments, No. dated ; he will see that all sums disbursed and allowed in the quarterly accounts current are duly accounted for in the balance sheets, as well as all stores purchased or received from other sources, and arrange that the accounts, both Cash and Store, be subjected to such detailed audit as he may deem necessary.

either by delegating a gentleman from his department to perform the duty locally, or by having the necessary accounts and vouchers rendered to him direct. In all cases where a deviation from the established principles may be detected, involving any difference in result, the matter should be submitted by the Accountant General to the Assistant Under-Secretary of State.

Issuing all Warrants, &c.

He is to prepare all Warrants, Orders, or Authorities to Her Majesty's Paymaster General for the Payment, Receipt, or Transfer of Moneys on account of Army and Militia Services, excepting those Non-effective Services stated below.*

Warrants on the Paymaster General will be signed by one of the Assistant Accountants General, and countersigned by the Accountant General. In the absence of the latter, they will be signed by one of the Assistant Accountants General, and countersigned by the other, according to the directions of the Accountant General; and in the event of the absence of two of these Officers, they will be signed by one of the other superior Officers of the Department, whose names are recorded for this purpose in the Books of the Paymaster General, and countersigned by the Accountant General, or by the Assistant Accountant General who may be present.

The Accountant General is to take care that the sums issued to Agents, Paymasters, and other Imprest Accountants, are limited to the actual requirements of the Service; and that the Balances of Public money retained in their hands are restricted to the minimum amount required.

He will demand payment of all sums due to the Department for Stores supplied, or Services performed for other Departments, Colonial Governments, Corporate Bodies, or Private Individuals, and place such sums, when received, to the credit of the proper accounts. In the event of any undue delay in such payment, he will immediately report the same to the Assistant Under-Secretary of State.

Keeping the Accounts relating to the Receipts and Expenditure for Army and Militia Services.

He is to keep a Ledger and such other books as have been ordered, by the system of Double Entry, in which all sums received and expended for Army and Militia Services, are to be carefully entered.

It will be his duty to propose such improvements in the present system of Accounts as experience may suggest, and to render it as simple and economical as possible.

He is responsible that the books are properly kept and duly posted to the latest date, and he is to report quarterly to the Assistant Under-Secretary of State upon their condition.

He will watch the expenditure upon the different heads of Army and Militia Services; and report at once, should he have reason to anticipate, any excess of expenditure beyond the several Votes of Parliament.

Preparing Annual Accounts.

He will prepare, in accordance with the Acts IX and X Vict., cap. xcii, Sec. 2, an Account of the Receipt and Expenditure for Army and Militia Services, and will forward the same to the Commissioners for Auditing the Public Accounts.

On making up the Account of Receipt and Expenditure, he will obtain from the Heads of Departments and others such information as may be necessary to explain any excesses beyond the grants of Parliament.

He will submit to the Assistant Under-Secretary of State all papers requiring the Secretary of State's directions.

In all details connected with the accounts, such as requiring information or explanation from Controllers of Army Expenditure, Military Accountants, Paymasters, Cashiers, and other Sub-Accountants, Contractors, Foreign Agents and others, and in all matters connected with the mode of issuing or receiving money, he may correspond with the respective parties; but he is not to issue any orders of a general nature, nor to enter into any general correspondence relating to his Department, as all letters of that description are to be signed by the Assistant Under-Secretary of State. He will submit all appeals from his decisions for the orders of the Assistant Under-Secretary of State.

All questions involving financial considerations, or affecting the Estimates which may arise in any of the other Departments of the Office, will be referred, before they are passed on for decision, to the Account Department, and there dealt with as to their financial bearings, as the Assistant Under-Secretary of State may from time to time direct. The papers thus referred from other Departments will afterwards be returned to those Departments to be submitted for final decision. It is to be distinctly understood that in such cases no orders are to be given inconsistent with the opinion of the Account Department without the sanction of the Secretary of State or Parliamentary Under-Secretary.

The Assistant Under-Secretary will sign all letters to the Treasury, except such as relate to Superannuation, the Establishment of the Office, or other matters connected with the Branches specially under the charge of the Permanent Under-Secretary of State.

He will prepare such accounts and statements connected with the Receipt and Expenditure on account of Army and Militia Services, as may be required by Parliament.

* Rewards for Military Services; Pay of General Officers; Pay of Reduced and Retired Officers, and Half-pay; Widows' Pensions and Compassionate Allowances; Pensions and Allowances to Wounded Officers; In-Pensions (Chelsea Hospital); Superannuation Allowances; and Retired Allowances to Officers of the Disabled and Local Militia.

One Assistant Accountant General will be charged with the duty of superintending—

1. The preparation of the Parliamentary Estimates
2. The examination of Claims before payment.
3. The issue of Orders for the payment of money.
4. The Book-keeping.
5. The examination of, and correspondence relating to, Foreign Cash Accounts and the Store Accounts of the Commissariat, Purveyors, and Military Prisons.
6. The examination of, and correspondence relating to, the accounts of the Manufacturing Departments, Officers of the Store Department, Barrack Masters, Purveyors, Military Accountants, and other Cash Accountants at home, and the Store Accounts of the Commissariat and Purveyors.
7. The recovery of all sums due by other Departments, Colonial Governments, Corporate Bodies, or Private Individuals for Stores supplied, or services performed.

The other Assistant Accountant General will be charged with the duty of Superintending the Examination and Audit of, and the correspondence relating to—

1. Staff pay and salaries at home.
2. Regimental Accounts.
3. The Accounts of the Recruiting Districts and Depôt Battalions.
4. The Accounts connected with the Non-Effective Services and Pensions.
5. The Accounts of the Militia, Yeomanry, and Volunteers.
6. Effects of Officers and Soldiers, Remittances, and Savings Banks.

G. C. LEWIS.

Appendix No. 8.

[See Para. 370 of Report.]

List of Service Accounts to be opened in the Principal Ledger and their subdivision into detailed Heads of Service in the Departmental Abstract Books.

BENGAL MILITARY BUDGET ESTIMATE.

Grants.	Principal Ledger.	Detailed Heads of Service in Abstract Books
GRANT I.		
ARMY AND GARRISON STAFF.	COMMANDER-IN-CHIEF IN INDIA.	Salaries and Establishment. Contingent Charges.
	ADJUTANT GENERAL'S DEPARTMENT.	Tour of the Commander-in-Chief. Salaries and Establishment. Contingent Charges.
	QUARTERMASTER GENERAL'S DEPARTMENT.	Printing Establishment and Contingencies. Office of the Deputy Adjutant General, Royal Artillery.
	ARTILLERY INSPECTION ...	Salaries and Establishment. Contingent Charges.
	MUSKETRY INSPECTION ...	Salaries and Establishment. Contingent Charges.
	DIVISIONAL AND BRIGADE STAFF.	Salaries and Establishment. Office Allowances.
	GARRISON AND STATION STAFF.	Salaries and Establishment. Office Allowances.
	HILL SANATORIA ...	Salaries and Establishment. Contingent Charges.
	MISCELLANEOUS DEPÔTS ...	Depôt at Chinsurah. " at Kurrachee.
	STAFF OF IRREGULAR FORCES.	Invalid Depôt, Fort Wilham. Punjab Force.
	BAZAR ESTABLISHMENT ...	Hyderabad Force. Salaries and Establishment. Contingent Charges.
	STAFF, MISCELLANEOUS ...	Outram Institutes— Allahabad. Bareilly. Dum-Dum.
		Contingencies.
GRANT II.		
ADMINISTRATIVE STAFF.	SECRETARIAT... ..	Salaries and Establishment. Contingent Charges
	PERSONAL STAFF TO THE GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS.	Printing Establishment and Contingencies. Governor General. Lieutenant-Governor, Bengal. " " North-West. " " Punjab.
	OFFICE OF ACCOUNT ...	Salaries and Establishment. Contingent Charges.
GRANT III.		
REGIMENTAL PAY, ALLOWANCES, AND CHARGES.	EUROPEAN ARMY (REGIMENTAL PAY, ALLOWANCES, AND CHARGES).	Artillery. Cavalry. Engineers. Infantry. Invalid and Veteran Establishment. Staff Corps. General List Cavalry. " Infantry. Unattached and Local Officers.

List of Service Accounts,—continued.

Grants.	Principal Ledger.	Detailed Heads of Service in Abstract Books.
GRANT III—contd.	NATIVE ARMY (REGIMENTAL PAY, ALLOWANCES, AND CHARGES).	Artillery. Governor General's Body Guard. Cavalry. Engineers. Infantry. Artillery. Cavalry. Infantry.
• GRANT IV.	HYDERABAD CONTINGENT DITTO.	
COMMISSARIAT ESTABLISHMENTS, SUPPLIES, AND SERVICES.	COMMISSARIAT EXECUTIVE ESTABLISHMENT.	Salaries and Establishment. Contingent Charges.
	COMMISSARIAT SUBORDINATE ESTABLISHMENTS.	Regimental Establishments, Marching Allowances, and Contingencies. Godown Establishment and Contingencies. Quartermaster's Establishments and Marching allowances. Cattle Establishment. Dooley Bearers.
	COMMISSARIAT SUPPLIES ...	Provisions for Europeans. " for Natives. Compensation to Natives for dearness of Provisions. Purchase of Reserve Stock. Malt Liquor. Rum and Arrack. Carriage of Commissariat Supplies. Contingent Expenses. Purchase of Live Stock. Feed of Commissariat Cattle. Hire of Transport Inland Water Charges, Railway Charges, Freight and Charges of Stores from England. Feed of Horses. Camp Contingencies. Cattle gear, Implements, and Godown furniture.
GRANT V.	,, SERVICES ...	
STUD AND REMOUNT ESTABLISHMENT, SUPPLIES, AND SERVICES.	ESTABLISHMENTS ...	Salaries and Establishment. Contingent Charges.
	PURCHASE OF CATTLE ...	Stallions. Mares. Colts and Fillies. Bullocks. Camels. Contingent and Miscellaneous Expenses.
	FEED OF CATTLE ...	Feed and Expenses of the Cattle at the Dépôts.
	MISCELLANEOUS ...	Road Expenses of Cattle and Remounts. Cultivation Expenses.
GRANT VI.		
CLOTHING ESTABLISHMENT, SUPPLIES, AND SERVICES.	CLOTHING DEPÔT PRESIDENCY.	Superintending Establishment Manufacturing and Store Establishment.
	CLOTHING SUPPLIES AND SERVICES AT THE AGENCY.	Making Clothing, Great Coats, and Cloaks for European and Native Troops. Transport and Packing Materials and Charges. Freight and Charges for Stores received from England. Cost of Supplies obtained locally. Contingent Charges.

List of Service Accounts,—continued.

Grants.	Principal Ledger.	Detailed Heads of Service in Abstract Books.
GRANT VI—contd.	CLOTHING, SUPPLIES, AND SERVICES, REGIMENTAL.	Making and altering Clothing at Headquarters of Regiments Compensation in lieu of Clothing.
GRANT VII.	EXECUTIVE ESTABLISHMENT	Salaries and Establishments. Contingent Charges.
BARRACK ESTABLISHMENTS, SUPPLIES, AND SERVICES.	SUBORDINATE ESTABLISHMENTS.	Regular Establishment. Conservancy ditto. Punkah-pulling ditto. Tattie-watering ditto.
	BARRACK FURNITURE ...	Purchase of Barrack Furniture. Repair of ditto.
	BARRACK BEDDING ...	Purchase of Bedding.
	LIGHTING AND CLEANING...	Supplies for lighting Barracks and Hospitals. Supplies for cleaning Barracks and Hospitals
	MISCELLANEOUS ...	Carriage of Barrack Stores. Purchase of petty supplies including utensils. Repair of Barrack Fixtures. Contingent and unforeseen expenses.
GRANT VIII.	JUDGE ADVOCATE GENERAL'S DEPARTMENT.	Salaries and Establishment. Contingent Charges.
ADMINISTRATION OF MARTIAL LAW.	DEPUTY JUDGE ADVOCATE GENERALS.	Salaries. Office Allowance
	GARRISON MILITARY PRISONS.	Establishment, &c., at Lucknow.
	MISCELLANEOUS ...	Compensation to Witnesses at Military Courts.
GRANT IX.	MEDICAL ESTABLISHMENT (INDIAN).	Salaries and Establishment, Presidency. Contingent Charges. Arrear Establishment.
MEDICAL ESTABLISHMENTS, SERVICES, AND SUPPLIES.	MEDICAL STORE DEPÔTS ...	Salaries and Establishment, Districts. Extra and Office Allowances and Contingent charges. Allowance to Medical Staff of Hyderabad Contingent. Allowance to Students at the Medical College, Extra allowance to Native Doctors for English Qualifications.
	MEDICAL ESTABLISHMENT (BRITISH).	Establishments at General Hospitals Salaries and Establishment, Presidency. Contingent Charges. Arrear Establishment. Salaries and Establishment, Districts. Extra and Office Allowance and Contingent Charges.
	STATION HOSPITALS ...	Subordinate Establishments. Punkah and Tattie Establishment. Miscellaneous Charges.
	MEDICAL SUPPLIES ...	Cost of Medicines and Medical Stores. Diets and Medical Comforts to Patients and Hospital Servants. Carriage of Medical Stores. Freight of Medical Stores from England.

List of Service Accounts,—continued.

Grants.	Principal Ledger.	Detailed Heads of Service in Abstract Books.
GRANT X. ORDNANCE ESTABLISHMENTS, STORES, AND CAMP EQUIPAGE.	ORDNANCE ESTABLISHMENTS MANUFACTURING ESTABLISHMENTS. CHARGE FOR FOREST OPERATIONS. LOCAL SUPPLY OF STORES FOR ARSENALS, MAGAZINES, AND DEPÔTS. LOCAL SUPPLIES TO MANUFACTURING ESTABLISHMENTS. STORES AND CAMP EQUIPAGE.	Salaries and Establishment, Inspector General. Contingent Charges. Salaries and Establishment, Deputy Inspector General. Contingent Charges. Salaries and Establishment, Arsenals, Magazines, and Depôts. Contingent Charges. Gun Foundry, Cessipore. Gunpowder Agency, Ishapore. Gun Carriage Agency, Futtehghurh. Timber Agency, Calcutta. Cartridge and Percussion Cap Manufactory, Dum-Dum. Saddlery Depôt and Tannery Establishment, Cawnpore. Charge for Forest operations. Local Supply of Stores for Arsenals, Magazines, and Depôts. Gun Foundry. Gunpowder Agency. Gun Carriage Agency. Timber Agency. Cartridge and Percussion Cap Manufactory. Saddlery Depôt and Tannery. Purchase of Camp Equipage. Repair of ditto. Repair of Saddlery. Carriage and Freight of Stores. Miscellaneous.
GRANT XI. DIVINE SERVICE	DIVINE SERVICE	Salaries and Charges, Presbyterian Establishment. Ditto Roman Catholic.
GRANT XII. EDUCATION ...	ARMY SCHOOLS LAWRENCE MILITARY ASYLUM. DONATIONS TO EDUCATIONAL INSTITUTIONS.	Salaries and Establishment. Contingent Charges. Purchase of Books, Materials, &c. Carriage and Miscellaneous Expenses. Salaries and Establishment. Clothing and Bedding. Provisions. Miscellaneous Expenses. Kidderpore Lower Orphan School. Simla Military Orphanage. Roman Catholic Orphanages.
GRANT XIII. SURVEY, TOPOGRAPHICAL AND TRIGONOMETRICAL.	TOPOGRAPHICAL SURVEY TRIGONOMETRICAL SURVEY OF INDIA.	Salaries and Establishment. Contingent Charges. Salaries and Establishment. Contingent Charges. Freight of Stores from England.
GRANT XIV. SEA TRANSPORT CHARGES.	SEA TRANSPORT CHARGES.. MEDICAL COMFORTS, &c., FOR TROOPS PROCEEDING TO SEA.	Sea Transport Charges. Medical Comforts, &c., for Troops proceeding to Sea.

List of Service Accounts,—concluded.

Grants.	Principal Ledger.	Detailed Heads of Service in Abstract Books.
<p>GRANT XV. MISCELLANEOUS SERVICES.</p>	MISCELLANEOUS SERVICES	<p>Sanitary Commission, Establishment and Charges. Donation to Military Fund. Ditto to Orphan Society. Ditto to Officers' Widows' Fund. (British Troops). Derajat Frontier Militia. Bounty Money to European Soldiers. Compensation for loss of Staff and Command Allowances. Travelling Allowances to Officers and others. Moonshee Allowances to Officers on passing in Native Languages. Subsistence Allowance to Children of Pensioned Soldiers, &c. Charitable Allowance. House-rent to Non-Commissioned Officers. Extra Staff. Donation to European Female Asylum. Contingencies.</p>
<p>GRANT XVI. VOLUNTEER CORPS.</p>	VOLUNTEER CORPS ...	<p>Staff Allowances to Officers. Staff Allowances to Non-Commissioned Officers. Capitation Grants.</p>
<p>GRANT XVII. REWARDS FOR MILITARY SERVICES.</p>	REWARDS FOR MILITARY SERVICES.	<p>Victoria Cross. Annuities for Meritorious Service. Gratuities for Meritorious Service. Order of British India. Order of Merit.</p>
<p>GRANT XVIII. RETIRED OFFICERS.</p>	RETIRED OFFICERS ...	Retired Officers.
<p>GRANT XIX. MILITARY PENSIONS.</p>	<p>PENSIONS TO EUROPEANS ... PENSIONS TO NATIVES ... HYDERABAD CONTINGENT ...</p>	<p>Pensions for Wounds. Pensions. Hyderabad Contingent. Pensions to Native Commissioned Officers, Non-Commissioned Officers. Native Family Pensions (Hera). Special and Temporary Pensions. Pensions to Native Commissioned Officers, Non-Commissioned Officers, Rank and File. Native Family Pensions. Special and Temporary Pensions.</p>
<p>GRANT XX. WIDOWS' PENSIONS AND COMPASSIONATE ALLOWANCES.</p>	<p>WIDOWS' PENSIONS ... COMPASSIONATE ALLOWANCES</p>	<p>Pensions to Widows (Lord Clive's Fund). Pensions to ditto admitted since passing of Indian Government Act of 1858. Compassionate Allowances.</p>
<p>GRANT XXI. CIVIL PENSIONS AND GRATUITIES.</p>	<p>CIVIL PENSIONS ... GRATUITIES ...</p>	<p>Civil Pensions. Gratuities.</p>

[Account Proceedings, September 1864, No. 519.]

No. 2695, dated 30th September, 1864.

RESOLUTION—By the Government of India, FINANCIAL DEPT.

The Governor General in Council has had under his consideration the valuable Report of the Commissioners of Inquiry into Indian Accounts on the system of Audit and Account now pursued in the Military Department.

2. The revised system, recommended by the Commissioners, is based upon the principle that the separate Establishments of Military Account and Audit should be consolidated into a Central Account Office in each of the three Presidencies—in Bengal under the immediate direction of an Accountant General to the Military Department, and in Madras and Bombay under the respective Controllers. This proposal is based upon the experience acquired at the War Office and Admiralty, where, by carefully separating cash from stores, and examination from record, and reducing the latter to the utmost possible degree of simplicity by scientific book-keeping, audited accounts of the expenditure in every part of the world for the year ending the 31st March, are furnished previously to the Meeting of Parliament.

3. This, and other proposals which are of an organic character, will be hereafter considered, in communication with the Military Department; but, meanwhile, immediate effect may, with much public advantage, be given to many of the recommendations contained in the Report.

4. In paragraph 112, the Commissioners state that, notwithstanding the order of Government to the contrary, the items of expenditure in the Military Department are still classed in the Account Current under the heads of—

Arrears, former years	...	...	{	Settlement.
Current.			}	Payment.

The Governor General in Council concurs with the Commissioners that this sub-division is unnecessary and inconvenient, and directs that it be at once discontinued in the several books of account, from the date of receipt of this order.

5. Arrangements should also be made for consolidating the separate Establishments and Accounts of the Offices of Agent and Superintendent of Clothing, the duties of which are now performed by one Officer, and for making the other improvements in those offices, suggested in the 178th and following paragraphs of the Report, so far as they are immediately practicable.

6. At paragraph 394, the Commissioners suggest that all unserviceable, obsolete, or redundant articles should be eliminated from the stores previously to the ensuing financial year, so that the stores in stock at the commencement of the year may represent those actually fit and ready for service. Arrangements should be at once made to give effect to this recommendation. The stores so excluded should be fully advertised and should be sold to the highest bidder, with the reservation only of an upset price, founded upon a low calculation of the sum which may be expected to be realized at the nearest favorable market, after deducting all the expenses of conveying them thither.

7. In paragraphs 58 to 63, 262 to 265, and 272 to 276, the Commissioners notice the unnecessary detail in which the Departmental Estimates are furnished to the Controllers of Military Accounts in the three Presidencies, and to the Accountant General, Military Department, and justly attribute it to the want of that frequent personal communication between heads of Departments, regarding doubtful items in the Estimates, whereby access would be gained to the books and records, and prolix returns and numerous vouchers in support of the Departmental Estimates would become superfluous. This excessive detail should be at once discontinued, and the heads of Departments should have the advantage of this improved arrangement in preparing their Estimates for 1865-66.

8. With the same object, it is desirable that the introduction of the revised forms of Estimate be immediately ordered, should it appear, on consideration in the Military Department, that no information, requisite for an intelligent practical review of Military expenditure in that Department, will be thereby sacrificed. It is observed that the forms provide for a comparison of the

Budget Estimate with the previous year's Budget, instead of the Regular Estimate—the improved system proposed by the Commissioners rendering the Regular Estimate unnecessary. But orders on this recommendation can only be passed on the Commissioners' Report on the Financial Accounts. Meanwhile, the figures of the Regular, rather than of the last Budget Estimate, should be inserted in the column of the Commissioners' forms which has been provided for a comparison of the year 1864-65 with 1865-66.

9. In like manner, in the absence of the ample means of comparing the Budget Estimate with the latest actual expenditure, provided by the system recommended by the Commissioners, the Estimate for 1865-66 should contain a column showing the actual expenditure of 1863-64.

10. It must also be observed that, whereas the detailed calculations of the cost of regiments are to be made at the full twelve months' charge for the full sanctioned establishment, with a deduction (in the column provided for that purpose, in the form at pages 20-21 in the Appendix) of the portion which is invariably not incurred at all, or not incurred in India, for the pay of Officers in Civil employ, in Europe, &c., no similar column is provided for making a deduction on account of deficiencies in the strength of regiments and the allowances forfeited by Native Soldiers on leave.

11. It is right to mention, in reference to the 51st paragraph of the Report, that the Accountant General to the Military Department has satisfactorily explained the delay in submitting the Military Estimate for 1864-65.

12. The earnest attention of the Military Accountants in the three Presidencies should be directed to completing, at the earliest possible period, the adjustment of the books between the Civil and Military Departments, as recommended in paragraphs 343 and 344.

13. In the 259th paragraph of their Report, the Commissioners observe that, under the system which they recommend, "the expenditure shall, as now, be recorded with the view of showing the total cost under each arm of the service, and not under the separate items composing the pay and allowances—provision will, however, be made in the pay lists for furnishing information on this point, should it at any time be required."

14. The recording in the Presidency Offices of the pay of a large army under the separate items composing the pay and allowances of each regiment, and not merely under the arm of the service to which the regiment belongs, must be so tedious and elaborate as to cause arrears and unnecessary expense, and any such minute recording that may be now in progress should be stopped at once.

15. The state of the deposit accounts, of the account of advances re-payable, and of the Inefficient Balances of Disbursing Officers, as reported in paragraphs 203 to 206, calls for early attention, with a view to their effectual investigation and settlement.

16. In paragraphs 111 and 122 to 128, as well as in other parts of the Report, the Commissioners discuss the expediency of separating cash from store accounts. With their conclusions on this point the Governor General in Council agrees, and early attention should be directed to the best means of giving practical effect to the views of the Commission. The separation of the cash from the store accounts is indispensable to the proper reform and efficient management of the cash accounts of the Empire.

17. There are many other instances adverted to in the Report in which, without waiting for the adoption of further changes, time and labor may be saved, and the public business may be expedited by omitting unnecessary forms or processes, and adopting more compendious methods, such as—

Reducing the Inefficient Balances of Paymasters by writing off small sums which are not worth collecting, paragraphs 74-5.

The omission of Pies from the Accounts, according to the process described in paragraph 414.

The limitation of payments by cheque, at the Presidency Pay Office, to sums of ten Rupees and upwards, paragraph 81.

The placing the Paymasters of Invalids at Fort William, and of Recruits at Chinsurah, in direct relation with the Military Accountant, paragraph 85.

The substitution of a quarterly for a monthly return, explanatory of the Inefficient Balances of Paymasters of Circles, paragraph 85.

The discontinuance of the Presidency Paymaster's List of Cheques drawn on the Bank of Bengal, by utilizing the Bank Pass Book, paragraph 89.

The substitution, by the Pay Examiner, of a Letter of Advice to the Disbursing Officer, for the circuitous process described in paragraph 96.

The discontinuance of the Register of Articles of Consumption in Hospitals, paragraph 138.

The discontinuance of the Annual Returns of the gross cost per 100 patients, furnished to the Principal Inspector General of the Medical Department and Controller of Military Accounts, paragraph 139.

The discontinuance of the second examination, by the Ordnance Examiner, of the cash charges for Commissariat purchases for the Ordnance Department, paragraph 143.

The immediate adoption, as regards the Arsenal of Fort William, of the plan for examining Store Ledgers recommended by the Commissioners, paragraphs 149 and 390.

The grouping together of the details of petty repairs under 50 Rupees, paragraphs 150-387.

The discontinuance of the intermediate valuation of the Store Accounts rendered by Civil Officers, paragraphs 154-5.

The discontinuance of the Account between the Gun Carriage Agent at Futtehghurh and the Circle Paymaster, paragraph 159.

The omission of consumable articles from the Barrack Master's Day Book, paragraph 166.

The discontinuance of the Duplicate Cash Vouchers by Paymasters in their Monthly Accounts, paragraph 167.

The discontinuance of the countersignature of the Quartermaster General to the Barrack Master's Accounts, paragraph 169.

The discontinuance of the inadmissible substitute for an Annual Appropriation Audit, described in paragraph 196.

The discontinuance of the Abstract of the General Books, described in paragraph 197.

The discontinuance of the copies of vouchers of the Half-yearly Returns of Stores with Regiments and Batteries, furnished in addition to the original vouchers, paragraph 396.

The substitution of Annual for Half-yearly Returns of Stores with Regiments and Batteries, in the manner recommended in paragraph 397.

The discontinuance, in the mode recommended in paragraphs 398-9, of the copy of the Day Book furnished by Barrack Masters to the Examiner of Barrack Accounts.

18. The labor liberated by these and the other changes previously adverted to should be employed, as far as necessary, in the examination of the Inefficient Balances and of the Deposit and Advance Accounts, and in completing the accounts in arrear; but when it is not wanted for any really useful purpose, reductions should be made.

19. The several Officers concerned should be desired to report, at the end of a month, the steps taken by them under these instructions.

ORDERED, that a copy of this Resolution, and of the Report of the Commissioners, be forwarded to the Military Department, with a request that the several arrangements which have been determined upon may be carried into immediate effect, and that careful consideration may be given to the further changes recommended by the Commissioners.

Also, that copies be sent from the Military Department to the Governments of Madras and Bombay, with a request that they will adopt the changes which have been determined upon, and will favor the Governor General in Council with their opinion on the further changes recommended by the Commissioners.

Also, that a copy be sent to the Accountant General to the Government of India for his information and guidance.

Also, that a copy of this Resolution, and of the Report of the Commissioners, be published in the Government Gazette, for general information, with the remark that such improvements have been ordered as are immediately

practicable, and that the further changes recommended will be decided upon, after considering any suggestions and explanations that may be offered.

Course and form to be adopted in rendering the Estimates for Military Services.

[Proceedings, December 1864, No. 2.]

No. 3686, dated 2nd December 1864.

*Office Memo. from—E. H. LUSHINGTON, Esq., Secy. to the Govt. of India, FINANCIAL DEPT.,
To—The Secretary to the Government of India, MILITARY DEPARTMENT.*

The undersigned is directed to state that, with a view of giving effect to the Resolution of the Government of India, dated 30th September, No. 2695, the Governor General in Council has resolved, in the Financial Department, that the following course shall be adopted in rendering the Estimates for Military services to this Department during the ensuing year.

2. The Regular Estimate should be rendered to the Financial Department at the same time, and upon the same form, as the Budget Estimate. A separate Statement should also be furnished, shewing the closing totals of the Regular Estimate for 1864-65, followed by a Statement of the Cash Requirements for the same year. A separate Cash Requirement Estimate for the year 1864-65 will also be required.

3. For these reasons, the undermentioned Estimates only will be required to be furnished by the Military Department during the present year:—

One Annual Estimate of Military services, which is to combine the Budget figures of the ensuing year, the figures of the Regular Estimate of the current year, and the Actuals of the preceding year.

One Estimate of Cash Requirements for the ensuing year, compared with that of the current year, and containing the particulars of the Receipts, Debt, Remittance and Adjustment transactions.

A similar Cash Requirement Estimate for the present year should also be submitted.*

4. In the columns for the figures of the Regular Estimate, and the Actuals, the totals of the heads and sub-heads, omitting the details, should be inserted according to the classification recommended in the report of the Commissioners on Indian Accounts.

5. Specimen forms of the Estimates which are required to be furnished to the Financial Department are herewith enclosed.

6. The Estimates for Military services should be prepared on one uniform system of classification for the three Presidencies.

7. As the report of the English Commissioners on Military Accounts does not in all instances enter into full detail, it seems desirable that all instructions issuing from the Military Department, in reference to the changes in the report, should be prepared in communication with this Department.

Mode of recording Military charges.

[Proceedings, December 1864, No. 437.]

No. 4014, dated 19th December 1864.

RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT

Read again—

The Financial Resolution, No. 2695, dated 30th September 1864, paragraph 4, directing that the distinction which is observed between "Settlements" and "Payments" in the recording of Military Expenditure, be immediately discontinued.

Read—

An Office Memorandum of the Military Department, No. 809, dated 25th November 1864, forwarding from the Accountant General in that Department, Memoranda in which he urges that the distinction between Settlements and Payments, in the compilations of

the Departmental Compilers, and in the Returns and Accounts of the Military Accountant, is desirable, for ascertaining the actual Cash Expenditure of the year, and is necessary at least for the year 1864-65; also submitting for approval a Draft Circular for giving effect to his views.

The Governor General in Council, having fully considered the subject, deems it inexpedient to adopt the course suggested by the Accountant General in the Military Department, for ascertaining the Cash Expenditure of the year, and prefers the plan which has been proposed by the English Commissioners for Indian Accounts.

2. The Inefficient Balance in the Annual Accounts comprises advances and retrenchments, and also payments for completed services, which, for defective vouchers or other causes, have not been passed on the 30th April as final charges. Only a portion of these three classes of items is actual expenditure. The greater part consists of payments, from the Cash Balance, which are not chargeable, as such, to the general Revenue, and which, until adjustment, should remain at the debit of a personal account.

3. This material distinction between the personal and service portions of the Inefficient Balance is observed in the General Books, but the results in those Books are not reviewed by the Government, nor submitted to Parliament. On the other hand, the distinction is disregarded in the separate Monthly, Quarterly, and Annual Statements of Receipts and Disbursements, adjusted and unadjusted.

4. The Governor General in Council is pleased to determine that henceforth the accounts shall be founded entirely on audited charges. The Monthly and Quarterly Returns of Receipts and Disbursements now furnished will accordingly be superseded, as soon as practicable, by a monthly Statement of Receipts and Disbursements, founded on audited charges only, which must be submitted in a form that will shortly be supplied.

5. In like manner, the General Account of Revenue and Charge for the year, for submission to Parliament, is to be made up for 1864-65 from accounts shewing only audited charges, and thereafter, so soon as the arrears can be brought up, from the Books themselves.

6. Payments for completed services, remaining on the Inefficient Balance on the 30th April, which cannot, for want of proper vouchers, be charged to the proper head of service before the closing of the Books, shall be held as a Balance at the debit of the Disbursing Officer, who will be required to debit himself with the amount, so that the balance of his account may correspond with that shewn in the Books.

7. In order to include, as far as possible, all charges appertaining to the year under account in the Books of that year, the Books will be kept open for four months after the close of the year.

8. Advances remaining unadjusted on the 30th April will remain at the debit of a personal account; but a distinction must be made between "Advances" properly so called (which are to be debited as above directed) and "Payments on Account," being for goods delivered or for services performed; these latter should be charged as final payments, upon Bills which must invariably be furnished as the portions of the goods which they cover are supplied, or as the services for which they are incurred may be rendered.

9. All advances or payments by the Civil Department on account of the Military, made otherwise than in discharge of cheques or drafts of Paymasters, shall be adjusted between the Military Department and the Civil Accountant General, exclusively, and not through the accounts of Paymasters of Circles, &c.

10. Retrenchments should not be made in doubtful cases until explanations have been asked for and given. When an amount is objected to, the objection will be stated as a query, and the amount, meanwhile, will be posted into the Books. If the objection be maintained, the amount will not be disallowed from the credit already claimed in account, but will, in the case of sums easily recoverable, be adjusted by deduction from the next ensuing payments.

11. For other cases the retrenchment will be recredited to the head of service which had been charged, and be debited against the officer to whom the over-issue had been made, in a special account to be raised in the Books of the Military Accountant; but this will not affect the eventual liability of

the Paymaster to make good the amount of any retrenchment which may prove irrecoverable from the officer who overdrew the money.

12. These rules will, so far as regards the Inefficient Balance, remove those obstacles which prevent the record of the year's audited expenditure from agreeing with the year's actual expenditure.

13. As the existing fusion of the Cash and Store Accounts has a similar disturbing effect on the record of the year's expenditure, the Governor General in Council directs that the Store Accounts in the Military Department be separated from the Cash Accounts in all such Books as may now be unclosed. Until the system recommended by the English Commissioners, of charging Stores when and where purchased, is sanctioned, it will be necessary to charge the amount of the Invoice of London Stores as a final charge in the Military Books, care being taken that the Stores are properly brought to debit by the Examiners of Store Accounts in their Departmental Books. The value of Stores expended which has hitherto formed, in the General Books, a charge of the year, will thus cease as a charge against the Revenues, as the Cash paid for stores will be charged instead.

14. As regards the Inefficient Balances of Cash Accounts, the Books of 1863-64 will be kept open sufficiently long to bring to account, as far as possible, the whole of the unadjusted items appertaining to that year.

15. As the General Books of the Military Department are in arrear, effectual measures must be adopted for pushing forward the Books of prior years, so as to facilitate the submission, within an early period, of accounts of the actual Revenue and Charge taken from the General Books.

ORDERED, that a copy of this Resolution be sent to the Military Department, with the documents received from that Department; also, to the Public Works Department, the Governments of Madras and Bombay, the Auditor and Accountant General, and the Deputy Auditors and Accountants General, Madras and Bombay.

Ordered, further, that a copy of the Resolution be published in the *Gazette of India*.

[Pro., February 1865, Nos. 275 to 277.]

Extract from the Proceedings of the Right Honourable the Governor General of India in Council in the Military Department,—No. 545, dated 11th February 1865.

Read—

Memorandum, No. 1627*b*, dated 25th ultimo, from the Accountant General, Military Department, submitting observations on the orders issued in Financial Department Resolution, No. 4014, dated 19th December 1864, requesting further detailed orders on certain points, and recommending the entertainment of Extra Establishments for bringing up the Military Books in arrears in the Bengal and Madras Presidencies.

ORDERED, that the above document* be forwarded to the Financial Department for consideration and orders, with reference to the Extract from that Department, No. 4014 of the 19th December 1864.

* To be returned.

No. 1627*b*, dated 25th January 1865.

No. 276.] *Office Memorandum—By the Accountant General, MILITARY DEPARTMENT.*

With reference to the Proceedings of the Government of India, in the Financial Department, No. 4014, dated 19th December 1864, published in the *Gazette of India* of the 24th idem, and copy of which was received with Schedule 122, the undersigned begs to submit the following observations.

2. These Proceedings are premised by a statement that the plan which has been proposed by the English Commissioners for Indian Accounts is considered preferable to the course suggested by the undersigned.

3. The general plan proposed by the Commissioners in their Report for recording the Military expenditure had reference to a complete corresponding system of accounts not yet sanctioned, and to a set of books, not yet introduced, in which all expenditure would be posted up monthly, the Books being kept open for a given period to admit of all the actual expenditure of the year being audited and exhibited in the accounts of the year.

4. The course suggested by the undersigned in his Memorandum, No. 1317*b* of 21st November 1864, was not in any way intended to interfere with, or modify, the plan proposed for adoption by the Commissioners, but merely to meet the main object in view—a correct

record of expenditure during the present official year or until the plan of the Commissioners might be fully considered, sanctioned, and inaugurated, and the requisite data made available for its practical working.

5. Until the proposed system is fairly introduced, and the requisite books have been opened and are current to the proper dates, some modified arrangement for the record of expenditure is necessary, and on this subject, as also on other doubtful points to be noticed below, some more explicit and detailed instructions appear to be requisite.

6. Government in the Financial Department has now, for the first time, ordered (paragraphs 4 and 5 of the Resolution under reference) that "henceforth the accounts shall be founded entirely on audited charges;" that the general account of Revenue and charge for the year for submission to Parliament is to be made up for 1864-65, for accounts shewing only audited charges, and that "*monthly statements of Receipts and Disbursements founded on audited charges only* must be submitted."

7. The undersigned would respectfully beg to point out that this is the course that was strenuously advocated by the late Military Finance Department, but as sanction could not be obtained for its general adoption, the method was only employed in the record of expenditure used exclusively for Departmental purposes. On the formation of his present Office, the undersigned submitted *monthly Statements of Audited Receipts and Disbursements* for all India under the several Budget heads, for the information of Government, as to the progress of Audited Expenditure, but they were considered unnecessary by the Financial Department, and their future submission prohibited.

8. The record of expenditure for India, compiled and used in this office, is and has been one exclusively of audited expenditure.

9. But the undersigned would respectfully point out that, in the year in which the change in the system of record takes place, there is likely to be some confusion if due precautions are not taken; and there must be the anomaly of thirteen months' expenditure exhibited in the annual account.

10. Heretofore advances made for the payment of British Troops in the month of April of any year, although shewn as charge in the Financial Statements of that year, were not included in the Military Books, but were brought into the Books of the following year when the amount was audited.

11. It is now ordered that the annual accounts for 1864-65 are to exhibit the audited expenditure, and as the Books for that year are not yet commenced upon, they can of course be kept open long enough to admit of all the advances made in April 1865 being audited and included. But the advances made in April 1864, audited in the beginning of 1864-65, would also be included, and thus the record of this expenditure will exhibit the payments of April 1864 and April 1865, or a total of thirteen months.

12. It is true that paragraph 14 rules that the Books of 1863-64 are to be kept open sufficiently long to bring to account, as far as possible, the unadjusted items of the Inefficient Balance (which includes these advances) for that year, but this would only throw back the anomaly from 1864-65 to 1863-64, as the Books of the latter year would then exhibit the audited expenditure incurred in April 1863 and April 1864.

13. It would doubtless be most convenient to throw the additional expenditure into the earliest year for which the accounts are still open, but the Books of 1863-64 for Bombay are closed and rendered, so that, unless a special supplementary account is prepared for that Presidency, the change, as regards India generally, could not take place until 1864-65.

14. The expenditure for this year must be re-compiled so as to correspond to the new Budget headings, in order to afford the requisite data for the Regular Estimate figures of this year, and from these compilations the new form of monthly Statement can be filled up. Paragraph 4 of the Financial Resolution states that a form will be shortly supplied, and as no change can be made in this respect until that form is received, the undersigned will be happy to submit a form based on the proposed "Abstract Statement of Receipts and Disbursements" contained in Appendix 17 of the Commissioners' Report, should that be desired by Government.

15. Paragraphs 2 and 3 of the Financial Department Resolution divide the Inefficient Balance into—

I.—Advances.

II.—Retrenchments.

III.—Payments for completed services not duly vouched, and therefore not passed as final charges of the year.

16. These again are arranged under the heads "Personal" and "Service," the former being apparently regarded as payments from the Cash Balance which are not chargeable until adjusted, and the latter as actual expenditure.

In paragraph 6 it is ruled that "Payments for completed services remaining on the Inefficient Balance on the 30th April which cannot, for want of proper vouchers, be charged to the proper head of service before the closing of the books, shall be held as a balance at the debit of the Disbursing Officer," that is as a personal account. But in paragraph 8, whilst ruling that unadjusted advances must remain at the debit of a personal account, it is specially laid down that "Payments on account for services performed are to be charged as final payments upon bills which must invariably be furnished as the services for which they are incurred may be rendered." Thus the former paragraph provides for these service payments being held at personal debits, whilst the latter rules that they must be included as final charges.

17. Explanation on this apparent discrepancy is solicited.

18. The course prescribed in paragraph 10 of the Resolution is precisely that which is at present in force in the Military Account Department.

19. In a separate Memorandum, No. 1457*b* of the 20th instant, the undersigned has referred generally to these Financial Proceedings, but he deems it advisable now to notice them separately with a view to special and early orders.

20. In intimate connection with this subject he begs to repeat a recommendation made in the Memorandum above referred to, that the Military Accountant in Calcutta be authorised, in communication with the Controller, to entertain an extra establishment to enable him to bring up the Military books now in arrears, *viz.*, for 1862-63 and 1863-64, on the old plan, merely separating the Cash and Store Accounts; and also that the Madras Government may be moved to sanction a similar arrangement for bringing up the books in arrears at that Presidency. Further, that at all three Presidencies, the books for 1864-65 should be at once opened on the principle now laid down in the Financial Proceedings, No. 4014, the monthly payments for various services being posted according to the new Budget headings.

21. All audited charges of previous years might be excluded from the books of 1864-65, those in the Bengal and Madras Accounts being entered in the books of the previous year still open, and those in the Bombay Presidency to be included in a Supplementary Account of 1863-64,—thus shewing the necessary results of the charge upon that year, the normal expenditure of which can be ascertained from the Financial Statements already prepared.

Early orders on these points are respectfully requested to admit of detailed instructions being issued to the several Controllers.

No. 1051, dated 28th February 1865.

No. 277.] *Office Memo.—By the Secretary to the Government of India, FINANCIAL DEPARTMENT.*

With advertence to Extract from the Proceedings of Government, in the Military Department, No. 545, dated the 11th February 1865, forwarding, for consideration and orders, a Memorandum from the Accountant General in that Department, containing that Officer's observations on the orders issued in Financial Resolution, No. 4014, dated the 19th December 1864, the undersigned is directed to remark as follows:—

2. The Monthly Statements of audited Receipts and Disbursements referred to in paragraph 7 of Colonel Broome's Memorandum were mere Financial Returns, whereas the Monthly Statements under the system of the English Commissioners will be actual Cash Accounts, for consolidation, along with the similar Monthly Statements from the Public Works and Civil Departments, in a Cash Account for India. A form of the Monthly Statement will shortly be forwarded to the Military Department.

3. With reference to paragraphs 9 to 12 and 20 of Colonel Broome's Memorandum, the undersigned is desired to state that in the general books, as distinguished from the actual Receipts and Disbursements, audited charges only have all along been recorded, so that the orders of 19th December 1864 do not involve the recording of 13 months' expenditure in the books of 1864-65.

4. In paragraph 15, Colonel Broome remarks that the orders in paragraph 6 of the Financial Resolution of 19th December 1864, are at variance with those in paragraph 8; but there is no such inconsistency. The former paragraph relates to payments which are not vouched, the latter to payments which are vouched, and which may have been made "on account" for services not completed, but performed to an extent which covers the payments.

5. The application regarding an extra Establishment for the Office of the Military Accountant, Bengal, and of the Military Accountant, Madras, will be considered on the usual Tabular Statements being furnished.

6. Original paper returned, copy being kept.

Separation of the Military books from the Civil.

[Pro., December 1864, No. 463.]

No. 4118, dated 31st December 1864.

RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.

Read again—

Financial Resolution, No. 1054, dated 21st March 1863, deciding, in reference to a proposition by the Board of Audit, for the separation of the Military Books from the Civil General Books of the Government of India, and of the Presidencies of Madras and

Bombay, that it would be premature to effect the separation, before the submission to Government of a well-digested scheme for ensuring, under any altered system, certain essential requirements of the Indian Accounts which are met by the existing system.

Read again—

Those portions of the reports by the English Account Commissioners, on the accounts of the Civil and Military Departments, which propose a scheme for separating the Books of those Departments.

Read again—

The Financial Proceedings, Nos. 61 and 62 of July 1864, which authorised the execution of arrangements for a similar separation of the Books of the Public Works Department from the Civil Books of the Local Governments and Administrations in which the Public Works Accounts had previously been incorporated.

The Governor General in Council considers that the condition which the Financial Resolution of 21st March 1863 prescribed as an indispensable preliminary to the separation of the Military from the Civil Books, has been fulfilled in the recommendations of the Commissioners of Inquiry into Indian Accounts, and His Excellency in Council is accordingly pleased to direct that the Military Books be separated from the Civil in the three Presidencies, from the commencement of 1864-65, inclusive.

2. The Auditor General will issue any requisite subsidiary orders similar to the instructions which by paragraph 4 of the Financial Resolution, No. 1326, dated 19th July 1864, he was empowered to issue for effecting the similar separation of the Public Works Accounts from the Civil Books.

ORDERED, that a copy of this Resolution be communicated to the Military Department, the Auditor and Accountant General to the Government of India, and the Deputy Auditors and Accountants General, Madras and Bombay.

[Abs. Account, February 1865, Nos. 211 and 212.]

Extract from the Proceedings of His Excellency the Governor General of India in Council in the Military Department,—No. 236, under date the 6th February 1865.

Read—

Letter from the Accountant General, Military Department, No. 1644B, dated 28th January 1865, submitting copy of a Circular forwarded to the Controllers at the three Presidencies directing the separation of the Military from the Civil Books.

Ordered that the papers* above adverted to be forwarded to the Financial Department for approval, with reference to the Resolution of Government in that Department, No. 4118 of the 31st December 1864.

* Return requested.

No. 1644B, dated 28th January 1865.

Memorandum by COLONEL ARTHUR BROOME, Accountant General, MILITARY DEPARTMENT.

In returning the documents received with Schedule 2, Case 4, regarding the separation of the Military from the Civil Books, the undersigned begs to submit copy of a Circular he has forwarded to the several Controllers on this subject.

2. He has not deemed it necessary to suspend the issue of this Circular until approved by the Financial Department, as the instructions contained are in accordance with the views of the Auditor General, to whom it was left to issue any requisite subsidiary order, as contained in his Letter No. 815 of the 21st instant.

Nos. 1632A, 1633A, and 1634A, dated 26th January 1865.

*Circular from—The Accountant General, MILITARY DEPARTMENT,
To—The Controllers of Military Accounts, Calcutta, Madras, and Bombay.*

With reference to the Resolution of Government in the Financial Department, No. 4118 of the 31st ultimo, copy of which is annexed, sanctioning the separation of the Military from the Civil Books, commencing with the Books of the current year, I have the honor to request that you will adopt the necessary measures for carrying out these orders in the Military Books of your Presidency for 1864-65. I have further to request that you will instruct the Military Accountant to enter all receipts and payments in the Military Department, on account of any Civil Department, to the debit or credit of the Government or Presidency concerned, the head being closed by or to "Territorial Revenue," as the case may be.

Monthly statements of such entries, with the requisite vouchers, should be furnished, at the earliest practicable date, to the Deputy Auditor and Accountant General concerned,

commencing with the statement for May 1864; and after the close of the official year, a supplementary statement should be likewise furnished, supplying any omissions, and rectifying any errors that may have occurred in the monthly statements of the year.

The Auditor General of India has issued corresponding instructions to all Deputy Auditors and Accountants General to furnish similar monthly and annual supplementary statements to the several Military Accountants concerned, with the necessary vouchers of all Receipts and Payments in the Civil Department on account of the Military Department.

No. 965, dated 21st February 1865.

RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.

Read—

Extract from the Proceedings of Government in the Military Department, No. 236, dated the 6th February 1865, forwarding for approval copy of a Circular issued by the Accountant General in that Department directing the separation of the Military Books from the Civil from 1864-65.

RESOLUTION.—The Governor General in Council approves of the Circular.

ORDERED, that a copy of the foregoing Resolution be sent to the Military Department, and that the original papers received from that Department be returned, copies being kept for record.

Advance to Paymasters how to be made.

[Proceedings, February 1865, No. 1.]

No. 588, dated 2nd February 1865.

RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.

Read again—

Paragraphs 305, 307, 328, 347, 348, and 352 of the Report of the Commissioners of Enquiry into the Accounts of the Military Department.

The Commissioners recommend that advances should be made to Paymasters of British Regiments direct, instead of through Circle Paymasters, as is now the practice, and that they should be in direct account with the Military Accountant at the Presidency.

2. The Governor General in Council is of opinion that this recommendation may at once be carried into effect in the Bengal Presidency, so far as regards British Regiments of Cavalry and Infantry, in the manner proposed in the Report, and under subsidiary orders to be issued in the Military Department.

3. The Deputy Auditor and Accountant General of each Province, in the Bengal Presidency, will furnish the Military Account Department with a monthly list showing the advances made to the Military Department by Treasury Officers during such month, and any other payments that may have been made by Treasury Officers on account of Military Services, supported by the original vouchers upon which the payments were made. The Military Department will at once accept the charge on ascertaining that the vouchers are genuine, and return a receipt of the amount to the Deputy Auditor and Accountant General. If, on subsequent detailed examination of the vouchers by the Departmental Examiners, over-payments are discovered, they will be recovered from the drawer of the Bills, or, if it be necessary to claim the amount from the Civil Department, the sums may then be written back in a subsequent account.

4. The power of drawing Cheques, Drafts, or Orders on Treasuries out of the Presidency or Province in which a Pay Officer acts, leads to considerable inconvenience; His Excellency in Council therefore considers that where this practice still obtains, arrangements shall at once be made for its cessation, by the adoption of one of the modes of making payments in other Presidencies or Provinces suggested in paragraph 348 of the Report.

ORDERED, that a copy of this Resolution be communicated to the Military Department, for further consideration and orders; also to the Auditor General of India, the Accountant General, Government of India, and the Deputy Auditors and Accountants General in the Provinces of the Bengal Presidency, for information and guidance.

Memo. by the Accountant General, Military Department, on the Report of the Commissioners of Enquiry into the system of audit and account pursued in the Military Department, and order thereon.

[Proceedings, September 1865, Nos. 483 to 490.]

No. 1279, dated 27th April 1865.

No. 483.] *Office Memo. from—The Secretary to the Government of India, MILITARY DEPARTMENT,
To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.*

With reference to Financial Department Proceedings, No. 2210, dated 21st April 1865, which has been communicated to the Accountant General, Military Department, for guidance, the undersigned is directed to forward, for consideration in the Financial Department, copy of a Memorandum by Colonel Broome, No. 1457b, dated 20th January last, on the Report of the Commissioners of Enquiry into the system of Audit and Account now pursued in the Military Department.

2. Colonel Broome, it will be observed, objects to some of the remarks and conclusions of the Commissioners, and the Government in this Department has decided that the proposal of the Commissioners for assigning the duties now performed by the Accountant General to the Controller of Military Accounts in Bengal is inapplicable. Copy of a despatch to the Secretary of State on this subject, No. 174, dated 7th April 1865, is forwarded for information.

3. Certain other points referred to in the report of the Commissioners have also been disposed of; such as the remarks on the Military Accountant's Office (see No. 271a of 7th April 1865, from the Military to the Financial Department); the recommendation that Paymasters of British Regiments should draw advances direct instead of through Circle Paymasters and be in direct account with the Military Accountant at the Presidency (see Financial Department Proceedings, No. 588 of 2nd February 1865); the suggestion that the charges of the Military Secretariat should be included in the Military Estimates (see Financial Department Memorandum, No. 457 of the 23rd January 1865); and the recommendation for the consolidation of the office of Superintendent and Agent for Army Clothing in one person (see Government General Order, No. 944 of 1864).

4. Any further changes that may be deemed desirable after Mr. Foster and Colonel Broome have conferred together, and after consideration by Government in this Department, will be duly communicated to the Financial Department.

No. 1457b, dated 20th January 1865.

No. 484.] *Memo.—By COLONEL A. BROOME, Accountant General, MILITARY DEPARTMENT.*

With reference to the Report of the Commissioners of Enquiry into Indian Accounts 'on the system of Audit and Account now pursued in the Military Department published in the "Gazette Extraordinary of India" of 13th October last, under the authority of Financial Resolution No. 2695 of 30th September idem, the undersigned begs to submit, for the consideration of Government, the following observations on some of the main points noticed in that Report.

2. The more important representations may be classified as below:—

1st.—That the Military Budget Estimates, as submitted by the Controllers of the three Presidencies, are unnecessarily elaborate and cumbersome; and that the revision and consolidation of these Estimates by the late Military Finance Department, and now by the Accountant General in the Military Department, has been and must be a source of delay and inconvenience.

2nd.—That the process of business followed in the Disbursing and Examining Offices of the Military Department is extremely onerous and complicated, requiring extensive agency, which, under a simpler system, might be considerably reduced with very economical results.

3rd.—That the Accounts are so greatly in arrears as to be valueless when finally prepared, besides being actually prejudicial as well to the interests of Government as to individual Officers; and that the Financial Returns submitted in the meanwhile are so defective as to render the expenditure recorded therein a matter of opinion rather than of fact.

4th.—That the duties now performed by the Accountant General, Military Department, are comparatively unimportant, and that his functions are such as do not justify the appellation of "Accountant General" being given to him.

The Commissioners also submit a revised Form of Budget Estimate for adoption, and make the following recommendations:—

1st.—That the Controller of Military Accounts in the Bengal Presidency should also be the Accountant General for India, aided by a Deputy.

2nd.—That the Offices of Military Account at each Presidency should be consolidated and reconstituted, so as to form a Central Account Office at each Presidency.

3rd.—That the Offices of the Presidency and Circle Paymasters be gradually abolished, the duties of the Presidency Paymaster being transferred to the Accountant General, and those of Circle Paymasters, for the most part to Commissariat Officers and Civil Treasurers.

4th.—That the Store Accounts should be separated from the Cash Accounts.

5th.—That the whole system of Military Accounts should be remodelled on a plan which is sketched in the Commissioners' Report.

3. The undersigned will now review, as briefly as practicable, these several representations and recommendations in the order above set forth, doing this under a firm conviction that such

a review based on some degree of practical knowledge of the details and some experience as regards the working of the system will, if honestly and temperately conducted, prove useful in enabling Government to form a correct opinion on the several questions brought under consideration, on the present actual condition of the Military Account Department, and on the general accuracy and consequent value of the Commissioners' Report.

4. Whilst generally concurring with the Commissioners that the present system of Military Audit and Account has many defects, and that it is susceptible of much improvement, the undersigned, after a careful perusal of their Report, cannot but think that the condemnation of the entire system pronounced by the Commissioners is too sweeping, and that, to a considerable extent, it is based on an exaggerated view of trifling imperfections, on certain actual misstatements, and on some erroneous deductions. Moreover, it appears to him that due allowance has not been made for the circumstances under which the existing system passed into its present condition, and the difficulties in the way of reform; whilst many improvements that have been introduced or suggested are altogether ignored.

5. He would specially submit that, as regards the accounts, many of the defects of the present system were early and fully appreciated in the late Military Finance Department, the Chief of which reported as follows in October 1861 :—

“The prejudices and difficulties which interfered with the introduction of the Budget system have already, to a great extent, been overcome; but similar ground has to be gone over in reference to the Account system. Old established ideas, and time-honoured modes of procedure have now to be swept away, and care must be taken not to allow the effort by which the changes are effected to be too soon relaxed, for fear of the reaction that may temporarily be felt; but at the same time I may assure Government that once the results of the change of system are fully exhibited, there can be no doubt as to its advantages being recognised and fully appreciated.

“Extensive reforms are, however, necessary before a simple and intelligible system of accounting can be substituted for the present system, that has become unnecessarily cumbersome, mainly by reason of misapprehension and misuse of technicalities, which, when properly applied, are invaluable.”

6. The present arrangements consist partly of a remnant of the system which prevailed prior to the introduction of Budget Estimates and partly of reforms since then effected. The period, however, since the introduction of Budget Estimates has been one of continued change, either actual or anticipated, and the Military Finance Department had to contend against heavy arrears on the transfer of the Military Accounts to its administration. With every effort to that end, the necessary data for the preparation of a homogeneous system has not been available at the time of the Commissioners' arrival, and after that event, all measures affecting reform were necessarily stayed pending their investigations. But if due consideration be accorded to the measures from time to time adopted since the constitution of the Military Finance Department, it will be found that they have been the means of effecting great savings in almost every branch of the Military Department of Government, and that in other respects they possess merits which, the undersigned ventures to think, have scarcely been sufficiently recognised in the Report now under notice.

ANNUAL BUDGET ESTIMATES.

7. In paragraphs 47 to 58, the Commissioners describe the process followed in reference to the Annual Budget Estimates, and state that the Estimates, which should be submitted to Government on the 31st January each year, have invariably been late, quoting Financial Resolution No. 2018 of 15th April last, in support of their statement. It is further affirmed that so long as the present system of requiring the Accountant General to review the Controllers' Estimates is continued, delay must be the result, because the former Officer only receives the Estimates from the Controllers on the very day on which they should be submitted to the Financial Department; that the criticisms of the Accountant General, while apparently minute, are not justified by a careful investigation into facts, and consequently must result in putting Departments to inconvenience. These views are illustrated by an example drawn from the Madras Estimates, and it is then suggested that no deduction, clerical errors excepted, should be made from an Estimate, unless the Head of the Department concerned has an opportunity of affording an explanation in substantiation of the figures submitted by him.

8. With reference to the statement regarding the late submission of the Estimates, it is unnecessary to make any observation, as Military Department letter No. 446 of 30th June last explains that the Financial Resolution of 15th April, quoted in paragraph 51 of the Commissioners' Report, resulted from an oversight, and the error is alluded to in paragraph 11 of the Financial Resolution No. 2695 of 30th September 1864, directing the Report to be published.

9. The question as to the revision of the Estimates compiled by the Controllers cannot, however, be so easily disposed of. It is one of vital importance, and the Commissioners themselves have expressed somewhat contradictory views on this point. In paragraph 57 of their Report they deprecate any alteration in an Estimate without reference to the Head of the Department concerned, on the ground that the Accountant General's alterations are open to question, and that the practice occasions great delay. But further on in the Report, without any suggestion for altering the existing prescribed date for the final submission of the Estimates, they advocate a careful revision of the Madras and Bombay Estimates by the

Accountant General, prior to consolidating them into a General Estimate for Military Services for all India. This will be seen at once by a reference to paragraph 250, in which, assuming that the functions of the present Accountant General, Military Department, will be allocated to the Controller at Calcutta, in addition to his own executive duties, they write: "The Estimates from Madras and Bombay would be forwarded to the Accountant General not later than the 31st January, and he would, after subjecting them to a careful revision, compile them into a General Budget Estimate for Military Services for all India. Any alterations that he may consider it necessary to make should not be shown on the face of the Estimates, but should be explained to Government together with his observations on the Estimates generally, in a separate Report."

10. The system of final revision thus recommended corresponds with the existing practice, excepting that at present the revision extends to the Estimates of the three Presidencies and is not confined to those of Madras and Bombay. No valid reason is assigned for exempting the Budget Estimate of the Bengal Presidency from the independent inspection and revision it now annually undergoes, and assuredly no plea, derived from the experience of the past, can be adduced in favor of such exemption.

11. The undersigned considers it essential to observe that on no one occasion, since the introduction of the Budget Estimate system, have the Controllers sent up the Estimates in such a state as to be ready for immediate submission to Government. Not to encumber this Memorandum with unnecessary details, it will suffice to substantiate this statement by referring only to the Budget Estimates of this Presidency as submitted by the Controller.

12. Under existing arrangements, all "Charges *Personnel*" are collected and arranged for the Budget Estimate by the Compiler, under the immediate direction of the Controller. The Estimates for *Materiel* supplies, to be provided by or for the Commissariat, Barrack, Medical, Clothing, Ordnance, and other Departments, are prepared by the respective Heads of those Departments and furnished to the Controller, who, after examination and check, proposes such modification as he may consider necessary or advisable, and incorporates them in the General Estimate for the Presidency.

13. In 1862-63 the Estimate for *Personnel* and *Materiel* charges submitted by the Controller at Calcutta amounted to Rs. 7,06,62,591, and during the year, Government sanctioned supplemental grant to the amount of Rs. 10,90,968, making an aggregate of Rs. 7,17,53,559; but the Estimate, as revised by the late Military Finance Department, *inclusive of the extra grants during the year*, stood at Rs. 6,96,56,072, exhibiting a reduction of Rs. 20,97,487. The expenditure, according to the "Actuals," was only Rs. 6,90,85,037, and by the Appropriation Audit, Rs. 6,92,51,712, being by the former Rs. 5,71,035, and by the latter Rs. 4,04,360 below the revised Budget Estimate, which is sufficient evidence that the reductions, so far from being arbitrary or unwarranted, did not go quite far enough. *Vide Memorandum on the Appropriation Audit, No. 849 B.C., dated 31st August 1864.*

14. The Controller's Estimates of *Personnel* and *Materiel* Charges for 1863-64, as submitted by him, amounted to Rs. 7,44,45,511, but it was very considerably modified, and omissions supplied, the reductions made under Title I having been Rs. 34,88,169, and the additions, Rs. 86,44,019, and under Title II, reductions Rs. 31,36,200, additions Rs. 15,02,024. The Estimate, after revision by the late Military Finance Department, finally stood at Rs. 7,30,17,185, being a net reduction of Rs. 14,28,326. During the year the Sittana Field Force was formed, and the actual extra cash expenditure on account thereof, although at first expected to involve a heavy additional outlay, has finally proved to have amounted to only Rs. 7,83,000 of actual cash disbursement. The total military charges of the year for the Bengal Presidency amount to Rs. 7,16,07,044. But in the Estimate, provision for Europe Stores to the amount of Rs. 25,50,900 was made, whilst the receipts during the year fell far short of this amount, having been only Rs. 10,43,244; excluding this item from both *Estimate* and *Actuals*, the comparison is as below:—

	Rs.
Budget Estimate of 1863-64, as finally sanctioned by Government, <i>exclusive of the value of Europe stores</i>	7,01,67,743
Extra grants sanctioned during the year	2,58,612
	7,04,26,355
Actual expenditure, exclusive of the value of Europe stores	7,05,63,800
	1,37,445
Expenditure in excess of the estimated amount	1,37,445

But as the expenditure on account of the Sittana Expedition, amounting to Rs. 7,83,000, which was never provided for either in the Budget Estimate or by extra grants, is included in the above sum of Rs. 7,05,63,800, it should be deducted therefrom, thus leaving the "Actuals" of the services estimated for at Rs. 6,97,80,800, or Rs. 6,45,555 or nearly $\frac{1}{10}$ per cent. below the estimated amount.

15. The Estimate for 1864-65 was similarly revised: if carefully examined, many of the alterations will be found to be owing to orders issued by Government after the Controller had forwarded his Estimate to the Accountant General, and to the transfers from one head to another occasioned thereby. The amount of the Controller's Estimate was Rs. 7,09,83,156, and,

notwithstanding the additional charges sanctioned by Government, the total of the revised Budget Estimate submitted for the approval of Government was Rs. 6,98,90,100, being a reduction on the former amount of Rs. 10,93,036.

16. In paragraph 54 the apparent minuteness of the revision of the Controller's Estimate is noticed as a defect, nearly every total being represented as altered, these alterations ranging, occasionally, so low as one Rupee. The Commissioners were not, perhaps, aware that in the first place, under express orders from the Financial Department, the several items in the Estimate were required to be given in round numbers, and as the Controller did not attend to this injunction, it was necessary to reduce his totals accordingly. But in order that Government may appreciate the real nature and extent of the alterations actually made in the Bengal Budget Estimate of 1864-65, as submitted by the Controller, the following example of one Heading or Chapter is adduced, being that of the

EUROPEAN ARMY.

Eurasian Artillery.—Controller only provided for effective strength. Revised Estimate provided for established strength.

Lahore Light Horse.—Rs. 6,728 were added to provide for the new rates of pay sanctioned in Military Department's letter No. 748, dated 26th January 1864, for the Commandant and Adjutant.

East Indian Regiment.—Rs. 1,05,016 were deducted consequent on the authorized disbandment of the Regiment.

Engineers.—Rs. 1,66,634 were deducted from this head, of which Rs. 1,46,049 was considered chargeable to the Civil Department for the pay proper of Engineer Officers in the employ of the Civil and Public Works Departments, and Rs. 20,585 were transferred to the head *Sappers and Miners*, under which the Controller should have estimated for the amount, instead of under the head *Engineers*.

Staff Corps.—The Controller made provision for Officers about to return from furlough, but this was deemed unnecessary, as it was considered that the number proceeding on leave would probably balance that of those returning, and the Estimate was accordingly reduced by Rs. 59,000.

General List, Infantry and Cavalry, including the Cadres of old Corps.—Five per cent. was deducted to cover casualties, and the Estimate was revised agreeably to the postings made to regiments by G. O. C. C., dated 20th January 1864, the Controller's Estimate having been framed prior to the publication thereof.

17. Thus it will be seen that under this head the virtual alterations made by the late Military Finance Department were only six, three of them being necessitated by Government orders promulgated after the submission of the Controller's Estimate. The other alterations under the same head, 15 in number, were in small sums to reduce the amounts to round numbers.

18. As to the example given in paragraph 56, in proof of the averment that the alterations made by the Accountant General are not justified by a careful investigation of facts, the undersigned has to observe, that his attention was specially drawn by the Madras Controller to the high rate at which the feed of horses was estimated, who, at the same time, quoted the average rate of past years at Rs. 75½ per horse per annum, but remarked that some extra allowance should be made for dearness of grain. Rs. 4 lakhs or Rs. 82½ per horse, were consequently allowed.

19. A more correct knowledge of the course practically adopted in the revision and consolidation of the Military Estimates, and of the actual results of such revision, might possibly have modified the opinion of the Commissioners as to the supposed disadvantages of this process when applied by one independent Officer to the Estimates of the three Presidencies.

20. There is reason to believe that the Commissioners were unaware of the means possessed by the Accountant General under the existing system for checking these important documents, for in paragraph 240 they observe "that the Accountant General should have immediately at his command the state of the expenditure of any item of a grant, and that he should be aware of the state of the Account of any of the Disbursing Officers." What is recommended in this paragraph as highly desirable to establish for the future, is precisely the kind of information that the Accountant General under the existing system, has at his command, and not only for the Presidency of Bengal, but for all three Presidencies. Returns are received by which every item of expenditure is recorded under the Budget Grants, and from the monthly Statements of Increase or Decrease of Inefficient Balances, the Accountant General can see at once what is the state of the Accounts of each Circle Paymaster; each Executive Commissariat or Stud Officer, indeed, of every Disbursing Officer in all three Presidencies. Moreover, he receives the Monthly Prices Current of each Presidency; also Statements of Commissariat purchases, or of contracts entered into, and has possession of the actual expenditure of each separate Department month by month. If Government desire accurate Estimates and Accounts, an audit of them by an independent Officer, unconnected with their preparation, appears as necessary as an audit of actual disbursements. If the judgment and vigilance of Heads of Departments may be implicitly relied on in the one case, there is no reason why the same qualities should not be accepted as guarantees for absolute correctness in the other.

21. As a practical illustration of the reliance to be placed on the Estimates occasionally rendered, and the necessity for careful review, the undersigned would refer to the subjoined particulars of the Bengal Regular Estimate of 1862-63.

RECEIPTS.

Remittances from other Governments.

	Estimate as submitted by Controller.	Military Finance Department's Estimate.	Actuals.
Govt. of N.-W. Provinces	1,05,02,474	2,05,96,460	2,07,16,494
Do. Punjab	2,39,19,289	2,19,21,250	2,17,95,451
Do. Madras	3,59,553	2,42,800	2,07,888
Do. Bombay	31,00,150	14,04,300	20,06,814
Do. Hyderabad	22,64,439	23,91,300	24,03,305
Do. Central Provinces	17,38,474	16,42,300	16,59,851
Do. Oude	45,18,459	42,66,600	47,94,752
TOTAL	4,64,02,838	5,24,66,010	5,35,84,555.

It will be observed, from these particulars, that the modifications of the Military Finance Department, with one exception, brought the estimated amounts in much closer approximation to the Actuals than as originally estimated by the Controller; and that in the case of the North-West Provinces, the modification made was to the extent of more than 100 lakhs of rupees, and even that extensive modification was a little below the actual result.

22. *Paras. 59 to 63.*—The Commissioners in these paragraphs condemn the unnecessary details furnished for the preparation of the Departmental Estimates for *materiel* supplies; some ludicrous instances of minuteness on the part of certain Estimating Officers are cited, and stress is laid on the want of uniformity in the compilation of these Estimates in the different Presidencies. Finally, it is stated that all the elaborate details received are not used in this Office, as the Estimates submitted for revision are tested by general averages, or are arbitrarily reduced without any satisfactory reason assigned for the reduction.

23. The best refutation of these general statements and the clearest proof of the misconception of the real circumstances of the case, which led to such statements, will be found in the fact that in 1862-63, the year in which the Budget system was first properly introduced, the Estimates submitted from all three Presidencies were so wild that they were susceptible of a reduction of no less than 74 lakhs of rupees, or $\frac{1}{4}$ of a million sterling,—a reduction which the undersigned avers has been fully sustained by actual results, as set forth in his memorandum No. 849 B.C., dated 31st August last, on the *Appropriation Audit*. From this important fact it was evident that implicit reliance could not be placed on the detailed Estimates of Departmental Officers. From 1862-63 to 1864-65 the reductions made by the late Military Finance Department from the Estimates submitted by the Controllers of the three Presidencies have aggregated 120 lakhs of rupees, whereas, by the Appropriation Audit of 1862-63 and the actuals of 1863-64, the Military Expenditure of those two years have only exceeded the Budget Estimates submitted by the late Military Finance Department by Rs. 10,98,538 in the former year and Rs. 10,96,532 in the latter year, exclusive of the expenditure for the Sittana Expedition, which was not estimated for. These differences, for which, if necessary, satisfactory reasons could be adduced, give the same percentage of $\frac{1}{10}$ in each year, and, the undersigned would submit, contrast favorably, considering the infancy of the Budget Estimate system in India, with the results obtained at home, and which, according to the *Statements of the savings and deficiencies upon the grants for Army services* published annually by the War Office and laid before Parliament, for the years specified below, and only for the items corresponding to those included in the Indian Estimates, are as follow:—

Years.	Estimate.	Expenditure.	Net difference in Expenditure.	Percentage.
1856-57	£16,983,931	17,406,792	+ 422,861	+ 2 $\frac{1}{2}$
1857-58	£10,304,649	11,190,202	+ 885,553	+ 8 $\frac{1}{2}$
1858-59	£10,334,049	10,315,656	— 18,393	— $\frac{1}{8}$
1859-60	£10,751,276	11,512,750	+ 761,474	+ 7
1860-61	£12,963,084	13,856,692	+ 893,608	+ 6 $\frac{1}{2}$
1861-62	£14,211,047	14,220,155	+ 9,108	+ $\frac{1}{16}$
1862-63	£14,309,796	13,572,563	— 737,233	— 5 $\frac{1}{2}$

From the above it will be perceived that out of the seven consecutive years specified, the War Office Estimates of only three proved to be anything like a close approximation to the actual expenditure, the average difference exceeding 4 per cent.; whereas in India, in the very first year 1862-63, in which the Budget Estimate system was applied, the Estimate and Expenditure approximated within 1 per cent., and so also for the following year 1863-64. This result may, to a great extent, be fairly attributed to the preparation and the use made of detailed Appendices.

24. In the recent (and even present) financial state of India, considering the limited range for taxation, excessive Estimates might have led to serious embarrassment as regarded Government and great general inconvenience to the public. It was therefore the object of the Military Finance Department to secure Estimates as closely approximating to the actual expenditure as the diligence and judgment of Government Officers could frame. Great importance was consequently attached to obtaining correct data, even although at the outset this might be encumbered with some unnecessary detail, and recorded in various ways. As practical experience was obtained, the advisability of condensing this information, and rendering it on one uniform system, became evident, and careful attention was turned to this subject by the late Military Finance Department. With this view, prior to commencing the preparation of the Estimate for 1863-64, the undersigned submitted to Government a complete set of forms specially prepared for the exhibition and compilation of the necessary details on which alone a correct Estimate could be based. With reference to the fluctuating nature of the demands for *materiel*, it was considered unadvisable, as it was almost impracticable, to give precise and minute instructions regarding entries of this nature; general rules were therefore laid down, and the arrangement of the details left to Departmental Officers. These forms, which, when properly filled in, constitute the substantiating Appendices to the Estimates, were submitted to and approved by Government, both in the Financial and Military Departments, in the following terms:—

FINANCIAL DEPARTMENT.

No. 796 A., dated 29th October 1862.

His Excellency the Governor General in Council has been pleased to express his satisfaction with the Book of Instruction and Forms which you have compiled with great care and judgment as a guide for the preparation of future Military Estimates.

MILITARY DEPARTMENT.

No. 994, dated 30th December 1862.

In acknowledging letter No. 1071B., dated 9th September 1862, from the Officiating Chief of the Military Finance Department, the undersigned is directed to express to Colonel Broome the acknowledgments of Government, in the Military Department, for the very carefully framed forms prepared in his Department to ensure, as far as possible, uniformity in the preparation of the Estimates. They appear, on the whole, to be most clear and satisfactory.

25. These are the forms, slightly modified by subsequent orders and changes of establishments, which in paragraph 7 of the Financial Resolution No. 2695 are condemned as *prolix*, containing *unnecessary* and *excessive* detail, and which are to be discontinued.

26. As already observed, they were prepared after practical experience as to what had been found requisite, and they were framed to correspond with the principle on which the Estimate was required to be prepared; that principle being that each responsible Officer should furnish, as concisely as to be intelligible, the details of his probable expenditure to his immediate superior, and that being revised by the latter, they should be submitted to the general Departmental Head, who, viewing them as a whole, would pronounce judgment thereon, and forward them for final approval. For example, the Executive Commissariat Officers, within their respective ranges, furnish their Estimates (*Form C*) to the several Deputy Commissaries General, and the latter, reviewing them, forward them (*Form B*) on to the Commissary General. The review of each Deputy Commissary General is based upon the details furnished, but he seldom makes alterations therein; he rather submits suggestions to the Commissary General. The latter needs the details to form a judgment on these suggestions, and then finally prepares a revised Estimate for his entire Department (*Form A*), under the several prescribed heads of the Budget Estimate. If this duty were always judiciously performed, and there was but little variation in the nature and amount of the services to be provided for, it might, perhaps, be unnecessary that the details should be furnished to this Office, as it has in its possession a general index to the correctness with which Heads of Departments discharge the duty in question, this index being the quarterly averages of the preceding year, and the monthly record of the Expenditure under each major and minor head of the Budget Estimate for the same year. But if the Estimate of the forthcoming year should exhibit any unusual increase or decrease when tested by the means above indicated, the readiest way of reconciling the discrepancy is to examine the details of the Appendices; otherwise voluminous correspondence and great delay would ensue, especially as regards the Estimates of the Presidencies of Madras and Bombay.

27. In reference to the alleged elaborate character of the Appendices submitted with the Budget Estimates, in paragraph 7 of the Financial Resolution on the Commissioners' Report, it is observed that the unnecessary details are attributable "to the want of that frequent personal communication between Heads of Departments regarding doubtful items in the Estimates, whereby access would be gained to the books and records, and *prolix* Returns and numerous vouchers in support of the Departmental Estimates would become superfluous."

28. The personal communication alluded to can only thoroughly apply to the Controllers and the Heads of Departments who estimate for their respective Departmental services, and not to any personal communication between the Accountant General and Heads of Departments; for, as regards the Madras and Bombay Estimates, such a procedure is evidently impracticable; and even with respect to the Bengal Presidency, the brief period available for

revision and general consolidation must practically limit the extent of such communication. Moreover, it is a question if such frequent personal references might not occasionally give rise to protracted discussion and indirectly encourage Departmental opposition. The undersigned ventures to think that if the reductions made in the last three years' Estimates, and which as regards the first two years at least, are proved to have been warranted, had all been personally discussed with the Heads of Departments concerned, it is very doubtful, setting aside the delay, if they would have been carried out to anything like the actual and requisite extent.

29. Government must exercise the final check over these important statements, and for this purpose some qualified and responsible Officer must minutely look into the several details and submit the results of his review for consideration and orders. A certain amount of communication at the discretion of this Officer may occasionally be desirable; and the undersigned was in such personal communication with the Commissary General and the Inspector-General of Ordnance on several points connected with their Departmental Estimates for 1864-65.

30. But with reference to the number, bulk, and form of the substantiating Appendices, the undersigned submits that, on close investigation, it will be found that the Commissioners have not so considerably reduced these details as might, at first sight, be inferred from their Report. Attached to this Memorandum as Appendices A and B, are two comparative samples; the first showing the Commissioners' form for exhibiting the details of the pay and allowances of a Corps, compared with the mode previously adopted in the Account Department; the second the two modes of framing an Estimate for victualling Europeans. As regards the first (*Appendix A*), the differences appear to be that the rates of pay in the case of units of ranks are omitted, the amount being given in the total column, that the specification of the grades and pay of Native Followers is omitted, the amount for the entire number being lumped together and inserted in one line. But as there is no reason assigned why the European and Native Establishments should not be exhibited in like detail, more especially as the pay of the latter is not uniform at the three Presidencies, and alterations are therein made from time to time according to prevailing circumstances, the omission of the specification is of very doubtful advantage. In like manner the Staff pay of Non-Commissioned Officers and the contract allowances are each exhibited in one sum, a change, the benefit of which is equally questionable. But the most important change is the omission from the Commissioners' Form of all necessary additions and deductions to and from the Estimate. This data, which the undersigned from his experience considers essential, is given in detail in the existing forms and is printed in italics in the sample now submitted. In Grant 3 of the new form of Estimate, the pay of Officers and men is shown in separate columns, but in the proposed form of substantiating Appendix, they are totalled together. A column is given in the Estimate for the deduction on account of non-effective or absent Officers, but no detail of these absentees is given in the Appendix; and consequently there are no data for verifying the totals entered in that column.

31. But more important still, no provision is made either in the Estimate or Appendices for Officers in excess to Establishments, or for the additional pay on account of length of service to Paymasters, Quarter Masters, Riding Masters, or Veterinary Surgeons, &c. These omissions certainly reduce the bulk of the Appendices for each arm of the service, but the undersigned considers that they greatly impair the value of these documents, as they are no longer what they profess to be, substantiating vouchers for the entries in the Estimate. As only one such Appendix is required for each arm of the service, and as the total saving or space effected is equal to about three pages in a bulky volume, this trifling reduction is obtained at a considerable sacrifice of efficiency and completeness of information.

32. The Commissioners refer to these Appendices as a principal feature of their plan, and consider that they "will be found exceedingly useful, not only to Officers Commanding Regiments, but also to the Military Department, and will save many references to the Accountant General." With the two forms before them, Government can judge which in reality is calculated to prove most useful and to give the fullest amount of necessary information.

33. The second sample (*Appendix B*) is that of an Executive Commissariat Officer for victualling Europeans. There is little perceptible difference between the form at present in use in the Commissariat Department and that proposed by the Commissioners; the one being a mere recast of the other, with a change in the position of the several columns. The only improvement of which the undersigned is aware, is not a reduction, but an addition, *viz.*, that the average daily cost of the ration per man is exhibited.

34. Government can also judge of the difference between these forms, and the extent and value of the proposed changes.

35. The Commissioners have only given the one form for material supplies above referred to, with reference to which they observe—

"*Para. 264.*—The sum required for the provisions of Europeans should be based upon the actual rates paid to the contractors for the rations to be supplied: the Commissariat Officer of each range or station should prepare a statement, showing the probable strength to be maintained during the ensuing year, and he should carefully calculate the entire cost of one ration per man per annum. We submit for universal adoption throughout India a Return of this nature, which will enable the Commissary General to see what is the relative comparative cost per ration at every principal Military Station in the Empire."

36. As regards the various other supplies to be made by each Executive Officer of the Department, they further observe—

"*Para. 265.*—In regard to the other items on this grant, the Commissary General should furnish whatever Returns or Statements the Accountant General may require, but they should,

as far as possible, be limited to Returns of a general nature, and should not descend into those minute particulars which have hitherto been furnished."

37. The undersigned has already pointed out that there are practical difficulties in prescribing any detailed form for these fluctuating requirements, and in the foregoing paragraph the Commissioners have done precisely what he did, *viz.*, given general directions. But analogous services will necessitate analogous details, and the supplies and services provided for in the new form of Estimate are, in addition to "Victualling Europeans,"

Victualling Natives.	Purchase of Live Stock.
Hospital Supplies (Medical).	Transport Charges (in detail).
Compensation for dearness of provisions.	Freight and Charges of stores from England.
Purchase of Reserve Stock.	Feed of Horses.
Malt Liquor.	Camp Contingencies.
Rum and Arrack.	Cattle, Gear, Implements, &c.
Carriage of Commissariat supplies.	Miscellaneous.
Contingent expenses.	

There are 27 Commissariat Ranges in Bengal, and each Executive Officer in charge must estimate for nearly all the above services, so that the number of these Appendices or vouchers is likely to be increased rather than decreased. Supposing that the average of each Officer's vouchers was only 12, the total for the 27 ranges would be 324.

38. By recent orders of Government the Ordnance Department is authorized to obtain its own supplies of stores of local produce, and the practice will probably be extended to the Stud and Clothing Departments. On the principle laid down by the Commissioners, each Executive Officer of these Departments must estimate for his own requirements, so that there will be no reduction in the general total of vouchers consequent on this change.

39. It is doubtful whether or not the Commissioners intend that all these numerous Appendices should be printed and attached to the Estimates, as in paragraph 261 they only refer to the Appendices for establishments as necessary to be so attached. The paragraph in question is quoted below:—

"One of the principal features in this grant is the substantiating Appendices; in these will be found the approved Establishment of each Regiment of Cavalry or Infantry, European and Native, of the Batteries of Artillery, and of the various Irregular Corps; the total cost of the pay, allowances, and charges is succinctly shown, and the aggregate estimate of the cost of each arm of the service is given; the number per Establishment is distinctly represented."

40. The undersigned would venture to suggest that it would be sufficient to print one set of these Pay or Regimental vouchers for each Presidency. This might not be absolutely necessary for Madras and Bombay as regards the European Establishments; but as the Native Establishments differ and should be exhibited in detail, it would be desirable to render each Estimate complete in itself.

41. In paragraphs 64 and 65 the Commissioners propose to do away with the Regular and Cash Requirement Estimates, being of opinion that one carefully compiled Estimate of Military Services is sufficient for all practical purposes. As regards the *Regular Estimate*, the undersigned is disposed to agree with them in thinking that it causes a great deal of work, without, as far as he is cognizant, commensurate result; but so long as the Budget Estimate of each Presidency is made to represent the entire charges of the Army of that Presidency, irrespective whether the full amount thereof is disbursed within the limits of that Presidency or not, so long will a *Cash Requirement Estimate* be necessary. For instance, provision to the extent of Rs. 20½ lakhs is made in the Bengal Budget Estimate for malt liquor, but nearly $\frac{2}{3}$ of the supply is landed at Kurrachee, paid for by the Bombay Government, and treated as an adjusted charge of the Bengal Presidency. Hence Bombay in its *Cash Requirement Estimate* must make provision for this sum, although it is no charge of that Presidency and finds no place in its Budget Estimate. In this and in several other instances the Commissioners, accustomed to deal with a system of account for one Government and one Army, appear to have lost sight of the specialities incident to a system of account which must provide for the requirements of *three separate Governments and three distinct Armies*.

42. As regards the proposed form of Budget Estimate,—on the details of which the undersigned was consulted by Mr. Whiffin,—he would beg to express his general concurrence; but he would at the same time observe that previous to the commencement of the preparation of the Budget Estimate of 1864-65, he personally suggested to the Financial Member of Government that the Estimate should in size, classification, and general arrangement be made to approximate as closely as practicable to the English form; in other words, to *adopt a form in all essentials similar to that now proposed by the Commissioners and sanctioned by Government*. He was, however, instructed to introduce only such changes as were considered to be undoubted improvements; in accordance with which decision, provision was made for fixed establishments of men and estimated effective strength of Officers; the Medical establishments of the British Army were incorporated with the several Arms to which they were attached, and educational establishments were separated. *Effective and Non-effective* services were shown under distinct classes, and the *personnel* and *material* expenditure of each Department brought under the same Chapter, although exhibited in separate Sections. Under the same instructions the cost of stores from Europe was removed from the body of the Estimate. But the size of the paper, the arrangement of the columns, and the explanations given at the side, were all introduced *under special orders from the Financial Member of Government*.

43. Thus, as regards the Budget Estimates, the undersigned ventures to think that he has satisfactorily shown that their revision and consolidation has not in reality ever been creative of delay; that such revision and modification, so far from being objectionable, arbitrary, or unwarranted, has practically been productive of very great advantage and economy; and that the independent minute revision, on the part of Government, of this important document (as also of the statement of final appropriation of the amounts granted) by an Officer specially appointed to, and conversant with, the nature of the duty, unconnected with their original preparation and unbiassed by Departmental tendencies, is most essential. That the undersigned was fully alive to the advisability of improving the form of Estimate, that he had introduced some changes and suggested others.

That the reforms now proposed by the Commissioners are not very important or radical, that in some cases their advantage is questionable, and that the reduction of details as suggested either the number or bulk of the appendices is not likely to prove so extensive as was anticipated by Government in the Financial Department, as may be inferred by paragraph 7 of the Resolution No. 2895.

Further, that, but for the completeness of the existing Appendices, not only would there have been a difficulty in securing the accuracy which has characterised the Estimates already prepared, but without the details thus furnished the Commissioners would not have had the data for scrutinizing the present system, suggesting amendments, or preparing their proposed forms.

44. As intimately bearing on the subject of the *Estimates*, it is desirable, at the same time, to notice the Commissioners' remarks on the *Appropriation Audit Statement*.

In paragraph 196 they observe: "This is a most voluminous Statement; it is supposed to represent the actual audited expenditure on account of Military Services, and should, according to the instructions on this subject, be based entirely on adjusted charges after the closing of the Annual Books. This Return is compiled solely for the use of the Accountant General, but it is of no practical use; in the first place it is compiled before the Annual or General Books are commenced, the appropriation account for the year 1862-63 having been rendered to the Accountant General on the 19th July last, the books for 1861-62 having only just been closed, and those for 1862-63 not yet opened; moreover, the expenditure, as shown by the Returns, differs very materially from the 'actuals' for the same period, as given by the Accountant General in the printed Budget Estimate for the year 1864-65."

45. On this paragraph the undersigned would observe—In the first place, this Statement can scarcely be called a *voluminous* one. According to the existing orders, it must correspond with the Budget Estimate headings of the same year, without which no practical comparison could be made between the estimated and actual expenditure, and the Statements for all three Presidencies were so prepared for 1862-63, the first year for which there was sufficient data. The Bengal Statement consisted of 28 manuscript pages, and those of Bombay and Madras of 22 and 20 severally, whilst the whole were consolidated into 21 pages of printed foolscap, including the detailed explanatory Statements, as submitted to Government with memorandum No. 849 B.C. of 31st August 1864.

46. Secondly, as regards the time and mode of preparation, the Commissioners appear to have fallen into an error as to existing instructions on this subject, and to have mistaken the suggestions contained in the Report No. 10 of the Budget and Audit Committee, dated 18th January 1861,—which were not sanctioned by Government,—for the *actual orders* on the subject as contained in the Financial Resolutions Nos. 119 of 16th November 1860, and 377 of 26th January 1861. In No. 119 it is stated in paragraphs 15 and 16—"All questions arising during the course of the year, for which the estimates have been sanctioned, having been disposed of, the final appropriation audit of the two Departments (Civil and Military) will be conducted independently by the Head of that Department, who will satisfy himself and report to Government on the mode in which the several Controllers of Finance, and all Officers subordinate to them, have performed their respective duties.

"Whenever those duties have been efficiently performed, and the limits of the Budget Estimates been carefully observed, the appropriation audit will be effected by the Head of the Finance Department (Civil or Military) without reference to his colleague, or to any other authority."

47. In the latter Resolution these orders are reiterated, and the Chief of the Military Finance Department is specially designated as "Appropriation Auditor in the Military Department," a function which the undersigned considers to have passed to him in his present capacity.

48. Thus it is evident that the preparation of these important Statements was to commence, as soon as practicable, from the data available, and that waiting several years for the closing of the Books was not contemplated.

49. Thirdly, the foregoing extracts and explanations clearly and sufficiently dispose the assertion of the Commissioners that the Appropriation Audit Return as prepared by the Military Accountant is compiled *solely for the use of the Accountant General*. As to the other assertion, that it is of *no practical use*, the undersigned would refer to the Statement furnished with his memorandum No. 849 B.C. of 31st August 1864, in which, notwithstanding the defective data and the difficulties attending a first attempt, a tolerably close approximation to the actual expenditure under the several heads was exhibited, the nature and extent of the errors were explained, and the evils of the present Financial Returns and the mode of recording "*settlements*" were clearly exhibited and brought prominently to notice.

50. The course adopted in that Statement was to compare the Estimates and Disbursements under the several Budget Heads, including the adjusted charges in the Accounts of other Governments, with explanations as to the variations that existed, whether of excess or deficit. This course is precisely that *subsequently* prescribed by Circular No. 76 of 14th November 1864, issued to the Civil Finance Officers, and based on Financial Department letter No. 3003 of 14th October 1864.

51. But still more remarkable is the identity between the forms proposed by the Commissioners for corresponding Statements and those actually adopted by the undersigned. The fact is, that both were copied as closely as practicable from the forms in use at home. In Appendix C will be found a comparison between the two forms of *Explanatory Statements*, the only difference between them being that the headings correspond to the Estimates for which they were framed, and that the Commissioners' form being included in one page, leaves scanty space for remarks. The Commissioners', being merely a specimen form, comprises only a few items of *personnel*, chiefly connected with the European Army, and therefore, for better comparison, the form in use is similarly restricted to corresponding headings.

52. On the Report of the Commissioners on this subject,—the correctness of which Government can now appreciate,—it has been ordered in the Financial Department Resolution No. 2695, that "*the inadmissible substitute for an Annual Appropriation Audit described in paragraph 196*" of the Report is to be discontinued. The undersigned with all respect begs to represent that this Resolution, which he ventures to think is based on a misconception of the real facts, is likely to prove inconvenient and injurious to the interests of Government.

53. The Commissioners have recommended that a Statement similar in principle and form should be regularly prepared, but based on the Annual Books, which they propose should, when brought up to date, replace the Financial Statements now in use.

The Financial Department has, since the date of that Resolution, authorized the preparation, in the Civil Account Department, of a Statement *precisely similar in principle and in form to that adopted in the Military Department, and based on similar data.*

54. Undoubtedly if the Books were brought up to date and prepared so as to correspond to the Budget headings they would afford the best data for the purpose; but when it is borne in mind that the Bengal Books for 1861-62 have only recently been completed, that it will be useless to attempt to complete those for 1862-63 and 1863-64 in the new form, and that even if this were done, they would not correspond with the Budget headings of those years for comparison, the only possibility of obtaining any close approximate information as to the expenditure of those years under the several Budget heads will be by continuing the present practice; or, in other words, re-adopting in the Military Department the same course as that recently prescribed for the Civil Account Department. The Books for 1864-65 can be prepared on the new system with advantage, and the data for comparison will be available, as the figures of the old form of Budget Estimate for that year must be re-cast, so as to correspond with the new heads when preparing the Estimate for 1865-66.

55. A *Budget Estimate*, to be of any practical use, must be followed by an *Appropriation Audit* to show how the sums granted under the several heads of service have been applied; and a Statement that may give only a close approximation to this is better than none. The undersigned readily admits that the Appropriation Audit for 1862-63 was only an approximation; but with practical experience and an amended system of recording expenditure there would necessarily be an annual improvement; and he unhesitatingly expresses his conviction that the similar Statements for 1863-64 and 1864-65 could be not only prepared at much earlier dates, but afford much closer approximations to actual results. This might be satisfactorily proved by preparing that for 1864-65 on the Financial Statements, and subsequently on the data given by the Military Books when they are brought up.

56. But until the books are brought up to date, which must take some time,—at least in Bengal and Madras (those for Bombay for 1863-64 are closed),—the undersigned earnestly recommends the preparation of these Returns as at present, based on the Financial Statements. Unless this is done, Government will not know how far the actual annual expenditure in the Military Department corresponds with the amounts sanctioned under the several heads of service.

57. The second point is the operose arrangements at present existing in the several Offices of Military Account.

The opening portion of the Commissioners' Report, from paragraphs 1 to 45, contains a sketch of the existing Military Account system extracted chiefly from the Rules and Regulations for the guidance of Officers of Military Account, published by Government in the Military Department on the 1st April last. Some slight errors, however, occur in describing the system which it may be well to notice. In paragraph 20 it is stated that the vouchers enforced for payment by the Ordnance Examiner are discharged by Commissariat Officers. This is not the case; they are discharged by Paymasters, as is admitted in paragraphs 146 and 172 of the Report.

With reference to paragraph 43, it may be observed that the Cultivation Accounts of the Stud Department are furnished to the Examiner of Stud Accounts only, and not to the Military Accountant, as stated in the Commissioners' Report.

PRESIDENCY AND CIRCLE PAYMASTERS.

58. In paragraphs 36 and 88 it is reported that a bulky *Personal or Ledger Account* is kept by Paymasters with *every Officer, Commissioned or Warrant, in the Circle.* After enquiry

in the Presidency Pay Office, the undersigned begs to state that no such *Personal Ledger* as that referred to by the Commissioners exists. An *Advance and Retrenchment Ledger* is necessarily kept up, in which all advances made, or retrenchments ordered, are posted against the names of the Officers concerned. In this country, Commanding Officers receive and are authorized to make many advances to meet the exigencies of the Service, the actual necessity for which is subsequently investigated. It becomes necessary, therefore, to debit the Officer with the amount until the propriety of such advances is admitted and they are adjusted by duly authenticated and properly vouched Bills. Again, the circumstances of individual Officers in India necessitate numerous advances to them, which are afterwards recovered from their pay. Moreover, retrenchments are ordered for over or erroneous drawings, which the Paymaster discharging the Bill of the payee has not the means of detecting. These have to be recovered from subsequent issues of pay. Under these circumstances an Indexed Ledger of all such advances and retrenchments is necessary to the right conduct, of the duties of the Officers entrusted with the recovery thereof, *viz.*, the Circle Paymasters, as, without such Ledger, control would be merely nominal, and the actual loss to Government considerable.

59. Such a Ledger may not be necessary either at home or in the Colonies, because the staff of the British Army receive consolidated allowances, and the Regimental pay of Officers is a definite lump sum, according to rank, adjusted by the Regimental Paymasters, who must each keep some Register of claims against individual Officers. But in India the case is widely different. Besides the Regular Army Staff, every Officer (not of the Staff Corps or not receiving a consolidated allowance) employed either in the Public Works, Revenue, Judicial, or other Civil Department, draws the net pay of his rank on his individual abstract through the Circle Paymasters. In the Bengal Presidency alone there are 888 Officers attached to the General Army Staff and Departments; there are also a very large number of unemployed Invalid, Pensioned, Warrant, and Medical Officers, all of whom draw pay on their individual abstracts. Their pay varies, some drawing a consolidated allowance, others a staff salary in addition to Staff Corps pay of rank; and a few in addition to Regimental Pay and allowances. Against numbers of these Officers retrenchments are issued, or they have received authorized advances for passage money, or travelling allowances, or for pay on proceeding to join distant stations; and it is the Circle Paymaster's duty to see the same adjusted.

It is necessary to add that, under the present constitution, there are no regular Paymasters appointed either to the Royal Artillery or to Native Cavalry or Infantry Regiments. The pay transactions of the Regimental Officers of these Corps are therefore conducted, for the most part, by the Circle Paymasters.

60. From paragraphs 77 to 94, the mode of business in the Presidency Pay Office is criticized. As the direct supervision over this Office is vested in the Controller of Military Accounts; who, by Section 2, paragraph 16 of the Rules and Instructions for Officers of Military Accounts, is required to *inspect personally or cause to be inspected all Offices of Examination, Account, Disbursement, or Issue*, that Officer may probably explain the circumstances which caused its operations to appear so unnecessarily cumbrous to the Commissioners.

61. But the undersigned has to remark that the Table drawn out, showing the number of payments made by each Circle Paymaster and the cost of each payment as recorded in paragraph 77 of the Report, is calculated to convey an erroneous idea. By the showing of the Report itself, there are 48,420 vouchers, which undergo a preliminary examination, and are paid at a total cost of Rs. 2,51,200, or at an average of Rs. 5-2 per voucher. But as these vouchers represent Military charges to the amount of more than 568 lakhs, the cost of the Establishment for payment, including the Military and Staff pay of Paymasters, is only about $\frac{1}{4}$ per cent. per annum, or annas 8 for every hundred rupees *examined, registered, and paid*. The proportion of a Regimental Paymaster's pay to the amount he disburses annually is Rs. 1 $\frac{1}{4}$ per cent. per annum. The data, however, on which the table has been based are apparently defective; the number of vouchers having been obtained from the Controller's Office, does not in all probability represent the numerous advances made and recoveries of advances and retrenchments effected. Further, the Controller appears only to have given the Commissioners the number of payments by Cheques, and it is evident that the numerous *Public Service, Privilege Remittance, and Sepoy Remittance Transfer Receipts* have all been lost sight of. The number of these *Transfer Receipts* issued in the month of August last by the Presidency Paymaster alone was 357, and the total amount annually represented by such *Receipts* in the Bengal Presidency is Rs. 66,59,300.

62. It would also appear that in this enumeration of documents *Last Pay Certificates* and *No-demand Certificates* granted by Paymasters to officers proceeding home, or from one Station to another, have been omitted. The Commissioners have also lost sight of the fact that in the case of Regimental and Individual Abstracts, the deductions to be made on account of Income Tax and Service Funds, and the deposits in, and withdrawals from, Regimental Savings Banks have all to be calculated, registered, and accounted for in Circle Pay Offices. These deductions or receipts, including deposits and recovery of advances, amount annually to Rs. 23,65,417, but the Commissioners have apparently ignored these transactions. The statement prepared cannot be accepted as complete, being clearly restricted to the number of payments on account of Military charges, without reference to the numerous transactions which have to be recorded in the Paymaster's Accounts Current under the several heads of *Receipts, Debt, and Remittances*, all of which have to be carefully recorded, and subsequently checked by the Military Accountant.

63. Another error is made in describing the course pursued in regard to each payment made by the Paymaster of Invalids, Fort William and Chinsurah. It is stated "that a bill or claim is made out for the amount to be paid; it is sent to the Examiner, Pay Department; it is encased and signed by that Officer, returned to the Paymaster at Fort William or Chinsurah, as the case may be; and by them presented to the Presidency Paymaster, who after manipulating the claim through his books, issues a cheque on the Bank of Bengal for the amount." The Controller, who was referred to by the undersigned on the point, writes: "The Commandant of Invalids, Fort William, and Paymaster, Chinsurah Depôt, forward their bills to the Presidency Paymaster, who sends them to the Examiner for pre-audit. The bills are returned by the Examiner, not direct to the Officers, but to the Presidency Paymaster, who charges them in his disbursements, and sends to the Officers who submitted the bills cheques for the amounts."

64. The other objections to the process of business followed in the Presidency and Circle Pay Offices are that they are examining Offices; that the examination made therein is too minute; that the monthly accounts current and the supporting documents involve a vast amount of labor; that the Inefficient Balance Statements are exceedingly voluminous. As regards the examining duties performed in the Pay Offices, they appear advisable for expediting the payments, as well as for ensuring strict accuracy. If the bills were sent in the first instance to the Examiner for final audit, there would be great delays, as such audit would necessarily require deliberation, and at distant stations such an arrangement would be most inconvenient. Then, again, any error or irregularity in the Examiner's Office would be beyond detection, as the Paymaster's duty in reference to a passed bill is to disburse the money without question. There is now a pre-audit by the disbursing Officers, who are held responsible for money disbursed on their audit until the vouchers are finally and deliberately examined and admitted.

65. The special object of the Commissioners was doubtless to simplify the modes of procedure and to reduce the amount of work, but the proposed remedies appear likely also to reduce a considerable amount of wholesome check. Whatever may be the defects of the existing system, it has undeniably possessed the advantage of security as regards the interest of Government and also of individuals; there having been only one instance of fraud (by forgery of a cheque) within the last four years, and that was immediately detected. This is an important consideration. If claims were to be passed in the first instance in the Examiner's Office and then presented for payment, the protection now resulting from the double check might be materially affected by collusion or negligence, a contingency which acquires greater importance when the nature of the present available subordinate agency is taken into consideration.

66. With reference to paragraph 84, the undersigned would observe that the proposition on which G. O. G. No. 693, dated 17th November 1863, directing that Batteries of Artillery should be paid by the Paymasters of the Circles in which the Head-quarters of their Brigades are located, was based, emanated from the Controller of Military Accounts, and is one which, from its obvious inconvenience, would never have been recommended by the undersigned for adoption.

67. A more serious matter, however, is the proposition in paragraphs 315 and 316, to abolish the whole of the Circle Paymasters and to distribute the miscellaneous payments amongst the Commissariat Officers and Civil Treasuries. This proposition is founded on a new system of payment sketched by the Commissioners in paragraphs 301 to 308, and which is briefly as follows: That Paymasters of British Regiments, Officers Commanding Batteries of Artillery and Native Regiments, should be made *direct* Accountants and submit their Pay Lists *direct* to the Accountant General; that the monies requisite for the payment of the Troops should be obtained on approved Estimates from the Civil Treasuries, the Accounts being subsequently adjusted in reference both to Pay Lists and Estimates by the Accountant General.

68. The Commissioners are of opinion that by excluding payments on account of European and Native Troops, the average monthly payments for miscellaneous Military Services will be reduced to 1,827 in the five Circles, that is, exclusive of the Presidency Circle. This inference, the undersigned believes, will be found fallacious. The best way of representing the transactions compressed under the term miscellaneous Military Services, is to take the actual disbursements made throughout the Bengal Presidency in 1863-64 on account of Military charges, and deduct therefrom the amount for the payment of *Troops, Pensions, and Commissariat, Clothing, and Stud Departments* services, as shewn below:—

		Rs.
Total disbursement on account of Military Charges	..	7,09,53,259
	..	Rs. ..
Deduct Amount of pay of European and Native Troops	...	3,60,78,266
" Amount of Pensions ...	..	19,51,786
" Amount of Commissariat Charges	..	1,47,88,914
" Amount of Stud Department Charges	..	8,33,169
" Amount of Clothing Department Charges	...	10,88,188
		<u>5,47,40,323</u>
Miscellaneous Military Services	... ..	<u>1,56,12,936</u>

or nearly one-fourth of the entire expenditure of the Presidency.

69. At the rate of 1,827 vouchers per mensem, the aggregate for the year would be 21,924; which number, on the sum of Rs. 1,56,12,936, gives an average per voucher of Rs. 71½: considering the ordinary rank of the Officers drawing pay on individual abstracts, and

that the various Remittance Receipts are generally for comparatively small sums, the average thus obtained is a remarkably high one, leading to the inference that the number of vouchers has been greatly under-stated. But besides the payments the *Military Receipts*, which have all to be recorded in the accounts, amounted during 1868-64 to Rs. 37,00,000.

70. The proposition to transfer such extensive payments to Commissariat Officers and Civil Treasuries is, in the opinion of the undersigned, open to the most serious objections. The Officers in charge of Civil Treasuries will, from want of knowledge of the Military Regulations, be constantly liable to error, resulting in over-payments, and it would be scarcely fair to enforce retrenchments against them; thus, Government will lose one security they now possess, *viz.*, the responsibility of the disbursing Officer. As regards Commissariat Officers, Government has very recently recorded that their "whole attention and energies are urgently demanded for their own departmental duties," and has sought to give them relief. To reverse this course and throw upon them the burden of transactions of the Pay Department, in addition to their legitimate work, could only tend to destroy the efficiency of both descriptions of service. Further, as the disbursements they would make under such an arrangement must come under the audit of both the Pay and Commissariat Examiners, two descriptions of Accounts will have to be prepared, or the monthly Account Current will have to be sub-divided into two sections. These are the objections that naturally suggest themselves; but the undersigned wishes it to be distinctly understood that he sees little difficulty in the proposition to make Paymasters of British Regiments and Officers Commanding Batteries of Artillery and Native Regiments, direct Accountants, provided they draw advances, &c., as at present, through Circle Paymasters.

71. The relief obtained by this arrangement would probably admit of some reduction of the existing number of Pay Circles, or—which the undersigned considers preferable—of the incorporation of the Pension Pay Offices in those of the Circle Paymasters. But whatever may be the nature or extent of such modification, the undersigned considers it most desirable that, for the numerous and extensive miscellaneous Military payments to be made throughout India, a certain number of Circle Pay Offices should be retained. The work must be done somewhere, and surely it stands to reason that it would be better done by a few specially selected Officers, acquainted with the duties and the Pay Regulations, than if distributed amongst a number of Civil and Commissariat Officers in addition to their proper duties, already sufficiently onerous. These Officers, moreover, would necessarily require some assistance in the shape of additional Office Establishments; and in this respect alone it is very questionable if there would be any actual saving, whilst there can be very little doubt that the work would not, or rather could not, be as efficiently performed, and the mistakes that must naturally be looked for might occasion considerable loss to Government.

EXAMINER, PAY ACCOUNTS.

72. In paragraph 95 it is stated that in the Pay Examiner's Office "every issue of pay to Officers, Commissioned or Warrant, is entered in the Ledger to the personal account of such Officer," and that there are no less than 12 Ledgers, each containing 700 names. It is true that a Ledger or Register of every payment made to Officers is kept up in the Examiner's Office, but the 12 volumes referred to comprise *two years'* transactions. It is submitted that some such record is absolutely necessary to prevent double drawings or over-payments in a country like India, where so many Officers draw pay on their individual abstracts. It is likewise highly serviceable in investigating claims made on account of the estates of Officers. The undersigned has little doubt that if the Examiners were consulted, they would affirm that such a Register is at once their safeguard and the surety to Government that unauthorized claims are not admitted, either inadvertently or by collusion.

73. In paragraph 98 it is asserted that the Weekly Disbursement Lists of paymasters, which would be exceedingly useful to the Compiler, are retained by the Pay Examiner. In explanation of this, the undersigned would observe that every Disbursement List received by the Examiners is regularly placed at the disposal of the Compiler, and returned by him to the Pay Examiner when no longer required.

EXAMINER OF COMMISSARIAT AND STUD ACCOUNTS.

74. In paragraphs 13, 15, 23, 130, 134, 143, and 144, the Commissioners describe the duties of the Examiners of Commissariat, Ordnance, Barrack, and Medical Accounts, more particularly in reference to those functions by which vouchers passing through the hands of the first of these Officers are subsequently re-examined by the others. In paragraph 13 it is stated that the vouchers for the services of the Barrack, Ordnance, and Medical Departments, are examined by the Commissariat Examiner. In paragraph 114, that the Commissariat Examiner credits the aggregate amount of these vouchers for each service in his Books or Statements under the general head "charges on account of other Military Departments," and that retrenchments made by the Examiners to whom they are forwarded are, on being communicated, embodied in his own. In paragraph 130 it is recorded—"the amount of work falling within the sphere of the Commissariat Examiner is by no means so extensive as would at first sight appear, for out of 9,501 vouchers for the month of March, no less than 4,960 are passed on to the Medical, Ordnance, and Barrack Examiners. The Commissariat Examiner certainly examines these vouchers before passing them to other Departments, but they form no element in his detailed Compilation Statement." In paragraph 134 it is asserted that "the Medical Examiner accepts the result of the examination of the Commissariat Examiner," and

in paragraph 143 it is affirmed that the Commissariat Examiner examines the vouchers appertaining to the Ordnance Service, both as to their arithmetical calculations and correctness of rates, and yet that the Ordnance Examiner examines them *ab initio*.

75. These are somewhat conflicting statements, but Government has been pleased, in paragraph 17 of the Financial Resolution of the 30th September 1864 last, to direct the "discontinuance of the second examination by the Ordnance Examiner of the cash charges for Commissariat purchases for the Ordnance Department." It is proper, however, to explain clearly that the "second examination" in question was not a re-audit. The Commissariat Department expends cash in making supplies to the Ordnance, Barrack, and Medical Departments. The Commissariat Examiner's audit affects the cash so expended in these respects, *1st*, that the supplies were made on adequate authority; *2ndly*, that the cash paid was no more than the rates prevailing for such supplies in the district in question. But unless Government desire to lose sight of the way in which supplies once purchased are *appropriated*, the second audit by the Departmental Examiners becomes necessary. The present system is not only that the cash disbursed for supplies should be supported by adequate authority, and consistency of rates, but that the *supplies* so received should be correctly accounted for departmentally. Without the latter, there would be no limit to demands; without the former, no control over prices paid.

This process, however, will not be necessary in future, as, on the decision recently announced, that the Ordnance Department shall obtain its own supplies of local stores, the vouchers in support of the cash disbursements of that Department will be submitted direct to the Ordnance Examiner, whose audit will be final. This principle of direct supply may probably be extended to the Clothing, Stud, and Medical Departments.

76. In paragraph 132, the returns of averages prepared in the Office of the Commissariat Examiner are said to be duties of an extraneous nature, not directly concerned with the examination of Accounts. The undersigned would submit that, for practical purposes, these Returns are most valuable, and that nowhere but in the Commissariat Examiner's Office could they be properly prepared. These Returns indicate the upward or downward tendency of market prices, between one year and another, or between portions of the same year. They give the average cost severally of the feed and keep of horses, mules, bullocks, elephants, and camels, the average cost of the hire of camels and bullocks, and, what is of more importance, the average cost of rationing the troops throughout the whole extent of the Bengal Presidency, the average cost per man or given number of men, of the consumption of spirits and malt liquor. In a word, all data drawn from actual expenditure, whereby the cost of any special service may be approximately ascertained and general Estimates may be tested. It would be matter for deep regret if the Military Account Department were deprived of such excellent data and such admirable means of check.

EXAMINER, MEDICAL ACCOUNTS.

77. From paras. 133 to 141 the duties of the Medical Examiner are briefly reviewed, and two Statements are made, *viz.*—

1st.—That the Medical Examiner exercises no control over the amount expended on account of medical supplies.

2nd.—That he himself admits that his professional knowledge does not in any way facilitate the control over the expenditure.

These Statements would not appear to be borne out by the actual process of business; for in all doubtful questions of excessive expenditure, the Commissariat Examiner confers with the Medical Examiner, and on the result of that conference, the charges are admitted or retrenched. Dr. Francis, the present Medical Examiner, affirms that the Commissioners misunderstood him, that what he intended to convey was that professional knowledge is not now *absolutely* required to control excess of expenditure, the scale of consumption of various articles having been framed upon professional experience; but that if any check is to be exercised over the expenditure, that check, both morally and otherwise, would be more efficiently exercised by a professional than by a non-professional Examiner. Further, there are many questions involving expenditure in the interests of the Army and the State which require professional judgment and experience for their disposal, and which would naturally be referred by the Principal Inspector General to the Medical Examiner to work out upon data with which his Office is supplied; and the Medical Examiner himself is in a position to use his professional experience in pointing out how savings may be effected.

78. But in reality the necessity for maintaining a professional Examiner for Hospital expenditure is matter of opinion. The facts which came under the cognizance of the late Military Finance Commission and Department were so forcible as to evoke strong advocacy in favor of the appointment. The undersigned, in his Report quoted in the margin, has

No. 1537, dated 26th January 1864. already laid his own views on the subject before Government, supported by the strongly expressed opinions of the Controllers of Military Accounts at Madras and Bombay, that the maintenance of the appointment was not only a security against extravagance in the treatment of patients, but was attended with most economical results as compared with the expenditure of former years with respect to the supplies both of Europe and local stores. It must rest with Government to give the considerations urged the attention they may merit, and to decide whether it is for or against their interest to continue the appointment. The amount of the strictly Medical expenditure, in local matériel supplies, is annually Rs. 18,00,000 in the three Presidencies, and for the professional audit of this large amount Government pay in staff salaries Rs. 25,200, or 1-4 per

cent., without taking into account the amounts actually saved under the existing system of scrutiny.

The undersigned is cognizant of many instances in which objections taken in the office of the Medical Examiner on professional grounds have been supported by the Principal Inspector General of the Medical Department, and have been followed either by retrenchments or deterrent orders.

EXAMINER, ORDNANCE ACCOUNTS.

79. In paras. 143 to 170 the present system of keeping the Ordnance and Barrack Accounts is described; the only objection urged against it is, that there is too much minuteness and more than needful detail. The general excellence of the system, however, has elicited from the Commissioners an acknowledgment in the following terms (para. §79) :—
“The system of Store Accounts in India is much in advance of that pursued in England; here all stores are reduced to their money value, and the stock in hand at the end of each year, in the Arsenals, Magazines, and Ports in the charge of Regiments or of Barrack Masters, is shown not only in quantities, but in value also. In England and in the Colonies, Officers in charge of stores are debited with them in quantities only.”

80. But whilst, on the one hand, the Commissioners complain of too much minuteness, on the other hand, they reprobate the plan adopted by the Examiner to arrive at the value of stock in charge of Regiments and Batteries by taking averages. When it is considered that the equipments of each Regiment of the same arm of the service are identical, that every Battery of Artillery is also similarly equipped, according to its class, the ascertained value of the stores in use with 3 or 4 Regiments of Infantry and Cavalry, and with 3 or 4 Batteries of Artillery, calculated proportionately for the whole number of Regiments for each arm, and the whole number of Batteries of each class, would afford, as the Examiner affirms it does, as close an approximation to the result as would be attained if the whole were calculated in detail by stock book rates. Considering that, consequent on the differing condition of the various articles, even stock book rates would not represent the *intrinsic* value of the Regimental stores and equipments, the plan adopted by the Examiner to arrive at the approximate value of such stock is less open to objection than the Commissioners appear to imagine.

81. In order to avoid the detail with which the Office of the Ordnance Examiner is incumbered, the Commissioners, in paras. §88 to §97, make sundry suggestions—

1st.—That Officers should be delegated to examine the accounts of the Arsenals and Magazines on any of the lines of Railway.

2nd.—That the Arsenal and Magazine Accounts should be closed quarterly, and then examined by the delegated Officers.

3rd.—That after the examination of the last quarter's accounts, the balance should be carried to the Ledger for the new year, and the Ledger appertaining to the year just closed at once forwarded.

4th.—That all unserviceable, obsolete, or redundant articles should be eliminated from the Stores in Arsenals, &c.

5th.—That the Returns of Arms and Equipments of Regiments and Batteries should be prepared and submitted annually, instead of half-yearly, as heretofore.

There are other minor recommendations, but the foregoing are the most important, and can be treated together.

82. The system of Travelling Auditors the undersigned considers cumbrous, inefficient, and likely to lead to enhanced expense, whilst the only object appears to be the saving of Office work in making copies of the Annual Ledgers. It is proposed that these peripatetic Auditors should visit the several Arsenals and Magazines quarterly, taking with them “all the vouchers appertaining to the receipts and issues of Stores.” These vouchers are not always rendered with sufficient punctuality to admit of their being made available in the mode proposed, and amongst the most important checks on the Magazine Receipts are the Half-yearly Returns which are now no longer to be forwarded. Again, when the Ledger is closed after the final quarter, it is to be sent to the Examiner's Office, and as no copy is to be retained in the Arsenal, much inconvenience would be practically experienced, when any reference to the previous year's transactions—which is likely to be of frequent occurrence—is rendered necessary.

83. The undersigned considers that it would be a much simpler and more efficient arrangement, if without waiting for the final disposal of obsolete and superfluous stores, these articles were all transferred to separate lists, and the Ledger headings confined to authorized articles of Military equipments, and materials requisite for preserving, repairing, and packing them. Forms of Ledger might then be printed suitable to every Arsenal, Magazine, and Dépôt, of which one clerk could fill up a number of copies, if necessary, with less trouble and in less time than he could prepare one manuscript copy with the numerous headings at present in use. These Ledgers should be balanced quarterly, but it would suffice to send one annually to the Examiner, another copy being permanently retained in the Arsenal or Magazine.

§ The separate statements of obsolete and redundant stores would, of course, vary in extent at the several establishments, and their periodical preparation and submission would keep the state of these articles under constant observation, and tend to ensure their being certainly, though gradually, disposed of.

§4. It has long been a desideratum to clear the Arsenals and Magazines of the numerous obsolete and really useless articles contained in them; but this operation requires careful and judicious management. Stores that are likely to deteriorate or which create expense in their

preservation, should be got rid of as speedily as practicable, care being taken not to glut the local markets by throwing large quantities of articles not in general demand into them at once. But as regards stores that are not likely to spoil and require no special care, the same urgency for their disposal does not exist, and they might be got rid of gradually in the manner most likely to ensure good prices. Again, there are many articles, large in quantity and of considerable intrinsic value, for which, however, no remunerative price could be obtained, owing to the limited demand, but which could be turned to beneficial and economical use in Government Establishments in the course of time. Old cast-iron is a case in point. Unserviceable shot and shell are most acceptable in the Government Foundries, but except at the Presidency towns, would realize little or nothing as *old iron*, owing to the absence of Iron Foundries where alone they could be turned to account in that way. Large unserviceable pieces of Iron Ordnance would always be useful where there is a port, for mooring blocks; whilst there is a probability of serviceable pieces of suitable dimensions being turned to good account under the new plan of inserting a steel bore or lining. Lastly, there is a class of stores which on political grounds it would always be undesirable to sell. Old shot and shell and ordnance, if not broken up, would come under this category, as would component parts of small arms, &c. The latter should be utilized as far as practicable in Magazines, and when they cannot be otherwise disposed of, might advantageously be worked up into masses of faggoted iron for use in the Arsenals and Manufacturing Establishments.

85. The detailed arrangements as to the time and mode of disposing of these stores might most appropriately be left to the discretion and experience of the Heads of the Ordnance Departments at the several Presidencies.

86. As regards the discontinuance of the Half-yearly Returns of Arms and Equipments which Government has sanctioned, the undersigned, with all respect, cannot but consider the measure as likely to be productive of inconvenience. The present interval of six months is a long one to pass without any examination or check, and, when extended to a year, the difficulty of preparing and examining the Returns—of which 690 are, or ought to be, rendered—will be proportionately increased, as also it is to be feared will be the amount of error and delay. The only remedy for these evils would be for Corps to send in Monthly Statements of Receipts and Issues, which would involve much more trouble than the preparation of the half-yearly returns. The undersigned would venture to suggest that the opinions of the Inspector General and the Examiner of Ordnance Accounts should be called for on this question.

MILITARY ACCOUNTANT.

87. The third point of objection is that the Military Accounts are so greatly in arrears as to be valueless, and that the Financial Returns are so defective that the expenditure they represent is *more a matter of opinion than of fact*.

88. The undersigned is not only ready to admit the general correctness of this objection, but would observe that he particularly called the attention of the Commissioners to the defects of the existing arrangements, and that the expression quoted in paras. 72 and 199 of the Report, and italicised in the above paragraph, was the one specially used on that occasion. But the undersigned would also beg to bring prominently to notice, as the Commissioners have not done so, that these defects of principle and practice belonged to the system which obtained when the Military Accounts were prepared in the Civil Department of Account, and were transferred, with the Accounts, to the Military Finance Department in the beginning of 1861; since which date they have been frequently brought to notice, and remedies suggested, but without effect.

89. The form and principle on which the Military Books are prepared do not accord with the Budget system more recently introduced. The Books are a mere record of transactions between the several Disbursing Officers, and contain the details of the aggregate of the remittances, refunds, and payments made by those Officers between themselves and to claimants against the Government, without reference to the classification of the Budget Estimate. This defect in the preparation of these Books was perceived as soon as the Budget Estimate system was brought into practical operation in 1862-63, and a form of Journal was proposed by the undersigned in August 1862, adapting the Books to the order of the Estimates, and substituting a monthly adjustment, in classification of Departments, for the existing annual adjustments of individual Officers. In the proposed form it was contemplated that the expenditure in each Department should be represented monthly in the aggregate for each description of service provided for in the Estimate, under the major heads. It was further desired that at the close of the year the aggregate monthly debits to each head of service as shown in the Monthly Ledger (which was also provided for) should be totalled, and an Abstract Journal for the entire year formed therefrom. This arrangement would entirely have superseded the necessity for the Financial Returns at present in use.

90. This proposition was submitted to the Audit Board, and provisionally approved, if an entire separation between the Civil and Military Books—which had been recommended in April 1862—were sanctioned by Government. Such separation, however, was not finally acceded to, and the proposition for the modification of the form of the Military Books necessarily fell to the ground.

91. As regards the delay in completing the Military Books, it is to be observed that the Office of the Military Accountant was only constituted in February 1861, and that three years' accounts, *viz.*, 1859-60, 1860-61, and 1861-62, have been compiled and submitted since that date, whilst those of another year are in hand. The Commissioners, in a separate Report, state that the Books of the Civil Department for the year 1860-61 are not closed. The extent of the

existing heavy arrears cannot, therefore, fairly be attributed to remissness in the Office of the Military Accountant.

92. It is, however, highly desirable that a prompt remedy should be applied to this objectionable condition of the accounts; the undersigned would therefore recommend that the Books of 1862-63 and 1863-64 should be at once brought up, by means of an Extra Establishment, on the old plan,—merely separating cash from store expenditure,—and that those of 1864-65 should be put in hand at once to be completed in the form submitted by the Commissioners in Appendix No. 13 of their Report, subject to any modifications that practical experience may render necessary, as already suggested in paragraph 54 of this memorandum.

93. It may be here observed that the form of Journal proposed by the Commissioners is, in principle, similar to that suggested by the undersigned in August 1862; but as the details of the former are arranged to correspond with the headings of the new form of Estimate, they are of course preferable for general adoption at present. The main differences between the two forms are that in the one proposed by the undersigned, the entries of payments for military services were more condensed (the details being given in the Compiler's Statement), and that in the form prescribed by the Commissioners, the books are opened with a credit for the gross amount of the sanctioned estimate of the year, under the several grants, and closed by making "Military Grants" debtor to *Sundries* for the actual expenditure under the several grants, and also debtor to *Imperial Revenue* for any unexpended and surrendered balance—an arrangement the practical utility of which the undersigned does not recognize, but to which, viewing it as a mere matter of form, he does not desire to raise any objection.

In the Commissioners' form the Debit and Credit sums are entered on opposite sides of the same page, instead of on separate debit and credit pages; and these sums are sub-divided into "Service" and "General" Accounts, and exhibited in separate columns so headed, in order to correspond with the proposed divisions of the ledger. Both these arrangements appear to be very advisable.

94. The great stumbling-block in the correct preparation of the Military Accounts and the exhibition of the actual Military Expenditure is the differing mode adopted at the three Presidencies of dealing with the inefficient balance. On the subject of the inefficient balance the Commissioners have written strongly. From paragraphs 68 to 76 of their report they dwell on this point; but although it is an admitted evil, they apparently have not fully comprehended its actual effects and consequences. They clearly imply that the whole of the inefficient balance, amounting according to their statement (*vide* paragraph 70 of the report) to nearly Rs. 21 lakhs in round numbers in Bengal, has resulted from the tardy adjustment of the advances made on account of the pay of British Troops. This is not the fact. The inefficient balance comprises, in addition to such advances, those made by Commissariat and Stud Officers, the Superintendent of Clothing, and the Inspector General of Ordnance, for the services of their respective Departments, and which, until adjusted, remain to the debit of the disbursing officers, who are never allowed credit for any such disbursements until they can produce valid vouchers. Moreover, it comprises advances for the payment of pensioners (the Budget grant for which in the Beugal Presidency alone amounts to Rs. 20½ lakhs); and, although the Pension Paymasters send their accounts for audit monthly, there is always a large sum outstanding,—owing to the number of pensioners scattered all over the country. Further, the inefficient balance includes the numerous advances made to individual officers and to Officers Commanding Stations and Corps, under the regulations of the service. The amount of inefficient balance on the 30th April 1864 was Rs. 28,74,835, composed as per margin, and the bulk of the comparatively small amount outstanding for years prior to 1861-62 is almost wholly attributable to transactions during the mutinies.

Advances	Rs.
in years prior to 1861-62	1,69,531
„ 1862-63	1,76,789
„ 1863-64	25,28,531
	<hr/>
	28,74,835

95. In paragraph 68 the Commissioners also assert that in consequence of the inefficient balance, a large sum for the pay of officers and men (and for which a grant is obtained) is withdrawn from the actual expenditure; and in paragraph 73 they more explicitly observe that "the budget estimates provide for the pay of officers and men for a year, from 1st May to 30th April, but the expenditure, as shown in the annual statement of receipts and disbursements, is, so far as regards the European force, limited to pay for the officers to the end of February, and for men to the end of March; in respect, however, to the Native Army, the pay, both of officers and men, is included to 31st March." In these statements the Commissioners have apparently fallen into a double error.

96. In the first place no sum for the pay of officers and men is withdrawn from the actual expenditure, for although advances may have been obtained and held in the inefficient balance, these amounts are actually disbursed by daily payments to the troops, and are invariably charged in the annual statement exhibiting the expenditure of the year in which they are made, either as audited charges or inefficient balance. If in the latter, it is true that they are, when vouched for in the following year, debited as audited charges in the expenditure of that year, and thus are twice exhibited as military charges, for the pay of British Troops; but this acknowledged evil is in a great measure rectified by deducting the amount of such inefficient balance from the aggregate charges of the latter year, the closing balance being of course included; thus bringing down the recorded expenditure to twelve months' charges, corresponding to the provision of the estimate. Secondly, as regards the dates of payment, the European Troops are paid daily by means of advances to their Regimental Paymasters, and the amount paid, and recorded in the annual expenditure, is up to the close of the year. European officers and native troops are paid one month in arrear, so that the estimated payment and record of annual expenditure on their account is for the twelve months, from 1st April to 31st March.

97. Again (paragraph 72), it is stated that the Military Accountant's Annual Statement of Receipts and Disbursements exhibits the audited expenditure only, on which account it never can agree with the like statement prepared in the Financial Department, as the latter shows the audited expenditure, *plus* the amount of inefficient balance at the end of the year, *minus* the amount of that item at the commencement of the year. Here there is another error, and an apparent misconception as to the real nature of the statement in question. In the preceding paragraph the undersigned has affirmed that the advances made for the pay of British Troops at the close of the year are included in the "Actuals." The course followed by the Military Accountant in preparing his annual statement being to include in the "Actuals" every rupee disbursed up to the 30th April, whether audited and vouched for or not, which is done, as explained already, by deducting from the audited expenditure the opening and adding thereto the closing inefficient balance, *precisely in the same manner as is said to be done by the Financial Department*; and which course, in the opinion of that Department, gives so close an approximation to the "Actuals," that it may be accepted as such. Some other cause, therefore, than that assigned, must exist for any want of agreement between the annual returns of the Financial Department and those of the Military Accountant.

98. But in paragraph 191 of the Commissioners' Report, they correctly state, notwithstanding the previous assertion just discussed, regarding the annual statement of receipts and disbursements—"this includes both audited and unaudited expenditure." Such contrariety of statement can only be accounted for on the supposition that they mistook what they termed the *annual account of Receipts and Disbursements* and the *Annual Return* (Statement) of *Receipts and Unaudited Disbursements* for two separate and distinct documents, whereas in fact they are one and the same. This misconception, if such existed, is the more remarkable, as they had the necessary information at their disposal; for in paragraphs 9, 29, and 188, when detailing the statements required from and prepared by the Military Accountant, they specify but one Annual Statement of Receipts and Disbursements. It is possible that the *Abstract Annual Statement*, which is a forerunner to the detailed Annual Statement of Receipts and Disbursements, may have misled them. The Abstract Statement is required by the Financial Department as a preliminary to the details of the "Actuals."

99. The Commissioners now propose that the foundation of the accounts should be *Monthly Statements of Audited Receipts and Disbursements*. The proposition is one in which the undersigned fully concurs, provided the existing rules for prompt audit are rigidly maintained. In fact it is identical with a proposition that was made three years ago by the Military Finance Department to the Accountant General to the Government of India, but was strongly objected to, and after subsequent discussion at the Audit Board, and the appointment of a Sub-Committee, it was ruled that, as the bulk of the Military charges are audited and classified in time for incorporation in the Annual Statement of Receipts and Disbursements, the Military Accountant should classify the *unaudited* expenditure (Inefficient Balance), and add it to the *audited* expenditure, and thus meet the views of the Financial Department; but it was specially ordered that the Statement should be termed that of *Receipts and Unaudited Disbursements*. As regards the Military Department, the more correct designation of the document in question would be that of *Receipts and of Audited and Unaudited Disbursements*.

100. The monthly and quarterly statements required by, and prepared for, the Financial Department, in like manner exhibit both audited and unaudited expenditure, being also designated *Returns of Receipts and Unaudited Disbursements*. But the monthly statements of disbursements which are prepared for and used in this office contain *only the Audited* expenditure, classified according to the budget headings. These are posted up, on receipt, in books for each Presidency, so that the amount of audited expenditure for all India, as compared with the Budget Grants, is always known up to a tolerably late date. Separate statements of inefficient balances, with their increase and decrease, and of cash balances, are also received, and from the whole of these is obtained the closest approximation to actual aggregate expenditure which is believed to be practicable under the existing system.

101. Thus it will be seen that the system now recommended by the Commissioners is the one that has all along existed in the late Military Finance Department, as also in this office, for *Military Account* purposes, and which it was ineffectually sought to introduce into the statements prepared for submission to the Financial Department.

102. It may likewise be observed that the undersigned, after the formation of his present office, prepared and submitted monthly statements based on these data, showing the progress of expenditure for all India, under the major heads of the Budget Estimate. These statements Government in the Financial Department considered useless and unnecessary, and directed the discontinuance of their preparation.

103. The real element of error in the prescribed statements, and which under the present system must still exist in all statements based even on audited expenditure, is to be found in the fact that expenditure incurred, but not vouched for, in preceding years, will necessarily be incorporated therein.

As bearing on this subject specially, and on that of the inefficient balance generally, it is advisable here to notice the statement made by the Commissioners in paragraph 112 of their report. It is therein observed that, notwithstanding the order of Government to the contrary, the Accountant General, Military Department, has directed that the items of expenditure should be classed in the Accounts Current as under:—

- | | | | |
|------------------------------|-----|---|-------------|
| 1. Arrear of former year ... | ... | { | Settlement, |
| 2. Current. | | } | Payment. |

They inferred that as the expenditure of the year is the amount that may come in course of payment during the year, the above sub-division is both unnecessary and inconvenient, and suggested that orders might be at once issued to stop this useless classification of charges. Government in the Financial Department, in Resolution No. 2695, acted on this suggestion; but it is necessary to note that the Commissioners were neither very correctly nor very fully informed on this point.

104. No orders on the subject of the discontinuance of the distinction between arrear and current charges were ever issued by Government, to the late

Auditor General.

SIR,

In reply to your letter No. 1097, dated 23rd February 1864, I am directed to inform you that His Excellency in Council agrees with you in thinking that all distinction between arrears and current in reference to all heads of Revenue and Expenditure may cease from 1st May 1864, to the great simplification of the Financial Statements, which ought to follow the Estimates in every respect.

In the margin, the Financial Secretary directed the Auditor General to discontinue the distinction in question from 1st May 1864. This letter was embodied in a Circular by the Auditor General addressed to the Civil Finance Officers, and copy was sent for the information of the late Military Finance Department. In reference to this Circular, the Controllers at the several Presidencies were instructed by the undersigned to *discontinue the distinction in all periodical Returns rendered to the Civil Finance Officers*, but to continue to observe the classification, until further orders, in all Returns prepared for the Military Finance Department. Subsequently, and with effect from the commencement of the present official year, it was directed that the items of expenditure in all purely Departmental Accounts Current, Returns and Compilations, should be merely sub-divided into *Settlements and Payments*, without any reference to "current" or "arrear" charges.

105. The undersigned in exercising his discretion within the sphere of his own department in the issue of these orders was influenced by the peculiar nature of the transactions designated "*Settlements*," the character of which has not always been clearly appreciated, and the erroneous application of which has practically been a cause of great inconvenience in exhibiting the actual expenditure of the year. *Settlements* are not component parts of the *payments* that come in course of the year, and as long as the Inefficient Balance is treated as a *charge account* in the Financial Statements that are submitted to Government, it is absolutely necessary to maintain the distinction between the two. "*Settlements*" are, firstly, the adjustments by the production of adequate vouchers, of sums disbursed in the pay and other departments in *previous years*, but which were not permitted to be taken credit for in the Accounts Current of Disbursing Officers for want of authentic vouchers; secondly, they are the adjustments of payments made in *previous years* by the Civil for the Military Department, but under the sanction of Civil Authorities, and for which, therefore, they (the Civil Authorities) could not obtain credit in the Military Department without the production of the necessary vouchers. The adjustment takes place when the vouchers are forthcoming. This explanation may be illustrated by two examples:—

During the mutiny there was a Recruit Depot established at Barrackpore, and the Officer in charge of it disbursed monies to the extent of Rs. 24,195 in settlement of the claims of Recruits. What with the confusion that prevailed at the time, and the Officer in question being unaccustomed to deal with European Troops, he has not yet been able to produce an unexceptionable account. But were he able to do so to-morrow, that amount would be at once placed to the debit of "*Charges, Military*" in the Financial Returns and Compilations of the current year, although, of course, there would be no actual payment made in the year. Under the existing system this charge would be balanced by a corresponding deduction in the closing Inefficient Balance: the objection, however, is that it would appear in the General Books as a portion of the Military charges of the year.

Again, a sum of Rs. 1,85,057, paid in 1857-58 by the Civil Department on account of the Goorkha Field Force, was ordered to be adjusted during the last official year to the debit of *Charges, Military*. This charge appeared in the Returns and Compilations of that year, but being under the head of "*arrears*" was investigated in this Office, and found to be a mere paper adjustment as described.

106. If there be no means of distinguishing between the "*Settlements*" and the actual amount of Cash "*Payments*" that may be made within the year, the recorded expenditure of the year will never bear its true relation to the Budget Estimate, nor will Government be able to determine what was the *bona fide* expenditure during the year out of the money resources at command. No stronger or more practical argument could be adduced in favor of this sub-division than the unsatisfactory results of the Appropriation Audit of 1862-63, as set forth in memorandum No. 849 B. C., dated 31st August 1864, by the Accountant General, Military Department.

107. The undersigned would here observe that the defective mode of recording the expenditure has been a subject of much and anxious consideration, and that he has, on several occasions, brought it to the notice of the Financial Member of Government. Being part of a general system inherited from the Civil Department, he had himself no authority to introduce any change in principle: all that he could do was to eliminate from the Financial Returns such items as could be ascertained to be mere adjustments, with a view to confining the "*actuals*" exclusively to Cash Expenditure. The means available for tracing out all these adjustments were imperfect, and the processes tedious, and it was to insure reliable and clearly defined data that he had ordered the separation in the periodical returns *required for his own Office, of cash payments and mere settlements*.

108. It may further be observed that the measures adopted by the late Military Finance Department to obtain more correct data were not without result in the recorded expenditure, in proof of which the following Statement is submitted, exhibiting the average effective strength of the army during the last three years, the total expenditure as recorded in the Annual Receipt and Disbursement Statements, and the average charge per man. As it is impracticable to allot precisely the relative cost of the European and Native Force, it has been assumed that the cost of one European is equal to three Native soldiers, and the calculation has been made accordingly :—

Years.	Europeans.	Natives.	Total for calculation.	Recorded Expenditure.	Average cost per man.
				Rs.	Rs.
1861-62	73,597	1,44,063	1,22,618	14,47,77,546	1,180
1862-63	69,634	1,28,781	1,12,561	12,81,53,749	1,138
1863-64	67,875	1,29,439	1,11,021	12,63,12,685	1,137

As a principle, the larger the force, the less should be the average cost per man, as much of the administrative machinery and establishments must remain the same whether the force is strong or weak; but it will be seen that this result is reversed in the foregoing Statement, the cost being less, the smaller the force. When it is also borne in mind that the reductions were mainly in the least expensive arm, that of the Infantry, whilst there was a considerable proportionate increase in the more costly arm of the Artillery; that several measures were introduced during the last year involving increased expenditure; and that there was a gradual but very general increase in the cost of material and labor, it may be fairly inferred that the reduction in the recorded expenditure is one of account rather than reality; in fact, that *the record has annually become more correct.*

109. With reference to the orders of Government above referred to in paragraph 103, the undersigned has submitted separate memoranda, but he has considered it advisable to refer thus fully to the question here, in order to render this memorandum more complete in itself.

110. In paragraph 73 of their Report, the Commissioners stated that they would propose an arrangement by which the anomaly and inconvenience arising out of the Inefficient Balance might be obviated; but no definite proposition to this effect can be traced in their report, and none as emanating from them has come under the cognizance of the undersigned. He, however, pointed out to the Commissioners personally, as also in a written memorandum which he gave to Mr. Whiffin, that there were two ways of obviating the inconvenience arising from the present mode of treating the Inefficient Balance, *viz.*, either to carry it to the "Debt Account" in the Financial Returns and only debit "Charges, Military," as the amount is adjusted from time to time, or at once to charge the amount to "Charges, Military," and carry it to the personal debit of the disbursing officer, to be eventually adjusted or recovered as the case may be. This suggestion had reference exclusively to those disbursements included in the Inefficient Balance of Pay Masters which would in all probability eventually become *Military Charges*, and not to such transactions as affect the cash balance, *viz.*, items that from their very nature must be exhibited in the debt and Remittance Accounts.

111. In coming to any decision on this point, it is very essential that care should be taken not to do injustice to Disbursing Officers who are compelled, under regulations, to make sundry advances which they may not always have the means of readily recovering. In the case of Departmental services, such as supplies made by Commissariat Officers, that are required to be vouched for, but for which vouchers are not forthcoming on the 30th April, they might, after being debited to the Charges Military of the year in which supply was made, be transferred in a subsidiary account to the personal debit of the Disbursing Officer until the necessary vouchers are produced; but in the case of advances to Officers authorized by Regulations, or advances on account of the pay of British Troops, if either treated as a *Debt* transaction of the year in which made, or as *Charges, Military*, the Disbursing Officer would be fairly entitled to personal credit, and the recovery or adjustment should devolve upon the Military Accountant.

112. In paragraphs 74 and 75, the Commissioners imply that, notwithstanding it is one of the rules of the Military Account Department "that the Military Accountant will take care that outstandings are not allowed to remain unsettled, and that he will carefully scrutinize the state of all Inefficient Balances," nothing has been done in the matter, because they are able to cite three instances in which amounts of *one, two, and six pie* have been brought forward from December 1861 and August 1862. The instances are certainly absurd enough, and should not have been allowed to exist, but it is just possible that their very insignificance was the cause why no notice was taken of them. In justice to the Military Accountant, however, the undersigned would record the following facts regarding what has really been effected towards the reduction of the inefficient balance :—

On the 1st May 1862, the inefficient balance outstanding was—

	Rs.
For years prior to 1861-62	6,82,390
„ the year 1861-62	88,83,448
	<hr/>
Balance of the above remaining <i>unadjusted</i> on the 30th April 1863	45,65,898
	<hr/>
Amount of outstandings adjusted in 1862-63	41,66,820
	<hr/>

also forwarded, comprising the 7 Ranges. This adds 3 to the 36, making 39 in all; but by the Commissioners' calculation it would have made 21 additional, giving an aggregate of 859! It is to be observed, however, that in paragraph 192 the Commissioners admit that only three Monthly Statements are furnished by the Compiler to the Military Accountant.

116. It appears advisable here to note that the Monthly Statements of disbursements in the Pay Department, prepared by the Compiler, are sent to the Military Accountant for the purpose of being incorporated with the compilations of the Examiners of the Commissariat, Ordnance, and other Departments into one general Compilation Statement for the month, which is forwarded to this Office.

117. Referring, in paragraph 192, to the compilations rendered by the Compiler to the Military Accountant, it is observed: "These Statements are compiled in the greatest detail, furnishing particulars of the expenditure on items not particularised in the Budget Estimate, and showing the amount expended at each station; the Military Accountant, however, does not record these minute particulars, as all that he acts upon is the total amount of expenditure under each major and minor head of the Budget Estimate." This is not quite correct. The Compiler's Statements or Compilations are prepared according to forms prescribed for the three Presidencies, in accordance with the major and minor Budget headings. "All the vouchers in support of the Paymasters' Disbursements are sent to him, and he asserts them, classifying those that relate to Military charges of the Bengal Presidency, under the Budget headings; and separately exhibiting charges defrayed either on account of Civil Departments or other Presidencies, which latter, it is inferred, are what the Commissioners designate "expenditure on items not particularised in the Budget Estimate." The way in which the Military Accountant deals with these compilations is as follows. The details of the Military charges are incorporated in the general monthly compilation. The particulars of the Civil charges, and charges against other Governments, are communicated monthly in detail to the several Civil Account Officers concerned, and to the Military Accountants, Madras and Bombay. They are in addition exhibited by the Military Accountant in his Quarterly and Annual Statements to the debit of the several Civil Departments or Presidencies. The Compiler's labor, therefore, in particularising these charges is not, as the Commissioners imply, thrown away, but is absolutely necessary for the completion of the Military Accountant's Financial Statements.

118. The Annual Return of Quick and Dead Stock is stated (paragraph 195) to have been furnished for no later period than the year 1861-62. This is a Return solely required by the Civil Finance Officers, and although the designation comprises *Dead Stock*, none has been exhibited therein since 1853-54, having been discontinued under orders from the Civil Financial Authorities. In the Military Books of 1860-61, the head "Fortifications and Military buildings" was debited with Rs. 3,38,55,527, being the sum expended up to that date, during the last fifty years, on Military public works. Under instruction from the Auditor General, this large sum was written off to "Profit and Loss" in the Military books of 1861-62. The Return of Quick Stock is merely a detail of the cash outstanding to the debit of the several Military Disbursing Officers.

119. Commenting on the voluminousness of the general books, and the fact of their being in arrears, the Commissioners sum up by observing: "It thus appears that, although there are two annual accounts of expenditure, an Abstract of the General Books, and the General Books themselves, there are no two that agree with each other." *No Abstract of General (Military) Books has ever as yet been prepared in this Presidency, and consequently there could be no disagreement between the Abstract and the General (Military) Books themselves.*

120. That there is no agreement between the Annual Financial Returns of Receipts and Disbursements and the General Books, is unavoidable under the present system; the former representing, as far as practicable, the actual receipts and expenditure of the year, whilst the latter is a record of the adjustments in account, e.g., the Books of 1861-62 exhibited a debit of nearly 3½ crores of Rupees to Profit and Loss, as noted in the preceding paragraph, which of course found no place in the Financial Returns of the expenditure of the year.

In fact, the undersigned is under the strong impression that notwithstanding the labor and expense incurred in the preparation of the Military Books with their full details, they are never turned to any practical use after they have been rendered by the Military Accountant.

121. The heaviest charges brought against the Office of the Military Accountant are contained in paragraphs 201 to 205 of the Commissioners' Report. They are as follow:—

1st.—That in the Advances Repayable Account, as exhibited in the Ledger of 1860-61, there is a sum of Rs. 19,77,084 to credit, and a sum of Rs. 11,31,789 to debit. That is, that Government owe the former amount to "sundry accounts," and that "sundry accounts" owe Government the latter amount.

2nd.—That as Government appeared more indebted to others than others were indebted to them, the Military Accountant made no investigation, being "beguiled" by the idea that the balance was on the right side.

3rd.—That although this account shows Rs. 11,31,782 as "owing by Officers and others to Government, the Military Accountant appeared to be almost entirely ignorant of the fact."

4th.—That of the sum of Rs. 19,77,084, owing by Government, Rs. 16,04,673 belong to the Deposit Account, the Ledger of which has not been brought up for thirteen years, in consequence of which remission "there are large sums due to the estates of deceased Officers which should have been long since closed, and many other transactions that a small amount of investigation would have cleared off."

5th.—That the "Advances Repayable Account" was the pioneer of the inefficient balance, the latter having had its origin in the fact that the former became so unmanageable and overgrown that it was necessary to break new ground.

122. In a separate Memorandum the undersigned has submitted the Military Accountant's own representation and appeal on these charges. It may therefore suffice here to state that the head "Advances Repayable" is that of an obsolete account. Its sub-division "Deposits" has in recent years been separated and made a primary account, and the *Advances Repayable* have been merged in the *Inefficient Balance*. Apart from Deposits, the amount of *Advances Repayable* owing by Government on the 30th April 1861, was Rs. 3,72,411. This head of Account originated in the practice in former years of allowing Paymasters to take credit at once for advanced passage money from port to port, for survey and cadet advances, for advances for recruiting purposes, and clothing necessaries, and such like, the recoveries made on these accounts being credited to the same head. It becomes apparent that the advances in question being taken credit for, or in other words, *charged* when made, a separate or personal account with a view to their recovery was obliged to be kept up. Hence the Advances Repayable Ledger. Of this sum of Rs. 3,72,410, Rs. 1,99,001 represents the recoveries on account of the value of Chargers selected by Officers, all of which have been since adjusted, although the Ledger has not been posted up. The residue, Rs. 1,73,409, consists of a variety of sums of differing amount, the majority of which have been adjusted during 1861-62, 1862-63, and 1863-64, but the precise amount cannot be stated, because the Ledger is in arrears. The actual residue, however, relates chiefly to irrecoverable amounts of many years' standing.

123. The *Deposits Account* exhibited, on the 30th of April 1861, a balance in favor of Government of Rs. 16,04,673, but this sum was the accumulation of nearly five-and-twenty years. The head *Deposits of the Pay Department* was first opened in the year 1839-40, but no very considerable increase took place in the amount to its credit until the years of the Mutiny, 1857-58 and 1858-59, when the receipts suddenly rose from Rs. 1,49,553 to Rs. 10,38,985 in the former year, and to Rs. 15,10,654 in the latter. The increase since 1858-59 has been only Rs. 94,000. The Deposit Ledgers, although not balanced, have been duly posted up to the 30th April 1864, and if it were true that this Account did now exhibit a sum of Rs. 16,04,673 as due to sundry Officers, the Military Accountant would deserve all the blame implied by the Commissioners, but the fact is, that it only exhibits an unadjusted balance of Rs. 2,67,321, as will be seen from the subjoined details and explanation.

	Rs.	Rs.
Sums due to Military Officers and others on the 30th April 1861, as per Deposit Ledger of 1860-61	...	16,04,673
DEDUCT—		
Sums deposited in the Military Chest with the Delhi Field Force by Prize Agents, adjusted during 1862-63	...	6,42,578
Sums deposited in the Military Chest with the Delhi Field Force by Civil Officers, adjusted during 1862-63	...	2,02,465
Amount of certain audited bills held under the head of Deposits by the Lucknow Paymaster, connected with advances made to Major Hutchinson, of the Engineers, from the Lucknow Civil Treasury during the siege of Lucknow, adjusted during 1862-63	...	65,254
		<u>9,00,297</u>
Sums due to Military Officers and others on the 30th April 1864, as per Deposit Ledger of the year 1863-64, consisting of the under-mentioned items—		
1. Pay of mutined regiments, held in deposit by the Jullunder Paymaster, to be adjusted with the sanction of Government to Profit and Loss	...	2,54,000
2. Old balance, previous to the mutiny, accumulating since 1839-40	...	1,49,553
3. Miscellaneous, being deposits on account of pay and for expected retrenchments, &c.	...	3,00,823
		<u>7,04,376</u>
Total	...	<u>16,04,673</u>

124. The sum of Rs. 3,00,823, shown as miscellaneous deposits, comprises Rs. 1,37,773 on account of pay deposited in 1860-61 by officers, for the sake of security, which was withdrawn and adjusted in the following year; as also Rs. 45,000 deposited on account of expected retrenchments, the bulk of which has been since adjusted. There is, therefore, standing to the credit of Government Rs. 1,17,768, in addition to the amount accumulated since 1839-40, *viz.*, Rs. 1,49,553, or in all Rs. 2,67,321, as stated above, and not Rs. 16,04,673, as affirmed by the Commissioners. It must "further be stated that in the" *Deposit Account there is not one Rupee appertaining to the estates of deceased Officers and men*, as all sums connected therewith are, as concerns the British Army, remitted by Rolls to England by the Regimental Paymasters and Officers Commanding Batteries of Artillery; and the estate assets of the Indian Army are included in the Monthly Statements prepared by the Presidency Paymaster and forwarded to England through the Secretary to the Government of India, Military Department. Estate monies do not, as a rule, come into the Deposit Accounts of Paymasters.

125. Respecting the balance of Rs. 11,31,782, owing by sundry Officers to Government on the 30th April 1861, it appears, from information available in the Military Accountant's

Office to have been for the most part adjusted, leaving only on the 30th April 1864 a balance of Rs. 1,18,624, as is shown in the following details:—

	Rs.	Rs.
Sums due to Government on the 30th April 1861, as per Advances Repayable Ledger of 1860-61	...	11,31,782
Дедуст—		
Adjusted during 1861-62 on various accounts	...	1,13,425
Advances to Lieutenant-Colonel W. H. Robbins, who was deputed to Australia to purchase horses for the Indian Government, adjusted during 1862-63	...	7,24,201
Advances to Mr. J. C. Wilson for purchase of horses in Sydney for the Indian Government, adjusted during 1862-63	...	39,645
Passage-money of certain Officers on the Ship "Sarah Sands," transferred in the year 1862-68 from the head of Advances Repayable to debit of Charges, Military	...	59,500
Advances to Messrs. Carew and Company, contractors, for the supply of Bum, adjusted during 1862-63	...	50,000
Advances to Officers of the G. T. Survey, adjusted up to 30th April 1864	...	26,387
		<hr/> 10,13,158
Sums due to Government on the 30th April 1864, as per Advances Repayable Ledger of the year 1863-64	...	1,18,624
		<hr/>

126. As regards the observation that the "*Advances Repayable Account*" was the pioneer of the *Inefficient Balance*, the Commissioners are in error. The *Inefficient Balance* existed as a separate account simultaneously with the *Advances Repayable Account*, and so existed within the experience of the present Military Accountant for twenty years before they were merged into one account.

127. The undersigned has stated that the Deposit Ledgers have been posted up to the 30th April 1864, but the Commissioners are correct in declaring that they have not been balanced for the last thirteen years. This omission of duty is not chargeable against the Military Account Officers, as, on the transfer of the accounts in 1861 to the Military Account Department, *they were found to be unbalanced from 1850-51*. The Military Accountant, however, is so far open to charge of neglect, that he should have brought the omission to notice, and sought the means of balancing these Ledgers.

128. The real circumstances connected with the incomplete state of these ledgers are that being *subsidiary* and not *primary* books, much importance was not attached to them. Moreover, the Deposit Ledgers for the years 1851-52, 1852-53, and 1853-54, have been missing for several years past, and were never made over to the present Office of the Military Accountant. The loss of these ledgers was to a great extent the reason for not balancing the ledgers of subsequent years; but the omission has not interfered in any way with the general accounts of the Military Department, or with the Military Books in which the sums shown as deposits received, or deposits repaid, are brought to credit or debit as the case may be, under the head of "*Advances Repayable of the Military Department*" by means of the Account of the Divisional Paymasters, and not from the Deposit Ledgers. Further, if any refund of a deposit should be called for at any time, a reference would, in the first instance be made by the party concerned to the Divisional Paymaster, into whose office the money had been paid; and as all the Divisional Paymasters keep up Registers of sums received in deposit or repaid to parties, the non-balancing of the Deposit Ledgers could not have been the cause of inconvenience either to the Government or individuals.

129. From paragraphs 211 to 218 the Commissioners dwell on the unsatisfactory state of the adjustments between Civil and Military Departments on account of advances from the Civil Treasuries. This subject will form matter for a special report to Government, as the undersigned does not agree in the opinion of the Commissioners that the adjustment of such advances is peculiarly the business of the Military Accountant, rather than that of the Civil Finance Officers.

The transactions between the Civil and Military Departments are briefly as follow:—

First.—Payments made, or recoveries effected, by the Civil Department on account of the Military, which comprise Cheques drawn by Military Officers on the Civil Treasuries or monies remitted by Military Officers to the Civil Treasuries on account of recoveries effected by them, or direct payments by the Civil Department for Military purposes.

Second.—The disbursements made by the Pay and Commissariat Departments for Durbar purposes, such as Pensions of Local and Contingent Corps and Commissariat supplies to the Civil Department. Also receipts by Divisional Paymasters of Advances drawn by Military Officers from Civil Treasuries on Brigade or Station Orders.

130. With reference to these two classes of transactions, there are Monthly Statements rendered by the local Civil Accountants to the Military Accountant for all payments or recoveries made, in the Civil for the Military Department; and in like manner Monthly Statements are rendered by the Military Accountant for all payments or recoveries made in the Military for the Civil Department. Thus, so far as the Military Department is concerned, there is a monthly inter-communication which should lead to speedy adjustment of the transactions between the Civil and Military Departments. But it must be remarked, the sums charged against the Military Department in the Civil Books of any one year cannot correspond in amount with those credited in the Military Books, because the vouchers for the sums

so debited in the Civil Department do not always reach the Military Department for audit and adjustment within the year in which the charges are incurred. The same is the case with debits in the Military Books against the Civil Department. It is believed that the Accountant General to the Government of India in the Civil Department receives Annual Balanced Accounts Current from the Local Civil Accountants, which show the Credits or Debits against the Military Department; and as he receives monthly intimation from the Military Accountant of transactions in the Military affecting the Civil Department, it would seem that he (the Accountant General to the Government of India in the Civil Department) has the best means of reconciling the differences in the Debits and Credits between the Civil and Military Department in the Military and Civil Books.

131. In closing this portion of his remarks on the Commissioners' Report, the undersigned feels bound to express his regret that such grave charges—implied if not direct—of inefficiency, ignorance, and neglect, should have been made and published against an Officer of Lieutenant-Colonel Hill's high character and standing, without intimation to himself or to the head of his Department, and without any opportunity of previous explanation or denial.

ACCOUNTANT GENERAL, MILITARY DEPARTMENT, AND CONTROLLERS.

132. The next point is the comparatively unimportant duties of the Accountant General, which duties do not justify that designation, and which might be transferred to the Controller in Calcutta,—who would then act as Controller for Bengal and Accountant General for India in the Military Department:

The undersigned feels some hesitation in offering any opinion on this particular point, as it is difficult to avoid the influence of personal feelings and interests, and he can scarcely hope to escape the natural suspicion of being actuated by them. As, however, the question is one of considerable importance to Government, he will endeavour to review it conscientiously, and to the best of his ability with reference to the appointment, and not to the individual incumbent.

133. In para. 221 the Commissioners observe as follows: "The only duties that we could discover that are now intrusted to the Accountant General are—

I. Consolidation of Budget Estimates.

II. Abstracting Monthly Returns of Receipts and Expenditure.

III. Passing on papers referred to him by the Military Department, to the other branches, for the information required.

IV. Deciding doubtful questions referred to him by the Controller."

As regards the first-named of these duties, the Commissioners have recorded their opinion that the action of the Accountant General is creative of delay and embarrassment, whilst from the amount of detail furnished, it is impossible he can exercise any practical check over the Estimates as submitted by the several Departments. From the *facts* stated in paras. 8 to 43 of this memorandum, Government can form an opinion if the *theory* of the Commissioners on this subject is correct.

With reference to the second duty, which the Commissioners appear to consider equally useless, it may be observed that this is the only detailed record that is kept of the progress of Military expenditure in all India under the various Budget heads, and this, moreover, *audited expenditure*, which the Commissioners have themselves recommended should form the basis of all accounts and statements. It is only by a detailed record of this nature that the progress of expenditure can be known and carefully watched.

The third portion of the duties as noted by the Commissioners is almost imaginary. Of the numerous questions referred to him for report by the Military Department, the undersigned is not cognizant of passing on one to the Controller (the only Officer of the Account Department with whom he communicates directly) for report or to give the information required; and during the nine months that the Office has existed, he has only on a very few occasions—less than a dozen—had to call on the Controller for information to enable him to complete any report called for.

The fourth and last of the duties specified is correctly stated to be rarely exercised.

134. As regards the real nature and extent of the duties performed in its Account Branch, the Military Department is best able to state if they are light and unimportant, as represented.

Without going into detail, it may suffice to observe that the whole of the duties which formerly devolved on the Chief of the Military Finance Department have been transferred to the Account Branch of the Military Department, with two exceptions,—these being that the Accountant General is no longer a Member of the Audit Board, and that minor and personal details having reference to the Bengal Military Establishment only, are now reported on by the Controller direct, instead of by or through the late Chief of the Military Finance Department. As to the character, extent, and importance of these duties, Government has recorded opinions very different from those entertained by the Commissioners, and the undersigned can honestly say that he finds it difficult to get through them satisfactorily, with continuous and earnest application.

135. Viewing these duties as light and unimportant, the Commissioners suggest the transfer of them to the Controller of Calcutta, not only in addition to those he now performs, but to other extensive duties which they propose to allot to all the Controllers, including those now performed by the Military Accountants, Compilers, and the Presidency Paymasters, with a more direct control over all the Examiners.

The present duties of the several Controllers, if fully and efficiently performed, are calculated to afford ample employment, and the addition of the last-mentioned duties—even allowing for the proposed compensating assistance of Deputies and Book-keepers—will tax their energies and exertions very considerably. To add further to the most heavily-worked of the three Controllers the duties of Accountant General for India, is to impose upon that Officer, independent of the heavy responsibility, an amount of detailed and yet important work, greater, in the opinion of the undersigned,—an opinion not formed without some practical experience,—than any individual, whatever might be his mental or physical ability, could efficiently perform.

136. The Commissioners consider the designation of "Accountant General" a misnomer, as that Officer keeps no accounts in the strict sense of the word. This is perfectly true; he does not keep the books or originate any accounts; but this is equally applicable to the Controller, who at present keeps no accounts, and who does not even prepare any Financial Statements, but merely passes on to the Accountant General for scrutiny and consolidation those prepared by the Military Accountant and Compiler.

137. The Commissioners accustomed to deal with the English system as organized for one Government and one Army, have evidently regarded through the medium of such experience, the very different arrangements made after long and careful consideration, to meet the specialities and requirements of three separate Governments and three distinct Armies; and have consequently, and not unnaturally, misunderstood the real nature of the duties and the especial object of the appointment of the Accountant General to the Military Department in India. They infer because the Financial Department Resolution No. 1031 of 25th February 1864, constituting the appointment, ruled that the *relation* of that Officer to the Military Department (referring to close connection and subordination) was to be similar to that of the Accountant General to the War Office at Home, that the *duties* also were to correspond, altogether overlooking the fact that the circumstances were not analogous.

138. They contrast the duties of the two Officers, and draw the inference that whilst there is little affinity between them, the functions of the Controller of Calcutta, *although he keeps no accounts*, are almost identical with those of the Accountant General of the War Office. Here again they have lost sight of the fact that there are three Controllers, one for each Presidency, and that their functions, position, and authority are precisely similar, but exclusively confined to the operations of their respective Presidencies; the result of these operations being scrutinized, reviewed, and consolidated by the Accountant General in the Returns, Statements, and Reports connected with the Military expenditure of India generally.

139. As regards any possible practical comparison between the English and Indian system, it can only be generally stated that the functions divided between the Accountants General and his Assistants at home are also divided between the Accountants General and the Controllers in India,—but in a different manner; the latter being rather on the footing of responsible local Deputies, subject to the supervision and general control, as regards system, of the Accountant General in his capacity as Agent for the Military Department.

140. The Commissioners, nevertheless, consider "that as the different officers of control, audit, and book-keeping, can in England be directed by one Officer, there is no reason why the same should not be carried out in this country," and they therefore propose—not that there should be one Office of Audit and Account and one Controlling Officer for India, as might be expected from such a preamble,—but that the only existing Controlling Office should be abolished; that there should still be a separate Account and Audit Department at each Presidency, as at present, under a Controller; that the designation of one of these Controllers should be changed, and whilst he should himself be practically released from all supervision, he should exercise over the other two Controllers the same supervision that is now maintained over all three by the Accountant General. The Commissioners further assume that this was the ultimate intention of Government when introducing the present organization. It is unnecessary for the undersigned to point out the fallacy of this assumption, which could scarcely have been entertained had the Commissioners carefully read the Resolution to which they so often refer.

141. It may be well, even though necessitating some little repetition, briefly to review and compare the two systems "as proposed" and "as existing."

By the former, there would be a Head Officer of Account and Audit at each Presidency, exercising the present supervising duties of Controllers with the additional executive duties now performed by the Military Accountants, Compilers, and Presidency Paymasters; whilst the Controller in Calcutta would exercise a general supervision over the other two Controllers, in his capacity as Accountant General to the Military Department of the Government of India, and would scrutinize, review, and consolidate the estimates and the recorded expenditure of all three Presidencies, *his own included*. This system, which leaves the Controllers at Madras and Bombay subject to supervision and check, practically frees the corresponding Officer in Bengal from any such surveillance. He would as *Accountant General* audit his own accounts and report on his own operations as *Controller*. Should these, from error of judgment or any other cause, result in loss to the State, Government would possess no further information on the subject than he might see fit to communicate. However improbable might be such reticence, it is undesirable that its existence should be possible; and such possibilities it is the object of official legislation to obviate. If supervision and scrutiny is necessary as regards the Controllers at Madras and Bombay, surely it is equally requisite with reference to Bengal; and, as a principle, it appears to be very undesirable that Government should employ as its agent in such scrutiny an officer whose official interests are concerned, and whose official pro-

ceedings are to be scrutinized. It is further to be observed that the Commissioners' plan is invariably to confer the higher position and the duty of supervision and check over his *conferees* upon the Controller of Calcutta, although he might not be the best qualified for the position, or although he might be—as is the case at present—the junior of the three Controllers.

142. Under the existing system, each Controller is the head and responsible Officer of Account and Audit for his own Presidency, but all his operations are carefully scrutinized and blended into one general result as regards India by the Accountant General, who represents the Military Department of the Government of India, and is the Agent of that Department in its Account Branch. The Military Department is responsible for the Military expenditure, and must exercise a careful watch over and scrutiny into that expenditure, whether estimated, or actual and recorded, for which purpose a separate branch is attached to the Department, and an officer of experience, conversant with the system obtaining in, and specially selected from, the Military Account Department (to which the appointment has emphatically been declared the highest prize), is placed at the head of that branch as an independent and un-biased scrutineer and supervisor, and also—not the least important of his duties, although entirely overlooked by the Commissioners—as a referee and adviser of Government on questions relating to Military expenditure. For the efficient performance of these duties it is desirable that the officer so employed should not only possess the requisite special qualifications, and a certain rank, but also that he should not be overburdened with office details or in any way responsible for the accounts and statements submitted for his scrutiny or report.

143. That the Military Department should be accountable for the Military expenditure may be looked upon as an axiom, and in that case it is most essential that the record of that expenditure should be carefully scrutinized by some responsible Member or Agent of that Department, as, whilst it would be impossible to record that expenditure at less than its actual amount, experience has shown how easy it is to record it in excess of the legitimate figures, and also that this is the natural tendency if not carefully checked by the Military Department.

144. When the new arrangements were introduced last year, the title of "Auditor General" might possibly have been a more convenient as well as a more appropriate designation for the officer at the head of the Account Branch of the Military Department; but it is questionable if any advantage would be gained sufficient to warrant the change at present.

145. Putting aside the question of general supervision and scrutiny, it remains to consider the Commissioners' propositions as regards the position and duties of the several Controllers in their respective Presidencies. At present they are supervising officers, having each a Departmental Staff of Executive officers, who, although under their control, exercise a certain amount of independent action, and are each personally responsible for the efficient performance of their special duties. These are the Military Accountant, whose duties are important and onerous; he being the only real (military) Accountant at the Presidency, to which he is the Military Book-keeper; the Auditors of the several Departments termed "Examiners," and the "Compiler," who is in some respects an Assistant to the Controller, but whose work is considerably utilised by the Military Accountant. There are also a body of Disbursing Officers entirely under the Controller, consisting of the Presidency, Circle or Division, and Pension Paymasters.

146. The Commissioners propose to abolish at each Presidency the appointments of Military Accountant, Compiler, and Presidency Paymaster, merging their duties in those of the Controller, to whom they also propose to give a more direct control over the Examiners. To assist the Controller in these additional duties, it is further suggested to allow him a Deputy, a Principal and an Assistant Book-keeper, or in other words, to give three additional officers under new designations in place of the three it is proposed to reduce. The main feature of the change, however, is the substitution of a few liberally paid Unconvenanted Officers—though from what source they are to be obtained is not stated—for a corresponding number of Commissioned Officers now at the heads of the several branches.

147. It is further proposed to abolish not only the Medical Examiner and Circle Paymasters, but also the Officers *on probation*—a measure which the undersigned considers most objectionable. In a pecuniary point of view, the nominal saving would be very small. Six Probationers are allowed for all India, it being ruled that in future three will be appointed for Bengal and three for Madras and Bombay together. The staff salary is only Rs. 100 on entering the Department, and ultimately only Rs. 150, even when they have gone through all the requisite tests, until they succeed to some temporary or permanent vacancy. The advantage of having a body of officers who have some Regimental and Indian experience—they are generally either Junior Captains or Senior Subalterns—in course of regular training for the duties of the Department, is very great; and as they have to go the round of the several branches and serve practically in each, and finally to pass a tolerably strict examination, they are surely better fitted to fill vacancies in the Department than officers taken from the service generally, without any special training or experience; moreover, they are occasionally very useful during their course of training in acting as Assistants to the officers in whose branches they are temporarily employed.

148. That the present system of the Account Department at each Presidency,—more especially as regards the Controller's connection with, and authority over, his subordinate officers, and the more convenient and economical distribution of duties,—is open to improvement, the undersigned is quite ready to admit, although not equally disposed to support the changes suggested by the Commissioners. To enter fully into this important question would

extend this Memorandum beyond reasonable bounds. But as the subject is one requiring careful consideration from several points of view, the undersigned is prepared, should Government desire it, to submit a separate Memorandum, containing a proposition for remedying what is undoubtedly defective, with the least amount of injury to individual interests and the avoidance of unnecessary changes.

149. There is, however, one recommendation of the Commissioners, in which the undersigned fully concurs, *viz.*, the bringing the several branches of the Department under one roof and in direct communication with each other, whereby much time and labor would be saved, and the necessary amount of the records greatly diminished. This is more especially applicable to Calcutta; but at the other two Presidencies, improvements in this respect might be made.

150. The separation of the Store from the Cash Accounts, which was recommended by the undersigned, is another proposition in which he heartily concurs, as he also does in the suggestion to have one Store Examiner at each Presidency to take the place of the Ordnance Examiner.

151. Having thus commented on the main points of the Commissioners' Report, and on their most important suggestions, the undersigned will now only notice a few further errors into which they have fallen, and which it is desirable should be explained, in justice to the Departments and individuals concerned.

152. In paragraphs 82 and 83 of the Report is given "an example of the extraordinary waste of time in dealing with small matters," this example being the process of obtaining audit for stationary contingent charges, and the inference being that it is one of the cumbrous and operose processes of the Military Account Department. In fact, however, the "Stationery" is not a Military Department, and charges on account of that Department are necessarily subject to Civil rules, and the course of procedure condemned by the Commissioners is that laid down by the Government of Bengal, as per notification of 9th July 1862, paragraphs 27 and 29.

153. In paragraphs 297 and 298, the Commissioners observe that general questions regarding increase of expenditure, new or increased salaries, gratuities, pensions, and alterations in orders affecting pay and allowances, should be referred to the Financial Department, so that "something like uniformity in the rates of remuneration may be observed;" an instance of the necessity for such reference is quoted in the case of the remuneration granted by the *Military Authorities* to the Soldier Clerks in the Office of the Deputy Adjutant General of Artillery, "a rate of pay much in excess of that granted to Commissioned Officers of the junior ranks." It is unnecessary for the undersigned to point out that the system of referring such questions to the Financial Department thus strongly advocated is that in force at present. As regards the particular instance cited, it may be observed that the whole question was referred to the Financial Department at every stage of the various proceedings, and that the final settlement above referred to, was made by Financial Department Resolution No. 2046, dated 23rd August 1864.

154. In paragraph 413, the Commissioners allude to the new Pay Code as having been under compilation for the last five years; they recommend that it should be finished without further delay, and suggest that the Officer who has been specially appointed for this duty should be relieved from all extraneous work, as they are informed that the Officer in question has been able to devote but a limited portion of his time to this primary duty, which has to a great extent caused the delay.

The whole of this paragraph is replete with error, which a reference to Lieutenant-Colonel Becher or the undersigned would have obviated. A Pay Code for Bengal was put in hand more than five years ago, but owing to various circumstances, and chiefly the radical changes that had taken place in the constitution of the Army, was never completed. The Pay Code for India to which the Commissioners refer had been in hand little more than two years when the Commissioners penned their remarks, and certainly, as far as the Compiler was concerned, there had been no delay; he had no extraneous duties to perform, except in connection with the Committee on the Commissariat Subordinate Department, which, up to August last, had in reality not interfered with the compilation of the Code, although subsequent to that period he was fully occupied for several months with Committee work. Undoubtedly the completion of the Code is very desirable in many respects, and no one is more anxious to further its completion than Lieutenant-Colonel Becher; but Government are well aware that the delays that have occurred have been caused by the necessity for reference to the authorities at the several Presidencies, and the time occupied in obtaining replies and opinions. The undersigned has on other occasions recorded his opinion that the work, as far as it has gone, has been most efficiently and carefully performed, and that all that was practicable has been done to expedite its progress.

155. After reviewing in detail the working of the several branches of the Military Account Department, with "the view of showing the operose arrangements which at present exist, both as regards the compilation of the estimates and the record of the expenditure," the Commissioners come to the conclusion that "both of these important duties are in an exceedingly unsatisfactory state."

156. As regards the estimates, their objections as to the delay and the injurious results of the revision by the Accountant General have been fully discussed in this memorandum, and the undersigned trusts that both accusations have been satisfactorily disproved. As a remedy for the supposed defects, a new form of Estimate is proposed, the main features of which are a closer approximation to the form employed in England. To this form, as modified by Financial Resolution No. 2695, the undersigned has no objection to offer,—in fact, it closely assumi-

lates to the form he proposed to adopt last year. But, as far as full information is concerned, he cannot pronounce it an improvement on the form recently in use.

Several minor points will require modification, especially as regards the other two Presidencies, and the new forms of appendix will have to be carefully considered, the Commissioners having only given a few, and those undoubtedly requiring alteration.

157. As it is most essential that these forms should be finally settled and made uniform and suitable to the three Presidencies, the undersigned ventures earnestly to recommend that their arrangement be left to the experience and discretion of the Military Department in its Account Branch, so as to insure the required uniformity and greater despatch.

Should Government accede to this recommendation, early orders will be desirable. The bulk of the Appendices for the estimate of 1865-66 must be in the old form, but those which it may be considered necessary to print with the estimate will be prepared or modified in this office in communication with the Secretary to the Military Department, unless orders are received to the contrary.

158. The undersigned would observe that since the greater portion of this Memorandum was written and in type, Financial Resolutions Nos. 4014 and 4118 of December 1864, have been received; the former directing the exclusion of all charges, which are not actual cash disbursements, from the record of annual expenditure and the inclusion only of Audited Expenditure, the latter sanctioning the separation of the Military from the Civil Books at the three Presidencies.

With reference to these Resolutions and to the Commissioners' report on *the unsatisfactory state of the record of expenditure*, the undersigned would express a hope that he has satisfactorily shown in this Memorandum that his predecessor and himself were fully alive to the real existing defects.

That both had advocated the separation of the Military from the Civil Books, that the undersigned had submitted a detailed proposition, two years prior to the Commissioners' Report, for remodelling the Military Books with a view to such separation, and also to the separation of the Store from the Cash Accounts, on a plan very similar to that now recommended in the Report, in which it was suggested that the expenditure should be recorded monthly, in accordance with the Departmental classification of the Budget Estimate headings.

That both Colonel Balfour and the undersigned strongly urged the adoption of the plan of recording the Audited Expenditure, and that in purely departmental statements this system was alone employed.

That the undersigned constantly brought to notice the evil of including in the record of annual expenditure *settlements* which were not actual payments, and that he has used his best endeavours, as far as lay in his power, to eliminate them from his record of actual expenditure.

That the undersigned prepared and submitted a form of Appropriation Audit for the year 1862-63, which is similar in principle to that recommended by the Commissioners,—the only real difference being that the two forms work up to different Estimate headings,—and precisely similar to the form subsequently sanctioned by the Financial Department for the Civil Account Department.

159. From the foregoing, it will be evident that the main defects of the system are not fairly attributable to the Military Account Department, and that had the various suggestions connected with them, made by Colonel Balfour and the undersigned, met with the approval and sanction of Government in the Financial Department, these defects would not have now existed.

160. The Commissioners, in closing their report, observed "that several of the recommendations contained in their Report had already been under the consideration of the Controller, who had abstained from issuing directions thereon, pending the result of this enquiry." Although they notice these minor recommendations which the Controller had under consideration, they appear to have been entirely ignorant of the important recommendations that had actually been submitted, as noted above, as they never allude to them.

161. As regards the working of the Department, the Commissioners have admitted that the Audit is close up to date, and the work exceedingly well done, and they also allow that the system of Store accounts is much in advance of that pursued in England. Government are well aware that fraud or defalcation is of rare occurrence, and that the existing system of check is an efficient one. The undersigned would further beg leave to invite the attention of Government to a report addressed by himself as Officiating Chief of the Military Finance Department, No. 2014B., dated 6th January 1863, exhibiting the cost, percentage, and working of the several offices of account at the three Presidencies. In that report it was shown that the entire cost of disbursement, record, and audit for all India, cost Government 71 per cent. on the whole amount so disbursed, recorded and audited, and that *the whole of this cost was covered* in the year reviewed by the *bonâ fide* recoveries enforced, whilst the cash balances in the several Military Treasuries had been reduced by two-thirds.

162. Now that the system has been brought into more regular order, the savings effected by the most careful audit would of course not be so great as represented in the report under notice; but they are still of importance, and the undersigned is convinced that, in reality, the Military Account Department is an economical one to Government.

163. In considering the present condition of the Department and the system of Military Account, it must be borne in mind that both have been subjected to great drawbacks, and their efficiency much impaired by continual change. The Department of Audit was reorganized, and the Accounts transferred from the Civil to the Military Department after a period of especial disorder, and encumbered with many arrears and difficulties of adjustment. A new

system had to be introduced out of conflicting elements, and during this process there was a continued series of changes. When, at the close of 1861-62, the undersigned found himself placed at the head of the Military Finance Department, the advice he received from his predecessor Colonel Balfour, from Lord Elgin, the Governor General, and from Mr. Laing, the Financial Member of Council, was to avoid all unnecessary changes, and to rest satisfied for the present with consolidating and bringing into smooth working order those which had already been introduced.

164. Before a year had elapsed, orders were received from Home for the abolition of the Military Finance Department, and for more than twelve months it was in a moribund condition; whilst the future arrangements were doubtful, it was no time to introduce changes. When the new organization was carried out, it also became known, although not officially communicated, that the whole system was to be examined and its revision considered. This knowledge, in like manner, caused all plans of improvement to be held in suspense. Thus, it will be evident that the system and Department have since the organization of the latter been subjected to continued change, either actual or anticipated, as stated in the commencement of this memorandum, which has necessarily militated greatly against efficiency and improvement.

165. A further series of changes are now proposed, some of which the undersigned considers unavoidable, and has stated the grounds of objection to them, others are decidedly advantageous and their introduction very desirable; prominent amongst these are the separation of the Military from the Civil Books, the separation of store from cash accounts, and the preparation of the Books in the new form, so as to insure a prompt and correct record of Military Expenditure under the several budget headings as now sanctioned.

166. Government having authorized the new form of estimate and the separation and preparation of the Military Books in the mode proposed, the ground-work for estimating and recording expenditure is established; but all subsidiary and subordinate changes might, with great advantage, be introduced gradually and after due consideration, as recommended by the Commissioners themselves.

167. Whatever may be the nature and extent of the changes finally sanctioned, it is of great importance that the opportunity should be taken to introduce them in one uniform mode, suitable to the three Presidencies; and this can only be insured by all orders and directions emanating from one source, and all forms, as far as practicable, being made applicable to all India.

168. On these grounds the undersigned would suggest that in all sanctioned changes,—the principle having been laid down in the Financial Department,—the details should be carried out by the Military Department, through the agency of its Account Branch, in communication with the several Controllers.

The changes already sanctioned would then be carried out as rapidly as possible, and those proposed brought forward gradually for consideration and sanction with a full report upon each.

169. Should these views meet approval, the points on which early orders would be specially required are—

- I. Sanction to the preparation of a complete set of Appendices for the Estimate; those to be printed with the Estimate to be attached to the Statement as submitted on 28th February next; and the remainder to be prepared and issued with the sanction of the Military Department, in full time for the completion of the Departmental Estimate for 1866-67.
- II. Sanction to entertain extra establishments in the offices of the Military Accountants at Calcutta and Madras to bring up the Books in arrears, those up to 1863-64 inclusive being prepared on the old plan, merely separating Stock from Cash expenditure, as recommended in paragraph 92 of this Memorandum,—the Books for 1864-65 being prepared on the form proposed by the Commissioners, at all three Presidencies, by the regular establishments of the Military Accountants' offices, the progress being reported monthly.
- III. That the Appropriation Audit Statements for 1863-64 be rendered from the data existing for that year, and consolidated in the form observed in the statement rendered for 1862-63 with this Office Memorandum No. 819BC, dated 31st August last. The Annual Account of Receipts and Expenditure, with explanatory statement of variations, compiled from the Books, to be substituted for 1864-65 and future years.
- IV. That until the Military Books can be brought up, and the new form of Abstract Books introduced, a monthly statement of Receipts and Disbursements be prepared on the data available, but in the form of Abstract Sheet prescribed by the Commissioners in Appendix No. 17 of their Report.

With these arrangements, the expenditure can be estimated, recorded, and scrutinized in general accordance with the views of Government, until the more complete and detailed arrangements can be efficiently introduced.

170. In conclusion, the undersigned has to apologize for the length of this Memorandum; but with reference to the importance of the several points to be considered, the necessity for a certain amount of detailed explanation and the number of erroneous deductions and statements which had to be brought to notice, he has found it impossible to condense all that he deemed it advisable to state into a smaller compass.

Appendix A.
FORM C.

Details and Form according to the present system.

CHAP. I. (EUROPEAN CAVALRY REGIMENTS), ART. 2 A.

PRESIDENCY OF BENGAL.

Budget for 1864-65.

Effective Services, Class I.

REGIMENTAL PAY AND ALLOWANCES.

HER MAJESTY'S BRITISH CAVALRY (4 REGIMENTS).

No	CLASS OR GRADE.	Rate of Pay per month.		Monthly Amount of Pay.		Annual Amount of pay for each Class.	
		Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
<i>No. 1.—Number of Officers.</i>							
1	Colonel	1,478	7 0	1,478	7 0		
1	Lieutenant-Colonel	1,157	0 0	1,157	0 0		
2	Majors	929	6 4	1,858	12 8		
7	Captains	563	0 4	3,941	2 4		
7	Lieutenants	365	4 0	2,556	12 0		
7	Cornets	310	10 4	2,174	8 4		
1	Paymaster	635	13 0	635	13 0		
1	Adjutant	365	4 0	365	4 0		
1	Quarter Master	316	12 9	316	12 9		
1	Riding Master	389	14 9	389	14 9		
1	Surgeon	563	0 4	563	0 4		
2	Assistant Surgeons	395	4 0	790	8 0		
1	Veterinary Surgeon	340	10 4	340	10 4		
				16,468 9 6		1,97,623 2 0	
<i>No. 2.—European Non-Commissioned Officers, Rank and File.</i>							
1	Regimental Sergeant Major	51	7 0	51	7 0		
1	Quarter Master Sergeant	45	7 6	45	7 6		
7	Troops Sergeant Majors	42	10 10	298	11 10		
1	Band Master Sergeant	42	10 10	42	10 10		
1	Pay Master Sergeant	28	10 4	28	10 4		
1	Orderly Room Clerk	28	10 4	28	10 4		
1	Hospital Sergeant	33	8 9	33	8 9		
1	Armourer Sergeant	28	10 4	28	10 4		
1	Saddler Sergeant	28	10 4	28	10 4		
1	Fanner Major	48	15 8	48	15 8		
1	Trumpet Major	28	10 4	28	10 4		
21	Sergeants	28	10 4	601	9 0		
28	Corporals	18	14 10	529	15 4		
7	Trumpeters	16	7 8	115	5 8		
434	Privates	14	2 11	6,155	1 10		
6	Farriers	31	13 6	191	0 6		
1	Shoeing Smith	24	4 3	24	4 3		
				8,281 5 10		99,376 6 0	
Add 5 days' pay on account of the above ... ..		.....		.. ..		1,380 8 8	
<i>No. 3.—Native Commissioned, Non-Commissioned Officers, Rank and File.</i>							
		None		.....		
<i>No. 4.—Educational Staff.</i>							
1	Moonshce	10	0 0	10	0 0		
1	Librarian	8	0 0	8	0 0		
				18 0 0		216 0 0	
<i>No. 5.—Native Followers and Artificers.</i>							
7	Native Farriers	9	0 0	63	0 0		
2	Jemadar Syces	6	0 0	12	0 0		
2	Hospital Syces	4	8 0	9	0 0		
282	Syces	4	0 0	1,128	0 0		
490	Grass-cutters	4	0 0	1,960	0 0		
Carried over ... ..		.....		3,172 0 0		2,98,595 11 8	

Appendix A—continued.

No.	CLASS OR GRADE.	Rate of Pay per month.	Monthly Amount of Pay.	Annual Amount of Pay for each Class.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward ...	.....	3,172 0 0	2,98,695 11 8
1	Tindal ...	9 8 0	9 8 0	
7	Lascars ...	5 12 0	40 4 0	
14	Puckalies ...	9 0 0	126 0 0	
14	Sweepers ...	4 0 0	66 0 0	
1	Chowdry ...	11 0 0	11 0 0	
1	Mutaudy ...	5 0 0	5 0 0	
8	Weighmen ...	3 0 0	9 0 0	
	Conservancy Establishment.			
7	Bhoceties ...	5 0 0	35 0 0	
7	Sweepers ...	4 0 0	28 0 0	
12	Bildars ...	3 8 0	7 0 0	
8	Bulha Carts ...	15 0 0	45 0 0	
			3,543 12 0	42,525 0 0
	No. 6.—Command and Staff Allowance.			
1	Regimental Command Allowance ...	400 0 0	400 0 0	
7	Troop Command ...	75 0 0	525 0 0	
1	Adjutant's ...	212 7 0	212 7 0	
1	Interpreter's ...	100 0 0	100 0 0	
1	Quarter Master's ...	117 0 0	117 0 0	
1	Paymaster's Office ...	65 5 4	65 5 4	
1	Surgeon's ...	300 0 0	300 0 0	
1	Mess ...	150 0 0	150 0 0	
1	Drill Sergeant ...	14 0 0	14 0 0	
1	" Corporal ...	7 0 0	7 0 0	
7	Pay Sergeants ...	7 0 0	49 0 0	
1	Provost Sergeant ...	10 2 0	10 2 0	
1	Savings' Bank Clerk ...	10 0 0	10 0 0	
			1,959 14 4	23,518 12 0
	No. 7.—Contract Allowance.			
499	Shoing Allowance of Horses ...	2 0 0	980 0 0	
	Butts and Targets ...	2 0 0	2 0 0	
	Petty Stores ...	4 0 0	4 0 0	
	Riding House Expense for 7 Troops, at £7 per annum per Troop ...	5 11 6	40 0 6	
			1,022 0 6	12,312 6 0
	No. 8.—Extra Pay.			
	Good Conduct Pay ...	631 0 0	631 0 0	
	Good Shooting Prize ...	25 0 0	25 0 0	
			656 0 0	7,872 0 0
	Total for one Regiment per annum ...	.....	.....	3,84,323 13 8
	Total per annum of four Regiments ...	.....	.....	15,39,295 6 8
	ADD—			
	<i>Difference of higher rates of Pay on account of the following:—</i>			
	No. 1.—NUMBER OF OFFICERS.			
	Pay Masters ...	121 12 0	121 12 0	
	Quarter Masters ...	91 5 0	91 5 0	
	Veterinary Surgeons ...	504 12 0	504 12 0	
			717 12 0	8,613 12 0
	No. 2.—EUROPEAN NON-COMMISSIONED OFFICERS, &c.			
	Pay Master Sergeants ...	23 1 0	23 1 0	
	Armourer Sergeants ...	39 14 10	39 14 10	
	School Master Sergeants ...	28 10 4	28 10 4	
	Trumpeters ...	2 7 2	2 7 2	
			93 1 4	1,117 0 0
	Carried over ...	.....	.....	15,49,026 2 8

Appendix A—concluded.

No	CLASS OR GRADE.	Rate of Pay per month.	Monthly Amount of Pay.	Annual Amount of Pay for each Class.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward	.....	.....	15,49,026 2 8
	NO. 5.—NATIVE FOLLOWERS AND ARTIFICERS.			
	<i>Higher Rates of pay to Syces and Grass-cutters at certain Stations</i> ... ..	.....	450 0 0	5,400 0 0
	DIFFERENCE BETWEEN THE ACTUAL AND ESTABLISHED STRENGTH OF OFFICERS.			
3	<i>Lieutenant-Colonels</i>	1,157 0 0	3,471 0 0	
7	<i>Captains</i>	563 0 4	3,941 2 4	
10	<i>Lieutenants</i>	365 4 0	3,652 8 0	
9	<i>Cornets</i>	310 10 4	2,795 13 0	
			13,860 7 4	1,66,325 8 0
	DEDUCT—			17,20,751 10 8
	<i>The following Officers detached from Regiments and doing duty elsewhere:—</i>			
	NO. 1.—NUMBER OF OFFICERS IN EUROPE.	Monthly.	Yearly.	
4	<i>Colonels</i> 1,478 7 0	5,913 12 0		
2	<i>Majors</i> 929 6 4	1,353 12 8		
6	<i>Captains</i> 563 0 4	2,315 1 8		
8	<i>Lieutenants</i> 365 4 0	2,922 0 0		
7	<i>Cornets</i> 310 10 4	2,174 8 4		
		15,684 2 8	1,88,210 0 0	
	GENERAL MILITARY STAFF.			
1	<i>Captain</i> 563 0 4	563 0 4		
1	<i>Lieutenant</i> 365 4 0	365 4 0		
		928 4 4	11,139 4 0	
	CIVIL STAFF.			
1	<i>Captain</i> 563 0 4	563 0 4	6,756 4 0	2,06,105 8 0
	TOTAL ... ..	.....	.....	15,14,646 2 8

Appendix B.

Details and Form according to the present system.

CHAPTER III, SECTION I, ARTICLE I.

VICTUALLING EUROPEANS.

PRESIDENCY BENGAL.

COMMISSARIAT DEPARTMENT.

Budget 1864-65.

Title II, Materiel.

MEERUT STATION.

Number, in the Month of Strength annexed.	Items.	Total Annual Charges.	DETAIL.				
			AVERAGE PER MAN PER ANNUM, OR 365 DAYS.				
1869.	Cash rations	Re. A. P. 1,80,791 10 10	Articles.	Probable issue.	Rate.	Per	Cost of each item.
	<i>Contingencies.</i>			lbs. oz.	Re. A. P.		Re. A. P.
	Cooking utensils, repair and tinning	1,055 8 0	Bread	385 0	7 8 0	100 lbs	27 6 0
	<i>Petty Transit Charges.</i>	Nil.	Beef	281 0	8 5 4	"	21 12 0
	<i>Extra Batta,</i>		Mutton	104 0	10 8 5	"	10 15 2
	5 days at no. 3-4 each	1,946 14 0	Rice	91 0	4 7 9	"	4 1 6 1/2
			Sugar	57 1/2	0 2 0	lb.	7 3 0 1/2
			Tea, Black ..	5 7 1/2	1 0 0	"	5 7 1 1/2
			" Green... ..	2 11 1/2	1 8 0	"	4 1 4 1/2
	Add 5 per cent to cover extra charge of command rates, &c.	9,189 11 3	Coffee	18 1/2	0 7 10	"	7 15 3 1/2
	1,83,784 0 10	Salt	23 13	7 3 8	100 lbs.	1 10 0 1/2	
		Potatoes	385 0	3 3 0	"	11 6 6	
		Mixed Vegetables	...	...	"	...
	9,189 11 3	Firewood	1,085 0	0 6 6	"	4 7 2	
	1,82,983 13 0	TOTAL ... ..	...	...	...	108 4 3 1/2	
1869.	Stock ration	17,813 14 6	Deduct Stock.				
<i>Contingencies.</i>			Tea, Black	Re. 5 7 1 1/2			
Cost of cooking utensils from Stock	1,851 4 6		" Green	" 4 1 4 1/2			
	2,12,648 15 0		Coffee	" 0 0 0		9 8 6	Stock.
						96 11 6 1/2	Cash.

Detail of Force.	Actual Strength.	REMARKS
<i>Artillery.</i>		
Head Quarters, 2nd Royal Horse Brigade	4	
Co. Battery ditto ditto	139	
D. " ditto ditto	134 1/2	
F. " 11th Brigade	146	
A. " 22nd Brigade Royal Artillery	147	
D. " ditto ditto	70	
Artillery Band	40 1/2	
<i>Cavalry.</i>		
Her Majesty's 6th Hussars	583	
<i>Infantry.</i>		
Her Majesty's 90th Regiment	786	
Total Strength	2,064	
Deduct 9 per cent for sick ..	185	
	1,869	
Women none, full rations ... ..	...
Children ditto ... ..	...
Total Numbers	1,869	

(Signed) L. R. CHRISTOPHER,
Assistant Commissary General.

Appendix C.

As proposed by the Commissioners.

BENGAL ANNUAL ACCOUNT FOR MILITARY SERVICES FOR THE YEAR 1865-66.

Explanatory Statement of the sums expended "more or less" than those estimated under each of the Sub-divisions of the grants included in the foregoing statement, together with the causes of variation between the expenditure and the estimate.

Heads of Service.	Expenditure, 1865-66.	Estimate, 1865-66.	EXPENDITURE.		CAUSES OF VARIATION.
			Less than Estimate.	More than Estimate.	
GRANT I.	Rs.	Rs.	Rs.	Rs.	
Army and Garrison Staff.					
Commander-in-Chief in India ...					
Adjutant General's Department					
Quarter Master General's Dept.,					
Artillery Inspection ...					
Musketry Inspection ...					
Divisional and Brigade Staff ...					
Garrison and Station Staff ...					
Hill Sanatoria ...					
Miscellaneous Depôts ...					
Staff of Irregular Forces ...					
Bazar Establishment ...					
Staff Miscellaneous ...					
TOTAL GRANT I, RUPEES ...					
GRANT II.					
Administrative Staff ...					
Secretariat ...					
Personal Staff to the Governor					
General and Lieutenant-Gov-					
ernors ...					
Office of Account ...					
TOTAL GRANT II, RUPEES ...					
GRANT III.					
Regimental Pay, Allowances, and					
Charges ...					
EUROPEAN ARMY.					
Artillery ...					
Cavalry ...					
Engineers ...					
Infantry ...					
Carried forward, RUPEES ...					

Appendix C.

As at present.

Explanatory Statement of the Sums expended "more or less" under each of the Sub-divisions of the Budget Estimate of the Bengal Presidency for 1862-63.

	Expenditure, 1862-63.	Estimate, 1862-63	EXPENDITURE.		CAUSES OF VARIATION.
			More than Estimate	Less than Estimate	
European Artillery	40,67,670	45,52,507	...	4,84,887	In the early part of this year orders were received for the re-organization of the European Artillery in India, and a supplemental grant of Rs 2,80,113 was sanctioned, in order to provide for this arm of the service on the new scale of strength, both of Officers and men. The drafts did not arrive as early as was expected, and the pay of Officers serving with the Native Artillery has been compiled and classed under that head, although estimated for with the European Artillery.
European Cavalry	24,96,820	28,59,507	...	3,62,687	The actual disbursements are a close approximation to the original Estimate, but as Government did not consider the proposed reduction of 14 Troops of men with 7 Troops of Officers final, until the sanction of the Secretary of State for India was obtained, a supplemental grant for Rs 4,33,460 was sought and obtained, but as no drafts arrived during the year to fill up casualties, the major portion of the supplemental grant became a saving.
European Infantry	1,08,77,230	1,10,55,198	...	1,77,968	The decrease is attributable to casualties during the year and to fluctuation in the number and rank of Officers present in India. Also to several Officers of British Infantry being on the Staff, their pay appearing under that head.
Engineers	1,72,098	2,07,316	...	35,228	Decrease caused by the employment in the Department of Public Works and other Departments of Officers who at the commencement of the year were unemployed.
Sappers and Miners	2,35,587	2,24,122	11,465	..	Ordinary fluctuations.
European Invalids	2,50,572	2,36,263	14,309	...	Accessions and ordinary fluctuations.
Officers, Staff Corps (unemployed) ..	1,62,443	18,81,829	...	7,22,009	There was no correct data on which to calculate the financial effect of the retiring bonus offered to Indian Officers. This cause and the orders directing unemployed Officers to do duty with Cavalry and other Corps have resulted in the large saving under this head.
Ditto of Mutined Corps	9,97,377		...		
Officers unposted	4,40,525	6,84,932	...	2,44,407	These filled the place in Corps of the relieved Officers, and many were temporarily posted to Regiments to do duty. Hence the apparent decrease.
Ditto Unattached	97,349	53,376	43,973	...	Increase caused by additions and returns of officers from Europe.
Ditto Veteran Establishment	18,537	15,528	3,009	...	
Ditto Local	5,400	7,418	...	2,018	Ordinary fluctuations.
Ditto Retired	1,67,350	62,110	1,15,240	...	The effect of the bonus given to Officers to retire.
Ditto Warrant and Non-Commissioned Officers employed in P. W. D.	2,09,762	33,909	1,75,853	...	There was no correct list of these Officers in the beginning of 1862, and not being on the Military Staff or attached to Regiments, they were in many instances classed with unemployed Officers.
General Army Staff	12,80,722	13,20,377	...	39,655	Ordinary fluctuations in rank of Officers.
Staff of Irregular Forces	2,12,465	2,33,279	...	20,794	There were several reductions in the Irregular Forces during the year.
Garrison and Cantonment Staff ..	2,19,797	11,00,557	...	1,80,760	Several Bazaars and Depôts were abolished during 1862-63, and there were many changes in the rank of the Officers holding these various appointments consequent on the retirement of other Officers; most of the new incumbents having joined the Staff Corps were restricted to half batta pay in addition to the pay of their appointments, whereas the former incumbents drew full batta pay.
Office Establishment of General Army Staff	2,36,738	2,11,794	24,944	..	A sum of Rs. 8,000 was granted during the year to the Adjutant General's Establishment to bring up arrears, and also a personal allowance of Rs. 1,200 per annum to the Registrar. Further, an increase of Rs 9,066 was granted to the Quarter Master General's Establishment; vide Financial Resolution No. 5159 of 31st July 1862.
TOTAL TITLE I	...	..	...	...

No. 174, dated 7th April 1865.

No. 485.]

From—The Government of India, MILITARY DEPARTMENT,
To—The Secretary of State for India.

In your Financial letter, No. 156, dated 30th June last, you desired us to explain more fully the necessity for creating, or rather for retaining in the place of the Military Finance Department, such a highly-salaried office as that of Accountant General in the Military Department, and to afford you further information respecting the nature of the duties to be performed by that Officer.

2. You also observed that no reason had been assigned why the whole arrangement should not have been submitted for the consideration of the Home Government previous to its being authorized and carried into effect.

3. With reference to this observation, we beg to state that had the office referred to been created as one altogether new, we should have been careful to explain fully to you the reasons which had induced us to carry out the measure without previous reference to you. But the measure was in reality one of reduction, necessary in order to the abolition of the Military Finance Department, which was very costly; and it appeared to us that the absolute necessity for still retaining some controlling authority capable of efficiently checking our Military expenditure, was sufficiently indicated in the papers which were

Proceedings for March 1864, No. 192. iture, was sufficiently indicated in the papers which were then forwarded to you, especially in our Resolution in the Financial Department, dated 25th February 1864.

4. The question has again been brought before us in connection with the Report of the Commission of Enquiry into Indian Accounts on the system of Audit and Account pursued in the Military Department, in paragraphs 292 to 295 of which, and again in paragraph 417, Articles 12 and 13, it has been recommended that the duties of Accountant General, Military Department, should be performed by the Controller in Bengal.

5. We have very carefully considered this recommendation, and the whole question of the best mode of ensuring an efficient check and control over Military expenditure; and we are decidedly of opinion—

1st.—That this check and control can most efficiently and most conveniently be exercised by the Military Department; that Department alone possesses sufficient power, and it should therefore bear the responsibility.

2ndly.—That the check must be an independent one, and that economy will be really promoted by the maintenance for its exercise of an office which shall hold as nearly as possible, in respect of controlling Military expenditure, the same relations and no more towards the Bengal Army that it will hold towards the Armies of Madras and Bombay. In this view we cannot of course concur with the Commissioners in thinking that the functions of Accountant General, Military Department,—or, as we propose more correctly to designate him, Controller General of Military Expenditure,—can advantageously be performed by the Controller in Bengal.

3rdly.—That in accordance with the same view, if the Controller General's action is to be really useful and effective, it is essential that he should be especially selected for the post, and that he should occupy such an independent and influential position as will enable him to address the Controllers authoritatively. Such an independent position the Accountant General in the Military Department at present occupies, though his duties are of course performed under the authority of, and in constant and direct communication with, the Secretary to the Government of India in the Military Department; who, moreover, constantly finds occasion to consult him as to the financial bearings of some of the numerous questions which come before Government in that Department connected with improvements in the condition of the Army, &c., &c.

6. We have arrived at the conclusions above expressed only after a very careful reconsideration of the case. Since the change was made last year, the imperative necessity of most carefully watching over and checking our Military expenditure has become even more apparent than before, so many have been and still are the acknowledged requirements of our Military Force in this country in regard both to men and material. The Military Secretary is already over-burthened with work, and could not possibly afford the time required to exercise any real control over the working of Military Accounts. We have therefore no hesitation whatever in earnestly soliciting your sanction to the continuance of the present system, in which various improvements have been already made, and, as experience may show them to be necessary, will continue to be made from time to time.

7. Amongst other things, the attention of the Controller General will especially be directed to the establishment of a system in the various Offices of Accounts, whereby all accounts may be regularly brought up to the latest date practicable, and Government be kept informed how the actual expenditure corresponds with the estimate; by which mismanagement may be more certainly checked; and by which retrenchments may be as much as possible avoided, and appeals against them speedily disposed of.

8. We trust that the above will have sufficiently indicated to you the nature of the duties which the Controller General has to perform, and that you will be satisfied that they are such as require the undivided and unremitting attention of an able and experienced Officer. But in Colonel Broome's Memorandum, dated 20th January last, on the recommendations, &c., of the English Commissioners in their report above adverted to, the subject is treated more in detail. To that memorandum, copies of which accompany this letter, and especially to paragraphs 132—145, we beg to refer you for further information as to the

nature and importance of the duties devolving on the Accountant General, Military Department. Whether it is necessary that the appointment should always be held by a Military man, may perhaps be doubted; but this is a point which need not now be considered.

9. Prospectively we think some reduction in allowances might properly be made; and we therefore propose to fix the following as the Staff salaries to be drawn by Officers who may hereafter be appointed to the posts of Controllers General, Controller and Military Accountant:—

	Present salary.		Proposed salary.	
	Rs.		Rs.	
Controller General (consolidated)	3,000		2,500	
Ditto in Bengal (consolidated)	2,500		2,200	
Ditto in Madras and Bombay (consolidated)	2,200		2,000	
Military Accountant, Bengal (Staff salary)	1,200		1,000	
Ditto, Madras and Bombay (Staff salary)	1,000		800	

10. We solicit your approval of these measures.

No. 699, dated 7th June 1865.

No. 486.] *From—The Officiating Secretary to the Government of India, FINANCIAL DEPARTMENT,
To—The Commissioner for the Revision of Accounts.*

It being gathered from a communication from the Military Department that Colonel Broome will place himself in communication with you with the object of discussing the questions noticed in his memorandum respecting the new system of Audit and Account, I am directed to request that you will communicate to the Government of India any remarks which you may wish to make on Colonel Broome's memorandum after conferring with him on any points which seem to require further discussion.

ORDERED, that a copy of the above be sent to the Military Department for information.

Dated 13th July 1865.

No. 487.] *From—M. H. FOSTER, Esq., Commissioner for the Revision of Accounts,
To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.*

With reference to your letter, dated 7th ultimo, desiring me to communicate to the Government of India any remarks I may wish to make on Colonel Broome's Memorandum respecting the new system of Audit and Account, after conferring with him on any points which seem to require any further discussion, I beg leave to state that, not having seen the Memorandum referred to, I called upon Colonel Broome, who handed to me a Memorandum he had written upon the English Commissioners' Report, which probably is the one alluded to in your letter.

The points of difference between Colonel Broome and the Commissioners are not many and are generally easy of explanation.

A portion of the Memorandum deals with matters which are properly questions between the Military Accountant General and the Military Controllers, and these I would suggest that the Controllers might be called upon to explain.

The best mode of meeting the desire of Government will perhaps be that I should transmit the accompanying copy of Colonel Broome's Memorandum with marginal remarks by myself upon the points referred to by Colonel Broome.

The Memorandum, which was dated in January last, at the conclusion suggests four points on which early orders were required:—

1st.—The preparation of a complete set of Appendices for the Estimates.

Those required to accompany the Estimates have been completed and were printed with the Military Estimates of 1865-66. The more detailed appendices or vouchers required for checking the Departmental Estimates are under consideration, with a view to reducing them in bulk as far as may be compatible with the supply of the necessary data.

2nd.—The entertainment of Extra Establishments to bring up arrears.

The Controllers of Bengal and Madras have been called upon to send in Tabular Statements setting forth the Extra Establishments which will be required.

That at Madras will be small, as some progress has already been made in clearing off arrears.

3rd.—That the Appropriation Audit Statement for 1863-64 be prepared in the form observed in the Statement rendered for 1862-63.

As this account prepared from incomplete accounts would be inexact, I should prefer seeing the Books rapidly completed, the annual Account being founded upon the latter.

4th.—That until the Military Books can be brought up, a Monthly Statement of Receipts and Disbursements be prepared on the data available.

This for the year 1865-66 should be founded on audited expenditure.

What appears now to be most urgently required is the revision of the forms of Accounts and the reorganization of the Account Departments. This requires much care and con-

sideration, and I am in frequent communication on the subject with Colonel Broome, who is most ready to discuss with me such proposals on the subject as may seem to forward the object in view.

With the advantage of Colonel Broome's valuable experience, and cordial co-operation, considerable changes will shortly be carried out in the Examination, Pay and Compilation Branches of the Military Department, which no doubt will be fully reported to the Military Department by the Military Accountant General.

The changes which are immediately under consideration are—*1st*, that the Presidency Paymaster's duties should be confined to the receipt and payment of claims, and that he should be entirely relieved from the classification of Vouchers or the rendering of Accounts; *2nd*, that the compilation and classification of pay charges should be done in the Office of the Examiner in place of having a separate Compilation Department for these duties; and *3rd*, that monthly Accounts should be rendered to the Military Accountant in a shape that will facilitate their being posted directly into the main Books of Account.

No. 1791, dated 7th August 1865.

No. 488.] *From—E. H. LUSHINGTON, Esq., Secretary to the Govt. of India, FINANCIAL DEPARTMENT,
To—The Commissioner for the Revision of Accounts.*

I am directed to forward to you the papers noted in the margin, in order that you may appoint an early day for considering with Colonel Broome any points of difference that might admit of adjustment before your departure.

Financial Office Notes, dated 31st May and 31st July, with your letter of 18th July, and your marginal remarks on Colonel Broome's memo.

Dated 21st August 1865.

No. 489.] *From—M. H. FOSTER, Esq., Commissioner for the Revision of Accounts,
To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.*

With reference to your letter, dated 7th instant, transmitting Financial Office Notes, dated 31st May and 31st July last, and desiring me to appoint an early day for considering with Colonel Broome such points of difference referred to in the memoranda as might admit of adjustment before my departure, I beg leave to state that I am in constant communication with the Military Accountant General upon the points referred to in the memoranda and upon other questions relating to the Military Accounts, and that those specially referred to have been fully discussed.

With regard to the subsidiary returns furnished for the purpose of checking the Estimates, it appears to be admitted on all sides that they are unnecessarily elaborate and voluminous. Colonel Broome states that the forms lately sent out are entirely experimental, and that he has directed the Departmental Officers in each Presidency to make suggestions for their improvement, and on receipt of these Colonel Broome intends to prepare revised forms omitting all unnecessary detail.

Upon my pointing out that almost all the information necessary for the preparation and revision of the Estimates should be obtainable at Head-quarters in a more perfect and complete shape than from the local Officers, the Accountant General admitted that this was so in principle, but stated that at present it was not practicable, as there were no regular Establishment Books at the Head-quarters, and that the records of other details were too incomplete to be available, so that for the present local returns are necessary. Colonel Broome, however, fully recognized the desirability of establishing these records, and intends shortly to take measures for this purpose. He doubts, however, whether any reduction of local establishments can be effected by the curtailment of these Annual Returns.

The same remarks apply to the Returns relating to Commissariat supplies and Hospital Comforts, but with regard to the Arms and Equipment Returns, Colonel Broome maintains his opinion that the plan of keeping Arms and Equipments up to a standard scale with occasional stock-taking, would not be so safe a check as Returns at fixed dates and periodical indents accompanied by full explanations regarding the several items indented for.

The reduction of the Magazine Ledgers is in course of being carried out. All unserviceable Stores are being largely got rid of, so that the Ledgers will be relieved from a number of useless entries.

Under the arrangements that have been made, there can be no doubt that the causes of delay in the preparation of the Estimates will be obviated for the future, and that they can now with ease be completed at the date required by the Financial Department.

The proposal for the abolition of Military inter-presidential adjustments, except in certain special cases, has already been sent up to Government with the full concurrence of the Military Accountant General.

These appear to be the chief points alluded to in your communication, and Colonel Broome's early departure on leave, which, however, he has at my request deferred for some days, will preclude much further discussion. Before he leaves, however, we hope to settle some of the important points referred to in my letter of the 13th ultimo.

With respect to these the Controller and the Military Examiner have come forward with a proposal for the abolition of the post-audit of Presidency payments and the substitution of

pre-audit,—a proposition which I have felt it to be my duty to oppose most strongly, and have furnished the Military Accountant General with a separate memorandum on the subject.

No. 2401, dated 20th September 1865.

No. 490.] *RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.*

Read—

Office Memorandum from the Military Department, No. 1279, dated the 27th April 1865, forwarding for consideration copy of a Memorandum, dated 20th January 1865, by the Accountant General in that Department, on the report of the Commissioners of Enquiry into the system of Audit and Account pursued in the Military Department.

Read—

Letter to Mr. M. H. Foster, No. 699, dated the 7th June 1865, requesting him to communicate to Government any remarks which he might wish to make on Colonel Broome's Memorandum.

Read—

Letter from Mr. Foster, dated 13th July 1865, in reply to the above.

Read—

Letter to Mr. Foster, No. 1791, dated 7th August 1865, asking him to consider with Colonel Broome any points of difference between them that might admit of adjustment before Mr. Foster's departure from India.

Read—

Letter from Mr. Foster, dated 21st August 1865, reporting the result of his discussion with Colonel Broome.

The Governor General in Council observes that Mr. Foster objects to the degree of statistical detail with which the Commissariat Accounts are overlaid, and to the inconvenient number of the returns subsidiary to the annual Estimates. Colonel Broome also is desirous of reducing such detail, and he should be requested to report after the next Budget the decision he may come to on these points.

2. The Half-yearly Returns of Ordnance Stores, referred to in paragraph 86 of Colonel Broome's Memorandum, may be resumed for the Bengal Presidency.

3. The Governor General in Council hopes that the reduction of the Magazine Ledger suggested in paragraph 83 of the above-mentioned Memorandum, will issue in some reduction of Establishment, and desires that a report may be submitted hereafter as to any practicable saving.

4. With advertence to paragraphs 50 to 52 of Colonel Broome's Memorandum, the Governor General in Council observes that it was not intended by this Department's Order of October 1864 to dispense with a comparison of the actual with the previously estimated expenditure of a year, but that such comparison should be instituted earlier than at present.

5. With advertence to paragraphs 70 and 71 of Colonel Broome's Memorandum, the Governor General in Council, in the Financial Department, hopes that the reduction of cost of Pension Pay Offices suggested by that Officer will be found practicable.

6. With reference to the statement of Colonel Broome that the Financial Department neglected at the hands of the Military Finance Department suggestions which were adopted afterwards on the recommendation of the English Commissioners, it should be pointed out to that Officer that the Military Finance Department did, indeed, propose the separation of the Military from the Civil Books—and the introduction, into the Military Accounts, of a monthly Journal. But though a specimen of that Journal was promised, it was never submitted, and after waiting for some time, the Government passed the Resolution of 21st March 1863.

7. It was also very desirable that the record of actual expenditure in Finance Accounts should be confined to audited charges;—but mere suggestions to that end could obviously not be adopted, so long as the Military Accounts were in arrear, and no definite plan was laid before Government from which it could have a well-founded assurance that the books containing this account of audited receipts and charges would be ready in sufficient time for the submission of the Finance Accounts to Parliament at the appointed date, if those accounts were to be prepared from the Books. The state of arrear in which the English Commissioners found the Military Accounts, and to which

Colonel Broome even now testifies in his doubts whether the Appropriation Audit for 1863-64 can be completed in proper time, if it is to be conducted on the General Books for that year, appears to support the remark that no such definite plan was ever submitted to Government until the report from the English Commissioners of Inquiry into Indian Accounts.

3. The Governor General in Council also desires that a report be submitted on the working of the Office of Examiner of Medical Accounts, with reference to the opinion by which Mr. Foster abides that the appointment is not absolutely necessary.

ORDERED, that a copy of the foregoing Resolution be sent to the Military Department, and that Colonel Broome's Memorandum, with Mr. Foster's remarks in the margin thereof, be returned.

[Proceedings, March 1865, Nos. 71 to 73.]

Order directing that Military Books for each official year shall be kept open for four months after the close of the year, rescinded.

No. 71.] *Extract from the Proceedings of His Excellency the Governor General of India in Council, in the Military Department,—No. 146, dated 5th February 1866.*

Read—

Memorandum from the Comptroller General of Military Expenditure, No. 1430D., dated 2nd instant, requesting, for reasons assigned, that the Financial Department may be moved to rescind the ruling in the 7th paragraph of its Extract No. 4014, dated 19th December 1864, which directs that the Books of the Military Department of each official year shall be kept open for four months after the close of such year.

Ordered, that the document* above adverted to be forwarded to the Financial Department for consideration and orders, with reference to the Extract thence received, No. 4014, dated 19th December 1864.

* To be returned.

No. 1430D., dated 2nd February 1866.

No. 72.] *Memo. by COLONEL A. BROOME, Comptroller General of Military Expenditure.*

The undersigned has the honor to request that Government, in the Financial Department, may be moved to rescind the ruling in the 7th paragraph of the Proceedings of Government in that Department, No. 4014, dated 19th December 1864, which directs that the Books of the Military Department of each official year shall be kept open for four months after the close of such year, in order to include, as far as possible, the unadjusted items appertaining to that year.

2. The object Government had in view in prescribing this procedure was to admit of the adjustments or settlements of disbursed charges of prior years being abstracted from the accounts of Military disbursing Officers for the months of May to August, and appropriated to the year in which the disbursements actually occurred.

3. This course has been followed in the accounts of the Military Department of the three Presidencies for the years 1863-64 and 1864-65, and it has the advantage of exhibiting, as nearly as it is practicable, the recorded expenditure of the year under the several Military Grants in conformity with the provision made in the Budget Estimates.

4. It has been represented to the undersigned, however, that so long as the Military Accounts and Books of any one year remain unclosed, it is not practicable to ascertain the correct ledger balances of Personnel and Balance Accounts for the opening entries in the Journal for May of the following year, and accordingly that the Statement of Receipts and Charges for the month of May, which is intended, under the new system of accounts, to be framed from the details afforded from the Books themselves, cannot be completed until the Compilation Statements and Accounts Current from May to August of such year have been received, and the Settlements Charges eliminated for record in the Books of the previous years.

5. The undersigned is persuaded, moreover, that there will still remain, after the termination of the four months alluded to, numerous items of inter-departmental and inter-presidential transactions, cross entries in adjustment of accounts to be examined and recorded in the Military Accountant's Office, which will tend to prevent the final closing of the Books of any year, until a lapse of six or seven months from the termination of such official year.

6. The action in the above transactions will, of necessity, retard the submission to the Comptroller General of Accounts of the annual "Accounts of actual Receipts and Expenditure of the Military Department" for submission to Parliament, which is required to be rendered punctually on the 31st October of each year, the date prescribed in the Financial Circular No. 4551, dated 18th September 1863.

7. And in addition to the inconvenience to the Military Account Department, consequent on the opening of the books of any one year being deferred under the present system for seven or eight months of such year, the undersigned believes that the absence of the consolidated Statement of Receipts and Charges for the month of May for the above period will be found to cause embarrassment in the Office of the Comptroller General of Accounts. He begs therefore to recommend that the Books of the Military Department of the three Presidencies for the current and future years shall be closed on receipt of the Compilation Statements for April, and the Accounts Current of disbursing Officers, Governments, and Public Departments for the same month.

8. The undersigned ventures to express his belief that, under the new system of accounts in course of introduction in the Military Account Departments of India, the sums which come in course of payment during any year can be accounted for, with few exceptions, before the final closing of the books of such year.

9. Should Government be pleased to accord its sanction to this proposal in which Mr. Foster and the Officiating Comptroller General of Accounts concurred, the undersigned will issue instructions to the Controllers of Military Accounts to require from the disbursing Officers under their control, and from the Officers in direct account with the Military Account Department, the submission of the vouchers representing payments to the end of each official year, either final or on account, in their Accounts Current for the month of April of such year. He will also direct the audit of such charges to be pushed forward with all possible despatch, with a view to insure that the accounts of such year are finally submitted to the Comptroller General of Accounts by the 31st August of the succeeding year.

No. 1157, dated 14th March 1866.

No. 73.] *RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.*

Read—

Extract from the Proceedings of Government in the Military Department, No. 146, dated 5th February 1866, forwarding a request from the Controller General of Military Expenditure, that the ruling in the 7th paragraph of Financial Resolution, No. 4014, dated 19th December 1864, which directs that the Books of the Military Department for each official year shall be kept open for four months after the close of such year, may be rescinded.

The Governor General in Council observes that the direction that the Military Books shall be kept open for four months after the close of each year, in order that, as far as possible, the unadjusted payments of the year may be included in the year's accounts, has been understood as requiring that the Books shall be kept open until the accounts of disbursing Officers for the months of May to August shall have been audited.

This was not intended, although it may perhaps be a necessary inference if the inefficient balance system is retained in the Military Account Department.

Under the inefficient balance system, payments made on account, or in anticipation of sanction, are omitted from the charges, and shown as part of the balance of the cash account of the disbursing Officer, who, so soon as he is in a position to furnish a voucher for any such payment, charges the amount in his cash account, reducing the balance.

The advantages of this plan, such as they are, are altogether outweighed by its disadvantages; and the Governor General in Council is accordingly pleased to direct that it be discontinued, and that, as has been done in the Civil Department since 1854, all payments be charged, when made, to some head of account, which may either be an expenditure (*i. e.*, a grant) head, or a head of advances, or some personal head.

The Military Books should be kept open, if necessary, for four months after the close of the year, in order only that vouchers may be obtained for certain payments, the vouchers for which could not be supplied at once. But it is not necessary, to this end, that the accounts of disbursing Officers for the months from May to August should be examined before the previous year's Books are closed, nor need the submission of the monthly accounts for May be delayed on that account.

ORDERED, that a copy of this Resolution be forwarded to the Military Department, with the original paper received from that Department, and to the Comptroller General of Accounts.

General instructions by the Accountant General, Military Department, on the new system of Audit and Account.

[Abs. Account, October 1866, Nos. 171-73.]

No. 459½ E., dated 9th August 1866.

From—COLONEL A. BROOME, *Controller General of Military Expenditure,*
To—*The Controllers of Military Accounts, Calcutta, Madras, Bombay.*

With reference to the Resolution of Government in the Financial Department, No. 271, dated 23rd May 1866, copy of which accompanied this Office letter No. 258E, of the 7th ultimo, I have the honor to authorise your deferring the transmission of the Statement of Receipts and Charges of the Military Department of this Presidency, for the month of April last, to a date not later than the 15th September next.

2. For the current and future years I shall require the Monthly Statement in question for March, the last month of the new official year, to be transmitted in sufficient time to reach this Office by the 31st August.

3. In inviting your attention to the Circular,* recently issued by the Financial Department with respect to the submission of Accounts, I have to request that you will be good enough to adopt measures to ensure that the orders of Government on this point are punctually complied with.

* No. 1267, dated 12th July 1866.

4. I have further to request the discontinuance of the Supplementary Returns of Receipts and Charges which, under the instructions marginally noted, you were directed to render for four months after the close of the official year.

857 C.
No. 860 C. dated 7th July 1866.
861 C.

5. It will suffice for the requirements of this Department and of the Central Office of Accounts if the Statement you have to submit for the twelfth month of the year last expired, contain the record of the final transactions, under Debt and Service Heads, in connection with the Military Department of the Presidency concerned, which will be subsequently carried into the Books of that year.

6. No adjustment entries, affecting Receipts and Expenditure, should be admitted into the Books of the Department to cause a variation between the totals shown under each Grant Head in the last Monthly Statements of Receipts and Charges for the official year submitted to this Office, so that the Annual Account of Receipts and Recoveries, and of Expenditure for the official year furnished to Government by this Office, may correspond with the Imperial Accounts framed, from the Monthly Statements above mentioned, in the Office of the Comptroller General of Accounts.

7. The Resolution of Government in the Financial Department, No. 1157, dated 14th March last, a copy of which is annexed for your information, authorises the abrogation of the practice of keeping open the Books of the Military Department for four months of each official year, to admit of the adjustments or settlements of disbursed charges of prior years being abstracted from the Accounts and appropriated to the year in which the payment actually occurred.

8. The following instructions for the final closing of the Books of the Military Department of the three Presidencies will therefore be observed in future.

9. With respect to the year 1865-66, I have to direct that only such Accounts as have reached the Military Accountant's Office, or have been rendered by him up to date of receipt of this communication, shall be recorded in the Accounts and Books appertaining to that year.

10. It is assumed that the check and audit of the Military Disbursing Officers' Accounts Current for the month of April will have been entirely completed, and the Compilation Statements rendered to the Military Accountant, prior to the date referred to.

11. I am aware from correspondence before me, to which I have already drawn your attention, that the adjustments in connection with inter-departmental transactions of the year 1865-66 are to some extent in arrear, and that the procedure above described will consequently exclude from the Accounts of that year Receipts and Charges, legitimately appertaining thereto, in both the Civil and Military Departments.

12. Government, however, deems it so essential that the final Statement for April should not be delayed beyond the prescribed date, that you should at once issue instructions that the course now ordered be strictly adhered to, and that all Receipts and Charges belonging to the expired year, which appear in the Accounts rendered subsequently, are to be adjusted in the Military Books of the Current year.

13. I shall communicate to the Comptroller General of Accounts the instructions I have issued on this subject, for intimation to the Civil Officers of Accounts of the several Governments and Provinces in India.

14. I may observe that the object in view, in the grant of the additional period between the 1st August and 15th September for the submission of the last Monthly Statement of the official year, is to allow of the final adjustments being made, and of the rectification of any errors that may have occurred in the Statements previously rendered.

15. With reference to the course to be followed for the current and future years, I have to request that you will be good enough to instruct the Military Accountant to close all transactions of the expired year on receipt of the Compilation Statements of audited expend-

Accounts of 1866-67 and future years.

iture for March, and the Accounts Current of Disbursing Officers, Governments, and Public Departments for the same month.

16. With a view to include, so far as this course will admit, the final charges, appertaining to the year, in the Books of that year, Military Disbursing Officers should be required to submit, with their Accounts Current for March, all the vouchers of final disbursements by themselves or their Sub-Accountants, to the end of that month.

17. It may be advisable, in order that this object may be effected, to permit the Accounts Current for March to be delayed for a short period beyond the usual time.

18. Every effort should be made by Disbursing Officers to effect a prompt settlement of Advances made by them for the public service, and if this be diligently carried out, especially at the end of the official year, it is, in my opinion, practicable to bring into the accounts of the year, with few exceptions, the expenditure properly belonging thereto.

19. If the principle enjoined on Disbursing Officers, to insist on sufficient vouchers being given at the period the transaction is effected, or the supplies delivered, to enable the payment to be charged against a Grant Head of Service instead of being held to the debit of the Disbursing Officer, were rigidly enforced and strictly adhered to, the record of the year's audited expenditure would correspond to a great extent with the actual cash issues within the year.

20. Stringent measures should also be adopted to push forward the submission of the Statements of inter-departmental and inter-presidential Receipts and Payments, which it is desirable to adjust to the latest date practicable.

21. The period from 1st April to 30th June should be allowed to the several Examiners to audit and adjust, under Service Heads to the corresponding relief of Personal Accounts, items which, pending such audit, must remain to the personal debit of the Disbursing Officer, and by the latter date the whole of the Compilation Statements of audited expenditure of the expired year should be in the hands of the Military Accountant.

22. This will allow the latter Officer nearly two full months' time for the record of adjustment transactions and for the rectification of any errors, as well as to provide for any delays which may have been unavoidable in the settlement of inter-departmental or inter-presidential transactions.

23. I am to state that the preparation and submission to this Office of the Statements of Receipts and Charges for the first month of the new official year should not be delayed for the completion of your Statement for the concluding month of the previous year or until the closing of the Annual Books of the latter year.

24. But to effect this object, without causing difficulties which are inseparable from the system still obtaining in some of the Departments of Account in the treatment of the Inefficient Balance, it is essential that the Accounts Current of all Disbursing Officers should be required to open and close with Cash only, leaving the adjustment of the items, as per margin, composing that balance, to be made in the manner hereafter described.

25. The Government of India, Financial Department, in the Resolutions marginally noted, has prescribed Rules for the abolition of the Inefficient Balance in the Military Department, but, pending the introduction of the system of Regimental accounting, I abstained from issuing instructions on this subject.

26. As, however, the local Governments have now signified their readiness to adopt the views of the Supreme Government in placing Officers Commanding and Regimental Paymasters in direct account with the Military Accountant, there would seemingly be no difficulty in adopting the procedure in the Military Account Department, to remove the Inefficient Balance from the Accounts of Disbursing Officers, which has been in operation in the Civil Department since the commencement of 1865-66, and which I am given to understand has worked satisfactorily.

27. In the Bengal Presidency steps are being taken to meet the views of Government on this point, and I have to request the favor of the Controllers of Madras and Bombay, if they see no valid objection to the adoption of this principle, taking early steps to move their respective Governments to authorise a similar proceeding in their Presidencies.

28. If the procedure which has been described in paragraphs 41 to 63 of this Office letter No. 1906, dated 30th April, in connection with the Accounts of Divisional Paymasters, be adhered to, the Accounts Current of these Officers will exhibit actual payments only; and as the manner in which the outstanding unadjusted balances will be disposed of is described in paragraph 53, the Accounts of Divisional Paymasters will be entirely relieved of all transactions which compose and appertain to the Inefficient Balance.

29. Officers Commanding and Paymasters of British Regiments will also, in conformity with the instructions issued under the authority of G. G. O. No. 330 of 5th April, be charged with the amount of advances made to them from Civil Treasuries, or by Military Disbursing Officers, under their Personal Accounts, in the Books of the Military Accountant, and receive credit for the amount of their final payments, as shown in the General States of their Accounts.

30. As in the case of Divisional Paymasters, the disbursements made by those Officers will be charged in full to the Grants, the disallowances being retained in a special Register kept in the Pay Examiner's Office until adjusted by subsequent recoveries by cash or otherwise.

31. The advances, which, under Articles 122 and 124 of the above instructions, Officers Commanding and Paymasters are empowered to make on account of Invalids and Time-Expired Men, will be held to their Personal debit, under the item "Miscellaneous Advances," subordinate to "Advances Recoverable."

32. Thus the balance shown on the General State, as due by the Officer Commanding or Paymaster, will be dealt with as forming part of the Cash Balance, and will be carried as such to the Account of the next month, in the Books of the Military Accountant.

33. The succeeding remarks will not, therefore, affect the Rules laid down for the guidance of the above-mentioned Disbursing Officers.

34. But, inasmuch as the principle, upon which the Accounts Current of Executive Commissariat Officers and other direct Accountants are now prepared, will require modification, I propose to furnish at an early date new forms of Account and subsidiary Schedules, and at the same time to communicate instructions as to the manner in which they will be prepared.

35. I therefore only wish in this letter to state briefly the system which it is the desire of Government should be generally adopted throughout India in removing the obstacles which now exist in dealing with the Inefficient Balance in the Accounts of Military Disbursing Officers.

36. In the first place, with respect to the item Retrenchments, I would annex for information paragraphs 10 and 11* of the Financial Resolution No. 4014 of 19th December, which is, in my opinion, susceptible of application to the Accounts of all Disbursing Officers of the Military Department, with slight modification as regards the portion, in the second paragraph, printed in italics.

37. Under this ruling the full amount of an actual payment charged in the account of a Disbursing Officer will be accepted and appropriated as a final charge against the Grant; any erroneous sum therein included being recorded by the Departmental Examiners in the Register referred to in paragraph 30, and being retained there, until recovery, which would either be by a deduction from a subsequent month's bill, chargeable to the same Head of Service in the Grant, or by a cash recovery, which would be credited to the Grant.

38. The Disbursing Officer will be held personally responsible for the speedy recovery of all final retrenchments, and the Departmental Examiner will see that no unnecessary delay occurs in adjusting the outstandings on this account.

39. To avoid encumbering the Books with a large number of Personal Accounts, it will not be requisite to debit the individuals to whom over-payments have been made with the final retrenchments against them; nor will such retrenchments be debited in the Military Accountant's Books against the Disbursing Officer, until three clear months shall have elapsed from the notification by the Examiner of the final retrenchment, at which time, unless satisfactory explanation be afforded, the sum retrenched will be transferred under that Head (Retrenchments) to the "Advances Recoverable" Ledger, on intimations received from the Examiner directing such transfer, for eventual recovery by deduction from the salary of the Disbursing Officer, by monthly instalments of such amount as you may direct, not exceeding one-half the staff salary to which he is entitled.

40. It is also intended that Disbursing Officers should receive credit in Account Current for the full amount of advances made by them, under competent authority, for the requirements of the Public Service, which cannot, in many cases, be appropriated at the time of issue, in lieu of retaining the amount in the Inefficient Balance.

41. The advances will be debited to a personal Head in the Military Books called "Miscellaneous Advances," subordinate to "Advances Recoverable," the adjustment being effected on the production, by the Disbursing Officer, of the vouchers or acquittances for the audit of the Examiner, to allow of the amount being charged against the Grant, and credit afforded to "Miscellaneous Advances."

42. A similar proceeding will be followed in dealing with the Departmental Remittances; the expenditure on this account being charged off in the Disbursing Officer's Account Current, and retained under the Head "Departmental Remittances" in the Military Books until adjusted through the accounts of other Disbursing Officers.

43. It is not intended that the Military Accountant should keep a separate account in the Ledger with the individuals who may have received advances, or on whose account Departmental Remittances have been issued.

44. The expenditure under these Heads, for which credit has been afforded in account to the Disbursing Officer, will be held in the "Advances Recoverable" Ledger to his personal debit, until he renders, in the case of Advances, satisfactory accounts and vouchers, or until vouchers are produced, in the case of Departmental Remittances, by other Disbursing Officers in discharge of such transactions.

45. You will be at liberty, however, under special circumstances, to authorise the Disbursing Officer being relieved from the amount of an advance made under competent authority,

* Retrenchments should not be made in doubtful cases until explanations have been asked for and given. When an amount is objected to, the objection will be stated as a query, and the amount, meanwhile, will be posted into the Books. If the objection be maintained, the amount will not be disallowed from the credit already claimed in account, but will, in the case of sums easily recoverable, be adjusted by deduction from the next ensuing payments.

For other cases the retrenchment will be recredited to the Head of Service which had been charged, and be debited against the Officer to whom the over-issues had been made, in a special account to be raised in the Books of the Military Accountant; but this will not affect the eventual liability of the Paymaster to make good the amount of any retrenchment which may prove irrecoverable from the Officer who overdraw the money.

the Receiving Officer or some other Personal Head of Account being debited in the Military Books.

46. It is proposed to entrust the Departmental Examiners with the adjustment of the outstandings against Disbursing Officers on account of the Advances and Departmental Remittances above referred to. The extent of the liabilities and unadjusted balances, under these Heads, will depend on their exertions in causing the prompt adjustment of the Advances and Departmental Remittances by the Executive Officers.

47. The Examiners will receive detailed Statements showing the monthly progress of the realizations of the recoverable items, and the totals will be communicated to the Military Accountant for record in the Military Books.

48. I would suggest, for your consideration, whether the item "Advances," especially in the case of Commissariat Expenditure, could not be confined within smaller limits than hitherto, provided measures were adopted for charging directly, as expenditure against the Grant, sums advanced for a defined service, or on account of goods supplied, for which sufficient vouchers can be submitted at the time; but this is a matter of detail which I desire to leave to your own discretion, feeling certain that you will see the importance of removing every obstacle from the Military Accounts tending to prevent the record of the year's audited expenditure from agreeing with the year's actual Cash disbursements.

49. In conclusion, I would observe that, by the arrangements now proposed, the monthly Accounts of Disbursing Officers would open and close with Cash only, and the Military Accountant would experience no difficulty in preparing, for submission to this Office, the Statements of Receipts and Charges appertaining to the new official year, independently of closing the Military Books of the year last expired.

No. 465½E, dated 11th August 1866.

*From—COLONEL A. BROOM, Controller General of Military Expenditure,
To—The Controllers of Military Accounts, Calcutta, Madras, Bombay.*

In continuation of this Office letter No. 459½E, dated 9th instant, I have the honor to request that you will be good enough to render, either with your last Monthly Statement of Receipts and Charges for the Annual Account of Expenditure, or within a month from the date of its transmission, AN ANNUAL ACCOUNT (as per Form annexed) showing the sums expended, compared with those provided under the several Grants of the Military Budget Estimate of the year, and the savings and deficiencies upon each Grant.

2. In the Explanatory Statement attached to this account, you will, moreover, exhibit the expenditure under each of the subordinate heads of Service into which the Grants are divided, contrasted with the sums estimated for each; the excess of Estimate or of Expenditure, as the case may be, being shown in their respective columns under each subordinate head, and the causes of variation being also stated against each head.

3. The account will be prepared from the record of expenditure in the Annual Books of the Military Department of your Presidency, the details corresponding with the particulars furnished in the Monthly Statements of the year previously rendered to, and consolidated in, this Office for incorporation in the Finance Accounts of India.

4. In the Specimen Form of the account annexed for guidance, the examples given, although taken from the Bengal Military Estimates, indicate sufficiently what the account is required to exhibit from the other presidencies.

G. G. O. No. 197, dated 7th March 1864. 5. This Return is intended to supersede the "Annual Appropriation Audit" prescribed under the Government Order marginally noted.

6. It is to be understood that the expenditure of the year is to be contrasted against the Budget Grants, and not with the Revised or Regular Estimate.

7. To enable you to furnish a complete analysis of the causes of diminished or excess charges compared with the Estimates of the year, it will be necessary for you to keep in your Office a strict record of the expenditure authorised by Government to be defrayed, but for which no provision has been made in the Budget Estimate, and to be in a position to state whether savings have been made or may be anticipated in the Grant of the same Department to cover the additional expenditure sanctioned.

8. You will also be able to obtain from Heads of Departments, offices and others, such information as will enable you to furnish the particulars which this form requires.

9. Should an extra charge be sanctioned, or any measures be contemplated which do, or are likely to, involve a liability in excess of the Grant, it will be your duty to bring the same to the timely notice of Government, and, if necessary, to report whether savings are feasible upon other Grants in the Estimate from which the extra expenditure can be defrayed.

10. Under the system of compilation which now obtains, and the prompt consolidation of the transactions of the several Departments in the Office of the Military Accountant, you will have immediately at your command the state of the expenditure under any item of the Grants, to enable you to afford this information to Government.

11. I am to request that, if the measures sanctioned during the year be of sufficient magnitude to cause excess requirements beyond the aggregate of the general Grants, a statement of the case should be submitted to this office; and provided Government in the Military Department considers it desirable, an application will be made to the Financial Department,

with which Department the issue of extra Grants entirely rests, to grant a supplementary assignment to meet the probable demands until the end of the financial year.

12. Should a supplementary Grant be accorded, the amount will be added at foot of your Annual Account, as shown in the form, the number and date of the Financial Resolution being cited with the entry.

13. Excepting, however, in the extreme cases before mentioned, when the probable outlay beyond the amount provided in the Budget Estimates is likely to disturb the cash requirements of your Presidency, the application to Government in the Financial Department will be deferred until the final completion of your accounts of the year, *i.e.*, until the transactions appertaining to the Military Department of the Presidency concerned have been posted into the Journal and Ledger, and the Annual Account received in this office.

14. I shall then have the means of knowing whether the audited expenditure upon the aggregate Grants has been found to exceed the Budget assignment of the year, to any and what extent, as well as the circumstances which have caused the excesses, so that, if necessary, I may move Government in the Military Department to obtain a supplementary allotment with a view to cover the deficiencies upon the aggregate Grants.

15. Any unexpended balance or savings on the Budget assignment of the year, as shown in your Annual Account, will lapse and will be surrendered; this will also form the subject of a report to Government from this Office.

16. Transfers of items from one Grant to another, which are admissible only under the sanction of the Military Department, when the character of both heads of charge is similar, will not be adjusted on the Books, but will be noted, with the number and date of the authority for the transfer, on the Explanatory Statement attached to the Annual Account in the manner indicated on the form.

17. The particulars of the Receipts and Recoveries, on account of Military Services credited to Revenue during the Official year last expired, will be furnished to this Office, in the form annexed, not later than the 30th September.

18. Full details will be given in every case of the cause of variation between the actual receipts and recoveries, and the sums estimated in the Explanatory Statement attached.

19. I shall also require a Statement of the balances on the Personal and General Ledger arranged in classes, as in the form annexed, at the period of finally closing the Annual Account.

20. In addition to the Personal Balances on the Military Books, I shall require in detail the sums outstanding under the heads marginally noted subordinate to "Advances Recoverable."

21. In conclusion, I beg to inform you that the submission of the Annual Journal and Ledger, to the Civil Department, should be discontinued from the year 1864-65, in which the new system of accounts was first introduced in that Department.

PRESIDENCY.

ANNUAL ACCOUNT SHOWING THE SUMS EXPENDED, COMPARED WITH THE SUMS PROVIDED UNDER THE SEVERAL GRANTS IN THE MILITARY BUDGET ESTIMATE OF THE _____ DEFICIENCY IN THE YEAR ENDED ^{SIXTH APRIL} ~~SIXTH MARCH~~ 186 , AND THE SAVING OR DEFICIENCY UPON EACH GRANT.

Grant.		EXPENDITURE, 186 -6 .	GRANT, 186 -6 .	SAVING.	DEFICIENCY.	Reference to Page of Explanatory Statement.
	EFFECTIVE SERVICES.					
1	ARMY AND GARRISON STAFF ...					
2	ADMINISTRATIVE STAFF ...					
3	REGIMENTAL PAY, ALLOWANCES, AND CHARGES ...					
4	COMMISSARIAT ESTABLISHMENTS, SUPPLIES, AND SERVICES ...					
5	STUD AND REMOUNT ESTABLISHMENTS, SUPPLIES, AND SERVICES ...					
6	CLOTHING ESTABLISHMENT, SUPPLIES, AND SERVICES ...					
7	BARRACK ESTABLISHMENTS, SUPPLIES, AND SERVICES ...					
8	ADMINISTRATION OF MARTIAL LAW ...					
9	MEDICAL ESTABLISHMENTS, SERVICES, AND SUPPLIES ...					
10	ORDNANCE ESTABLISHMENTS, STORES, AND CAMP EQUIPAGE ...					
11	ECCLESIASTICAL ...					
12	EDUCATION ...					
13	SEA TRANSPORT CHARGES ...					
14	MISCELLANEOUS SERVICES ...					
15	VOLUNTEER CORPS ...					
	NON-EFFECTIVE SERVICES.					
16	REWARDS FOR MILITARY SERVICES ...					
17	RETIRED OFFICERS ...					
18	MILITARY PENSIONS ...					
19	WIDOWS' PENSIONS AND COMPASSIONATE ALLOWANCES ...					
20	SUPERANNUATION PENSIONS AND GRATUITIES ...					
	SUPPLEMENTARY GRANT under the provisions of the Resolution of Government in the Financial Department, No. _____, dated _____					
	TOTAL Rs. ...					
		TOTAL SAVINGS Rs. --				
		TOTAL DEFICIENCIES Rs. --				

Dated at _____ }
of _____ 186 . }

Controller of Military Accounts.

PRESIDENCY.

Explanatory Statement of the Sums expended "more or less" than those estimated under each of the Sub-Divisions of the Grants included in the foregoing Statement, together with the causes of variation between the Expenditure and the Estimate.

Heads of Service.	EXPENDITURE, 186 -6 .		ESTIMATE, 186 -6 .	Less than Estimate.		More than Estimate.		CAUSES OF VARIATION.
	Rs.	A.	Rs.	Rs.	A.	Rs.	A.	
GRANT L—ARMY AND GARRISON STAFF.								
COMMANDER-IN-CHIEF IN INDIA—								
Salaries and Establishments					
Contingent Charges					
Tour of Commander-in-Chief (exclusive of Ordnance and Transport Charges)					
ADJUTANT GENERAL'S DEPARTMENT—								
Salaries and Establishments					
Contingent Charges					
Printing Charges and Contingencies					
Deputy Adjutant General, Royal Artillery, Establishment and Charges					
QUARTER MASTER GENERAL'S DEPARTMENT—								
Salaries, Establishment, and Office Allowance to Divisional Officers					
Contingent Charges					
Military Store-keeper, Establishment, and Charges					
ARTILLERY INSPECTION—								
Salaries, Establishment, and Contingent Charges					
DIVISIONAL AND BRIGADE STAFF—								
Salaries and Office Allowances					
GARRISON AND STATION STAFF—								
Salaries and Establishments					
Contingent Charges					
HILL SAWATARIA—								
Salaries and Establishments					
Contingent Charges					
MISCELLANEOUS DEPÔTS—								
Salaries and Establishments					
Contingent Charges					
STAFF OF LOCAL FORCES—								
Punjab Frontier Force					
Central India Horse					
Hyderabad Force					
Carried forward					

Explanatory Statement of the sums expended "more or less" than those estimated under each of the Sub-Divisions, &c.,—continued.

Heads of Service.	EXPENDITURE, 186 -6 .		ESTIMATE, 186 -6 .	Less than Estimate.		More than Estimate.		CAUSES OF VARIATION.
	Rs.	A.	Rs.	Rs.	A.	Rs.	A.	
Brought forward ...								
GRANT I.—ARMY AND GARRISON STAFF,—continued.								
BAZAR ESTABLISHMENT—								Rupees.
Salaries and Establishments					Amount of Estimate, as per Column II ...
Contingent Charges					ADD—
STAFF, MISCELLANEOUS—								Transfer from Grant—(specify also Major Head of Grant to which transferred) under authority of Government Resolution No. dated
Soldiers' Institutes—								Rs. ...
Outram Institute, Allahabad					Expenditure, as per Column I ...
Do. Bareilly					Difference (More or Less) than Estimate
Do. Dum-Dum					Rs. ...
Garrison Institute, Fort William					
Contingencies of the Staff					
TOTAL GRANT I, Rs. ...								
GRANT II.—ADMINISTRATIVE STAFF,								
MILITARY SECRETARIAT, ACCOUNT BRANCH—								
Salaries and Contingent Charges					
Temporary Establishment					
PERSONAL STAFF TO GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS—								
Staff of the Governor General					
Do. of the Lieutenant-Governor of Bengal					
Do. do. do. of North-Western Provinces					
Do. do. do. of Punjab					
ACCOUNT DEPARTMENT—								
Controller's Office					
Military Accountant's Office					
Pay Department					
Commissariat and Stud Accounts					
Medical ditto					
Ordnance, Barrack, and Clothing Accounts					
Circle Pay Offices					
Pension Pay Offices					
Assistants on Probation					
TOTAL GRANT II, Rs. ...								

PRESIDENCY.

GENERAL STATEMENT OF THE RECEIPTS AND RECOVERIES ON ACCOUNT OF MILITARY SERVICES CREDITED TO REVENUE IN THE YEAR ENDED ^{ROCK A PILE} 31ST MARCH 186 , COMPARED WITH THE SUMS INCLUDED IN THE MILITARY BUDGET ESTIMATE OF THE PRESIDENCY FOR THAT YEAR.

	Actual Receipts and Recoveries.		Estimated Receipts and Recoveries.	Less than Estimate.		More than Estimate.		Reference to page of Explanatory Statement.
	Rs.	A.		Rs.	A.	Rs.	A.	
REGIMENTAL PAY, ALLOWANCES, AND CHARGES								
COMMISSARIAT ESTABLISHMENTS, SUPPLIES, AND SERVICES ...								
STUD AND REMOUNT ESTABLISHMENTS, SUPPLIES, AND SERVICES								
CLOTHING ESTABLISHMENT, SUPPLIES, AND SERVICES								
BARRACK ESTABLISHMENT, SUPPLIES, AND SERVICES								
ADMINISTRATION OF MARTIAL LAW								
MEDICAL ESTABLISHMENT, SERVICES, AND SUPPLIES								
ORDNANCE ESTABLISHMENTS, STORES, AND CAMP EQUIPAGE ...								
EDUCATION								
SEA TRANSPORT CHARGES ...								
MISCELLANEOUS SERVICES ...								
MILITARY PENSIONS								
TOTAL Rs. ...								
LESS THAN ESTIMATE, Rs. ...								
MORE THAN ESTIMATE, Rs. ...								

Dated at _____

of _____ 186 .

Controller of Military Accounts.

PRESIDENCY.

Explanatory Statement showing in detail the Receipts and Recoveries on account of Military Services credited to Revenue in the year ended
30th April
31st March 186 , compared with the sums included in the Military Budget Estimate of the _____ Presidency for that year, together
with the causes of Variation between the actual Receipts and Recoveries and the Estimate.

	Actual Receipts and Recoveries.		Estimated Receipts and Recoveries.	Less than Estimate.		More than Estimate.		CAUSES OF VARIATION.
	Rs.	A.	Rs.	Rs.	A.	Rs.	A.	
REGIMENTAL PAY, ALLOWANCES, AND CHARGES—								
Discharge Purchase Money								
Unclaimed Balances of Deserters and others								
Hutting Money								
Miscellaneous								
TOTAL Rs. ...								
COMMISSARIAT ESTABLISHMENTS, SUPPLIES, AND SERVICES—								
Proceeds of Sale of Commissariat Provisions and Stores...								
Ditto Malt Liquor								
Ditto Rum and Arrack								
Ditto Commissariat Cattle								
Miscellaneous								
TOTAL Rs. ...								
STUD AND REMOUNT ESTABLISHMENTS, SUPPLIES, AND SERVICES—								
Proceeds of Sale of Stud Cattle								
Ditto of Regimental Cast Horses								
Ditto of Chargers selected by Officers								
Rent of Lands... ..								
Miscellaneous								
TOTAL Rs. ...								

*Explanatory Statement showing in detail the Receipts and Recoveries on account of Military Services credited to Revenue in the year ended _____
186 , &c.—continued.*

	Actual Receipts and Recoveries.		Estimated Receipts and Recoveries.		Less than Estimate.		More than Estimate.		CAUSES OF VARIATION.
	Rs.	A.	Rs.	Rs.	A.	Rs.	A.		
CLOTHING ESTABLISHMENT, SUPPLIES, AND SERVICES.									
Proceeds of Sale of Clothing, &c. ...									
Ditto Necessaries									
Miscellaneous									
TOTAL Rs. ...									
BARRACK ESTABLISHMENT, SUPPLIES, AND SERVICES.									
Proceeds of Sale of Barrack and Hospital Furniture, Bedding, &c. ...									
Recoveries for damaged or deficient Barrack and Hospital Furniture, Utensils, &c.									
Miscellaneous									
TOTAL Rs. ...									
ADMINISTRATION OF MARTIAL LAW.									
Receipts from Regimental and Garrison Prison Funds									
TOTAL Rs. ...									

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[Accts. Pros., Aug. 1864, Nos. 98 to 100.]

REPORT OF THE COMMISSIONERS OF ENQUIRY INTO INDIAN ACCOUNTS
On the system of audit and account now pursued at Kidderpore Dockyard; with suggestions in regard to the mode in which the accounts should, in future, be recorded and audited.

Dated 2nd August 1864.

No. 98.] *From*—Messrs. M. H. FOSTER and H. W. S. WHIFFIN,
To—The Secy. to the Govt. of India, FINANCIAL DEPARTMENT,

We have the honor to transmit herewith, for the information of Government, our Report on the Accounts of the Kidderpore Dockyard.

No. 99.] **REPORT.**

Having personally inspected the accounts kept in the various Establishments at the Dockyard at Kidderpore, and also the Books kept by the Examiner of Ordnance Accounts, who is specially charged with the duty of auditing the Marine accounts, we beg to

Personal inspection of the accounts kept at Kidderpore Dockyard.

offer the following remarks:—

2. As some doubts have been expressed in regard to the expediency of continuing the Dockyard as a Government Establishment, and as there appears to be a general opinion that the work done there could, taking into consideration the cost of the Superintending Establishments, the depreciation of plant, and the interest on the cost of block, be more economically executed by private firms, we will, before we enter upon the question of the accounts, furnish such information as we have been able to collect, as to the relative cost of the work turned out at Kidderpore, and the probable amount that would have been paid had the work been entrusted to a private firm.

3. It is unfortunate that the figures we have to submit refer to the accounts for the year 1862-63 only; the accounts for 1863-64 are not yet completed, and it will be some time before the result of that year's transactions can be ascertained.

Comparisons based on accounts of 1862-63.

Results of the Dockyard working for the year 1862-63.

		Rs.	
Builder and Surveyor's Department.	Amount paid for labor ... ..	...	1,84,775
	Cost of stores consumed in new works and repairs ... ..	...	2,77,998
			4,12,763
Cost of Permanent Establishment ... ..		...	22,344
Passage money ... ..		...	595
Contingencies ... ..		...	842
Half cost of Police ... ..		...	3,720
			26,991, or 6 ⁵ / ₁₀₀ per cent. on labor and materials.
Original cost of Docks		6,60,600	
Machinery of ditto		80,000	
			6,90,000
Interest at 5 per cent. on which amounts to		34,500, or 8 ³ / ₁₀₀ ditto ditto.	
			61,481, or 14 ⁸ / ₁₀₀ per cent.
Steam Factory.	Amount paid for labor ... ..	...	51,935
	Cost of stores consumed in new works and repairs ... ..	...	88,168
			140,103
Cost of Permanent Establishment ... ..		...	24,924
Steam money ... ..		...	1,708
Contingencies ... ..		...	1,247
Half cost of Police ... ..		...	3,720
			41,599, or 29 ⁶ / ₁₀₀ per cent. on labor and materials.
Original cost of Buildings		1,54,000	
Machinery		1,51,000	
			2,05,000
Interest at 5 per cent.		15,250, or 10 ⁸ / ₁₀₀ ditto ditto.	
			66,844, or 40 ⁴ / ₁₀₀ per cent.

5. The cost of the Permanent Establishment was, so we are informed, exceptionally high during the year 1862-63, as certain Supernumerary Engineers, originally engaged for service afloat, were, on the sale of the vessels to which they were about to be appointed, attached, as Mechanical Engineers, to the Steam Factory.

Cost of Establishment of the Superintending Engineer abnormal during the year 1862-63.

6. If the expenditure of the two Establishments, <i>i. e.</i> , the Builder's and the		Rs.
Engineer's, be added together, it will be found		
Total expenditure of the Builder's and Engineer's Departments during 1862-63.	that the amount disbursed for labor was ...	1,86,710
	and for materials	3,66,161
		5,52,871

and that the cost of the permanent Establishments of these two Departments was Rs. 68,555, or at the rate of 12·4 per cent. on the total cost of the labor and materials.

7. The Artificers and laborers employed in the Dockyard are engaged at petty contract rates, or on monthly or daily hire; there is no reason to apprehend that the amount paid, in either the one case or the other, exceeds the rates paid by private firms: we may assume, therefore, that no saving would have been effected, in regard to the labor, had the work performed in the Dockyard been executed elsewhere.

8. In regard to materials, those consumed at Kidderpore are obtained from Europe direct, or locally, through the intervention of the Commissariat Department: there is every reason to believe that the stores, so obtained, are supplied at rates quite as moderate as those that would have to be paid by a private firm for similar articles: this being so, it may therefore be assumed that no saving, on the amount expended for materials at Kidderpore, could have been effected had the work been done at a private establishment.

9. In attempting, therefore, to arrive at the approximate amount that would have been paid to a private firm, for the repairs executed at Kidderpore during the year 1862-63, we will assume that so far both as regards the cost of labor and materials are concerned, the Government Establishment was not placed at any disadvantage with the private trader: the account may therefore be thus stated:—

	Rs.
Labor	1,86,710
Materials	3,66,161
	5,52,871
Add 50 per cent. to cover cost of Superintending Establishment; interest on Capital; wear and tear of plant; and <i>profit</i>	2,76,480
	8,29,351
To this amount must also be added the charge that would have been made for the <i>hire of Docks</i> , had the vessels been repaired at a private Establishment; this charge would, taking the number of days the vessels were in Dock at Kidderpore, have amounted, at the Calcutta Docking Company's rates, to	78,700
Total estimated charge had the repairs been executed by a <i>private firm</i>	9,08,051

Cost at Kidderpore Dockyard.

10. The cost at Kidderpore was as under:—

Labor and materials	5,52,871
Total cost of the Builder and Surveyor's and Steam Factory Establishment	68,585
	6,21,456

To this sum must be added, 1st, interest on Capital; 2nd, a percentage for the depreciation on block.

Interest, at 5 per cent., on the original cost of lands, buildings, and machinery: thus, we have been informed, is as follows:—

	Rs.
Docks	6,60,000
Machinery of ditto	80,000
Steam Factory Buildings	1,54,000
Machinery	1,51,000
	9,95,000, at 5 per cent.
	49,750
Depreciation on Dock machinery valued at	80,000
Steam Factory Buildings	1,54,000
Ditto Machinery	1,51,000
	8,85,000, at 5 per cent.
	44,250
	6,87,956

11. The conclusion we arrive at is, that whilst the money expenditure at Kidderpore for the year 1862-63, was only Rs. 6,21,456, and the total charge, including interest on the gross Capital and a fair percentage for the depreciation of plant, was Rs. 6,87,956, the minimum sum that would have been paid to a private firm would have been no less than Rs. 9,08,000, or Rs. 2,80,044 more than the total cost, including interest and depreciation, at the Government Dockyard at Kidderpore.

We have not in this calculation included any charge for the Store-keeper's Department: we assume that were the Government vessels repaired in a private yard, the supply of stores to vessels afloat would continue to be made by the Naval Store-keeper; neither is any charge included for the Superintendent's Department; if, however, the total amount of these two Establishments be charged to the productions of the Yard, it would reduce the sum of Rs. 2,20,044 by Rs. 40,320 per annum, or, thus leaving, after charging the *total* expense of every Department of the yard to the production of the year, no less than Rs. 1,79,724 in favor of the Kidderpore Establishment.

12. In assessing the amount that would have been added by a private firm for general Reasons for charging 50 per cent. charges and profit at 50 per cent. on the total sum paid for labor and materials, we have been guided by the following facts:—

1st.—The inspection of an actual claim preferred by a Private Company for docking and repairing one of the Government vessels: the charges are considerably more than 50 per cent. beyond the Kidderpore rates.

2nd.—A comparison of the rates charged by the Calcutta Docking Company, as per their printed table, for labor: the rates for Joiners, Carpenters, and Broomadar Mistries being 12 annas a day, and for workmen in these trades, 8 annas a day: the rates actually paid at Kidderpore being for the former from 5 annas 4 pie to 6 annas 5 pie, and for the latter from 4 annas 3 pie to 4 annas 10 pie per diem.

13. In regard to the sum inserted as the probable amount that would have been paid for docking, we have based the calculation on a printed Cost of docking at private yard. Tariff of the rates and charges of the Calcutta Docking Company, as fixed by the Dock Association, and as a specimen of these rates we select the following:—

Dock hire for Iron Vessels.

	Rs.
Under 500 tons	600
From 500 to 1,000 tons	1,000
Above 1,000 tons, for every ton in excess, one Rupee per ton, additional.	

This includes all the ordinary charges for docking, undocking, pumping, and shoring, with the use of the Dock for *four* days only.

Dock Hire.

	Rs.
From fifth to ninth day, inclusive, per diem	50
9th to 16th day, inclusive, per diem	100
17th till the vessel vacates, per diem	150

The charges are for the *hire* of the Docks only, and do not include the cost of scraping the bottom. A commission of 10 per cent. is also charged on the value of all paints, oils, &c., used on Iron Vessels.

14. It appears to us, therefore, that, so long as the Government continue to employ its own vessels, either in the Transport or Pilot Services, their repair and maintenance can be effected at less cost at Kidderpore than at a private yard: the question in regard to the policy of the Government employing its own vessels is beyond the scope of our enquiry; all that we venture to assert is, that it appears to us desirable, judging from the results of the working of the Dockyard at Kidderpore, to continue it until such time as the Government vessels are superseded by private ships, or the number of vessels shall be so reduced as to render it undesirable to maintain a separate Government Establishment for their repair.

15. We have entered thus fully on the expediency of continuing the Dockyard, because if it be determined either to sell it or to let it on a long lease, it will be quite unnecessary to touch upon the question of the accounts now kept in the several branches of the Establishment.

16. If the Dockyard is to be continued, it could be doubtless made more profitable to Government were the Establishments reorganised and the accounts remodelled. We have examined the latter with much care, and we found them unsatisfactory in every way; they are elaborated in unnecessary detail, and furnish, in an imperfect state, information kept in a complete form by the Examiner: the Wages Rolls are complicated, and do not furnish satisfactory checks against fraud; and finally, the accounts, both in the Office of the Builder and Surveyor and in that of the Superintending Engineer, are considerably in arrear.

Departments of the Dockyard;

17. The Dockyard Establishment is divided into the following separate Departments:—

Superintendent.	Steam Factory.
Naval Store-keeper.	Surveyor and Builder.

There is also, subordinate to the Naval Store-keeper, a Sail-maker's Department.

operations performed in each;

18. The operations performed in the Yard are of the most simple character; they consist—

- 1st.—Of supplying vessels afloat with stores for consumption.
- 2nd.—Repairs to vessels.
- 3rd.—Repairs to machinery.
- 4th.—Construction of vessels.

19. The following is a brief description of the course followed in regard to each of these transactions:—

1st.—The Officer commanding a vessel indents for such stores as he requires on the Superintendent, who having carefully examined the demands, sanctions the issue of such articles as, in his opinion, are necessary for the use of the vessel: the indent is then sent to the Examiner of Marine Accounts for examination (the Office of the Examiner is in Bankshall Street): the Examiner compares the indent with the approved quantities of articles sanctioned for each vessel, with the log-books, and with other records furnished to him: he then, if he be satisfied with the accuracy of the demand, returns it to the Superintendent of the Dockyard, who transmits it to the Naval Store-keeper as his authority to issue the stores.

20. Any vessels belonging to the India Marine reported as requiring repairs, is, under an order from the Master Attendant, surveyed by the Builder and Surveyor and the Commander of the vessel: an estimate of the cost of repairs is furnished, through the Superintendent, to the Master Attendant, who passes the necessary orders thereon: the original Survey Report is retained by the Master Attendant, and a copy is furnished to the Naval Store-keeper, who calculates the quantity of stores required for the repair: the Builder and Surveyor indents upon the Store-keeper *direct* for such stores.

21. A somewhat similar course as that pursued in regard to the repairs of hull, &c., is adopted in regard to repairs of machinery: the survey, however, being made by the Superintending Engineer.

22. No new work of any magnitude is commenced unless the special sanction of the Supreme or Local Government has been obtained, and an estimate of the expense furnished, by the Builder and Surveyor or the Superintendent of Machinery, to the Master Attendant, through the Superintendent.

23. It would be imagined that from the nature of the transactions in the several Establishments, that the books and records are of a simple and intelligible description: this, however, is far from the case, as an attempt is made, in each Establishment, to give information in regard to the sum that should be charged to each ship or Department to which stores have been furnished, or on whose account repairs have been executed: in attempting this, books have been established by those who have not been accustomed to accounts of this nature, and the consequence is, as might be expected, confusion and arrear.

24. Notwithstanding the very limited amount of work that is now in course of execution at the Dockyard, there is, as will be seen on reference to Appendix No. 1, a most liberal Establishment, but which does not appear to be sufficient to cope with the present system, or to be able to keep the books posted up to date; for we find that the Store Ledger of the Naval Store-keeper has only been posted to December last; and that the arrear in the books kept in the Steam Factory is very considerable.

25. We will not attempt to describe the various books kept, and Returns furnished, by the Officers at the head of the several Departments, but we will, as concisely as possible, state what, in our opinion, should be the course of action in regard to the account required for the supply of stores and the execution of repairs, and the records that should be kept to show the distribution of the charges against the several ships, or Department, for which work has been performed.

26. We have no objection to offer to the present arrangement in regard to the distribution of the work performed in the Dockyard; we will assume, therefore, that the Establishment of principal Officers will consist of—

Superintendent.
Store-keeper.
Builder and Surveyor.
Engineer (Mechanical).

Duties of the Superintendent.

27. It appears to us that the duties that should devolve upon these Officers should be as under:—

SUPERINTENDENT.

General charge of the entire Establishment, subject to the directions of the Master Attendant.

Issuing directions to the Builder and Surveyor and Engineer in regard to work to be performed.

Examination of Indents and directions to Store-keeper to issue stores.

Preparation of Indents for Europe Stores; making contracts for the supply of stores locally; making all cash payments in the entire Establishment; and keeping a general Cash Account.

Compilation of Budget Estimate for Dockyard requirements.

General correspondence connected with the Dockyard.

STORE-KEEPER.

Duties of the Store-keeper.

28. This Officer should have the entire charge of all stores and raw materials.

He should keep a Store Ledger, in quantities only, of the receipts and issues of stores; should make issues, to vessels afloat, on the approved indents that will be forwarded to him by the Superintendent.

He will issue stores to the Builder and Surveyor and the Engineer, for approved orders, on the requisitions of those Officers.

The examination of all stores supplied by the Commissariat or other Departments, by contract or through other channels, will be entrusted to him, and it will be his duty to report to the Superintendent the condition of such stores.

He will keep a Muster Roll and Pay List of all persons employed in his Department; and, finally, he will only keep such accounts and render such Returns as may be decided upon by the Superintendent or Master Attendant, and no books should be opened without the approval of the former Officer.

BUILDER AND SURVEYOR.

29. He will survey such ships as he may be directed to inspect, and he will report their state, through the Superintendent, to the Master Attendant.

Duties of the Builder and Surveyor.

He will carefully prepare Estimates for all repairs that may be required, and he will show the probable cost under "labor" and "materials." He will keep Muster Rolls and Pay Lists of all persons employed under him.

He will keep such books and prepare such Returns as may be hereafter described.

ENGINEER.

Duties of the Engineer.

30. The duties of the Engineer may be described in almost the same words as those of the Builder and Surveyor.

31. We will now proceed to describe the general arrangements which we consider would tend to the efficient working of the Dockyard Establishment.

* General arrangement.

SUPERINTENDENT.

32. The general charge of the Establishment would be subject to such directions as the Superintendent might, from time to time, receive from the Master Attendant, who is the head of the Marine Department.

General charge of the Establishment.

33. The course that should be pursued in regard to issuing directions to the Builder or Engineer should be as follows: the Master Attendant should order the Builder or the Engineer to survey and report upon any vessel that requires repair: the report should be made in conjunction with the Commander of the vessel, and should be accompanied by a carefully prepared Estimate of the amount that would be required to make good the defects, either of hull or machinery, as the case may be: the Report and the Estimate would be submitted to the Superintendent, who would at once forward it to the Master Attendant, with any observations he may have to offer: it would be unnecessary for the Superintendent to keep any copy of the documents forwarded to the former Officer; it would be quite sufficient, should he be satisfied with the Report and Estimate, merely to write "I concur," or "passed;" sign the original, and send it to the Master Attendant, who, if he approve, would return the original to the Superintendent, who would pass it to the Builder or Engineer to be complied with.

34. The Superintendent should keep a registry of all orders for work to be executed by the Builder or the Engineer; and it will be his duty to see that such orders are promptly performed.

Registry of orders.

No work to be commenced without sanction.

35. He should see that the Builder or Surveyor do not commence any work or repair unless his sanction, or that of the Master Attendant, shall have been obtained.

36. It has hitherto been the practice for Commanders of vessels to submit to the Superintendent, periodically, Indents for such stores as may be required: these documents were, we are informed, carefully examined in his Office, and the greatest care was observed in regard to disallowing any article not sanctioned by, or in excess of, the regulations: notwithstanding this scrutiny, it was deemed necessary to send the original indent to the Examiner of Marine Accounts, for, as it was called, his "pre-audit;" and no Indent was, as a rule, complied with unless it bore on the face of it evidence of having been through the Examiner's Office: this arrangement is, in our opinion, faulty from several points of view.

1st.—It dilutes the legitimate responsibilities of the Superintendent.

2nd.—It involves delay; and, frequently, embarrassment to Commanders of vessels.

3rd.—It causes additional and unnecessary work, both in the Office of the Examiner as also in the Offices of the Master Attendant and the Superintendent of the Dockyard, both of which Officers have to furnish the Examiner with copies of Returns in their respective Offices, to enable him to check the Indents.

37. The Indents should be sent, on a printed form, in duplicate, direct to the Superintendent; he should carefully examine them, and he should be held responsible that no issues are made, except under very special circumstances, in excess of the established and approved proportion of stores sanctioned for each vessel. If he approve of the demand, it should not be "enfaced," but the word "approved" should be written, under which the Superintendent should sign his name; this would be the authority to the Store-keeper to issue the store. The duplicate Indent would be retained by, and filed in, the Office of the Superintendent, and he should see that all Indents are promptly complied with, or a satisfactory explanation is furnished as to the cause of the non-completion of any demand.

38. If this course be approved, there would be no necessity to pass the Indents to the Examiner, and the practice should be at once discontinued, and instructions should be issued in regard to the discontinuance of furnishing that Officer with copies of Survey Reports, not necessary to send them to the Examiner.

Day Books, and other documents, by which alone he was enabled to check the Indents.

39. It was the practice, within the last year or two, to obtain all "Marine stores" from England. Under the impression, however, that the stores could be obtained locally equal in quality to those obtained from England, and at a less cost, the arrangement was discontinued, and all stores, excepting chains and cables, are now obtained locally, through the intervention of the Commissariat Department. The result of this change has not been satisfactory; it has led to an increased expense; the stores cannot be so thoroughly depended upon as those obtained direct from England, and important work is frequently delayed in consequence of the Commissariat Officer not being able to obtain the description of store required by the Builder or Engineer: the stores are of a peculiar nature, and require to be selected by some one accustomed to the articles required in building or equipping ships.

40. It is desirable, as far as possible, to obtain all supplies required by the Government through one channel, and that channel, it has been ruled, shall be the Commissariat Department; it is considered that the stores being obtained through this agency, competition in the market between the various members of the service is avoided: this is true, but in dealing with a Department where the stores consumed are not generally used in other Government Establishments, and considering also the great importance in regard to the quality of the material used in the fittings of a ship and its engines, and bearing in mind that attached to the Indian Establishment in England there is a most efficient Department for the examination of stores sent to this country for the Government Establishments, it becomes a question whether the system in use a few years ago should not be reverted to, and Marine stores, as a rule, obtained on indent direct from England. We suggest this course; and if this be conceded, we would further suggest that in regard to those few articles that would, in that case, be required to be obtained locally, the intervention of the Commissariat Officer should be discontinued, and in lieu of such intervention, the Superintendent should be allowed to obtain such articles from approved firms.

41. It is essential that the stores consumed in the Marine Department should be of an unimpeachable quality; when, therefore, stores are required, of which there is no stock on hand, and of which it is necessary to obtain an immediate supply, we would suggest that the Superintendent be empowered to obtain them by limited competition: by limited competition we mean the selection of a certain number of well-known and respectable firms or traders who supply the articles required: they should be invited to tender on a certain day, and these tenders should be opened in the presence of the Superintendent, the Builder, or the Engineer; the lowest tender should, as a rule, be accepted; the stores supplied should be inspected by the Builder or Engineer, and on their certificate, payment should be made: this should be prompt, and no unnecessary or litigious obstacles should be thrown in the way of a speedy liquidation for supplies furnished.

42. All claims for supplies should be settled monthly; the Contractors should send in his Invoice on a printed form, in duplicate; one copy should be certified by the Officer who has received the stores, and the duplicate should be forwarded, together with the original claim, to the Officer by whom payment is made, who would transmit such duplicate to the Examiner of Marine Accounts, whose duty it would be to see that the stores paid for had been duly brought on the charge of the Officer whose certificate is attached to the original claim.

43. The theory of the system now prevailing is, that the Superintendent should make all cash payments. The practice is, that he entertains on his Establishment a Cashier, but the actual payments are made by the several Departments, each of which keeps a separate Cash Account: the Cashier attached to the Superintendent, although in receipt of Rs. 80 a month, is scarcely more than a peon; his duties being limited to taking the approved and audited bills to the Civil or Pre-

Intents to be examined by the Superintendent;

Formerly the practice to obtain all Marine stores from England;

that course should be reverted to, and the

intervention of the Commissariat to be discontinued.

Contract of supply of stores locally.

Stores should be obtained by tenders from respectable traders.

Claim to be settled monthly.

Present duties of the Cashier.

sidency Paymaster, getting the cheques cashed at the Bank of Bengal, and handing the total sum over to the Superintendent; this Officer pays it to the Department in whose favor the bill has been drawn. The payments by the Cashier, even including the transactions alluded to, do not exceed two or three a week.

44. It appears quite unnecessary to entail upon the Departments of the Naval Store-keeper, of the Builder, or of the Engineer, the custody of public money or the duty of keeping a Cash Account; all that these Departments should be called upon to do is to certify to the claims anterior to payment; a General Cash Book should be kept in the Superintendent's Office, and it should be his duty to make all payments for wages or contingencies: the claims of Contractors for supplies, or for the fixed Establishment of the several Departments, should be submitted, by the Superintendent, direct to the Deputy Auditor and Accountant General, Bengal, or to such Officer to whom the claims and accounts of the Marine Department may be hereafter referred; and such Officer will, after duly examining the same, transmit, in the case of Contractors, an order of payment on the Bank of Bengal direct to the supplier of the stores; and in the case of bills for fixed Establishment charges, he will transmit such order to the Superintendent of the Dockyard, who should at once disburse the sum to the parties entitled to it.

45. In regard to contingent expenses and claims for small amounts, the Superintendent should be empowered to pay them on his own responsibility, and to include the same in his monthly account to be rendered to the Deputy Auditor and Accountant General of Bengal, or to such Officer as may be hereafter determined on.

46. To enable the Superintendent to meet these claims, he should be granted an advance of such sum as he may, from time to time, require: the advance should be equal to the average monthly expenditure on this head.

47. The payments for wages in the several Departments should be made in the following manner: Muster Rolls and Pay Lists, to be hereafter described, should be kept in each Department: these should be made up to the end of each month, and should, as soon after that period as possible, be sent to the Superintendent's Office, and should at once be examined by the local Auditor, whose duties will also be hereafter described; the amount due to each Department should then be included in a General List, and an application should be made by the Superintendent to the Deputy Auditor and Accountant General of Bengal, or to such Officer who may be hereafter determined on, for the aggregate amount due to the several Departments.

48. The aggregate amount due for wages having been received by the Superintendent, he should issue to the Cashier such portion as would enable him to make arrangements for the payment of the work-people employed in each Department; the Pay Lists should be handed over to him, and he should then issue the amount due to each man. The payment should be made in the presence of the head of the Department, i. e., the Store-keeper, Builder, or Engineer, as the case may be, and the Superintendent, or the Examiner of the Marine Accounts, or his accredited Agent.

49. Any amount that is not paid should be returned to the Superintendent, and credit should only be taken in the Cash Account for the sum actually paid by the Cashier, a Register of all claims on account of wages outstanding at the end of each month should be kept by the Superintendent, and any payment that is made in a subsequent month, must be supported by the workman's receipt, and a reference should be made to the wages list in which the amount originally appeared.

50. The claims upon the Port Fund, Public Departments, private individuals; or Public Companies, will consist of demands for the value of stores supplied or for services performed. These claims should be made up in the Office of the local Auditor from the original indents supported by the receipt for the stores supplied: these will be furnished by the Store-keeper, who should insert on the indents the rate at which the stores have been issued. In regard to the claim upon the Port Fund for stores supplied or services performed, a general statement should be prepared by the local Auditor each month, and it should be forwarded to the Deputy Auditor and Accountant General, Bengal, or to such Officer as may be entrusted with the final audit of the Accounts. This Officer would, after the claims had been duly examined by the Officer responsible for the Port Fund, make the necessary arrangements to transfer the total amount from such Fund, to the credit of the Imperial Government.

51. No Indent from a Public Department should be approved by the Superintendent of the Dockyard, unless it is clearly shown that the stores demanded can be conveniently spared; that the Department making the Indent cannot obtain a supply through the ordinary channel; or that it would be more economical to obtain the supply from the Marine Department; in either of which cases the Superintendent will approve of the Indent, and, when it shall have been complied with, a statement of the stores issued, or services performed, should be forwarded, by the local Auditor, to the Officer charged with the final audit of Marine Accounts, to adjust the transaction with the Department concerned, in accordance with existing regulations.

52. Indents for stores, or for work to be performed on account of Public Companies or private individuals, should only be approved by the Superintendent after he has fully satisfied himself that the same can be complied with, without prejudice to the Public Service: it should also be understood that all claims for stores supplied and services performed are to be liquidated promptly; the local Auditor would prepare these accounts from the Store-keeper's, Builder's, or Engineer's Returns, as the case may be, and the Deputy Auditor and Accountant General should be held responsible that all such claims are speedily settled.

53. The estimate of the probable charges for the Dockyard Establishments and for the supplies required for the ensuing year should be compiled by the Superintendent and should be forwarded by him to the Master Attendant, at such time as that Officer may direct; the Estimate for the fixed establishment is readily compiled, but that for the stores required, whether from Europe or from local sources, demands the careful supervision of the Superintendent: he should be furnished by the Builder and by the Engineer with a list showing the quantity, based on the expenditure of the current year, of the articles that they may require for the due performance of the ordinary repairs, for the construction of new vessels, or for the supply of vessels afloat: the stores comprised in this list should be carefully examined with reference to the quantity of the several articles on hand, and, as far as possible, information should be furnished as to the price at which such stores could be obtained locally. The Superintendent having satisfied himself as to the quantity of each description of stores required for the ensuing year, for each Department, should compile the Returns furnished to him into two Statements, the one showing the articles to be obtained from England, and the other the articles that can be obtained locally; these Statements should be furnished to the Master Attendant, the former in sufficient time for due transmission to England.

54. The correspondence of the Department should be carried on by the Superintendent, the letters addressed to him by the Master Attendant being in very many instances of a formal character, such, for example, as ordering the survey of vessels, the approval of Estimates for repairs, &c., should be on printed forms; in those cases where the opinion of the Departmental Officers is required, the original documents should be forwarded to them, and the information they furnish should be written thereon; all written communications between the Superintendent and the Yard Officers should be in the shape of Memoranda only: enquiries should be written on half sheets of letter paper folded in half-margin: the enquiry should be written on one-half of the paper, and the reply on the other.

55. The number of letters received by the Superintendent during the first six months of the present year was about 2,400; and number of letters despatched in the same period was 2,700; a very great number of these are from and to the Master Attendant, and by adopting the course proposed in the previous paragraph much time will be saved. Abstract copies of letters despatched are entered in books; this is unnecessary, as the rough drafts are quite sufficient if a careful register of them be kept: in regard to letters received, all that is required is to keep an index thereof under names, and so much of the subject as can be abstracted in one line.

STORE-KEEPER.

56. This Officer should, as far as possible, be relieved from all accounts; his transactions should be of the most simple character; he should assist in the examination of all Marine stores received from England; those that are passed as fit for service should be brought on his charge in quantities only.

The duties of the Store-keeper have been briefly described in paragraph 28; there are, however, one or two points connected with these duties to which we wish to advert.

57. The *Store Ledger* should be divided into two parts: Part 1 to contain the record of raw materials and of those articles of which the receipts and issues are of frequent occurrence; Part 2 to contain the record of plant, tools, and of those stores of which the receipts are limited to a few entries in the quarter. *Store Ledger No. 1* would continue the present arrangement in regard to having the receipts on one side of the Book and the issues on the other, the first entry on the Dr. or Receipt side would be the balance of the several articles on charge at the commencement of the year; to these quantities would be added the receipts from all sources during the current year: on the Credit side would be entered all issues, whether for service of ships afloat, or to the Manufacturing Departments of the Yard: the Ledger should be balanced every three months; this should be done by merely drawing a line under the last entry on both sides of the Ledger, casting the various columns and placing the result of the Credit side under the total of the corresponding

articles on the Dr. side: the difference is the balance in stock, and forms the first entry on the commencement of the second three-monthly period: we consider this explanation necessary, as the Store-keeper's Ledger is now balanced on a system peculiar to the Kudderpore Establishment, and intelligible to those only who have obtained the key to its solution.

58. The stock shown by the Store Ledgers should frequently be tested by an actual stock-taking: this should be done by the Store-keeper, who should select a certain number of articles and should himself see that the quantity shown by the Store Ledger agrees with that actually in store: by taking a few of the principal articles every week, a great check over the whole quantity is obtained. Orders should be given at once on this important question, as we were informed by the Naval Store-keeper, in answer to our enquiries, that no article of store had been verified by an actual stock-taking since 1st April 1861. We cannot resist an expression of surprise at this omission, as we find that in addition to a most liberal Office Establishment, the Store-keeper has the services of an Assistant Store-keeper, a Conductor, and a Sub-Conductor, whose duties are entirely confined to the Store Godowns.

59. By constantly visiting the stores in his charge, the Store-keeper would have the opportunity of seeing whether any of the articles were redundant in quantity, of obsolete pattern, or were so deteriorated as to render it necessary to remove them from Stock, in either of which cases he would, say every three or six months, prepare a list and submit it to the Superintendent, who would, if the quantities be sufficiently large, order a Board of Survey to assemble; those articles that are by such Board recommended to be disposed of should be sold by Public Auction; the stores should, on being made over to the auctioneer, be written off in the Store Ledger.

60. The Store-keeper has hitherto kept Day Books of all his receipts and issues: these are unnecessary, and should be at once discontinued; the entry in the Store Ledger should be made from the original Indents of stores issued or Invoices of stores received: in regard to the issue of stores to the Builder or Engineers, weekly abstract of such issues will be made from the detail Demand Notes; these will be alluded to in describing the duties of the Builder and Engineer.

61. The Store-keeper also keeps 167 separate Ledger accounts, showing the money value of all stores issued to, or returned by, the several ships, departments, &c., to which the operations of the Store-keeper extend: the information is of a very partial nature, it being limited to the value of stores issued to vessels afloat or supplied, in their raw state, to other Departments; those stores consumed in the repair of a vessel, whether by the Builder or by the Engineer, are not included in the Store-keeper's accounts, as those Officers keep a Ledger charge against each ship or department, for the cost of the articles consumed in their respective Establishments. Before the total cost of the supplies to, or repair of, any ship can be ascertained, it is necessary to refer to the Store-keeper, to the Builder, and to the Engineer; and even then the information is not complete, as neither of these Departments would include the cost of those stores which may have been furnished to the ships direct by the Commissariat or other Departments. The Examiner of Marine Accounts has hitherto brought together, in a very succinct and compact manner, and with very little trouble, a complete Statement of the entire expense of each ship or separate service; this being so, we would suggest that the Statements alluded to, hitherto kept by the Store-keeper, Builder, and Engineer, be at once discontinued: these Statements are in arrear, and are, in our opinion, quite valueless.

62. A copy of the Store Ledger has hitherto been made solely for the purpose of being furnished to the Examiner of Marine Accounts: as we shall, when touching upon the duties of the Auditor, recommend a local audit of the accounts, the copy of the Ledger would be quite unnecessary: the copy for the year 1863-64, has not yet been commenced, and the Store-keeper should be at once informed that it is unnecessary.

63. In regard to the payments hitherto made by the Store-keeper for the hire of coolies for landing coal, &c., it is for consideration whether it would not be advisable to make a petty contract with the Sirdar for the job, in which case the Store-keeper would, on its completion, prepare a bill in favor of the Sirdar, certify it, and pass it for payment to the Superintendent.

64. The Store-keeper should be entirely relieved from all cash transactions: the payment to the several members of his own Establishment should be made by the Superintendent.

BUILDER AND SURVEYOR.

65. The duties of this Officer have been briefly described at paragraph 29; it will be merely necessary to add, that, in our opinion, he should, as far as possible, be relieved of account work, and his time should be devoted to those professional details which are of primary importance; with this view we would entirely relieve the Builder and Surveyor of all books and accounts except the following; and with the view also of simplifying his labor and facilitating that of the Auditor of the accounts, we would suggest the following course in regard to the record of the wages and the allocation, of the amount paid, to the several works and repairs under execution.

66. The order of the Master Attendant, in regard to the construction or repair of vessels, having been conveyed to the Builder, through the usual

Works Register.

channel, he should at once record the same in the "Works Register," which should contain the following information:—

No. of Order.	Date of receipt from the Master Attendant (through Superintendent).	Name of Vessel, Department, or Individual.	Description of Work.	ESTIMATED COST OF WORK OR REPAIR.			Date of commencing the Work.	DATE ON WHICH COMPLETED AND COST.	
				Labor.	Materials.	Total.		Date.	Cost.

The number of the order should be consecutive from the 1st May in each year.

67. In drawing stores from the Naval Store-keeper, or in recording the cost of labor against each separate order, it will not be necessary to give either the name of the vessel or the description of the work for which the stores are required, or the labor that has been expended; it will be quite sufficient if the number of the order be carefully stated.

68. The Builder and Surveyor has expressed a very decided opinion that his operations would be much facilitated were he permitted to draw, from the Store-keeper, such stores as would, in his opinion, be equal to one or even six months' consumption, and to allow him to appropriate such stores, as required, day by day, to the works under execution: this is now done to a limited extent, and the Builder has a supply of certain articles that have been demanded for general purposes: this imposes upon the Builder and Surveyor the necessity of maintaining Store Sircars and keeping a Store Ledger; this we think is quite unnecessary, as the Store-keeper's Office is next door to that of the Builder, and the Store-keeper's Godowns are in the immediate proximity to the Building and Repairing sheds: Stores, in detail, can as readily be drawn from the Godown Sircar of the Store-keeper as from those of the Builder: it appears to us that the following course might be adopted in regard to drawing stores, by which expense might be saved, labor economized, and the record of the accounts facilitated.

69. In the afternoon of each day, the Foreman in charge of each work or repair should fill up a Demand Note (Appendix No. 2) for such stores as would, in his opinion, be required by him for the ensuing day's operation; the Demand Note should be signed by the Foreman, who should keep a duplicate on the counterfoil of the Demand Note Book: the Builder, should he approve of the demands, should countersign the same, and he should at once send them to the Store-keeper, who would pass them to the Assistant Store-keeper or other Officer in charge of the stores: the stores should, as far as possible, be at once counted or weighed ready for delivery early on the morning of the ensuing day: the stores should be given over to the Foreman who signed the demand, and he should himself attend at the Store and should again sign that document in acknowledgment of having received the articles intended for: in the event of any article being demanded of which there was no supply, the article should be struck out of the Demand Note, and the Store-keeper would at once take the necessary steps to obtain such quantity as might be requisite.

70. It would be unnecessary for the Store-keeper to take any action in regard to recording the quantity of stores issued on these Demand Notes: the notes should be retained until the end of the week, those appertaining to the same order should be brought together, and the aggregate quantity of stores issued on account of each order should be entered on a separate list (see Appendix No. 3); the list should be made out in duplicate, and should be sent to the Builder with the Demand Notes; it would be at once examined in the presence of the Store-keeper, or of an Officer of his Department, and if correct, the Builder should sign one copy, retain the duplicate, as also the Demand Notes: these latter should be destroyed every three months: the document signed by the Builder would be that upon which the Store-keeper would clear his Store account of the stores issued.

71. We find that a large proportion of the orders executed by the Builder is for petty repairs: there does not appear to be any practical utility in keeping separate accounts showing the expense under each of these orders: the sum expended amounts only to a few Rupees on each, and sometimes the entire sum does not amount to a Rupee, yet the same formality is gone through as with orders that involve expenditure to very large amounts: we would suggest that all repairs, the estimated cost of which is Rs. 50 or under, should be grouped together under a general head of "petty repairs;" and that the value of all stores consumed, or labor expended, on such repairs, be recorded against that account without particularizing the name of the vessel repaired.

72. The Builder has hitherto, at the end of each month, forwarded to the Examiner of Marine Accounts "Work Reports," showing the amount expended on each order during the month: a separate Report is compiled for each work, and it shows the quantity, rate,

Work Reports should be discontinued.

and value of each article of store consumed; the cost of day or contract labor, and a percentage to cover Departmental expenses: upwards of £,000 of these documents are forwarded to the Examiner annually,* and, so far as we can gather, they are not of the least practical utility: they descend to the most minute detail; and, as a consequence, the number of computations and work involved, both by the Builder in compiling them and by the Examiner in their audit, is very considerable; we unhesitatingly recommend their immediate discontinuance, as we shall, in describing the duties of the Auditor, suggest a simple and effective substitute.

78. Thus far the Builder, with the exception of the Works Register, will be relieved of all accounts; it is however desirable that he should continue those appertaining to the custody and conversion of Timber, the whole of which is in his immediate charge: it will therefore be necessary for him to render to the local Auditor, Marine Accounts, a monthly Statement showing the quantity of Timber of each description, and its rate, that has been consumed during the month; giving also the number of the order upon which it has been expended: the store account of timber would be relieved by the aggregate quantity of each description issued monthly, and the several orders would be debited therewith.

*74. Whilst on the subject of Timber, we would direct attention to what we consider a very valuable suggestion of the Civil Finance Committee in regard to the erection of a saw mill: it is an extract from a letter from the Civil Finance Commission, dated the 20th April 1861, regarding the re-organisation and reconstitution of the Bengal Marine Establishments—

“That the Dockyard be employed in preparing half wroughts for the Ordnance Department, and that a saw mill be set up in the Dockyard for the joint demands of the Marine and Military Departments, and partially perhaps for the Public Works Department.”

“The Civil Finance Commission further suggest the abolition of the Presidency Timber Agency; and in order to avoid competition for Timber in the same market by two or three Departments, and to ensure greater economy in the application of Timber, they recommend that the Timber of all three Departments should be bought by one purchasing Officer, and distributed through the Agency of the Dockyard Surveyor and Builder.”

75. We now come to the important question of payments for labor: these are of two descriptions: 1st, that performed by petty contracts; and 2nd, that supplied at daily rates

1st.—Mistries of the several trades undertake work at fixed rates, according to a printed Tariff of prices; at the end of the month the Builder makes out separate bills for each Mistry, for each job upon which he has been employed: these bills give a full description of the work performed, the rates and amount: each Mistry may have one or more bills during the month, according to the number of separate jobs he has been employed upon: the Builder compiles the bills into three Abstracts and brings together the charges to be raised against the Government of India, the Lieutenant-Governor of Bengal, or the Port Fund: the Abstracts, together with the separate Bills, are then forwarded to the Examiner of Marine Accounts, who, after examining and enforcing the account, returns the same for payment: the total amount due to each Mistry is entered in a book, which the Mistry signs when the money is paid to him.

76. This system entails upon the Office of the Builder a heavy accumulation of work at the end of the month; and the consequence is that it is often in arrear: it is, we think, desirable that all wages earned during one month should be paid within the fifteenth day of the month following: if this be not the case, the mistries are frequently compelled to resort to Native Bankers or money dealers for loans to enable them to meet the demands of the work-people employed by them. We find that, in consequence of the time now involved in preparing the claims, the Contract Mistries have only been paid to the end of February last: there is consequently due to them the accumulated earnings of four months. We would suggest that arrangements be at once made for making up the claims of the mistries to the end of June; and that hereafter a monthly settlement be made, at least in regard to those jobs completed within the month, a Statement of the amount due to each mistry should be prepared, the work should be measured by one of the Assistants to the Builder: and the Builder should himself certify that he had inspected the work performed, and that it was in his opinion satisfactorily executed.

77. Payment should be made to the contract mistries monthly, on the same day as the payments to the men on the same day as other artificers. daily or monthly hire.

78. In regard to the payment to artificers and others employed at daily rates, the practice now prevailing in the Builder's Department is to enter into an arrangement with mistries of the several trades, who each undertake to furnish a certain number of men, generally five to eight, and payment is made monthly to the mistries for the entire gang, and not to each individual workmen: it is stated that this system works well, but of this we have no means of ascertaining; it however appears to us that, as a rule, every man employed in a Government Establishment (excepting those only employed by regular Contractors) should

* See Examiner's Report for the year 1863-68.

be paid direct and not through the intervention of a "middle" man, who doubtless makes a large profit out of the wages of the men hired by him.

79. We do not propose any alteration of the present system; we have, however, prepared a general Daily Muster Roll and monthly Pay List, Appendix No. 4, which, if carefully kept by the Builder, will form a check upon the amount to be paid to each mistry at the end of the month; one great objection to the gang system is, that the only check over the amount to be paid to each mistry is the daily Returns of the Foremen or Assistants to the Builder: it must therefore be understood that so long as payment is made to the ganger, these Returns must be furnished with great regularity, and the Builder must himself occasionally see that the number of work-people stated to be employed by the several mistries are actually present. If it could be done without inconvenience, we should prefer that the men were hired by the Builder, and that they should be mustered and paid in the same manner that we shall propose for those employed in the Steam Factory. In regard to the amount expended on each order, the sum will be communicated to the Builder by the Superintendent, who will obtain the information from the auditor of the accounts in the manner prescribed in the detail of the duties of that Officer.

SUPERINTENDING ENGINEER, STEAM FACTORY.

80. The course that we have recommended to be pursued by the Builder in regard to the record of work to be executed, the abolition of "outturn" reports, the demands for stores, and the cash payments, should be followed in the Steam Factory: the only point of difference is in the manner in which the payment for wages should be made: the system now in force is faulty in the extreme, and is so overlaid with Statements and Abstracts, that the Chief Clerk was unable to give any satisfactory explanation as to the relative bearing of the several Returns. We would suggest the following course in regard to payments to artificers and others on daily labor.

81. Each artificer or laborer should be furnished with a metal ticket bearing his number; each man should deposit his ticket in a box on entering the Factory in the morning: the box should be removed to the Superintending Engineer's Office at 8 o'clock, and on the arrival of that Officer the tickets should be sorted in his presence, and the name of each man whose ticket is found in the box should be marked thus ✓ on the Pay List. The work-people are divided into gangs of about 15 or 20; each gang being under the charge of a foreman: the foreman in charge of each gang should furnish the Superintending Engineer, by ten o'clock each morning, with a list of those work-people of his gang who are present, and the description of work upon which each man is employed: the Form Appendix No. 6 should be filled up, and by merely inserting the number of the order upon which each man is engaged, the information required is easily ascertained: a half sheet of foolscap paper will serve this purpose for the period of a month.

82. The Foremen's lists should be handed over to the Pay List Clerk, who would enter against each man's name the number of the order upon which he is employed: should it be found that the Foreman has returned a man as present who has not already been checked as having deposited his ticket, the discrepancy should be reported to, and should be personally investigated by, the Superintending Engineer.

83. The Pay List would be made up to the end of the month; it should be handed over to the local Auditor for examination and for the preparation of the "Abstract of wages."

84. A large portion of the work performed in the Steam Factory is done by petty contract: the contract work is however given almost entirely to one mistry, who has now held the contract for several years at the same rate of remuneration: it appears to us that the advantage of the petty contract system is the encouragement of a large class of respectable mistries, and that the object is entirely defeated by the present system. We would suggest that on the termination of the present contract with Bonomalli, an endeavour be made to induce other mistries to undertake a portion of the work, and that the rates now paid should be revised.

AUDITOR AND EXAMINER.

85. The duty of auditing the Marine Accounts of every description, whether appertaining to the Supreme Government, or of that of the Lieutenant-Governor of Bengal, should be intrusted to this Deputy Auditor and Accountant General of Bengal; thus entailed upon him, and the following Officers should be relieved of all work connected with the examination of Marine Accounts:—

- Accountant General to the Government of India.
- Civil Paymaster.
- Presidency Paymaster.
- Military Accountant.
- Examiner of Ordnance Accounts (who is specially intrusted with the examination of the Marine Accounts).

86. To this Officer will also be intrusted the duty of compiling a complete Estimate of Marine Services, which will include the charges hitherto borne on the Estimate of the Government of India and on that of the Lieutenant-Governor of Bengal: the Deputy Auditor and Accountant General will be furnished by the Master Attendant with such information as will enable him to compile the Estimate in question; the entire Estimate for Marine Services for the whole of India should be consolidated by the Financial Department.

87. The examination of bills entailing direct cash payment, whether for salaries of Establishment, remuneration to Pilots, payments for stores, &c., should be made by the Master Attendant, or the Superintendent, as the case may require, subject to post-audit by the Deputy Auditor and Accountant General, and the payment should be made in such manner as may be hereafter prescribed with respect to the payment for Civil Services in Calcutta.

88. To the Deputy Auditor and Accountant General would also be entrusted the duty of auditing the Cash and Store Accounts of the Dockyard at Kidderpore.

89. We have suggested that it is not necessary to forward Indents for stores, and requisitions for repairs, to the Examiner of the Marine Accounts, for examination, before they are complied with: it appears to us that all that the Examiner has to do is to see that the issues are not in excess of the quantities approved by the Superintendent, and that the cost of any work or repair that has been sanctioned by the Master Attendant, does not exceed the approved Estimate: he has also to satisfy himself that the labor lists are correct; that the money has been duly paid; that stores named are duly brought to account; and that the proper charge is raised against the debit of each ship.

90. Hitherto the whole of this work has been performed by the Examiner at his office in Bankshall Street, far removed from the Kidderpore Dockyard, and the record showing the expenditure incurred on each vessel has also been kept there: the Dockyard Officers have therefore considered it incumbent on them to keep an account showing, so far as their several Departments were concerned, the cost of the stores furnished, or the work performed on account of each vessel: the work, as before shown, has therefore been done twice over.

91. So long as Store Accounts are examined away from the Office at which they are kept, it becomes necessary to furnish the Examiner with duplicates of vouchers and returns, and it has hitherto been customary also to furnish that Officer with a copy of the Store Ledger; a similar system was formerly pursued in regard to the Store Accounts rendered to the War Office in England, but within the last two or three years the accounts have been examined locally by an officer delegated for that purpose from the Head quarter Office: the system has answered admirably, and not only is much work saved, but the business of the Store and Manufacturing Departments is much facilitated: it appears to us that this system might be introduced at Kidderpore, and that some such arrangement as the following might be tentatively adopted. The Deputy Auditor and Accountant General should select, from the Establishment that he will organise for the audit of Marine Accounts, one of the most intelligent assistants to be placed in charge of the local examination of the Dockyard Accounts: he should be assisted by one or more subordinate clerks.

92. The local Auditor and his clerks should be accommodated in the Office of the Superintendent; but it would not be necessary for the head assistant to be in attendance there every day, as it would be found, when the system is fully organised, that the detail of the work could be done by the subordinate clerks, the supervision of the superior Officer being given occasionally.

93. The following process would be necessary to carry out a local examination:—

Naval Store-keeper's Accounts.—Indents for stores for vessels afloat should be forwarded in duplicate, on Appendix No. 7; the Store-keeper would, when he has made the issue of the stores demanded, credit himself with such issue in his Store Ledger: he would insert the rate of cost of the several articles, and he would, at the end of the week, forward to the local Auditor such Indents as may have been complied with during the week: the local Auditor would compute the value of the issues, and he would, at the end of the month, make an Abstract of the Indents, showing the amount to be charged to each vessel or order. At the end of every three months the Indents would, after the Store-keeper has closed his Store Ledger, be compared with the entries therein.

94. The same course would be followed, in regard to the Weekly Abstracts of stores issued by the Store-keeper to the Builder and Engineer.

95. The monthly Abstracts would be posted by the local Auditor to the Ledger Account: a separate account will be opened for each vessel, &c., and a general account for petty repairs.

Monthly totals to be carried to the ledger accounts.

96. The Store-keeper will be relieved of all stores handed over to the authorities for public sale; and the Auditor will check such credits with the Auctioneer's Account Sales, and will then forward that document to his Head-quarters, where it will be ascertained whether the amount realized has been duly credited to the public.

Receipt of Stores.

97. Receipts of stores will be checked in the Store Ledger by the original invoices or packing lists, or other *original* documents.

All entries to be made on original documents.

98. It will be quite unnecessary for the Store-keeper to furnish the local Auditor with *copies* of any documents: action should, in all cases, be taken on the *original* vouchers.

99. After the entries in the Store Ledger have been verified by the local Auditor, it should be within his province to personally inspect any of the stores recorded in the Store Ledger, and to ascertain that such quantities agree with the record in the Ledger; the Store-keeper should be instructed to afford the local Auditor every facility in carrying out this portion of his duties.

Local Auditor may verify Stores with the Book record.

100. *Builder and Surveyor*.—The value of stores drawn by this Officer from the Naval Store-keeper will be charged against the vessel or order on the monthly Abstracts of the weekly Statements; the latter documents will be furnished to the local Auditor by the Naval

Mode of dealing with Stores issued to Builder.

Store-keeper: It is assumed that as the stores are drawn from day to day, that no larger quantity of any article will be demanded than can be actually used in the work under execution; however, it should so happen that more stores have been issued than can be expended, they should be returned to the Store-keeper, and the work or repair that has been charged with the original issue will be credited with the value of such stores; and the local Auditor will see that the Store-keeper duly brings the *quantity* of the articles delivered to him on charge, in his Store Ledger.

101. It has been suggested that the Builder should continue to keep a Timber account: the local Auditor will see that all Timber issued to him is duly brought on charge, and that the quantities are entered against the particular class of Timber, as detailed in the invoice or other voucher: the monthly Statement of conversion and consumption should be sent to the local Auditor, filled in as to quantities and rates only: the computations in regard to the value will be completed by the local Auditor: this having been done, he will pass the amount to the debit of the vessels or orders upon which the Timber has been expended, and he will see that the Builder is credited with the aggregate quantity actually consumed.

Audit of Timber Account.

The amount to be paid for *wages* will be checked as follows:—

102. *First*.—Contract Rates.—It has been suggested in paragraph 76 that, at the end of each month, the Builder should prepare bills in favor of the several contract mistries for the work executed by them; these bills should be forwarded to the local Auditor, who would compare the rates with the printed tariff: this should be done by the local Auditor, who should sign each bill; the bills should then be returned to the Builder, who would enter the aggregate amount due to each mistry in a Book, and the amount should be paid by the Cashier in the presence of the Superintendent or of the local Auditor.

Contract Rates.

103. *Second*.—The daily Muster Roll and monthly Pay Bill of the work-people employed should be made up by the Builder, on the form prescribed, on the *last* day of the month: and on the following day it should be sent to the local Auditor, who would, on the prescribed form, Appendix No. 8, prepare the "Abstract of Wages." This Abstract, when complete, is a check upon the computations in the Pay List, and brings together the amount to be charged to the several orders upon which the men have been employed during the month.

Daily rates.

Abstract of Wages.

104. The wages would be issued to the work-people in the presence of the Superintendent or of the local Auditor, who would sign the document in verification of the payments: the amount shown by the "Abstract of Wages," as chargeable to each vessel or order, would then be posted by the local Auditor to the debit thereto in the Ledger.

Wages to be paid in presence of Superintendent or local Auditor.

Same course to be observed in Steam Factory.

106. It should be distinctly

Local Auditors to be responsible to Superintendent in points of discipline.

duties. Should the Superintendent have any cause of complaint, he will report it at once to the Deputy Auditor and Accountant General.

107. It must also be understood that, although the books that will be kept by the local Auditor will have, as their primary object, the audit of the accounts of the several Departments of the Dockyard, they will be available for such information as they can furnish,

Books kept by local Auditor to be generally available

105. *Superintending Engineer*.—The same course would be followed, both as regards materials and labor, as is suggested to be pursued in the Builder's Department.

understood that, although the Superintendent has no direct control over the clerks detached from the Deputy Auditor and Accountant General's Office, he will see that they attend regularly, and that they are diligent and attentive to their

whether required by the Master Attendant, Superintendent, or Heads of Departments; but it is hoped that no unnecessary Returns will be called for, and that a cordial co-operation will permeate throughout the several Establishments.

108. The Head of the Marine Audit Branch, and occasionally the Deputy Auditor and Accountant General, should inspect the books of the local Auditor; and it is desirable, with the view of making every clerk in the branch acquainted with the detail working of the Yard accounts, that the clerks of the local Auditor should be changed at least once a year.

109. The local Auditor, when not employed at the Dockyard, should be available for general duties in the Office of the Deputy Auditor and Accountant General. He must be an Officer of unimpeachable character and of great intelligence.

110. Hitherto a very elaborate account has been prepared by the Examiner of Marine Accounts for the Military Accountant, showing, in Journal form, the receipts and expenditure, both in cash and stores, of the entire Department for the whole year: this return has been rendered by the Examiner for the year 1862-63, and that Officer is only waiting for the necessary accounts to be furnished to him to render the accounts for the year 1863-64. The Military Accountant, however, has not yet recorded the accounts rendered to him for 1861-62, and, as the account merges the cash expenditure with the value of stores issued, and, as it is, so far as we can discover, of no practical utility, we recommend that it be at once discontinued. It will be desirable that the Deputy Auditor and Accountant General keep a record of all floating stock in the shape of a separate Statement, but not for entry in the books of Account.

111. In regard to work executed or services performed for other Departments, or on account of the Port Fund, the following course should be observed:—the original Indents for stores supplied or work performed, together with the receipt of the parties who have obtained the stores, should be sent by the local Auditor to the Deputy Auditor and Accountant General; a statement will then be prepared, showing the amount due each month, and the Deputy Auditor and Accountant General will then make the necessary arrangements in regard to obtaining a credit for the amount in favor of the Marine Department, either by transfer through his own books, or by such means as may be hereafter determined on.

112. As the books that it is proposed should be kept by the Deputy Auditor and Accountant General in regard to the Dockyard accounts are principally for statistical purposes, it would be quite sufficient if they were kept in Rupees only, it being understood that any item in which eight annas or upwards appear, should be considered as a Rupee, and all sums under eight annas should be disregarded.

GENERAL.

We have already extended this Report much beyond the limits that we originally intended, but there are one or two points of a general character that we would advert to before closing.

113. It is desirable, when once the establishment of a Government Department has been formed, to furnish that Department with full employment. It must be admitted that the several Departments at the Kidderpore Dockyard could, without the least inconvenience, perform work much in excess of that now entrusted to them; the Cossipore Gun Foundry is in the same position, and the Establishment, both as regards the *personnel* and *material*, is susceptible of extended operations without increasing the expense of the supervising staff: the description of work executed at Cossipore, even to the boring of brass guns, which at present forms the least portion of the work turned out from that Establishment could, we are informed, be readily performed at Kidderpore, where there is plenty of accommodation for setting up such machinery as could be transferred from the Gun Foundry; the greater portion of the work now executed at the Cossipore Establishment is of exactly the same description as that produced in the Steam Factory at the Dockyard: it may be for consideration, if the Government is desirous of disposing of one or the other of these Establishments, whether that at Cossipore, rather than that at Kidderpore, should not be preferably parted with; and for this very simple reason, brass guns could, on an emergency, be turned out at the Kidderpore Establishment, but it would be out of the question to attempt to build or repair ships at Cossipore.

114. We forward at the same time as this our observations on the Cossipore Foundry, from which it will be seen that the annual production of that Establishment is very limited.

115. Reverting once more to the Dockyard, we would urge the importance of frequent inspections, by the Superintendent, of the several branches of the Establishment, and, further, that so long as the Master Attendant resides in the house within the Dockyard premises, that he should, at least once a month, personally inspect the several departments, and satisfy himself that they were being worked satisfactorily and economically. We have not touched upon the question as to what Establishment should be maintained at the various departments of the Dockyard, because, until the present arrear be entirely

brought up, it would not be desirable to make any reductions, and it is, we also think, desirable to ascertain what saving in clerical labor will be effected by the system we have proposed: we would suggest that, before the commencement of the ensuing financial year, the Establishment should be reported upon by the Superintendent and the Deputy Auditor and Accountant General.

116. We furnish in the Appendix No. 1 abstracts of the monthly bills for each Department, and we would direct particular attention to that of the Store-keeper's Establishment, which appear to us to be susceptible of great reduction: it appears to us also unnecessary to have an Officer of the standing and position of the present incumbent as Store-keeper, an Officer of an inferior grade would be quite as efficient, and a considerable saving in the rate of pay might be effected.

Every facility afforded in conducting enquiry.

117. In conclusion, we would observe that Captain Howe and the other Officers of the Dockyard afforded us every facility in carrying out our investigations.

118. To Lieutenant Leonard, the Examiner of Ordnance and Marine Accounts, we are also particularly indebted; and we consider it only due to that Officer to record our opinion in regard to the manner in which the accounts have been audited since they have been entrusted to him. We have gone through the observations that he has, from time to time, made on the accounts, and the patient investigation that he has given them has led to the correction of errors to a very great extent: the statistical information compiled by Mr. Leonard is worked up with great care and with a very little labor.

119. Should our propositions be carried into effect, the Deputy Auditor and Accountant General will have to form an entirely new branch in his Office for the audit of Marine Accounts: it is very desirable that there should be placed at the head of this branch an Officer well acquainted with the detail of these accounts. We have had an opportunity of judging of the capabilities of the Head Accountant in charge of the Marine Accounts in the Office of the Ordnance Examiner, and although perhaps going beyond our province, we venture to state that, in our opinion, Baboo Nobokissen Ghose is, from the experience he has obtained of the accounts in question, well qualified to conduct their examination at Head-quarters, and to direct the local audit at the Dockyard.

120. Upon a review of the recommendations contained in this Report, it will be seen that the objects we have principally in view are as follow:—

Summary of recommendations.

- 1st.—The retention of the Dockyard at Kidderpore as a Government Establishment.
- 2nd.—The Establishment of the Dockyard to be reorganised.
- 3rd.—The examination of the Indents for stores required for vessels afloat to be made by the Superintendent, and not to be referred to the Examiner of Marine Accounts.
- 4th.—Marine stores should, as far as practicable, be obtained direct from England:
- 5th.—And the intervention of the Commissariat Department in regard to obtaining stores locally should be dispensed with.
- 6th.—The Superintendent should make all cash payments for the entire Establishment, and the heads of Departments be relieved of this duty.
- 7th.—Payments for wages should, in all cases, be made in the presence of the Superintendent or of the local Auditor.
- 8th.—The Store-keeper should frequently test the quantity of any item of store, as shown by his books, with the actual quantity in store.
- 9th.—The Day Books, hitherto furnished by the Store-keeper to the Examiner, as also the Ledger account of charges against each ship, and the copy of the Store Ledger, should be at once discontinued; this, so far as regards the Day Books and the Ledger accounts, refers also to the Builder and the Engineer.
- 10th.—The Builder and Surveyor should be relieved from preparing "work," or "out-turn," reports; this also applies to the Engineer.
- 11th.—No separate account should be kept for any work or repair, the estimated cost of which is Rs. 50 or under; these works should be grouped together as "petty repairs."
- 12th.—The audit of all Marine Accounts should be entrusted to the Deputy Auditor and Accountant General of Bengal, who will also prepare the Budget Estimate for Marine Services.
- 13th.—The accounts of the Dockyard, Kidderpore, should be examined by a local Auditor to be selected from the Marine Branch of the Deputy Auditor and Accountant General's Office.
- 14th.—The annual account hitherto prepared for the Military Accountant should be discontinued.
- 15th.—It is worthy of consideration whether the work now performed at Cossipore Gun Foundry might not be executed at Kidderpore at a considerable saving to the Government.

CALCUTTA,
2nd August 1864. }

M. H. FOSTER.
H. W. S. WHIFFIN.

ABSTRACT OF THE RETURNS AND STATEMENTS OF THE APPENDIX.

No. of
Appendix.

1. Return showing the cost of the several Establishments of Kidderpore Dockyard.
2. Demand Note for Stores.
3. Abstract Statement of Stores issued by the Naval Store-keeper—(weekly).
4. Daily Muster Roll and Monthly Pay List of Work-people employed under the Builder and Surveyor.
5. Monthly Pay List of Artificers of the Steam Factory.
6. Daily Muster Roll of men employed under the Foremen.
7. Indent for Stores on Naval Store-keeper.
8. Monthly Abstract of wages of Steam Factory or Builder's Department for the several Works.
9. Register of Works to be performed in the Steam Factory.

APPENDIX No. 1.

Return showing the cost of the several Establishments of Kidderpore Dockyard.

Name of Establishment.	No. of Officers &c.	Rank.	Rate of Pay per month.			Amount.			Total for each Establishment.
			Rs.	A.	P.	Rs.	A.	P.	
Superintendent of Dockyard.	1	Superintendent ...	1,000	0	0	1,000	0	0	1,555 0 0
	1	Head Assistant ...	100	0	0	100	0	0	
	1	Assistant ...	100	0	0	100	0	0	
	1	Ditto ...	50	0	0	50	0	0	
	7	Writers ...	25	0	0	175	0	0	
	1	Cashier ...	80	0	0	80	0	0	
	8	Servants ...	5 to 8	0	0	50	0	0	
	Naval Store-keeper.	1	Store-keeper ...	600	0	0	600	0		0	1,815 0 0
1		Assistant ditto ...	150	0	0	150	0	0	
1		Conductor ...	115	0	0	115	0	0	
1		Sub-Conductor ...	80	0	0	80	0	0	
1		Book-keeper ...	100	0	0	100	0	0	
1		Accountant ...	60	0	0	60	0	0	
7		Clerks ...	20 to 50	0	0	215	0	0	
5		Sircars ...	6 to 20	0	0	57	0	0	
1		Clerk of Crane ...	80	0	0	80	0	0	
11		Servants ...	5 to 8	0	0	64	0	0	
2		Weighmen and Chuprassee of Coal Depôt.	5 to 7	0	0	12	0	0	
9		Crew of Coal Boats ...	6 to 7	0	0	50	0	0	
1		Sailmaker ...	200	0	0	200	0	0	
1	Accountant, Sail Loft	32	0	0	32	0	0		
Surveyor and Builder.	1	Builder and Surveyor...	450	0	0	450	0	0	1,456 0 0
	1	First Assistant ditto...	175	0	0	175	0	0	
	1	Second Assistant ditto.	150	0	0	150	0	0	
	1	Draftsman ...	50	0	0	50	0	0	
	29	Dock-diver Sirdars, with 28 men.	160	0	0	160	0	0	
	9	Ditto with 8 men ...	53	0	0	53	0	0	
	4	Engine-drivers ...	10 to 20	0	0	60	0	0	
	4	Servants ...	4 to 7	0	0	21	0	0	
	2	Clerks ...	25 to 60	0	0	85	0	0	
19	Writers and Sircars ...	10 to 20	0	0	252	0	0		
Steam Factory.	1	Chief Superintending Engineer.	700*	0	0	700	0	0	1,692 10 8
	1	Superintending Engineer.	300, Allowance 50	0	0	350	0	0	
	1	Engine-driver ...	30	0	0	30	0	0	
	1	Superintending Engineer (Indian Navy.)	166 10 8			191 10 8			
	2	Engineer Apprentices...	40 to 50	0	0	90	0	0	
	1	Store-keeper and Accountant.	150	0	0	150	0	0	
	4	Writers ...	10 to 25	0	0	76	0	0	
	5	Servants ...	4 to 6	0	0	25	0	0	
3	Sircars ...	25 to 30	0	0	80	0	0		
						per month Rs.	6,518 10 8		
						or per annum ,,	78,224 0 0		

* This is the rate of pay of the Office, but the present Officer draws Rs. 400 per month of his pay at Bombay.

APPENDIX No. 5.

Pay List for the Month of June 18 . . . of the Artificers, Laborers, and others employed in the Steam Factory of Her Majesty's Dockyard at Kulderepore.

No.	NAMES	Trade or Designation	JUNE																															Total number of days *	Rate per day			Amount due					
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31		Rs	A	P						
1	Comul Mistry	Turner	1																																36	1	4	0	Rs	A	P		
2	Kader	Ditto	7	1																														28	0	15	0	35	0	0			
3	Nundo	Ditto		7	1																																		24	0	0		
4	Bheem Ghose	Ditto			7	1																																					
5	Dhanoo	Ditto																																									
6	Milmony	Ditto																																									
7	Chackoo	Ditto																																									
8	Nazer Ali	Ditto																																									
9	Russick	Ditto																																									
10	Ameer	Ditto																																									
11	Khetor	Ditto																																									
12	Ramecomar	Ditto																																									
13	Kimoo	Plainer																																									
14	Dostomahomed	Ditto																																									
15	Sreemanto	Puncher																																									
16	Ramdhone	Ditto																																									
17	Kalichand	Screw-cutter																																									
18	Jadoo Roy	Ditto																																									
19	Fittamber Mistry	Viceman																																									
20	Kisto	Ditto																																									
21	Jadab Ghose	Ditto																																									
22	Kalichand hose	Ditto																																									
23	Mudoo Mauh	Ditto																																									
24	Rajkisto	Ditto																																									
25	Cumal	Ditto																																									
26	Bungshoo Ghose	Ditto																																									
27	Romannath	Ditto																																									
28	Obhoy	Blacksmith																																									
29	Chintamony	Ditto																																									
30	Dhanoo	Ditto																																									
31	Soodar	Ditto																																									
32	Fauchory	Ditto																																									
33	unnes	Ditto																																									
34	Ramecomar	Coppersmith																																									
35	Nuboo	Ditto																																									
36	Rajcomar	Ditto																																									
37	Dookeram	Ditto																																									
38	Bomomally	Brewster																																									
39	Joyaram	Ditto																																									
40	Fuckeerchand	Ditto																																									
41	Indramath	Sweeps																																									
42	Baniell	Ditto																																									
43	Golam Kader	Draftsman																																									
44	Bachoo	Engins-driver																																									
45	Sarriff	Stoker																																									
46	Chintamony	Carpenter																																									
47	Dookeram	Ditto																																									
48	Mauick	Tri. klayar																																									
49	Poyser	Moochoe																																									
50	Nobun	Lascar																																									

* The figures inserted in the above columns refer to the number of the order upon which the work-people are employed day by day

APPENDIX No. 7.

INDENT on the Naval Store-keeper for the undermentioned Stores required by _____

DESCRIPTION OF STORE.	Established Allowance.	Quantity on hand.	No for Quantity now required.	No or Quantity received.	Rate	Per.	Amount.

Commander

Received the above.

APPENDIX No. 9.

Register of Work to be performed by the Steam Factory, Her Majesty's Dockyard, Kidderpore.

No. of Order.	Date of Receipt from the Master Attendant or Superintendent.	Name of Vessel or Department for which the work is to be executed.	Description of work.	ESTIMATED COST OF WORK.			Date of commencing the work.	DATE ON WHICH COMPLETED AND COST.	
				Labor.	Material.	Total.		Date	Cost.
				Rs. A. P.	Rs. A. P.	Rs. A. P.			
1	22nd May 1863 ...	Light vessel "Deva" ...	New handles, plates, &c., &c., to be renewed	150 0 0	290 0 0	450 0 0	1st June 1863 ...		
2	27th " " ...	Pilot " "Fame" ...	Hull to be repaired	600 0 0	1,350 0 0	1,950 0 0	28th May " " ...		
3	" " " ...	Anchor Boat "Lever" ...	Ditto ditto	340 0 0	900 0 0	1,240 0 0	" " " " ...		
4	" " " ...	"Sir William Peel" S. V.	Machinery to be repaired ...	5,000 0 0	12,000 0 0	17,060 0 0	" " " " ...		
5	28th " " ...	Harbour Master's Department	3 Iron Buoys to be repaired ...	100 0 0	200 0 0	300 0 0	" " " " ...		
6	" " " ...	Steamer "Arracan" ...	Boilers to be repaired	3,000 0 0	5,000 0 0	8,000 0 0	29th " " " ...		
7	" " " ...	" "Adjai" ..	Suction valves require renewing	150 0 0	390 0 0	540 0 0	" " " " ...		
8	" " " ...	" "Prosepine" ...	" " and dead plates renewing	270 0 0	480 0 0	750 0 0	1st June " " ...		
9	31st " " ...	" "Juboona" ...	Port Cylinder, slide valve bottom to be repaired	400 0 0	960 0 0	1,360 0 0	" " " " ...		
10	3rd June " " ...	" "Koladyne" ...	Wheels, arms, and segments require refitting	325 0 0	630 0 0	955 0 0	5th " " " ...		

No. 2070, dated Simla, 26th August 1864.

No. 100.] *RESOLUTION*—By the Government of India, FINANCIAL DEPARTMENT, on the system of Audit and Account for Kidderpore Dockyard.

Read—

A Report, dated 2nd August 1864, by the Commissioners of Inquiry into Indian Accounts on the system of Audit and Account now pursued, and on that required for the Kidderpore Dockyard, and for the expenditure of the Marine Department generally.

The Governor General in Council observes that the Commissioners have summed up their recommendations under fifteen heads. By some of them, the practical working of the Dockyard Establishment will be affected, and regarding them more especially, as also on the report generally, His Excellency in Council would have been glad to have had the opinion of the Government of Bengal previously to giving any directions on the subject; but as it is of importance to secure the advantage of Mr. Foster's co-operation while it is available, with the Auditor General of India and the Deputy Auditor and Accountant General, Bengal, the Governor General in Council will proceed to pass orders on the Report, in anticipation of the assistance of the Government of Bengal in giving effect to the recommendations of the Commissioners, which are all approved by the Government of India, with the exception of that relating to the re-transfer of the local purchase of supplies from the Commissariat to the Marine Department.

2. On this point, the Governor General in Council abides by the rule which is of general application, and of the advantages of which there is no question, *viz.*, that the demand and the supply, the purchase and the issue, or distribution of stores, should not be in the same hands.

3. The main objection to the separation of the local purchasing agency which has been urged is, that the Commissariat Department is not a competent judge of Marine Stores. This objection relates chiefly to European Stores, and it will be obviated by returning to the plan, which ought never to have been abandoned, of procuring from England, by indent from the Secretary of State, all the ordinary Marine Stores; and by the Marine Department exercising an effective check over the quality of the articles purchased here, to which end the substance of the rules under which purchases are made by the Commissariat for the Ordnance and Naval Departments in the Colonies might advantageously be adopted.

4. With this exception, the Governor General in Council would wish that the recommendations of the Commissioners should be carried out in their integrity, those appertaining to accounts, under such subsidiary instructions as the Auditor General may issue after communication with the Government of Bengal and Mr. Foster, and those which affect the practical working of the Dockyard, in such mode as the Government of Bengal may consider expedient.

5. The most valuable improvement which has been recommended by the Commissioners is the dispensing with the *rendering* of accounts, and with the keeping of Day Books and other Statements which this practice renders necessary, and substituting the plan of examining the original accounts themselves, by Officers deputed from the Audit Office.

6. By this arrangement, combined with the simple and concise method of accounts recommended by the Commissioners, more accurate and prompt accounts will be secured, and a saving effected in the accounting Establishments of the Dockyard.

7. It is observed that, owing to the arrears of accounts, the Commissioners do not recommend any immediate reduction of Establishment; and no doubt, if the accounts are to be tardily brought up under the present cumbrous and elaborate system, the reduction may require to be indefinitely postponed; but, the Governor General in Council is of opinion that the arrears should be worked up as far as possible, under the new system, with any modifications which may be suggested by Mr. Foster, and that a report on the reductions in the Kidderpore Account Establishments should be made in three months, the reductions being carried out strictly on the principle of keeping the *best* men in every Department.

8. The suggestion of the Commissioners in paragraph 74 of their Report for the amalgamation of the Presidency Timber Agency with the Dockyard will be referred to the Military Department for consideration.

ORDERED, that a copy of this Resolution and of the Report of the Commissioners be sent to the Home Department, with a copy of each for the Government of Bengal, for information and further orders.

Also, that a copy of each be sent to the Governments of Madras and Bombay, in order that corresponding changes may be made in the Marine Accounts of those Presidencies; and to the Military Department, in order that, with the co-operation of the Government of Bombay, the Marine Accounts of that Presidency may be transferred from the Controller of Military Finance to the Deputy Auditor and Accountant General, Bombay, and that, with the co-operation of the Chief Commissioner, British Burmah, the Marine Accounts of that Province may be transferred to its Deputy Auditor and Accountant General.

Also, that a copy of each be sent to the Foreign Department, for communication to the Chief Commissioner of British Burmah.

Ordered, further, that a copy of the Resolution and of the Report of the Commissioners be sent to the Deputy Auditors and Accountants General, Bombay, Madras, Bengal, and British Burmah, for information and guidance, and to the Auditor General of India, for the issue of subsidiary instructions to the Account Department in concert with all the authorities concerned.

Introduction in Bombay from 1st May 1865 of the changes suggested by the English Commissioners in the present system and control of Marine Accounts.

[Accts. Pros., Jan. 1865, Nos. 162 to 164.]

No. 149, dated 6th January 1865.

No. 162.] *Endorsed by the Government of India, HOME DEPARTMENT.*

Forwarded to the Financial Department, with reference to the extract from that Department, No. 2070, dated the 26th August 1864.

No. 918, dated 17th December 1864.

*From—LIEUT.-COLONEL W. F. MARRIOTT, Secretary to the Government of Bombay,
To—The Secretary to the Government of India, HOME DEPARTMENT.*

Referring to the Resolution of the Government of India, in the Financial Department, No. 2070, dated 26th August last, I am directed to transmit the accompanying reports by the Controller of Marine Accounts, and the Deputy Auditor and Accountant General,

on the changes suggested by Messrs. Whiffin and Foster in the present system and control of Marine Accounts, and to state that those Officers have been instructed to arrange the desired change from 1st May next.

No. 337, dated 5th November 1864.

No. 163.] *From—LIEUT.-COLONEL H. T. VINCENT, Acting Controller of Military Accounts,
To—His EXCELLENCY THE Hon. SIR H. B. E. FEEBE, K.C.B., Govr. and President
in Council.*

I have the honor to report that having considered the changes of Account in the Marine Department, indicated in the accompaniments to Government Resolution, No. 702, dated 20th September 1864, I am of opinion that a trial may be given to them, and if hereafter any of the details should be found defective in practice, it will be easy to modify them.

2. The recommendations of Messrs. Whiffin and Foster are described under fifteen heads at the close of their Report. Those which chiefly affect the Marine Accounts are their reduction and simplification, and their transfer to the Civil Department.

3. As regards the first, I beg to state that it was all along my intention, so soon as the question of retaining the Dockyard as a Government Establishment or not should be definitely settled, to introduce considerable modifications in the present system of Accounts, in the event of its being determined to keep on the Dockyard.

4. With respect to the other point, it must remain for the consideration of Government whether the audit of all Marine Accounts is to be entrusted to the Deputy Auditor and Accountant General; I think it is a pity to disturb the present arrangement, which has only recently been brought into something like order, and I venture to say that Colonel Barr and myself have labored, and not without some success, for the purpose of effecting reductions, keeping down expenditure, simplifying accounts, making the audit keep pace with the work, and controlling the outstandings.

5. If it should now be the pleasure of Government to entrust this work to another Department, I will afford all the assistance in my power for the purpose of facilitating the trans-

fer, and if I can be of any service in introducing the changes in Accounts proposed by the Commissioners, I shall be glad to hear from the Deputy Auditor and Accountant General on the subject.

6. I do not suppose, however, that your Honorable Board will order their recommendations to be carried out before the commencement of the ensuing official year, which wants only five months now. By that time, the necessary preliminary measures could be considered and matured by the Deputy Auditor and Accountant General. Any change now would seriously interfere with the work and confuse the Accounts. Moreover, a few old balances belonging to the Indian Navy still remain, which are now under consideration and adjustment, and I am anxious that these should be cleared off before the Accounts are made over. I hope, therefore, that the change will be deferred until the beginning of the official year 1865-66.

No. 1817, dated 2nd December 1864.

Report by the Deputy Auditor and Accountant General.

I have the honor to report that this Department is not aware of any objections to the recommendation of the Commissioners in regard to the mode in which the Accounts of the Marine Department should in future be recorded and audited, and will undertake the duty proposed to be entrusted to it.

2. Should Government approve of the proposed arrangements, I will, on learning from them to that effect, organise, in communication with the Controller of Marine Accounts, the requisite Establishment to carry them out from 1st May next.

No. 287, dated 20th January 1865.

No. 164.] *RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.*

Read an Endorsement from the Home Department, No. 149, dated the 6th January 1865, forwarding a letter from the Government of Bombay, reporting that instructions have been issued to the Controller of Marine Accounts, and the Deputy Auditor and Accountant General, to arrange for the introduction, from 1st May next, of the changes suggested by the English Commissioners in the present system and control of Marine Accounts.

The Governor General in Council approves of the instructions issued by the Government of Bombay, and requests that the consequent reductions of expense may be reported to the Financial Department in due course.

ORDERED, that a copy of the above Resolution be sent to the Home Department, for information and the issue of further necessary orders.

Ordered, also, that a copy of the Resolution be sent to the Deputy Auditor and Accountant General, Bombay, for information.

System of Audit and Account pursued in the Gun Foundry at Cossipore.

[Accts. Pros., Sep. 1864, Nos. 66 to 69.]

Dated 18th August 1864.

No. 66.] *From—The Commissioners of Enquiry into Indian Accounts,
To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.*

We have the honor to forward herewith our Report on the mode of conducting the Audit and Account of the Cossipore Gun Foundry.

No. 67.] *Report of the Commissioners of Enquiry into Indian Accounts, on the System of Audit and Account of the Gun Foundry at Cossipore, dated 17th August 1864.*

We have personally inspected the Accounts for the year 1861-62, kept at the Gun Foundry at Cossipore, and have examined the Accounts rendered by the Superintendent to the Ordnance Examiner for the year 1862-63, as also that Officer's Report thereon.

2. It appears from the Examiner's Report and from a Statement compiled by him, that the value of the year's outturn is Rs. 5,87,224; this on investigation is so much in excess of the actual outturn that we think it desirable to place on record a clear statement of what it really was for the period in question.

LABOR.

The total amount paid was for the fixed establishment	...	...	...	...	Rs.
Extra Establishment	...	...	...	...	25,729
					49,969
					75,717

This sum is thus appropriated :—

	Rs.
Salary of Superintendent, Clerks, and others whose pay cannot be charged to any defined work ; the amount is therefore distributed over the expenditure of the year as a general charge	33,921
	Rs.
Cost of labor expended on general repairs	1,695
Repairs to Machinery	2,091
" of Tools	495
	4,281
	38,202
leaving, as the amount of labor expended on the works executed during the year	37,515
	75,717

3. It will appear, therefore, that the total amount expended for labor, during the year 1862-63, on the work produced at the Gun Foundry was only Rs. 7,515.

How appropriated. 4. On analysing this amount we find that it was disbursed for the following services :—

	Rs
Labor in connection with the casting and finishing Brass Ordnance	3,328
" in making Enfield Rifle Bullets and Cups for ditto	1,521
" on work performed for Public Departments and Private Individuals	2,666
	37,515

5. So that for the legitimate duties of the Gun Foundry the expenditure for labor is under Rs. 100 per week, whilst for the extraneous work that is executed in that Establishment it amounts to upwards of Rs. 600 a week.

MATERIALS.

6. In regard to materials, the Ordnance Examiner states in his Report that the value of stores expended in manufacture was Rs. 4,83,763, but on carefully examining the accounts rendered by the Superintendent, we observe that metal to the value of Rs. 3,11,530 is erroneously included in the total amount of stores expended; the value of materials consumed is thus reduced to Rs. 1,72,233, including materials to the value of Rs. 13,817 expended in the repair of machinery, tools, &c. ; in explanation of the great discrepancy of these two statements, it may be necessary to explain the process of manufacture on the course pursued to bring the value of the metal to the debit of the work executed.

7. With the view of increasing the specific gravity of the metal used in Brass Ordnance, the block from which the Gun is formed is cast in a mould about twice the length of the Gun ; when the metal is cast, the superfluous part, or " Dead Head," is cut off and returned into store ; the block is then put into the turning and boring machines, when the weight of the metal is again reduced by one-half, the redundant part being also returned into store ; a further reduction afterwards takes place in the operation of finishing.

8. The Ordnance Examiner, acting on the practice hitherto observed, by treating these several processes as separate and distinct operations, instead of one only, from the casting of the block to the completion of the Gun, has represented the transactions of the Foundry as of undue magnitude.

Our meaning will be more clearly seen by the actual figures :—

	Cwt.	Value in Rs.
Original weight of metal used in casting 88 Blocks with Dead Heads	3,051	1,45,216
Weight of metal without Dead Heads	2,559	1,36,258
Brass Ordnance Blocks without Dead Heads	1,392	83,417
	7,002	3,64,891

9. It is a fiction to make separate receipts and issues in regard to each of these operations ; the blocks are never returned into store, but, as a rule, remain in the Factory from the first process to the last—from the casting to the finishing. We are therefore of opinion that the expenditure of metal should have been correctly shown, as under, but it may be observed

Course that should have been pursued in regard to materials.

and it is difficult to arrive at any definite result :—

			Cwt.	Value in Rupees.
Original weight of metal used in casting 88 Blocks	...	...	3,451	1,45,216
Deduct—				
Old Gun metal after casting	...	Cwt.	426	19,894
Dead Heads and Borings	...	...	1,164	52,841
Borings and redundant metal on finishing	...	...	742	33,769
			<u>2,332</u>	<u>1,06,004</u>
Deduct also loss of metal in casting	...	...	...	719
			...	69
			<u>650</u>	<u>39,212</u>

10. The result of this operation is, so far as we can ascertain, that the total weight of the metal used was 650 cwt. only, at a cost of Rs. 39,212, this, however, stands in the Statement prepared by the Ordnance Examiner as an issue of metal, during the year, to the value of Rs. 3,64,891; see paragraph 8.

11. In regard to Brass and Iron Castings and Wrought Iron Work, the course pursued is as follows: All materials consumed or labor expended in the Foundry or Smithy are charged to those Establishments: at the end of the year, the gross weight of the outturn is ascertained; this divided into the gross cost gives the rate per cwt. All orders upon which Castings or Iron Work are consumed are debited with the cost, at the rate per cwt., arrived at by the first operation, and, as the primary process was charged with the total value of all the raw materials used in the Castings and Iron Work, it must not be again included as an issue of materials under each separate order; it is of course quite right to debit the order with the value of the Iron Work expended, but it must not be included, as it has been, both as raw materials and manufactured articles.

12. The total value of the materials, including metal, actually consumed during the year, as near as we can ascertain from the Accounts, amounts to Rs. 1,58,416 only, and may be thus appropriated :—

	Rs.
Brass Ordnance	41,525
Enfield Rifle Bullets	51,221
Work performed for Public Departments, &c., say	65,670
	<u>1,58,416</u>

13. It appears to us, therefore, that the outturn of the Factory for the year 1862-63 is as follows :—

	Labor.	Materials.	Total.
Brass Ordnance	3,328	41,525	44,853
Enfield Bullets and Cups	1,521	51,221	52,742
Miscellaneous Work for other Departments, &c.	22,666	65,670	88,336
	<u>37,515</u>	<u>1,58,416</u>	<u>1,95,931</u>

and not of the value of Rs. 5,37,224, as stated by the Ordnance Examiner.

14. In addition to the charges for labor and materials, the outturn must bear its due proportion of the charges for machinery and those of a general nature; the former amounts to Rs. 23,519, and the latter to Rs. 45,837: the amount is thus appropriated :—

	Machinery.	General Charges.
	Rs.	Rs.
Brass Finished Ordnance	7,000	12,834
Bullets	9,000	18,268
Miscellaneous Work	7,519	14,744
	<u>23,519</u>	<u>45,846</u>

15. The general charges should, according to the regulations contained in the printed instructions, dated 20th March 1854, be distributed at a uniform rate on the finished outturn of the year; that this has not been done will be seen from the following figures :—

	Brass Ordnance.	Bullets.	Miscellaneous.
	Rs.	Rs.	Rs.
Labor and materials	44,853	52,742	88,336
Machinery	7,000	9,000	7,519
	<u>51,853</u>	<u>61,742</u>	<u>1,06,855</u>
General charges	12,834	18,268	14,744
or			
Rate per cent.	24.7	29.6	13.9

Appropriation of charges for Machinery.

16. The charges for machinery include the following items :—

	Rs.
I.—Materials and labor expended for Steam Engines and Machinery	8,454
II.—Europe-made Tools	1,994
III.—Foundry-made Tools	1,847
IV.—Interest and depreciation on Machinery, the former being calculated at 5 per cent., and the latter at 1-12th, or a 20th of the original cost	11,724
	<u>28,519</u>

Particulars of general charges.

17. The general charges consist of the following items :—

	Rs.	Rs.
I.—Stores and labor expended for general purposes and petty repairs		5,944
II.—Stationery		299
III.—Fixed Establishment, including Sikkegars and Coolies—		
Foundry	28,869	
Bullet Factory	5,032	
		<u>33,921</u>
IV.—Military pay of Warrant and Non-Commissioned Officers		2,306
V.—Interest on the cost of Foundry Buildings, viz., on Rs. 1,10,448, at 5 per cent. per annum		5,522
		<u>47,992</u>
Deduct—	Rs.	
Sale of Coal Dust and Rubbish	1,730	
Fines	42	
Difference of price between the sale of old materials and actual cost	380	
		<u>2,152</u>
		<u>45,840</u>

18. The above deductions should have been abated from the charge for machinery, and

not from general charges, as the original cost of coals or machinery formed no portion of the expenses coming under incorrectly stated. machinery formed no portion of the expenses coming under that denomination; the only item that we consider should be

added to the general charges is the military pay of the Superintendent; it is true that he is not "seconded," but he is entirely withdrawn from the strength of the battery to which he belongs, and renders no military service; the sum of Rs. 358 per month, or Rs. 4,296 per annum, should therefore be added to the above amount. We consider also that the Enfield Bullets are made to bear an undue proportion both of the machinery and general charges, by which means the cost of production of brass ordnance is reduced; the "Bullet Factory," as it is called, is nothing more than a small room at the end of the principal workshop, in which there are set up two of Mr. Anderson's Patent Bullet Machines; one only is, we believe, in working order. The entire cost of the establishment in connection with these machines consists of the following :—

	Rs. per annum.
Foreman and Head-Engineer, pay and allowances	4,335
Engine-driver	132
Sikkegars, Artificers, and Coolies	1,622
	<u>6,059</u>

19. As these charges really embrace the full and entire expense of the "Bullet Factory,"

Excessive charge for general expenses against the Bullet Factory.

and as the Foreman and Head Engineer is almost independent of the Superintendent, it appears to us that the further charge against it of no less than Rs. 27,262 for the proportion of the expenses on account of the machinery and general charges for the year, is excessive; we were informed that it has been the practice to charge the "Bullet Factory" with one quarter of the entire amount assessed as the "general charges" of the year: there does not appear to be any reason why this should be done; in fact, in consequence of the operations of the "Bullet Factory" being almost entirely suspended during the year 1861-62, the cost for each bullet, manufactured at Cossipore, is officially recorded as upwards of seven annas; this is explained by the sum of Rs. 11,016 having been charged as general expenses on an expenditure of Rs. 235 for labor for the whole year, the correct amount being, as laid down in the Foundry Instructions, the due proportion of those expenses assessed on the finished outturn of each order.

20. At the time of our visit to the Gun Foundry, our attention had been confined to the

The Foreman of the Bullet Factory is not available for general service of the Factory.

Accounts of the year 1861-62, those for 1862-63, having only just been rendered, had not then been inspected by us; remembering that the Bullet Factory had been almost entirely idle during the year, we enquired of the Superintendent whether the services of the Foreman were eligible in the Foundry generally, and were informed that they were available only to a very limited extent. On this subject, however, the Superintendent addressed a letter to us, dated 12th May 1864, of which the following is an extract :—

"With reference to employing the Foreman of the Bullet Factory out of his own domain, though, in the literal terms of his Contract, I might, or rather my predecessor might, have set him to superintend work elsewhere where no bullets or plugs were being made, still doing

so was not so easy as may appear; discords between him and the Foreman of the Foundry, which is in every respect a separate Establishment with the exception of being under the same Superintendent, would have assuredly arisen, as they were men of exactly the same grade and possessed of the same authority. The Foreman of the Bullet Factory, in point of fact, was for a very short period since I came to the Foundry superintending Foundry Work, but done in the Bullet Factory; but as there is no room in the Bullet Factory for any more machines or vices than it already contains, the amount of such work can never be more than trifling."

21. Having, in our Report on the Accounts of Kidderpore Dockyard, expressed an Expediency of continuing the Gun Foundry. opinion in regard to the limited production of the Cossipore Gun Foundry, and ventured the suggestion, that should the Government be desirous of discontinuing the one or other of these two Establishments, that the latter should be preferably parted with, we will, before touching upon the Accounts, offer a few remarks on the expediency of continuing the Gun Foundry as a separate Government Establishment.

22. It will have been observed that the outturn of the Foundry is composed of three descriptions of work—

- I.—Manufacture of Brass Ordnance.
- II.— Ditto of Enfield Rifle Bullets and Wooden Cups.
- III.—Miscellaneous Work for Public Departments and private individuals.

23. I. *Manufacture of Brass Ordnance.*—In consequence of the large stock of Brass Ordnance in the country, and of the substitution, in the British Service, of Rifled Iron Guns in lieu of Brass Smooth Bores, it becomes a question whether it is not desirable at least until such time as the controversy in regard to Rifled Ordnance be determined, to entirely discontinue the manufacture of Brass Ordnance. We find, from a Return furnished to us by the Examiner of Ordnance Accounts, that the following is a list of the Brass Pieces of Field Ordnance now in use or in store in this Presidency, *viz.*, with

6 Batteries of Horse Artillery	...	...	...	...	...	36
88 Ditto Royal Artillery	...	...	...	...	...	230
Punjab Native Artillery	...	...	...	...	...	20
Out-Post Guns	...	...	...	...	...	21
						807

In Magazine Store, including Brass Mortars, on 1st April 1864, *viz.*—

Fort William Arsenal	{ English heavy Pieces	...	...	...	...	41
	{ Indian Pieces	...	...	...	...	112
Allahabad Arsenal	...	...	...	...	...	86
Ferozepore "	...	...	...	...	...	103
Agra Magazine	...	...	...	...	...	64
Saugor "	...	...	...	...	...	20
Peshawar "	...	...	...	...	...	22
Dehra Ismael Magazine	...	...	...	...	...	24
Mooltan "	...	...	...	...	...	14
						496
						803

24. Without venturing an opinion as to the number of pieces of Artillery that should be held in reserve, we would merely direct attention to the fact that there is in store a very large quantity of an article that may be superseded by a weapon of a different construction; this is the more likely to be the case when the Royal Artillery, now serving in this country, are relieved by those who have received instruction in the Armstrong Gun.

25. The number of Brass Guns ordered to be manufactured at Cossipore during the present year is, we believe, only 37, and it would appear, from information furnished to us by the Superintendent, that even this limited number was ordered more with the view of furnishing employment for the Foundry than that the Pieces were absolutely required.

In regard to the relative cost of Brass Smooth Bore 9-pounder Field Pieces made in India, and 9-pounder Armstrong Iron Rifled Guns made in England, we find that the former cost for the year 1862-63 £121-13, and the latter, exclusive of Vent Pieces, Sights, &c., £53-2-9.

26. The manufacture of Rifled Iron Guns requires a large quantity of special and valuable machinery; the iron of which the Gun is formed must be of a peculiar description, and the workmen employed in the welding and other processes must have been specially trained in the Gun Factory at Woolwich, or at Elswick, where alone these Guns are manufactured; it is questionable, therefore, looking at the limited number that will be required for service in this country, whether it would be worth while to attempt the construction of Rifled Ordnance at the Gun Factory at Cossipore.

27. It appears to us, therefore, that the time has arrived when the further supplies of Artillery Field Pieces should be obtained direct from England; and it is for consideration whether the least inconvenient mode of obtaining a limited supply of the Guns now in use in the British Service would not be to allow those Batteries, both Horse and Field, that form the

Batteries from England should bring their Rifled Guns with them.

next relief from England, and which are now furnished with the Armstrong Gun, to embark their Pieces with them; hitherto Batteries of Artillery arriving in this country with their Guns had to make them over to the Ordnance Department and be furnished with others of less weight; this inconvenience would be obviated, as the Armstrong 9-pounder is lighter than the Indian pattern Brass Field Piece of the same calibre.

28. Looking at the question, therefore, as one of demand and supply, it would seem that there is no longer any necessity for continuing the Gun Foundry at Cossipore for the supply of Brass Ordnance.

29. The question would arise as to what, in the event of the disruption of the Cossipore Factory, would become of the valuable machinery that is now set up in that Establishment: this is answered by the suggestion that we ventured to make in our Report on the Kidderpore Dockyard Accounts, *viz.*, to transfer to the Department of the Superintending Engineer of that Establishment such portion of the plant as it is desirable to retain, and where a great portion of it would be utilized; the remainder should be set up and held in reserve for any great emergency, should such arise.

30. *II.—Bullet Factory.*—We have already, in paragraph 18, alluded to the limited extent of this Factory and to the separate Establishment that is entertained for working these Machines; the Machines, so we were informed, require a thorough overhaul; this we would suggest should be done, and that they should be set up at Dum-Dum, from which station a large quantity of the lead used in making bullets is furnished, and to which station the entire product of the Factory is transferred. Attached to this Establishment is a lead rod squeezing apparatus; this also should be transferred to Dum-Dum.

31. Should it be inexpedient to set up these Machines at Dum-Dum, we would then suggest that they be set up at the Dockyard, where the Foreman and Engineer would have an opportunity of undertaking the superintendence of work of a general nature in addition to the supervision of the Bullet Factory.

32. *III. Miscellaneous work executed for Public Departments and private individuals.*—This, it will be found on reference to paragraph 13, forms the great bulk of the work executed at the Cossipore Gun Foundry; to show the diversity of orders undertaken by the Superintendent, we append a list of those completed during the year 1862-63.

33. The Superintendent expressed his dissatisfaction at Officers in the Public Works Department being allowed to obtain from the trade articles that could, so he affirmed, be manufactured cheaper and better at the Cossipore Foundry, and he particularly instanced the fact of the Executive Engineer in charge of Acera Brick Field having opened negotiations with him for the supply of Barrows and Pugmills, and without any satisfactory explanation, transferred the order to a Calcutta tradesman. We have examined into the case and have ascertained the following particulars, which have an important bearing on the "miscellaneous" work undertaken at the Cossipore Establishment.

34. On reference to the Statement appended—Item No. 75,—which professes to be the value of "five off-bearing barrows complete," we find that the cost is stated to be Rs. 70, or at the rate of Rs. 14 each: this is for materials and labor only, and does not include any sum for general charges, although nearly every other order bears a charge of 25 per cent. on the materials and labor to meet these expenses; the items comprising the cost require explanation; they are as follows:—

<i>Materials.</i>						Rs. A. P.
Three large plant brushes	..	..	..	..	..	8 0 0
Oil paint and turpentine	..	..	..	..	..	9 8 1
Screws	..	..	..	..	..	5 1 8
Iron, Cast	..	..	..	..	..	16 10 0
Iron, Wrought	..	..	..	..	..	17 0 0
						50 14 8
<i>Labor.</i>						Rs. A. P.
Carpenter	..	..	..	..	..	17 1 9
Sawyer	..	..	..	..	..	1 0 0
Painter	..	..	..	..	..	1 0 0
						19 1 9
						70 0 0

35. It would thus appear that at least some portion of these barrows were made of wood, as the whole amount for labor, excepting one rupee, is for the wages of carpenters and sawyers, but no charge is included for the value of the wood which must have been used: notwithstanding this anomaly, the cost is Rs. 14 per barrow, whilst those supplied by the Contractor employed by the Executive

Engineer were obtained at Rs. 12; and those manufactured by the Public Works Department cost Rs. 16 each.

36. In regard to the Pugmills, the cost at Cossipore was Rs. 220 each, as will be seen from the Statement—Item No. 21,—whilst those supplied by the

Excessive cost of pugmills manufactured at Cossipore.

Contractor were obtained at Rs. 135 each; the Cossipore price includes materials and labor, and general charges at 20 per cent. only, the normal rate on the orders executed during the year being 25 per cent.

37. From the result produced in reference to these two orders, there does not appear to be any advantage in continuing Cossipore as a Manufactory of miscellaneous articles: many of these could have been purchased from dealers, and all could have been made at Kidderpore just as well as at Cossipore, and we apprehend that no inconvenience to the service would arise were this Establishment given up.

Cossipore not required for manufacture of miscellaneous articles.

38. We arrive at the conclusion that the Cossipore Gun Foundry is not further required; that the Bullet Machines could be advantageously set up elsewhere; and that the miscellaneous work would be more economically executed at the Dockyard at Kidderpore—more economically because the Superintendent Staff would be reduced to a minimum.

The Foundry could be dispensed with.

39. Should, however, the Government determine on retaining Cossipore as a Manufacturing Establishment, we consider that the Accounts should be revised; they are now very complicated, and are rendered in a form that imposes much unnecessary trouble on the Examiner.

By the present system the amount expended on each order cannot be ascertained until the Accounts of the year are made up, when the cost of the material used upon each job is collected from the Ledger.

40. Two workmen are employed as Clerks in distributing the labor over the several orders; the practice of employing the workmen in this capacity is objectionable and may lead to a large Office Establishment being entertained without the knowledge of Government.

Workmen should not be employed as Clerks.

41. It appears desirable that the amount expended, whether in labor or materials, should be recorded against each order every month; by compiling the Accounts at the end of the year, a large accumulation of Office work is concentrated into a limited period, which requires extra Establishment to clear off.

Accounts should be made up monthly.

42. In our report on the Kidderpore Dockyard, we have offered a suggestion as to the course that should be adopted in regard to charging the expenses of labor and materials to the several orders under execution. We would here suggest that this system, with slight modifications, might be advantageously introduced at Cossipore.

The system of accounts proposed for the Dockyard should be introduced at Cossipore.

43. The Establishment of work-people employed at Cossipore is divided into two classes, the permanent and extra; the pay of the former is obtained from the Presidency Paymaster on what is termed a "pre-audited" bill; the pay of the latter is obtained by the Superintendent on a monthly Estimate of the amount required: a monthly Account Current is rendered to the Examiner of Ordnance, which shows the receipts and expenditure on account of the extra establishment only; the workmen of both Establishments are paid monthly in the presence of the Superintendent; we would suggest that the Superintendent should incorporate in his monthly Estimate the entire expense of the whole Establishment, including his own pay; that the entire amount should be advanced to him, and that he should enter in his monthly Account Current all receipts and disbursements on account of the Gun Factory.

The Superintendent should render a monthly Account Current embracing all charges connected with the Foundry.

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M. H. FOSTER.

H. W. S. WHIFFIN.

Statement showing the services upon which the Coosapore Foundry was employed during the year 1862-63.

No. of Item.	Department for which the work was performed.	DESCRIPTION OF WORK.	AMOUNT CHARGED				
			Materials.	Labor.	Machinery	General charges	Total.
			Rs.	Rs.	Rs.	Rs.	Rs.
1		Patterns, wooden, of sorts ...	2,111	1,391	0	0	3,502
2		Brass Gun metal Cwt. 816 3 7 8	21,286	40	0	0	21,326
3		" Mixed metal ... 52 3 13 0	8,485	13	0	0	8,498
4	The materials consumed, amounting to Rs 3,11,530, in Orders Nos. 2 to 11, is over-charged, as explained in para. 6 of Report.	" Ordnance Blocks, with heads ... 2,559 1 8 0	1,35,226	1,032	0	0	1,36,258
5		" Rough pieces, of sorts ... 234 0 0 0	14,072	2,088	0	0	16,160
6		Rough iron cast pieces 2,731 1 2 0	14,168	8,767	0	0	17,165
7		Iron, wrought, rough pieces ... 2,339 0 0 0	36,350	12,308	0	0	48,658
8		Lead piece, of sorts ... 1 2 0 0	19	1	0	0	20
9		Copper pieces of sorts 31 2 22 9	3,360	330	0	0	3,691
10		Brass Ordnance Blocks—without heads ... 1,392 1 13 0	83,417	88	0	0	83,455
11		Copper Bonches, of sorts ...	127	16	0	0	143
12		Brick Moulds, Agra Pattern, No. 220	847	89	0	54	440
13	Mr. Angles, at Coosapore.	Not stated ...	894	541	0	309	1,794
14		Set of Duff's cooking stove ...	413	34	0	111	558
15	E. I. Railway Co	Trolley wheels, No. 45 ...	225	69	0	73	367
16		Gun metal screw nut, No. 2 ...	18	6	0	8	30
17		Crank for Steam Engine ...	2	3	0	1	6
18		Pile Driving Ram ...	28	2	0	8	38
19		Cross piece for Lithographic Press ...	5	3	0	2	10
20		Pattern Urne Receiver ...	93	7	0	25	125
21		Pug Mills in No. 4 ...	699	28	0	153	880
22		Pile Driving complete, as to crabs (2 sets) ...	738	81	20	211	1,050
23		Copper cooking pots ...	403	0	0	100	503
24	Col. Douglas ...	Repairs to Steam Boat ...	12	91	3	26	132
25		Brass finished Ordnance weighing Cwt. 545 in No. 68 ...	41,525	2,205	7,000	12,831	63,561
26		Bullet Moulds, Smooth Bore ...	1,108	712	600	580	2,900
27		Beds Mortar, iron, 10 in No. ...	546	47	100	174	867
28		Repairs to Aseel Steam Engine ...	5	4	4	2	13
29		Brass Gun Metal Collars and Plugs ...	7,191	2,242	1,000	2,608	13,041
30		Sets of brass belts and buckles, No. 501	451	517	501	337	1,836
31		Brass Pendulum ...	1	4	1	2	8
32		Brass Target scales, of sorts ...	72	146	63	70	351
33		" for Armstrong Guns ...	67	43	9	29	148
34		Breech Removers, 2 in No. ...	20	18	10	12	60
35		Breeching apparatus, 10 sets ...	29	55	10	23	117
36		Blocks, iron, double, No. 100 ...	548	262	200	590	1,600
37		Ahmrah, wooden, No. 12 ...	113	47	0	0	160
38		Bottoms, wooden, for case shot ...	10	10	0	6	26
39		Chairs, wooden, No. 12 ...	18	12	0	0	30
39a		Oil Tin cans, 10 in No. ...	0	0	0	0	1
40		Copper triangular fan ...	2,742	0	0	685	3,427
41		Copper rods for lightning conductors ...	271	82	16	80	359
42		Compasses, new chalk, No. 20 ...	18	25	20	14	72
43		Cone Pulley ...	11	4	2	4	21
44	Col. Broome ...	Chuck universal for Whithworth lathe ...	3	6	2	3	14
45		Iron Barrack Cots, No. 100 ...	2,202	56	0	142	2,400
46		Die stocks, 21 sets, medium ...	796	908	735	609	3,048
47		" large, six sets ...	107	115	90	78	390
48		" Small in bore, 27 sets ...	212	851	297	215	1,075
49		Engines, water elbow brass, for suction pipes ...	52	18	42	27	139
50		Engines, water, iron, complete ...	1,653	207	200	514	2,574
51		Eprouvette, with gun and scale, complete ...	477	78	30	75	660
52		Forges, portable, three ...	128	52	30	52	262
53		Gauges, Enfield rifle, No. 19 ...	5	25	35	32	77
54		" " musket ...	4	20	51	19	94
55		" " 5 sets ...	14	21	50	22	107
56		" standard, for shot and shell, 3 sets ...	80	74	30	46	230
57		Implements drifts, 2 sets ...	1	3	1	1	6
58		" Forge Vice, Hand, No. 10 ...	3	7	1	3	14
59		" Rocket, complete, 30 sets ...	77	165	150	98	490
60		Iron, Cast, Skid, Small ...	5,565	0	489	0	6,054
61	Engineer, Singapore.	" C. Graastanga ...	439	0	135	0	574
62	Electric Telegraph.	" Sockets ...	964	0	85	0	1,049
63	Ditto	" Cross Feet ...	262	0	23	0	285
64		" Weights ...	67	6	4	19	96
65		" Indian Standard ...	92	81	63	79	315
66	Lady Canning's Cemetery.	" Pannels ...	430	152	152	183	917
67		" Flooring ...	119	9	0	0	128
68	Chittagong Magistrate.	" wrought, Pass ...	194	9	18	11	232

No. 2274, dated 5th September

No. 68.] *OBSERVATIONS—By the Government of India, FINANCIAL DEPARTMENT, on the report of the English Commissioners on the Audit and Account of the Cossipore Gun Foundry.*

Read—

A letter, dated 18th August 1864, from the Commissioners of Enquiry into Indian Accounts, forwarding their report on the mode of conducting the Audit and Accounts of the Cossipore Gun Foundry.

OBSERVATIONS.—The Governor General in Council observes that the recommendations of the Commissioners regarding the Audit and Accounts of the Cossipore Gun Foundry are deserving of an unqualified approval.

2. The recommendation of the Commissioners, that the manufacture of brass guns at Cossipore should cease, and the machinery be laid up for use in case of emergency, is well worthy of consideration in the Military Department. It will be seen from the report, that even the limited number of guns now manufactured at Cossipore were ordered more with the view of furnishing employment for the Foundry than because they were wanted.

3. With whatever description of guns the Artillery service in India may for the future be supplied, there can be no doubt that they can be obtained at a cheaper rate from the Government and private manufactories in England than by maintaining a separate manufactory in this country.

4. The risk of any emergency, such as might entail the return to local manufacture of light field guns, may be estimated by the fact that no such emergency has yet occurred as regards iron siege guns, and guns of position, which have always been supplied from England. The suggestion of the Commissioners, that the machinery be laid by for use in any emergency, also guards effectually against the risk, such as it may be.

5. It is reported that many of the miscellaneous articles supplied from Cossipore might be obtained at a cheaper rate from contractors, and that all could have been made at Kidderpore just as well as at Cossipore.

6. The bullet machines may be transferred to Dum-Dum or Kidderpore, as may be considered most advisable.

ORDERED, that these observations be communicated to the Military Department, with a copy of the report of the Commissioners, for consideration in that Department.

No. 2275, dated 5th September 1864.

No. 69.] *Office Memo.—By the Secy. to the Government of India, FINANCIAL DEPARTMENT.*

With reference to the observations in the accompanying Extract of Proceedings, in the Financial Department, regarding the accounts and the inexpediency of the retention of the Cossipore Foundry, the undersigned is directed to communicate to the Secretary to the Government of India, Military Department, the following opinion which His Excellency the Governor General recorded on the consideration of the subject in the Financial Department:—

“I agree with Sir Charles Trevelyan that a case is fairly made out for doing away with the Cossipore Foundry. I would do so at once, paying up and discharging the workmen with a fair gratuity. If we are under engagement to any parties, we might give them a reasonable sum in discharge of their claims, or make them over to the Dockyard for employment, until the remaining period of their service expired.”

[Account Proceedings, October 1864, Nos. 105 & 106.]

No. 105.] *Report of the Commissioners of Enquiry into the constitution and the mode of conducting the business of the Financial Department and of the Offices of Audit and Account attached to that Department.*

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INTRODUCTION.

1. In carrying out the inquiry we have been directed to make into the constitution and the mode of conducting the business of the Financial Department and of the Offices of Account attached to that Department, we have considered it our duty to pay a due regard to economical considerations, but we have at the same time felt that efficiency in the mode of carrying on the public Service was of still greater importance.

Objects of inquiry.

Efficiency the first consideration.
2. The Financial Department has charge of the whole of the Revenue and Expenditure of India, and the gain realized by some small departmental savings would by no means compensate for the losses which would be entailed by any arrangement which would interfere with or weaken an effective check and control over the administration of the important financial interests of the Empire. Although, however, the object of our recommendations will be to secure the greatest amount of efficiency practicable, we see no reason to doubt that this may be combined with a considerable saving of expenditure.

Economy subordinate to this.
3. The field of our inquiry has embraced the several Offices of the Financial Secretary, of the Civil Paymaster, of the Accountant General and the Deputy Auditors and Accountants General, of the Auditor General, and of the Audit Board; but in order to make ourselves fully acquainted with the subject, we found it necessary to extend our investigations to the Bank of Bengal and to most of those Offices which deal with the Revenue and Expenditure of the country and render accounts to the several Accountants General.

Departments included in inquiry.
4. The course of business in these Offices may be briefly described as follows:—

Course of business.
5. The administration of the Revenue and Expenditure is carried on by the several Executive Departments of the Government under Rules and Regulations laid down by the local Governments and the Financial Department, the Revenue Board being placed in charge of all matters relating to the collection of the main items of Revenue, except those collected through the Mint, Post Office, and Telegraph Department, which are directly administered by the Chiefs of those Departments.

Administration.

Revenue.
6. The Treasuries throughout the Empire collect the State Revenue and account for it to the several Deputy Auditors and Accountants General, who also act as Accountants to the Revenue Boards and to other Departments.

Treasuries.
7. Expenditure recommended by the several local Governments cannot be included in the Budget Estimates until the previous sanction of the Supreme Government has been notified by the Financial Department, which is bound to exercise a vigilant control and supervision over the whole of the national expenditure. The several Presidential and Provincial Budget Estimates, containing thus none but authorized charges, are, when completed, transmitted by the local Governments to the Financial Department for further revision and final sanction by the Supreme Government.

Expenditure.

Budget Estimates.

Sanctioned by the Supreme Government.

8. Upon this sanction being notified, the local Governments are in a position to direct the expenditure of the amount of the Budget grants; but before the Executive Departments can avail themselves of the funds appropriated to their use, it is necessary for them to send their bills, whether they be for fixed monthly salaries or for variable charges, to the Civil Paymaster for revision and examination as to their correctness as regards the computations, as to their being duly authorised and in accordance with the rules regulating such charges, and as to their not being in excess of the Budget grants for the Services to which they relate.

Expenditure conducted by Executive Departments.

Pre-audit by Civil Paymaster.

Bills paid by Banks or Treasuries.

Post-audited by Deputy Auditor and Accountant General.

Deputy Auditor and Accountant General.

Budget audit by Auditor General.

Imperial Books.

perial Books;" but this intention has never been carried out.

11. As, however, the Books of the Deputy Auditors and Accountants General have generally not been completed until some years after date, owing to arrears in the adjustment of unaudited charges, it became necessary, for financial purposes, to institute an independent set of accounts, which include unaudited as well as audited charges. These are rendered to the Auditor General by the Deputy Auditors and Accountants General for monthly, quarterly, and annual periods, and these form the ground work of all the financial operations and of the Finance Accounts which are furnished to the Secretary of State and laid before Parliament.

12. As, however, these accounts are based partly upon unaudited charges, and subject, on subsequent audit, to retrenchments and extensive adjustments, it follows that the quarterly do not agree with the three separate monthly accounts, nor the annual with the four quarterly accounts, none of them being correct. It is to these that the Indian Government and Parliament have to trust for information on financial matters. The actually audited accounts are completed so long after the period to which they apply that they become practically useless.

13. Having thus given a rapid sketch of the present course followed in dealing with the Revenue and Expenditure of India, we will proceed to examine the several subjects in the order in which they naturally follow, and point out what we consider to be the defects of the present system, and the remedies which should be applied.

14. It must, however, be borne in mind that as our inquiries have necessarily, to a considerable extent, been confined to the Departments of this Capital, and to some few Offices of Account and Mofussil Treasuries, which we were enabled to visit during our official tour to the North-West last winter, there may be differences in the mode of proceeding in the other Presidencies, of which we may not be aware, and which may render our remarks less applicable to them in some cases; but we shall endeavour, in proposing a new system of account, to frame it so as to be susceptible of adaptation to any small differences in practice which may exist in different localities.

Differences in practice which may exist in other Presidencies.

Accounts should be susceptible of adaptation to these differences in practice.

ESTIMATES.

Four sets of annual estimates.
course of the year, viz. :—

15. The question which first comes under consideration is that of Estimates. Of these there are four prepared in the

1st.—The Budget Estimate (called Anticipation Sketch Estimate previous to 1861-62).

2nd.—The Revised Estimate (called Sketch Estimate previous to 1861-62).

3rd.—Regular Estimate.

4th.—Cash Requirement Estimate.

16. The Budget Estimate corresponds with the annual Estimates laid before Parliament at home, and when sanctioned, becomes the authority upon which the appropriation of Grants for expenditure is made.

Budget Estimates.

17. The Government of India and each Presidency and Province has its own Estimate, which is compiled by the Accountant General for the Government of India and by the Deputy Auditors and Accountants General from returns of estimated Revenue or Expenditure furnished by the several Treasury Officers, and by each Department having charge of Revenue or Expenditure. These returns exhibit not only the amounts shown in the Budget and Regular

Separate Estimate for each Government.

Estimates for the year, but also the Estimate of the previous year, and the actual Receipt and Expenditure of the preceding year.

18. The results of these returns after compilation are compared by each Deputy Auditor and Accountant General with those of the previous year, and he is also guided in framing the Estimates by such information as he may possess regarding causes which may lead to an increase or diminution of Revenue or Expenditure. The Estimates, after completion, are laid before the local Government with any observations the Deputy Auditor and Accountant General may think proper to add in support of the amounts he has inserted.

19. The Estimates are next examined in detail and revised by the local Government or Administration, and alterations are made without giving in all cases the reasons for the proposed increase or decrease. They are then submitted to the Financial Department by the local Government or Administration, with observations regarding the changes that have been made, or with regard to any other point which may be thought worthy of notice.

20. In the Finance Department they undergo a further revision, and are then submitted for the sanction of the Financial Member of Council, who having full knowledge of the financial measures of the Government, is enabled to introduce such amendments as he may consider to be called for, before the Estimates are laid before the Governor General in Council for final sanction.

21. It is to be observed that the deductions or additions by the local Government or by the Financial Department are frequently made in one sum upon the total Grant, without specifying the special items to which they are intended to apply, nor is the Deputy Auditor and Accountant General or the Civil Paymaster made officially acquainted with the detail of these changes. This system to some extent vitiates the check and control over the detail of the expenditure of the Grant, and renders less accurate comparison with the Expenditure of other years. Every increase or reduction should be recorded against the special item which will be affected.

22. Under the Financial Circular quoted in the margin, the Budget Estimate is to show—

- 1st.—The actuals of the past year.
- 2nd.—Budget Estimate of current year.
- 3rd.—Regular Estimate of ditto.
- 4th.—Budget Estimate of ensuing year.
- 5th.—Amendments proposed by local Government.

23. The Financial Department Abstract shows also the alterations proposed by the Financial Department, and the amounts as finally fixed by the Financial Member of Council. The amounts are for Revenue to be received and Charges to be paid within the year, and not for Demands or Liabilities.

24. The first point that seems to call for observation has reference to the number of revisions each Estimate is subjected to—

- 1st.—The several Collectors, the Revenue Board or other Department.
- 2nd.—The Deputy Auditor and Accountant General.
- 3rd.—The Local Government.
- 4th.—The Financial Department.
- 5th.—The Financial Member of Council.
- 6th.—The Supreme Council.

The Salt Revenue of the Bengal Presidency for 1863-64 was estimated—

By the Revenue Board at	...	...	...	...	laks 260
By Deputy Auditor and Accountant General	...	...	...	...	260
By the Local Government	...	...	...	...	261
By the Financial Department	...	...	...	...	288
The actual Revenue was	...	...	...	...	247

All these conflicting Estimates are duly recorded, with reasons for or against the alterations.

25. The Deputy Auditor and Accountant General, though owing allegiance to the Financial Department, is to some extent attached to the local Government, and it would seem to be a much more simple and satisfactory arrangement than the present if, before submission of the Estimates to the Financial Department, a Member of the Revenue Board or other Department, as the case might be, the Deputy Auditor and Accountant General, the Lieutenant-Governor or Officer administering the Government and the Secretary to the local Government, were to meet together for the purpose of discussing any differences that may exist in their views as to the correct amounts to be inserted in the Estimates, and thus issue a single document, with their joint observations and recommendations, in place of putting on record and submitting to the higher authority three separate and divergent Estimates, as is now the practice.

26. The next point for observation is the comparison of the Estimates against previous Budget Estimates. It will be seen above that the form of Budget Estimate prescribed by the Circular already referred to contains five columns for the purpose of comparison against previous Estimates. This complexity of comparison seems to confuse rather than elucidate. If, during the previous year, there has been any great divergency from the Budget Estimate of that year, it has probably arisen from some extraneous circumstances which may not affect the ensuing year, and, as a rule, the comparison of one Budget Estimate against that of the previous year will, as in England, be found to be not only more simple and clear, but also most exact and reliable.

27. The third point relates to the voluminous nature of the Estimates. In framing these Estimates too voluminous. information is very properly sought for by obtaining returns, as above noticed, from each Treasury or Department, and these returns are most valuable data upon which to found the entries in the Estimates; but instead of abstracting them in the Office, and using them only as the means of arriving at results, the practice has been to insert in the printed Estimates themselves the detailed Revenue and Expenditure under each separate district or station. This, besides adding greatly to the bulk of the document and to the cost of printing, fails to show clearly and concisely, in a classified form, the Revenue and Expenditure of the Presidency or Province. This method of fixing its own expenditure upon each district brings with it also serious inconvenience, as will be hereafter explained.

28. The whole of the Budget Estimates should be re-arranged in an uniform shape under Departments and Services, and the sub-heads should be reduced in number and simplified.

29. It may be desirable that the Officers who frame the Budgets should be supplied with the minutest detail in order to check and control the expenditure to be sanctioned, and the Estimates should be carefully weeded of any item which may appear to be unnecessary; but all this detail need not be inserted in the printed Estimates. It will be sufficient that a limited number of sub-heads

are distinguished, containing each the authorized expenditure appertaining to that class of charges, and, provided the total amount under each sub-head has been limited to what is actually necessary, there will not be much room for the insertion, by the expending Department, of unauthorized charges under any of these heads.

30. Should the Financial Department desire to scrutinize more closely items contained in the several sub-heads, the particular returns relating to these could at any time be furnished by the Deputy Auditor and Accountant General. There is, however, good reason to believe that the Financial Department is less guided by information derived from these sources than by a comparison against the Revenue and Expenditure of previous years, modified by a full knowledge of all the causes which may lead to their increase or decrease.

31. The fourth point which calls for special attention has regard to the mode of providing in the Estimates for inter-Presidential and inter-Provincial charges. It seems to be generally admitted that the endeavour to adjust the Revenue and Expenditure of India accurately between the Governments and Provinces, whilst fostering a feeling of jealousy between the Governments, only leads to complexity and confusion in the accounts, and in the end fails to set forth the true financial condition of the several territorial divisions of the Empire.

32. Much has already been done to clear the accounts of a superabundance of these adjustment entries, but the system is not yet complete, and there is still room for further simplification by the extension of the principle under which each Government should provide in its Budget Estimate for the payments made within its territories, and also bring to its Revenue such Receipts as it collects.

33. Amongst Receipts it appears that Tributes and Contributions received in the North-Western Provinces, and Land Revenue, Forest, Miscellaneous, and Income Tax collections of sundry Provinces on account of the Government of India, are adjusted as Revenue to the latter Government, and a similar course is pursued with regard to a number of Miscellaneous Receipts, such as the proceeds of sale of gold mohurs and other presents by Native Chiefs to the Governor General, gain by exchange on Bills drawn on England, one-half per cent. deductions from Oudh Pensions, Rent of Birds' Nests in the Andaman Islands, and a variety of other Receipts, which are now treated as matters for adjustment between the respective Governments and Administrations.

34. On the payment side these adjustments are carried to a still greater extent. Thus, Scales supplied by the Mint to Collectors, Cotton Presses furnished by the Bombay Government, Printing and Coloring Maps, charges of the Indus Flotilla for the conveyance of Army Lists and Periodicals, for freight and landing charges, for discount on Supply Bills and on sale of Copper Coinage, charges paid by Bombay for the Euphrates Expedition, for the Observatory, and for the passage money of ex-Members of the Legislative Council, and a number of similar charges, are adjusted, through the accounts

wherein the payments are first recorded, to the Government of India, Madras, or Bombay, or to the Province to which the charge may be supposed to relate, for final record. In this manner, also, large payments are made at Madras to the French Government as compensation for loss of Revenue from the surrender to the English Government of the right of manufacturing Salt, but these payments are adjusted to Bengal.

35. These Receipts and Charges could, in most cases, have been borne on the Budget Estimate applicable to the locality where the Receipt takes place or the Payment has to be made, and the complications arising from these cross entries might thus be avoided.

36. The largest number of adjustments arise, however, upon the payment of Civil and Military pay to Officers on leave of absence, who draw their pay or salaries out of the Presidencies or Provinces to which they are attached, or to Officers on promotion from one Presidency or Province to another; but even in these cases there seems no valid reason why these charges also should not be provided for out of the Budget grants of the Government through which the payments are made. There will generally be margin enough to meet these payments out of local Budgets, which should provide for these contingencies; but should this not have been practicable, an explanation of the cause of excess attached to the accounts will satisfy the Financial Department.

37. To every rule there are exceptions, and, as an instance to the point, the case may be quoted of the Governor General in Council spending six months at Simla. In this instance the amount payable on account of salaries and expenses being very large, and unforeseen by the Government of the Punjab, it would be necessary to adjust these charges to the Government of India, on the Budget of which they are provided for.

38. By carrying out, to the utmost extent possible, the principle with which we have been dealing, that is, that each Presidency, each Province, and each Department should estimate and account for all payments to be made by them, there will be, with some few exceptions, no adjustments to be made, except under the head of Remittances, and a great step towards the simplification of the Indian accounts will have been made.

39. Whilst upon this subject, it will be proper to notice that Military Buildings of the Bengal Army are provided for in the Budget Estimates of the Presidencies and Provinces in which the Expenditure takes place; but in the accounts the whole of these charges used to be adjusted to India. This practice was evidently incorrect. The accounts should strictly follow the Estimates, otherwise the check of the one against the other is rendered incomplete. Under the new system, these anomalies will be avoided.

40. The inconvenience which arises from the introduction into the Budgets of the estimated expenditure under each district or station has already been alluded to, but besides the objections to this arrangement which have been pointed out, there is another of still greater weight which appropriately follows upon the above remarks. Further objection to Estimates showing expenditure under districts.

Paragraph 27.

41. As separate Budgets have been subjected to inter Presidential adjustments, so the introduction into the Estimates of separate amounts for each district has led to a similar system of adjustment and complication between district and district. If an Officer is transferred on deputation from one station to another, and carries with him a higher rate of pay than that assigned to the district he takes charge of, a transfer is made in some Presidencies and Provinces from the Budget allotment of the district to which his salary is attached under the Estimate to that of the one he joins. The omission of this detail from the Budget Estimate will save much useless trouble in making these adjustments. It is of little consequence where the salary is paid, provided the total expenditure for the Service does not exceed the total amount granted under the Budget.

42. To exemplify the complexities which arise from these district Estimates, an example is given—

The Judge at Behar is appointed to act at Patna. His salary having been pre-audited by the Civil Paymaster, the Patna Collector pays it and debits Advances recoverable, and sends the salary bill to the Collector at Behar. The Collector at Behar debits Judges' Salaries, credits local Remittances, and sends to the Collector at Patna an adjustment receipt. Patna Collector then credits Advances recoverable and debits local Remittances. This practice has lately been discontinued in Bengal, but still obtains in some parts of India.

43. The more general mode now adopted in dealing with these cases is to transfer the amount from the one district to the other through the Budget Check Ledger; but in reality neither the one course nor the other is necessary. The responsibility of the proper distribution of the Salaries should rest with the Controlling Department.

44. The several Accountants General have for each year a large volume of Government orders sanctioning additional grants or the reduction of them, and a Register, which gives an abstract of these orders, and, under the system now in force, voluminous Check Ledgers

are kept, into which are posted monthly all these Government orders which in any way affect the Budget grants. In this way all additions and reductions, and all transfers of charges between Presidencies, Provinces, Districts or Departments, are recorded, and in each case the Budget Estimate, including even the Minor Heads, undergoes revision. If a charge of even Rs. 10 per annum is granted, a special Budget grant for this sum is occasionally obtained and recorded, quite irrespective of the fact that savings to a much larger amount may be available to meet the charge.

45. When once the Annual Budget Estimates have been passed and sanctioned, no alterations should be admitted except in very special cases. Any additional expenditure which the local Government may see fit to sanction after the Budget for the year has been passed should be met, as far as possible, out of savings on other items of the same grant, or, if that is not sufficient, the excess should be reported to the Supreme Government, and before the close of the year, a transfer should, under the sanction of the Financial Department, be made from some other similar Head of Service upon which a surplus had become apparent, or, if absolutely necessary, the Supreme Government would pass an additional Grant. These latter cases, however, need be but rare, and the bulky Check Ledgers may with advantage be dispensed with; the monthly postings in the accounts should be a sufficient guide as to whether the total amount of a Grant is likely to be exceeded.

Budget grants should not be altered except in special cases.
 Excesses should be met out of savings on other grants.

46. There is another cause of complexity which should be avoided. Not only are the sub-heads under the present system too numerous, but it frequently happens that a single charge is divided under several Heads. An instance was pointed out where one payment had to be divided and be charged under six different Budget Heads. This practice is very common with regard to salaries of Officers performing mixed duties. For instance, in the Budget Estimate for the year 1863-64, the salary of the Commissioner of Chota Nagpore is divided into three parts, and is charged $\frac{1}{3}$ against the head of "Political Services," and has to be adjusted by Bengal to the Government of India. The other $\frac{2}{3}$ are charged against Bengal, and are sub-divided between "Judicial" and "Land Revenue." The salary of the Commissioner of Assam is charged $\frac{1}{3}$ to Police, $\frac{1}{3}$ to Land Revenue, and $\frac{1}{3}$ to Political, of which the two first portions are chargeable to Bengal, and the latter is adjusted to the Government of India. The salaries of the Revenue Board are divided in varying proportions between Land Revenue, Customs, Salt, and Opium charges. Such minute adjustments give an infinity of trouble without an adequate result, and the division of the charge can at best be but an arbitrary one.

Classification too minute,
 several Heads. An instance was pointed out where one payment had to be divided and be charged under six different Budget Heads. This practice is very common with regard to salaries of Officers performing mixed duties. For instance, in the Budget Estimate for the year 1863-64, the salary of the Commissioner of Chota Nagpore is divided into three parts, and is charged $\frac{1}{3}$ against the head of "Political Services," and has to be adjusted by Bengal to the Government of India. The other $\frac{2}{3}$ are charged against Bengal, and are sub-divided between "Judicial" and "Land Revenue." The salary of the Commissioner of Assam is charged $\frac{1}{3}$ to Police, $\frac{1}{3}$ to Land Revenue, and $\frac{1}{3}$ to Political, of which the two first portions are chargeable to Bengal, and the latter is adjusted to the Government of India. The salaries of the Revenue Board are divided in varying proportions between Land Revenue, Customs, Salt, and Opium charges. Such minute adjustments give an infinity of trouble without an adequate result, and the division of the charge can at best be but an arbitrary one.

Single payments charged to several heads of Service.

These minute adjustments should be avoided.

47. These charges are best shown in one Estimate under Departments and should pass in this manner through the accounts: any arbitrary division of charges to show particular results may be left to Statistical Returns.

Each charge should be shown under one Estimate.

48. The only exception which it is proposed to admit has regard to the salaries of Collectors and Magistrates and Deputy Commissioners, whose duties combine the administration of justice with the collection of revenue. In this instance, the division of the charge between Land Revenue and Law and Justice may be continued, but it will not be necessary to charge each salary under the two heads; it will be sufficient to transfer monthly one moiety of the total sum paid from one account to the other. In time it may be desirable to divide these joint duties, and assign them to separate Officers, in which case there will be no difficulty in showing the expenditure under separate heads of Estimate.

49. The Military and Public Works Estimates are not examined or checked by the Financial Department previous to the preparation of the general Budget. The amounts required are given in single sums, and the Estimates in detail are not furnished until some months later. This delay is very objectionable, as it, in a great measure, destroys the effective control which the Financial Department should have over the expenditure of all Departments; and as these statements in gross are sometimes far from correct, they are apt to mislead the Financial Member of Council in his statement of the expenditure and of the Ways and Means of the Empire. These Estimates should be prepared and laid before the Financial Department for review at the same date as those of the Civil Departments, and there should, with properly organized arrangements, be no difficulty in doing this.

50. The Superannuation Estimates are prepared from Nominal Returns furnished by the Civil Paymaster, and are sent to the Deputy Auditor and Accountant General for examination. The Financial Department does not review this Estimate. In place of giving each year a Nominal Roll of all the pensioners, it would be sufficient if each Department were to furnish a Statement showing the total amount as per last Estimate, and confine the Nominal List to the increase by additional pensions granted and the decrease by death or otherwise, the detail of the pensions granted or lapsed only being given. The amount might occasionally be checked by the Nominal Roll.

Superannuation Estimate gives Nominal Roll.

Should be prepared from Statements of increases and decreases.

death or otherwise, the detail of the pensions granted or lapsed only being given. The amount might occasionally be checked by the Nominal Roll.

51. Under the present system there are two sets of accounts of expenditure against which the Estimates can be compared. The one contains the actual payments of the year which embraces much expenditure either unclassified or incorrectly classified; the other accounts give the audited expenditure under which a large portion of the payments of the year, not being audited within the year, are excluded and thrown into the Inefficient Balance. It is evident that with neither of these accounts can a satisfactory comparison be made as to how far the expenditure is in conformity with the Budget Grants. Now that the Budget system has been introduced into India, it becomes most important that the advantages of the system should not be prejudiced by allowing these defects to continue. The remedies to be proposed will be considered under the head of Accounts.

52. The Budget Estimates of the several Presidencies and Provinces when complete are submitted by the Financial Member of Council to the Supreme Government for sanction, but, except in the Annual Financial Statement, no general Estimate for the whole of India is laid before the Council. Each Budget Estimate is dealt with separately, and the totals of the several Budget Heads of Receipt and Expenditure are not thrown together, so as to show what is the total Revenue and Expenditure for each Service throughout India.

53. At a later period the major heads of the several Budgets are collected by the Financial Department upon an abstract sheet, but differences of classification exist between the several Budgets which render this abstract not perfectly accurate; besides which it is prepared too late to be of use while the Estimates are under consideration.

54. A general Budget Estimate for the whole of India should be prepared, showing in abstract the Revenue and Expenditure of the whole Empire as shown in the subsidiary Budgets, and to these should be added a further column, showing the Estimated Receipts and Expenditure of the Home Government as furnished by the Secretary of State, so that at one view would be displayed the whole of the Revenue and Expenditure of India, both here and at home.

55. In order to facilitate the concentration of the several Budget Estimates into one general Budget, it will be desirable to carry out a careful revision of the classification under the Heads of Service, so as to introduce uniformity, and correct errors of classification, and in order to that all the printed forms of Estimates should be prepared and issued by the Financial Department, leaving blanks in the columns for the amounts to be filled in by the several Governments and Administrations.

56. This re-classification of the Receipts and Charges would give the opportunity for a complete revision of the items as they are arranged under Heads of Service.

57. Amongst other alterations of minor import, there are several changes affecting the Major Heads of Service, which appear to be called for. The following are the principal ones: amongst Receipts it is proposed to show "Tributes and Contributions from Native States," throughout all the Statements distinct from Land Revenue, as many of these receipts have nothing to do with this Head of Receipt.

58. The item of "Allowances, Refunds, and Drawbacks" has been removed from the expenditure side of the Estimate, as these charges cannot be accurately estimated beforehand, and are not *bona fide* expenditure. They should be treated here, as they are in England, as deductions from the gross Receipts of Revenue, and the net only should be brought to the credit of Government. If a merchant, for instance, in error overpays at the Custom House, on account of duty, Rs. 100, and afterwards recovers the amount, this receipt and payment cannot fairly be looked upon as Revenue and Expenditure.

59. The amount of net Railway Traffic Receipts should be shown upon the Revenue side, whilst the total charge against the income of Railways for guaranteed interest should appear as expenditure. On the Expenditure side it is proposed to separate the charge for interest on the public debt from that on Service Funds and other accounts for which the Government acts as Trustee. After these should follow the receipts and charges of the Revenue Departments, the Civil Departments, the Army, Marine, Public Works, and Railways.

60. The cost of supervision and of purchase of land should be shown under Railway charges. Loss by Exchange on Railway expenditure charged to Capital was formerly included in one sum under Public Works. The sum shown as loss by Exchange should be the gross amount and not the net, as has till now been given. The gain by Exchange on net Railway receipts in India credited to Revenue should be shown as a Receipt. As the Railway construction charges diminish, and the profits increase, the gain will gradually equal, and in time exceed the loss, so that ultimately there will be a considerable profit on this head. The loss and

the profit arise from different sources; the former from capital expended in India, the latter from Traffic and other Receipts, and it will more clearly display the real facts of the case to show separately the loss on the one transaction and the gain on the other.

61. Printing and Stationery should be shown under one head for all Departments, although in the Estimate the cost of each Press will be shown distinctly. By thus bringing together all these charges, the large cost of these Establishments will be brought to light, and this may lead to a reform, which is most urgently required. The whole should be placed, as it is in England, under one management, and a great saving would be effected if a Central Printing Office were established in place of almost every Department having a petty Establishment of its own. There is also a great waste of printed forms, which are frequently printed in a shape inapplicable to the Departments for which they are intended. An intelligent superintendence over this Department might effect a large saving of expenditure.

Miscellaneous.

62. The two heads of "Miscellaneous" and "Civil Contingencies" should be combined into one under the head of Miscellaneous.

63. Forms for the "General Budget Estimate of India," for the "Budget Estimate of the Government of India," General and Political, and for the "Budget Estimate of the Government of Bengal," and for the extract from the Home Estimate Statement of Receipts and Expenditure, have been prepared in accordance with the above recommendations, and if the proposed changes meet with sanction, it will not be difficult to frame those for the other Governments in a similar form, and for the sake of uniformity it will be desirable, as before observed, to have them printed in Calcuttâ for transmission to their respective destinations.

64. After the Budget Estimates follow the Revised Estimates and the Regular Estimates.

65. The former of these are prepared by the Financial Department upon Returns of four months' actual Expenditure and eight months' estimated Expenditure, and in revising the Estimates, the Department is partly guided by Reports of material changes furnished by the several Deputy Auditors and Accountants General. The alterations, however, are made in a very arbitrary manner, and are very little to be depended upon; indeed, in many cases, the carefully prepared Budget Estimate is the more accurate of the two. The revision takes place in October; it causes considerable trouble and interferes with the progress of more important work, and adds to the accumulation of arrears, which exist to so considerable an extent that every Return of doubtful use should be dispensed with in order that all the spare strength of the Office may be made available for clearing off arrears, and amongst the Returns to be dispensed with these Revised Estimates seem to stand at the head of the list.

Should be dispensed with.

66. The Regular Estimate is prepared in January, and contains not less than six and sometimes eight months of actual Revenue or Expenditure with six to four months of estimated Revenue and Expenditure. This Estimate is first prepared by the Deputy Auditor and Accountant General from the accounts furnished by Collectors and others, and on the discovery of any unexpected increase or decrease in the Receipts or Expenditure, enquiries are made as to the causes which led to these in the quarters where they may have arisen, and having satisfied himself upon these points, this Officer revises the amounts to such extent as he may deem right.

Regular Estimate.

Prepared by the Deputy Auditor and Accountant General.

67. The Estimate is then transmitted to the Financial Department with a Report of material changes. As regards the charges, the revision of the Deputy Auditor and Accountant General is, in a great measure, accepted by the Financial Department, but with respect to Revenue, in these as in the Budget Estimates, the Financial Department is chiefly guided by the average of former years, subject to correction on account of such changes as may affect the amount of receipts. It appears that in the case of Land Revenue, there was, on a recent occasion, a difference of 10 lakhs between the Estimates of the Deputy Auditor and Accountant General and the Financial Department, and upon Salt Revenue a difference of 28 lakhs, whilst in the latter case both were largely in excess of the actual Revenue.

Differences on Estimates.

68. These Estimates as regards Revenue and Expenditure are all prepared and laid before the Financial Department in detail; but it appears from enquiries at that Department that, if a mere abstract of the Estimate were supplied, it would answer the purpose quite as well and save a large amount of time and labor.

Estimates prepared in unnecessary detail.

69. For the present, the Regular Estimate should be retained, as it is, in some degree, a guide for the preparation of the ensuing Budget Estimate; but the instances above quoted show that it is not fully to be depended upon, and some uncertainty arises from the fact that it is partly founded on unaudited expenditure.

Regular Estimate may be continued for the present.

Partly founded on unaudited expenditure.

70. If the recommendations which will be proposed in a subsequent portion of this Report are carried out, a monthly Statement will be prepared, founded on actual Receipts and audited Expenditure, which will show the progress of these, month by month, compared with those during the same periods of the previous year, and with the total amount of the Budget Estimate. This Statement will be founded on reliable data, and when once it has been regularly established, the Regular as well as the Revised Estimate may with advantage be dropped.

71. The Cash Requirement Estimates are prepared at the same time as the other Estimates. They contain in detail all adjusted charges between Governments and Railway Companies, and local Funds and all cash transactions, not being Revenue and Expenditure, which are entered each in one item, such as Accounts Current with England and between local Governments, Advances, Deposits, Repayments. This Estimate will scarcely be necessary when the new system comes into operation, as a statement showing cash transactions and the monthly balances may be included in the proposed monthly Statement.

72. Besides these Imperial Budget Estimates there are also Budget Estimates for local Funds. These are prepared by the local Governments in the same manner and at the same time as the Imperial Estimates, the only difference being that in these the Balance of previous years unexpended is brought forward into the new Estimates, whilst with those of the Imperial Government, all Balances lapse at the close of the year. These Estimates include not only Imperial grants for local purposes, but also considerable receipts from local cesses and from private endowments. They are at a later period compared at the Financial Department with the accounts which are rendered by the local Governments after audit by the Superintending local Officer.

Local Fund Expenditure under supervision of Supreme Government.

73. Local Funds of this description are in England administered entirely by the local Authorities, but here in India, where municipal institutions are in their infancy, it would not be safe for the Imperial Government to cease from a watchful supervision over these Trust Funds, which might easily be diverted from the purposes for which they are intended; but it will be a great relief to the Offices of Control and Account when these local Funds can be entirely removed from Imperial control. The Estimates and Accounts are indeed kept distinct from the Imperial, but, under the present system, numerous adjustments become necessary between them, because a large portion of the receipts and payments on account of local Funds have to be conducted by Imperial Officers. These transactions form a portion of the entries recorded in the "Cash Requirement Estimate."

REVENUE AND RECEIPTS.

74. The Revenues of India are principally administered by Revenue Boards or by Commissioners. The Board administering those of the Lower Provinces of Bengal, which is divided into 51 Districts, consists of three Members, two Secretaries, and a large staff of Clerks. They are aided by ten local Commissioners who receive Returns from the Collectors, examine them and forward them to the Board, not for account, but for statistical purposes. These Commissioners have the supervision of all the principal branches of Revenue, except Opium, which is entrusted to special Agents.

75. To guide the Board in the administration of all matters relating to Revenue, they are also furnished by the Deputy Auditor and Accountant General with periodical Statements regarding the assessment and collection of duties, &c., but no accounts are kept by the Department itself. These are under the charge of the Deputy Auditor and Accountant General for Bengal, whom, until the year 1841, they called their Accountant, as he had originally been attached to the Revenue Board, and it was only in later years that the Accountant became an Officer of the Financial Department.

76. It may be as well to observe at the outset that it appears to be very desirable that the Board should keep the Revenue Accounts in its own Office. The Deputy Auditor and Accountant General is so overwhelmed with a multiplicity of accounts for Audit and Record that it becomes almost impossible for him to give those of each Department such complete attention as should be bestowed upon them if his accounts are solely to be depended on. In accounts of this importance, where the Revenue of the Empire is in a great measure controlled by them, it seems highly desirable that the Department specially instituted to exercise this control should have the accounts under their own eye. The Deputy Auditor and Accountant General would furnish the Board with a Monthly Statement of Receipts and Expenditure on account of Revenue, and would periodically inspect the accounts and check them by his own.

77. It would in such case be necessary to appoint a competent Accountant to keep the Books at the Revenue Board, with two or three Clerks as Assistants. The extra cost could probably be met by a re-distribution of work in the Office itself, and, if not, by reductions at the Bengal Accountant General's Office in the branch which will be relieved by the removal from it of these duties. Under the present system there are several important items of Revenue over which the Board

appear to have no check whatever. Elaborate Statements are furnished to the Board by the Deputy Auditor and Accountant General with a view to facilitate the examination, but little use appears to be made of these documents.

78. The Land Revenue in Bengal is under permanent settlement, and in some other parts of India the settlement is generally for a longer or shorter term, so that, as regards the larger portion, the annual sum payable is easily fixed. There are exceptions to this rule, owing to the occasional sales of Mehals, upon which the land tax has been allowed to fall into arrear, or in consequence of the increase or diminution of lands arising from changes in the course of rivers, but these alterations in the assessments are easily regulated.

79. A nominal Land Revenue Roll is furnished to the Deputy Auditor and Accountant General once in seven years, and upon this any corrections that have to be made are noted. The Board itself has no knowledge of the exact amount to be collected, trusting in this matter entirely to the Deputy Auditor and Accountant General.

80. The regular Tehsildaree system does not exist in Bengal, but in other parts of India the Zemindars ordinarily pay the amounts due by them for each kist or instalment, to the Tehsildars or Sub-Collectors, but some of the larger proprietors prefer to pay their instalments direct to the Head Treasury. The remission of demands rests with the Board of Revenue.

81. In the North-Western Provinces, each Tehsildar has charge of from 200 to 500 villages, and keeps a list of rents payable by ryots to Zemindars, and the Land Revenue thereon, which is accessible to villagers, in order that all may know what amount they have to pay. In Bengal, where there are no Tehsildars, and no such lists are open for inspection, it is stated that the ignorance of the villagers is taken advantage of, and oppression by the Zemindars arises in consequence.

82. Cash paid into District Treasuries, which are usually under the charge of the Uncovenanted Deputy Collector, is, in the first instance, handed to the Potdars, or Coin Examiners of the Native Treasurer. In the Treasury the cash is put away in chests or strong closets, and is kept under two keys, but there appears occasionally to be a want of care in periodically examining the contents of the chests, to ascertain that the cash is intact, and agrees with the amount shown in the Cash Book. In one instance we could not learn that an amount purporting to be two lakhs had been examined or counted since it was first deposited. Where there are branches of the Bank of Bengal, the Treasury balances are deposited at these, but at Allahabad, although the Government balance of 20 lakhs was nominally under the charge and at the temporary disposal of the Bank, the money was in reality kept at the Fort at the risk of the Government.

83. The Tehsildars send Monthly Returns of receipts and disbursements, showing the estimated Receipts and Issues during the month, and the Balances of Revenue to be collected, but this Return does not show the transactions relating to other months, so that it is not exact, being intended only to serve as a guide to the Collector until the regular accounts be prepared and transmitted for each month between the 15th and the close of the following month. There is no reason why the actual accounts of the Tehsildars should not be closed immediately after the expiration of the month, so as to save the preparation of the inexact return previously sent, and they might be made to supply the Collector with a correct account at the earliest possible moment. This should be a simple cash account, in which the receipts and payments should be recorded day by day.

84. The copy of this account for transmission to the Collector should also be completed from day to day, so that it could be closed and sent off immediately after the last entry had been made. The classification of the Revenue might either be left entirely to the Head Office, or the receipts on account of each of the main heads of Revenue might be distinguished under a separate column in the Cash Book. In the meantime a copy of the daily transactions should be transmitted with the vouchers either daily or at short intervals to the Head Treasury. It would be quite sufficient that these accounts should show the amounts in Rupees, Annas, and Pies, without computing, as is often done, minute fractions of pies. The collections of some Tehsildars amount to 2 lakhs per annum, but it is to be feared that the check upon their Receipts as regards Distilleries, Duties, Licenses, and Income Tax, is not very effective.

85. At the Head Treasury the Revenue should be recorded in an equally simple manner, and the vouchers be transmitted to the Deputy Auditor and Accountant General by instalments twice a month, but a complete description of the mode of proceeding will be found under the head of Accounts.

86. Returns relating to arrears, remissions of Revenue, &c., could follow later, but wherever cash is concerned, as little time as possible should, as a rule, be allowed between the date of closing an account

and its transmission, otherwise room is left for adjustments, which give opportunities for the concealment of errors, or of what may be worse than errors. No arrears allowed in Land Revenue. With regard to Land Revenue, however, there is not much fear of loss, as the total sum to be collected is known, and no arrears are allowed to exist, for, should the holder omit to pay, the land is sold by Government, and the amount due retained out of the proceeds.

87. In this manner the Land and other Revenue reaches the Public Treasury, and is duly accounted for to the Deputy Auditor who, being furnished with the Assessment Rolls, can completely check the Receipts. If the suggestions made with regard to the Transfer of the Revenue Accounts to the Revenue Board are adopted, it will only be necessary for the Deputy Auditor and Accountant General to report to the Board the amount of Receipts and Payments.

88. There are cases, however, where certain receipts on account of Land Revenue are first carried either to a personal account or to the deposit account, and it is to be feared that in some cases these receipts remain indefinitely under the head of Deposits. All receipts on account of Revenue, except where the amount is under legal dispute, should at once be credited to the proper Head of Service.

89. Forest Revenues are under the local direction of Conservators of Forests, whilst the Supreme Government is advised in these matters by the Director of Forests at Calcutta. The Revenue is paid into the several Treasuries, and the accounts of these are submitted to the several Deputy Auditors and Accountants General, but the expenditure is of a peculiar nature, and it has been considered desirable to submit it, in the first instance, to the audit of the Public Works Department, whose Officers are best acquainted with the nature of the charges incurred in conducting this service. Dr. Brandis, the Director General, has been giving his attention to the accounts of this Department, and we have at present no recommendation to make with regard to them.

90. This branch of Revenue formed a portion of Sayer Revenue, of which the remaining items are thrown under Land Revenue, Miscellaneous.

91. Abkaree Revenue consists principally of excise duty on Spirits and on Ganjah, License fees, and the produce of the retail sale of Opium, but over the collection of the first three heads of Revenue the Deputy Auditor and Accountant General has but little means of check. All he can do is to see that the amounts paid into the Treasuries are properly brought to account. The administration of these, as well as of Land Revenue, is with the Board of Revenue, and here again would an efficient control be more easily exercised were the accounts more closely attached to the Establishment.

92. A quarterly Return of the Revenue of Spirits is furnished to the Board, and the amount received is compared against that of the preceding year; and should a falling off appear, enquiries are instituted as to the cause. So long as private distilling is generally allowed, there must always be in India great danger of collusion between the badly paid Excise Officer and a private Distiller, whose profits may be largely increased by an evasion of the duty. It has now been decided to stop private distilling on a small scale, and the Government Stills will be let to distillers, who will pay duty on the number of gallons passed into consumption. Each Distillery is in charge of an Excise Officer, and a Darogah keeps an account of the quantity manufactured. Two Surveyors are attached to the Calcutta District, who visit the Distilleries at uncertain times, but as all the Sub-Officers receive very small salaries, there is some risk of fraud, and in the villages there seems no doubt that illicit distilling is carried on to some extent. There are also license fees for the sale of Spirits, &c., which are more easily checked by the Collectors of the Districts. The Distillery Tehsildars receive about Rs. 200 per month, and some of them collect as much as two lakhs per annum.

93. The Abkaree Department is supplied with Opium for local consumption by the Opium Department, and the one Government Department sells it to the other at, what is considered, the cost price of Rs. 7½ per seer. The value of such Opium is credited as Opium Revenue in the year in which it is supplied, and the Head of Abkaree Revenue is debited with the amount: when sold, the entire proceeds of the Opium is credited to Abkaree Revenue, so that the supply value appears in the public Accounts twice as Revenue and once as a charge. When Opium is supplied by Bengal to another province, the cost price is treated as an "adjusted receipt from other Governments." In this way the cost price of unsold Opium is credited to Revenue, although the money for it has not yet been received.

94. It would be more simple and avoid these adjustments between Departments and between Governments, if the intermediate charge were abolished, and the whole proceeds of the sale of Abkaree Opium were brought to account, only when the money was

actually received, and it should then be brought directly to account, without adjustment, as Opium Revenue.

95. The assessment and collection of the Income Tax in Calcutta is in the hands of a Special Commissioner and a Board, but in the Mofussil these duties are placed under the charge of the Collector. This Officer through his Deputy prepares the demand from the papers delivered in by each person liable to the tax, and each demand is entered nominally into a personal Register. These are then thrown together into totals for each village; bills are issued against each tax-payer, and also arranged under villages and recorded in the Village Register Book, after which the bills are sent to the District Officers for collection. When the money collected is paid into the Treasury, a challan or certificate is granted in triplicate, one for the Deputy Collector, one for the Abkaree Darogah, who, as a matter of economy, is employed also in the collection of Income Tax, as his voucher for the payment, and the third is used for passing it into the Collector's accounts. These triplicate receipts seem scarcely necessary. The entry in the Treasurer's Cash Account is as good a proof of receipt as his own certificate.

96. There seems to be in some Treasuries a want of comparison between the nominal and the Village Register, and also between the records of the Deputy Collector and the Treasurer. The Deputy Collector does not receive the money, but only gets the certificate of the Treasurer that the money has been received, and has no certainty that money has not been received without being brought to account. The omission to send forward the challan would for a time conceal the fact that the money had been received; at all events until the Collector had completed his comparison of Receipts and Remissions against the demands which had been raised. A more systematic comparison should be made between the records of the Deputy Collector and the accounts of the Treasurer. The assessment of Income Tax having been once made, cannot, under the Act, be increased on account of increased profits.

97. The receipts on account of Income Tax under Schedules I and II cannot in any way be checked by the Deputy Auditor and Accountant General; the only portion over which an efficient audit can be exercised is that derived from salaries of public Officers, and from the interest on the debt.

98. The Act XXXII of 1860, imposing the Income Tax, directed that a duty of 3 per cent. and of 1 per cent. should be assessed on certain incomes, and that a separate account should be kept of the 1 per cent. duty, in order that it might be appropriated to local works of public improvement. It seems scarcely necessary to have assessed these duties separately; it would have been sufficient, one would have supposed, to have collected 4 per cent. on all incomes liable to the 1 per cent. duty, and then to have appropriated one-fourth of the total sum to the purposes indicated. This simple process was, however, put aside for the more complex one of separate assessments for each rate of duty. In 1862, however, Act No. XVI of that year under the 15th Section repealed Sections 191 to

194, under which the separate accounts were to be kept, and granted in lieu of the 1 per cent. duty a proportionate sum of not less than 20 per cent. on the gross amount collected. It appears, however, that notwithstanding the separate accounts for the 1 per cent. having been by law abolished, this utterly useless distinction is still kept up, and upon every voucher paid, there are still two entirely separate assessments made and recorded, involving double computations, triple columns in the accounts for the two assessments, and the total of both, and a total disfigurement of the voucher which shows across the face of it the record of these computations.

99. It may be as well at once to point out the results which this process, up to the present year, carried with it through the length and breadth of the land. There are, first, the arrears of the 3 per cent. duty, the present 2 per cent. and 1 per cent., and the total making 4 items. The tax is also divided under 4 Schedules and Fines, making 5 divisions of the above 4 items, in all 20 items; but then again these are divided under former years, past year, current year, and ensuing year for sums paid in advance; thus the 20 items above divided under these four years shows 80 heads under which the receipt of Income Tax may have to be recorded, either in the monthly accounts, the Journal, or the Ledger. And this is not once or at one Office, but the system pervades more or less every Account Office throughout India, from the remotest Tehsildaree, through every Treasury, to the Central Offices of Account and Audit month after month. It would be difficult to calculate the time spent upon these useless minutiae. In the Books one Head would be sufficient, any other divisions which may be thought necessary should be treated as statements for statistical purposes and should be excluded from the accounts.

Each voucher defaced by double computation being entered across the face of it.

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System pervades every Account Office throughout India.

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100. In the collection of Customs Revenue, the process of reporting the ship, of preparing the manifest, and passing the entries, is much the same as that followed in England. The value of goods is entered by the Merchant upon a bill of entry, which, unless fraud is apparent, he is allowed to correct, if necessary, on payment of a fee varying from 1 to 10 Rupees. The bill after the landing of the goods is checked as to the valuation of the articles by the Appraiser, who sends it to the Deputy Collector, who certifies upon it the rate of Duty, which is afterwards calculated; the duty is received and a pass for the goods is issued. The exports are conducted in a similar manner, and goods subject to drawback ($\frac{1}{3}$ of the duty paid) are passed precisely as export goods, but the money is not paid to the Exporter until the ship has sailed.

101. It is questionable whether such full reliance should be placed upon the Appraisers, whose duty it is to check and certify to the correct valuation of the goods. There is one Head Appraiser, who is in receipt of a salary of Rs. 700 per month, and seven others with various salaries, the lowest of which is not more than Rs. 200. Upon these Officers rests a large responsibility. Collusion between any one of them and the importer might lead to large frauds by under-valuation of goods. We would suggest that no valuation should be passed by an Appraiser without the countersignature of the Head Appraiser. It may also be considered whether the Collector might not occasionally personally inspect the clearance of a vessel and compare the value of the goods passed with the Valuation Statement after it shall have been approved by the Appraiser. The amount included in the account rendered by the Collector of Customs for Pilotage is not subject to any defined audit by the Deputy Auditor and Accountant General. There appears to be a ready check at hand, which is never used, *viz.*, a comparison with the statement of claims preferred by Pilots for Pilotage, which shows the amount due by the several vessels brought up the river. A Marine Register is kept by the Deputy Auditor and Accountant General, showing the amount due by each vessel, but this is not used for checking the Customs Accounts. There are also Returns in the Master Attendant's Office which might be found useful for the purpose of comparison with those of the Collector.

102. The Outport of Chittagong is directly under the control of the Revenue Board; in matters relating to collection of Customs Revenue, outports would probably be more efficiently checked if placed in subordination to the Collector of Customs, Calcutta.

103. Payments on account of Revenue are unsettled accounts are retained as Deposits until the accounts are adjusted. No money received on account of Revenue should be retained on a suspense account; the amount should be paid in as Revenue, and when the account is settled, the difference would either be subsequently paid into the Treasury, or if the payment was in excess of what was payable, the over-issue would be returned and be deducted from Revenue as a refund.

104. The Cashier appoints his own Clerks and keeps his accounts in Bengali and in English, and other books are kept in Bengali, and have to be translated into English before they can be used by the Accountant. In place of having Books prepared in one language and translated into another, it would be desirable to have the records originally made in English. There can be but little difficulty in Calcutta in securing Clerks who can write in English, and the double process cannot be cheaper than a single record in English. It appears desirable that no Clerks should be appointed to the public service except through the Head Officer in charge of the Department.

105. In the Cashier's Department, the receipt of money is in each case recorded by two separate Clerks. One takes the Notes, the other the Cash. The total has to be settled between them. It could be done with greater simplicity and ease by one Clerk.

106. Some of the proceedings require simplification. For instance, in the case of rewards to informers, the certificate of the reward being due is first signed by the Collector, then passes to the Commissioners, the Civil Paymaster, the Deputy Auditor and Accountant General, then back to the Collector, and back to the Deputy Auditor and Accountant General, the money having in some cases been paid previously and placed in the Inefficient Balance. The original document gives the whole history of the case, certified by the Deputy Collector. Upon this the Collector's order might be deemed sufficient without the steps detailed above.

107. The amount of duty received up to 2 o'clock each day is paid to the Treasury Account of the Bank of Bengal, and a monthly Cash Account with vouchers is sent to the Deputy Auditor and Accountant General.

108. Imported salt pays duty by weight, and is landed under the superintendence of two Preventive Officers and in the presence of the Agent of the Salt Golah, who receives the salt and takes charge of it.

Duty paid each day to Bank of Bengal.

Salt.

Imported Salt.

109. Manufactured salt, which has been a Government monopoly, was sold at cost price, plus duty. As the cost of manufacture varied according to the kind of salt manufactured, it was necessary to keep a separate account for each description. The mode adopted to check the amount of sales was to place the produce of each season and of each description in separate godowns, and calling for an account of deficiencies when the godown was empty; but as some of these are not cleared out for ten years, and as the salt wastes considerably during the rains, this check cannot be a very exact one.
110. At Cuttack money paid on demand for salt is carried to a Deposit Account, and is not transferred to Revenue until the salt is actually delivered. It should be carried direct to Revenue, and this double record be thus avoided.
- Receipts carried to Deposit Account in place of to Revenue direct.
- Opium.
Opium Agents.
111. The Revenue Board of Bengal is assisted in the administration of the Opium Revenue by Agents at Patna and Benares.
112. In order to encourage the cultivation of the poppy, large advances are made to cultivators, which may be looked upon as part payment for the Opium to be produced. The Agent furnishes the Deputy Auditor and Accountant General with a Statement of cash requirements for advances during the season, and funds are supplied by instalments as necessary.
- * Advances to cultivators.
113. A monthly consolidated Cash Account, including the cash transactions of Sub-Agents, is rendered by each Agent to the Deputy Auditor and Accountant General, and also a quarterly Store Account. It appears that at the present time the advances by Government for manufacturing purposes are Rs. 109 lakhs, besides Rs. 15½ lakhs on unadjusted accounts and Rs. 55½ lakhs of cash at the Agencies. On the other hand, there is due by Government Rs. 15,13,000 on unadjusted accounts. An effort should be made to clear off the unadjusted amounts; and no doubt the Cash Balances might be reduced by a better arrangement of the cash supplies.
114. The Agents also send to the Deputy Auditor and Accountant General an annual account, showing the quantity of land under cultivation, the produce, batta, consistency of the Opium, the receipts and deliveries. This Statistical Return seems to belong to the Department of Administration rather than of Account, which is quite unable to pay due attention to these professional details. The same observation applies to the Profit and Loss Account of each Agency, which is now prepared by the Deputy Auditor and Accountant General.
- Statistical Return.
115. Arrears in the accounts are to be found in this branch of the Revenue, as well as in the others: for instance, the Benares Statement of transactions for 1860-61 was not signed by the Agent until 31st December 1862, a period of 20 months after the close of the year to which it applied.
- Arrears in the accounts.
116. In the case of the Benares Opium Agent, it is stated that the return of deposits received and repaid is not examined. As the amount of unclaimed deposits is frequently large, and has periodically to be paid to Revenue, it would be more satisfactory if the account furnished by each Agent were to be subjected to a periodical investigation.
- Deposits.
117. The Opium sales are held at Calcutta, and the proceeds are paid to the Government Treasury at the Bank at Bengal. In the Bombay Presidency the Revenue which is levied at Indore and Ahmedabad is collected by the imposition of a Duty.
- Opium sales.
118. The Superintendent of Stamps at Calcutta has charge of the stamps in use in Bengal and other parts of India, not included under Madras or Bombay; there are three modes adopted in supplying stamps for the use of the public—
- Stamps.
- Supply of Stamps to the Public.
- Adhesive Stamps.
- 1st.—Adhesive stamps are prepared in England and transmitted in a complete state to India.
- 2nd.—Impressed stamps on water-marked paper are stamped at Calcutta, but the paper is sent from England upon Invoices.
- 3rd.—Legal documents and Bankers' Cheques, Mercantile Forms, &c., are stamped at the Presidency on the documents supplied by the applicants.
- Impressed Stamps on water-marked paper.
- Stamps impressed on legal documents, &c.
119. With the first, the check is easy and simple. The Invoices give the exact number and value, and the difference between those received into stock and the amount received for those sold must show the balance in the hands of the Superintendent and the distributors. The place of manufacture being distant, it is not likely that a fraudulent supply could be obtained.
- Adhesive Stamps easily checked.
120. With the second, impressed Stamps, there is somewhat less security, for the Invoice transmitting the paper only gives the number of reams shipped; but as the reams do not all contain exactly the same number of sheets, there is the danger that any surplus number of sheets may be abstracted by the Clerk whose duty it is to count them. Having thus the water-marked paper in his possession, he would still have to get it surreptitiously stamped before he could complete the fraud. The paper is in bulk placed in charge of the Stationery Office, and is supplied to the Stamp Office as required, but this is no great check, as both Departments are under the same Chief.
- Water-marked paper not fixed as to number of sheets.

121. The third is the description of Stamp requiring the greatest vigilance. The applicant attends at the Office of the Collector of Calcutta, and hands in, with the documents, a statement of the stamps he requires to be impressed. The Collector receives the documents and the value of the stamps, giving in return a certificate, which enables the holder, to obtain from the Superintendent the documents, when stamped.

Money received by Collector.
The stamping of documents most open to fraud.

122. These in the meantime are sent from the Collector's Office to the Stamp Office; they are there stamped and delivered to the holder of the certificate. So far there is a fair amount of security; the money is received by one Officer, the certificate is granted by a second, and the stamped documents are delivered by a third; so by checking the one against the other, there can be no improper issue of stamps without the collusion of two or three persons.

123. The danger lies in the Stamp Office itself, where we found that the dies of all amounts were left in the charge of the Engineer himself, who also superintended the working of the stamping machinery. There is every reason to suppose that the present Engineer is a trustworthy Officer, but this may not always be the case, and there would be, to a dishonest man, a strong temptation to use the dies which remain in his charge after Office hours in stamping paper surreptitiously introduced into the stamping room. The dies should be in charge of an Officer entirely independent of the Engineer's Department; those that are required should be delivered out when the men are ready to commence work, and should be returned when work ceases. The stamping room should then be locked, and the key should be retained by the Engineer or by some Officer independent of the one who has charge of the dies. There are four Tell-Tale Presses, but three of these do not work correctly, and the index is taken by the Engineer, but is entirely disregarded.

Dies should be in charge of Officer unconnected with Stamping room.
Check by Tell-Tale Presses imperfect.
Counterstamp.
There is at present the further check of a counterstamp which is impressed at the Financial Department, but the additional security gained by this process is not much, and scarcely compensates for the extra trouble and delay, and it is proposed to substitute for it a more effective check on the quantities of paper issued for stamping.

124. The Store-keeper has charge of the stamps, and the stock is checked twice a year.

125. The supply of stamps to the Calcutta Collector, to distributors, and to Mofussil Treasuries, is a matter of simple account, but the Superintendent complained of the great delay he experienced in obtaining receipts for stamps forwarded to the Central Provinces, Burmah, and the Straits. It is the duty of the Collectors occasionally to visit their sub-stations, and take these opportunities to check the stock of stamps in hand, as shown by the Sub-Treasury Accounts, and the stock in the hands of the Collectors themselves is also examined by the District Commissioners while on their annual tours of inspection, but frauds have occasionally arisen owing to Collectors failing to compare their store account of stamps with the transactions shown in their general accounts.

126. Each vendor of stamps must write his name and the date on such as he sells, a precaution which, with regard to stamps used for Deeds, is said to be useful in preventing forgeries, as the date and name on the stamp show when and where the stamp has been procured.

127. The Collector transmits to the Deputy Auditor and Accountant General an account of Receipts and issues on account of Stamps, and to the Superintendent a numerical list to guide him as to future requirements. The Superintendent also furnishes the Deputy Auditor and Accountant General with a monthly account of issues of stamps to enable him to check the receipts shown in the Collector's accounts.

128. As Calcutta supplies stamps to a large part of India, a Statement was formerly sent through the Bengal Account Office to the Deputy Auditors and Accountants General of other Provinces, to enable them to check the receipts of stamps shown in the Collector's Accounts. This Return, when the North-Western Provinces and Panjab were separated from Bengal, was discontinued, and a return from the Superintendent of Stamps was substituted. The control of the Deputy Auditor and Accountant General over these Accounts has been somewhat weakened by this arrangement.

129. The Calcutta Collector keeps a large stock of stamps on hand under two keys, one of which is held by himself, the other by the Treasurer, and his annual sales amount to nearly 20 lakhs per annum. The Collector complains that the present rule under which he sells to the public stamps in sums as low as five rupees, adds largely to the number of indents made upon him each day, and he suggests that the limit should be raised to Rs. 50, and that smaller amounts should be obtained from licensed vendors. At the close of each day, he receives from the Deputy Collector the amount of Calcutta Land Revenue collected during the day, and pays in the balance in his hands to the Bank of Bengal on the following morning.

Balance paid to Bank of Bengal.

180. The plan adopted at the Custom House of paying the balance in each day at 2 o'clock might with advantage be followed here, as the bulk of the receipts come in before that hour, and the amount remaining in Office during the night would thus be but small.

181. The money is transmitted to the Bank of Bengal with a challan giving the particulars of the coins sent, &c., and the Bank gives receipts in duplicate, one of which is retained in the Office, and the other is forwarded, with the accounts, through the hands of the Accountant General for the Government of India to the Deputy Auditor and Accountant General. A fraud to a considerable amount was effected in this Office by the use, on several occasions, of old challans and Bank receipts, which were substituted for those issued by the Collector for the day. The dates of the old ones were skilfully altered to conceal the amount abstracted. This fraud, repeated each month, was effected on 28 separate occasions, and escaped detection for several months.

182. At the time of our investigation, there was no record of the transaction on the Books of the Collector, although the sum of Rs. 28,000 stood to debit of that Officer in the Books of the Accountant General.

183. No checks will be effective where there is carelessness on one side and arrear of audit on the other. Loose slips of paper are a very unsafe means of checking payments into a Bank. A Bank Pass Book should be used, which should be sent with the cash to the Bank, where the amount would each day be entered in the Book. There would then be no danger of the Receipt of one day being substituted for that of another, and the Pass Book showing a running total from the beginning to the close of the month, would check, by comparison with the Collector's Cash Book, not only the daily Remittances, but also the total Remittances from the commencement of the month.

184. The frauds in this Department have not been limited to the embezzlement of cash, but have extended to the abstraction of stamps from stock, and falsified Store Returns have been sent to the Deputy Auditor and Accountant General to cover these frauds.

185. The total stock of stamps on hand issuable from Calcutta is valued at about 1½ crores of rupees. This includes a vast stock of stamped Envelopes and Note-paper for postage purposes. Of ¼-anna Envelopes there were, on 31st July last, 18,08,480, equal to an average annual consumption of 6½ years; of ½-anna Note-paper, 32,93,280, against an annual consumption of 2 lakhs a year; and of 1-anna Envelopes, 22,23,840, against an average annual consumption of 55,5¼ only. Of the latter the stock is equal to forty years' consumption, and long before they can be sold, the paper will be unfit for use. The issue of these should be stimulated by an allowance of extra commission or by other means.

Mint.
Mint Revenue. 186. The revenue derived from the Mint consists of—
1st.—A charge of 1 per cent. for coining Gold Bullion and of 2 per cent. for coining Silver Bullion.

2nd.—A considerable profit on the copper coinage, arising from the intrinsic value of the coins being much less than the nominal value at which they are issued to the public. This profit varies according to the cost of the raw material from which the tokens are struck. The last account made up showed a profit of 141 per cent., whilst in 1858-59, owing to the high price of metal, the profit was only 78 per cent. In England the profit on the bronze coinage is equal to about 800 per cent.

187. Besides the cost of the Mint Establishment, there has to be set off against this profit the loss in coining of Gold about ½ per cent., and of Silver about ¼ per cent., and a discount amounting to over Rs. 20,000 on the issue of the copper currency in the Mofussil, 66 pice being issued for the value of 64.

188. There is also a loss occasionally of interest to Government, as well as a drain on the cash balances in having to pay for Bullion deposited at the Mint as soon as it has been assayed and its value ascertained, whereas a long period may elapse before the Mint in times of pressure is able to convert the Bullion into coin, and thus replace the sum advanced to the Merchant. As it is a convenience to Merchants to have their Bullion coined, they might fairly be called upon to wait for the money until the operation of coining can be completed.

In the meantime they would have the certificate of deposit, which would form a perfect security for advances from Bankers, &c., if such were required by the holder.

189. A certificate payable at sight is granted, as soon as the assay of the metal has been completed, by the Assay Master with the countersignature of a Clerk, and an advice schedule of these certificates is sent by the Mint Master to the Bank, and a duplicate to the Accountant General.

140. The computations regarding Bullion are made decimally, but they are converted into tolas and annas for the accounts. It would be more simple to carry the decimal system of weights through the accounts also. The Mint abstract of Receipts and Payments, in which a whole column is frequently given to a single item, might usefully be condensed.

141. The Master of the Mint has an account at the Bank, and from this he transfers the Revenue Receipts to the Government account. The stock of Bullion does not appear to have been verified against the Balance as shown by the Books. This is an important check which should be applied at once, and be repeated at regular intervals.

142. The Mint Master is also Currency Commissioner, and, as such, holds the deposits of coin paid in exchange for notes. The receipts from this source consist in the investment of a certain portion of the coin deposited in Government Securities, on which the Interest forms part of the Imperial Revenue. The Commissioner keeps a register of the Stock of paper for notes, and the Invoices are sent direct to him, but the Auditor General has but an imperfect knowledge of the quantity in hand or manufactured. It would be well if a copy of the Invoice were transmitted to that Officer from England, so that there would be a check in the Financial Department as to the quantity of notes manufactured, and that there should be a periodical investigation by an independent Officer of the stock of blank notes as shown by the Note Register.

143. The Post Office Revenue is collected partly in stamps which are easy of check, and partly in money for postages unpaid or short paid. The former would be facilitated if stamps were issued to suit the English and French rates of postage so as to save the necessity of affixing three or four stamps to each letter.

144. Each Post Master includes the accounts of his Sub-Postmasters in his own, but these only show the Net Receipts, and an explanatory memorandum show the Gross and Refunds. These should be shown on the account itself. One anna per Rupee commission, costing the large sum of Rs. 90,000 per annum, is allowed to Postmasters on condition that the stock of Stamps they hold shall be paid for out of their private cash. Fixed advances for contingencies are allowed and are treated as a portion of the balance which is the correct mode of showing them, as they are held in cash.

145. A second account is furnished, giving the total Receipts and Payments under heads, with a memorandum of unadjusted charges; these two accounts might be thrown into one. The receipts are paid into the several Treasuries, and no payments are made out of Revenue. Charges are paid without pre-audit, but after payment the vouchers are examined at the Office of the Postmaster General, en faced and entered for transmission, with the monthly accounts, to the Auditor General, the Receipts being checked by the Treasury accounts, and the payments by the vouchers.

146. Inspectors visit the stations periodically, and inspect the books, the accounts are passed within six weeks of the expiration of the month, and at the time of our visit in April everything was finally adjusted up to July 1862. The books of account are not very complete, but the registers are well and carefully kept.

147. The Receipts from the Telegraph Department may easily be checked by a comparison of messages sent against messages received, and this mode of check has been recommended in a report lately issued upon this subject. The gross proceeds are paid in as Revenue. The net Receipts from the Post Office and Telegraph might be considerably increased were the two Departments amalgamated; the duties are of a cognate nature, and a very slight modification of the separate Superintending Establishments would make them available for both Departments, particularly as regards the Directors, Superintendents of Circles, and Inspectors. The Offices of the two Departments could be brought together in the same building, and one set of accounts would be sufficient; the accommodation to the public would be increased, and the expense to the Government would be diminished. The experiment of working an amalgamated Post Office and Telegraph Department is now being tried in France, and we would suggest that enquiries should be at once made with the view of ascertaining the result.

148. Tributes and contributions are chiefly for fixed sums, and there is no difficulty in exercising a proper control over the due receipt of these.

149. Miscellaneous Receipts must chiefly depend upon the vigilance of the Department concerned, but in the case of Fees payable for Deposits, for Records, for Searches, and specially for proceedings in the Legal Courts and Police Offices, it is advisable that the payment of Fees should be effected to the greatest extent possible by means of Stamps. It would be easy to lay down the rule that all applications regarding any matter subject to the payment of a Fee should be made on a letter or form with a Stamp of the value of the Fee payable, affixed to it, either adhesive or impressed. An objection has been raised against this plan, that sometimes the application is refused, and that in that case the Fee should not have been paid. But this, if it be necessary to return the Fee,

which seems to be doubtful, could be easily remedied by cancelling the stamp and repaying the applicant its value. By the adoption of this plan, the receipt of fees would be simplified, and

Officers with small salaries to whom these fees are now paid in cash would be removed from the temptation which must exist to appropriate a portion of these receipts, the amount of which it is almost impossible to check with accuracy.

150. Large sums are received on account of Interest from investments, and from shares in the Presidency Banks. The securities purchased by the Currency Commissioners yield a considerable amount. These securities must, of course, be held available for sale in case of unexpected pressure on the Government for specie in exchange for notes, but there are other Government Securities held at interest which it would be desirable to cancel as soon as possible, for there is, firstly, the risk of loss of the Securities by fraud; and secondly, the trouble of calculating, and recording the Interest which, however, is not drawn, but is taken in reduction of the total charge.

Interest upon securities purchased by Currency Commissioners. Of this kind are the securities held on account the moneys received from the sale of Waste Lands, of which a large amount is in hand. The Revenue derived from these lands and the interest of their purchase money equally go to Revenue; but in the same way as the land itself was part of the capital of the country, so the reduction of the capital of the debt by the value of these lands would be an equivalent, and by the cancellation, there would arise a considerable saving of labor. The same step might, with advantage, be taken with regard to the securities purchased with moneys arising from surplus balances and from other sources.

Securities purchased out of surplus Balances. 151. The other Heads of Receipts are derived from sources which are under the administration of the most important Departments of State, the Military Department and the Public Works Department, including Railways. The receipts of these Departments do not fall under the control of the Civil Authorities. The Financial Department will merely be furnished with monthly statements for record in the general books, and the amount of Receipts will be transferred to Revenue, either monthly or annually.

152. Having thus traced the Revenue and Receipts from the various sources whence they are derived, into the public Treasuries, and having made a few passing observations upon some few modifications, by the adoption of which the present system would be simplified and made more useful as a check upon the receipt of Revenue, we will proceed to a consideration of the expenditure.

EXPENDITURE.

153. The expenditure on account of the Civil Services of the Government is conducted with some few exceptions, under the system of pre-audit.

Expenditure subject to pre audit. 154. The Budget Estimates having been thoroughly revised, and the charges reduced to their lowest limits by being passed after their preparation by the several Departments through the searching orders of the Deputy Auditor Accountant General, of the local Government, and of the Supreme Government, and being confined to sanctioned charges, become a basis for regulating the expenditure of each Department.

155. Each Officer in charge of a Department being thus confined, as regards the several items of expenditure, within strict and narrow bounds, and having before him the knowledge that any deviation from the grants would immediately be detected upon post-audit by the auditor, it might be supposed that an Officer in this high position would be trusted with the expenditure of sums for sanctioned charges within the prescribed limits, subject to a post-audit, which would bring him under immediate responsibility for any unauthorized excess of expenditure, or for any inaccurate appropriation.

156. But from the highest Officer of the State to the lowest, this trust is not placed in them. A claim which has received the special sanction of the Supreme Government, that has been made the subject of a Budget grant, that has been scrutinized and passed by the Department which can alone have a real knowledge of its correctness, is from one end of the Empire to the other, perfectly inadmissible in account until it has received the signature of the Civil Paymaster, or his Assistant, and has been enaced by a large red stamp by which the contents of the document are frequently in a great measure obliterated.

157. In salaries and fixed charges, the use of this pre-audit seems most questionable: for instance, take Ganjam in the Madras Presidency, a Collector-ate distant 600 miles from Head-quarters. The Collector knows well what his own salary is, and he has Clerks, say at Rs. 80, at Rs. 60, and Rs. 120 per month. These salaries have been sanctioned by Government, included in the Budget, and paid at those rates month after month, still the Collector is not allowed to pay these fixed salaries at the expiration of each month.

158. It is objected that the Collector may make a miscomputation in the case of broken periods; but the calculation of salary for a certain number of days at Rs. 1, 2, or 3 a day would be a difficulty which a short amount of training would overcome. It is further urged that in cases of Leave or Absences, the Rules and Regulations are so complicated that the officer in charge of the Treasury might find difficulty in interpreting them. These Rules should be simplified, but in cases of doubt or difficulty a reference can be made to Head-quarters.

159. The Collector of Ganjam must prepare a bill for the Establishment, send it 600 miles to Madras, and wait the convenience of the Civil Paymaster, who at that moment is busy with similar documents, to stamp and sign the document and return it, and of the Post office to deliver it. Upon this the Collector can pay the Clerks the sums due to them, the amount of which he knew perfectly well all along, the original claim having been prepared by him. Possibly the Civil Paymaster may have discovered some clerical error in the salary bill, and may determine that the salary bill before it is passed shall take a fresh journey of 600 miles and back again.

160. In a recent case, owing to some trifling question raised by a Civil Paymaster, about some charge in the salary bill concerning Chuprassis or Guards, the whole of the Clerks of the Revenue Department of a district were kept waiting till July for their May salaries, and an appeal had to be made on the subject to the local Government before they were paid. In the meantime the Clerks kept out of the salaries to which they were fully entitled may be driven to borrow where they can at high rates of interest, and place themselves within the grasp of Native money-lenders, to the loss of the independence and honesty of themselves and to the detriment of the Service. No doubt, in this instance a larger experience or maturer judgment would have found the means of overcoming technical difficulty that stood in the way. It is only quoted as an evidence of one of the inconveniences which may arise under this system.

161. Cases happen when there has been a long delay waiting pre-audit that the salaries are paid and carried to the Inefficient Balance, or treated as Advances until the arrival of the pre-audited bill. This would of course be an irregularity, but it is one that not unnaturally arises under the system, and leads to confusion in the accounts. Contingent charges are generally of necessity paid before Audit; but these, although within the limits granted, are not permitted to be entered in the account as final charges, but are entered in the unadjusted column, or included as Inefficient Balance. When they have been passed by the Civil Paymaster, a "list of unadjusted charges adjusted this month" is prepared, showing also the balance remaining unadjusted. Those payments that have been temporarily placed in the Inefficient Balance when passed by the Civil Paymaster are not transferred to the column for adjusted charges, but are separately abstracted for the Journals. There are instances where petty contingencies have been kept for months in the Inefficient Balance before they were brought to charge, and many still remain there.

162. The advantages claimed for the pre-audit system seem to be theoretical rather than practical. The chief one seems to be that it enables Heads of Departments and Collectors to take matters easily, and it was not surprising that there appeared to be a general feeling in favor of this comfortable arrangement. The above-named officers being relieved from all responsibility by the pre-audit of the Civil Paymaster have only to insert in the Monthly Bills charges, whether correct or of doubtful character, which they would like to see passed, and then take the chance of the Civil Paymaster retrenching them or not. If a doubtful charge escape the eye of that officer, it is passed through the accounts. If he retrench it, they are none the worse off, for the payment has not actually been made, and they run no risk.

163. On the other hand, if the responsibility and the risk is thrown on the departmental officer, he will take good care that no improper charge appears in the accounts, for he knows that by passing what has not been sanctioned, or what is not borne out by the prescribed rules and regulations, he will be sure, on audit of the Accounts, to bring upon himself discredit, and possibly pecuniary loss. It may be said that these officers are men who would not be swayed by the feelings referred to in the previous paragraph, and no doubt, with regard to the greater number, this would be true; but in so large a body of public servants, there may be found some who are lax and careless, and it is chiefly to guard against the errors and neglect of this minority that strict rules are necessary.

164. Of all the many objections to the pre-audit system, perhaps the chief is the delay it causes in the preparation of the Accounts. This inconvenience has been pointed out by several financial officers, both in Calcutta and in the Mofussil.

165. At present the whole of the Accounts of the Indian Empire are in a two-fold form. The first consists of the actual payments, including adjusted and unadjusted. The second, which always lags a year or two behind the other, contains only such expenditure of the year as has been audited. The first is incorrect, because it contains a large number of payments which on audit may be rejected or adjusted to other heads.

Difficulties of computations.

Present system of pre-audit.

Instance of delay in payment of salaries.

Salaries occasionally advanced before pre-audit.

This irregularity consequent on system of pre-audit.

Contingent charges paid before pre-audit.

But excluded from the column of adjusted charges.

Advantages claimed for pre-audit are of doubtful validity.

Officers relieved from responsibility.

Responsibility should be thrown on departmental officer.

Delay caused in the preparation of accounts.

165. At present the whole

Double accounts kept.

two behind the other, contains only

Both are incorrect.

The second account is incorrect, because it only includes such expenditure as has been finally audited, and rejects payments amounting to very considerable sums, which, for some informality have, after payment, been kept in the Inefficient Balance. There have, therefore, never been in India any accounts representing truly the real expenditure of the country for any one year.

166. In a later part of this Report it will be shown that one set of accounts could be prepared in place of these two, which would show the revenue and expenditure of the country with clearness and correctness, and with a rapidity that would leave nothing to be desired. There would be no arrears, no inefficient balances, no adjustments of unadjusted charges of previous months, and no delay of years in balancing the books. But the most important step towards carrying out these desirable results consists in the abolition of the pre-audit system, and without this the attempt would be hopeless.

167. To illustrate the anomalies of this system, the confusion it causes in the accounts, and the erroneous impressions it leads them to convey, a few cases in point may be quoted.

Anomalies of the pre-audit system.

• 168. As each salary bill is passed in one total sum by the Civil Paymaster, it becomes necessary to charge the whole amount as a payment in the cash account. It frequently happens, however, that some of the Clerks are absent, and do not receive their salaries, so in order to set the cash balance right, it becomes necessary to carry all these salaries as Receipts to the Deposit Account, and when the payment does take place, it is charged not as salary paid, but as a deposit charge; thus three fictitious entries are made in place of one real one. If one of these died before he could receive his salary, circumstances might prevent the balance being paid to his heirs. Nevertheless the charge having been pre-audited on the salary bill would have to be charged as paid, it would then be carried to the Deposit Account as a Receipt, and afterwards again taken out of Deposit and transferred to the Receipt side of the general account as a saving. These cases must be of frequent occurrence.

169. Under the present Rules the salaries of each month are not payable until the following month, so that the vouchers remain some weeks in office before they are sent up for audit. Payment should be made on the last working day of the month for which the salaries are due, so that the vouchers would accompany the Accounts of the current in place of those of the following month, and any errors or retrenchments discovered on audit would be set right with the least possible delay.

170. In the Mint Accounts all fixed charges and the regular Pay Lists are pre-audited, but it so happens that of late about one-third of the work at the Mint has been done by working extra hours, and the extra pay is met out of the contingent fund, and disbursed previous to the Civil Paymaster's audit. It consequently follows that, owing to this system, the whole of the work-month, once from the pre-audited pay list, and again on the extra hour list without pre-audit, and it is evident that neither in the one case nor in the other can the Civil Paymaster exercise any check or control over the sums to be paid; this can only be done at the Mint. The result is that for each man there are, in place of one in each case, two calculations, two payments, two entries, two audits.

171. The salary bills at the Mint being pre-audited by the Civil Paymaster, are erroneously not looked upon as matters for monthly record in the Mint Books, but at the close of the year the totals only are entered in a Statistical Statement.

172. It must be recollected that all these payments are carefully examined before payment by the Department concerned, and after payment by the Deputy Auditor and Accountant General. If one extra examination or audit is to be interposed between these, why not two? Indeed this may be said to be done in one or two cases. For instance, at the Custom House contingent charges are audited, first, by the Collector, secondly, by the Board of Revenue, thirdly, by the Civil Paymaster, and fourthly, by the Deputy Auditor and Accountant General. It might be supposed that the Collector of Customs, a highly paid Officer, could be trusted with the disbursement of a few contingent charges of his Office, having the fear of the Deputy Auditor before him, or, at all events, the Board of Revenue itself would, one would think, be sufficient authority for passing these charges, but a charge for a piece of punkah fringe sanctioned by these high Officers is rejected, and cannot be passed until correspondence with the local Government has settled the disputed question as to whether the fringe, costing a few annas, is included in the term punkah, for which expenditure was provided in the Estimate.

173. Some delay is incurred at the Custom House in making Refunds of Duties, it being necessary to get the bills passed for payment by the Civil Paymaster, who cannot in any way check the correctness of the Refund. These payments might be made under the responsibility of the Collector of Customs. In the case of fines refunded, the present system is also very troublesome. The

One set of accounts could combine both.

Unclaimed salaries passed through Deposit Account.

Mint wages paid partly with, partly without pre-audit.

Double labor entailed.

men have to be paid twice each

Civil Paymaster cannot check these payments.

Pre-audited salary bills excluded from Mint Accounts.

Departmental Examination and post-audit sufficient.

Contingent charges audited in some cases four times over.

Departmental Officers should be held responsible.

Reference to Government about punkah fringe.

Delays in making refunds.

vouchers are prepared by the Treasury Collector and approved by the Commissioner, they are then sent to the Civil Paymaster, who forwards them to the Agent, who returns them to the Civil Paymaster, and by him they are transmitted to the Collector, who includes the amount supported by the vouchers in his Monthly Account. In many instances, whilst the voucher is on its travels, the sum has actually been paid by the Officer in charge of the Treasury in anticipation, and the amount is held in his Inefficient Balance. Rewards to informers, even for very small amounts, are dealt with in the same manner. The responsibility of passing these payments should be thrown on the local Commissioner.

174. In the Opium Department, salaries are passed by the Civil Paymaster, contingencies by the Board of Revenue, Travelling allowances by the Agent. The contingent bill of the Benares Agent for payments in June 1863 did not receive the sanction of the Board till the November following. Police charges are certified by the Inspector General. This Officer can alone have the means of satisfying himself that the charges are properly incurred. The Civil Paymaster cannot judge of the necessity of contingent charges so well as the Officer having the control of these accounts, and the Deputy Auditor is quite as efficient an Officer of control to see that Rules and Regulations and Government Orders have been complied with. It has been stated that the Police in the North-Western Provinces have been kept out of their pay for months, and these delays have led to the practice in that province of making advances on account of salaries.

175. The Calcutta Abkaree Collector is allowed to pass contingent charges up to Rs. 10 provisionally. These trifling charges are submitted to the Commissioner, whilst permanent charges go before the Revenue Board, but they must all pass to the Civil Paymaster before reaching the real post-audit.

176. In the Marine Department it appears that the contingent accounts for 11 months were held in suspense as Inefficient Balance till sent to and passed by the Civil Paymaster, when they were brought to account in one sum, by which means, in all probability, an erroneous charge was brought against the Budget Grant of the year.

177. It must be borne in mind that the audit of the Civil Paymaster is by no means final upon points of authority or classification. His decision is occasionally overruled upon post-audit by the Deputy Auditor. For instance a payment on account of land for a Bungalow was passed by the Revenue Commissioner. It was rejected by the Civil Paymaster as being a Public Works charge, and susceptible of audit in that Department, but this decision was overruled by the Deputy Auditor, as, under existing rules, such Public Works charges may be passed up to Rs. 500 on the signature of the Commissioner, and in other cases there are divergencies in sums passed by the Commissioners of Revenue, by the Civil Paymaster, and by the Deputy Auditor General. Charges are frequently debitable to two or more heads, but in no case is this appropriation so made by the Civil Paymaster.

178. The check upon the Budget grants by the Civil Paymaster is also defective, because a large number of payments out of the grants of one Government are paid in other Provinces, and these payments and the adjustments consequent upon them do not come to the knowledge of the Civil Paymaster.

179. The delay in these processes is considerable. It appeared that a contingent account was sent up to the Commissioner of Revenue for sanction in November. It was returned for explanations on the 1st December, sent back to the Commissioners and passed by them on the 8th December; it was transmitted to the Civil Paymaster on the 15th December, and passed by him on the 11th January; the whole bill being for about Rs. 100.

180. Mr. Sutherland, in his Report on the accounts of British Burmah, shows that although the Police had drawn their pay from September 1863, they had not, on 22nd January 1864, succeeded in getting their pay bills audited by the Civil Paymaster.

181. It is difficult to conceive the loss of time and labor that is expended almost uselessly in passing all these charges through this troublesome process. It seems doubtful whether the saving to Government by the detection of errors, which might have escaped the notice of the Deputy Auditor, would equal one week's pay of the Civil Paymaster's Establishment, and in the meantime arrears and confusion are introduced into the accounts.

182. In a Report* dated the 14th May 1864, three Civil Officers who, by their training in the present system, would certainly not be prejudiced against it, give as their opinion that "with regard to efficiency of examination, the Civil Paymaster is not in a position to satisfy himself as to the propriety of each item of charge, and must necessarily be so far dependent on the certificate of the countersigning Officer. The Civil Paymaster can enforce all rules and disallow charges which, under existing rules, are authorised, but he cannot test the correctness of rates charged in distant districts for labor for hire, or for articles purchased,

* Report on the Office of the Civil Paymaster in Punjab, dated 14th May 1864, and signed by Messrs. McLeod, Probyn, and Clark.

neither can he satisfy himself as to the necessity for all the charges which he is called upon to audit." They also give it as their opinion that payments are better checked by the Deputy Auditor and Accountant General than by the Civil Paymaster.

183. Under the present system, almost all that the Civil Paymaster has done is done over again by the Deputy Auditor and Accountant General, who is not guided by the decisions of the Civil Paymaster, and the result in the course of the year is the detection of errors of classification or of computation, seldom amounting to more than a few rupees. A large amount of labor and money is wasted upon this double audit. One is sufficient, and of the two, it is evident that the post-audit is the important one to maintain. By the abolition of the Civil Paymaster's audit, a small sum might be lost here and there, but the saving in correspondence alone would much more than compensate for this.

184. In British Burmah charges are paid without pre-audit, and it does not appear that any grave difficulties arise in consequence; but still even in this case they do not escape the Civil Paymaster. The salaries are paid and charged in the accounts as unadjusted; the salary bill is then sent to the Civil Paymaster for audit, and is returned by him to Burmah. The amount is then entered in the Return of "unadjusted Charges adjusted this month," and the Bill is sent back to Calcutta for the audit of the Deputy Auditor General. How much more simple would it be, after the salaries have been paid, at once to include them as final charges in the account submitted for audit to the Deputy Auditor General. The practice in Burmah alluded to will be altered upon the establishment of the new Audit and Account Departments at Rangoon.

185. The objection raised against the abolition of pre-audit by the Civil Paymasters is, that so many errors of computation and of rates of allowances, &c., would arise; but this does not appear to be felt in Burmah, and in the Post Office expenditure, where pre-audit is also dispensed with for all salaries and fixed charges, it is asserted by the Compiler of Postal Accounts, an Officer who is very precise in his own records, that there are very few errors in the accounts rendered to him in this manner, and that these chiefly relate to Income Tax deductions, and are easily adjusted. This is the experience of a Department having 200 disbursing Officers combining about 1,000 Offices scattered over all parts of India, the Accounts of which, for the whole of India, are received in Calcutta, and examined within a few weeks after the termination of each month.

186. Having shown the labor, the delays, the complications introduced by the system of pre-audit, it may now be useful to trace its effects upon the record of Expenditure as shown in the Accounts.

187. As it is impossible to carry out pre-audit in all cases, it becomes necessary to provide for a record of all unaudited payments, distinct from that of those which have passed through this formality. This appears to be done in two ways, firstly, by having double for adjusted charges, the other for unadjusted; and secondly, by having what is called an Inefficient Balance, into which advances and authorized charges are placed. Those payments which are found in the unadjusted column are included as expenditure in the Finance Accounts which are laid before Parliament, but are excluded from the General and Territorial Books, which only show the audited expenditure of the year.

188. To illustrate the extent to which the expenditure as shown in the accounts is affected by this system, it may be well to state the amount of sums which in some of the Departments is thus held in suspense.

189. In the Treasury of the 24-Pergunnahs, the Inefficient Balance at the date of our enquiry there amounted to Rs. 7,74,000, in a great measure consisting of payments in want of pre-audit formalities. This large expenditure is indefinitely excluded from final record in the Books. At Singapore the Inefficient Balance is Rs. 84,000, of which a portion consists of advances made to Executive Engineers in 1861, but not yet adjusted. In the accounts of the Calcutta Custom House, there are 8 lakhs of unadjusted items. In the Store accounts of the Stationery Office for 1862, out of a balance of about 3½ lakhs, nearly 1½ was inefficient. Some of these Balances have lately, however, been considerably reduced. The Inefficient Balance is a receptacle for all doubtful charges, and is a most objectionable arrangement, as it leads to carelessness in passing or adjusting charges which, though paid, may thus for months escape audit.

190. In the whole of the Collector's Treasury Accounts, the totals of the unadjusted columns must be very large, and of the aggregate Book balances in Bengal of Rs. 7,93,72,853, including Dead Stocks, no less a sum than Rs. 72,74,655, or about 11, consists of Inefficient Balance; but this sum is a mere trifle compared with the total amount of the unadjusted columns, which consists of Expenditure included in the Finance Accounts, but

Double audit unnecessary.

Charges paid in Burmah previous to audit.

Subsequently submitted for approval of Civil Paymaster.

Objections raised to abolition of pre-audit.

Objections not borne out in practice.

Effects of pre-audit upon the record of expenditure.

Pre-audit cannot be the absolute rule.

columns in the accounts, the one

Adjusted and unadjusted charges. Inefficient balance. Finance Accounts include unadjusted charges.

General and Territorial Books include only audited charges.

Record of expenditure largely affected by this system.

Inefficient Balance in accounts of 24-Pergunnahs.

Singapore.

Custom House and Stationery Office.

a balance of about 3½ lakhs, nearly 1½ was inefficient. Some of these Balances have lately, however, been considerably reduced. The Inefficient Balance is a receptacle for all doubtful charges, and is a most objectionable arrangement, as it leads to carelessness in passing or adjusting charges which, though paid, may thus for months escape audit.

Treasury Accounts.

Inefficient Balances nearly three-quarters of a million Sterling. Total unadjusted charges much more considerable.

excluded, as far as it remains unadjusted, from the General and Territorial Accounts. As the latter, however, do not make their appearance till long after the Finance Accounts have been completed, and have formed the basis for Parliamentary Debates on the finances of India, the incorrect results they show is not of so much moment. In Madras, the Inefficient Balances amount, we are told, to 44 lakhs.

191. It will be observed that, under this plan, no personal account in the Ledgers will show the actual cash in the hands of the Accountant. The balance includes a quantity of disbursements made probably under sanction, but for some purpose called Inefficient Balance.

192. The system of pre-audit having, as has been shown, thrown a large portion of the Expenditure into the unadjusted column of the Account, it follows that when pre-audit, as it is in these cases erroneously called, has been obtained, it becomes necessary, as has been observed, to prepare a monthly Statement of "Unadjusted Disbursements adjusted this month," and there is also a quarterly Return of sums remaining unadjusted.

193. This re-duplication of entries adds much to the labor of the Accounts and increases the chance of error. In the account of the Benares Opium Agent, the adjustment statement extended over six pages of folio; others may be still more voluminous; indeed, the chief portion of the Expenditure passes into the unadjusted column of the monthly Accounts Current, and as the adjustments are made on a separate Statement, and not in the account itself, the Expenditure remains in the unadjusted column, so that an annual account prepared from the 12 monthly Accounts Current would be entirely incorrect.

194. The process of obtaining the preliminary step of pre-audit is, with a few exceptions that have been alluded to, very much the same throughout the Service. The Department concerned prepares the salary bill or contingent bill, and submits it to the Civil Paymaster. Tradesmen and other claimants have their accounts approved by the Department indebted, and then present them for audit to the Civil Paymaster. These claims are by him made payable at the Government Bank or at a Mofussil Treasury, and the Budget Head to which they are to be charged is entered on each voucher. The bills or claims when presented at the Bank or Treasury are paid and recorded, and a classified account of the receipts or payments that have been made is furnished daily by the Bank and monthly by the Treasuries.

195. The Civil Paymaster, in order to exercise a control over the Civil expenditure, has to keep a complete record of the Grants shown in the Imperial Budgets, and of all the additions, reductions, and transfers affecting them. He keeps Registers showing the authorized Establishments of the public Departments and Collectorates, with deductions for Funds of Pensions, Allowances, Contingencies, Miscellaneous, and in short a full record of all Expenditure sanctioned by Government. In order to carry out his duties, he has an

Civil Paymaster's Establishment. Establishment of 66 clerks and 18 servants, costing, including his own salary and contingencies, an annual sum of Rs. 94,272. A control and check at a later and more important period is exercised by the Deputy Auditor General, who necessarily keeps a somewhat similar set of records, upon which also a large number of clerks are employed.

196. We most strongly recommend that this double system of Audit be done away with. By this measure responsibility will be made to fall on those who should bear it, delay and arrears will be greatly reduced, accounts will be simplified, the final audit will be more prompt, and eventually a considerable reduction of expenditure will result. It has already been explained that the Budget Estimates undergo so searching a revision that, provided the Grants are strictly adhered to, there will not be much risk of extravagance.

197. The authorization of the sanctioned expenditure should rest upon the Officer in charge of the Department concerned, who should be held responsible for the proper keeping of departmental accounts and for the payments he sanctions as being necessary for the public Service, and not in excess of the Budget Grants. The Chief Officer is as well able to judge of the correctness and propriety of the charges of his own Department as the Civil Paymaster can be, and it need not be supposed that Civil Officers in these high positions would willingly pass improper payments, knowing well that the payments they pass will immediately be submitted to the strict scrutiny of the Deputy Auditor and Accountant General. This Officer will exercise an early audit of the accounts, and see that the payments have been made in accordance with Government orders and rules, and that they are within the Budget Grants.

198. All directions for payments should be issued by the Heads of Departments, being signed by a Secretary or Under-Secretary of Government, for the charges that respectively appertain to their Departments, by the Accountant General for the Government of India, or by the Deputy Auditor and Accountant General for their respective Departments, by a Member of the Board of Revenue for Revenue charges, by some Official of standing attached to the Law Courts for Law

charges, by the Mint Master for Mint charges, by the Postmaster General for Post Office charges, and so for all the several services of Government, and they should be signed as duly examined and recorded by the Officer charged with keeping the Accounts of the Department. Miscellaneous payments, which cannot well be classed under any of the larger public Departments, should be authorized by the Financial Department.

199. Offices having charge of payments should, where such do not exist, have special Accountants attached to their Establishments for the purpose of keeping the accounts and issuing directions for payment. With regard to the Revenue Board, it has already been shown how necessary it is that the Department should keep its own accounts in place of leaving them to be dealt with by the Deputy Auditor and Accountant General, whose place it is to audit the departmental accounts.

200. At the Presidency Towns, where the Government Bank acts as the public Treasury, there would be some difficulty in imposing upon those Establishments the responsibility of undertaking the payment of claims upon orders, as this duty would combine with it the necessity of seeing that the forms of certificate or declaration and receipt, applicable to each case, are in proper order.

201. It would be found more convenient to attach an Officer, either to the Financial Department, or to the Deputy Auditor and Accountant General's Office, whose duty it would be to pass all the orders payable at the Presidency Treasury. He would see that the documents are all in order, and then having signed his name to the claim as examined and correct, he would retain the document and issue a cheque upon the Bank signed as entered by an Assistant. Salaries, pensions, and permanent allowances would be paid upon Establishment Books, or permanent Orders, where the particulars would be fully recorded, and the monthly payments would be marked off in these books or Orders.

202. This Officer, who might be called Examiner of Claims, would most conveniently be attached to the Account Office, because in that case one set of records would suffice for both himself and the Audit Department. The Examiner of Claims should, in order to make the check of the Deputy Auditor General more complete, be a Financial Officer owing direct allegiance to the Financial Department. His salary should be moderate, as his duties and responsibilities would not be considerable.

203. At present there is only one general account at the Bank of Bengal, out of which claims to any amount passed by the Civil Paymaster are paid. Under present circumstances, although there is no Civil Paymaster might pass for payment out of this account, a fraudulent issue need scarcely be apprehended, but when the power of drawing upon the Bank is placed in the hands of a more subordinate Officer, such as the Examiner of Claims, it becomes important to place a limit to his control over large funds.

204. The system in force at the Paymaster General's Office at home might usefully be followed here. There would be a drawing account at the Bank which would be fed daily, or as often as necessary, from the general account, upon Writes Off issued by the Deputy Auditor and Accountant General. Beyond these Writes Off, no payments on account of the Civil Services of the Presidency should be made, except through the Examiner, whose duty it would be simply to pass such duly authorized claims as come before him for payment. He would have no knowledge of the state of his account at the Bank, which would be entirely regulated by the Deputy Auditor and Accountant General. Payments of trifling amount, say up to Rs. 50 or 100, should be paid in cash out of a small fixed Imprest in the hands of the Examiner to be replenished by a cheque drawn at the close of each day for the amount of the cash issues during the day.

205. The vouchers as paid would, at intervals of one or two hours, be handed over to the Audit Branch with a slip of paper showing the total amount of payments of the day up to such an hour as shown by the Examiner's Register of Cheques issued and of Cash paid. The amount would at once be checked and reported to the Deputy Auditor and Accountant General, who would then see by the progress of the payments whether the drawing account at the Bank was in need of a further supply of funds.

206. The Bank would keep a Pass Book in which the cheques would be entered day by day, and this Pass Book would on each morning be transmitted with the cheques paid to the Deputy Auditor and Accountant General, who would compare it with the amount of payments passed by the Examiner, and agree the Balance by taking into account the amount of outstanding cheques.

207. In this manner the danger of fraud would be reduced to a minimum. The Examiner could not attempt to draw unduly upon the Bank account, as he is kept in ignorance as to the amount at his credit. The vouchers he passes leave his hands the same day for audit and account, and his drawing account is checked daily with the Bank by an independent Officer.

208. The departmental authorities for payments should be addressed to the Deputy Auditor and Accountant General, and should be registered by him before they reach the hands of the Examiner of Claims, so that after payment comparison will be made with the original entry, and it will be marked off as paid. The several Departments would be furnished with a Monthly List of sums received and Payments made on their account.

209. Tradesmen and others having demands would, when their claims had been passed for payment, be directed to apply to the Examiner of Claims.

210. The orders for payments should be on printed forms, leaving blank spaces to be filled up with the particulars of the claim, and at the top the Budget Head and sub-head should be distinctly written or printed, and at the foot there would be the form of Receipt for the claimant to sign. All orders for special charges will be paid by the Examiner of Claims in the manner already described, but in the case of payments which recur periodically, such as Salaries, Allowances, Pensions, &c., "Permanent payable orders" would be prepared, describing the Service and giving the name of the claimant, the gross amount payable, the deductions and the net amount payable, and such certificate, declaration, or receipt as may be required before payment is made, should also be described on the document.

211. These Permanent Orders would be issued in counterparts, and one copy would be delivered to the claimant, the other would be retained by the Examiner of Claims. At each periodical payment, the claimant would produce his order, the Examiner would compare it with his counterpart, see that the certificate or declaration is in order, and that the form of receipt at the foot of such certificate or declaration is duly signed.

212. The Examiner of Claims would then pay the claimant and endorse the payment on the back of each counterpart, returning to the claimant his copy. These orders would remain in force until recalled for correction or cancellation. This mode of payment has been in use for many years in England, and has met with complete success. A specimen of the English form is attached to the Report, and could easily be adapted to suit the requirements of the Indian Services.

Orders recalled for cancellation or correction.

System answers well in England.

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of the Indian Services.

213. A similar course would be adopted with regard to Mofussil Treasuries. On the Departmental order reaching the Deputy Auditor and Accountant General, he would direct a special or a permanent order, as the case might be, to be prepared and forwarded to the Officer in charge of the Treasury, who would pay upon it in the same manner as does the Examiner of Claims at the Presidency. These orders would be signed by the Examiner and be countersigned by the Deputy Auditor and Accountant General. The Treasury Officer would not be troubled about any question of adjustment or pre-audit. He would only have to look to the signature and countersignature of the order, and see that the prescribed form and receipt are correct, and would then pay and charge the amount in his account.

Treasury Officer would pay as order directs.

214. With contingent charges, travelling allowances, and other small local payments which have to be made in the Mofussil, Commissioners of Revenue, Judges, Opium Agents, &c., would be authorized by their respective Departments at the Presidency to pass these charges for payment. The Bills passed by these Officers should also bear the signature of a second Officer, and the Treasury would be kept informed of the names of the Officers entitled to sign and countersign the orders. The Deputy Auditor and Accountant General would instruct such Treasury as to the monthly limit up to which each Officer is entitled to pass payments. It would also be very desirable that the rules regarding Leave, Absentee Allowances, and Travelling Allowances should be simplified, so that there would be less room for error in directing payment on account of these charges. It is essentially necessary that a simple code, applicable to all Departments, should be prepared and promulgated.

215. In regard to Stationery, there appears to be a great deal of unnecessary labor in "pre-auditing," as it is termed, the claims for Contingent Bills by the Superintendent of Stationery at Calcutta. These Bills principally consist of petty articles of country Stationery, and the ingredients for making paste and ink. The course now pursued with respect to the admission of these claims might be much simplified. We would suggest that the charges should be included in the Contingent Bill of the Department or Officer concerned, and should, on approval by the Commissioner, Judge, or other Chief of a Department, be paid by the Collector as a final charge. The Deputy Auditor and Accountant General, on receipt of the Collector's Accounts and Vouchers, would see that the charges are fair and reasonable, and that the articles and quantities are within those admitted under the rules of the Service. If they are in excess of these, he would refer the Bill to the Superintendent of Stationery, and on receipt of the reply would transmit to the Collector such instructions as may appear to him to be required for future guidance.

Contingent charges to be passed by local Officers.

Stationery charged in Contingent Bills.

Rules regarding allowances, &c., to be simplified.

216. Having thus traced the Revenue and Receipts into the Treasuries, and the Expenditure out of them, we will now consider the mode of recording these transactions.

ACCOUNTS.

217. The Tehsildarees or Sub-Treasuries are principally employed in the collection of Revenue, and it is desirable that the duty of making payments should, as far as can conveniently be managed, be restricted to the Head Treasury. The Accounts should be of the most simple kind, consisting of a cash account showing the daily receipts of Revenue under the several Heads, an unclassified consecutive list of such payments as are of necessity made at Tehsildarees, and the daily Balance in hand. This account should be sent daily, or at short intervals, to the Head Office, where it should be incorporated with the general account.
- Sub-accounts to be simple Cash Accounts.
- Should be incorporated daily with accounts of head Office.
218. The accounts of the Head Treasuries should also be much simplified. At present a classified account is transmitted monthly to the Deputy Auditor and Accountant General, in which every payment is ranged under its proper Budget head. It is prepared on a printed form, which contains every separate head which is shown in the Civil Estimates, as well as all the different heads for which adjustments may be required. This monthly account consists of 32 closely printed folio pages, and is supplemented with a number of Statements and Returns in the shape of Appendices.
- Accounts of head Treasury should be simplified.
219. It sometimes happens that this voluminous document serves as a record for not more than 30 vouchers, the whole of which might have been conveniently shown on one moderately sized sheet of paper. Even where the vouchers are more numerous, and in some cases there are from 300 to 400, the accounts display a large amount of blank form. Occasionally a schedule with 80 sub-vouchers is entered as 30, and not as 1 voucher. A Burmah Treasury Account with only 104 vouchers consisted of 32 pages, and Appendices numbered from No. 1 to No. 15 for Receipts and A to Q for payments.
- Present Classified Account unnecessarily voluminous.
220. But there is a much stronger objection than this against classified Treasury Accounts. This is that its preparation cannot, on account of the classification, be commenced until after the expiration of the month, and thus causes delay in its transmission and opens the door to improper adjustments of charges, which a daily record of each transaction as it occurs would prevent.
- Causes delay and admits of improper adjustments.
221. The introduction of simple Unclassified Cash Accounts would be the best remedy for these inconveniences, and may render possible a reduction in the staff of Clerks employed in account-keeping at the Treasuries. It would still be necessary to keep Registers of the Assessment and Collection of Land Revenue, and other sources of Revenue, of Transfer Receipts, and of Supply and other Bills, of Deposits received and repaid, and of Local Funds, and some few other records, but the actual Accounts should be as simple as possible.
- Unclassified Cash Accounts to be introduced.
222. Revenue Receipts under the several Heads, Deposits received and paid, Transfer Receipts, Supply Bills, &c., would be recorded in separate Registers, and the daily totals of these should be entered day by day on the Debtor side of the Cash Book, and at the close of the month an abstract of the monthly totals of these should be taken from the Registers and entered at the foot. Miscellaneous Receipts would be recorded as they occur.
- Some classes of Receipts would have separate Registers.
223. Payments should be entered consecutively day by day, in the order in which they are made, and the classification of these would be left to the Central Account Office. The only exceptions would be payments on account of Deposits returned, of Transfer Receipts and of Supply and other Bills paid, the number of which is considerable. These might, as in the case of the Revenue Receipts, be entered in daily totals from the Registers, and the monthly totals of these might also be shown in abstract as on the Debtor side.
- Payments to be entered in the order in which they are made.
224. In this manner the Office Cash Book, and the bi-monthly List of Disbursements to be transmitted on the 10th and last day of each month to the Deputy Auditor and Accountant General could both be kept up day by day. The monthly Cash Account could thus be closed for transmission by post immediately after the end of each month. Specimen forms of the Cash Book, of the List of Disbursements, and of the Monthly Cash Account, with its schedules will be found in the Appendix.
- Accounts to be kept up day by day.
225. It should not be absolutely the rule that each Tehsildar should pay over to the Treasury under which he is placed the total amount of his receipts. It may be more convenient that he should remit to some other neighbouring Treasury a portion or the whole of his available Balance. If desirable, he should be allowed to do this, obtaining a Receipt for the Remittance which would form a Voucher to his Accounts.
- Appendices Nos. 6, 7, and 8.
- Remittances to other Treasuries.
226. The Receipts and Payments of the Sub-Treasuries would be recorded in the general account day by day as the accounts come in, and the name of the Treasury would be inserted in the column devoted to that purpose. The Balance at the close of each month should show separately in an inner column the amount of cash at the Head Treasury and at each of the Sub-Treasuries, and the total carried out to balance the account would show the total cash Balance of the District. Transfers of cash between the Head Treasury and the Sub-Treasuries would not appear in the Cash Account.
- Sub-Treasury Accounts to be incorporated in General Account.

227. In those Districts where there are Sub-Treasuries, there would also be a Statement of daily Cash Transactions in a tabulated form with a Debtor and Creditor column for the Head Office and for each subordinate Office, in which would be shown the Balances, the total daily Receipts and Payments, and such transfers of cash between the Offices of the District as may occur. This Statement would allow the Balance held at each Treasury or Sub-Treasury to be struck on any day of the month.

Statement of daily Cash transactions.

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of the month.

228. In those cases where the daily payments are entered in the account from Registers, it will be necessary to furnish separate Schedules in support of the amount carried to the Cash Account, which would in fact be copies of the entries in the several Registers for the month. These Schedules can also be kept up day by day. The vouchers to accompany the account would consist of the documents upon which payment had been made, such as orders for payment, with the receipt of the claimant attached, bills paid, transfer receipts paid, &c.

Schedules to accompany accounts.

229. The Revenue Registers show the amount assessed, the instalments payable, the amount paid, and the arrears outstanding.

Revenue Registers.

230. If a special Accountant be appointed to the Revenue Board, Returns of the Demands, Receipts, and Arrears of the several instalments would be sent to that Office, and the Deputy Auditor and Accountant General would only deal with actual Receipts, without reference to Arrears. This would greatly relieve the Accounts where they are at present kept under previous years, past year, current year, and future years, and especially under the Head of Income Tax, which, under the present system, may have to be recorded, as has been explained (paragraph 99), under a number of different items.

Detail should be dealt with by Revenue Department.

231. The Record of Transfer Receipts and Supply Bills merely requires simple Registers showing the particulars of the Issues and Payments. With Deposit Registers, there is more difficulty, as the repayments of sums paid in are frequently made in a number of instalments.

Registers of Transfer Receipts, Supply Bills, and Deposits.

232. In some cases Registers are used which show in the first column the amount deposited and the names of the party depositing and nature of the deposit; this is followed by twelve monthly columns for such repayments as may take place during the year. As, however, many are repaid in single sums, so that eleven columns out of the twelve are unused, and others are repaid in two or three instalments, there is a considerable waste of space, and as these transactions are very numerous, it might easily happen that repayments might be posted on the wrong lines, and serious errors might result. A number of Deposits may also be made by the same individual, but being posted in this consecutive Register, his transactions are nowhere brought together. The plan of posting deposits into a personal Ledger seems preferable.

Form of Register.

233. The Deposit Registers require much attention on the part of the Chief Officer of the Department, for there is great opening for fraud from false claimants, and as the Clerks of the Office can easily ascertain the particulars of Deposits which remain for a long time unclaimed, there arises a great temptation to them to make an improper use of their knowledge. The rule is that both the Accountant and the Treasurer shall satisfy themselves as to the identity of the proper claimant, and besides recording the Repayment in the Register, the Treasurer notes the amount of Repayment on the original certificate which had been granted to the Depositor.

Precautions to be taken against fraudulent repayments.

234. In some cases an Annual Deposit Balance Account is prepared and agreed, as far as possible, with Depositors before being sent to the Deputy Auditor and Accountant General. In other cases the entry of transactions is several months in arrear, and the Registers have not been adjusted for years. This latter state of things is sure to lead to error and even to fraud, and to increased labor at a future period.

235. The Deposit Receipt and Payment Registers are kept in the vernacular. As it is very important that these should be vigilantly watched, this arrangement is very objectionable, and orders should be given that these Registers should everywhere be kept in the English language.

Registers kept in the Vernacular.

236. It was the practice to carry Receipts paid in advance on account of Land Revenue to the Deposit Account in the Books to be held there until due, then to be transferred from Deposits to Revenue. This complication has been ordered to be discontinued. The Receipts of the year become the Revenue of the year, and no portion of this should be locked up in a suspense account by passing a series of useless entries through the books. These sums, though entered as Deposits in the regular books, were in the Finance Account treated as Revenue, thus producing another cause of divergence between the two.

Land Revenue carried to Deposit Account.

237. The Treasuries and most Accountants send to the Deputy Auditor and Accountant General for examination monthly Statements of Receipts, Payments, and Balances on account of Deposits, but there are some exceptions. The Opium Agents render accounts of these, but they are not submitted to examination.

Deposit Accounts not always examined.

238. The Small Cause Court sends a monthly account of Deposits, but this account is always three months in arrears, and excludes all transactions which during this time have been settled by the Receipt and Repayment coming both within the limit of the three months.

Deposit Account of Small Cause Court.

This, no doubt, greatly shortens the account to be rendered, and although the check of the post-audit may to some slight extent be weakened, the saving of labor is so great as to be worth the risk.

239. The Deputy Auditor and Accountant General closes his Check Registers annually, and adjusts them with the Collector's Accounts, so far as they are not in arrear. What are termed "Revenue deposits" are not deposits of Revenue; they are deposits received by Revenue Officers, and include receipts held in deposit for various purposes, such as Securities, Money in dispute, Rents for zemindary holdings paid by ryots under a decree of the Court for the sake of security against a second demand by the Zemindar, &c. In the latter cases the Zemindar leaves the amount in deposit until the next Land Revenue instalment is due, and then transfers it to the Collector as Land Revenue.

Check Registers closed annually.

Revenue Deposits.

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240. The number of deposits with which the public Treasuries are encumbered is very large and a considerable amount of labor is expended in keeping up exact records of deposits, of which a large proportion are for only a few annas in amount, and are paid into Treasuries in consequence of some trifling legal dispute. In one account, that of Midnapore, the deposit receipts averaged nearly 200 per month.

Number of Deposits encumber the Accounts.

consequence of some trifling legal dispute. In one account, that of Midnapore, the deposit receipts averaged nearly 200 per month.

241. This system of using the public Treasuries to this extent should be checked by the imposition of a scale of fees to be paid on these transactions, sufficiently high to compensate Government for the charge of keeping and checking these accounts.

Fees should be imposed on private Deposits.

242. It often happens that, in making repayments, some trifling balances remain, and these are carried on year after year without the chance of their being cleared from the books. On the first page of the Deputy Auditor and Accountant General's Deposit Register, there were eighteen balances of sums under one anna, which had been continually brought forward in this manner from Register to Register. These trifling sums, if not claimed within twelve months from the date of their deposit, should be written off to Miscellaneous Receipts.

Small balances carried on year after year.

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243. Besides these small balances, there are a large number of Deposits which remain unclaimed, and most probably never will be claimed. In one of the Deposit Accounts referred to, there were sums which remained unclaimed since 1847. Of these it appeared that the earliest that, during the last few years, had been reclaimed was one which had been deposited as late as December 1860, and was repaid in June upon those of earlier date. The practice at one time was to pay over to the Government Treasury such sums as had been in deposit unclaimed for seven years, but the Court of Directors in the year 1837 prohibited this transfer till after

Unclaimed Deposits.

Were retained on Books for 7 years.

1862. No claim had been made

Court of Directors increased term to 20 years.

the expiration of twenty years.

244. This order appears to have been an injudicious one, for the consequence is that the Books are burdened with a number of sums which will probably never be claimed, and deposit balances are retained in the Treasuries to meet imaginary claims in place of being treated as Revenue, and used for the benefit of the State. On the 30th April 1863 the balance on the Bengal Deposit Account was Rs. 1,10,54,090.

Books uselessly encumbered.

the Treasuries to meet imaginary claims in place of being treated as Revenue, and used for the benefit of the State. On the 30th April 1863 the balance on the Bengal Deposit Account was Rs. 1,10,54,090.

245. The order of the Court of Directors should be rescinded, and all deposits unclaimed for seven years should be transferred to the Revenue Account under Miscellaneous Receipts. This would not prevent the payment of any claim which might be substantiated after such would always be open to Government, on the case being represented to them, to order the repayment to be made out of the general balance of unclaimed deposits. Sums under one Rupee should be transferred to Revenue at the end of twelve

Unclaimed Deposits of 7 years' standing should be transferred to Revenue.

deposit had been paid over, for it

This would not prevent payment of just claims.

months.

246. Amongst the deposits, there is a large amount of Government Paper which has been deposited by Treasurers, Contractors, and others as security. At the Treasury at Alipore alone there were at the time of our enquiry no less than six lakhs of Government Paper in deposit. These securities are in many instances preserved in the Treasury chests, but, except in cases where they are deposited for only a brief period, it would be desirable that these documents should be transferred to Head-quarters, where the custody of them would be more secure, and the interest on them more conveniently payable. We are induced to make this recommendation the more readily as the fact came to our knowledge that the securities that should be held by the Collector at Nagpore had not been endorsed to that Officer, and that they still remained in the possession of the Treasurer at that place.

Deposits of Government Paper.

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Should be held at head-quarters.

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247. It might also be worthy of consideration whether it would not be still more secure and more convenient, where sums are likely to remain in deposit for long periods, to cancel, with the consent of the

Or be converted into Book Debt.

owners, the Promissory Notes, making the deposit a Book Debt, subject to the issue of fresh notes on repayment of the deposit. The objection raised to this course is that by cancelling the documents and at a later date re-issuing new ones, the Government would be taking upon itself the risk of some of the documents or of the endorsements

Risk to Government. having been forgeries. The issue by Government of a new document would clear the holder from any defect in the original document, whilst the Government would still be liable for having accepted the forgery. Still it appears that, under the present practice, any holder can demand new notes for old ones on payment of a small fee.

248. The intricacies of account-keeping at the Treasuries are considerably increased by the number of documents that are written in the vernacular, and the difficulty of obtaining Native Treasurers and Clerks able to keep accounts in the English language. It is worthy of note, as showing the class from which these Native Officers are taken, that some Treasurers, not receiving higher salaries than Rs. 80 per month, deposit securities consisting of Government Paper and Title Deeds to the amount of Rs. 50,000.

249. At Simla, and at many other stations, the cash transactions are entered three times over, once in Persian, once in Hindee, and once in English. Sometimes in three languages. It has been affirmed that this repetition of cash entries acts as a check upon the correctness of the accounts; but the same labor devoted to a more complete set of accounts with proper checks in one language—that is, in English—would be more to be depended on.

250. Some of the vernacular accounts are kept in a way that must render accuracy and a satisfactory mode of check a matter of great difficulty, for the Treasurer's accounts are kept in a very peculiar manner. In the money column the amount of Rupees is entered not in figures, but in symbols called Ruk-kum, which have much the appearance of words, whilst the annas and pies are shown in Arabic figures. The Treasurer certainly arrives at a total, but the audit of his accounts would puzzle any one not well versed in this mode of addition. At Agra and in the North-Western Provinces generally the Tehsildar's accounts are kept in Ordoo. These are doubly translated, first, into Hindee for the Treasury Branch, and secondly, into English for the General Books.

251. Every effort should be made to restrict account-keeping to the English language, and even where the English language cannot be used, it would be easy to teach the use of English figures as has been found to be practicable in the Madras Presidency. Clerks competent to keep accounts in English should be paid higher salaries than those who only understand the vernacular, and promotion should only be given to those who show aptitude in making themselves acquainted with the English system of accounts.

252. Receipts and vouchers are the foundation of accounts, and these are almost universally written documents in the vernacular language. The original entries of these documents, which are the ground-work of the accounts, have to be entrusted entirely to the Native Clerks, and here at the commencement the greatest power of fraud exists.

253. It would not be difficult to divide these vouchers into classes, and adapt to them certain sets of printed forms to be used on all occasions. Printed forms might be used, having vernacular and English translations. These might be printed in two parts; on the left side of the page in vernacular, on the right side in English, blanks being left in each for the filling in of such particulars as would vary in each case.

254. By this means the examination of these documents would be facilitated, and they could be entered direct into the English accounts without translation or passing them through a vernacular branch. Uniformity and order would also be established, with a great saving of time, in the examination of vouchers.

255. The number of vouchers examined, passed, and paid by the Paymaster General's Office in London is frequently more than 20,000 in number, and about ten millions sterling in amount, during the busiest month of the quarter, and this with a small Establishment of forty-five Clerks would be quite impossible, were it not that the use of printed forms leaves nothing to be examined beyond the correct filling up of the blank spaces. Were it necessary to read through written documents, not one-tenth the number could be passed, and many of these would contain errors undetected, or would be rejected to the great inconvenience of the claimants. Except Bills of Exchange, not one in 10,000 is otherwise than on a printed form, and no difficulty is found in insisting upon the use of them.

256. Where, however, this cannot be done, for in India the carrying out of this arrangement would be more difficult than in England, the vernacular written documents should in all cases be in the first instance translated into English, so that the entry in the English accounts may be made direct from the original document, and not, as is often the case, from the vernacular accounts.

257. In some Treasuries the monthly accounts are posted direct from the vernacular Ledger, the examination as to the correctness of which is either difficult or impossible to the Officer in charge of the Treasury.

258. There are also cases where the Clerk enters from the dictation of the Accountant, and the consequent errors in the entries lead to disputes as to whether the fault lay in the reading out or in the entry of what was read out. These practices should at once cease. The English entries should be made from the documents without the intervention of vernacular books, or of persons to read out.

Entries made from dictation.
English entries should be from the documents.

Mode of conducting Treasury business.

259. The practice in force in conducting the business of the Treasuries varies considerably, but the following is the usual course :—

260. When payment has to be made to the Treasury, the applicant prepares a Statement in duplicate, and presents it to the Accountant. One copy is retained as a voucher, the other is signed by the Accountant and by the Treasurer, who, on receipt of the money, returns the signed document as a receipt to the payer. If the amount is above Rs. 500, the Collector also signs the receipt. These receipts are entered into Registers for the various Heads of Service, and from these into the vernacular Ledgers. A similar course is pursued with regard to payments, but every payment is checked by the Officer in charge of the Treasury.

• Payments from the Treasury.

261. The Accountant keeps accounts of all Receipts and Payments as well as the Treasurer, and the Cash Balance is checked by one Officer against the other, but transfers are solely dealt with by the Accountant, under the responsibility of the Officer in charge of the Treasury.

Accounts kept by the Accountant.

262. The Treasurer is allowed to keep a few thousand Rupees in his own chest, but the amount varies according to the importance of the Treasury. The chief portion of the balance is kept under two keys, of which one is held by the Treasurer, the other by the Collector, and a periodical inspection of the Balance is made. Some of the bags of coin are checked by taking out a handful of Rupees, the remainder is counted by a Baboo, and the odd Rupees, the number of which is unknown to the counter, should make up the total amount that should be contained in the bag. On 1st April at Alipore, the Treasury chests contained five and a half lakhs, but this was an unusually large amount, as it was only two days after the principal payments on account of Revenue had been made. In some Treasuries it appears that the balance is verified only by a general inspection, and the money itself is not counted.

263. The Accounts are prepared for the Commissioner monthly, and for the Board of Revenue quarterly, and a Monthly Account Current is furnished to the Deputy Auditor and Accountant General.

Preparation of Accounts.

264. There appears occasionally to be a want of due care in comparing the Abkaree Deputy Collector's Return of Receipts with the Treasury Accounts, so that a fraud might remain undetected for a considerable time. An annual Statement of Income Tax is sent to the Revenue Board, but no comparison is made by the Board between this Statement and the account of actual Receipts rendered to them by the Account Department, nor are the Receipts, as shown in the Income Tax Books, always agreed with the debit in the Account Current.

265. The Commissioner has the general superintendence over the business and accounts of the Collectorates within his Division, but when it is found that the Collector himself has some difficulty in arriving at an intimate acquaintance with the Books and system of Account-keeping in his own Office, it is scarcely to be expected that the Commissioner can have a complete knowledge of the state of the accounts of his Division. For this reason it is important that the Treasury Accounts should be as simple as possible, and be freed from all detailed classification that could

Commissioner has general superintendence.

Cannot have a complete knowledge of the accounts of the Division.

Accounts should be simple, and needless Returns dispensed with.

equally well be worked up elsewhere, and all Statements and Returns that are not essential should be dispensed with.

Books now kept at Treasuries.

266. The following is a list of Books kept and of Returns and Statements prepared at the Treasury :—

Books now kept at Treasuries.

1. Register of Receipts.
2. " of Orders for Payment.
3. Cash Book.
4. Journal.
5. Ledger.
6. Accountant's Daily Balance Sheet.
7. Detailed Statement of Unadjusted Disbursements.
8. " of Miscellaneous Advances.
9. Register of Deposit Receipts.
10. " of Repayments.
11. " of Bills Issued.
12. " of Discharged.
13. Zemindar's Account.

Books now kept at Treasuries,—continued.

14. Treasurer's Register of Receipts and Payments.
15. „ Daily Balance Sheet.
16. Land Revenue Roll.
17. Registers of Demands under several Heads of Revenue.
18. Register of Payments into Treasury under ditto.
19. Deposit Ledger.
20. Establishment Book.
21. Letter Book.

List of Returns and Statements prepared.

Returns prepared at Treasuries.

1. Detail of Income Tax recovered.
2. Cash Recoveries on Unadjusted Payments.
3. Plus and Minus Memo. of Balances of Receipts and Payments on account of Miscellaneous Funds and Deposits.
4. Unadjusted, adjusted this month.
5. Memo. of Promissory Notes deposited as security.
6. Fines imposed and realized, Collectors.
7. Ditto ditto ditto, Magistrate.
8. Ditto ditto ditto, Remitted.
9. Detail of Unadjusted Charges.
10. Discount on Stamps.
11. Detail of Civil Service and Privilege Remittances drawn and discharged (one for each of the eight Governments or Administrations).
12. Local Remittances adjusted by Bills on other Governments.
13. Cash Balance Report, monthly and bi-monthly.
14. Statement of Assets and Liabilities.
15. Estimate of probable Receipts and Disbursements.
16. Monthly Cash Account.
17. Budget Estimates.
18. Monthly Abstract Statement of Receipts and Disbursements.
19. Register of Deposits of more than 3 years and less than 20 years transferred to one number.
20. Comparative Statement of Revenue Deposits.
21. Register of unclaimed Deposits of 20 years' standing transferred to credit of Government.
- 22 to 32. Returns concerning Land Revenue.
- 33 to 35. Returns relating to Abkaree Revenue.

267. The majority of these can either be dispensed with, or can be more conveniently kept or prepared at the Central Office, or at the Revenue Board.

Books which are necessary at Treasuries.

268. The books that appear to be required are the following, viz. :—

- 1.—Land Revenue Roll.
- 2.—Registers of Demands under the several Heads of Revenue.
- 3.—Registers of payments into the Treasury under the several Heads of Revenue.
- 4.—Register for Deposits received.
- 5.—Ditto for ditto paid.
- 6.—Deposit Ledger.
- 7.—Register of Bills and Transfer Receipts issued.
- 8.—Ditto of ditto ditto paid.
- 9.—Cash Book.
- 10.—Statement of daily Transactions.
- 11.—Register of Orders payable.
- 12.—Ditto of Miscellaneous Receipts.
- 13.—Establishment Book for Salaries and fixed charges.
- 14.—Letter Book.

Returns which should be prepared at Treasuries for Revenue Board.

269. A large number of the Returns and Statements to be rendered by the Treasury would consist of—

270. Statements of Arrears of Revenue uncollected, with explanatory remarks as to the

Some Returns might be prepared at the Central Office.

cause of arrear, and other Statements which more properly belong to the Revenue Board than to the Deputy Auditor and Accountant General, and several of the others could more readily be prepared at the Central Office of Account.

Returns to be prepared at Treasuries for the Account Department.

271. Those which should continue to be furnished by the Treasuries to the Account Office appear to be—

- 1.—Monthly Cash Account.
- 2.—Memorandum of Securities deposited.
- 3.—Return of Stamps.
- 4.—Budget Estimate Return.
- 5.—Estimate of probable Receipts and Disbursements.

- Remainder might be dispensed with.
272. The remainder might either be dropped or be only prepared when specially called for.
273. The mode to be adopted with regard to Miscellaneous Receipts should be as follows. A Demand Note should be issued, either by the Treasury or by the Department making the claim, against the party from whom the money is due, and when the money is paid into the Treasury, the Demand Note should be produced to the Examining Clerk who would mark it off in the Register, sign and pass the Note to the Treasurer, who would receive the money and retain the Note to form a voucher to his daily Return of Receipts, which at the close of the day would be sent to the Accountant for record.
- Mode of collecting Miscellaneous Receipts
274. Payments would be dealt with in the same manner, being passed after signature by the Collector to the Treasurer for payment, and from him to the Accountant for record. The sums passed would be read off with the Accountant and the balance of cash would be agreed by the Treasurer with the Accountant daily.
- Mode of making Payments.
275. The payments would be made as has been previously explained at paragraphs 213, and 215 upon either special or permanent orders transmitted from the Office of the Deputy Auditor and Accountant General, or in the case of contingencies, allowances, and local payments, upon orders signed by the Revenue Commissioner, the Judge, the Inspector General of Police, the Magistrate or other Officer concerned, and also signed as examined by some subordinate Officer charged with the record in each Department of this class of Expenditure.
- Orders payable.
276. Payments would continue to be made on the Permanent Orders so long as the salaries or allowances of the claimants or of classes of claimants continue the same. In case of death, promotion, or removal of a gazetted Officer in receipt of salary or allowance, or of any change in the rate of pay of a class of claimants, payment would be suspended until a fresh order had been received, through the Deputy Auditor and Accountant General.
- Payment to be suspended in cases of death, promotion, &c.
277. The vouchers for Receipts and Payments after entry in the Registers or in the Cash Book, should be marked off in the Registers of Demands, or of Orders payable. On receipt of the Returns of Cash Receipts and Payments from the out-stations, these should be incorporated in the Registers and Cash Accounts, and the Statement of daily Cash Transactions would be made up. If any of the subordinate Treasuries are at a distance, so that their Returns do not arrive in time to be included in the accounts of the day, the transactions of these Treasuries should be brought into the Books on the day on which the sub-accounts reach the Head Treasury, so that no delay shall arise in keeping up and closing the monthly account, and transmitting it to the Deputy Auditor and Accountant General. It may be necessary in the last month of the financial year to delay the account for a day or two, so that all the transactions of the financial year may, as far as possible, be included.
- Vouchers after payment should be marked off in the Books.
- Accounts of subordinate Treasuries.
278. In passing the orders for payment, the Officer in charge of the Treasury will be guided by the directions of the Officers authorized to issue orders upon him, and in case the sanctioned Grant is exceeded without special authority of Government, the responsibility of the over-issue must be borne by the Officer issuing the order. It would, however, be open to the Treasury Officer, should he have reason to question the correctness of any order for payment, to report the matter to the Deputy Auditor and Accountant General for instructions, and this Officer would take such action in the matter as might be requisite.
- Responsibility of exceeding grants to rest upon Officer issuing order.
279. The payments to be passed by local officers on the spot would consist chiefly of Travelling and Contingent charges and other payments of small amount. The arrangement under which local Officers would be allowed to pass these charges on their own responsibility would not entail much additional risk, for a Deputy Auditor and Accountant General of considerable experience stated it as a fact that he could not recollect a case in which the claim for a contingent charge approved by a Magistrate, Judge, or Commissioner had been finally disallowed. All large payments would be made upon the Central Departmental orders, and all these payments would, within a few days of their being made, pass under the scrutiny of the Deputy Auditor and Accountant General, who would thus be able at once to detect any excessive or improper payment.
- Collector may report to Deputy Auditor and Accountant General.
- Local payments would be passed by local Officers.
- Large payments would be ordered by heads of Departments.
- All payments to pass under early scrutiny.
280. The monthly Cash Account would be transmitted to the Deputy Auditor and the Accountant General immediately after the close of the month, but on the 10th of each month, it would be desirable that a list of Payments and the vouchers appertaining should be sent as an instalment, so that the examination of the Treasury transactions, which chiefly occur in the early part of the month, might be partially completed before the final Account Current arrives, and there would then only remain the receipts and the balance of the payments to be examined before passing the account.
- Transmission of the monthly Account Cash.
- To be sent in instalments.

281. Besides the ordinary payments above referred to, there are certain classes of payments of large and uncertain amount which are dealt with differently. Of this kind are payments to Public Works Officers, Opium Agents, &c. These are dealt with by the issue of Letters of Credit upon the Treasuries for fixed sums in favor of the Officers charged with the disbursements.

282. It has been the practice to issue these Letters of Credit at the commencement, and to cancel the balance undrawn at the close of the month. This causes a useless number of entries in the books of both the Departments concerned, and occasionally puts the disburser to inconvenience in consequence of the non-arrival of the new Letter of Credit after the old one has ceased to be available, and instances have occurred where cheques, issued in payment of sums due, have been rejected in consequence of the new credit having been accidentally delayed, whilst the balance at the close of the previous month had been transferred.

283. The Letter of Credit on account of Civil charges should at once be placed to the credit of the Officer in whose favor it is drawn, and should remain at his disposal, until exhausted, before which a fresh letter would have been applied for and received.

284. It has been suggested that at the close of the financial year, the outstanding Balances should be returned to the General Treasury Account. This might possibly be recommended as facilitating the closing and opening of the Books, as it would thereby reduce the number of Balances to be brought forward, but it would not in any way assist, as has been contended by some, in showing the amount of Budget Grants to be surrendered. The savings on the grants of a Department do not depend upon the cash balances which may be in the hands of the Accountants at the close of the year, for these are largely affected by advances which are not Expenditure, by balances in the hands of subordinate disbursers, by retrenchments, &c. The amount to be surrendered can only be ascertained after the Accounts have been duly audited and closed for the year.

285. The Treasury Officer who will have shown these Letters of Credit as a charge in his accounts will, from the total amount of cash as shown in his monthly Cash Balance Statement, deduct in an inner column the amount appropriated under Letters of Credit, and only carry out into the amount column of his Cash Account the net available Balance. Under Resolution of the Government in the Financial Department, dated 19th July 1864, No. 1327, the balance of credits will not appear in the Public Works Return to the Financial Department of Balances on Disburser's accounts as part of the public balances, but is to be included in a monthly Treasury Report of Cash Balances.

286. Should it be deemed advisable to repay the balances of credits at the close of the year, it should be done by the issue, on the last day of the year, of a Cheque for the amount in favor of the Treasury.

287. A Pass Book should be kept in which the credits granted to, and the payments made by, these disbursing Officers would be recorded day by day, and the balance could be agreed, as often as necessary, between the Treasury and the Departmental Disburser. Any difference which may appear between their balances would be accounted for by the Cheques drawn, but not presented for payment.

288. It has also been the practice, in some cases, to consider every Cheque as cancelled if not presented for payment within the month in which it is drawn, even if this should happen to be on the last day of the month. This is a most inconvenient mode of proceeding, and causes much trouble. Cheques should be allowed to run for at least three months.

289. The Collector would, at the close of each month, furnish each Officer, having an account at the Treasury, with a certificate of the Balance remaining at his credit, and the Accountant, to make this agree with the balance shown in his Account Current, would deduct from the Treasury balance the amount of outstanding Cheques.

290. In many of the Treasuries a large amount of useless work is done, which a slight degree of attention to these matters would obviate. In some, copies of Advice Lists of Bills are made when the originals can quite readily be referred to, in others, books are kept in which are entered at full length exact copies of all Receipts given to public Departments; in many cases private memoranda books are kept in which the Receipts are entered and consolidated. The process of consolidation is omitted in the Public Account Books, and the course of transactions cannot be traced without reference to these private memoranda. These are all very objectionable practices, and should be discontinued at once.

291. It would facilitate the completion of the month's accounts, and the early transmission of the monthly Cash Account, if the Treasury could be closed to the public on the last day of the month, or at one o'clock on that day. There would be some difficulty in doing the former, as the Income Tax and Abkaree Revenue are principally paid into the Treasury on the last days of the quarter. At some Treasuries, Simla for instance, the Post Office Receipts for the month are paid in on the 1st of the succeeding month, but the accounts of the previous

month are kept open, and the Receipt is carried back in the accounts to the month in which the Receipts were collected. It would be much better if it could be arranged that these Receipts should be paid into the Treasury two or three days before the expiration of the month or quarter, in which case there would be no difficulty in carrying out the measure proposed.

Monthly receipts should be paid in two days before the expiration of the month.

292. At some stations, in proximity to the Bank of Bengal or its branches, the treasure is chiefly kept at the Bank, and the Receipts are remitted to the Bank as at Alipore once a week. Large sums should, as far as convenient, be paid direct to the Bank, upon which a certificate of receipt would be granted to the payer, and this document presented at the Treasury would be equivalent to the payment of the money there. Risk in the receipt of money and in its custody and transmission would thus be avoided.

293. Each Treasury prepares a monthly Statement of Estimated Receipts and Disbursements for the ensuing three months, in order to enable the Deputy Auditor and Accountant General to furnish to the Financial Department his report of any material changes which may affect Revenue or Expenditure. This may be an useful return at present, but when once the new system of accounts is in operation, the Deputy Auditor and Accountant General will be in a position himself to form an Estimate with accuracy, assisted by a general report from Collectors as to any special causes likely to have an unusual effect upon the Revenue; and this return from each Treasury may then be dropped.

294. Where there are branches of the Presidency Bank, they are used as Government Branch Banks. They have to render classified accounts, and as the duties are conducted by Clerks who have not been trained in the public Service, it is not unnatural that errors of classification are constantly arising. When the Government Funds are kept at a Bank, they should be dealt with like private funds at a Banker's, and in place of having a number of Bank heads of account for Receipts and Payments, the Revenues should all be carried to one account, and charges should be paid by Cheques drawn upon the Bank by the Collector or other Officer appointed for this purpose, and signed as entered by the Accountant or Chief Clerk. Trifling sums under Rs. 20 should be paid in cash, and a small fixed Imprest might be allowed to the Collector for these payments.

295. As the amounts in the Branch Banks are generally very considerable, there should be two accounts at the Bank—one the "Drawing Account" to be drawn against as explained above, and the Revenue Account to which all Receipts would go, and from which alone the Drawing Account would be supplied by orders signed by the District Commissioner or by the Deputy Auditor and Accountant General as occasion may require. It has been stated on good authority that the present mode of keeping the accounts at the Branch Banks affords no relief to the Government Officers.

296. Under the present system, the Treasury Accounts do not reach the Deputy Auditors and Accountants General until some time after the expiration of each month, and it is only then that the examination can be commenced. If the measures which have been proposed are carried out, there will be no difficulty in sending off the final accounts on the 1st or 2nd of the succeeding month, and a day earlier still if the Treasuries are closed to the public on the last day of the month. An instalment of the vouchers paid will have preceded the monthly account.

297. Besides those of the Treasuries, there are other accounts furnished to the Deputy Auditor and Accountant General from certain Departments which may also be briefly noticed. It will not be possible within the limits of this Report to go fully into the several accounts of these Offices, but only such points will be touched upon as have a bearing on the general system of accounts, or are worthy of special attention, and have not already been referred to in dealing with the subject of the collection of Revenue.

298. The Revenue Accounts, as has been stated, are not kept at the Office of the Revenue Board, which would be their proper place, but by the Deputy Auditor and Accountant General.

299. The Post Office and Telegraph are Imperial Departments, and send their accounts and vouchers to the Accountant General for the Government of India for audit. Those of the Post Office are carefully compiled, but they are not brought together in a very complete manner. The double entry Account Books, which it has been proposed to introduce, have not yet been commenced. The detailed check against the District Post Offices, and against the letter carriers for unpaid postage, which is being carried out, appears to be effective, so far as direct letters are concerned, and is based upon the system pursued in England, which should be extended to bearing letters between intermediate Stations over which at present there is little control.

300. The accounts of the Post Office are much simplified by the existing arrangements in regard to the system of franking letters on the public service, which we have ascertained works exceedingly well, and is one that should rather be extended than abolished. We are satisfied that the system now pursued in regard to cash payments for service Telegrams causes

Service Letters and Service Telegrams.

considerable amount of unnecessary work to all Departments concerned. These minute adjustments between public Departments are unnecessary; they are carried out to an unlimited extent, even to the Telegraph Department, providing, in its Budget Estimate under each Circle for its own Service Telegrams, the amount for which is credited in the Telegraph Accounts as revenue of the Department. All Officers having the privilege of sending Service Telegrams should be supplied with books in counterfoil. Each form should bear a consecutive number, and no message should be considered on the public service unless written on one of these printed forms and signed by the Officer. The counterfoils should be transcripts of the original messages, and they should periodically be detached from the book and forwarded to the Headquarters of the Department to which the signing Officer belongs, for approval, and all messages that may be considered unnecessary or not strictly on the public service, should be paid for by the signing Officer. In the annual Reports of the Department, it may be stated what the estimated cost of the public messages, at the sanctioned rates, would have amounted to.

301. The Telegraph Department has under it ten Circles, each of which is directed by a Superintendent, who renders monthly accounts of Receipts and Payments to the Accountant General, who abstracts these into a quarterly Statement for the Auditor General. The fixed charges are passed by the Civil Paymaster, and an account is prepared by the Accountant General of such payments as are made through the Bank of Bengal, and in other provinces through the several Deputy Auditors and Accountants General. These are all brought together into one quarterly Statement, and there is a separate Abstract for stores. There is a large amount of unclassified charges, and these are altered in red ink, as it becomes possible to charge them to the correct head of Service, and they are adjusted at the close of the year, but the quarterly Abstracts are not adjusted in this manner. The Accounts at the time of our enquiry in March last were not posted beyond September 1863.

302. The audit and compilation of the charges of the Telegraph Department were handed over to the Accountant General in such a state of arrear that the balance due by each individual Superintendent cannot be shown. This is by no means a desirable arrangement when it is considered that the charges remaining unadjusted on the 31st July 1863 amounted to Rs. 24,89,000. This is the amount as shown in the Books of the Accountant General, whilst those of the Telegraph Office at the time the accounts were transferred showed an amount of only about 6 lakhs, accompanied, however, by 6,000 unaudited vouchers. The Telegraph Store-keeper was allowed a permanent cash advance of Rs. 10,000, and the sum in his hands should never be allowed to exceed this amount, all large payments being passed under present rules on audited bills payable at the Bank of Bengal. This regulation, it is stated, has, however, been widely departed from, and large amounts of cash have been drawn by the Store-keeper himself on audited bills. Cash credits up to two lakhs of Rupees have been granted with which Telegraph stores to arrive have been purchased on Bills of Lading. This disregard of the rules laid down gives evidence of a want of strict supervision over the accounts of Government Departments. Each Department should be held responsible for the correct keeping of their accounts and the strict adherence to rules, and it is the duty of the Auditor General to see that this has been properly performed, or if not, to report the facts to Government. Since our enquiry commenced, the permanent advances have been abolished and funds are obtained on Letters of Credit.

Store-keeper has permanent advance of Rs. 10,000.

Cash Credits have been improperly granted in addition.

303. In the Accounts of the Commissioner of Calcutta Police, it appears that Government Securities, purchased with the moneys of the Police Fund, were, until the practice was brought to notice by the lately Officiating Deputy Auditor and Accountant General, included in the cash balance. As these Securities are constantly varying in value, they should evidently be excluded from the Cash Balance, which should show the real amount of cash in the chest. The cost of the purchase of these Securities should appear as a charge in the Cash Account, but the nominal amount of the Securities should be shown in a distinct account of Investments.

Police Fund Accounts.

Government Securities included as cash balance.

304. The Bengal Money Order Office has fifty-four stations under its charge, which send weekly and monthly Returns of Receipts and Payments. Money orders are limited to Rs. 100 each, and are issued at a charge of 1 per cent., with a similar fee for alterations or returns of money. A Return of orders issued and paid shows an average at the chief Office at Calcutta of about sixty per working day, and about double that number (120 per day) for the rest of the Presidency. The transaction of the business connected with the simple Issue and Payment of a daily average of about ninety orders should not give any great amount of employment either to the Agents throughout the Presidency or to the Controller, and the six Clerks engaged at the Central Office at Calcutta.

Bengal Money Order Office.

Small amount of business.

Work in arrear and accounts badly kept.

Waste of space and paper.

305. At the time of our examination the usual results of a want of sufficient employment were to be traced in this Office; the various accounts were from eight to sixteen months in arrear, and were kept in a careless manner. A Register is kept of the weekly account rendered by each station. One page is devoted to each day of the month, giving the fifty-four stations in consecutive order down the side of the page, but as only four weekly accounts are received in the month, it sul-

lows that for each cash column there will be twenty-six or twenty-seven blank spaces per month. The most simple arrangement would save this waste of space and paper.

306. The Balance is paid over daily to the Bank of Bengal, and in the morning a fresh Cheque is granted for the requirements of the day. These constant successions of issues and repayments add much to the labor of book-keeping, without adding to the security of the cash, and the Books are framed in such a manner that the daily repayments to the Bank appear as Expenditure.

Where the payments exceed the receipts, Cheques should be issued in favor of the Controller as required, and a small balance might be allowed to remain in the chest to meet the requirements of the following morning. Where the Receipts exceed the payments, the excess above a working balance should be paid to the Bank, but sufficient should be kept in hand to avoid drawing a Cheque in the morning to meet some trifling payments which may be called for before any Receipts have come in.

307. The most important account of all is, however, the Monthly Account Current, which is transmitted to the Deputy Auditor and Accountant General for examination. This account displays for the whole of the Presidency the Receipts and Issues for Money Orders, the amounts received from and paid to Treasurers, and the General Balance at the credit of the Department.

308. This would be an excellent account to render to the Auditor if he had but the means of checking it, but all that he can do with it is to see that the Treasury Debits and Credits in the Account Current agree with the Treasury Accounts, but no attempt

is made to show that the totals of the Receipts and Issues as shown in the general account are in any degree borne out by the subordinate accounts. In the Money Order Office itself a vain search was made through the Books to discover in what manner these details were brought together to bear out the receipts and charges of the General Account Current,

nor was the Controller able to throw light upon this point. After diligent enquiry, however, a loose sheet of paper was discovered in the desk of one of the clerks, upon which this most important information, the Receipt and Expenditure of the whole Department, was brought together for entry in the monthly account.

309. This private Memorandum, which no one did or could recognise as an official document, was not subject to check, and it was admitted to be incorrect, inasmuch as some accounts were outstanding and some errors remained unadjusted, and still it formed the only foundation for the monthly account rendered for audit.

310. It is not necessary to say more in this general Report except to remark that nothing could be more simple than the business to be accounted for by this Department; it may, however, be observed that the Controller, then in charge of this Office, has been removed from the Department, and has been succeeded by an Officer from the Accountant General's Department.

311. The Military Accounts of the three Armies are incorporated in the General and Territorial Accounts. They are very voluminous, and four copies of them are prepared by each of the Military Departments and two in the Office of the Accountant General. These accounts will be dealt with in a Special Report, and proposals will be made which, if adopted, will save a great amount of labor to the Civil as well as the Military Departments.

312. The Marine Accounts and the account of Pilotage Bills, and the Port Dues Account, are being now subjected to considerable changes. The former have been enquired into, and a Report thereon has already been submitted to Government, whilst the latter are stated to have been in great confusion, but they have lately been subjected to a revision by the Deputy Auditor and Accountant General for Burmah, and have been placed upon a new footing.

313. The Accounts of the Public Works Department have already been reported upon, and are undergoing a complete revision, and the Deputy Auditor and Accountant General has been entirely relieved of responsibility regarding them. Monthly Returns will be furnished direct for incorporation in the Central Books.

314. The Railway Accounts demand a searching investigation, and this they are about to receive, but they can be here treated only so far as they affect the Department of the Accountant General. It may be well first to bring to notice that these accounts are suffering from the same malady which pervades almost every branch of Indian Accounts, that is of Arrears. The accounts of different Companies are in a varying state of forwardness, but there are some which have not been passed since 1861, owing to want of vouchers.

315. During audit of the charges, payments are made out of an Advance Account which amounted not long since to 7½ lakhs. Expenditure is passed on certificates signed by the Government Consulting Engineer, and these contain frequently a number of bills, and were a

duplicate bill to be passed accidentally by the Consulting Engineer, the Accountant General would have no means of detecting the error.

316. The certificates of the Consulting Engineer are at present in arrear, and consequently the audit of the accounts remains imperfect. In the North-Western Provinces each bill is passed separately.

317. The Savings Bank Accounts are kept by the Bank of Bengal, and the total Receipts and total Payments are passed daily into the Treasury Accounts.

318. The Bank calculates Interest on each Depositor's Book, by which a number of small fractions fall away, whilst the Accountant General calculates it on the total sum by which no fractions are lost. There is consequently a difference on the Interest Amount between the two Departments, but the check is near enough, and the smaller sum claimed by the Bank is issued.

319. The monthly totals of Receipts and Payments on account of Savings Banks are checked by the Treasury Department of the Bank, and an annual account is to be rendered to the Government by the Bank. The Accounts are contained in twenty-four Ledgers. They are not at present audited, but it has been proposed to institute a Government Audit at the Bank. This should be conducted by an Officer of the Accountant General's Department.

320. At the Mofussil Treasuries the Receipts and Withdrawals are very few, as, at a distance from the Capital, a very high rate of interest can be obtained upon small advances; traders easily get one anna per month per Rupee, and in times of pressure one anna per day per Rupee has occasionally to be paid on advances of trifling sums. It is not then likely that these lenders, whose clients are generally punctual in their payments of interest and repayments of principal, will withdraw their advances from so profitable a business to place it at a low rate in a Savings Bank. For the present the use of Savings Banks in the Mofussil has been limited to Clerks in the public service, and such transactions as do take place through the Treasuries are adjusted with the Bank by means of Transfer Receipts. The balance of money deposited does not form a separate Fund with special securities, but is treated as a Book Debt, bearing interest at the rate of 3½ per cent. per annum.

321. The Bank receives Rs. 700 per month for performing this duty, but besides this it appears to have the advantage as Government Agent of any profit which may arise in consequence of interest on deposits remaining unclaimed. The unclaimed interest should be carried to a suspense account to be held to meet claims, but the accumulated amount of this Fund should be invested, and the interest thereon be payable to Revenue.

322. The Treasury Department at the Bank of Bengal may be looked upon very much in the light of a Public Department, for it has the entire charge of all the Government money transactions at the Presidency. It receives the Revenue of the Customs Department, the Post Office, and other Revenue Departments, and the surplus Revenue of neighbouring Treasuries. It receives amounts due upon the sale of Salt and Opium, and Receipts are granted for presentation at the Revenue Board, to which Department the Bank sends an Advice List of Receipts issued, and it receives also a number of other miscellaneous items of Revenue.

323. Interest on the Debt is paid by warrants passed by the Accountant General, and by Drafts issued by the Bank of England on the Bank of Bengal, and ordinary charges are paid under the enforcement of the Civil Paymaster.

324. In the case of charges passed at the Office of the Civil Paymaster, a claimant in place of having his claim examined at once and passed for payment, is directed to leave it and call again on the second day following. It is stated that this rule is not strictly adhered to after the pressure of work at the commencement of each month has ceased; but under a good system, the claim, unless of a complicated nature, should be examined and passed at once on presentation.

325. The claimant, innocent of the Indian system of check and counter-check, after having his claim passed at the Office of the Civil Paymaster, proceeds to the Bank to get it cashed at the Treasury there. But once arrived at the Bank, he finds his real difficulties have only commenced. After being bandied about from one end of the building to the other for about two hours, he finds his claim has undergone the following processes:—

Different processes which must be gone through. *1st.*—He takes it to the Native Treasurer, who looks at it and initials it.

2nd.—To the Assistant Superintendent, who ascertains whether the bill is payable in Calcutta or in the Mofussil.

3rd.—To one of the three Examiners to check the deductions which had been made by the Civil Paymaster, and endorse the amount in words and figures on the back of the document in the same manner as the Civil Paymaster had done on the face of it.

4/h.—To the Note payer, who marks on the back how much is to be paid in Notes and how much in Cash.

5/h.—To Note Register-keeper, who marks off the numbers of the Notes in the Register. It then goes back to No. 4, who pays the Notes.

6/h.—To Cash Sheet Writer, who enters and numbers the claim.

7/h.—To Cash payer, who enters the amount in a Book and pays the Cash.

The claimant has now at length got his money, and these preliminary steps being passed, the regular record of the transaction commences.

326. The Head Native Assistant receives each day from the Treasurer the bills, claims, &c, that have been paid. The next morning the vouchers are given to the Account Sheet Writer, who enters them in a

Bank record of payments. are given to the Account Sheet Writer, who enters them in a classical shape under Heads of Service, and showing the gross amounts, the deductions, and the net amounts, and makes a total for check by the Ledger-keeper, who enters the total Receipts and Payments from No. 6 Cash Sheet. These classified Account Sheets (about 20) are sent to the Accountant General with the Pass Book, which is a copy of the Ledger Account. Five Clerks are engaged upon the preparation of these Account Sheets, those for Bengal being kept separate from those for the Government of India.

327. The mode of proceeding in England is by no means so complicated. There the Government Official having passed a claim, a Cheque is at once issued for the amount. This Cheque on presentation at the Bank is paid in cash over the counter, without the smallest loss of time; the amount is entered without classification in the Bank Pass Book, and this with the paid Cheques is sent daily to the Government Officer for check.

328. The adoption of this simple system would greatly facilitate the transaction of business at the Bank, not only to the public seeking payment, and to the Bank making payment, but also to the Govern-

ment Officials, for the classification of the Receipts and Payments by the Bank under Heads of Service is of little real assistance in making up the accounts, and the voluminous mode of rendering the Returns considerably complicates the check upon what should be a simple banking account.

329. The Bank having sent its classified Sheets to the Accountant General to the Government of India with the vouchers, they are there examined and corrected, and, as might be supposed, the number of corrections which are found to be necessary is very large and is almost equal to a new classification of the vouchers. On the first sheet that was taken up by chance, it appeared that nine corrections had been made upon twenty-five charges. From these Abstract Sheets the Accountant General himself prepares his own Bank Pass Book, and compares it with that furnished by the Bank with which it ought to agree.

330. After the Accountant General has completed his examination and re-classification, the portion relating to Bengal is transmitted to the Deputy Auditor and Accountant General, and here again the same process of examination and classification is gone through for the third time, but in greater detail. This triplication of work serves no useful purpose, and entails much unnecessary labor upon the Bank and on the Accountant General's Department, and it appeared that, in consequence of this system, a doubt seemed to rest on the mind of the Deputy Auditor and Accountant General as to whether he was responsible for seeing that the Receipts brought to account by the Bank agree with the Cash Returns of the Revenue Departments.

331. It would be more convenient if the Government of India and the Government of Bengal were to have distinct accounts at the Bank of Bengal, the Bank would then send the Government of India Accounts to the Accountant General to the Government of India and the Bengal Accounts to the Deputy Auditor and Accountant General, so that each could the more readily check the Revenue and Expenditure under their respective charges.

332. The account should be a simple unclassified account of Receipts and Payments supported by vouchers. The Receipts would be supported by the challans or other documents upon which money is paid into the Bank, and all receipts would be carried to the General Account of the Government, whilst the Payments would, as has been explained above, be more conveniently paid out of a Drawing Account, which would be fed daily from the General Account, and be drawn upon by Cheques issued by the the Accountant General's Department and to the Deputy Auditor and Accountant General's Department.

333. There seems to be no more reason why the Bengal Treasury Accounts at Calcutta should pass to the Deputy Auditor and Accountant General of Bengal through the hands of the Accountant General to the Government of India, than should those of any other Treasury.

334. It appears to be the practice of the Bank of Bengal when Letters of Credit are issued in favor of Public Officers to treat these balances as private assets, and to exclude the amounts from the public Balances. Whether these sums are in the hands of the Accountant General or of a subordinate Disburser, they are equally Government funds, and should be treated as such by the Bank.

335. In England the weekly Statement published by the Bank shows under Government deposits not only the balance in the Imperial Exchequer, but also includes the balances standing at the credit of each of the Government disbursers having special accounts at the Bank of England, and the same practice should obtain at the Indian Banks acting for the Government. The whole amount at the disposal of the Government or of its Officers should be included as the Government Balance, but this sum might be shown in two portions, the one to consist of the Balance appropriated, the other of the Balance unappropriated.

Should form part of the Government Balances.

336. Having thus traced the Accounts of Expenditure, as well as of Revenue, to the Office of the Deputy Auditor and Accountant General, we will now examine the mode of conducting business in that Department, merely premising that that Office has been selected in preference to that of the Accountant General for India, as a larger amount and greater variety of transactions are carried on there, but the observations which are made with regard to the one will be considered as also applying to the other. The points which relate specially to the Accountant General will be touched upon subsequently.

Accounts of expenditure all reach Central Account Office.

337. Before entering upon this examination, it may be well to revert to the Office of the Civil Paymaster, whose office it is proposed to abolish, in order to see what portion of his duties have been disposed of, and what remains still to be provided for.

338. The duties of the Civil Paymaster are stated to be—

1st.—To examine and pass all authorized charges on account of Civil Services, including Marine, Police Battalions, and Pensions.

2nd.—To exercise a control over the Civil expenditure with reference to the Imperial Budget.

3rd.—To communicate with Government on all questions arising out of allowances, or having reference to pensions, gratuities, leave of absence, &c.

4th.—To report annually upon fluctuating charges and upon Civil expenditure generally.

Examination of claims should be by Departments concerned.

339. The responsibility of carrying out the 1st of these duties should be thrown upon the heads of the several Departments, who will be bound not to exceed the limits granted by the Budget.

340. The 2nd in the list of duties will be performed by the Deputy Auditor and Accountant General, who, in recording audited expenditure month by month, will have a more exact knowledge than the Civil Paymaster can have as to whether Budget Grants are likely to be exceeded or not.

341. The third relates to allowances, pensions, gratuities, leave of absence, &c. These are questions dealt with under rules laid down by the Financial Department, and they could be as well settled in the individual cases by the Department concerned dealing directly with the Financial Department in place of acting through the intervention of the Civil Paymaster.

342. The 4th has reference to fluctuating charges and Civil expenditure generally. A report upon these subjects and upon any irregularities of expenditure would come more appropriately from the Deputy Auditor and Accountant General, who could most readily deal with these matters by means of marginal notes to the annual Account of Revenue and Expenditure, or by special Reports upon such of the Accounts as may appear to call for them.

343. The Civil Paymaster has also the passing of Pilot Service charges, Port charges and other Miscellaneous Marine charges, not connected with the Government Dockyard. These duties should be thrown upon the Officers having charge of the Marine Accounts and Port Fund Accounts.

344. He also keeps a large number of Registers exhibiting Salaries under Departments, and Pensions and contingent charges Registers, in which every contingent bill under each Collectorate is entered in full detail; he has also an Account with every individual Civil Servant of the Presidency, and a Register of Leave of Absence.

345. Of some of these the Deputy Auditor and Accountant General keeps a record and the Departments themselves keep or should keep a record of their own establishments as well. In preparing their salary lists for payment, they could calculate the deductions to be made from the salaries of their own officers as well as the Civil Paymaster could do it. With regard to deductions on account of Funds, there seems to be no reason why the officers themselves should not be held answerable to the Secretary of each Fund for the amount of their subscriptions. The Government can through its officers aid in making the collections, but it should not be called upon to regulate the amount of deductions from each officer.

346. In the Appendix will be found a Statement showing the establishments and cost of the several Civil Paymasters' Offices, from which it will be seen that the total number of the Bengal Establishment is eighty-six, including sixty-six clerks and eighteen servants, costing Rs. 94,272 per annum, whilst for the whole of India the numbers are 347, costing Rs. 3,30,245.

Cost of Offices of Civil Paymasters.
Appendix No. 10.

It is only fair to state that we are informed that the Civil Paymaster of this Presidency, since he first took charge of the Office in 1860, has effected very large reductions in the number of Clerks employed, and in the cost of the establishment.

347. As the work performed by the Civil Paymaster is mainly done over again by the Auditor, the abolition of pre-audit and the substitution of one for two audits will set free these large establishments. A small portion may be absorbed by the transfer of Accountants or Clerks to such Departments as should keep their own Accounts, but possess none at present, and a further portion may be required by the Deputy Auditor and Accountant General, upon whom some additional duties will be thrown, but there will still remain a very considerable saving to the Government.

348. The duties performed in the Office of the Deputy Auditor and Accountant General consist principally of, 1st, the preparation of the several Budget Estimates, and 2nd, of the audit and record of the accounts of the Treasury Officers and of such Public Departments as render accounts to the Bengal Office, supplemented by a large number of Statements and Accounts. The question relating to the form and mode of preparing the Budget Estimates has already been fully discussed.

349. The monthly Treasury Accounts, and some from other Account Offices, amounting in all to 97 Cash Accounts, when they reach the office, with the vouchers attached, are first sent to the Treasury Account Department, where they undergo a complete examination, first as to the Revenue and other receipts by comparing them with the returns of the Revenue Department, but more particularly as to the charges credited in the accounts and the vouchers in support of them. These are examined as to their correctness generally and as to their proper classification, and errors in these respects are set right by corrections in red ink upon the account. There are also 31 Store Accounts.

350. An Examiner and Assistant have between them the examination of five accounts per month, which gives an average of about a dozen vouchers per man per day to examine. Seeing that at the English Pay Office one Examiner and his detail clerk will examine and enter during busy times from 200 to 300 vouchers in a day, the labor falling upon the former gentlemen cannot be very severe. The Examiner adds the vouchers together to make them agree with the totals in the Account Current; he compares the charges with those of previous months, and investigates the causes of divergencies.

351. Each account is then abstracted into the Budget Abstract, which brings the Receipts and Payments under the several heads of service, and includes not only adjusted, but also unadjusted charges. The Examiner also prepares a correction paper for such items as may be objectionable for transmission to the Treasury concerned, and this often leads to further correspondence. The Budget abstract is then sent to the Budget Department, whilst the vouchers and the accounts go to the Journal Abstractor. The Deposit Account attached to the Account Current is sent to the Deposit Department, but the work of that branch is in arrear, and it is sometimes not till months afterwards that corrections upon the Deposit Account are notified to the Examiner.

352. The Budget Department brings the monthly Abstracts into quarterly totals, and these again into annual totals, and a statement is prepared at the end of each quarter, showing in detail such items as remain unadjusted, in order to serve as a check upon those items belonging to former months which are charged as adjusted. From these are prepared the quarterly and annual accounts of receipts and of adjusted and unadjusted expenditure which are furnished by each Deputy Auditor and Accountant General to the Auditor General for consolidation. It is evident that these accounts, including, as they do, a large amount of unadjusted expenditure, must be liable to inaccuracies.

353. The Journal Abstracts are prepared in the same manner as the Budget Abstracts, except that the Abstractor only deals with adjusted charges. These are the foundation upon which the General and Territorial books are prepared, as far as Expenditure is concerned, the receipt portion being common to both abstracts.

354. There is also a Sketch Journal which shows less detail than the Regular Journal, and is used to prove the latter, but one of these is unnecessary.

355. It appears that in this branch the vouchers are re-examined, although this labor had already been performed by the Examiners in the Treasury Account Department. It did not seem clear that this was intended under the Office rules, but it was done, and so long as the vouchers are transmitted from branch to branch, they are sure to be subjected to re-examination. The only mode of securing them from a repetition of this process at every stage is, when once they have been properly examined and recorded, to lock up the documents and pass on the record only.

356. The Head Book-keeper examines the entries in each Journal Abstract, to see that the classification has been correctly done, and generally superintends the branch. One clerk is able to adjust four or five accounts per month. There are ten Adjusters, and in one

single room there are thirty-seven clerks engaged in assisting in these duties, a number which it is inconvenient to throw together into so small a space. The adjustment of the Burmah Accounts is performed in an entirely separate branch, but, under recent arrangements this duty will eventually be transferred to the newly appointed Deputy Auditor and Accountant General for Burmah.

357. The several Journal Abstracts being completed for the year, and the entries examined and passed, they are carried into the General Journal, not by a consolidation of the several accounts under heads of

service, but by the bodily insertion of the year's accounts of each district separately into the Journal. It may thus readily be understood what a voluminous bulk these Journals arrive at by the time the whole of the annual accounts have been incorporated into them. There still remains, however, a certain amount of unadjusted charges which are not brought to account on the books, though these have been kept open for many months.

358. The Journal of the Deputy Auditor and Accountant General of Bengal consists of seven large volumes; that of the Accountant General of 5,000 pages, that of the North-Western Provinces of 2,550 pages, of which balances alone fill 386 pages. The Madras and Bombay Journals are more concise and are contained in one volume each.

359. The Journal cannot be commenced until after the close of the year, and even then it is not likely that the Journal Abstracts will, for some months after the end of the year, be ready for transfer to the General Journal, as the examination is not completed till every voucher has been supplied. The Journal of the North-Western Provinces for 1860-61 is still incomplete, whilst those for Bengal for the year 1861-62 are only now under preparation.

360. The only Journals and Ledgers which are complete for the year 1861-62 are those of Bombay and Madras, and those of Bombay have been received for the year 1862-63; but it may be observed in passing that the Bombay accounts are improperly founded on net results, whilst the others show more correctly the total Receipts and total Issues. In Madras the books are closed without waiting for all the vouchers, so that the actual expenditure of the year is not shown.

361. The Ledgers are posted from the Journals, but whereas the latter show full details of each transaction, the Ledgers only give results in single sums. There are, however, several Sub Ledgers for advances, personal accounts, &c.

362. Copies of all these bulky Journals and Ledgers are made, first, for office use; secondly, for transmission to the Financial Department; and thirdly, for transmission to the India Office in England, where they are stowed away in cellars, and seldom referred to, as, out of such a mass of detailed information, it is almost impossible to pick out what is useful.

363. It has also been the practice to pass through the Journal the Stock Accounts of salt, &c. The General Journals should be confined to the record of cash receipts and payments, and the record of such transactions as relate to stock or quantities of stores should be confined to Store Accounts.

364. In place of carrying Revenue direct to a Revenue Account, the books are prepared with a separate Profit and Loss Account for each Department, and these are again transferred to a General Profit and Loss Account. The entries are as follows: The Land Revenue is debited with the demand (the amount assessed). Collectors are debited and Land Revenue credited with Receipts. Profit and Loss of Revenue Department is credited with demand and debited to General Profit and Loss Account. General Profit and Loss Account is debited and Territorial Revenue credited, whilst Land Revenue is closed by Balance. It would be more simple to omit the intermediate accounts and carry Revenue at once to the Head of Revenue.

365. Considerable efforts have been made to get rid of the large amount of arrear of abstracting by the employment of a supplementary Establishment, but the work has been so badly done that the castings cannot be made to agree, and the whole will have to be done over again by better trained hands.

366. Besides the Collectors' Accounts, there are the Accounts of the Custom Department, over which the Audit check is but slight, those of other Revenue collections, of the Small Cause Courts, the House of Correction, the Calcutta Police, Burmah Accounts, Local

Mofussil Accounts passed by Magistrates, Port Accounts, Convict Accounts, Account of Cantonment Abkaree, Nuddea Toll Account, and a variety of others, which add much to the labor of watching over the more important Accounts.

367. Two copies of the quarterly Revenue Account are furnished to the Revenue Department, and an annual Statement of Demands, Collections, Remissions, and Balances.

368. The Collector sends a monthly Abstract of Receipts and Payments, adjusted and unadjusted, in advance of the Regular Account Current, with which, however, it does not always agree. These are abstracted into sections, and a consolidated abstract is furnished

Quarterly Accounts furnished to the Revenue Board.

Monthly Abstract of Receipts and Payments.

Sundry Accounts.

to the Auditor General, who compiles a General Account for the Financial Department, but except during the preparation of the Budget, they seem to be of little use. The rapidity with which the regular monthly unclassified Account Current will, under the proposed system, be rendered, will probably supersede the necessity of the preparation of this and other Statements, merely furnished because the regular accounts come too late to be available.

369. There is a special Statement Department in which a variety of Statements are prepared; amongst others there is the Statement of Interest paid at each Treasury, which is sent to the Accountant General for comparison at the Loan Office. A Statement

Statement Department.

of the Jail Fund of each district shows Receipts and Payments and profit on manufacture, and the disposal of the balance after payment to the Jailor of the commission to which he is entitled. Stamp Revenue Statement, Statement of Sheriffs' Fees in the Mofussil, Statement of Educational Funds compiled from Treasury Accounts, which, however, does not agree with the accounts furnished by the Director of Education. Statements of Amalgamated District Road Fund, of Tolls, Ferries, Labor Fund, of Howrah Station Fund, and others. These all require an amount of attention and investigation which the Auditor is scarcely in a position to afford.

370. We have already explained the course which should be pursued with regard to Receipt of Revenue and the Payment of Expenditure. In the Mofussil the Revenue should be paid as far as possible direct to the Head Treasury, or be transferred there from the Sub-Treasuries. The payments should be made by the Officer

In the Mofussil.

of the Treasury under permanent authorities issued from the Office of the Deputy Auditor and Accountant General, and local payments and allowances should be issued under orders signed by a local authority, and by his Accountant or Chief Clerk.

371. At the Presidency, Revenue should be paid to the general account of the Presidency at the Bank, and payments should be made under the special authority of the several Heads of Departments by the Examiner of Claims, out of a Drawing Account at the Bank which would be fed as required by Writes Off from the General Accounts.

At the Presidency.

372. The vouchers for the Receipts and Payments would flow up through the Treasury accounts from the Mofussil, and through the Examiner of Claims for payment at the Presidency to the Audit and Record Branch of the Deputy Auditor and Accountant General.

Record and Audit.

Here the first step would be to take such Treasury accounts as may have reached the Office, and carefully examine the correctness of the vouchers and of the accounts.

373. As pre-audit will have ceased, so there will be only one column for all charges, and the terms "Adjusted" or "Unadjusted" and "Inefficient" will no longer be used. Advances recoverable will be carried to a special head in the Account. Care must be taken by

Vouchers must be in proper order before payment.

the Officer in charge of the Treasury that, before payment is made, each voucher is in proper order and supported by the proper signatures. So long as this is the case, the voucher should be passed in the Treasury account, and any irregularity which may appear in the payment having been in excess of the Budget-grant or otherwise should be met by calling on the Officer who authorized the payment to explain the cause or make good the excess. In the case of computations and other matters where the Treasury

Authorizing Officer and in some cases Treasury Officer to be held responsible.

Officer has the means of exercising a check, any incorrect voucher or over-payment should be struck out of his account, and he should be directed to alter his balance accordingly.

374. Printed vouchers should be supplied, so as to have as much uniformity as possible, different colors and shades of color of ink or paper being used for different classes of expenditure, and across the top should be a space for the insertion in a very clear manner of the head of Service to which the voucher relates, and the Treasury at which paid should also be marked upon it distinctly.

375. The vouchers having been carefully examined at the Account Office as regards their general correctness, and the proper classification as marked at the top, any rejections or corrections will be entered on the account, and the balance will be altered accordingly. A

correction paper will be transmitted to the Treasury Officer, who will be directed to correct his account in the manner shown on the correction paper, so that his balance will agree with that of the Account Office. A rejected voucher when made correct would again be introduced into a subsequent account, the same as if it were a fresh voucher.

376. The month's Accounts being thus examined and adjusted, the vouchers themselves would be passed on to the Clerks having charge of the detail Books. There would be separate detail Books for each large

Vouchers passed for entry in the detail Books.

Head of Service, and where the payments are few, a section of a certain number of pages would be sufficient. These Books would record the date, where and by whom paid, the particulars of the payment, the gross amount, the deductions, and the net payment. The payments made by the Examiner of Claims would, in the same manner, be passed over for entry in the detail Books, and at the end of

Daily Abstract Sheet.

the day an Abstract Sheet would be prepared, upon which the totals of the day's entries would be inserted under each Head

of Service, and the total of these must agree with the total amount of payments by the Examiner of Claims, and of accounts passed by the Examiners of Treasury and other accounts. The Receipts would be entered in a similar manner.

377. The following day the entries in the detail Books would be read off against the authorities or the Establishment Books upon which the payments had been made, and care should be taken to see that each payment is duly marked off, so that there may be no fear of a second payment for the same service being passed. At the end of the month a monthly Abstract should be prepared from the monthly totals of the detail Books, and the total of this Abstract should agree with the aggregate totals of the daily Abstracts.

378. The Cash Book would be posted from the daily Abstract, and the monthly Abstract of Receipts and Payments would form the foundation of the monthly postings into the Journal and Ledger, and as the examination and record of the accounts has been proceeding during the whole course of the month, the entry of audited expenditure may be completed from month to month within a few days after the close of each month.

379. With a complete set of monthly accounts founded on correct data, and examined and proved within a short time after the date of the transactions, it will no longer be necessary to keep up the double set of accounts which now occupy the time of officials, and are indeed the main cause of the state of arrear which is the great drawback to all Indian Accounts.

380. In exemplification of the state of arrear in these accounts, the following information may be given from a Report by the Auditor General of India, dated 4th February 1864.

381. The Bombay accounts for 1861-62 had been submitted, whilst for Madras those only for the year 1860-61 had reached the Financial Department, and some differences remained to be reconciled. In the North-Western Provinces the Books were still more in arrear, those for 1859-60 being the last that had been received, and the same was the case with regard to those of the Punjab. There are also some Post Office and Public Works balances of 10 to 16 years' standing, which have defied every attempt at adjustment, and eighty deposit Registers, of which fifteen refer to 1857-58, are still unclosed. In the Accountant General's Office the arrears are stated to be—

Twenty-seven Accounts Current, of which the oldest is for 1859-60.

Fifteen Annual Reports of five Service Funds from 1859-60 to 1861-62.

Six Extracts from the annual Accounts Current of the several Presidencies for Departmental check from 1855-56 to 1860-61.

Balances of twenty-seven Heads of Account in the General Books, the earliest referring to the 6 per cent. loan of 1811-12, to be finally settled, besides the closing and adjusting of the Durbar and Revenue Heads.

The adjustment of 424 personal Accounts, some prior to May 1854. The Books for 1860-61 have been closed, but no date can be fixed for the closing of those for 1861-62. The Bengal Accounts are at least eighteen months in arrear.

382. This summary of the Report gives a fair notion of the state of the accounts and of the small value, in a financial point of view, of the labor expended upon them. It has necessitated a second complete set of accounts founded on incorrect data, but still, with all its imperfections, more useful than those which appear always to have been in a chronic state of arrear.

383. Under the system proposed, a correct Return of Revenue and Expenditure will be furnished, month by month, to the Financial Department, and all the other Estimates and Returns furnished monthly, quarterly, and annually may be dispensed with. The labor thus set free can first be employed in bringing up the arrears of past years, and when this is complete, a considerable saving may be effected in Establishments.

384. There is also reason to believe that a reduction might be made in the number of Treasuries and Sub-Treasuries whereby the accounts would be simplified with a diminution of cost.

385. Although large savings will be possible in the working portion of the several Offices, there will still remain a great deficiency in the superintending power of the Account Departments. It is quite impossible at present for the Deputy Auditor and Accountant General to make himself master, and watch over the conduct of a great part of the business which is under his charge, and he is also quite unable to pay, as he should, periodical visits of inspection to the several Treasuries rendering accounts to his Office.

This periodical inspection is of great value, and it cannot be expected that the account duties of the Treasuries will be well conducted if they are never looked after by the Chief Officer of Accounts.

386. There is also another arrangement of the Indian system which materially interferes with the well working of the several Account Offices. The practice at present is that if a superior Officer is absent on extended leave, the Officer next in succession to him takes his

place, and officiates for him during his absence. The Officer thus succeeding leaves his own office to be taken up by the next in succession and so on. The result is, that from the highest office to the lowest, there is, on each occasion, a complete interchange of directing Heads. Officers are moved from one extremity of India to the other. Not one of these is acting for himself, and each is officiating at an office where he is almost a stranger. As leave of absence amongst the higher class of officials is not unfrequent, these constant changes become very detrimental to the Public Service, and place the real conduct of the business very much in the hands of Native or Subordinate Assistants.

Interchange of directing Heads.
 Each Officer should have an efficient Deputy.

386. The remedy for this state of affairs would be to give to each Deputy Auditor and Accountant General an efficient Deputy, who could aid him in general superintendence and in the inspection of the Treasury Offices, and who, in case of the absence of the Chief on leave, could take his place and carry on the business of the Office without deranging the internal economy of every Account Office downwards to the bottom of the scale. Each Deputy should receive a fair amount of salary compared with the Chief of the Office, and although to give to each Office an efficient Deputy would require a considerable addition to the Grant for this Service, it must be recollected that the abolition of the Offices of Civil Paymasters and their Establishment will cause a saving which will do more than amply meet any additional expenditure which may be required on this ground.

Cost will be met by abolition of Offices of Civil Paymaster.

387. The Service of the Financial and Account Departments is less attractive than that of the General Service, in which there are much larger prizes to be attained more readily. It would not be good policy to deprive the Financial Service of five of its best appointments without offering some other inducement sufficient to attract good men to this important Department of the Government. The appointments that are proposed are undoubtedly required, will add much to the efficiency of the service, and a large saving will still remain from the reduction of establishments. It would be of advantage if some of the present Civil Paymasters could be transferred to these new appointments, as they would bring with them a large amount of practical knowledge which would be most valuable in carrying out the duties assigned under the new system to the Office of the Deputy Auditor and Accountant General.

388. As the Budget Estimate was the first starting point of the Accounts, so must the annual Account be the last point to which they all lead up. This Account will bring together and contrast under every Budget Head the total estimated and the total actual Receipts and Payments of the year. As this Account will have been in preparation month by month from the monthly Returns of Revenue and Expenditure furnished to the Financial Department, there will be little difficulty in completing the final Account for the year, and upon this will be shown all savings and excesses upon the Budget Grants, the reasons and the authority upon which any excesses were permitted, and how they have been met. It must be borne in mind that in all cases where excesses seem probable, sanction for meeting these from other quarters must be obtained before the expenditure is allowed to take place. The form of this Account will follow that of the Estimates.

389. The annual Account will give the total Revenue and Expenditure of India in a complete form, but in the meantime the monthly Return will have kept the Financial Department well informed as to the progress of Revenue and Expenditure, and the labor of keeping up a Budget Check Register for each Deputy Auditor, in which are entered a number of petty transfers between Budget Heads, may be saved.

390. The Office of the Accountant General for India performs for Political Treasuries and for some Departments which are specially under the Government of India duties similar to those carried on at the Office of the Deputy Auditors and Accountants General, and the business as regards these should be dealt with much in the same manner. He should have his efficient Deputy to aid him in his work, and act for him in his absence, and there should here also be an Examiner of Claims to pass Cheques upon the Bank of Bengal for such payments as belong to the Government of India. If, however, as has been proposed, the Bengal Office of Account is placed under the same roof as that of the Accountant General, an arrangement might be made under which the same Examiner of Claims might act for both Departments. The mode adopted for paying the Half-yearly Dividends by Interest Warrants is so similar to that of Cheques that the present arrangement need scarcely be disturbed.

391. The Accountant General receives from Treasury Officers and others 85 Accounts per month, which should be dealt with in the manner described above. The number of vouchers passed by the Bank are about 10,000 per month, besides bills, remittances, and vouchers connected with 16 Civil Funds.

392. The Military and Public Works Accounts have till now been brought into the Accountant General's Books in full detail. As these Departments now keep entirely separate accounts, it becomes unnecessary to introduce into the Imperial Books more than the Receipts and Expenditure under a limited number of Heads.

Military and Public Works Accounts.

393. Adjusted Charges on account of other provinces are not treated as Remittances, but are charged in the Accounts against the provinces concerned. A memorandum of these charges is furnished to the several Accountants General, who, however, do not include the adjusted charges in their own accounts, but only in their Audit Report of Expenditure.

394. The Post Office and Telegraph Department being Imperial, are under the Accountant General to the Government of India. The Currency Commissioner's Accounts are also kept by the Accountant General; but under the present form all transfers are carried into one account with a single column. It would be more clear to have three columns, one for Notes, one for Coin and Bullion, and one for Securities.

395. The Interest on Currency Deposits goes to Revenue, whilst the expenses of the Department are charged as Expenditure.

396. The Loan Department is also an important branch of the Accountant General's Office. The preparation of new in exchange for old Promissory Notes in this Department appears to be more complicated than necessary. The old Notes pass through a great many hands; they are registered several times over, and the new Notes receive each three signatures, and two sets of initials besides bearing upon them the signature of the holder to whom interest is to be paid. Four writers are engaged upon the preparation of new Notes, and each is not able to write out more than 20 per day. All Notes deposited are examined half-yearly before payment of Interest.

397. A large number of Notes deposited with the Accountant General belong to the Suitsors' Fund, of which some deposits have existed more than 20 years. A Clerk from the High Court compares the Accounts daily with the Accountant General, and fees are payable to Government for the duties performed on account of these Funds. In 1862 there were 264 Accounts belonging to the Suitsors' Fund, and 80 belonging to the Insolvent Debtors' Court, in all 344 Accounts, upon which the Government commission amounted to Rs. 4,883. Police Funds are invested in Treasury Bills, bearing 6 per cent. interest. There seems to be no reason why a fixed proportion of these Funds should not be converted into a Book Debt, bearing interest at a rate not higher than 5 per cent.

398. A separate Register under each Loan is kept of Promissory Notes held by Government on account of the Suitsors' and Insolvent Debtors' Funds. The plea against converting these Notes into a Book Debt is, that some of the Notes or of the endorsements might be forgeries, and that Government would incur liability by cancelling the Notes; but with ordinary care, this danger could be guarded against, and the risk of the documents being stolen or lost would be avoided.

399. Promissory Notes are received upon the sale of Waste Lands, or Notes are purchased with the proceeds. As the sale of Government land is a reduction of the Imperial Assets, it is very properly held that the proceeds should be devoted to the reduction of Imperial Liabilities, and the Notes which are obtained by the sales are therefore cancelled periodically. The last amount so cancelled was the proceeds of about two years, and amounted to Rs. 9,98,000. There does not seem to be any reason why they should be allowed to accumulate and should not be cancelled as soon as received.

400. Besides the above amount of Notes cancelled by the funds derived from sales of Waste Lands, a still larger amount has been invested out of the Cash Balances. The amount of debt from which the country has been relieved in this manner has been Rs 99,87,470, making in all Rs. 1,09,85,470.

401. There are 79 Registers for interest, and when interest falls due, Schedules of Notes are presented by Bankers, Merchants, and others for examination. If the Note and the endorsements are found to be correct, the interest payable is entered on the back of the Note amongst the endorsements.

402. This mode of endorsing the interest appears apt to cause confusion upon payment. The reason given in its favor is that it marks how far the endorsements have been examined and found correct, and so far facilitates the examination for the following half-year. But this could equally well be done by initials with a date, and a special column being appropriated for the date to which interest had been paid, would be much more distinct and less likely to lead to confusion than its insertion amongst a number of signatures.

403. For the record of interest paid at the several Treasuries throughout India, there are special Registers which, as at present kept, are more voluminous than necessary. By a better adaptation of the form, space could be economized, so that 36 folios could be made to contain the information now contained in 140 folios.

404. There is, however, a defect in the check upon interest paid in other Presidencies. The Collector sends notice of the payment of interest to the Accountant General to the Government of India, and charges the amount paid in his Account Current with the Deputy Auditor and Accountant General of the Presidency to which he is attached. The Deputy Auditor and Accountant General includes the amount of interest in the account he renders to

the Accountant General in one sum, but does not give the detail of the payments. If, therefore, the Collector were to pay sums for interest and omit to report them to the Accountant General, the omission would not be discovered, the Registry of the interest paid would be incomplete, and a second payment of the same amount of interest would not be discovered by any check in his Office.

404. No record is kept of the amount of interest outstanding, and it is evident that the Capital Accounts of some of the older Loans are entirely incorrect. Some of the 5 per cent. Loans of early date are not brought into the Finance Accounts; some of them appear to be much more than paid off—one 5 per cent. Loan to the extent of one lakh of Rupees. These anomalies no doubt arise from errors in postings between various Loans, which, if adjusted, would show that Loans having apparent balances outstanding have in reality been paid off.

405. Some of the Loans are in Sicca Rupees, and in these the interest is each half-year computed in Sicca Rupees, and then converted into Company's Rupees. It would be much more simple to convert the capital of the Loan at once into the Rupees now current, and all subsequent conversions of interest would become unnecessary.

406. Notes transferred to London are encased by a Stamp, and are entered in special Registers under each Loan. Either new Notes are issued in these cases, or a Certificate by the Accountant General is attached, showing that the endorsements up to date have been examined and found to be correct. The interest of these is paid in London by the issue of bills drawn on Calcutta, and subject only to the Indian Income Tax.

407. The Notes can in England be converted into a Book debt at the Bank of England, and if it is desired to retransfer to India, fresh Notes are issued at Calcutta upon the production of a certificate from the Bank of England, that the amount of Debt there has been cancelled; but in India holders have not the privilege of converting their Notes into a Book debt. This, if allowed, and adopted to any extent, would save the Government a considerable amount of trouble in the half-yearly examination of the Notes and their endorsements.

408. The total amount of Promissory Notes outstanding is about 60 crores, of which about $\frac{1}{2}$ is held by Natives and $\frac{1}{2}$ by Europeans.

409. Fees are paid for the renewal of Notes and for transfers, &c., and are recorded in five different Books for the several classes of fees, and they are from time to time paid to the account of the Accountant General at the Bank. There is, however, a want of check in seeing that the total amount of fees collected reach the Bank. It would be less liable to risk if it were made a rule that all applications for renewal or transfer of notes should be on paper bearing a Stamp equal to the value of the fee payable.

410. Searches are made by the Clerks after Office hours, and the fees in these cases go to the Clerks. The payment of fees to public Clerks on their private account for work connected with their public duties is not a good arrangement, and is apt to lead to abuse. It would be better to make these searches part of the general duties of the Clerks, and let the fees be accounted for in the same manner as other fees.

411. Supply Bills are granted by the Accountant General on certificates granted by the Bank, that the money has been lodged there. The Deputy Auditor and Accountant General furnishes each day to the Bank, and to the Accountant General, a list of Treasuries upon which the balances will admit of bills being drawn, and the rate that should be charged, which is generally either at par or at a small premium; and at the close of the day the list is returned to the Deputy Auditor and Accountant General, with the amount of bills which have been sold to the public marked against each Treasury. It would be more simple if the Bank were to issue the Bills themselves in place of the certificates upon which the Bills are granted by the Accountant General, and there appears to be no objection to this course.

412. The Assistant Accountant signs the Bills and Letters of Advice, and the Superintendent of the Branch also signs the bills. These two Officers have the power of signing Bills and Letters of Advice to any amount, and would not be detected in any improper issue until the bills had been paid, and the Treasury Accounts had been examined by the Deputy Auditor and Accountant General. The security would be increased if the Advice Lists were signed by some other superior Officer of the Department instead of by the Officers who sign and issue the Bills. The bills drawn by one Treasury upon another are checked by comparing the credits of the one account against the debits of the other.

413. In the Bengal Accounts there will be found in the Accounts under the head of "Remittances" a large number of Debits and Credits which are not really Remittances. Receipts which should have been credited to some Head of Service, but regarding which some question has arisen, are carried to the Head of Remittances, and there they are left, and the same with charges. Under the head of Judicial Remittances, there are unadjusted items which

have been brought forward, year by year, since 1824. On the 30th April 1861, the amount of unadjusted Judicial Remittances

	Rs.
was on the Credit side	4,19,000
and on the Debit side	3,87,000

In the Post Office, the Remittance Account showed—

	Rs.
Credits	6,25,000
Debits	3,68,000

Active measures should be taken to reduce these and similar amounts under other Heads of Service.

414. The Departmental Accounts in many instances differ widely from the Treasury Accounts. The Balances do not agree, and must be written off, as they cannot now be adjusted. A Clerk has been employed for four years upon them with small results.

415. Under the head of "Bills payable," there is also a large accumulation of unadjusted items. This Head includes stores, adjustments of salaries, inter-departmental adjustments, and stores in use since 1856. Stores supplied by the Ordnance Department for use in the Civil Departments are debited to "Bills payable" in the Bengal Books by credit to Military Books. If expended, the value of the Stores is debited to the Department or Head of Service concerned and credited to "Bills payable." If returned into Store, the return value is debited to "Military Books," the difference between the issue and return valuation is charged to the proper Head of Service and "Bills payable" is credited. This mode of passing Store transactions through Books which should only record Cash transactions, adds much to the complexity of Accounts. The transfer of Stores between Departments should be recorded separately in Store Accounts, showing numbers and quantities only.

416. The particulars of the Balance of the Head "Bills payable" for the year 1859-60, contain items referring back as far as the year 1817-18, and fill 49 sheets. Bills unpaid for 20 years are carried to credit of Government, and in the year 1856-57, the sum of Rs. 1,07,000 was transferred from the head of Bills payable to the credit of "Profit and Loss." The amount of Bills payable unclaimed in 1859-60 was Rs. 5,14,000, of which the greater portion consisted of current Bills, the remainder principally of Bills drawn on the Treasury of the Collector of Behar in the early part of the year 1857. These were probably paid, but owing to the total destruction of the records of that Office, no proof of payment exists. There is also a large number of Bills of such small amount that they remain unclaimed; these should be written off to Revenue after being kept on the Books for seven years. The particulars of the Balance on the Debtor side fill 17 sheets, the amount being Rs. 4,50,430. This consists almost entirely of departmental adjustments, and Stores in use debited to this head under the inconvenient system described in paragraph 415.

417. The Accounts generally do not agree with each other. The Auditor General communicates to the several Deputy Auditors and Accountants Departmental, Provincial, and Treasury Accounts do not agree General the adjusted Receipts and Charges upon their accounts, and the remittances in transit are taken into account in the adjustment of Cash Balances, but the former are not carried into the Provincial Books, and only appear in the Audit Reports; nor do the Departmental Accounts always agree with those of the Deputy Auditors or of the Accountant General.

418. At Madras the Public Works Controller reported for the year 1862-63 an expenditure on public improvements of 52 lakhs, whilst the Inspector General states it at 40 lakhs, and on the total expenditure there is a difference of 32 lakhs. The Deputy Auditor of Bengal, from information supplied by the Controller, gives the Public Works expenditure as 20 lakhs above the estimate. These discrepancies arise probably from the inclusion or exclusion of Local Funds; but these Accounts have not been brought to a proper agreement. As regards Remittances also there are differences on the Debts and Credits between the Treasury Accounts and the Public Works Department. This confusion will continue to arise till an improved and more simple system of account has been introduced.

419. The Auditor General's duties are not very distinct from those of an Accountant General. The Accounts of the Accountant General to the Government of India and of the several Deputy Auditors and Accountants General, are here brought into a general Account; but as for the Appropriation Audit which is spoken of as being exercised by the Auditor General, it is only through his Deputies that he can act, for the vouchers upon which alone a real Appropriation Audit can be effected never enter his Office, and all that he can do is to compile the accounts of the other Accountants, and compare the results against the Budget Grants.

420. The Auditor General consolidates all the accounts of the other Presidencies and Provinces into one general Statement of Revenue and Expenditure prepared from the monthly Returns of Receipts and Payments furnished by the several Deputy Auditors and Accountants General. There is also a consolidated Statement of Receipts and Charges for debt Accounts. These are combined into a Cash Statement, showing on the Debit side, Balance, Revenue, Public Debt

Receipts, and Supplies from London, and on the Credit side, Expenditure, Public Debt Charges, Supplies to London, and Balance.

421. The quarterly and annual Statements are prepared in the same manner as the monthly Accounts; but as the charges are audited and adjusted as the year proceeds, it will be found that the quarterly differ in their results from the three monthly, and the annual from the four quarterly Accounts.

422. A general monthly Cash Balance Statement is prepared from Returns furnished by each Deputy Auditor, showing for each Treasury the Cash Balance in hand. Abstract Statements are prepared, including Adjusted Charges, Remittances, Account Current, London, and Remittances in transit, but there is no regular set of Imperial Books bringing together the Revenue and Expenditure of the Empire in a complete form.

423. London Stores are charged against Departments, and credited to London on the Invoices; but if, as has been asserted, these Invoices occasionally do not reach India till two years after the goods have been sent from England, the record of these transactions must be very imperfect. At the time of our enquiry, the differences of Account under the Head of London Stores amounted to eight lakhs of Rupees. The best mode of dealing with these Stores would be to charge them at once when and where purchased. They would then always appear as charges of the year in which the expenditure takes place, and these discrepancies between the Accounts would not arise.

Each Department would send its own Indents to the India Office, and would there be charged with its due proportion of expenditure, and in India the Estimates would be reduced by the amount of Europe Stores that would be provided from England. The Establishment of an Imperial set of accounts, which will shortly be alluded to, would bring all these charges, wherever paid, under proper Heads of Expenditure.

424. The Finance Accounts which are sent home to be laid before Parliament as the Accounts of the Indian Empire, are prepared from imperfect and incorrect data, and do not by any means give a complete Statement of the Revenue and Expenditure of the country.

These Accounts, as has been explained, are not made up from Accounts of audited expenditure, but from Returns of receipts and unadjusted payments. Large sums are included under the head of "unclassified charges," and some payments made in England on account of India do not appear in these Accounts at all, owing, it is believed, to these payments not having been reported to the Government of India in any official form. In regard to the Finance Accounts for the year 1862-63, we would observe that the amount shown therein, as the expenditure of the Public Works Department, does not agree with the aggregate of the amounts shown in the Accounts rendered by the Deputy Auditors and Accountant Generals of the several Presidencies and Provinces. The amount included in the Finance Accounts is taken from a general Statement furnished to the Auditor General by the Inspector General, Public Works Department; the difference between these two Accounts, which is considerable, is carried to "Local Remittances," so that the Cash Balances may not be disturbed. A revised Form of Finance Accounts, to be founded on audited expenditure, is submitted.

Appendix No. 11.

425. It is difficult to make a satisfactory comparison between these Accounts and the Budget Estimates, and although they are supported at a later period by voluminous Books of Accounts furnished in detail to the Secretary of State by the several Governments, these Accounts are so bulky and prepared so entirely without classification or arrangement that for the purpose of check, and of general information, they are useless. They consist of about 40 large volumes of Ledgers and Journals, which are sent to England yearly, but mostly in arrear, and are seldom, if ever, referred to.

426. Besides these Accounts, there is the Half-yearly Account Current, which is furnished to the Secretary of State by each Government in its own form and under its own Heads of Service, so that a combination of the accounts for the whole of India becomes difficult and uncertain, and after the regular Account has been transmitted, it is usually followed by a series of supplementary accounts to supply omissions and portions of the Accounts which could not be furnished earlier. Each Presidency and Province, besides sending its own Accounts Current to London, sends a copy to the Accountant General for India. This Officer prepares the Account Current, India, from Returns furnished by the several Departments of Military, Public Works, Mint, Post Office, Telegraph, and by the Civil Departments.

427. Such transactions as relate specially to the English Government are not included in the several Accounts Current, London, but are collected by the Accountant General for India, and are concentrated into one complete Account for the whole of India, and the totals only are incorporated into the Account Current for India. The Accounts Current, London, are, however, much in arrear, and when they arrive in England, they remain for years without being adjusted with the Indian Accounts.

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436. Accounts Current, London, have not been adjusted for years.

428. If regularity and accuracy are to be introduced into the Accounts of India, it becomes indispensable that some more simple and certain means be adopted for securing an early agreement between the Accounts in England and in India.

Some more simple method of adjustment must be adopted.

429. The best mode of arriving at this desirable result would be to establish, in Calcutta and in London, a complete set of Imperial Books, the one and the other containing identical accounts to be posted monthly, and these monthly postings to be interchanged between the two countries by a simple account of Receipts and Payments being transmitted monthly from each side. Where there is a double Government like that of India, with a Viceroy controlling the finances of the Empire ruling at Calcutta, and a Government with still higher powers sitting in London, it seems reasonable that both these Governments should be supplied at the earliest date, and with the utmost exactness, with complete information as to the state of the Finances of the Empire.

Imperial Accounts in London and at Calcutta.

two countries by a simple account

Should furnish each Government with exact financial information

430. Great detail need not be entered into, and the Secretary of State might himself determine the heads of service or classes under which he will furnish to the Indian Government the monthly account of Home Revenue and Expenditure; it would only be necessary that the Ledger Headings used here and in England should be uniform, so that the postings would in each case be carried to the same Ledger Account, and the accounts would on each side be uniform and agree.

Details not necessary, but Accounts should be uniform.

431. One great advantage of this arrangement would be that no adjustments of Receipts and Charges between the two countries would be necessary, but all final payments, whether made here or in England, could at once be charged to the proper Head of Service in both sets of Books, and there would be no danger, as there now is, of Charges debitable to India being omitted from the Home Accounts, and still not appearing in the Indian Accounts, nor would it be years before the mutual accounts are agreed as is now the case.

Adjustments would not be required.

432. The accounts would be agreed month by month, and any discrepancy arising between them would at once be set right, and the Home Government would thus always be in possession of full financial information up to the latest date possible. The charges against Her Majesty's Government would appear on the English as well as on the Indian Books, and would be recovered in England by the Secretary of State, and the recoveries would appear to the credit of the Indian Government in both sets of books, and the same course would be pursued with regard to the claims of the English against the Indian Government.

Accounts would be agreed month by month.

433. In order to secure correctness and uniformity, it will be desirable that the transactions of other Presidencies and Provinces should pass through the Supreme Government, in place of being sent independently to England, so that they would appear in the Imperial Books at Calcutta and in England in a uniform shape, and complications and discrepancies would be avoided. This need not in any way trench upon the independence of the several Governments; for, without question, the Finances of India are Imperial, and should be dealt with as such, especially as simplicity of accounts, accuracy and speed in arriving at important financial information, are the objects in view. Instructions from home relating to accounts issued to the Supreme Government should not be sent from England to Bombay or Madras, as has often been the case, as this course prevents necessary uniformity, and would be apt to bring confusion into the Imperial Accounts.

Financial transactions of all the Governments and Administrations should pass through Imperial Books.

434. If the several recommendations proposed in this report are adopted, there would be but little difficulty in starting the new Imperial Books for the year 1864-65, at all events experimentally, and during the first year any adaptations which might, upon the experience of a few months' working, appear to be desirable, could be introduced, so that on the 1st May next the books would commence the new year in a very complete shape. Specimens of the proposed monthly accounts for transmission between India and London will be found in the Appendix.

Imperial Books should commence with the year 1864-65 experimentally.

Appendices Nos. 12 & 13.

435. From these books would be prepared the Annual Account of audited Receipts and Expenditure, which would give an exact comparison against the Budget Estimates, and show the savings and excesses on the several Budget heads as described above.

Annual Account.

436. The Establishment of the Imperial Accounts upon the new system would meet with but little difficulty in England, where there is a supply of trained Accountants, but here in India, in order to carry out the system with success, it would be necessary to select an officer to take charge of the Imperial Accounts, who is thoroughly acquainted with the most modern system of official Account-keeping. A good Assistant and a few good Clerks would be all that would be required.

Establishment of the Imperial Account.

437. Besides the Auditor General, there is an Audit Board, which at one time used to consist of the two Members, but it has now been reduced to the Auditor General himself with a Secretary and to two Clerks. The duty of this Board consisted in settling points relating to accounts, which were

Audit Board.

Acts as a Board of Appeal. - sent to it for decision, acting as a Board of Appeal. But now that it has been reduced to one Member, and that this officer appeals from himself as Auditor General to himself as Member of the Audit Board, it seems time to abolish the Board altogether. The decision of the Auditor General as such should, in these matters, be

Board should be abolished.

sufficient and final.

438. The Financial Department proper keeps no actual accounts, but only exercises a general control over the accounts and finances. The Principal Assistant Secretary has the general supervision over, the

Financial Department proper.

Duties of the Assistant Secretaries. Estimates, the increases or decreases of Revenue or Expenditure the Cash Balances, the Bullion, Currency, and Railway Accounts, whilst the 2nd Assistant Secretary has the general charge over items of Expenditure and generally assists the Financial Member of Council. But these are chiefly Secretariat duties, and have no direct bearing upon the system of Account.

439. The saving by the introduction of the new system will ultimately be very considerable, owing to the abolition of pre-audit and the cessation of the present system of having two complete sets of Accounts and the labor of working up arrears. For a time, however, the whole strength of the Offices should be thrown upon bringing up the arrears of such accounts as are of any use.

440. The recommendations which have been proposed would, if carried out, necessitate a complete revision of the present establishments, but as the alterations would be gradual, and as a large amount of arrear under the present system would have to be brought up, it would be premature to propose the changes which at a later period will become necessary. We are, however, of opinion that it is very desirable that the title of "Accountant General to the Government of India and Auditor General," should be at once altered to that of "Controller General;" and, that the title of "Deputy Auditors and Accountants General" be altered to that of "Accountant General," it being understood that in this title would be implied those of "Auditor" and "Civil Paymaster." In regard to the duties of the Controller General, they should extend to the general control of the finances of the empire: he would be responsible for the compilation of the General Budget Estimates of India and for the record of the Expenditure. The duties hitherto performed by the Controller General, in his capacity as Accountant General to the Government of India, would continue under his directions.

441. It is only at present desirable to call attention specially to the want that is felt of having in each Account Office a Deputy in a position thoroughly to assist his Chief in his important duties, to take his place during his absence, and to assist in carrying out a system of periodical inspections of the several Treasuries—a duty which we look upon as of much importance, but one to which at present sufficient attention has not been given, and further to the desirability of securing the services of a better class of clerks than are employed in some of the Public Departments. For instance, in the Office of the Accountant General, 20 of the Clerks receive only Rs. 15 per month; in the Office of the Deputy Auditor and Accountant General, 50 of the Clerks do not receive more than Rs. 20 per month; and in the Small Cause Courts there are employed 186 Clerks, besides 34 Peons and a temporary establishment. The Clerks enter at Rs. 10 and 15 per month, and it scarcely seems surprising that with such salaries so large a number is found necessary. With a more intelligent class, probably half the number would do the work better. When merchants give Rs. 50, Rs. 60, and Rs. 100 for clerks who write English, it is not likely that clerks at Rs. 10 and 15 are worth much.

442. The Offices of the Auditor and Accountant General of the Government of India, of the Deputy Auditor and Accountant General, and of the Civil Paymaster, employ at present 8 Superintending officers, 467 clerks, and 123 servants, &c., at a cost of Rs. 5,35,989. This leaves a wide range for re-organisation and reduction of numbers and cost.

443. There is a practice in India which has been carried to such an extent as seriously to burden the public accounts with transactions which have no legitimate place there. It has been usual to accommodate Officers receiving pay or salary with a portion of pay, and the orders payable at any other Treasury in India.

444. This system throws a great portion of the private remittance business of India upon the hands of the Government, and it is evident in these transactions that whatever is the greatest gain to the individual is the greatest loss to Government, who have to supply

the funds, whatever the Rate of Exchange may be. This privilege is extensively used for the payment of Tradesmen's Bills, &c., each officer drawing numerous Bills for trifling sums, so that Government becomes in fact the Commission Agent of its own officers. Cases have also been quoted, with what truth we know not, that, where the Rate of Exchange has made it a matter of profit, officers have made use of their privilege in favor of Bankers, &c., who were thus enabled to remit their own money at the cost of the Government. A check should be put on this system which at some Treasuries causes nearly half the remittance work of the office.

A check should be placed on this system.

445. In two Provinces alone, the Punjab and the North-Western Provinces, the number of Privileged Remittance Transfer Receipts drawn on the Bank of Bengal in one year were 11,223, against 7,643 bills drawn for State purposes. In the Bombay Presidency the amount of Supply Bills drawn in the year is stated to be Rs. 21,63,968, whilst the private transactions of privileged persons amounted during the same period to Rs. 27,06,807. It thus appears that where data have been given, the private transactions far exceed those of the public.

446. When it is recollected that all these documents have to be prepared and recorded at the place of issue, that they must be transmitted by post from and to every part of the Empire, that they have to be examined, paid, and recorded at the place of payment, it must be admitted that the labor thrown upon public Officers for private purposes is very considerable.

447. Banking facilities and other means of remitting money are increasing so rapidly in India that it will be no hardship to put a stop to the practice, except in some few exceptional cases.

448. Wherever there is an European Bank, a Money Order Office, or where Currency Notes circulate, the privilege should cease. In other cases not more than one Transfer Receipt should be granted to each privileged Officer per month at the charge of 1 per cent., unless supply bills are selling at a higher rate, in which case the charge should be equal to that on supply bills, and the lowest fee payable should be one rupee for any transfer receipt of smaller amount than Rs. 100. This charge will check the practice which exists of taking out Privileged Remittance Transfer Receipts for sums of most trifling amount.

449. The abolition of pre-audit will render unnecessary, in a great degree, the practice which exists to a considerable extent of making what are called Permanent Advances. These are Funds supplied to disbursers, in order to meet contingent and other similar charges for which pre-audit cannot be obtained in time to include them in the month's accounts. Under the proposed system, this difficulty will be removed, and Permanent Advances or fixed Imprests should only be granted to meet small cash payments.

450. A small sum might in these cases be advanced, out of which petty disbursements should be made under the directions of the Accountant, and from time to time the disburser would present the vouchers which he had paid and recover the amount from the Accountant, thus replacing himself in funds to the exact amount of the original advance.

451. This arrangement would often obviate the necessity of drawing a large number of Cheques for very small amounts, for instance, the Military Paymaster is stated to have drawn a Cheque for a few pices. This involves much trouble to the Payer, to the Payee, and the Bank or Treasury, and might be obviated by a small permanent advance being granted not much more than sufficient to meet the day's cash payments, which should be limited to small sums, and at the close of the day a Cheque would be drawn for the amount of the cash payments, so that the cash advance would always be the same, and the Register of Cheques would show the total daily payments. Where the disburser has not ready means of obtaining and cashing Cheques, he might be entrusted with a larger amount as a permanent advance, but it should never exceed one month's payments. Fractional of annas should be omitted from the General Accounts, any sum above six pices being treated as one anna.

452. The system of local audit in the Departments themselves is one which might, with advantage, be considerably extended. In place of compelling Officers to send their vouchers and full copies of their accounts to the Deputy Auditor and Accountant General, it would save much labor and be equally effective if that Officer were to depute an Examiner to audit and report upon the accounts by inspection of the books and documents themselves at the Office of the Accountant. The whole of the copying would be saved, and the vouchers would not be removed from the custody of the Officer who may frequently have occasion to refer to them, and the Examiner would have the opportunity of seeing that the Departmental Books are properly kept. The Examiner should be changed occasionally, so that the audit would not always be in the same hands; but this mode of audit should be looked upon as part of the general duties of the Audit Department, and not give any claim for extra remuneration. Offices like that of the Administrator General should be brought under this system, and the appointment of special Auditors should cease.

453. When once the proposed arrangement of posting Receipts and audited Expenditure monthly into the Imperial Books has been established, there will no longer be any difficulty in preparing accurate Accounts, either monthly or quarterly, to be published for general information. This has not been desirable so long as the monthly, quarterly, and annual accounts did not agree with each other, but if the recommendations that have been made are carried out, there will be no fear of discrepancies, and the Public Accounts may be published with advantage.

454. Publication of Accounts. Accounts, either monthly or quarterly, to be published for general information. This has not been desirable so long as the monthly, quarterly, and annual accounts did not agree with each other, but if the recommendations that have been made are carried out, there will be no fear of discrepancies, and the Public Accounts may be published with advantage.

454. A question bearing upon this subject relates to the period for which the Estimates are prepared and the Accounts are made up. There are at present the calendar year commencing on the 1st January, the Umrie year commencing in June, the Bengal year commencing in the middle of April, the Fusli year commencing on the 10th June, the Madras Fusli year commencing on the 1st July, the Mahomedan and other Native years, the English Financial year commencing on 1st April, and the Indian Financial year commencing on 1st May.

455. This latter year, commencing on the 1st May, probably owes its origin to commercial convenience, the shipping season in India formerly closing on 30th April, on account of the commencement of the S. W. Monsoon. No such object has any weight at present, and it may be worthy of consideration whether this date is the most convenient for the public Account. This seems very doubtful, for the date is not uniform with that of the English Financial year. It throws the consideration of the Budget and the closing of the Annual Accounts into the hottest period of the year, and sends the Annual Accounts home at a period too late for the consideration of Parliament.

456. An alteration of the date to 1st April would bring the Budget and the accounts one month earlier, and there would then be uniformity between the English and Indian accounts. But even with the change, the annual accounts would arrive in England too late to aid in the Parliamentary discussions on the Indian Budget.

457. This would not be the case if the Indian Accounts were closed on the 31st December, giving then four months for their preparation; they would reach home early in June, quite in time for the Parliamentary discussions. The question would be whether, by the end of December, there would have been sufficient time, after the setting in of the cold season, for the preparation of the Estimates and of the Budget Statement. There might also be some inconvenience to the Public Works and the Survey Departments, if the Budget year were made to divide their expenditure in the middle of their out-door operations.

458. In some parts of India the collections of Revenue are made according to the Fusli or some other native year. Whatever year is fixed upon as the Financial year of India, should be made universal throughout India, and all Accounts and Collections following the rule of some local year should be converted into the general financial year.

CONCLUSION.

459. Before concluding this Report, it may be well to sum up the principal recommendations which have been made, leaving a number of minor suggestions to be sought for in the body of the Report.

1st.—The first recommendation relates to the Budget Estimates, which should be simplified, reclassified, and rendered uniform, so that all the Budget Estimates can be brought into one General Budget Estimate for the whole of India, including the Receipts and Expenditure of the Home Government. By omitting a quantity of useless detail, and by a re-arrangement of the Services, a reduction in size will be made in the Bengal Budget Estimate alone from about 450 pages to 61 pages, and this will include 10 pages of matter giving some very useful information which was omitted from previous Budget Estimates; other Estimates will be capable of reduction in like proportion.

2nd.—It is further recommended that the several intermediate Estimates, which are generally inexact, should be superseded by a monthly Statement of actual Receipts and audited Expenditure.

3rd.—That Government Departments controlling Receipt or Expenditure should keep their own departmental Accounts, examine Claims, and authorize expenditure appertaining to their departments, and that there should be a general revision of these Accounts.

4th.—That pre-audit by the Civil Paymaster be abolished, and the responsibility of passing claims be thrown upon the Departments concerned.

5th.—That the departmental Accounts be subjected to a monthly Post-audit by the Deputy Auditor and Accountant General, either by a local audit conducted by one of his Officers in the Department itself, or upon departmental Accounts rendered to him monthly.

6th.—That Banks and Treasuries in place of rendering classified Accounts Current should render simple unclassified Accounts made up day by day, and transmitted, with vouchers, to the Deputy Auditor General daily by the Banks at the Presidency Town and by instalments on the 10th and last day of the month by the Treasuries and Branch Banks, so that the audit of these accounts may be completed immediately after the close of each month.

7th.—That accounts relating to the assessment and collection of Revenue, and to arrears and all Statistical Returns, be furnished by Collectors to the Revenue Board and not to the Deputy Auditor and Accountant General.

- Fixed charges to be paid on permanent orders
- 8th.—That salaries and fixed charges be paid under permanent orders.
- 9th.—That travelling, contingent, and other varying charges be paid in the Mofussil under the orders issued by the Commissioner, the Judge, the Collector, or other high Official, within the limits assigned by the Budget Grants; these orders to be signed as examined by the Officer in charge of the departmental Accounts.
- Varying charges to be passed by local Officers.
- 10th.—That Orders for payment issued by Departments in the Presidency Town shall be passed by the Examiner of Claims to be attached to the Office of the Deputy Auditor and Accountant General.
- Presidency payments to be passed by Examiner of Claims.
- 11th.—That the Examiner of Claims shall pay by drawing Cheques upon a drawing Account at the Bank, which shall be fed as required from the General Accounts; and that payments by Cheques drawn on the Branch Bank shall be dealt with in the same manner.
- Examiner to draw Cheques on drawing Accounts.
- 12th.—That the Government of Bengal shall have an account at the Bank of Bengal separate from the account of the Government of India.
- Government of Bengal to have separate account.
- 13th.—That all Government moneys, whether in the hands of the Government of India, of the Government of the Presidency, or of any of its disbursing Officers, shall be considered as part of the Government Balance, and shall be treated as such by the Banks.
- All Government balance to be treated as such by the Banks.
- 14th.—That all payments passed by the Examiners of Claims shall at once come under the audit of the Deputy Auditors and Accountant General; and those paid at the Treasuries by instalment twice a month.
- Payments to come at once under audit.
- 15th.—That the claims upon the Government of India shall be treated in the same manner by the Auditor and Accountant General to the Government of India.
- Claims on Government of India to be treated in same manner.
- 16th.—That sundry improvements be carried out in the mode of collecting Revenue and of recording the Receipts and Disbursements.
- Improvement in mode of collecting and recording Revenue.
- 17th.—That the record of Receipts and Disbursements be monthly on actual Receipts and audited Expenditure.
- Monthly Record.
- 18th.—That arrears be brought up and be avoided for the future.
- Arrears to be avoided.
- 19th.—That the terms "adjusted," "unadjusted," and "inefficient" be excluded from the accounts.
- Unadjusted and inefficient to cease.
- 20th.—That a limitation be placed upon the issue of Privilege Remittance Transfer Receipts.
- Transfer Receipt.
- 21st.—That the rules regarding leave, deputation allowances, and travelling allowance be simplified.
- Rules regarding allowance, &c.
- 22nd.—That the system of transferring Officers from all parts of India to officiate for Officers on leave be abolished, and that efficient Deputies be supplied to each Account Office to assist the Chief and act for him during his absence.
- Efficient Deputies to be appointed.
- 23rd.—That the keeping of Accounts in the vernacular be avoided by the encouragement of Clerks competent to keep Accounts in English, and by the translation of vernacular documents at the first stage of proceeding.
- Vernacular Accounts to be discouraged.
- 24th.—That annual Accounts be prepared completely working up to the Budget Estimates, showing under each Head the savings or excesses of expenditure, and the authority under which these latter have been incurred.
- Annual Accounts.
- 25th.—That a set of Imperial Accounts be established at Calcutta and in England, containing identical entries, and concentrating all the Financial transactions of the Indian Empire, both here and in England.
- Imperial accounts to be established.
- 26th.—That the Account Current, London, and that with Her Majesty's Government, be superseded by a monthly Statement of Receipts and Disbursements to be mutually exchanged between London and Calcutta.
- Account Current, London.
- 27th.—That all stores be charged when and where purchased against the Department indenting for them.
- Stores to be charged where purchased.
- 28th.—That when the Accounts have been brought into order under the new system, a Statement showing the results shall be published for general information at the close of each quarter and of each year.
- Accounts to be published.
- 29th.—That the Financial year be made to commence on the 1st January, or if this is found to be too early after the setting in of the cold season, on the 1st April in place of on the 1st May.
- Financial year to be altered.

460. These are the principle recommendations ; there are, however, a number of minor points which deserve attention, but are too numerous to recapitulate in this résumé. If the general scheme as set forth above be sanctioned, the other suggestions, chiefly dependent upon the adoption of the main proposal, will naturally follow, and no doubt as the change of system is being worked out, new points and further modifications which have now escaped notice will suggest themselves.

461. In conclusion, we can only express our sincere acknowledgments for the ready attention and hearty co-operation we have met with during our arduous undertaking from every branch of the Service.

CALCUTTA,
7th September 1864. }

M. H. FOSTER,
H. W. S. WHIFFIN.

ABSTRACT OF APPENDICES

To the Report of the Commissioners of Enquiry into the Constitution and the mode of conducting the business of the Financial Department, and of the Offices of Audit and Account attached to that Department.

Number of Appendix.	Paragraph of Report.	Nature of Appendix.
No. 1	63	General Estimate for India.
" 2	63	Budget Estimate for Government of India (General and Political).
" 3	63	Ditto Ditto Government of Bengal.
" 4	63	Extract from Home Estimate Statement of Receipts and Expenditure.
" 5	212	Permanent Order Form.
" 6	224	Cash Book of Civil Treasury.
" 7	224	Bi-monthly Abstract List of payments at Civil Treasuries.
" 8	224	Cash Account to be rendered from Civil Treasuries with Appendices.
" 9	227	Statement of daily Cash transactions of ditto.
" 10	346	Establishments of several Civil Paymasters in India.
" 11	424	Annual Finance Accounts of the Government of India.
" 12	434	Monthly Statement of Receipts and Payments in India (for India Office).
" 13	434	Ditto in England, on account of Government of India (for Calcutta).

No. 2805.

No. 106.] *Extract from the Proceedings of the Government of India, in the Financial Department, dated 4th October 1864.*

READ the Report of the Commissioners of Enquiry into Indian Accounts, dated 7th September 1864, upon the mode of conducting the business of the Financial Department, and of the Offices of Account and Audit attached to that Department.

ORDERED, that a copy of the Report be transmitted to each of the Local Governments and Administrations, with a request that they will favor the Governor General in Council with their opinion as to the expediency of adopting the revised system of Account and Audit recommended by the Commissioners.

Also, that a copy of the Report and of the Resolution be published for general information.

REVISED SYSTEM TO BE INTRODUCED AT CALCUTTA AND THROUGH-OUT THE GOVERNMENT OF BENGAL.

[Account Proceedings, November 1864, No. 120.]

No. 3169, dated 10th November 1864.

RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.

Read again—

The Resolution of the Government of India on the report of the Commissioners of Enquiry into the Indian Accounts upon the mode of conducting the business of the Financial Department, and of the Offices of Account and Audit attached to that Department, dated 4th October 1864, No. 2805.

RESOLUTION.—As it has been proposed to the Secretary of State to detain Mr. Foster during such time as may be necessary to give effect to the improved system of Account and Audit recommended in his and Mr. Whiffin's report,

it becomes necessary to lay down the course to be followed in order to carry out, without delay, and with the utmost efficiency, such changes as may be sanctioned in the system of Account and Audit in the Financial Department.

2. Mr. Foster will be charged with the duty of preparing the detailed instructions and forms of Account which will be necessary to bring the new arrangements into practical operation.

3. The Accountant General to the Government of India, and the Deputy Auditor and Accountant General for Bengal, will co-operate with Mr. Foster, and give him every assistance they may be able to afford, but it will be desirable to place, specially under Mr. Foster, a staff of officers, whose duty it will be to prepare, under his directions, such rules and regulations and such books of account as may be required under the revised system.

4. The officers who will be employed in this service are—

1. Mr. Sandeman, Civil Pay Master.
2. „ Wyatt, First Assistant to the Auditor General.
3. „ Turner, Assistant to the Commissioner.
4. „ A. C. Foster of the Financial Department.

5. These, with a limited number of intelligent clerks, to be selected, as far as possible, from those now employed in the Financial Offices, will be sufficient for the preliminary steps which will have to be taken in anticipation of the complete system being commenced on the 1st of May next.

6. It is not intended to pass any final decision on the recommendations contained in the report until the opinions of the local Governments and Administrations shall have been received; but it is desired to put those recommendations into a practical form, capable of immediate application, and to make such other subsidiary arrangements as can with advantage be adopted. The Governor General in Council also deems it advisable that the revised system should, with concurrence of the Lieutenant-Governor, be experimentally introduced at Calcutta and throughout the Government of Bengal, in order that a model may be obtained for the rest of India. Every official instruction that may be necessary for giving effect to this Resolution will be issued through the Financial Secretary's Office.

ORDERED, that a copy be transmitted to the Secretary to the Government of Bengal, with an expression of the wish of the Governor General in Council that every necessary assistance may be given to Mr. Foster in the execution of the important duty which has been entrusted to him.

Also, that a copy be sent to the Accountant General, and to the Deputy Auditor and Accountant General of Bengal, and the other officers named, for their information and guidance.

Also, that a copy be sent to the local Governments and Administrations other than the Government of Bengal, with a request that they will furnish their opinion upon the report called for by the Resolution of October 4th, No. 2805, with the least practicable delay.

Also, that the Resolution be published in the *Gazette of India*.

DISCONTINUANCE OF VERNACULAR ACCOUNTS IN THE SUDDER TREASURIES.

[Proceedings, April 1865, No. 30.]

No. 1979, dated 10th April 1865.

RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.

Read again paragraphs 248 to 258 of the English Commissioners' Report on the Indian Civil Accounts.

In these paragraphs it is pointed out that the accounts of Civil Treasuries are rendered more voluminous and intricate than necessary by the practice which is in force in many Treasuries of keeping the Accounts in two languages, and the changes in this respect recommended by the Commissioners are in general approved by the local Governments and the Officers of Account.

2. In the Punjab and North-Western Provinces the original Accounts are chiefly kept in Oordoo written in the Persian character, and these are translated

into English for the General Books. The Treasurer's Accounts are in Hindee, and in many Treasuries the complex Rukkum Symbols are in use in place of the simple Persian or English figures.

3. Vernacular Accounts at Tehseel Treasuries must continue, and the reception at the Sudder Treasuries of Vouchers and documents written in the Vernacular may to some extent be unavoidable; but at this stage the use of the Vernacular in the Account Branch of the Sudder Treasury should entirely cease, except that the Treasurer, who generally does not understand English, may be allowed to keep his record of receipts and payments in his own characters. Even here, however, the use of English figures should be encouraged.

4. The direct posting of the vouchers into the English Accounts can be much facilitated by the use of biglot vouchers, as shown in the specimens attached. By having the substance of the vouchers printed in the Vernacular on one side, and in English on the opposite side of the page, there remain only the blanks to be filled up, and this can readily be done in both languages; so that whilst serving the purpose of a Vernacular voucher, the materials are there for posting it direct into the English Accounts. The simplicity which will follow the introduction of the new system will also add facilities to the abolition of the double Accounts in two different languages.

5. There may be in some cases a difficulty in obtaining Clerks competent to conduct the English Accounts, but by the reduction of the Vernacular Office a saving of expenditure will arise which can be appropriated to meet any additional remuneration which it may be necessary to grant in order to secure a better qualified class of Clerks in the English Branch of the Office.

6. His Excellency the Governor General in Council is therefore pleased to direct that measures be at once taken to confine the Accounts kept in the Account Branch of the several Sudder Treasuries of India to the English language, and that all Vernacular Accounts now in use in that Branch shall cease on the 1st May next, or as soon as it is practicable to carry out the necessary arrangements; the several Accountants General reporting through the local Governments to the Financial Department all cases where the obstacles to the course laid down are such as to render delays in carrying out these orders desirable. Such increase of charge in the English Offices as may be necessary will be sanctioned by Government out of the savings caused by the reduction of the Vernacular Offices.

7. The success with which the Vernacular Accounts have lately been abolished in the Treasuries of the Central Provinces shows that the difficulties to be overcome are not so great as might have been anticipated.

8. A list of the Accounts and Returns that may be dispensed with in the Vernacular is appended; such as are necessarily retained being kept in English only.

9. The above orders apply solely to the Account Branch of the Treasuries, but a reduction of Vernacular Accounts and Returns in the Revenue Branch also should be encouraged, as the knowledge of the English language advances.

10. A practice obtains in some Treasuries of keeping exact copies of receipts granted by the Treasuries to public officers and private individuals. With rare exceptions, the record of the transaction in the official Books is quite sufficient, and the discontinuance of this useless practice is strongly insisted upon in all such Treasuries where it prevails.

11. The Deputy Auditor and Accountant General in each Province will report at the end of three months how far these instructions have been acted upon, and what further arrangements he would recommend to give effect to them.

ORDERED, that copies of the foregoing Resolution be sent to the several local Governments and Administrations, and to the several Deputy Auditors and Accountants General.

List of Vernacular Accounts and Returns to be dispensed with.

Monthly Treasury Account A. and B. Statements.
Ditto Estimates.
Ditto Contingent Bills.

Monthly Judicial Bills.
 Ditto Stationery do.
 Treasury Warrants.
 Registers of Revenue Deposits.
 Ditto of Fouzdaree do.
 Ditto of Dewany do.
 Daily Cash Balance Statement.
 Account of Particulars of Balance of Deposits.
 Memorandum of Monthly Cash Balance.
 Cash Balance Report.
 Ledger Awarya.
 Wazkhan.
 Statement of Unadjusted Disbursements.
 Day Book.
 Register of Receipts Granted.

SYSTEM OF ACCOUNTS IN THE CIVIL DEPARTMENT AND PROCEEDINGS THEREON.

[Proceedings, May 1865, Nos. 96 to 113.]

No. 1367-59, dated 21st November 1864.

No. 96.]

From—The Secretary to the Government, Straits Settlements,

To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.

In acknowledging the receipt of the Extract from the Proceedings of the Government of India in the Financial Department, No. 2805, dated the 7th October 1864, I have been desired to premise the observations called for on the Report of the Commissioners of Enquiry into Indian Accounts by a remark that these observations are confined solely to points in the report connected with the improvement of the local system of Accounts, His Honor the Governor not feeling himself competent to express any opinion upon many of the subjects embraced in the comprehensive range to which the enquiry of the Commissioners has been extended.

2. The first question brought under consideration by the Commissioners is that of the "Estimates," upon which His Honor would beg to observe—

1st.—In the Straits Settlements the Budget Estimate is framed by the Governor, in communication with the Secretary to Government, and based upon Returns received from the several Treasuries.

2nd.—There can be no doubt that it is highly desirable that the form for Budget Estimates should be revised, the major headings being re-classified, and sub-heads reduced in number and simplified.

3rd.—To ensure uniformity, the revised forms should, in the first instance, be prepared by the Financial Department and issued to the several Governments and Administrations with an explanatory letter, specifying the different headings under which minor receipts and charges not shown should be entered.

4th.—The form of "General Abstract" submitted by the Commissioners is well adapted to afford the information required; as regards, however, the detailed abstract, the form at present in use, with a reduced number of columns to contain merely the amounts of the Estimates for the current and coming years, and the excess or diminution (the details of the Establishments of Districts or Divisions being shown in an Appendix, and not in the body of the Estimate) seems preferable to the one now proposed.

5th.—All receipts and charges should be entered and adjusted in the accounts of the Government and District in which they are received and disbursed, though, at the same time, in order that the actual financial position of each Government may be easily ascertained and shown in the Annual Administration Report, Receipts and Charges appertaining to other Governments should be entered in the detailed Abstract below local receipts and charges,—thus in the Straits Settlements, the charges for Transmarine Convicts, although appearing under Law and Justice, might be separated from local expenditure, and brought under a minor heading, such as "Charges on account of other Governments."

6th.—There being no local Office of Account in the Straits, no transfers are made until towards the close of each year, when a return is called for from each Station of anticipated excess or deficiency as regards Budget assignments; transfers under similar heads of service are then made by the local Government, and, if necessary, applications for transfers or additional grants made to the Supreme Government. To enable the local Government to keep a check upon expenditure for contingencies, all monthly contingent bills are required to show at the foot the amount of annual assignment and the amount expended. Bills for salaries, except in the Marine and Convict Departments, are forwarded direct to Calcutta, and are not brought under the review of the local Government.

7th.—There appears to be no reason why the expenditure on account of the Public Works Department should not be included in the General Budget, the disbursements on account of

Establishments being entered, in like manner, as for other Departments, and the expenditure on works in a single sum.

8th.—In the Straits there is but one Government Press, at which the whole of the work of the different Public Departments is executed. The disbursements on account of the Press were formerly entered under the head of "Law and Justice," the Executive Engineer and Superintendent of Convicts having had charge of the Establishment. It having, however, been lately found necessary to afford that Officer some relief from his multifarious duties, the Press has been transferred to the Office of the Secretary to Government in the Public Works Department, and the expense of the Establishment will appear under F II., "Salaries and Expenditure of Public Departments," "Miscellaneous." A Committee is now sitting, charged with the duty of preparing a set of forms for use in every Department; these forms will be set up, and the type, as far as practicable, retained in the chases, so as to obviate any necessity for its redistribution, and thus effect a considerable saving of labor.

9th.—There seems to be no reason why "Civil Contingencies, Special and Temporary," should not be included under the heading F. IX., Miscellaneous.

10th.—Municipal Funds in the Straits are managed by Municipalities, acting under powers vested in them by legislative enactments. The Shipping Office Funds might with propriety be incorporated with the General Accounts of the Government.

8. The question next in order to be considered is styled by the Commissioners "Revenue and Receipts," regarding which His Honor would offer the following remarks:—

1st.—In the Straits the principal items of Revenue are Land Revenue, Abkari, Stamps, Court-fees, and Light dues.

2nd.—At each station there is a Land Office Establishment, by which, in communication with the Survey Department, all arrangements are made for the sale or lease of Government lands, and all collections on account of purchase-money, rent, &c., are made and paid into the Treasury. Quarterly Comparative Returns of the collections under the several headings of Land Revenue are forwarded to the Office of the Secretary to Government, to enable the Governor to exercise over the operations of the Land Department the same control as practised in India by the Board of Revenue.

3rd.—The administration of the Excise duty on Opium, Spirits, &c., is extremely simple; the different articles upon which a duty is to be levied are divided into farms; these farms are let, either for one, two, or three years, as the Government may deem most advisable, to the highest bidders, bids being made either by sealed tenders or at public auction; the result of the sale is duly reported to the local Government, but, as due security is generally taken from each farmer, and the payments are made monthly into the Treasury, no supervision is needed over the management of the farms.

4th.—At each of the stations the Stamp Office is a Branch of the Treasury; the Stamp Collector receives a monthly supply of Stamps on indent from the Officer in charge, to whom he accounts for all collections made, either for Adhesive or Impressed Stamps, Stamp Paper, or Fines; all Impressions are struck off in the presence of the Collector, and when the office is closed, the Dies are carefully collected and placed under lock and key. During the past year no periodical Returns have been submitted to the local Government, as special Returns have been called for on several occasions to test the working of the Stamp Act. Quarterly Returns have, however, recently been directed to be furnished in future. There is an item in the accounts of the Stamp Collectors which it is very desirable should be got rid of, *viz.*, the loss by exchange. All accounts in the Straits are kept at the rate of Rupees 220 per \$100; but in order to determine the aliquot parts of a Rupee in the Dollar currency, it was found necessary to rule the rate of exchange for Stamps at Rupees 227.4-4 for \$100, or 2½ cents per anna, and the difference is returned as a loss to the State. A revised schedule, framed entirely in the Dollar currency, has lately been prepared, and should it be supported by the Chambers of Commerce at Singapore and Penang, it will be submitted for the consideration of the Supreme Government.

5th.—Court-fees are collected and paid into the Treasury by the Registrars of the Supreme Court and Commissioners of the Courts of Requests. The payments are often made very irregularly, and it would certainly be very advantageous to effect the receipt of the greater part, if not all, of these fees through the medium of Stamps. An annual return of all fees levied is forwarded to the Secretary to Government by the various Officers concerned in the collection.

6th.—The collections on account of light dues are made and paid into the Treasury by the Master Attendant. An annual return is furnished to the Secretary to Government and published in the Gazette.

7th.—Hitherto the receipts on account of the Public Works Department have not appeared in the general accounts. Under the operation of the recent order, they will, however, henceforward be duly accounted for, but the amount will not be great.

8th.—The profit on the copper coinage issued in the Straits forms no part of the local Revenue; that profit might be increased by despatching the coins direct from England, and also by introducing, as in Hong-Kong, a coin to be styled a Mil, or one-thousandth part of a Dollar.

9th.—The Post Office Revenue collected in the Straits is, comparatively speaking, very large, and the issue of Stamps to suit the English and French rates of postage would not only facilitate the collection, but prove a great public convenience, more especially if the values of such Stamps were expressed in the Dollar currency.

10th.—The establishment of a Local Office of Account for the Straits would tend greatly

to facilitate the preparation of correct Returns, more especially if at the same time all fees, fines, &c., now liable to be received in Rupees, were, by a legislative enactment, required to be paid in Dollars at the fixed rate of 3 cents for an anna, or 48 cents per Rupee, and all accounts allowed to be kept in the Dollar currency. Returns for India only being prepared in Rupees at present, whenever Rupees are at a discount, payments are made in Rupees, and when they are at a premium, in Dollars (which latter are the coins ordinarily current throughout the Settlement). The complication of accounts caused by this system need hardly be described.

4. The third question for consideration is that of "Expenditure," upon which His Honor's observations are as follow:—

1st.—In the Straits all contingent bills within the limits of 500 Rupees, and all expenditure in the Marine and Convict Departments, are sanctioned and passed monthly by the Governor. Notwithstanding this scrutiny, they are, however, apparently again subjected to examination in the Civil Paymaster's Office, and occasionally rejected for the want of some authority or other which, after a long correspondence, is perhaps found to be needless; all other bills, although paid, as in Burmah, without pre-audit, are forwarded to the Civil Paymaster, in whose office they apparently remain for years unadjusted,—it being no unfrequent occurrence for His Honor to receive bills, to which it is said that his signature is required, on account of transactions that occurred long before he assumed charge of the Government. The great confusion during Mr. Mackenzie's tenure of office as Resident Councillor, in the accounts of the Treasury at this station, may be mainly attributed to the lax supervision exercised over the Straits Treasuries by the authorities in Calcutta. Had the accounts been properly audited, this could never have taken place, as any deficiency would have been at once discovered. So long as there is only direct communication once a month between Calcutta and the Straits, if the present system is continued in force, even although the audit may be rendered much more expeditious than heretofore, there must be considerable delay in adjusting the Straits accounts, and on this ground His Honor has already, in his letter No. 13, dated the 29th March 1864, strongly advocated the appointment of a Local Deputy Auditor and Accountant General. In the event of the abolition, as proposed (*vide* paragraph 347, page 81, Commissioners' Report), of the office of Civil Paymaster, in all probability the services of an Accountant with one or two Clerks may be available for employment in the Straits.

2nd.—Each Officer in the Straits is made acquainted with the amount of his annual assignment, and held responsible for restricting the expenditure of his Department within its limits; and in the event of its becoming necessary to exceed them, he at once brings the matter to the notice of the local Government, at the same time affording an explanation as to the cause of the excess in his disbursements.

3rd.—It is unquestionable that the system of requiring bills for articles of Country Stationery to be audited by the Superintendent of Stationery at Calcutta entails much unnecessary labor and expense. His Honor honestly believes that the charges on account of postage, paper, and clerical labor have in the Straits often exceeded considerably the cost of the article purchased.

5. The last question to which the attention of the Commissioners was directed was that of "Accounts," with reference to which His Honor would merely remark:—

1st.—That the system in force in the Treasuries in the Straits is, apparently owing to the absence of vernacular accounts, much more simple than in India. A Register, prepared in the form of a Cheque Book, is kept of all payments made into the Treasury, so that for every receipt given there must be a counterfool remaining as a record. From this Register the necessary entries are regularly made on the credit side of the statement of daily transactions or rough Cash Book, and at the end of the month all receipts and disbursements are duly entered under their proper headings in the Cash Book, from which the Account Current is prepared for transmission to Calcutta. The preparation, as suggested by the Commissioners, of separate Registers for payments under the several heads of Revenue, and for deposits received and paid, would entail no additional labor, and, in all probability, facilitate the transaction of business.

2nd.—All Contingent Bills are signed, in the first instance, by the head of the department in which the charges have been incurred; they are then examined by the Resident Councillor, who, if satisfied with their correctness, attaches his countersignature as an authority for their payment. At the end of the month a statement of all contingent charges, to which these bills are attached as vouchers, is forwarded for the audit of the Governor, and, when passed, is transmitted with the Account Current to the Accountant General. When the Governor is absent from a station, and the audited statement of contingent charges cannot therefore be returned in time for the Calcutta Mail, an unaudited duplicate accompanies the Account Current, the original being despatched by the next steamer.

3rd.—So long as the Account Current from each of the stations in the Straits has to be forwarded direct to Calcutta, instead of to a local Office of Account, no advantage would accrue from closing the Treasuries on the last day of the month, as in all probability, after the Account Current had been prepared, no opportunity for despatching it would occur for nearly another month, the direct Mail for Calcutta generally passing through Singapore about the 25th of each month.

4th.—Deposits on account of the Police Superannuation Fund in the Straits were formerly invested in Local Treasury Certificates, but, under the orders of the Supreme Government, these have recently been cancelled, and the amount is now entered as a Book Debt.

5th.—Under the provisions of the Charter of the Court of Judicature for Prince of Wales Island, Singapore, and Malacca, the Government is answerable for all deposits made in the

several Treasuries on account of suitors, and is bound to appoint an Accountant General to the Court; nominally, the Police Magistrate at Penang has hitherto acted as Accountant General, but, practically, the accounts have been kept by the different Treasury Officers. In the event of a Deputy Auditor and Accountant General being appointed to the Straits, he might also act as Accountant General to the Court. At present no charges are made on account of the duties performed in connection with the Suitors' Fund, but it may hereafter be a question, as the amount, and with it the labor, is increasing, whether the same fees should not be levied as in Calcutta.

6th.—Consequent on the recent cancellation of the Local Treasury Certificate Notes, the Accountant General to the Court will in future hold in deposit about 15 lakhs of Government Promissory Notes. Many of these Notes may remain in his possession for years, and a considerable saving of trouble would be effected in the event of the total amount appertaining to each estate being converted into a Book Debt.

7th.—Under the rules now enforced, disbursements made to Officers of the Public Works Department are, in the first place, entered as Public Works Remittances, and then transferred to the heading "Works of Internal Improvement and Public Convenience" on the bills for work executed being passed by the Controller of Public Works Accounts. This is not only a somewhat complicated arrangement, but seems to be erroneous in principle, as the amount passed by the Controller is, in reality, not the amount expended, but the amount brought on his books during the year, and it is quite possible that his books might show a larger expenditure than the cash actually received from the Treasuries, as the items entered would include articles of stock purchased in previous years, though not brought into use before the current year. Under such circumstances it would be impossible to reconcile the expenditure on Public Works, recorded in the Annual Statement of Receipts and Disbursements, with the Treasury Cash Balances, with which the balance at the foot of the statement, if it is correct, should exactly correspond; it would appear to be a much more simple and correct system to allow all Establishment Bills connected with the Public Works Department, in like manner as those of other Departments, to be presented at the different Treasuries and audited by the Deputy Auditor General; all disbursements on account of works to be made on Letters of Credit from the Controller, and entered in the Treasury Books under their proper heading "Works of Internal Improvement and Public Convenience," the amount of the Letters of Credit remaining only in the Controller's books against Executive Engineers until the submission of duly checked bills for works executed. The Controller might furnish the finance authorities with a statement of the claim outstanding against each Executive Engineer of his division at the close of the year, and would be held responsible that no bill in excess of a sanctioned Estimate should be passed, unless under the prescribed authority; he might also occasionally inspect the Offices of Executive Engineers to ascertain that the accounts were properly kept. The Public Works Budget Estimate and Annual Progress Report, with the monthly return of sanctions, would afford the Supreme Government the necessary means for exercising the requisite control over the proceedings of local Governments and Administrations.

8th.—Except as regards the station of Malacca, where there is no Bank, there appears to be no necessity for granting Privilege Remittance Transfer Receipts to Officers in the Straits.

9th.—As regards the Straits, it would be in many respects highly desirable to close the accounts on the 31st December. In the Public Works Department the best months for working are generally May, June, July, and August; and these months are now frequently lost, owing to the delay in the receipt of the Budget orders at the different stations.

No. 1480, dated 12th December 1864.

No. 97.] From—L. B. BOWRING, Esq., *Commr. for the Govt. of the Territories of His Highness the Maharaja of Mysore,*

To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.

In reply to the instructions conveyed by your docket No. 2805, dated 4th October 1864, I have the honor to submit, for the consideration of His Excellency the Viceroy and Governor General in Council, a memorandum (a) by the Officiating Auditor and Accountant in Mysore, regarding the several measures proposed by Messrs. Whiffin and Foster for the

(a) Forms despatched in separate packet.

amelioration of the system of keeping the accounts of the Civil Branch in India.

It will be observed from Mr. Hudson's note that great attention has been paid during the past two years to the accounts of this province, and I am not aware that I can add much to the remarks that he has made. My particular attention has been given to the subject in connection with the accounts kept in the various talooks; and when I mention that, without exception, all the Amildars have readily acknowledged the new forms to be simpler and more easily prepared than the old accounts, I have said enough in justification of the revised system.

The pre-audit of fixed salaries is, however, unpopular, and I consider that in this respect relaxation is desirable on the responsibility of the Deputy Superintendents. As regards contingent charges, I am decidedly of opinion that the Amildars should not be permitted to incur any which are not authorized without previous sanction; but I would permit the Superintendents to countersign all contingent bills submitted by Deputy Superintendents up to Rs. 500 a month within the Budget limits, subject of course to revision

on audit, when the Auditor would demand the sanction of higher authority for any abnormal charges.

4. A circular has been issued to the Superintendents calling for information whether any difficulty is likely to be experienced by the substitution of English for Canarese numerals, and I anticipate that this improvement may be introduced with little difficulty.

Dated 5th December 1864.

No. 98.] *From—The Acting Auditor and Accountant in Mysore,
To—The Secy. to the Commr. for the Govt. of the Territories of His Highness
the Maharaja of Mysore.*

As directed by the Commissioner, I have the honor to submit a report with reference to the measures proposed by the Commissioners of Enquiry into the Indian Accounts in their report dated 7th September 1864. I will confine my remarks to such points as relate to Provincial and District Estimates, Accounts and Audit, with special reference to the requirements of Mysore, where, it may be premised, the Indian system has been introduced in supersession of the native mode of account-keeping since May 1863.

2. The Budget Estimate of the province is thus prepared: printed (a) forms in full detail of services, suited to the requirements of the Revenue and Judicial Departments, are sent to the Superintendents of Divisions, who stand in the same relation to the Commissioner as the Revenue Commissioners in Bengal to the Government, without the intervention of a Revenue Board. These forms are distributed among the Deputy Superintendents, who are the principal Civil Officers of the districts, in subordination to the Superintendents, and are charged with the direct supervision of all matters of Revenue, Justice, and Police. Each Deputy prepares a Budget for his district, embodying all estimated income and expenditure, save such as relate to Departments not under his management,—namely, Forest, Revenue Survey, Education, Public Works, and Military.

3. The District Budgets are submitted to the Superintendents of the respective divisions, who, after revising, submit them to the Auditor and Accountant, in whose office they are compared with the sanctioned scale of charges. Any additional or special expenditure which, from its novel character, its bearing on the resources of the district, or on other considerations, calls for reference to higher authority, is required by the District Officers to be submitted in an appendix which is laid before the Commissioner immediately on receipt. In the Budget of the province no such item is entered without the Commissioner's sanction, and thus the Budget does not contain two Estimates for the year—one of the Account Department, and the other of the local Government—as in other provinces.

4. The course described above is also followed in framing the Budgets of the Forest, Revenue Survey, Education, and Military Departments of the province.

5. The Public Works Budget does not pass through the Account Department, the totals only are entered in the Provincial Budget after the details have been submitted in the special forms of the Public Works Department, and passed by the Commissioner. The Jail Budgets are first submitted to the Judicial Commissioner.

6. The income of the Revenue Department is estimated by the same local officers, who are required to explain briefly in a column of remarks any anticipated increase or decrease of considerable amount.

7. Thus it will be seen that the original Budgets are prepared by the officers primarily responsible for the administration of the districts or departments concerned, subject to immediate supervision by the controlling officer, and finally by the head of the local Government—the Commissioner. The multiplication of revisions referred to in paragraphs 18 to 25 of the report is reduced to such only as are absolutely necessary to secure accuracy and economy, with due regard to the requirements of each service.

8. The Mysore Budget (b) Estimate for 1864-65 contains a column for the Actuals of the year of which the accounts were closed (1862-63), and a column for a Revised Estimate made for the next year (1863-64), besides the original Budget entries of the year 1863-64—an arrangement to which exception is taken in paragraph 26 of the report. But it may be observed that where the accounts are framed with accuracy, the first column of Actuals is readily prepared, and affords a useful standard for testing the correctness of the Estimates which follow. The revised or "Regular" Estimate is given in an abstract form, and only provides for such large items of receipt or expenditure as may materially affect the financial results of the year.

9. The objections stated in paragraph 27 of the report to the voluminous nature of the Use of present tabular form. Indian Estimates, refer apparently to those submitted by local Governments to the Financial Department. The detailed form was apparently intended to afford the Supreme Government full information at the earliest date, and, if intelligibly prepared, it would probably obviate subsequent references to distant provinces at a time when they are productive of inconvenient delay. The tabular form adopted in Mysore is extremely useful to the local authorities, as affording the means of comparing the expenditure of the districts, one with another, in detail as well as in gross, for the purpose of curtailing what is superfluous in some, and supplying what is deficient in others,

and in many cases of allotting grants according to local means and requirements, which the District Officers themselves may not have anticipated. At the same time this form admits of a column showing the aggregates of the several districts and divisions under each head of service, and only needs to be curtailed in some minor heads to assimilate it to the form proposed in Appendix 3 of the Report.

10. It may be satisfactory to note here that the complexities arising elsewhere from too minute an adherence in the Account Department to the district distribution of grants (paras. 41 and 42), and an elaborate distribution of charges of the same sub-head among different Departments (para. 46), have been carefully avoided in Mysore, the distribution having been made in accordance with the principle laid down in para. 48.

11. Before quitting the subject of Estimates, I may observe that while Estimates for fixed charges are capable of easy check and control, those for contingent expenditure, which embrace sums of considerable amount, require the closest scrutiny, and the necessity for such scrutiny will be enhanced if the expenditure is permitted to be incurred on the authority of local officers. Not only is it important to the interests of economy that the local Government and the Account Department should have the means afforded them, when reviewing the Budget, to form an opinion on the necessity for proposed outlay under each class of charges, but the fullest details should be forthcoming. Instances can be cited where Estimates for expenditure, desirable in itself, but incompatible with the requirements of other districts, or with the means of the province generally, have been curtailed or disallowed solely by the means presented by the Budget.

12. The subject of Revenue accounts, or those specially relating to the collection of revenue in all its branches, comes next under consideration in paras. 74 to 81, wherein it is proposed to transfer the duties of check in Bengal from the Account Department to the revenue Board. In Mysore there is no Revenue Board, but the general supervision of the revenue has hitherto been performed by a Duffer or Native Account Department attached to the Commissioner's Office. The detailed checks are, however, in the hands of the Superintendents of Divisions, the chief local Revenue authorities, who receive returns of demands, collections, and balances from the Deputy Superintendents, framed from the returns of the district and talooks officially.

13. The Revenue system of Mysore is analogous to that commonly prevailing in Southern India, which is known as the Ryotwar. The revenue is paid to the Government Treasury of each talook (or tahsil) by the ryot or cultivator through a village official styled a Shanbogue, who is primarily responsible for its due collection.

14. The District Officers annually visit each talook within their districts in order to determine the settlement of revenue for the year. Each ryot is furnished with a pottah, or statement of demand, which holds good under a recent Regulation for 5 years, showing the demand and the kists or dates at which the instalments fall due, and on the back of this document he receives an acknowledgment for payments made by him to the Shanbogue. A record of demands, collections, and the outstanding balances is kept in the talook, whence the returns for the district originate, and by means of these returns, and his own record of settlements, the Deputy Superintendent is able to satisfy himself by reference to the monthly Treasury accounts compiled at the District Treasury of the progress made in realising dues. The collections begin generally in November and end in April. At the Commissioner's Office the results of the year are ascertained and verified by comparison with the Treasury accounts in the Account Department, and so far the checks are as complete as they can be under present circumstances. It is obvious, however, that much depends on the integrity and vigilance of the Amildar, but though, if so disposed, he might render falsified returns, he has before him the chance of detection when the original talook accounts are annually overhauled by the Deputy Superintendent. His position and pay are too good to be lightly risked, and he is surrounded by a jealous crowd ever ready to report his shortcomings to the authorities.

15. It is not proposed to disturb the existing system, which is the growth of many years, and well understood by the officials of all grades, until the results of the Revenue Survey which commenced in 1863 are considered. The subject is referred to in this place in order to show that the Treasury accounts are employed as a check on the rent-roll of the province, and that the important object of ensuring the timely realisation of the revenue is secured.

16. The supervision of the Abkari, Sayer duties, and Miscellaneous Revenue, which are not capable of check by means of any defined record of demand, is not so satisfactory, though the demand is estimated annually by the Deputy Superintendents of districts. The checks must, however, be of a general character, and vary with the amount or control exercised by those officers.

17. The Forest Revenue, for which there is a special department of conservancy, is on a satisfactory footing, as laid down in the accompanying rules for Forest accounts.

18. On Stamps the checks are complete. The Account Department has the means of reviewing periodically these several sources of revenue by comparison with the returns of preceding years, and bringing to light any unaccountable deficiencies.

19. I now come to the important question of audit referred to in paras. 153 to 216 of the report. I would premise that in Mysore, where the duties of Civil Paymaster and Accountant are combined under on

officer, the double audit of expenditure has never been introduced, and all conflict in the procedure of the Audit and Account Departments has been obviated by allotting to them separate duties; to the former the duty not only of checking the charges with the prescribed authorities and the Budget grants, but also that of determining the heads to which the charges appertain. The bills themselves being in printed forms which denote the sub-heads of charge, the Account Department is only required to classify them in the accounts as pointed out, either in the bill or the audit encasement, without repeating any check which has been performed by the Audit Department.

20. The pre-audit system has been introduced in Mysore since May 1863, and the entire accounts of the province having been previously kept according to the Canarese method, without any defined audit, it will be apparent that at the outset at least pre-audit has been of the greatest value. It has not only prevented unauthorised expenditure, but brought to light many irregular charges which, though recognized by custom, were in themselves objectionable on various grounds. The necessity for such control will be more obvious when it is considered that every Talook Amildar is a Disbursing Officer, and has command, however limited, of a public cash balance, and that little reliance can be placed on the economical views of this class of officials. Indeed, they had so long been accustomed to an unrestrained access to the public cash to meet every want, needful or imaginary, that to have permitted expenditure subject to post-audit, would have seriously retarded the reforms sought by the English system of accounts.

21. Eighteen months have elapsed since that system was introduced, but although attended with the best results, experience has shown that unauthorised charges, both of a fixed and permanent character, are of frequent occurrence, and that local Disbursing Officers have yet to acquire a due appreciation of Budget limits and personal responsibility. I do not here allude to talook officials alone, whose discretionary powers it was not intended, I presume, to enlarge, but to the presiding district officers, who, from the pressure of other duties of more immediate importance, are unable personally to devote that minute attention to the preparation and settlement of claims which is the only safeguard to erroneous payments. Under these circumstances, the only effective remedy would be that proposed by the Commissioners of Enquiry, to attach to officers having charge of payments, special Accountants for the purpose of keeping accounts and issuing directions for payments, as recommended in para 199—a measure which would entail a considerable increase of expense, if reliable Accountants are to be appointed. I conceive, however, that the operations of the Audit Department in a small province like Mysore are analogous to those of an "Examiner of Claims" proposed for Presidency towns in paras. 201 and 202.

22. Holding these views, I am reluctant to advocate the post-audit of pay bills, more especially as I do not find that much time would be gained thereby in the issue of pay. Taking for example the bills audited for last month (October), I find that those of the districts composing the Shimoga Division, which are the more distant from head-quarters, the dates of receipt and return were as per margin. As an exception I case, the pay of the Provincial Post Office establishments is issued before audit, and those of religious institutions and native feeding-houses are audited 10 days or so in advance of the month in which they are payable. At the same time I recognize the utility of prepayment in cases where, either from distance or other causes, the audit and payment of salaries are necessarily delayed beyond the 15th of the month, disbursing officers being duly warned that such payments will not be final till passed by the Audit Department, and that they will be held personally liable for any errors which may be detected there.

23. The pre-audit of pay bills does not, however, encumber the accounts in any way, and it is chiefly in respect to contingent expenditure that the accounts of unadjusted disbursements call for a reform. I entirely concur in the view that the countersignature or pass of an officer empowered to sanction such expenditure should be accepted as sufficient by the Audit and Account Departments, provided the disbursement is within Budget limits and for services included in the grants. In Mysore, however, no discretionary power is allowed in this respect to local officers, save in ordinary contingent charges, and these, as they must necessarily be prepaid, I would recommend should be entered in the accounts as adjusted as soon as they are passed by Superintendents of Divisions, subject to post-audit. In respect to special charges, no disbursement is permitted till the sanction of the Commissioner is obtained,—a salutary rule, which it rests with the Commissioner to relax.

24. Even under this arrangement, however, there must be an account of unadjusted advances; for example, those made for planting avenues, for survey establishments and boundary marks, and many others, which cannot be adjusted at the time of payment, nor always within the year of payment. But it may be useful to lay down a rule that where the ultimate charge is provided in the year's Budget, the adjustment must be made in the accounts of the year.

25. I pass on to the subject of Treasury accounts. In paragraph 217 reference is made to the accounts of Tahsildars (Amildars in Mysore), which it is observed should be of the simplest kind, unclassified, and sent daily to the Head Office, where they should be incorporated with the general account of the district. Such is the principle in Mysore, and, as the subject has received considerable attention in this province, I may be permitted to describe it fully. The sub-divisions of

districts, called tahsils in the North-West Provinces of the Bengal Presidency, are here called talooks, and the native official in charge the Amildar, whose position answers to that of the tahsildar in Upper India. The Amildar is required to render to the District Treasury, which is in the charge of a European or native officer, styled a Deputy Superintendent or Assistant Superintendent, as the case may be, an unclassified daily cash account by the close of the same or the following day, in which the receipts and payments, supported with vouchers, are entered as they occur in a printed form (sample, marked C, annexed). He has also a printed ledger (form A B) in which he daily classifies the transactions under the Budget heads, to enable him immediately after the close of the month to furnish an abstract classified statement of the month's transactions in form D. This system has been in operation since May 1863, when the new Account Department was formed in Mysore. It may be objected that the ledger and the monthly abstract are superfluous, inasmuch as the Treasury Accounts of the district are compiled at the District Treasury from the daily accounts, but these Monthly Abstract Accounts are not without their value as local talook records, and as the means of check on the talook officials themselves, who have evinced considerable aptitude in adopting the new system and comprehending its uses. It is now in full operation throughout the province, and as it has not cost any additional expense, I should hesitate to advocate any change at present.

26. The Amildar's daily return is doubtless the most important of his Treasury Accounts, and by insisting on its punctual submission, the District Treasury Officer has an efficient means of check on talook receipts and expenditure. The mode of making disbursements

in talooks is a point not adverted to in the report, and may here be described, as I am not aware of a similar procedure being laid down elsewhere. Each Amildar submits to the Deputy Superintendents, on or about the 2nd of the month, a detailed list of the fixed pay due, minus fines and savings, to the various establishments of his talook. The several talook lists are then entered in an abstract form in English, and when received back by the Deputy Superintendent, after audit in the Audit Department about the 20th of the month, he presents it to the District Treasury, whence cheques in the biglot form in Canarese and English* are issued for the amount payable to each Amildar as his authority for making the payment. A permanent advance is allowed to each

* Specimen attached.

Amildar to meet current contingent expenses, but others are met from his cash balances, and the whole of them are entered in a monthly bill, which goes through the same course as the pay abstracts, and under proper supervision are capable of adjustment within the second month; they might be adjusted in the month of disbursement on the Deputy Superintendent's pass, subject to post-audit. A similar procedure is observed in regard to pensions and the numerous establishments and endowments of a religious character existing in Mysore. The Treasury Officer's cheques are the vouchers of the Amildar's daily accounts for the charges when disbursed. For payments made to the Department Public Works, his vouchers are the Executive Engineer's cheques against advices of credit furnished monthly to the Amildar. Payments to the Forest Department and Local Funds are similarly made on credits and cheques drawn by authorised officers. Payments from deposits, except in emergent cases, are required to be made on an order from the Treasury, which is passed on weekly limits of claims submitted by the Amildar. It will thus be seen that the control over expenditure in the talooks is tolerably complete on its present basis, and effectually debars any undue exercise of discretion on the part of the talook officials, while by the use of cheques as authorities for disbursement, the talook accounts are reduced to the simplest description, and are capable of easy check and compilation at the Head Treasury.

27. As regards remittances, the principle approved in paragraph 225 of the Report is maintained. The entire revenue receipts of talooks are not paid into the District Treasury, but a sufficiency retained to meet local expenditure. The talook daily accounts are, moreover, tabulated at the District Treasury in the manner contemplated in paragraph 225, and classified under the Budget heads of service.

28. This brings me to the question of Head or District Treasury accounts which are compiled from the District Treasury and talook daily returns in the manner proposed in the report, the transactions being classified daily in the ledger form according to heads of service, so that the final account has only to be written up therefrom at the commencement of the next month.

29. It is proposed in paragraph 221 that Treasury accounts should be rendered to the Account Department *unclassified*. There is considerable force in the objection stated in paragraph 219 to the present forms of classified accounts in provinces where the classification is unsuited to the transactions of the districts. This does not apply, however, to Mysore, where there is uniformity in the transactions of the districts, and where, with very few exceptions, every entry in the printed form is utilised. A more important objection is stated in paragraph 220, namely, that the account is delayed longer than an unclassified account would be. There is, however, another objection, namely, that in dealing with a classified account, a careless examiner or adjuster is apt to accept the classification given, without any attempt to prove its correctness.

30. In Mysore the classified Treasury Accounts reach the Account Department between the 15th and 20th of the month with all the vouchers, but vouchers charged before audit may with advantage be sent on the 10th or 15th of the month of disbursement as proposed. The rest would more conveniently accompany the accounts, the comparison with the charges being facilitated by this course.

31. The only objection that I apprehend in unclassified accounts proceeds from the difficulty which will be felt in the Account Department in dealing with items insufficiently described. Further, if pay is to be issued in detail to the claimants as they present themselves, which in every talook and district must be on various dates, the claimants numbering between 2,000 and 3,000 in each district, the Audit Department would have to encounter an almost insurmountable obstacle in identifying the payments with the authorities.

32. If the proposed "Permanent Payable Orders" described in para. 210 are to include the pay of an entire district or talook with sub-heads showing the amount chargeable to each service,* and the entire amount might be charged as at present in one sum, the difficulty would be obviated. This course would, however, be open to the objection noticed in para. 168,—namely, that it would tend to encumber the deposit accounts, as they are at present encumbered, with the unpaid salaries of employes who may be absent on pay day. As a remedy, the Deputy Superintendent, the Amildar, or other official to whom the total amount is payable for distribution, might be permitted to keep the unpaid portion in a separate cash chest, and out of the Treasury accounts, issuing the pay of the employes as they claim it; but I am far from recommending the adoption of such an expedient, as it would inevitably lead to the accumulation and misappropriation of funds, over which there can be no subsequent check. Such deposits seem an unavoidable evil under the present system or any system which requires the full amount of an authorised charge comprising numerous claims to be charged in one item in the Treasury account, but the evil can be mitigated by allowing the subsequent payments to be made and charged by the responsible officer on his own receipts, as is the practice in Mysore. The only other alternative is to grant a "Permanent Payable Order" showing in detail the pay of every employe or class of employes; but bearing in mind that these are numbered by thousands, and will be paid on various dates, the difficulties in the way of audit and adjustment would be very serious.

33. Before venturing, therefore, to hazard a decided opinion on the merits of unclassified accounts, I should be glad to learn the precise extent of detail which would be permitted in them. The object sought is the early audit and adjustment of accounts, and the point to be decided seems to be whether, practically, the original classification in detail of sub-heads of accounts, including bills or claims before they reach the Audit and Account Departments, is or is not as expeditious and efficient as unclassified documents would be.

34. I have now touched upon, though imperfectly, the principal changes proposed in the valuable report before me. There are others of minor import which will doubtless tend to improve the system of accounts, even if maintained on its present footing. One of these is the adoption of English numerals in vernacular accounts, which I propose to introduce by circulating a table of Canarese and English equivalents in the talook cutcherries, and making a knowledge of them an indispensable qualification for the annual increase of pay lately suggested for the talook accountants or "Nagdi Gomashtas."

Audited Bills.
Transfer Receipts.
Bills of Exchange.
Public Works Cheques.
Forest Cheques.
Dt. Fund Cheques.
Revenue Survey Receipts.

The great mass of vouchers received with the accounts in the Account Department are already in English, receipts for deposit payments excepted, which are written in the language of the payees. The principal payments in talooks are made, as before described, on biglot cheques printed in English and Canarese.

35. How far the existing Mysore system has proved a success may be gathered from the fact that the accounts of receipts and disbursements for the very first year of its introduction, 1863-64, were closed in September 1864; and without wishing to ascribe to it any undue merit, I may venture to hope that the progress made in the current year will enable me to complete the accounts of 1864-65 within three months after its close. I have only to add that the Government may rely on my best endeavours to give effect to any changes in procedure which may finally be determined on.

No. 3360, dated 13th December 1864.

No. 99.] *From—The Secretary to the Chief Commissioner, Oudh,*

To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.

With reference to Extract from the Proceedings of the Government of India in the Financial Department, No. 2805, dated 4th October 1864, calling for the Chief Commissioner's opinion as to the expediency of adopting the revised system of Account and Audit recommended by the Commissioners of Enquiry into Indian Accounts, I have the honor, by his direction, to submit his views on those points which appear to call for notice on his part.

2. The question first raised by the Commissioners is that of Estimates. In Oudh the Budgets are prepared by Heads of Departments and District Officers, and forwarded to the Chief Commissioner, who, after making any changes that he finds necessary, transmits them with an explanatory letter to the Deputy Auditor and Accountant General, North-Western Provinces, and he sometimes, but not often, makes further alterations, based upon actual results as ascertained from the statements prepared in his office. The course recommended by the Commissioners in paragraph 25 might be adopted with advantage. All the Heads of Departments reside at Lucknow, and although

the office of the Deputy Auditor is at Allahabad, he might come to Lucknow for two or three days without much inconvenience while the Budgets were under consideration.

8. The Chief Commissioner is of opinion that District Officers should not be required to include the pay of fixed establishments, certainly not of gazetted appointments, in their Budgets. In a Non-Regulation Province there are several grades of officers of the same class drawing different rates of pay; during the course of the year changes among these officers are unavoidable, and consequently the Actuals will rarely, if ever, correspond with the Estimates; the Deputy Auditor does not want the information, and if he did, it could be furnished much more concisely and conveniently in one statement showing the numbers and rates of pay of all gazetted officers. The practice of inserting details for each district or station is also attended with serious inconvenience, as pointed out by the Commissioners in paragraphs 27 and 41.

4. *Paragraphs 31 and 32.*—The object aimed at of simplifying inter-presidential, inter-provincial, and inter-departmental adjustments might be facilitated by distinguishing Imperial from Local items of Revenue and Expenditure; e. g., Home Charges, Army, Marine, Opium (except that sold for local consumption), Salt, Customs, Tributes and Contributions from Native States, Mint, Post Office, Telegraph, Interest, Railway, &c., would come under Imperial, while Receipts and Disbursements for which the local Governments might be fairly held responsible, such as Land Revenue, Forest, Abkari, Stamps, Income Tax, Law and Justice, Police, should be considered local. This arrangement would meet such difficulties as those adverted to in paragraphs 36 and 37, and it would have the not unimportant advantage of maintaining unimpaired the responsibility of the local Governments and Administrations for matters within their sole control.

5. *Paragraph 58.—Allowances, Refunds, and Drawbacks.*—These items may be treated as proposed in the Finance Department, and even in District Treasuries such items as the fixed percentage allowed to Stamp Vendors might be deducted from the gross receipts, and the net only brought to credit, but refunds are often not made till long after the payments have been credited, and in these cases it is obvious the refunds must be charged in the Treasury Accounts, and it must be remembered that Treasury Officers are not authorised to make disbursements not provided for in the Budget. It may be said that refunds might be deducted from receipts under the same head during the current month; but, in the Chief Commissioner's opinion, this would be an objectionable innovation, and not unlikely to lead to laxity of practice, in making adjustments generally. If a separate record of these transactions were kept, which should always be examined by the Inspecting Officer on his visits, the objection would lose much of its force. The deposit registers are unnecessarily swelled by the present orders with regard to refunds of fines. These refunds cannot be made without special sanction, and to obviate the necessity for references, fines imposed in appealable cases are always placed in deposit till the term of appeal has expired. Much unnecessary trouble would be saved in such cases if the certificate of the Appellate Court were considered a sufficient voucher for the refund.

6. *Paragraph 61.—Printing and Stationery.*—The heavy charges under the head of Printing attracted the Chief Commissioner's notice two years ago, and great reductions have since been effected. Tenders are invited yearly for the printing, the lowest offer accepted, and printed forms supplied through the Chief Commissioner's Office to District and Divisional Officers.

7. *Paragraph 65.*—It is impossible to overrate the importance of relieving establishments from the labor of preparing superfluous returns, and enabling them to concentrate their strength on such as are really indispensable, so that they may be accurately prepared and punctually submitted.

8. *Paragraphs 72 and 73.—Local Funds.*—It may not be safe for the Imperial Government to cease from a watchful supervision over these funds in all cases, but where there are intelligent municipalities constituted under legislative enactment, as at Lucknow, they might with advantage be entrusted with the entire administration of the funds placed at their disposal.

9. *Paragraph 74, &c.*—It certainly does appear to be very desirable that the Board of Revenue (in Oudh the Financial Commissioner) should keep accounts of revenue, and check

Revenue and Receipts. them by comparison with monthly statements to be furnished to him by the Deputy Auditor and Accountant General. Statements containing nearly all the information required are already submitted to the Board of Revenue, and the few which are not, such as those of receipts from Forest, Education, Judicial fines and forfeitures, might easily be prepared by the Departments concerned. It is presumed the Board would not be required to go into details further than was needful to satisfy it that the correct amount under each head in each district had been credited in the accounts rendered to the Deputy Auditor.

10. *Paragraph 82.—Reception of Treasure and verification of Cash Balance.*—The rules in force in this province are as follows: "In all treasuries the bulk of the cash is kept in large chests under double locks, every rupee being carefully examined before being placed in them. Under these circumstances, if no money has been deposited as removed during the previous month, it is not indispensable that the officer in charge should weigh all the bags on the 1st of the month; it will be sufficient for him to count the bags, and weigh and examine about 10 per cent. only. All chests from which money has been paid, or in which it has been deposited during the previous month must be opened, and all the bags taken out and counted, not less than 10 per cent. of them being examined and weighed. All the money in the treasurer's sole

charge must be counted; it should never exceed five thousand rupees. These are the very least precautions required, and officers should take any other steps that may seem called for to enable them to ascertain beyond doubt the correctness of their Cash Balances. When there is a change of District Officers or of Officers in charge of Treasuries, the officer receiving charge must count all the bags, inspect the contents, and weigh the rupees by thousands. Deputy Commissioners, in reporting their taking charge of districts, should certify that they have taken these precautions."

11. *Paragraphs 83 and 84.—Tehseel Accounts.*—Tehseeldars do furnish daily accounts to the Head Treasury. In one district (Lucknow) all Tehseel Treasuries have been abolished, and it is in contemplation to reduce their number in others. The question of requiring all payments of land revenue to be made into the Head Treasury is also under consideration.

12. *Land Revenue.*—Land is not sold for arrears as in Bengal, till more moderate measures have proved unavailing, but here also there is not much fear of loss under this head. The practice described in paragraph 84, of crediting certain receipts on account of land revenue to the Deposit Account, obtains in regard to payments made in anticipation, *i. e.*, before the dates fixed for the payment of instalments. There is no difficulty in crediting these receipts at once to the proper head, but when payments are made towards the close of the official year, it is desirable to note, for the reason assigned in paragraph 20 of this letter, on account of what year's revenue they are made.

13. The Commissioners remark upon the inefficiency of the check upon the receipts of Tehseeldars as regards Distilleries, Duties, Licenses, and Income Tax. Issues of liquor are made on passes of which registers are duly kept up, the duty is paid into the Tehseel before the liquor is removed, the payment is entered in the Tehseel Treasury books, and included in the account transmitted daily to the Head Treasury. Liquor is issued by the Distillery Mohurr in presence of the Tehseeldar (or, should he be absent on other duties, of the officer immediately subordinate to him), and if they are both dishonest (or even if the Tehseeldar were grossly negligent, without being actually corrupt) and combined to defraud Government, they might no doubt allow parties to remove more liquor, or liquor of a higher degree of strength, than they had paid duty for, and the fraud might long pass undetected. But in every Tehseel distillery there are, or ought to be, several distillers quite independent of each other, and if only one or two of their number were systematically favored, some of the others would be almost certain to discover it; while if all were favored to any considerable extent, the loss to Government would be so great as to attract the attention of both the District and Abkaree Officers. Moreover, Tehseeldars are generally respectable men, and it is probable few of them would so far forget themselves as to become parties to a direct fraud upon Government. No doubt, however, there is always some risk arising more from the neglect than the actual dishonesty of Tehseeldars, and it was mainly with the view of diminishing the opportunities for fraud that the Chief Commissioner reduced a large number of Tehseel distilleries and substituted wholesale shops, the liquor sold at which is obtained from the head-quarters distillery with a drawback of 20 per cent. The difficulty is a question of administration rather than of account. Illicit distillation is not supposed to be carried on to such an extent as seriously to affect the revenue. There is little room for fraud with regard to licenses, as they are not issued by Tehseeldars, or the collection of Income Tax, as the amount, though not quite fixed, is nearly so, and at all events may always be known. Some Tehseeldars receive considerable sums in payment for the service of processes; perhaps the most simple and efficacious method of ensuring all receipts under this head being brought to credit would be to issue all processes on stamp paper of the proper value. This paper would be kept by the Treasurer and only issued on payment, and of course he would be held responsible for the price of his issues.

14. *Paragraph 95.*—The Commissioners comment with equal force and justice on the unnecessary details given in accounts under the head Income Tax; the same remark perhaps applies in some districts where separate registers of land revenue and cesses are kept up, though, if the latter are a percentage of the former, as Road Fund, District Dāk, School Cess, &c., these are of no use whatever. This is provided for in Oudh, where at regular settlement the assessment at 5¼ of the assets includes land revenue and the above-named cesses.

15. *Paragraph 118.—Stamps.*—The same precautions are prescribed for their receipt and custody as with regard to treasure, and no further orders seem called for.

16. *Paragraphs 153, &c.—Pre-audit.*—The objections to the abolition of the system of pre-audit are stated in paragraph 158 to be the risk of mis-computation of salaries for broken periods, and in cases of leave or absences. Besides these, deductions have to be made on account of various service funds, with regard to which it is quite possible that mistakes might be made. Mis-calculations for broken periods ought to be very rare. A Treasury clerk who makes them is not fit for his post. Simple tables showing amounts for broken periods, if supplied to Treasuries, would greatly facilitate these calculations. The difficulty with respect to leaves of absence would be materially diminished if rules were simplified as suggested by the Commissioners. Some reforms in this direction have lately been made with respect to pay on leave and deputation allowance. Where deductions on account of funds are calculated by a percentage on pay, there is little room for error; in other cases it might be sufficient for the Secretaries of Funds to furnish officers with statements of donations and subscriptions due by them (duplicate being sent to the Deputy Auditors),

agreeably to which Treasury Officers would make deductions. It might be found convenient to include the full sanctioned amount of pay in all pay bills, and to attach a statement of deductions to be made on account of vacancies, absences on leave, &c., and a separate memo. of deductions on account of each fund; if incorrect, these statements would be at once sent back by the Deputy Auditor to the disbursing officers, who would at once make the necessary corrections and return the statements. Applications for leave and for pensions are sent through the Civil Paymaster (the check of pension registers, necessitating the tracing of the services of claimants for 30 years, is exceedingly troublesome). Whether or not his duties in connection with these matters could be as efficiently performed by the Deputy Auditor is a question for the consideration of the Financial Department. Contingent bills should, in the Chief Commissioner's opinion, be sent for the countersignature of Commissioners or other superior officers, who can best check such charges. Paragraph 214 seems to contemplate this. In practice, this would not cause any delay in auditing the bills, as they would always reach the Deputy Auditor's Office as soon as they could be taken up. A point of great importance in considering the system of post-audit appears to be whether or not the operation can always be expeditiously performed. If bills can be audited and any errors and omissions communicated to disbursing officers before the next issue of pay, there will rarely be difficulty in rendering any explanations, or making any rectifications that may be required. But if there is much delay in effecting the post-audit, and communicating any instructions that may be called for to disbursing Officers, it unquestionably will sometimes happen that the parties concerned will have been removed from one district, perhaps from one province to another, or perhaps have gone home, and in such cases mistakes will not be corrected, or recoveries of over-payments made, without great delay and inconvenience, and occasionally repeated references and a protracted correspondence.

As another argument in favor of the indispensable necessity of promptness in post-auditing charges, it may be mentioned that mistakes, if not pointed out immediately, are almost certain to be repeated in subsequent bills. Mistakes even in the pre-audit are not altogether unknown, and there is much force in the remark of the Commissioners (paragraph 163) that if the responsibility and risk are thrown on the disbursing officer, he will be careful for his own sake not to admit erroneous or improper charges.

On the whole, the Chief Commissioner is of opinion that the pre-audit system may be abolished safely and with advantage, provided efficient arrangements are made for performing the post-audit with promptitude and punctuality, otherwise he apprehends that in some cases difficulties will be inevitable, and adjustments will not always be easily or readily effected. It is most desirable that the rules regarding leave, absence, and deputation allowance, &c., should be simplified, and a code applicable to all Departments be prepared and promulgated with annual appendices if necessary.

17. *Paragraphs 218, &c.*—The accounts of the Head Treasuries might no doubt be simplified, and the introduction of simple unclassified cash accounts would greatly lighten the labors of the Treasury clerks. Some, if not all, of the Native Accountants might be dispensed with; but if accounts are to be kept entirely in English, as, in the Chief Commissioner's opinion, they might be, it will not be practicable to effect any reductions in this Department in District Treasuries. The main objection to unclassified cash accounts seems to be that in the best-managed Treasuries mistakes will occasionally occur, and if these are not detected till the entries are classified in a central office, there may be delay and difficulty in rectifying errors, and there will certainly be a material increase of correspondence. The Financial Department can best form an opinion how the Deputy Auditor and his establishment will be affected by the change of system.

18. The arrangements proposed in paragraphs 222 to 223 seem well calculated to meet the end in view; the only remark the Chief Commissioner wishes to make is that, in Oudh, Tehseeldars have always been required to remit their cash balances at the end of the month, and this is a useful check, not only on the accuracy of the accounts rendered, but also on any misapplication of the public money.

19. *Paragraph 229.*—The Revenue Register should show the total amount due, not only for land revenue, but for all cesses reckoned by a percentage. Sometimes a separate register, which is quite superfluous, is kept up for each of such cesses. It might be convenient to furnish every landholder at the commencement of the official year with a form exhibiting the amount of each instalment, and the date when it became due; in fact a counterpart of the register, and in lieu of giving separate receipts, to note all payments on this document.

20. With reference to paragraph 230, in which it is proposed that the Deputy Auditor should omit the distinction now drawn between receipts of past, present, and future years, it is to be observed that, unless this distinction be maintained in the returns submitted by the Deputy Auditor and Accountant General to the Sudder Board, it will not be possible for the Board to institute so close a comparison as seems to be expedient between these returns and those received from District Officers. The latter will show the total amounts which ought to have been credited, and the former the total amounts which actually have been credited. But as variable and often heavy payments are made towards the close of the official year in anticipation of the land revenue demand of the next, it would be more satisfactory if the Deputy Auditor and Accountant General's returns were so prepared as to enable the Board to ascertain whether correct amounts, under this head at all events, had been credited to the year to which they properly appertained. Separate registers would have to be kept up in any case for the preparation of the statements required by

the Revenue Board, and as daily totals only are to be entered in the unclassified cash account, it would give but little additional trouble to enter these totals under their respective years, and to show the monthly totals also separately.

21. *Paragraph 235.*—*Deposit.*—The registers have always been kept in English in this province.

Paragraph 241.—There is no objection to the proposal to impose a scale of fees on all deposits made by parties for their own convenience, or even by orders of Courts in some cases, but there are others, such as security deposits made for the convenience of Government, on which it would not be fair to make parties pay fees. The abolition (para. 236) of the system of placing payments in anticipation of land revenue in deposit will reduce the number of entries in Deposit Registers considerably.

22. *Paragraphs 248, &c.*—*Vernacular accounts at Lucknow.*—There is a Branch Bank of Bengal, and the accounts differ to some extent from those of other Treasuries. The Commissioners observe that "it has been stated on good authority that the present mode of keeping accounts at the Branch Bank affords no relief to the Government officers." The Chief Commissioner cannot admit the accuracy of this statement, as he has satisfied himself by personal investigation that the accounts rendered daily by the Lucknow Branch Bank of Bengal unquestionably afford a very sensible relief to the Treasury establishment. The detailed classified statements of transactions which are furnished daily by the Bank, and which immediately after receipt are carefully compared with the original vouchers, have entirely superseded the Treasury English and Vernacular Day Books, in both of which every transaction used to be recorded. The Vernacular ledgers also have been dispensed with, and the daily totals exhibited in the Bank's classified statement are entered under their proper heads in the English ledger only. These changes have probably not been made in the Treasuries from which the Commissioners derived their information, but there is no apparent reason why they should not be, and if made, it is obvious that the Treasury work must be materially reduced. The statements of transactions above referred to form the groundwork of the Lucknow Treasury accounts, which are kept entirely in English, though receipts in the Vernacular are given for the satisfaction of native payers.

23. In District Treasuries also it is desirable that Vernacular accounts should be dispensed with as soon as Treasury Clerks can be obtained sufficiently conversant with both English and Vernacular to prepare the English accounts from the original vouchers, be they presented by individuals or transmitted from Sub-Treasurers. In a few instances the English Treasury Clerk may possess the requisite knowledge, or if not, the Native Accountant may, in which case he should be appointed Treasury Clerk; if neither does, a year might be allowed the Treasury Clerk to qualify himself, and in the meantime the English accounts must be prepared from translation or dictation from the Vernacular. But the original voucher might be translated at once into English, and the translation attached, and the Vernacular accounts be thus rendered unnecessary. For some time past, the Chief Commissioner's attention has been turned to the extension of the use of English in the preparation of the Treasury accounts, and in furtherance of this measure a second English Clerk was lately added to the establishment of several Treasuries, the cost being met by reductions in other Departments.

24. The only exception the Chief Commissioner proposes to make is with regard to the personal accounts of land revenue and cesses (Wasil Baqui), which, he thinks, should be continued in the Vernacular, because all processes for realization of arrears in case of default are issued in the Vernacular, and it would be inconvenient, as well as costly, to keep these accounts in English, and the details which they contain of the sums received from each revenue payer are not required for the preparation of the accounts submitted to the Deputy Auditor and Accountant General.

25. *Paragraphs 273, &c.*—The mode of collecting miscellaneous receipts, and of making payments on special or permanent orders, seems well qualified to simplify and expedite these transactions.

26. *Paragraph 277.*—When the Budget grant has been exceeded without special sanction, or when the correctness of an order for payment is doubtful, the Treasury Officer should always report to the Deputy Auditor and Accountant General; and it appears a question for consideration whether or not he should decline payment, pending a reply to his reference, unless it were obvious that delay would be detrimental to the public service.

27. *Paragraph 291.*—Closing the Treasury as proposed on the last day of the month would afford the public no reasonable ground of complaint.

28. *Paragraph 300.*—The proposed arrangements for dispensing with cash payments for Service telegrams, and of supplying officers with books in counterfoil, will save a great deal of unnecessary trouble, and the check against abuse of the privilege seems sufficient.

29. *Paragraph 384.*—As observed by the Commissioners, periodical inspection of Treasuries is of much value, and for some time after the introduction of the new system it will be especially necessary.

30. *Paragraphs 443 to 449.*—Privilege remittances should be discontinued wherever there are well-established Banking Firms, European or Native, as at Lucknow and Fyzabad, but where none exist the indulgence should be continued, subject to the charge of a fee of 1 per cent., or the same rate as Supply Bills, as proposed by the Commissioners. The Chief Commissioner does not think the argument quite fairly put, that Government is not bound to do remittance business of its servants. Since Government often compels its servants to reside in secluded parts of the country, where no facilities for making remittances exist,

it may fairly be expected to afford them the means of making necessary payments, and at many stations the only person from whom a Hoodee is procurable is the Treasurer, and it is better that officers should have no dealings with him.

31. *Paragraph 450.*—Some such arrangement as that proposed would be indispensable to provide for contingent charges.

32. *Paragraph 452.*—The proposal to depute an Examiner to audit and report upon the accounts, by inspection of the books, &c., is apparently intended to apply only to special offices, and not to District Treasuries generally. All Treasury Clerks might with advantage be required to serve a short time in the Office of the Deputy Auditor and Accountant General.

33. *Paragraph 457.*—There would be no difficulty in preparing district and other Budgets a month or two earlier than the dates now fixed.

34. The Chief Commissioner is considering a plan for further reduction of establishments in the Lucknow Treasury, and will submit a report hereafter more in detail on the mode of conducting Treasury business.

No. 2051, dated 30th December 1864.

No. 100.]

From—LIEUT.-COL. E. K. ELLIOT, Governor General's Agent for the Rajpootana States,
To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.

I have the honor to acknowledge Government Resolutions Nos. 2805 and 3169, dated respectively the 4th of October and 10th November last, on the report of the Commissioners of Enquiry into the Indian Accounts, upon the mode of conducting the business of the Financial Department, and of the Offices of Account and Audit attached to that Department, and, in compliance with the orders passed thereon, would venture to offer the following remarks.

2. With reference to the principal recommendations made and summed up in the conclusion of that report, I am of opinion that they are on the whole adapted to simplify and expedite business, and facilitate final adjustment; recapitulation therefore in any detail appears unnecessary; all the points noted are at least deserving of an experiment, matured as they have been by practical men.

3. Respecting the proposed abolition of pre-audit, if it be intended to make Heads of Departments responsible for the disbursement in detail of the sums allotted to them at the beginning of each year for their expenditure during that year, then some very material additions will be needed to present establishments. Take, for example, the Rajpootana Agency, where the bulk of the expenditure is annually fixed, known and budgeted for. If the Governor General's Agent is to be responsible for the details of monthly disbursements, say even of salaries and Establishments, he will require an Examiner of Accounts at his Headquarters, whereas at present bills are audited at Allahabad and adjusted at the Civil Treasury of Ajmere.

There would be no insuperable difficulty in the proposed system, but it could not, I apprehend, be carried out without such an increase of establishment throughout India as would materially lessen the gain to be derived from the abolition of the Audit Department.

4. Adverting to the proposed alteration in the financial year, I am of opinion that if there be any change, the date fixed should be 1st April, as being unquestionably more convenient than 1st January.

5. The proposed new Letter of Credit system (*vide* paragraph 283) cannot but prove a great improvement, the present arrangement is complicated and inconvenient, involving unnecessary trouble and delay. The inexpediency, too, of cancelling cheques before the expiration of three months is too apparent to need much advocacy.

No. 971, dated 31st December, 1864.

No. 101.]

From—LIEUT.-COL. A. P. FRATER, C.B., Chief Commissioner of British Burma
and Agent to the Governor General,
To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.

With reference to the Resolution of the Government of India, Financial Department No. 2305 of the 4th October, forwarding, for an expression of opinion, the Report of the Commissioners of Enquiry into Indian Accounts, I have the honor to submit the following remarks.

1. The objects which the Commissioners have had in view are of great importance.
2. That the Estimates of Revenue and Expenditure should be so framed as to exhibit the results in the clearest light, unencumbered with unnecessary detail, is important.
3. That the Public Accounts should be kept without arrears, in a form specially adapted for comparison with the Estimates, and on a model approved by English experience, cannot but be of advantage.
4. It will also prove of special advantage that the accounts of district officers should, as far as possible, be simplified; that authorities for payment should be so communicated as

to throw no undue responsibility on disbursing officers and no unnecessary impediments in the way of persons having claims upon the Public Treasuries.

6. These appear to be the general objects which the Commissioners have proposed to themselves. Of the suitability of many of their recommendations as means to the end in view, I need make no comment, but do not hesitate to record a general opinion in favor of the expediency of the adoption in the main of the revised system.

7. The points which seem to offer ground for my remarks are four in number—

1st.—The form and mode of preparing the Estimates.

2nd.—The abolition of pre-audit.

3rd.—The preparation by district officers and others of unclassified accounts only.

4th.—The institution of departmental accounts.

Estimates.—With reference to the first point, the omission of district details in the general provincial Estimates appears to be an improvement; the Estimates should still be compiled from district or rather departmental information rather than from the general results of past years, and the details of the compilation should be forthcoming when required.

The disuse of the heading Refunds in the Estimates and Accounts appears on the whole desirable.

It is impossible to estimate beforehand the amount of refunds for the year; and as refunds are ordinarily made in correction of errors, it seems to be no infringement of the general rule that the accounts shall show gross Revenues, if Revenue collected in error is omitted from the general account of gross Revenues.

All refunds, however, do not stand upon the same footing. The refund of land Revenue improperly collected, or of double assessments of Income Tax, or of Judicial Fines remitted on appeal, differ in their nature from Drawbacks on re-exportation of goods which have paid Customs duty, or from Refund of Stamp duty on compromise of Causes in the Civil Courts, or from payment to informers, complainants or others, under competent authority, of portions of Customs, Abkaree, or Judicial penalties.

The suggestion at paragraph 25 of the Report that the Estimates should be finally settled before submission to the Government of India in such a way as to avoid conflicting statements appears valuable, and the means proposed easy of adoption.

If the proposal of the Commissioners that the system of pre-audit be abandoned is carried out, District Officers will be relieved from much correspondence and from no inconsiderable share of annoyance, and delay will be saved both in the disbursement of authorized allowances and in the final record of the charges in the Public Accounts.

These advantages would, however, be too dearly purchased, if the checks against irregular or unauthorized expenditure are weakened.

There is probably no great difficulty in regard to all payments made under fixed rules and to ordinary contingent expenses, but the present system appears to me to have its value in forcing public officers to obtain authority for exceptional or discretionary expenditure, and there would seem to be some danger of laxity in incurring expenditure, if disbursing officers can at once take credit in their accounts for such payments subject only to a post-audit.

The change in the form of accounts to be rendered by District Officers will afford them relief, and, as it appears to be suggested by English experience, it is, I presume, adapted to the requirements of the Central Office.

Unclassified Accounts.

I have hitherto received from Commissioners of Divisions Accounts of Annual Receipts and Charges which have been combined and formed into a general account to accompany the Administration Report of British Burmah.

For such accounts I shall in future be dependent upon the Deputy Auditor and Accountant General, and if I can obtain from him early accounts of Revenue and Expenditure, I can readily dispense with the accounts I have hitherto received from Commissioners.

The proposal of the Commissioners "that Government Departments controlling Receipts or Expenditure should keep their own departmental accounts" is not sufficiently explained in the Report to enable me to

Departmental Accounts.

judge of its applicability to this Province.

The Commissioner of each division of the province is responsible for the supervision of the revenue derived from Land, the Capitation Tax, and other miscellaneous sources of Revenue classed with Land Revenue, for the Abkaree Revenue and Income Tax, Customs, Salt, and Stamps Revenue.

There would probably be considerable practical difficulty in arranging for the maintenance of complete departmental accounts in connection with each Commissioner's Office, nor do I, as at present informed, see that more is required than that Commissioners should receive from District Officers and Collectors of Customs Returns of Revenue demand and collections, and in respect of expenditure that they should record in the most convenient form all charges which they themselves sanction.

There are but two departments in this province under a locally central organization, namely, the Police and Jails.

It is desirable that the Inspectors General of those Departments should have full knowledge of the expenditure of their respective Departments, and that such system of accounts should be adopted as to secure this object without unnecessary duplication of processes.

No. 136a, dated 16th February, 1865.

No. 102.] From—R. SIMSON, Esq., Secretary to the Government of the N.-W. Provinces,
To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.

With reference to the Resolution of the Government of India, No. 2805, dated 4th October 1864, transmitting a copy of the Report of the Commissioners of Enquiry into Indian Accounts, and requesting the opinion of this Government as to the expediency of adopting the revised system of Account and Audit recommended by the Commissioners, I am directed by the Honourable the Lieutenant-Governor to forward to you, for submission to His Excellency the Governor General in Council, the accompanying copies of the Report* from the Officiating Civil Pay Master and the Secretary to the Sudder Board of Revenue, together with a copy of a Note by the Chief Assistant to the Deputy Auditor and Accountant General, dated 18th November 1864.

* Dated 6th and 9th December 1864 (respectively).

2. Although a few only of the replies called for on the Report of the Commissioners have been received, His Honor deems it inexpedient to delay longer the submission of his opinion, which I am desired to communicate as briefly as possible on the several points which more particularly call for it

3. It is proposed by the Commissioners that the original Budget Estimate should be settled by personal consultation with the Local Government and the result recorded in one document, instead of there being a separate revision by (1) the Sudder Board of Revenue, (2) the Deputy Auditor and Accountant General, and (3) the Local Government. This proposal is supported both by the Board and the Civil Paymaster, and it seems to His Honor unobjectionable.

4. It is considered that the comparison of one Budget Estimate against that of the previous year should suffice, instead of the 5 columns of comparison shewn in the present form; also that details need not be given in the printed estimates, and that the present estimates should be more concise.

5. In these recommendations, so far as they relate to the returns submitted to the Supreme Government, the Lieutenant-Governor concurs; but he is of opinion that the more detailed forms now in use are necessary as well for the subordinate as for the compiling offices, and ought not to be dispensed with.

6. And here, though the subject will be again referred to in connection with the District Treasury accounts, a word may be said in explanation of the causes which led to the adoption of such detailed forms, and of the objects which it was sought to attain by them.

7. At the time when they were introduced, there was not only an utter absence of uniformity of practice, but the subject generally was so imperfectly understood that whatever instructions might be issued or form prescribed, there was the greatest uncertainty as to the extent to which practically they would be adhered to.

8. Those only who had to initiate the task of superseding the old system by the new throughout so wide and varied a field, and are aware of the then existing state of things, can appreciate the difficulties that had to be contended with, and His Honor confesses that he looks back with surprise at the comparative facility with which, in the introduction of so great a change, a fair measure of success has been achieved; to secure this, however, it became necessary not only to provide the most elementary instruction, but by means of printed forms to require the submission of minute details, and of many subsidiary returns, not so much for the information of the Controlling Office, as to secure uniformity and regularity of practice, and the certainty that the ultimate results had been arrived at by a correct treatment of the details which they purported to represent.

9. The form may now no doubt be greatly improved and abbreviated so far as respects submission to the Government of India; but as regards the compiling Officers, His Honor agrees with Mr. Taylor that details cannot as yet safely be dispensed with.

10. His Honor also deprecates strongly any alteration of Budget heads which can possibly be avoided.

11. His Honor agrees in the principle of the Commissioners' recommendations, and believes that an estimate covering full charges would cover all payments on account of other Governments. The Financial Department should deduct payments in England from the general total of all the Estimates.

12. The Board agree that adjustments between districts may be discontinued and check ledgers dispensed with; in this opinion His Honor concurs. These need never have been resorted to except for the feeling of responsibility which they created among Subordinate Officers, and which was very necessary at the period of the introduction of the Budget system.

13. His Honor is inclined to agree with the Commissioners in their proposal to remove from the charge side of the estimates the item "Allowances, Refunds and Drawbacks;" there is no doubt that this is correct in principle, at the same time the existing practice is not without its advantages.

14. His Honor considers that the opinion expressed by Mr. Taylor in favor of the system of controlling printing charges followed in the North-Western Provinces is correct. The suggestion that printed forms should be supplied by, and at the charge of, the Controlling Offices, as a check upon inordinate indents, might be acted on with advantage.

15. His Honor agrees with the Commissioners in the proposal to dispense with the Revised Estimate, but to continue for the present the Regular Estimate, to be superseded eventually by a monthly statement of actual receipts and audited expenditure.

16. The Commissioners recommend that the Revenue Accounts should be kept by the Board instead of, as at present, by the Deputy Auditor and Accountant General. The Board support their recommendation. Mr. Taylor thinks that statistical accounts may well go to the Board, but that those requiring compilation and check should rather go to the Deputy Auditor, because neither Secretary nor Members of the Board are chosen for their knowledge of accounts. Mr. Crawford observes that a similar system to that now proposed was at first adopted in the Punjab under the Board of Administration,—the accounts, after preparation in the Board's Office, being sent to the Accountant's Office for check,—but that so many differences and discrepancies appeared, and there was so much difficulty in reconciling them, that the arrangement was eventually abandoned as useless.

17. His Honor is disposed to agree with Mr. Taylor. The Board's ability to cope with these accounts either so cheaply or so effectually as the Deputy Auditor and Accountant General being doubtful.

18. It is proposed that the Tehsildar should send one simple cash account of receipts and payments daily, and the apprehension is expressed that the check on Tehsildar's receipts as regards Distilleries, Duties, Licenses and Income Tax, is not very effective. The Board observe that a daily account of receipts, payments and balance is furnished at present, and Mr. Taylor recommends counterfeit receipt books as a check on the receipts.

19. It is observed by His Honor that the remarks of the Commissioners upon Tehsildars' Accounts appear to rest upon imperfect information. What they recommend is very much the practice. Mr. Taylor's suggestions are deserving of consideration. His Honor thinks there is some misapprehension in regard to the check upon receipts in paragraph 96 and elsewhere; parties paying in money get the chalan or receipt signed by the Treasurer and Accountant; these check one another.

20. His Honor thinks that the Commissioners are under some misapprehension, both as to the origin of pre-audit and as to the feeling with which it is regarded by the Officers of Government. The Civil Paymaster's or Civil Auditor's Office, as originally constituted, was an office of Audit of Accounts Current and of post-audit only. Rather more than 30 years ago, in the Bengal Presidency (in the Madras and Bombay Presidencies pre-audit is only of recent introduction) the existence of abuses and the need of a more vigorous check, when the receivers of the revenue were also the disbursers of all expenditure, led to the introduction of pre-audit which in fact amounted to an order that no Treasury Officer should disburse money unless he had a direct authority from a separate Controlling Office. The necessity for such a rule no one will dispute whose experience dates back to the period of its introduction; and the ready acceptance with which the abolition of the check will be met from all quarters may well excite a doubt whether even now it is altogether prudent to dispense with it.

21. The introduction of the Budget system, and the vast improvements which have of late years been effected in the organization of the Financial Department and in the entire system of Treasury accounts, have co-operated in creating so many new and efficient checks, that many of the causes which produced the pre-audit system may be admitted no longer to exist; and so far it has no doubt become in some measure obsolete. If therefore its abandonment is, as affirmed by the Commissioners, really essential to the prompt preparation of clear and correct accounts, the experiment is one which may very well be tried.

22. At the same time it cannot be concealed that the entire transfer of responsibility and risk in respect of payment of charges to the Departmental Officers, unless guarded by very strict and readily understood rules, and checked by a very prompt audit, will involve a considerable amount of risk.

23. The multiplicity of the avocations of a Collector, the unavoidable frequency of change of Officers, or of absence on duty from Head-quarters, necessarily require the delegation of Treasury duties to subordinate Officers, who will not always be equal to the work, and from whom frequent references will be made to the Audit Office, by which the business of the latter will greatly be increased.

24. It is at the same time proposed to relieve the District Officers by requiring the submission of unclassified accounts, which will also add largely to the work of the Audit Office; and unless the latter is well manned and thoroughly equal to the work, the promptness of audit, which is essential to success, may be endangered, and the whole scheme will collapse.

25. His Honor's chief difficulty, however, in assenting to the proposals of the Commissioners arises from the great want in this country of competent and trustworthy Clerks and Accountants.

26. His Honor admits that, within the last few years, we have made great strides in the path of improvement, and that his doubts and fears may be uncalled for; but judging from a not inconsiderable experience of what has been, and may therefore again occur; looking to the character and calibre of subordinate Native Clerks, their powers of combination, their talent for intrigue, and the extent of the temptations to which they occasionally may be exposed, His Honor regards with not unnatural reluctance the abandonment of that system of double

check, by means of the independent Offices of Examiners of Claims and Auditor of Accounts, which seems to His Honor almost an essential in the constitution of our administration in India.

27. From an English point of view, His Honor would accept without hesitation the conclusions of the Commissioners; his doubts arise principally from the belief that in India we have not the material to work with.

28. It may no doubt be said, and perhaps truly, that the demand will produce the supply; and that with the progress of the experiment, men with the requisite qualifications will not be found wanting, and His Honor does not think it necessary to do more than to advert generally to the subject, because the actual introduction of the scheme in Bengal has decided the question of the experimental trial, and experience is the best test of its relative advantages, and of its further improvements of which it may be susceptible.

29. It is remarked however that, in dispensing with pre-audit, it will probably be found advisable to authorize Disbursing Officers to refer for pre-audit by the office of the Deputy Auditor and Accountant General all claims of the correctness of which they are otherwise unable to satisfy themselves.

30. A prompt and effective audit is the one thing needful; and to secure this it appears to His Honor that it will be necessary rather to amalgamate the Offices of Civil Paymaster and Deputy Auditor and Accountant General than to attempt to dispense with the former Officer; the aid of an Assistant Auditor and Examiner of Claims will be indispensable in the existing state of the Deputy Auditor's Office, and His Honor does not therefore anticipate any immediate reduction of expense; but this is a secondary consideration as compared with the advantages which it is expected to secure.

31. The Lieutenant-Governor entertains great doubts as to the propriety of the change advocated by the Commissioners in regard to the exhibition of adjusted and unadjusted items in the accounts. It may be convenient, but will not, he thinks, conduce to accuracy.

32. The limitation of Privilege Remittance Transfer Receipts has often been recommended; but unless it is applied to the Military Department it should not be rendered stricter in the Civil.

33. The question of classified or unclassified accounts is no new one. It has often been considered, and at first eight the balance of argument seems entirely in favor of unclassified ones. The difficulty which has hitherto been urged against them with success is that noticed in Mr. Crawford's Note that the classification will necessarily be effected with greater expedition, economy and correctness, when divided among the original offices of account, than when the labor is concentrated in the Audit Office.

34. This will speedily be ascertained by the results of the experiment in Bengal; but it must not be overlooked that we have in the North-Western Provinces a very much more limited supply of qualified Clerks and Accountants than are procurable in Calcutta; and that an increase of strength in the Deputy Auditor and Accountant General's Office will involve a comparatively larger additional cost.

35. But even if unclassified accounts are ultimately determined upon, His Honor thinks that it would be considerable relief to the Central Office to add an outer column to the lists of payments in which the local office would enter the proper head of classification; and by this means considerably abridge the labors of the Central Office.

36. It may be added, with reference to the Commissioners' remarks upon the existing, unwieldy printed forms of Treasury Accounts, that the ignorance, obtuseness, and want of uniformity among Treasury Clerks in the Mofussil was so great that it was found absolutely necessary, in order to arrive at even such rate of speed as has hitherto been attained, to add them by means of the very detailed printed forms upon which the Commissioners remark; and although no doubt there is considerable waste of paper and of printing, it has been very much more than repaid by the increased accuracy and promptness with which the returns have been submitted, and by the education which they have, so to speak, imparted to Mofussil Treasury Clerks in the more remote Districts.

37. His Honor does not think the transfer of Revenue Accounts to the Revenue Board and the appointment of a Special Accountant is at all desirable, or will be found conducive to economy or improvement in the accounts. The check ought to be made more complete, if necessary, in the Deputy Auditor and Accountant General's Office, in which all accounts should be centralized. We cannot look for good Accountants as a rule among our Executive Officers in the present state of things in India; and the change, if introduced, will, His Honor is satisfied, be productive of disappointment and inconvenience. Ready access and intercommunication with the Board's Office will enable the Deputy Auditor and Accountant General to prepare and check all requisite returns with facility, and far more correctly than could be expected from the Board.

38. There can be no doubt that statistical returns should be separated as much as possible from accounts, but, as remarked by Mr. Taylor, both should be so framed as to facilitate their respective preparation and check.

39. The Lieutenant-Governor concurs in the recommendations contained in these paragraphs.

40. His Honor is very strongly in favor of an alteration of the financial year, and has no doubt that the substitution of the Calendar year from 1st January to 31st December would be found much more convenient in every Department.

41. The objection taken by the Board of Revenue that instalments due on the autumn harvest are payable in January and February applies equally to the existing financial year, and

is in fact of no importance; for estimates and accounts are intended for what is payable within the year, not on account of the year.

42. His Honor was at first disposed to recommend a year from the 1st November to the 31st October as more in accordance with the seasons, and as changing the present year by a net six months; but the first consideration would not apply in all parts of India, and the second is not perhaps of any great importance, and so early a date, though the commencement of the working season over the greater part of India, would throw back the local estimates to before the termination of the rains, which would be objectionable.

43. Even with the Calendar year there will be little time in the Public Works Department for preparing accurate estimates for repair of damages caused by the periodical rains, but this inconvenience would be more than counterbalanced by the other advantages of the change, of which perhaps one of the greatest is that the Budget would be under preparation by all parties during the best season for in-door work.

44. The only objection of a real importance to any change—the derangement of comparisons with accounts of former years—is removed by the fact that recent and expected changes in the system of account have destroyed the possibility of all effective comparison, even if the year remained unaltered; the present therefore is the moment when a change can most advantageously be made, and the arguments in its favor appear to His Honor incontrovertible.

45. Other points noticed by the Commissioners are rather matters of detail upon which it seems unnecessary to record a distinct opinion, though generally the Lieutenant-Governor concurs in the views expressed in the Report.

46. The introduction of a complete set of Imperial Accounts was, I am to observe, advocated by the Budget Committee in their Report, but was negatived by the Home Government.

47. I am desired to add that, if the experiment succeeds in Bengal, there is no reason to doubt that it can be extended without much difficulty to these Provinces, though probably not with any reduction of expense.

48. Many of the improvements suggested by the Commissioners might indeed be carried out even under the present system, and, if so desired by the Government of India, His Honor will gladly give immediate effect to such of them as the Deputy Auditor and Accountant General may be prepared to adopt.

49. A memorandum on the subject generally has been received from the Deputy Auditor and Accountant General since this letter was drafted, and is herewith forwarded.

50. Mr. Waterfield has had considerable and varied experience in the Department, especially in the other Presidencies, and his opinions are deserving of consideration.

No. 727, dated 6th December 1864.

No. 103.] *From—R. TAYLOR, Esq., Officiating Civil Paymaster, North-Western Provinces,
To—The Secretary to the Government of the North-Western Provinces.*

I have the honor to acknowledge receipt, on 22nd November 1864, of your call for an opinion on the Commissioners' proposals for a new system of account. Remembering the late urgent call for the submission of the local Government's reports, and the obvious advantages of brevity, I will use as few words as I can use on so large a subject, and will say nothing of Imperial accounts, of Sea Customs accounts, or any other matters not plainly concerning the accounts of local Governments. And though in some ways a different arrangement might suit me better, I will follow that of the Report, throwing together at the end any notes on stray paragraphs which may require correction or comment of too little moment to appear in my general review. The marginal abstracts too will, it is hoped, be found full enough to facilitate reference.

I.—ESTIMATES (PARAGRAPHS 15 TO 73).

2. At present it is by no means clear who is really responsible for the estimates. When the Budget of 1863-64 was under preparation, I happened to be in charge in the Punjab, and reduced a departmental provision, which was manifestly excessive for the proposals as far as known. The Punjab Government held I should not reduce any provision against the will of a department, though

At present it is doubtful who is responsible for Estimates; the proposal of paragraph 25 is therefore good.

I should call attention to it in my covering letter; and neither I nor Mr. Balmain could find anything in the orders which could be held to decide the question. In my opinion, the proposal of paragraph 25 is decidedly a good one, and the estimates so revised might well go signed both by the Accountant and the Secretary to Government, though the former should send a covering letter explaining his own views. And there could be no difficulty in arranging cold-weather movements, so that the head of the Government and an efficient chief of each Department should be present at head-quarters for a week, wherein the Accountant might discuss details with the departmental head, and if they disagreed, settle the details in a discussion of which the head of the Government would be moderator and judge.

3. 28, 29, 55.—In speaking of the details required and the form to be used for the Budget, it is necessary to distinguish between the Budget to be submitted to the Supreme Government and that to be prepared for the submitting officer. It is evident that the latter requires far more detail than the former, just as he too does not ask what items the careful District Officer has put together to make up his estimated charge of Rs. 300 for petty

Though the present form of Budget Estimate be more in detail than the Supreme Government want, it exactly suits the wants of the local officer compiling the Estimates for the Supreme Government.

contingencies. The Supreme Government may well consider what only it wants to know, and issue printed forms (and so only can uniformity be secured) in which that only can appear; but unless the heads are large, the different circumstances of different Governments will make it almost impossible to spare manuscript entries. But if I had to prepare a Budget estimate for submission to the Supreme Government, I should certainly like to receive such a form as that

Budget heads should be changed as little as possible.

now in use, shewing one column of actual expenditure, and two of differences, which differences, I should note, I use only for check of the other entries; yet, whatever changes be introduced, I trust the *names* of the heads will be altered as little as possible.

4. Somewhat out of its proper order, I take paragraph 50, wherein the Commissioners speak of the Superannuation estimate, as forgetting that Superannuation Pensions are a very small part of the pensions paid by Government. They recommend that each Department budget for its own Pensions. I disagree entirely; both because estimates for all pensions to be paid in the same way and charged in the same accounts should evidently be prepared by one man, because there is no reason why a Department should continue to keep its eye on its worn-out servants; for, as the pension rules for all Departments are the same, the probable pension charge of each Department will be a fixed percentage on its efficient charge, and because the pensions of one Presidency paid in another have well been transferred to the Budget of the latter. Once in five years I would have a nominal roll submitted which might be kept corrected up to date from the Returns of increases and decreases now regularly sent in. But for the Budget I would merely have an abstract prepared by the person charged with examining pension charges before passing them into the accounts, and showing the number and cost of pensions—under Departmental heads only for Superannuation pensioners—under territorial for all other classes. I make the distinction purely for statistical reasons. It may well be desired to see at intervals what, casting aside military and political reasons, is the value to us of any separate province, and we should therefore know the burden in territorial pensions among other things that province has to bear; but besides that, the Superannuation charge of a province is a trifle in comparison with its effective charge; it is also closely proportioned to that charge; if Assam be less healthy than the Punjab, its Superannuation charge is not therefore probably heavier; if it wear out more officers, it wears them out more thoroughly.

5. I spoke of pensions first because I am prepared to admit more readily the charge of such payments against the paying Government than of pay of absentees. But the case is complicated by the fact that many absentees are paid in England, and these payments certainly cannot, without absurd delay, appear against the Budget grants of their own provinces. The true principle evidently is, that each province should pay for its own workers and its own idlers, not that one Government should be taxed for a servant of its own serving under another, or a servant of another Government resting in its territories. And I much doubt whether the jealousy so fostered between Governments is wholly or chiefly a bad feeling. Sir Bartle Frere's attack on Punjab finance may well have made the Punjab Government very angry, and yet rudely tearing away any vest of self-love, may well have made it consider fairly whether it was worth what it cost. Such adjustment between districts, I may remark in a parenthesis, is much older than the Budget system, and is possibly partly the consequence of the Civil Auditor's system of registering audits, and may be abandoned at once without inconvenience. The case of receipts too is different; if there be a reasonable hope of Imperial books being prepared, receipts may well stand in the accounts of the Government which really receives them and can best estimate their probable amount. For charges the case stands thus: true principles of account demand the real charge of each Government and Department to be shown against that Government and Department, but true principles of account also demand that mere book entries be as few as possible; certain payments, *vis.*, those made in England, cannot be distributed against the Department's profiting; and the Department profiting having made provision for its whole outlay, shows an imaginary saving on its Budget Grant. So I would have each Government estimate, as now, fully for the charge of each Department; but at the foot of each estimate deduct so much for "Probable saving on account of absences on leave and payments to be made under other Governments," and enter in its General Budget against the Department only the net sum required for expenditure; while, on the other hand, it should have a separate head for "charges on account of other Governments," of which the only detail would be one of the charges against each Department of each other Government to be sent with the annual account for the Imperial books. As the Supreme Government, though granting the net amount, would, in the Imperial Budget, have shown the gross charge of the Department, the minor Governments would not need to budget for its probable payments for other Governments.

6. Another question of principle, which requires notice here, is the removal from the charge side of the head "Allowances, Refunds and Drawbacks." This I hold a mistake. Gross receipts should be credited and at least "Refunds and Drawbacks" shown as charges *per contra*. They are given on special authorities perhaps years after the money was received, perhaps under another Government, and I think they should appear as a charge in the estimate, though not requiring a grant in the Budget. And as the largest part of our income is a fixed demand of *rent*, chargeable on distinct estates, to be accounted for to officers, as the Sudder

Board of Revenue, responsible for seeing the full amount is collected, I think it would be wrong to make comparison between Board's accounts, for instance, and the Government accounts harder by deducting from one entry what you could not deduct from the other without confusion. And I cannot but think that if I overpaid a tradesman, and afterwards recovered the excess, the former entry in his books would not be corrected, but there would be a second of cash paid, which in due time would be posted in his ledger to my debit along with goods supplied.

7. In the matter of Central Printing Offices, I think it impossible to go further with safety than this Government has done; but in estimating the success of the Press, comparison should be made with the advertized charges of large private Presses. You will

North-Western Provinces system of controlling printing charges the best.

not have forgotten the complaints touching the real source of the large profits the Press here formerly showed. It would hardly be worth while to print here venacular forms of which large numbers are used at distant districts, for the cost of carriage would make the saving a loss, and as the Superintendent before paying the district bill for them would see whether the number charged for is largely in excess of his neighbour's indents, there would

be little fear of many being only nominally supplied. But forms should be supplied by, not merely approved by, the Controlling Department, and supplied on indent only to that

Department; this is the plan of my Office; and one officer to whom I had sent three dozen copies of one form in April—he having only to submit one a month—wrote a month back for more, asking me to send or tell him on whom to indent.

8. Of the value of the intermediate estimates no one can speak but those who have had, as Accountant General or as Financial Secretary, to make use of them; and from both points of view His Honor can

Of Intermediate Estimates. speak with authority. To the impractical mind it would certainly have seemed as though any change of sufficient importance to be noted would have a cause of sufficient importance to be separately reported. There is nothing to show whether the monthly estimate is to be discontinued; this is really a Cash Requirement Statement costing immense labor in compilation; and as the person responsible is a trained high officer of the Financial Department, it might

well accept on his responsibility a mere memorandum showing the existing cash balance, and the expected receipts and disbursements in gross of the next three months, and the cash balance expected at the end of each; he, however, would not be able to spare the detailed estimate of every district, for only by insisting on a detail would he be able to make sure that there was any estimate at all. Of the annual Cash Requirement Statement I have no personal experience; *a priori*, one would have thought a brief abstract would have sufficed.

II.—REVENUE AND RECEIPTS (PARAGRAPHS 74 TO 152).

9. Though in theory it is no doubt desirable that the Revenue Board should keep its own

Returns purely statistical may well go to Sudder Board of Revenue; those requiring compilation and check should rather go to Accountant.

accounts rather than burden the Accountant, and though in practice certain Returns now sent to the Accountant (*e. g.*, that mentioned in paragraph 114) cannot have the slightest interest for him or value in his Office, I doubt whether in

practice there would be any gain in giving the Board separate accounts, and think the probable solution of existing difficulties would, as in many other points, be to bring Offices so close together that the records of another Office might be used when now a correspondence is begun

calling for a return. Government in choosing a Secretary or a Member of the Revenue Board, is not much influenced, and is not likely to be much influenced, by the candidate's knowledge of accounts; and it is far from likely that in the Board's Office account knowledge combined with intelligence will be so continually cropping out that the place of an Accountant escaped to a better post will continually be well filled. And it must be remembered that the knowledge required is technical knowledge which may be kept up in a large office solely occupied in its use, but not in a small branch of another. So though all purely statistical papers, 'Hal

Touzeeh' and all, should go to the Board direct and be filed in its Office after being compared with a memorandum of actual receipts furnished by the Accountant, account work had better be done in the Accountant's office on his responsibility and under such supervision as he can give.

10. The Commissioners think our check on moneys received weak, and say of Abkaree receipts that "the Accountant can only see the amounts paid into the Treasury are properly brought to account." What more he can do with moneys paid on other accounts I cannot see; but there is no denying that our revenues are largely in the hands of poorly paid

Natives. But the risk is with the money before it is actually paid into the Treasury; when once it has passed into the chest with double locks, I think there is no fear, save of violence, and that too much has been said in the report of the need of constant examination. The fact is, if the receipts be stored in boxes of moderate size, a new one being drawn on as soon as, and not till, its neighbour is empty, examination is unceasing. Either the Station demands are small and the store is presently verified by being remitted, or they are large, and then the money is tested by being paid away.

11. For the check of receipts I have my own pet nostrum,—counterfoil receipt books, numbered as bills of exchange forms are, and kept with as much care. Some instances are necessary to explain my plan. Money is tendered with an explanatory detail, an order of payment as under paragraph 273, or an invoice showing

Treasurer taking order for receipt to prepare receipt in counterfoil book, and signing receipt to pass order for receipts back at once to department issuing it.

heads to be credited as in the case of the Income Tax Collector in paragraph 95. The Treasurer merely examines the cash, signs the memorandum, and passes it on the proper Department, himself filling up the numbered counterfoil receipt and giving it to the payer. The Treasury Officer is advised of the payment by the counterfoil, and in examining the accounts has only to see that no leaf has been abstracted and no amount wrongly entered; and at last he compares the account statement of receipt taken from the counterfoil with the departmental taken from the memorandum, and so has a firm hold of the Treasurer. The Commissioners recommend (paragraph 273) that the Treasurer file the chalan or demand note. I recommend it be passed on to the department; in the case of a fine it would complete the record of the case, in the case of a regular demand it would be wanted for the ledger account. If a man be allowed to pay his revenue direct, the Tehseeldar must be advised of the payment that he may not apply pressure, and this cannot be done so well as by the demand note under the Treasurer's signature.

12. With other recommendations under this head I generally agree. Though I may not say I think a District Officer should send unclassified Tehsildar's accounts may be unclassified. Tehsildars make few payments and have no budget responsibility; therefore there will be no inconvenience in, and no argument on principle against, their accounts being unclassified. That their payments should be as few as possible is old and received; considerations of convenience only in latter times have increased the number. Their check in Abkaree and Income Tax receipts may be feeble, but somebody must be trusted; Abkaree and other officers paying money into a Tehsil should send duplicates of their chalans to their chief at head-quarters, that he may check the Tehsildar; for, as is well pointed out, the receipts of but one tax, besides land revenue, can be checked by the Accountant, and that one is the Income Tax on money paid to the tax-payer by Government. Revenue paid should be credited at once, both on principle and because deposits should be minimized; but I do not think it a necessary inference that it should be credited without detail, but rather that for statistical check it should be shown as 'balances,' 'current' and 'coming' year's revenue.

Government Officer paying money into a Tehsil to send duplicate of chalan to Collector.

well pointed out, the receipts of but one tax, besides land revenue, can be checked by the Accountant, and that one is the Income Tax on money paid to the tax-payer by Government. Revenue paid should be credited at once, both on principle and because deposits should be minimized; but I do not think it a necessary inference that it should be credited without detail, but rather that for statistical check it should be shown as 'balances,' 'current' and 'coming' year's revenue.

Revenue to be credited at once.

EXPENDITURE (PARAGRAPHS 154 to 216).

13. It may probably be expected at this point that I should meet the strong opinion of the Commissioners, that the only hope for the introduction of a good system of account in India lies in the abolition of pre-audit by as strong an opinion of my own; but the case is not so simply dealt with. I cannot conceal that I think the tone of the remarks somewhat questionable; and the strong case put in paragraph 160 is probably based on an *ex parte* statement of some rhetorical Collector, possibly with as little basis of fact as that in the last clause of paragraph 174, to which I have formally given an unqualified contradiction. But certain parts of the Commissioners' argument are as unquestioned as well known; and they are wrong in thinking the arguments for pre-audit have been sentimental or theoretical instead of practical.

14. I confess men would get paid sooner if paid before audit. I confess it is absurd that a man should prepare a statement with full certainty that it is right, and have to wait a fortnight for a certificate that it is right, and though I confess these rules might well be simplified, I deny that, as they stand, they present complications making them hard to master. I confess it would be a good thing to be rid of pre-audit; and I confess lastly, that if it could be abolished, an office would have perished which must always have brought its holder fewer satisfactions than any office which ever existed.

15. But my large admissions do not amount to an admission that what is called pre-audit can be spared. To begin with, a District Officer does not pay his own establishment only but those of other officers of at least equal rank, who do not furnish accounts directly, but would have an equal claim to draw what pay they claimed. If, for instance, a voucher of the Sudder Court were returned as informal, how could the cash be recovered, or at whose debit would it stand, and where? And again, we must deal with things as we find them; rules are not known. I submitted a plan by which they would not only be clearly made known, but changes from time to time simply noted, which, though His Honor was pleased to forward, he seemed little to approve; but as the case stands, rules are not known; from officers who might be regarded as semi-professional, the Deputy Collectors in charge of large treasuries, one would expect more than from a young Assistant who is put in charge of a treasury, because his Collector thinks that the least important work and wants his better men for Revenue and Judicial work; yet one such Deputy Collector lately returned a Settlement bill, because I had not cut Income Tax from the tentage allowance. Officers are even content to submit vouchers requiring but not bearing a receipt stamp. They expect me to accept as vouchers copies of old vouchers, copies of their dockets forwarding money to pay bills or advances in part payment of stores to be supplied, though evidently there is a fair probability of a double charge if it be passed first on the advice letter, for the stamped voucher when it could be furnished would excite no suspicion. But indeed the Commissioners themselves have conceded that it is desirable to have independent departmental check before payment, in proposing that at the Presidencies at least there should be an Examiner of Claims who should be,

But how is Collector to deal with pay bill of another Office? Where are charges for such Office to stand if rejected?

Honor was pleased to forward,

Rules not known.

But how is Collector to deal with pay bill of another Office? Where are charges for such Office to stand if rejected?

Proposal to appoint Examiners of Claims at Presidency admits principle of pre-audit.

at least there should be an Examiner of Claims who should be,

for the Presidency, much what the Civil Paymaster is now; but he is to be employed only for the Presidency where the size of the Establishments makes it probable that each has some person equivalent to an Accountant, and where therefore the head of an office might be more reasonably held responsible.

16. But I am willing to admit that payment on permanent orders may, to a certain extent, be substituted for payment on pre-audited pay bills, but cannot see how the system is to be carried to non-gazetted officers; and suppose that one permanent order will suffice for a whole Establishment, that there will be in short a permanent instead of a monthly pay bill. In paragraph 168, the evil effects of the present system in swelling the Deposit Register are described, apparently from a Bengal case, as all my pay bills are checked with the Leave Statement and the absentee's pay withheld. I do not think that now any pay can pass into the Deposit Register, and am sure none can have to be refunded: how with a permanent bill nothing shall pass into deposit, and yet there shall not be in account a multitude of entries to be consolidated into pay of Establishment, I do not see. And you will not have forgotten the case of Mr. Sandford, Acting Deputy Collector, where both the Sudder Court and the Sudder Board simply ignored existing rules and wanted to cause extra charge by giving full pay to acting officers; with a permanent order this could only have been prevented by cancelling the order and granting a new one to the Establishment and two to the deputed Officer. Of

Payment of Establishment without pre-audit.

Distrust of care taken in checking bills.

course I shall be told I am expressing distrust of high officials. I can only speak of high officials as I find them. What I find them in the matter of paying fixed Establishments I have just said, and in contingent charges the case is not likely to be very different. In point of fact, I think charges have been made either wholly unnecessary or too large, and some of these are not always charged again. A District Officer gives Rs. 2 to a poor European to help him to another station, is that a fair charge against Government? One officer charges for burying a pauper four times what his neighbour charges; has he exercised proper discretion? So I cannot but feel the Supreme Government is right in demanding that charges be scrutinized by me, both as to their propriety and their amount, though I fully agree that the countersigning officer could do it better, and that the theory of the case would make my examination one of calculations only. But no countersignature can be efficient which does not enter items in a register, and compare one month with another, one district's charge with another. Rs. 50 may be a fair charge for cloth for Bustabs, but not if Rs. 100 were charged for the same the month before; Rupee 1 may be a fair charge for burying a pauper, but not if the next district charge but 4 annas. Of course under any circumstances, the Auditor only could balance Division against Division.

17. No one will think I defend the present system because it enables heads of Departments and Collectors to take things easily; for no one can have spoken or written more harshly than I have on this point. I have before said, and deliberately repeat, that the only way of preventing arrears is to cause all items outstanding for three months to be cut from the pay of the Collector or of the responsible head of the Department, and that there would be no hardship in so doing; for either the Auditor's objection is technical and so to be removed simply, or is so serious that reference to higher authority is necessary. But whereas under the present system the burden of stopping improper payments or of advising as to their adjustment is thrown on one professional guide, under the new Collector, who is not here thought to have too few businesses or too simple work, is to determine himself whether a charge is admissible, hoping that if it be rejected, it will be at once charged to his private account; of course in case of doubt a reference can be made to head-quarters; but the very cases in which most doubt should be felt are just those in which it will never be raised.

18. The Commissioners are right in saying that the Civil Paymaster's budget check must be weak, though one of the reasons given (that Civil Paymaster does not mark the different heads to which a charge is debitable) is a mis-statement; and another (that he debits them to the wrong heads) can be true only exceptionally. The fact is, Mr. Wilson's attempt to make him do the work of the Audit Board in rigorously disallowing all unbudgeted outlay has by degrees broken down. But this may justify a change of system, such as I shall presently speak, rather than abolition. For experience does not show pre-audit to be useless as a check or always a hindrance on adjustment. I do not suppose I need mention cases where for the issue of special orders passing accounts one important reason has been that the money has been spent; while against the favorable experience of the Post Office Department with post-audit (paragraph 185) it is necessary to set that of the Telegraph Department (paragraph 302), which in the course of three years accumulated an unapproved expenditure variously stated as six and as twenty-four lakhs.

19. The account objection to the column of unadjusted (paragraph 193) is very serious, more so I think in practice than to the older system which excluded unadjusted charges from the accounts altogether. To this the objection was that it did not allow the real charges of the year to appear against the year; but if my recommendation were ever approved, and such sharp measures taken to compel rapid adjustment, I think that objection would be removed, at least for the Civil Department; already that plan of recovery is at work in the Department Public Works. But I would also lessen the possible unadjusted charges by giving to each officer a small permanent advance which would cover the outlay of the

That its budget check is imperfect does not prove pre-audit useless.

Payments which cannot at once be adjusted cannot wholly be stopped, and therefore a detail of such payments should be kept in Treasuries and regularly submitted to Accountant. But such charges to be lessened in number by every contrivance.

month; thus an officer in charge of a Jail has a fixed advance of, say Rs. 1,000, no outlay is entered in the Government accounts till after audit; but when he makes over charge to his successor, he gives cash Rs. 600, and vouchers for the rest; but his successor, becoming responsible for the whole Rs. 1,000, as soon as he has signed the charge papers, examines the vouchers and rejects any which he thinks questionable, and the outgoing officer makes good the amount in cash. Though the new system be introduced, I would still recommend the giving a fixed advance, and charging amounts as paid only after countersignature. But I do not see how some register of ironies standing at an officer's debit can be dispensed with, especially as the Collector is banker for other offices, and as our system makes the transfer of a Collector not a rare occurrence.

20. But as the Civil Paymaster's budget check is certainly weak, as the Accountant is loath to accept the Civil Paymaster's calculations, as further the separation of the offices of Civil Paymaster and Accountant causes some districts to be far removed from the Civil Paymaster, I would suggest the amalgamation of the offices. It would be necessary that in the amalgamated office under a heavy Government there should be a doubled first Assistant, each having power to sign for his Chief in his own Department, and it would be necessary that the work should nowhere be so heavy that the head of the office should be tempted to leave either work chiefly to his Chief Assistant. In this point my plan would not differ much from the Commissioners'; for even under that, it would be necessary to keep a separate officer, as proposed at the Presidency to scrutinize charges as the Civil Paymaster now does, or else to be sure that the Accountant did it himself, not merely by Deputy. And it would be well to reduce the number of pre-audited charges as much as possible by having none pre-audited but those requiring check as to their propriety; those for which pre-audit only makes impossible a double charge might be shown in the accounts directly and in the Accountant's office passed to the pre-audit Department to be marked off on the order sanctioning payment; thus refunds of Land Revenue under the authority of the Sudder Board of Revenue would be charged at once in the accounts and the voucher on receipt transferred for endorsement to the Civil Paymaster's Department. Pension payments could probably be audited in the same way. The establishment the Accountant may keep to check the Civil Paymaster could thus be spared, and the latter's Establishment being distributed to the different Accountants who relieved him of his work, would carry with it large experience, and would also be available in case it should ever be thought advisable to re-create the separate office of Civil Paymaster. And then, after the rules have been simplified and the desired knowledge of them spread, it might be possible gradually to dispense with pre-audit altogether.

Accountant should give much personal attention to audit.

21. A Civil Paymaster naturally asks how certificates of giving and taking charge will be extracted from officers who draw pay without audit, specially as I am sorry to say that His Honor's Circular of 1st June 1864 is now losing its power, and that some officers do not send certificates till they are reminded, and that more send imperfect ones. But as the permanent order would only be of force while an officer was actually serving in the district named, people would very soon learn to see their papers returned to the Accountant before they started.

22. Whether pre-audit be or be not abandoned, I have no doubt district accounts may be much simplified. Tehsils should, as now, make few payments, and most of those as payments for Department Public cash remittances to the Sudder; and the only inconvenience I found in the Punjab from allowing them to remit to other districts was that one was not quite sure whether such probable remittance was included in the expected or excluded by both, and this could be easily remedied by putting one more line in the estimate. But Punjab experience shows I believe that it is impossible to include Tehsil accounts in the Sudder accounts of the same day; the remedy would probably be to throw them back three days, including Tehsil accounts of 1st in Sudder accounts of 4th. But though I have admitted that a Tehsildar who makes few payments, and those under superior orders, and prepares no budget, and has no budget to observe, may well send unclassified accounts, I cannot say a District Officer can; nor do I think much time would be saved by his doing so. I do not think it will be possible to dispense with Vernacular accounts, but would make them quite different from the English; the Treasurer's would be a cash book, the Native Accountant's a day-book, the English a ledger, to be posted day by day, the receipt portion from the Treasurer's counter-foil receipt book, the payment from the Native payee's receipt. To enforce budget responsibility, classification is necessary, and in this plan would cost no trouble. The monthly account would be a transcript or an abstract of the ledger pages, and any wrong classification would on advice be adjusted by "less wrongly charged to this head instead of" and "plus wrongly charged to head instead of this;" and the "forward" total would be corrected accordingly. But holding that some charges must still remain and be recorded as unadjusted, I should have an inner column of "unadjusted" entries, being, as already described, made as

The proposed system would cause no difficulty in getting advices of transfers of charge.

District accounts may be simplified.

Works, should appear merely as

Tehsils may remit to other districts.

cash balance by both districts or

Tehsil accounts may be embodied in those of the district though under a conventional date.

including Tehsil accounts of 1st in

District accounts should be classified.

may well send unclassified accounts, I cannot say a District Officer can; nor do I think much time would be saved by his doing so.

Suggestion for utilizing all the accounts and getting district classified accounts out of the office soon after close of month.

foiled receipt book, the payment from the Native payee's receipt. To enforce budget responsibility, classification is necessary, and in this plan would cost no trouble. The monthly account would be a transcript or an abstract of the ledger pages, and any wrong classification would on advice be adjusted by "less wrongly charged to this head instead of" and "plus wrongly charged to head instead of this;" and the "forward" total would be corrected accordingly. But holding that some charges must still remain and be recorded as unadjusted, I should have an inner column of "unadjusted" entries, being, as already described, made as

few as possible; and the entries in the inner column would, when adjusted, be entered again in the outer on the date of adjustment, the same date being entered in red ink in the outer column against the original entry, and the amount of the adjustments being deducted from the total of the inner columns before the two columns were re-summed to make the grand total for the month. The outer column only would give the detail required for the month's accounts. As the compilation of the account after the end of the month, and the submission with the account of plus and minus memorandums which might follow a week later, are the real hindrances to the early submission of the monthly account, and as on my plan the accounts would only have to be copied and despatched with their already numbered vouchers, they might probably be ready for despatch from the heaviest Treasury by the fifth of a month with a balanced abstract showing cash balances and the total of the detailed entries under each head. I annex a pattern for my ledger, of which printed sheets should be supplied by the Accountant.

I here do not notice the outmost column which shows totals for check against Budget grants only.

23. Touching Deposits I have nothing to say, as I agree wholly with the Commissioners, save that I cannot see what would be gained by opening a ledger account for each depositor. Deposit accounts are easily kept straight so long as they are not in arrears, but I know no labor comparable with that of getting old deposit registers made right.

24. As all vouchers submitted with the accounts must be in English, it is desirable that they be put into English as early as possible. But any uniformity of plan for vouchers is scarcely attainable, because an important class is not prepared in the office but consists of tradesmen's bills; but under no circumstances would I advise the adoption of the plan described in paragraph 374 of having different colored vouchers for different heads of expenditure. Color blindness so marked as to make the colors of a map a distraction instead of a help, is so common that such a plan would confuse rather than help. All vouchers prepared in the office may be printed as suggested, half English, half Ordu; but the person writing the Ordu half should be compelled to write the amount in figures more intelligible than what are here called "Siyak" and in Bengal "Rukkum." Many can use English figures, but otherwise the Native Accountant should be compelled to use as well as Siyak, the Persian numerals

Vouchers should be translated at once, but nothing would be gained by having them of different colors

the adoption of the plan described in paragraph 374 of having different colored vouchers for different heads of expenditure. Color blindness so marked as to make the colors of a map a distraction instead of a help, is so common that such a plan would confuse rather than help. All vouchers prepared in the office may be printed as suggested, half English, half Ordu; but the person writing the Ordu half should be compelled to write the amount in figures more intelligible than what are here called "Siyak" and in Bengal "Rukkum." Many can use English figures, but otherwise the Native Accountant should be compelled to use as well as Siyak, the Persian numerals

Vouchers to be printed as far as possible, and be half English half Vernacular; Vernacular Writer to note amount in Arabic or other plain figures as well as Siyak.

under which the Treasurer might note Hindi. I used to know Siyak, but it is learnt more hardly and forgotten more easily than the Persian or Hindi numerals.

25. The manner of posting the district accounts into the provincial ledgers is described carefully in paragraphs 376-8, but I confess myself unable clearly to follow it. Whether the vouchers sent on the 10th will be entered in the detail books before the last account comes, whether they will be compared with the establishment books (or as we say now audited) before the entries are made in the detail books, how the abstract sheet of totals (paragraph 376) would be prepared, how the accounts of distant would be combined with those of nearer Treasuries, I cannot clearly see, and on this head then I will offer no criticism. But for criticism I will substitute a detail of the plan I would recommend for accounting to Government for the money, the check on whose flow into or out of the Treasury I have already explained. The district accounts would consist chiefly of a balanced abstract, showing the opening and closing balances, and the total receipts and disbursements under each several head, supported by a separate transcript of the ledger for each head, each separate transcript having its separate bundle of vouchers, subsidiary statements might be sent somewhat later. On arrival in the Accountant's office, the papers would be divided, the abstract going to the Department charged with the preparation of the abstract books, and the account of each head with its bundle of vouchers to the Department preparing its detailed books. Here the vouchers would be at once looked at, and any which has not been enforced by the Audit Department would be sent for check. The vouchers being in order, the Department would accept the Auditor's calculations, and only see whether the items were properly entered under the particular head; if not, it would transfer the voucher with a memorandum to the clerks dealing with the other head; and if they too rejected it, the orders of the head of the Office would be taken. Finally, a memorandum of the transfer so effected, whether for receipt or disbursement, with a further detail of charges rejected, supported by the insufficient vouchers, would be sent to the District Office for information and correction of accounts, and each Department detaining the vouchers it had examined would send its account to the abstract Book-keeper, that the district abstract might be corrected accordingly. As the ledger forms would have been supplied by the Accountant and could be bound up together at the end of the year, a transcript of these accounts would merely load the Accountant's shelves with a duplicate of the same detail; in the detailed books then receipts and charges would be entered only under specified heads, and a further consolidation of these heads by the abstractors, at a time when the detailed Book-keepers were busy with examination of accounts not yet ready for posting, would give the abstract books. The series of accounts then in the Accountant's Office would be—

Method of transferring district accounts into general books not understood.

Hereon see a note given as a P.S.

Proposed plan of dealing with district accounts.

(1) Monthly account in full detail for each head on foolscap (for the ledger form might well be on foolscap) submitted by district and bound up after correction.

- (2) The detailed books for each head, showing consolidated details for each district, prepared from the district monthly accounts.
- (3) The general books prepared by the abstractors by consolidation from the detailed books.
- (4) The district balanced abstracts on foolscap, with corrections to be made by detailers before posting, also to be bound yearly.
- (5) The abstract statement prepared monthly from these corrected abstracts by the abstractors for check against the Budget grants.

The "detailed books" would naturally show such details as the Accountant demanded to enable him to frame his Budget, the "abstract books" such as appeared in the local estimates submitted to the Supreme Government, while the abstract statement (No. 5) would answer to the "general abstract" which opens Appendix No. 1. I have spoken only of district accounts, as these are the most complicated; the use of stock books will make all others simple.

After saying a few words on divers isolated paragraphs, I will recapitulate my proposals and hasten to conclude.

26. First, of the help Government lends its Officers in managing their own affairs, of the granting of Privilege Transfer Receipts and managing fund deductions. For the former the less can be said, as the system is not uniform,—Bombay Officers, for instance, drawing on the Punjab, but North-Western Provinces Officers on no place but Calcutta. The indulgence might well be abolished, leaving but to each Officer power to take one Privilege Transfer Receipt on the Head-quarters of his own Presidency monthly, to take one for a month's pay on any station to which he might be newly ordered, and from his new station to draw a certain number (say four) on his old; for a wild station like Raepore the rules might be somewhat relaxed; but if a Treasury Officer break this rule, his courtesy should be unfavorably noticed. And I would make a further exception, for all might be allowed to remit fund subscriptions, and so save the Controlling Officers a troublesome and increasing correspondence with the Fund Secretaries. This would sufficiently provide for the voluntary subscriptions of Uncovenanted servants, which are now only deducted as noted, but not for the compulsory, and often grudging, subscriptions of Covenanted Officers; improvident men would be likely to forget future in the face of present convenience, and provident men would look on funds as a very bad investment. I should pay money to the Annuity Fund precisely as I should Income Tax. But the fixed monthly rates of Military Officers might be safely recovered by leaving the Fund Secretaries power in the last resort to ask the Disbursing Officer to remit the accrued arrears and the percentage rates of Civil Servants by a Statement sent yearly by the Accountant, showing from the permanent orders the amounts of salaries received, and from his registers the amount of tentage allowance drawn.

Fund subscriptions may be remitted by subscribers.

27. From the last words of the preceding paragraph, it will be seen that I do not object to an extension of the system of permanent orders to gazetted Officers; an extension, for it is already practically in force for pensions the payments of which are noted on the back of the Descriptive Roll. Further I would not take it, for so would be multiplied the Establishment pay entries in the accounts, the issue of new orders on all of the numerous changes in offices would tax the Accountant, and the check of Leave Statements and deductions on account of leave would be weakened. But every transfer and every leave of a gazetted officer must be reported on, gazetted, and noted, and days of departure and arrival must be certified; so the only objection I would urge to the grant to such officers of permanent orders would be that though absent on privilege leave, they might draw pay, an objection of little weight, as the Treasury Officer in allowing this would be breaking rules with his eyes open, and that accurate certificates of going on and returning from such leave might be obtained with a little difficulty. But I can see no other objection; the order would be issued for the whole budget year and would be retained by the payee for the whole year only, to be sent in with the last month's receipt, unless any permanent promotion should cancel it. When the holder was transferred or took sick leave, the Treasury Officer would return the counterfoil endorsing certificate of date of ceasing to hold charge, and when an officer had joined at his new station, the counterfoil with corrections would be sent to the Treasury Officer there. For deputation allowance, a separate order would issue, and fixed travelling allowance might be drawn in the Establishment Bill. I may note that on any system I think the total charge, not the mere cash paid, should be debited.

Permanent orders might be issued to gazetted Officers.

28. The Commissioners rightly desire to separate as much as possible Statistical Returns from accounts; but I think the former should be prepared at regular foreknown intervals, and the latter should be framed with a view to facilitate their preparation or their check. Thus, for instance, I would credit Land Revenue under three heads, i. e., separately for past, present, and future years, and I would have the "chalans" covering such remittances as those of Income Tax (paragraphs 95-6) in as full detail as could be needed.

29. No objection need be urged to allowing Letters of Credit longer currency, nor to noting the amount of outstanding ones as unavailable cash in the Cash Balance Report. But even with this addition I should be sorry to see the monthly district three months' estimate abolished, for I regarded it rather as a Cash Requirement Statement, thereby guilting my despatch of remittances.

Letters of Credit to have longer currency; monthly estimate should be sent as now.

30. "Fees should be paid by stamps" (paragraph 149)—good; but if that on a rejected application might be cancelled, the same collusion now feared would suffice for the cancelment of that on an application granted. "Petty stationery charges might go in the ordinary Contingent bills" (paragraph 215); the present system of giving the Superintendent of Stationery any audit work is absurd. "Fractions of annas should be omitted" (paragraph 451); this plan has been already tried, and I believe failed. "Number of Treasuries should be reduced" (paragraph 383); rather Treasuries might be classified and the work of the smaller ones reduced as in the Punjab. "One year of account should be named" (paragraph 454-8); and to this year all grants should be made to conform; pensions now payable by the Fusli year, for instance, having broken periods paid up, new rolls being granted, and sanctions for Establishment from beginning of year being understood to mean to sanction for the pay due on or after the first day of the year.

31. I will sum up my proposals in as few words as possible. Abolish Civil Paymaster-ships, not pre-audit; reduce pre-audit as much as possible, and ever look forward to abolishing it when rules are better understood or officers so far stronger as not to be distracted from larger work by this closer responsibility; multiply Accountants, not duplicate them, and so proportion their work that they may give a fair amount of attention to both branches of their office, and may be absent from their offices on tours of inspection for not more than 30 days at a time, and as many breaches of existing rules have been pointed out, the Accountant on tour might have the same power of punishing the District Account Department as the Inspector General of Prisons possesses over subordinates in Jails. Since it would not be possible at present to have accounts kept wholly in English, insist that all amounts be entered on all vouchers of receipt or of payment in figures the treasury clerk can read, that he may trust his reader only for facts. Considering the District Officers' Budget responsibility, do not have unclassified accounts, but let them be classified daily, that at the end of the month they may be copied at once and despatched, all subsidiary memorandums following. Let the treasury clerk have nothing else, if possible, to do, but compel him to post the daily accounts in classified ledgers before leaving office, including daily the Tehsil Accounts of three days earlier. Do not abolish the column of "unadjusted," though you leave it out of the monthly cash account, but reduce the number of entries in it as much as possible both by reducing the number of items pre-audited, and by giving fixed advance for petty charges.

32. It is evident that I object to the Commissioners' plan not on principle, but as being unsuited to India, where Disbursing Officers have a hundred other works in hand. I think too that allowance is not made for the badness of our tools, as in paragraph 350, where the work of an English Clerk equal in intelligence and education to the head of an Office, and if imported equal also in cost, is set against that of a Native, and the recommendations I have made are, I think, more practical and no more costly than the Commissioners'; and I should be sorry to see any plan adopted which would make the lengthened absence of a chief from his office practicable, or would greatly obstruct those changes which are necessary for general experience, for uniformity of action, and the avoidance of violent shocks on sudden changes of appointment. Apologizing for the length of my remarks, I have, &c.

Date.	Voucher No.	October 1863-64.	Unadjusted.	Adjusted.	TOTAL.
1	97	Brought forward from last month ...	9,000	11,000	20,000
	101	Establishment Bill of Secretariat ...	...	8,000	
		Advance for Toshakhana expenses ...	2,000	Adjusted, No. 2, dated 3rd November.	
10	109	Books for Government Translator (Voucher No. 93, dated 20th September)	...	1,000	
	113	Establishment of Tea Plantation ...	...	7,000	
		a. b. e. ... ..	...	3,000	
		Less adjusted, No. 93, dated 20th September 1,000	1,000	30,000	
			10,000	Less 9,200	40,000
		Accountant's correction.			Less 9,200
		Deduct charged to this head instead of to No 109, dated 10th October, Tea Plantations Establishment ...	7,000		
		No. 113, dated a. b. c.	2,000	10,000	
		Add, should have been charged to this head instead of to No. 50, dated 10th October	800	800	
		Net deduction ...		9,200	
November 1863-64.					
3	121	Brought forward from last month ...	10,000	21,800	31,800
		Pay Bill of Secretariat Establishment ...	...	8,000	
		Toshakhana expenses (Voucher No. 101, dated 1st October) ... ..	...	2,000	
5	140	Advanced by order of Government for the travelling expenses of Mr. ...	300	Recovered in Cash Receipt 297, dated 20th November.	
		Less adjusted, No. 101, dated 1st October 2,000	2,300	31,800	
		„ recovered in Cash 300	8,000		39,800

To help me in filling up this form, I borrowed two Cash accounts; but there was not in the subsidiary Statements of either an item which would under my plan have been charged as unadjusted, saving some large advances to an officer in charge of a Jail and the like.

Note to Paragraph 25.

I must add a Note to show more fully what I do not clearly understand. The examination of vouchers corresponds to what we now call pre-audit, and therefore comparison of vouchers with authorities is specially necessary; yet though the margin of paragraph 377 has it that the vouchers are to be so compared, the text says that the detailed books only shall be so used after the rejected vouchers have been returned and the accepted transcribed into the detailed books. The other important point on which I am not clear, is the manner of *daily* comparison of Returns prepared at unequal rates by different Departments from accounts in different forms; for the "detailed Book-keepers" are to compile from loose vouchers, Treasury Account Examiners from an unclassified catalogue of these vouchers. The process of turning district bundles of vouchers into provincial accounts may, if I understand it rightly, be thus stated;—the vouchers accompanying the unclassified cash account are examined, ones being rejected and the corresponding entries struck out of the account; the accepted vouchers go to the "detailed Book-keepers," and the corrected

account to the "Treasury Account Examiners." From these separate records, each Department prepares detailed classified books and a daily abstract of work done, which daily abstracts should correspond. Then the detailed books are compared with authorities, and if a double payment be detected, it is struck out of the detailed book, the "Treasury Account Examiners'" book, and the Abstracts of both Departments. If the abstracts correspond, from them will be compiled the Cash Book, Journal, and Ledger. I submit (1) that the vouchers should be examined with authorities and marked by Accountant, who should give much attention hereto, as accepted, before the district account, classified or unclassified, be corrected or passed to any Department; (2) that on the plan proposed, the Accountant will be needlessly burdened with having to keep up two sets of books in minute detail, besides storing detailed vouchers and detailed unclassified accounts; (3) that the abstract books being less detailed even than the Budget Estimate will answer no useful purpose; (4) that the rapidity of audit is exaggerated, for as the cash account will be received monthly, the process of comparing vouchers therewith cannot be commenced till the beginning of the new month. It would almost seem that the Commissioners thought chiefly of the work of the Examiner of Claims in Calcutta. At the risk of seeming anxious to start a rival plan, instead of merely detailing one as criticising the Commissioners' plan by comparison, I submit that I proposed no waste labor, no duplicate corrections, and no skeleton accounts.

No. 872, dated 9th December 1864.

From—W. C. PLOWDEN, Esq., Secretary to the Board of Revenue, N.-W. Provinces,
To—The Secretary to the Government of the North-Western Provinces.

In reply to the orders of Government in the Financial Department, No. 1136a, dated 19th ultimo, in which the Board are requested to furnish Government with their opinion upon the suggestions and recommendations contained in the Report of the Commissioners for Enquiry into Indian Accounts, I am desired to submit the following remarks. The paragraphs of the Report which appear to the Board to call for comment on their part are given in the margin, and the Board's remarks are noted against them *seriatim*.

2. *Paragraph 25.*—The Board approve of the recommendation that in lieu of the separate revisions of estimates by the Revenue Board, the Deputy Auditor and Accountant General, and the local Government, a single document embodying the concurrent observations and recommendations of those authorities should be submitted to the Financial Department.

3. *Paragraph 26.*—The comparison of one Budget estimate against that of the previous year only would certainly be more simple and clear; and if the cause of any particular divergence is explained, that single comparison should be sufficient.

4. *Paragraphs 27 to 30.*—The Board concur in the recommendation that the several District Estimates should be aggregated, and that the printed estimates should be limited to the exhibition of the total receipts and charges under each separate head, provided the local Governments are empowered to distribute the sanctioned amount of expenditure under each head to the several districts concerned.

5. *Paragraphs 31 to 39.*—In view to the simplification of the accounts, it appears to be very desirable that cross entries and adjustments should, as far as possible, be avoided. The object of their exhibition is to facilitate a comparison between the revenues and the charges properly debitable to each Government or Province; but this might be easily effected in the preparation of the actual accounts, in which charges on account of other Governments might be shown separately.

6. *Paragraphs 40 to 45.*—The Board do not perceive that any practical inconvenience would be caused by discontinuing the adjustments between districts and dispensing with the check ledgers. There would no longer be any necessity for them if the local Governments are bound only not to exceed the aggregate grant under any head, and released from the obligation to limit the expenditure of each district to the amount separately provided for it.

7. *Paragraphs 46 to 49.*—With regard to the general abolition of the practice of charging single payments to different heads of service, and the proposed single exception of the salaries of Collectors and Magistrates and Deputy Commissioners, they would except also the salaries of Commissioners, which should be charged in equal moieties to Revenue and Police, or two-thirds Revenue and one-third Police.

8. *Paragraph 50.*—The Board see no objection to discontinuing the complete Nominal Roll that accompanies the Superannuation estimates, a Nominal Roll only of additional pensions and of lapses by death or otherwise being furnished.

9. *Paragraphs 74 to 79.*—As the Revenue is under the administration of the Board, it appears only reasonable and would be convenient that the Revenue accounts should be kept in their office.

10. *Paragraphs 83 and 84.*—The Board are not aware how far these remarks are intended to apply to the North-Western Provinces. The Seaha Buhee Amudunee, in which every item of receipt of every description is entered daily, is daily furnished to the Collector under the signatures of the Tehveeldar and Tehsildar. The Waz Kham is a similar account of receipts, expenditure, and balance in hand, also furnished daily, and every item is entered in the monthly Jumma Khurch.

11. *Paragraphs 153 to 172.*—The disadvantages of the system of pre-audit have been clearly exposed by the Commissioners, and the Board see no obstacle to the introduction of a system of disbursing fixed and sanctioned charges on the personal responsibility of the heads of Offices. In any case of doubt, the disbursing Officer might defer payment pending the receipt of instructions of the Deputy Auditor and Accountant General; but such cases would be exceptional. The amount of any erroneous payment, if not otherwise recovered, would be deducted from salary that might subsequently become due to the party to whom the payment had been made. In the case of persons discharged from Government employ, disbursing Officers would be careful to satisfy themselves that the payments made to such persons were actually due. As regards contingent charges, with the exception of such as require previous special sanction, and with the exception of contingent establishments, all payments are now, as a rule, made prior to audit, or at all events, if payment is not actually made, the liability for payment is incurred.

12. *Paragraphs 217 to 229.*—The system of accounts here recommended is very simple and appears to the Board to meet all the requirements of the Finance Department. The amount of labor which will be saved by dispensing with the monthly classified treasury accounts will be beyond all comparison greater than the additional labor which the receipt of unclassified accounts will impose on the Office of the Deputy Auditor and Accountant General, while the arrangement will admit of the treasury accounts being closed on the last day of each month, or at the latest on the following day.

13. *Paragraph 230.*—The account of demands, receipts and arrears of revenue, under the administration of the Board, can be perfectly well kept by the Board, if a special Accountant be appointed to their office, leaving the Deputy Auditor and Accountant General to deal only with actual receipts, and the arrangement would meet all the requirements of the State. The Deputy Auditor and Accountant General would be periodically advised of short collections affecting the estimates of the year.

14. *Paragraph 235.*—In the North-Western Provinces, the Registers of receipts and repayments of deposits are kept both in English and in the Vernacular.

15. *Paragraphs 240 to 245.*—The Board would not advocate the imposition of fees for making private deposits. The use of the money, whilst in deposit, might be held to be sufficient compensation for keeping the accounts. The proposal that deposits unclaimed for seven years should be credited to Government corresponds with a recommendation lately made by the Board. They see no objection to the transfer to Revenue, at the end of twelve months, of sums under one Rupee.

16. *Paragraphs 248 to 258.*—The Board concur in the recommendation that the original accounts of Treasuries should be kept in the English language, and that Vernacular vouchers should have counterpart English translations from which the necessary entries could be made directly in the English accounts, without the intervention of a translator.

17. *Paragraphs 266 to 272.*—The number of books to be kept and returns to be made by Collectors will require further and careful consideration, and cannot be determined summarily. Amongst those excluded by the Commissioners are—

Memorandum of Silver and Copper Coin (but this might be appended as a note to the monthly Cash Accounts).

List of Supply Bills drawn.

Register of Subscriptions to Government Loan.

Register* of Interests paid on Government Loans.

Statement of Fines.

18. *Paragraphs 273 to 280.*—The instructions herein contained and the procedure recommended are well devised and appear to be unobjectionable.

19. *Paragraph 291.*—The Board approve of the suggestion that Treasuries should be closed at 1 o'clock on the last day of each month to facilitate the completion of the month's accounts.

20. *Paragraph 457.*—The only remaining points which appears to call for remark by the Board is the proposed alteration of the official year, either to make it correspond with the Calendar year, or to commence from 1st April.

21. The Commissioners have apprehended the inconvenience which would attend the adoption of the Calendar year, as affecting the estimates of the Public Works and Survey Departments, and it may be observed that the estimates of the Settlement Departments would be equally deranged; but there is another and more important objection to the proposed arrangement. The Land Revenue realizable within the Calendar year could not be correctly estimated, because instalments due on the autumn harvest are payable in January and February.

22. The same objection would not apply to throwing back the commencement of the year to 1st April; but even this alteration would cause some inconvenience in the Settlement and, the Board suppose, also in the Public Works and Survey Departments. The working season is generally held to extend to 30th April, and as the charges for April are payable in May, they are not now available from the estimate of the year to which they properly belong; and if the year commenced on 1st April, the charges for March would be similarly out of date. This

* This Register is alluded to in paragraph 408 of the Commissioners' Report.

objection would, however, be partially removed if salaries were made payable, as proposed by the Commissioners, on the last day of the month.

23. The subjects discussed in the paragraphs which the Board have omitted to notice are not such as in any way affect their administration, and they therefore presume that they were not expected to submit any remarks upon them.

NOTE on the Report of the Commissioners of Enquiry into Indian Accounts, dated 7th September 1884.

At first sight the Report may appear unnecessarily elaborate. It is not so, however; for, to make the remarks and suggestions of the Commissioners intelligible, it was necessary for them, in describing the present method of accounts, to enter into details; and it is chiefly owing to those details that the Report has been extended to four hundred and sixty-one paragraphs.

2. The whole question has been thoroughly investigated, and the changes proposed are, with few exceptions, highly judicious.

3. Passing over the paragraphs which it may be presumed admit of no question, and those which have reference to the offices of the Auditor and Accountant General to the Government of India, and other establishments belonging solely to Calcutta, the following only remain to be noticed:—

1st.—The proposal, contained in paragraph 221, involving a change of practice, which it is to be feared would be attended with serious disadvantages.

2nd.—Other two proposals, paragraphs 76 and 337, which, though of less consequence than the above as to probable results, are still open to objection as unlikely to meet the objects in view.

3rd.—Paragraphs 83, 84, 87, and 232, regarding which there is and will be differences of opinion. The questions they involve do not, however, appear to be of sufficient importance to call for further discussion.

4. It is generally admitted that a judicious division of labor facilitates and expedites work. Upon this principle, the North-Western Provinces accounts were, after much discussion, permanently separated from those of Bengal, and the Punjab accounts from those of the North-Western Provinces. It may also be granted that, by increasing our appliances, we save time and lighten labor: hence the introduction of printed in supersession of manuscript forms of Cash Accounts, Budget and other Estimates, Bill and Deposit Registers; in fact, every Statement, Chalan, Contingent Bill, &c., that can be reduced to a set form.

5. The Account Commissioners, however, in paragraph 221 of their Report, have proposed the introduction of unclassified cash accounts, which would necessarily have to be rendered in manuscript and involve much more labor than is needed to fill up the printed form now in use. But this would be a trifling infliction upon the Mofussil Establishments in comparison with the additional work that would be thrown upon the Central Offices of Account in classifying and condensing the daily monetary transactions of the District Treasuries.

6. It is assumed by the Commissioners that, by introducing unclassified accounts, the periodical Returns for the Government of India would be ready at a much earlier date than at present, when each separate Treasury has to consolidate its own transactions and exhibit them in a classified and printed form of monthly cash account. But with thirty years' experience to aid me in forming an opinion, I cannot hope for the results anticipated by the Commissioners; for even admitting that unclassified accounts could be furnished to the Central Offices a few days earlier than in the form now rendered, it would not compensate for one-tenth of the time that would be lost in the preparation of General Returns from such documents.

7. It is useless attempting to convey in writing a correct idea of the effect that the proposed arrangement would have upon the Central Offices. The great length of time that would be required to consolidate the daily entries of the District Treasuries and the difficulties to be overcome in scrutinizing and classifying the prodigious number of items which they (the daily entries) would embrace, are obvious enough to those practically acquainted with the process by which general results are obtained and presented to Government; but to make these formidable objections clear to any one lacking experience in such matters is next to impossible.

8. An ex-Accountant, afterwards Financial Secretary to the Government of India, occupied much of his time while in these Provinces in trying to comprehend the method of accounts in force here, and to master it in detail; but on quitting his appointment, after two years' incumbency, he acknowledged that though he knew more than when he joined the office, he felt that he had much to learn. The Account Commissioners' insight into the details of these accounts must necessarily have been much less than that of the talented officer to whom allusion has been made; and it may be doubtful whether they have arrived at a reliable conclusion as to the success of the proposed scheme; for to admit of their forming a correct opinion on the subject, they should have large experience in matters with which at best they are probably but imperfectly acquainted.

9. The objections raised by the Commissioners against accounts being rendered in a classified and printed form, as at present, are two-fold—

1st.—That the form sometimes serves as a record for not more than thirty vouchers, the whole of which might have been conveniently shown in a moderate-sized sheet of paper.

2nd.—That the preparation of the account cannot, because of the classification, be commenced until after the expiration of the month, and thus causes delay in its transmission.

As regards the first objection, the trifling disadvantage pointed out is more than compensated by the great saving of labor in the preparation of the Cash Accounts for transmission to the Central Authorities, and the greater advantage of a classified form to inexperienced Treasury Clerks and their superiors in indicating the appropriate heads for the exhibition of the multifarious transactions which have to be recorded from month to month in the District Treasury Offices. To do away with these forms would be going back some thirty years, at which time the Mofussil accounts, having been prepared in manuscript, and without due regard to form, were, after undergoing correction in the Central Office, perfectly unintelligible to any but the carefully initiated. They are now comprehensible to any one of ordinary capacity, and it would, I fear, be a step in the wrong direction to introduce changes that might make them otherwise.

10. I am unable to perceive the force of the 2nd objection raised by the Commissioners. So far as advantage in point of time is concerned, it may, without recourse to other means, be demolished by the Rule-of-Three. For instance, if fifty Treasury Clerks take twenty days each to prepare fifty Treasury Accounts, how long will it occupy ten men at the Central Office to prepare the same number of accounts? Answer, one hundred days, or three months longer than at present.

11. In mentioning twenty days as the time occupied at a Treasury office in preparing a classified cash account, after the close of the month, and in reckoning on ten men at the Central Office to do the work of fifty District Treasury Clerks, I have not gone merely by guess, but have dealt with facts as they are in the North-Western Provinces. Under the present system, the fifty Clerks who prepare the accounts can post the Treasury Sheets from day to day, and so have the columns of the Abstracts ready for totalling and transfer to the cash account forms immediately on the close of the month: it therefore follows that they would be able to turn out the work earlier than could be expected of an equal number of Clerks at the Central Office, who would have nothing to work upon till the month had transpired; but bearing in mind that only one-fifth of the number of Treasury Clerks employed on the work would be available at the Central Office, it will perhaps be admitted that the loss of time which would be incurred under the proposed change has not been over-estimated.

12. It is strange that this obvious result should have been lost sight of in proposing unclassified accounts as a means of economizing time. That object would be gained if the unclassified Treasury Sheets could at once be brought to use in the Central Office as the classified accounts now are; but such is not the case. The almost countless entries that a daily record of the transactions of all the Treasuries under the Bengal Presidency or the North-Western Provinces, including Oude, would involve, would have to be condensed and thrown into classified forms before they could be utilized; and therefore, as above shown, the supposed saving of time is a fallacy. The arguments of the Commissioners may appear conclusive to those who are not thoroughly acquainted with the subject in all its bearings; but to such as are, the once agitated scheme of daily cash accounts, which was tried in a small way and failed, seems scarcely more objectionable than that now recommended.

13. Instead of embarrassing the Central Offices with items *ad infinitum*, to no purpose, the labor of those Offices should be lightened and simplified to admit of the General Returns for Government being furnished with promptitude and at earlier dates than they are now rendered. This may be attained by having quarterly classified accounts and dispensing with those furnished monthly, which are quite unnecessary. The monthly Statements of Income and Expenditure required by the Auditor General of India are prepared in the Central Offices from monthly abstracts supplied by Treasury Officers in anticipation of their cash accounts, and the Supply Statements to the Military and other Authorities in like manner. The Remittance and Deposit Registers might, as at present, be forwarded monthly, as such transactions could be checked just as effectually without, as with, the cash accounts; and for all other purposes, the latter might with advantage be rendered quarterly.

14. Such an arrangement as the foregoing—to say nothing of the saving of sixty per cent. in stationery and the great relief to the Postal Department—would reduce the work of the Central Offices, and expedite the despatch of their periodical Returns without entailing additional labor upon any department, or incurring the risk with which the non-classification system would be attended.

15. On the subject of pre-audit, which in paragraph 337 the Commissioners propose to abolish, the following extract of a letter of Mr. Accountant Grant to the address of the Secretary to Government, North-Western Provinces, under date the 9th of January 1856, may not be out of place:—

Extract of a letter from Accountant GRANT, to the address of the Secretary to Government, North-Western Provinces,—No. 2056, dated 9th January 1856.

“I avail myself of the opportunity of recording my opinion against the separation of the Office of Audit from that of Account. The work of both offices would be much more efficiently performed were the Accountant made both Accountant and Civil Auditor, with an

Uncovenanted Deputy Accountant on Rs. 800 a month, and an Uncovenanted Deputy Civil Auditor on Rs. 700 a month. Both Officers might perform all duties entrusted to them by their Covenanted superior, and being men selected for their experience and previous training in their respective Departments, the appointments would obviate inconvenience when changes become unavoidable by the departure on leave or otherwise of the Accountant. And opportunity might thus be taken to empower the Accountant and Civil Auditor to visit, and by personal inspection and enquiry rectify any irregularities that may occasionally be discovered in any local Offices.

"The arrangement proposed would involve no extra expenditure, while it would, I feel assured, tend in no small degree to promote the interests and advantage of Government and make both the Account and Audit Establishments much more efficient than they are at present, and in a great measure equal to the heavy calls which are now being made by the Supreme Government."

16. Considering that Mr. Grant had 18 years' experience of the working of the offices of Account and Audit as now constituted, his proposal to amalgamate them cannot, it is presumed, have been made on insufficient grounds. For the same reason, his approval of the then existing system of audit, which was the same as at present, may be considered to have much weight. It cannot be questioned that both post and pre-audit have their recommendations as well as objections; whether the former preponderate in favor of post-audit, is a question which experiment alone can solve, and as such a test is being applied in Burmah, it would perhaps be advisable to wait the result of that trial than to prolong the discussion. It may, however, be remarked that the practice in Bengal of performing the work of audit twice over, as stated at paragraph 347 of the Report, is unnecessary and does not obtain in these Provinces: consequently, so much of the argument against pre-audit as is based on the practice alluded to is untenable.

17. In paragraph 76 it is proposed that the Board should keep the Revenue Accounts in its own office. Further, that the Deputy Auditor and Accountant General should furnish the Board with a monthly Statement of receipts and expenditure on account of Revenue, and periodically inspect the accounts and check them by his own. An arrangement similar to this was made shortly after the annexation of the Punjab. The Board of Administration prepared accounts in their own office under the superintendence of one of the Members, and then sent them to the Accountant's office to be checked; but after much correspondence had taken place for the purpose of reconciling differences between the Board's accounts and those of this office, the result was so unsatisfactory that the arrangement was abandoned as practically useless.

18. Several attempts having afterwards been made to reconcile accounts and returns, prepared from other sources with the accounts of this Office, all of which resulted in failure, it was determined by the Government of these Provinces that the Accountant's Office should alone be called upon for information connected with the Public Revenues and Expenditure.

W. W. CRAWFORD,

Chief Asst. to Dy. Auditor and Acct. Genl., N.-W. Provinces.

Dated 7th September, 1864.

Memorandum on the Report of the Commissioners of Enquiry into Indian Accounts.

When I joined this office, I found a Memorandum already written by Mr. Crawford, the Chief Assistant, upon the Report of the Commissioners of Enquiry into Indian Accounts. As I had not myself studied the subject, and believed that Government were anxious for an immediate reply, I thought it had better be sent in without reference to me.

I hear, however, that the Government reply is not yet completed; and as I feel very strongly that, however excellent are many of the suggestions contained in the Report, others have a tendency to defeat the objects of supervision, economy, and punctuality, I have resolved to submit my notes on the paragraphs as they occur.

Introduction.—In these Provinces, the Deputy Auditor sends no accounts to the Revenue Board. The check upon arrears of collection seems to me faulty in principle, but no practical inconvenience results from it.

Paragraph 6.

Estimates.—With the remarks on the Estimates I agree generally. I have found the inconvenience of indefinite alterations of grant. I imagine that the estimate of the Local Government is even now practically settled after consideration of the opinions of the Revenue Board and Deputy Auditor. I think, however, that it would be unsafe to neglect the actual results of the former year and Regular Estimate of the present. Of course it is impossible that they can be neglected altogether, or the budget would never vary; but many of our sources of income, as Stamps, Excise, and Opium, are not yet so fixed that our estimates do not at times go very wide of the mark.

Paragraph 21.

Paragraph 25.

Paragraph 26.

Details need not be sent beyond the Local Government. Adjustments should be avoided whenever possible, and recent alterations have effected this to a great extent; but I think such a rule as that in paragraph 36 would lead to a greater evil in inaccuracy of estimate. On the other hand, such entries as compensation to the French Government may easily be included in the Budget of the Presidency where payment is made. The rule should be that laid down for Military buildings, which I believe is now followed. The Estimate should provide for all payments within the jurisdiction, without regard to the Province which benefits by them; but thereafter the accounts should strictly follow the estimates, and an officer absent on leave should get his salary adjusted in his own Presidency. Over-payments of salary are by no means so unusual as the Commissioners think, and, under their scheme, a double audit would not be detected.

I believe I was the only Accountant who objected to the plan of adjustments between Districts when it was originally introduced. I thought it an unnecessary complication, all the advantage of which was secured by the check in my own Office; but I am bound to admit that it works well on the score of economy. The local Officer knows exactly the amount at his credit, and is careful not to exceed it, unless for some urgent purpose which will justify his encroaching upon the balance of one of his neighbours.

Unless the working of the new system is more easy than I anticipate, I do not think that we can dispense with the Budget check ledgers. But now that the Budget scheme is more generally understood, changes under major heads will only arise from the introduction of special Establishments, and new grants will be still more rare. For instance, in the present year, the changes in my Budget are for the North-Western Provinces only six, owing to the Settlement parties, the Census, the District Dāk Establishment, the Tea Plantations not being sold as the Government of India expected, the conveyance of treasure (occasioned by the general reduction of cash balances) and the Meerut Record Room, for which we could have provided had not our estimate for Collector's establishments been arbitrarily reduced by the Government of India. In Oudh there are but two changes, for the Financial Commissioner and some mutiny compensations.

I quite agree in the views on classification, and in those on the Nominal Rolls of Pensioners. The Commissioners, I think, underrate the Receipts and Disbursements Statement. It is quite accurate enough for financial purposes, and most part of the unadjusted miscellaneous advances pertains to Local Funds, so that it does not affect the Budget. Tributes and contributions from Native States are even now distinguished from Land Revenue. I do not understand the remark. I do not think we can altogether dispense with the head Refunds. The credits often belong to a previous year, and the repayment cannot fairly be deducted from the gross revenue of another season.

I think the consolidation of printing and stationery both economical and convenient, and see no objection to the reduction of miscellaneous heads. The new forms seem well adapted to their purpose, except that the Educational Department is given in so much greater detail than any other. I would dispense with the revised and retain the Regular Estimate. I do not think it is given in too great detail; and, as matters at present stand, the Cash Requirement Estimate as a guide to the remittances of treasure is nearly the most important of all. It might, however, be given as a very concise abstract, as its object is only to show what money is likely to be drawn from the General Treasury.

It will no doubt be a great relief when we can get rid of the Local Fund accounts, which add so largely to our Inefficient Balances, but I fear the prospect is somewhat remote.

Revenue and Receipts.—I do not advocate this change. As before said, no accounts are furnished by this office to the Board. They did not use them when they got them any more than is admitted to be the case in Bengal. The Members of the Board would probably not pay much more personal attention to the accounts if they were kept in their own office, and I do not suppose that their subordinate Accountant would exercise a more punctual supervision than is carried out here. But, as the executive control must be maintained by the Board, they ought, I think, to be made aware of the arrears outstanding, collection of which is to be enforced, unless good reason be shown to the contrary. This seems to be written under a misconception of the Zemindaree system. Of course any neglect in examining a remittance is contrary to the strict rules of the Department.

The arrangements for Tehsil accounts are of course connected with those of the Collectories. There is certainly no reason for the delay, and I think the Commissioners must be mistaken, as the complete

Treasury accounts have to be posted to us on the 15th of each month. According to my view the simple* cash account is unnecessary; the copy* of the daily transactions would suffice with the addition of a Monthly *Abstract Account*.

It will be much less trouble for us to keep the Land Revenue accounts than knowing nothing of them, to furnish the Board with Receipt Statements, and reconcile differences between the two.

Paragraph 87.

We have been for the past three years careful to reduce the amount of deposits. The office of Superintendent of Excise has been overlooked. The

Paragraph 88.

Lieutenant-Governor decided, on the recommendation of my predecessor, that the Superintendent need not be supplied with Returns from this office. I am not satisfied myself that, without them, we can check the credit to Government of all the Revenue of the branch.

Paragraph 91.

The double entry of Opium has been pointed out to Government by this Office. It has always been my opinion that Opium should appear like Stamps in a store account until sold. I do not see the necessity for cash adjustments between the Department and Provinces on this account.

Paragraphs 93 and 94.

If the Income Tax were to continue, its collection and account might no doubt be improved.

Paragraphs 95 to 99.

These chiefly concern Bengal; deposits and arrears should be reduced as much as possible. The cash supplies cannot be better arranged until the Opium Agent is able to estimate his requirements more exactly. The Statistical Returns should not go to the Account Office.

Paragraphs 100 to 152.

Paragraph 113.

Paragraph 114.

I was always opposed to the issue of discount on pies, but it has been discontinued in these Provinces. I agree that the Mint Certificates should, as formerly, not be cashed until the bullion has been coined. I approve of the suggestion of paying fees by means of stamped applications.

Paragraph 137.

Paragraph 138.

Paragraph 149.

Expenditure.—The chief proposal of the Commissioners under the head of expenditure is the abolition of pre-audit, and I regret that the arguments they adduce have failed to satisfy me of the expediency of

Paragraphs 153 to 199.

the change. Indeed, it seems to me that the plan is the abolition, not so much of pre-audit, as of the Civil Paymaster; and that fixed charges will still receive pre-audit by means of permanent payable orders, while for contingent charges the duty of the Paymaster will be transferred to heads of Offices.

With regard to salaries of *gazetted* officers, there are many advantages in these permanent orders. The only objection which strikes me is that the officers frequently transgress the Leave Rules, and it is easier and less invidious to retrench unpassed salary than to recover it after payment. To Ministerial Establishments I do not see how they are to be applied. A large establishment is scarcely a month without change. Leave Statements and arrear payments to absentees should be checked, and Registers of service for pension kept; and this must be done by the Civil Paymaster, or some one appointed to his duties. No doubt it might be postponed till after the salaries are paid; but from my experience I feel sure that the recoveries of over-payment would be very numerous and troublesome.

For pensions, a system of post-audit and permanent order is at present in force, except that the bill is not charged as adjusted till it has been sanctioned by the Civil Paymaster. Here again the work might certainly be transferred to the Deputy Auditor's office, and with less risk of over-payment; but the comparison of the charges with the registers ought not to be left entirely to subordinates, and can scarcely be added to the present duties of the Deputy Auditor.

Lastly, as to contingent expenditure. It appears to me that the examination of this is concerned with the following questions: 1st, whether it is reasonable; 2nd, whether it is contained in the Budget; 3rd, whether it is properly calculated. The first must be decided by the head of the office or department; the second may, now that the Budget system is fairly understood, be referred to the Deputy Auditor; but the last is more particularly the province of the Civil Paymaster, and I do not think that either of the others can conveniently take his place. The head of the Department has his time engaged with more interesting work; and, even if he be allowed a special Accountant (whose appointment must be reckoned against the economy of the abolition

Paragraph 199.

Paragraphs 172, 181, 197, &c.

of the Pay Offices) will not give the same attention to detail of figures as an officer whose main duty these constitute. The Commissioners appear to contemplate a revision by the Deputy Auditor, and I am convinced that the corrections and retrenchments he would have to make would necessitate great delay and annoyance. My experience of the pre-payment system in Burma was that it did not work at all smoothly, and the unsettled accounts of Madras on the old system were not cleared off for years afterwards. I think a similar experience might be gathered from the retrenchments and adjustments in the accounts of Military Paymasters and Public Works Officers, who are compelled to adopt a pre-payment system.

Paragraph 185.

* On further consideration I imagine the Commissioners mean the same thing by those two expressions.

It may be, as the Commissioners say, that a contingent charge once incurred is always passed in the end; but this sanction will be often accompanied by a warning that it must not be repeated; and the mere trouble of obtaining the pass tends to economy. Besides, if charges are always passed, the calculations are frequently reduced; and travelling allowances unquestionably are often claimed when unauthorized by the rules. I feel convinced that there ought to be an office whose main duty should be the enforcement of economy, and that the check should be applied before the charges appear regularly in the accounts.

Want of judgment in carrying out a system is no argument against the system itself, and I think that the main objections to pre-audit might be avoided. In Madras and Bombay, where I have had most experience, I do not think that any complaints could reasonably be made about delay in the Civil Pay Office; and, unless the practice has been altered, charges

debitable to two heads are always so passed. If an unaudited charge is now likely to be carried to the wrong head, I fear that the same mistake is at least as likely to arise under the new system. The vouchers are no doubt to be sent at once to the Account Office, but vouchers frequently miscarry, are insufficient or not supplied; and a personal debit or some such contrivance must take the place of the Inefficient Balance. Unadjusted payments are now classified for the Financial Returns and with very general correctness. To reduce these to a minimum is the duty of the Deputy Auditor, which has been carried out with much success: and

I have only to point to the large Treasury Office, the Inefficient Balance of which consisted of an advance on Letters of Credit to the Director of Public Instruction; the nominal advance for opium in store; two old advances to the Military Department; and half a dozen transfer receipts due for salaries of officers on deputation, for none of which was the Treasury Officer responsible, while all can be properly classified.

But even where the office is not in such good order, I cannot agree that an annual account prepared from the 12 monthly Accounts Current would be entirely incorrect. It would not

indeed agree with the adjusted charges and general and territorial accounts, but it would represent very fairly the actual cash expenditure, as embodied in the Financial Returns.

Paragraph 189.

I think there is little risk of the Civil Paymaster exceeding a Budget grant. There is not much doubt under the head of salaries; and contingencies are rarely adjusted in other Provinces. The Commissioners themselves admit that errors of classification seldom

exceed a few Rupees in the year.

The Examiner of Claims will, to a great extent, take the place of the Civil Paymaster; and if, besides examining orders, sanctions, certificates and receipts, he were also to check calculations and apply the rules for travelling allowance, I think little more would be needed. But he should be kept entirely independent of the Deputy Auditor's Office. With our present machinery, I do not think a single check sufficient, and I distrust a plan by which an error in one branch of the Office could be smoothed over by an arrangement with another.

Paragraph 215.

Accounts.—For Tehsildaree accounts, the requisites are, as stated, simplicity of form and punctuality of despatch at short intervals. If they send also a complete Return for the month, it should be in abstract.

Paragraph 217.

There may be sometimes a waste of stationery and postage in the present Treasury accounts; and I often observe a large Statement sent up blank, when a note to that effect would have answered every purpose, but the forms cannot be smaller unless we give up printing or omit entries which are required at certain times or in certain places. There can be little doubt that it would be no economy to return to manuscript or to allow officers to classify their disbursements under headings invented by themselves. It is evident, too, how much more writing will be required to describe each entry in an unclassified than in a classified return; while it is pretty certain that full particulars will often not be given, and hence delay and correspondence will arise.

The next proposal contains in my eyes an astonishing fallacy, so far as its object is to prevent delay. If the final goal of the account were the Deputy Auditor's Office, it would no doubt answer its purpose; but I cannot understand how the Deputy Auditor's establishment is to undertake the classification hitherto distributed among all the subordinate Treasuries, and yet complete their examination in a shorter time than at present; and it must be borne in mind that the Commissioners intend them to apply the checks of the Civil Paymaster as well as those they now employ. The work of the Treasuries will no doubt be lightened, but I doubt whether—

Paragraph 221.

except perhaps in the very largest districts—this change enables them to dispense with the services of a single man. There will therefore be no reduction of expense; on the contrary, an increase will no doubt be required in the Deputy Auditor's establishment; and if the most numerous descriptions of entry can be classified in the Treasury, why cannot the miscellaneous entries all be entered in Ledgers as at present? The question seems capable of reduction to this: If the classification can be quickly done, why should it be transferred from the Treasury? If it will take some 15

days as at present allowed, how can the Audit Office be expected to undertake the work of all the districts without falling at once into arrear? The accounts must all be abstracted before the Financial Returns can be begun, and the greater part of the classification, which would be made daily in the Treasury, must here be postponed till the next month. To bi-monthly Returns I have no objection if they are considered advantageous; but I think the extra labor will be more inconvenient than the delay, and the movement seems in a contrary direction to the late proposals of reform which were in the tendency of quarterly accounts. I myself prefer monthly to either.

Tehsils even now are directed to remit their surplus to the Treasury which is most convenient. The entry of the Sub-Treasury would not be required by this office, which keeps accounts by Districts and not by Tehsils or Pergunnahs. The tabulated form for transfers between the Treasury and its Tehsils seems a good one.

Paragraph 225.
Paragraph 226.
Paragraph 227.

Paragraph 230.

I agree generally with the remarks upon Deposits. They should be reduced as much as possible, and I have turned my attention to weeding them of irregular entries. The Register to which the Commissioners object is intended for the Deputy Auditor's Office, and well adapted to its purpose. It is not suitable for a District

Paragraphs 231 to 247.
Paragraph 232.
Paragraph 233.

Register, and I objected to it at Allahabad; but I do not think it is generally used. I am careful in every way to enforce the personal attention of the Treasury Officer to his Deposit Registers, in which there is more room for fraud than perhaps in any other Department under his supervision. Of course, we have strict rules against arrear, and the confusion of the mutiny time has almost been cleared

Paragraph 234.

up. The Registers are always kept in English; usually, I believe, in the Vernacular also; and this should be discontinued as the Clerks become generally acquainted with English. Land Revenue Receipts have not been carried to Deposit for the last three years. The proposal to charge a fee on deposits which are left by private persons in the Treasury for their own convenience is, I think,

Paragraph 235.
Paragraph 236.
Paragraph 241.
Paragraph 242.
Paragraph 245.

very good. We do write off all trifling sums; but I agree that it should be made a rule to carry them to Government credit after a year, and all others after seven years. This we have urged upon the consideration of Government before now. It is particularly desirable in districts where accurate details have been lost in the mutiny.

Paragraph 246.

It is already the rule that Government Paper, deposited for more than six months, should be remitted to Head-quarters.

I hope to see English accounts gradually substituted for the Native in all Treasuries; and I think printed forms might be used for many vouchers. But I would not have them

Paragraphs 248 to 251.
Paragraph 253.
Paragraph 256.

Paragraph 257.

Paragraph 250.

kept both in English and the Vernacular; and I decidedly object to the translation of Vernacular vouchers into English. I should be sorry to believe that many Treasury Officer found it difficult or impossible to examine a Vernacular Ledger, even if the amounts were shown in Arabic words instead of figures (which is not the case in Bengal, and might easily be altered) and if they did, I think there would be as great room for fraud in the translation of the vouchers as in posting the accounts from Vernacular books.

It was on account of the Board's making no use of our Returns that we discontinued sending them. I doubt whether they would apply the check more efficiently if they had to keep the accounts, since the actual credits to Government can of course only be ascertained by our Office.

Paragraph 264.

I do not understand how, under any circumstances, Collectors can dispense with the Zemindar's account, or the Statements of Remittances, Assets, and Liabilities, and deposits carried to the credit of Government, unless this last is incorporated with the Register of Deposit Payments. On the other hand, I do not see why a Deposit Ledger is required besides the Registers of Receipts and Payments. As to the Assets and Liabilities, I do not myself regard it as of any practical use; but the Home Government require it.

Paragraphs 266 to 272.

Most of these improvements are already introduced. Letters of Credit and Cheques are not cancelled by expiry, and Pass books are kept. I think the balance ought to be repaid by a cheque at the close of the year, so that a new Letter of Credit should commence with the new grant. Any retrenchments and balances in hand could be repaid in the same way, when correctly ascertained, but the matter is not practically important.

Paragraphs 282 to 289.

I quite agree as to the unnecessary Checks and Registers kept up in many Treasuries, and hope to reduce them. Monthly remittances might well be sent in to the Treasury at the end of a month, instead of the beginning of the next.

Paragraph 290.
Paragraph 291.
Paragraph 292.
Paragraph 293.

I imagine payments may now be made at a general Treasury, instead of those which feed it; certainly Land Revenue is frequently so paid in. I do not see how the new scheme will

enable us to dispense with monthly estimates. Theoretically we ought, with the Budget and requirements of credit from other Departments, &c., to be able to prepare our own now; but the local Return is a useful help.

I am quite of opinion that Government Funds at the Bank should be treated like private Funds; but then they should be received on the same terms, without charge or minimum below which interest is to be paid. But I do not agree that the Banks cannot so classify their accounts as to save the Treasury Officers much trouble. At Lucknow, the new scheme is very successful, and it must be the fault of the Treasury Officer or Agent if it fails elsewhere. I am now engaged upon the questions at issue. We have endeavoured for some time to make the Banks hold balances of Letters of Credit in favor of Government.

Paragraphs 294 and 295.
Paragraphs 334 and 335.

If the Civil Paymastership be abolished, the work may be divided as proposed; but it seems to be forgotten that questions of leave and allowances, &c., are not all referred to the Government of India; and if they are to be decided by the local Governments, whose Financial Departments are not so conversant with the rules, conflicting decisions will probably be passed. I cannot admit, moreover, that the work of the Civil Paymaster is mainly done over again in the Deputy Auditor's Office. Here no Examiner has an Assistant; each undertakes seven or eight districts; and the first man on the list whom I examined has above 2,500 vouchers a month. But they do not compare the charges with those of previous months, which would in fact be doing the Civil Paymaster's work over again. Of course, the correspondence forms a very large part of each Examiner's duty, and the Commissioners do not say that this is required in England. No quarterly Statement of unadjusted items is prepared here, and I think the half-yearly Return of Inefficient Balance might serve its purpose. But I perceive that the check on arrear adjustments in our office is hitherto incomplete, and have had it amended. I must again repeat that the inaccuracies caused by the unadjusted expenditure only affect classification, not amount, and consequently do not injure the Financial Returns.

Paragraphs 337 to 342.
Paragraph 347.
Paragraph 350.
Paragraph 351.
Paragraph 352.

We do not keep any Sketch Journal. If, as is supposed, the Check Ledger is intended, this is not a large book. Two columns, or one page, suffice for the largest district; and my Chief Assistant, Mr. Crawford, says that from his personal experience it is a great saving of time in the end. Remittance Vouchers are not re-examined in the Book Department: audited vouchers are, but they are much fewer in number, and in these it is sometimes found that a mistake has been overlooked, or a doubtful point forgotten before it has been finally settled. In fact, unless our Examiners are better paid, we cannot trust to the accuracy of a single scrutiny, more especially if the Civil Paymaster's check is taken away. Our last Journal was reduced 350 pages, and the next will probably be smaller by another 150: 200 pages of this are taken from the balances. Both 1860-61 and 1861-62 have been completed, so the arrears are being fast worked off. The Ledgers are here posted from the Check Ledger above mentioned, by which the work of a week can be done in a day. Only two copies are now made instead of three. I agree that Stock should be confined to the Store Accounts. We have now no Dead Stock in the Journals of the North-Western Provinces. Revenue has, since the Budget system came in, been carried to general Profit and Loss without passing through any of the intermediate heads. Our Supplementary Establishment did their work well, and we now have no more arrears than we can gradually bring up ourselves.

Paragraph 354.

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Paragraph 355.

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Paragraph 358.

The Board here do not require Quarterly or Annual Statements from us. Our Quarterly Returns to the Auditor General correct any wrong classifications in the A and B Statements. I have already expressed my opinion that the rapidity of the new scheme will end with the arrival of the accounts in the Deputy Auditor's Office. I fear that the want of these monthly returns will be much felt. In these Provinces we have nothing to do with the Jail Funds; and the Ferry Fund allotment is the only Annual Statement of Local Funds we have hitherto prepared. There is a Budget this year for the first time.

Paragraph 359.
Paragraph 361.
Paragraph 362.
Paragraph 363.

I fear the advances recoverable and payments on insufficient vouchers together will amount to a large inefficient balance in spite of the new scheme. If this is not the case, payments will have been made without appearing in the accounts, and the certified balance will never be true.

Paragraph 364.

Paragraph 365.

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Paragraph 367.

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Paragraph 369.

Unless the Commissioners' scheme of examination only refers to Calcutta, I cannot understand the object of a cash book posted daily. The check of entries in the detail books against authorities and establishment books ought not to be left to any inferior officer. Hence I regard the appointment of a Deputy Auditor as absolutely essential if the new scheme is to be introduced.

Paragraph 373.

Paragraph 375.

Paragraphs 376 to 379.
Paragraph 377.
Paragraphs 384 to 387.

I have already said that our arrears are due to the mutiny and now nearly cleared off, and that I do not think it will be prudent or necessary to give up the Budget Check Register, unless this paragraph refers to the economy of the Financial Secretariat.

Paragraph 381.
Paragraph 389.

Paragraphs 411 and 412.

I agree that bills might be issued by the Bank. The defective check in the Accountant General's Office would then be avoided.

I have before expressed my opinion that stores should be separated from the cash accounts. Arrears of Fazil and Baki should be written off. Ours have been much reduced, and the remainder are chiefly owing to

Paragraphs 413 to 416.

the mutiny. Our balances are at present written off after 20 years. Bills of small amount should be carried to the credit of Government after seven. We do not communicate all transfers to the Departmental officers; but this is not necessary, and I do not think there are any real discrepancies. No doubt there would be unexpended advances charged by us to the Public Works Department until we received their accounts, but differences of this kind will not exist under the present system.

Paragraph 417.

Paragraph 418.

The old classification of the journals of course differed widely from that of the receipts and disbursements; but they will correspond henceforth; and the latter is, as I again say, accurate enough for all practical purposes. The plan of Imperial books seems good, so far as I am competent to judge; but I fear the detailed list of miscellaneous advances will be much larger than the Commissioners anticipate.

Paragraph 425.

Paragraphs 428 to 434.

I do not think much would be gained by a *small* increase to the Clerks' pay. If we offered enough to tempt more men up from Bengal, we might get a better class, but not among the natives of these Provinces.

Paragraph 441.

I do not think the case of Privilege Remittances is at all fairly stated. Except for special localities, they are not allowed to Civilians but on Calcutta, and at one per cent. premium. In the Punjab, a discount, and it certainly would be better for Government to receive the savings of their servants themselves than to have it paid into Banks. I am in favor of permanent advances, and do not see much difference between them and Fixed Imprests, if they are more convenient. But of course, if the proposed system is introduced, they need not be so large as at present. Pies must be paid

Paragraphs 444 to 448.

bills are drawn on Calcutta at

Paragraphs 449 and 450.

Paragraph 451.

in some cases, and must therefore appear in the accounts, in my opinion; but they should certainly be avoided wherever possible. There are no Departments here, except the Currency, to which the system of local audit could be profitably applied. I think there should be one year universal throughout India. The 1st May divides the Revenue season, and those of out-door operations, such as Survey and Public

Paragraph 452.

Works, just as much as the 1st January would. For such purposes, the most convenient would be the 1st October. The only other ground for change in my view would be to enable the accounts to be laid before Parliament in the same year. If the change to the 1st April will not procure this, its only effect will be to make them of one month older date, when reviewed by Parliament, than they are at present.

Paragraphs 454 to 458.

Paragraph 459.

Conclusion.—It will be perhaps convenient if I here sum up my opinions on the several main recommendations of the Commissioners.

1st, approved; 2nd, approved in part. It depends on the success of the monthly audit. 3rd, disapproved, as far as transferring the accounts from this office. 4th, disapproved. 5th, unquestionable. 6th, unclassified accounts decidedly disapproved. 7th, I would not change the practice in these Provinces; that in Bengal might be improved. 8th, approved for gazetted officers and Pensioners. 9th, depends on 3rd and 4th, approved so far as concerns *reasonableness* of charge, not *calculation*. 10th, approved, if fourth is enforced. 11th, approved. 12th, approved. 13th, approved, and is now being enforced. 14th, approved, if the rest of the scheme is carried out. 15th, approved. 16th, most of the suggestions are approved, but many are already in force. 17th, disapproved, from a conviction that the advances written back will be too important an item to ignore. 18th, decidedly approved. 19th, disapproved, since for the term "inefficient some" other will be substituted. 20th, disapproved, as far as concerns Civil Establishments. It may be another question whether the Military should be restricted. 21st, I do not see the need for further change. 22nd, necessary, if Civil Paymasters are to be abolished. 23rd, approved. English accounts, disapproved, translation of Vouchers. 24th, approved. 25th, approved. 26th, approved. 27th, approved. 28th, no objection. 29th, disapproved, as far as relates to 1st April.

W. WATERFIELD, *

Offg. Dy. Auditor and Acct. Genl., N.-W. Provinces.

No. 183, dated 28th February 1865.

No. 104.] *From*—E. W. RAVENSCROFT, Esq., *Offy. Chief Secy. to the Govt. of Bombay,*
To—*The Secretary to the Government of India, FINANCIAL DEPARTMENT.*

With reference to the Extract from the Proceedings of the Government of India, No. 2305 dated 4th October 1864, I am directed by His Excellency the Governor in Council to forward to you, for the purpose of being laid before His Excellency the Governor General in Council, a Memorandum embracing the opinions of the Deputy Auditor and Accountant General and the Civil Paymaster of this Presidency, with remarks thereon of this Government, as to the expediency of adopting the revised system of Account and Audit recommended by the Commission lately sitting at Calcutta.

No. 105.] *Abstract of the Report of the Commissioners of Enquiry into Indian Accounts, with Remarks by the Officers of Audit and Account and by the Local Government.*

[Note.—To save repetition, these remarks do not recapitulate the arguments for, but merely deal with the objections urged against, the proposed system.]

Commissioners.	Deputy Auditor and Accountant General.	Civil Paymaster.	Remarks by Local Government.
<p>Paras. 18—Estimate prepared by the Deputy Auditor and Accountant General.</p>	<p>Does not, for fear of weakening the responsibility of Heads of Departments, interfere with the Estimates of other than fixed charges not sanctioned by the Government of India, beyond bringing over-estimates to the notice of the local Government.</p>	<p>... </p>	<p>This objection seems theoretical, especially as the Head of Department is ignorant by what authority the excision is finally effected.</p>
<p>24 & 25—Number of revisions (e. g., Salt Revenue in Bengal).</p>	<p>In this Presidency, the Opium revenue, which fluctuates like that of Salt in Bengal, and from similar causes, is estimated by the Commissioner of Customs alone. No returns are rendered to the Revenue Commissioners or Commissioner in Sind by this Department, nor do those officers interfere with the accounts in any way; also considers that the instance quoted proves the estimate of a single officer to be as reliable as of several in consultation.</p>	<p>... </p>	<p>Sound, and the example shows that the Head of Department was nearest the mark.</p>
<p>41 & 42—Adjustments between districts ..</p>	<p>No such practice here exists.</p>		
<p>43 to 45—*Responsibility of proper distribution of salaries should rest with the Controlling Department. Check ledgers for adjustments between Budget grants unnecessary. † Budget grants should not be altered except in special cases. Excesses should be met out of savings in other grants.</p>	<p>A sort of Budget Check Register is kept by the Civil Paymaster, but the Deputy Auditor and Accountant General's Department is guided by the monthly and quarterly classified abstracts of budget assignments and actual receipts and expenditure. The Revenue Commissioners keep only accounts of demands, collections, and balances for the information of Government, and have no concern with accounts in any other point of view.</p>	<p>.. </p>	<p>The (Civil Paymaster's) Check Ledger should be abolished. * Yes, if informed of the amount allotted. † This is now done, so far as the sufficiency of grants can be ascertained precisely.</p>

104 to 107—Accounts should be in English in place of Vernacular.
Two Receiving Clerks employed when one would do.
Want of simplicity in mode of proceeding.

157 to 164—Pre-audit of salaries and fixed charges inconvenient.
Difficulties of computation; and regarding interpretation of rules and regulations.
Delay at present in paying salaries which are occasionally but irregularly advanced before pre-audit.
Contingent charges paid before pre-audit not excluded from the column of Adjusted Charges.
Advantages claimed for pre-audit theoretical. Departmental officers released from responsibility which should be thrown on them.
Delay in the preparation of accounts.

165 to 168—Double system of accounts—(1) actual payments, including adjusted or unadjusted; (2) audited expense only. Both incorrect.

Cashiers in this Presidency likewise keep their accounts in the Vernacular.
Refers to Report, No. 1983, of 19th December last, recommending certain simplifications of accounts and use of English. No such (106 paragraph) routine here obtains.

Previous to 1st May 1860, the post-audit system prevailed in this presidency, but thereafter pre-audit of salaries, except for Sind, Aden, Bushire, Muscat, and Zanzibar, and post-audit of contingencies. Concurs with the Commissioners in their advocacy of the post-audit system, though the pre-audit ensures generally greater promptitude. Strongly urges the preparation of an Accountant's Manual, with a simple Code of Leave and of Travelling and Absentee Allowance Rules.

Concurs with the Commissioners as to the evils of the double system, to revise which they consider abolition of the pre-audit system indispensable, but which revision Mr. Birch has already carried out, as far

... ..

157—The Collectors are ignorant of the rules for absentees and temporary incumbents' allowances. Many items passed in the Budget have never been sanctioned by the Government of India. All salaries have not been paid at the same rates month after month.

158—Twenty-five per cent. of calculations now submitted are erroneous, and the simplification of accounts has not yet been effected. Every head of an office, not merely the officers in charge of Treasuries, would have to get up these rules, and to this end would require copies of every order affecting the pay or leave of themselves or subordinates, which would entail extra expense and labor, and necessitate the employment of one if not two Clerks.

160—Delay of one month, an extreme case, but still less than under the quarterly payment system in England.

162—Upholds on grounds of experience the pre-audit system.

163—Considers that unauthorised payments are not worse than unauthorised claims, and that the penalty in both is similar.

Considers that the Commissioners' remarks (168) can only apply to the case of Clerks absent on duty, as when on leave their pay is not passed but withheld, and that such cases would be very

Introduction of English highly desirable, but must necessarily be gradual.

The pre-audit system should be abandoned, and an Accountant's Manual, with Codes of Leave and of Leave and Absentee Allowance Rules, taken in hand at once. Computation tables should be furnished to all Treasury Officers, &c.

The double system will cease with the abolition of pre-audit.

Abstract of the Report of the Commissioners of Enquiry into Indian Accounts, with Remarks by the Officers of Audit and Account and by the Local Government,—contd.

Commissioners.	Deputy Auditor and Accountant General.	Civil Paymaster.	Remarks by Local Government.
<p>Paras. 163 to 168—Unclaimed salaries passed through Deposit account.</p>	<p>as practicable, by making the requisite corrections and annual adjustments in connection with funds, &c., preliminary to preparing the annual statement of actual receipts and disbursements, and has not allowed the existence of the pre-audit system, nor the orders relative to unadjusted items, to interfere with this object</p>	<p>rare. Post-audit would not remove difficulties, as a Clerk on duty in the districts may die between the date of payment at the Treasury and arrival of the money at his quarters, as well as between the dates of audit and arrival at Suddur.</p>	<p>The Civil Paymaster's remarks regarding the deposit account seem correct.</p>
<p>169—Salaries to be paid on last day of month for which due.</p>	<p>Considers desirable, but doubts feasibility with existing agency, unless possibly when gold becomes a legal tender and under a freer use of Currency Notes,</p>	<p>... ..</p>	<p>Might be tentatively introduced first in the Presidency town.</p>
<p>170 & 171—Mint wages paid partly with, and partly without pre-audit, entailing double labor, and not capable of check by Civil Paymaster. Pre-audited salary bills excluded from Mint accounts.</p>	<p>The extra charge of the Bombay Mint is included in the monthly cash accounts, and defrayed from a permanent advance, thus avoiding the double system annidverted on.</p>	<p>Extra pay not disbursed on this account previous to audit. If it were, there must be two calculations in both cases—(1) for number of days in attendance, (2) for number of extra hours on each day. There must be two entries, as one is contingent and the other fixed expense. There must be two audits, as there are two entries and two vouchers. Therefore labor would be saved in paying one instead of two sums. Appeals to retrenchments in all fixed and contingent charges, and the decisions of Government thereon, as establishing the fact that Civil Paymasters can and do exercise an effective control.</p>	<p>The objections seem correct.</p>

172 to 185—Departmental examination and post-audit sufficient.

Contingent charges audited in some cases four times over.

Departmental officers should be held responsible for correctness of contingent charges.

Delays in making refunds, paying rewards, &c., which payments should be passed by the local Commissioner.

* Civil Paymaster cannot check contingent charges.

Calcutta Collector's contingencies and Marine contingencies held in suspense as inefficient balances, and probably erroneously passed against Budget grant of year.

Civil Paymaster's audit open to reversal by Deputy Auditor and Accountant General, and no appropriation to two or more heads made by the former officer. His check upon Budget grants defective, owing to extra provincial payments and ignorance of adjustments consequent thereon.

Delay and insignificant savings with error and confusion in accounts.

Opinion of Commissioners of Enquiry into the work of the Punjab Civil Pay Office, that payments are better checked by the Deputy Auditor and Accountant General.

Upholds Civil Paymaster's opinion that Heads of Departments examine bills and abstracts negligently, and think that more care will be evinced by throwing the responsibility on them. Recognizes difficulties of imposing penalties, but thinks it desirable in extreme cases, after issue of a code of rules, to do so. Considers the loss would have not been appreciable had the Civil Paymaster's audit been dispensed with, but controverts the Commissioners' opinion that the Deputy Auditor and Accountant General's establishment has done over again all that the 61 Auditors and Examiners in the Civil Paymaster's Office have probably done, and is unprepared to say, without experience, how far the latter establishment has been utilized.

Dissents from the Commissioners' opinion that payments are carefully examined by the Departments concerned before issue, and by the Deputy Auditor and Accountant General after payment, the latter only having 18 in place of his 61 Auditors and Examiners.

If (paragraph 172) the Collector's signature be considered an audit, shows that under the proposed system contingent charges will pass through five operations subsequent to preparation (paragraphs 198, 208, 201, 197, and 208.)

* Enumerates five check operations, and instances a successful check in answer to the Commissioners' opinion that Civil Paymasters cannot check the correctness of refunds or drawbacks. Does not consider it the duty of a Civil Paymaster to judge of the necessity for contingencies (174), but merely to test rates and calculations in Office establishments and contingencies, and to check the days and rates prescribed in case of travelling and similar local allowances. Admits that either Officer can enforce rules and regulations† if provided with an adequate establishment.

With reference to paragraph 177, holds that the Civil Paymaster's opinion is final on points of authority, subject to appeal to the Government of India, and that references should only be made in matters of classification, and‡ adds that in Madras and Bombay charges are daily appropriated by the Civil Paymaster to three or four Budget heads.

§ As to paragraph 178, admits want of information regarding extra provincial

The Deputy Auditor and Accountant General's opinion seems right.

* This is true, but the Deputy Auditor and Accountant General's Office could check refunds with equal efficiency, and moot points of this nature would be of rare occurrence. All risk would be obviated by requiring Heads of Departments to refer for the orders of Government new and doubtful questions involving a principle.

Transfer of these duties to the Deputy Auditor and Accountant General's Office will involve no special difficulty.

† This proviso indispensable.

Introduction of the new system will dispose of this.

‡ The Commissioners seem in error on this point.

§ Apparently true.

Abstract of the Report of the Commissioners of Enquiry into Indian Accounts, with Remarks by the Officers of Audit and Account and by the Local Government.—contd.

Commissioners.	Deputy Auditor and Accountant General.	Civil Paymaster.	Remarks by Local Government.
<p>Paras. 172 to 185—Both pre and post-audit for a single charge unnecessary, the latter really the important one and already as searching as the former. Charges paid in Burmah previous to audit and subsequently submitted for Civil Paymaster's approval. Compiler of Postal accounts testifies as to general accuracy and promptitude in rendering the accounts received in his department from all parts of India.</p>		<p>transactions, but contends that the Deputy Auditor and Accountant General will be similarly circumstanced. Considers the instance of delay (paragraph 180) an argument in favor of pre-audit, and that, in Madras, the tardy submission of Police Bills is due to the reverse system.</p>	<p>It were better that some other motive than that arising from the withholding of salaries should influence public officers.</p>
<p>186 to 193—Effects of pre-audit on the record of expenditure. The pre-audit system not being absolute, necessitates record of unaudited expenditure, whence the preparation of a monthly statement of unadjusted disbursements adjusted this month, and a quarterly return of sums remaining unadjusted, involving increased labor and risk of error. Inefficient balance a receptacle for all doubtful charges. Under this system no personal account in ledger shows the actual cash in the Accountant's hands.</p>	<p>Explains that under the Bombay system, when there is reason to believe that audited bills will shortly be forthcoming, charges have not been treated as unadjusted.</p>	<p>... ..</p>	<p>The re-adoption of post-audit will dispose of the modified evil admitted.</p>

<p>195 to 197—Civil Paymaster keeps record of grants and expenditure with an establishment of 66 Clerks and 18 servants, and the Deputy Auditor and Accountant General keeps somewhat similar records, and exercises control and check at a later and more important period.</p> <p>This double audit should cease, Authorization of sanctioned expenditure should rest upon the chief of department, whose payments will come at once under the strict scrutiny of the Deputy Auditor and Accountant General.</p>	<p>The Deputy Auditor and Accountant General does not at present critically re-examine vouchers passed by the Civil Paymaster, nor keep a register of establishments.</p>	<p>The Accountant General has no register of establishments or pensions or allowances.</p> <p>Considers that the opportunities and means of exercising control in regard to payments are precisely the same for both officials, and that the Commissioners omit to mention the means by which it is proposed to vest the Accountant General with such perfect check and control in regard to which the Civil Paymaster is stated in paragraphs 170 and 173 to be unable to exercise any control whatever.</p>	<p>Merely involves a transfer of duties, and results will doubtless be similar.</p>
<p>198 to 214—Proposals for authorization of payments.</p>	<p>Concurs generally, and admits saving of time and relief to Postal Department, but would require an establishment of nearly similar strength to that of Civil Paymaster, less the clerks now employed in his office in examining vouchers.</p>	<p>... ..</p>	<p>The Deputy Auditor and Accountant General's opinion seems correct.</p>
<p>215—Stationery charges should be paid as final on approval by Commissioner.</p>	<p>Stationery supplied here usually according to fixed scale.</p>	<p>... ..</p>	<p>Fixed scale should be maintained and adopted wherever non-existent.</p>
<p>217 to 228—Unclassified cash accounts to be introduced, some classes of receipts, &c., having separate registers, and payments being entered in the order in which they are made, Classification to be usually confined to the central account office, &c.</p>	<p>Apprehends that his Department will be overwhelmed with the increase of work and deprecates not utilising in classifying the cash account, the experience gained by local Accountants when framing their Budgets.</p>	<p>... ..</p>	<p>The experience gained in Bengal might be awaited before introducing this radical innovation. There seems much truth in the Deputy Auditor and Accountant General's objections.</p>
<p>242 to 245—Unclaimed deposits of seven years' standing should be transferred to Revenue without detriment to just claims when thereafter established.</p>	<p>Deposits remain on the books of this Presidency with similar reservation for two years only.</p>	<p>... ..</p>	<p>Existing practice should be maintained.</p>

Abstract of the Report of the Commissioners of Enquiry into Indian Accounts with Remarks by the Officers of Audit and Account and by the Local Government.—contd.

Commissioners.	Deputy Auditor and Accountant General.	Civil Paymaster.	Remarks by Local Government.
<p>Paras. 246—Deposit of Government paper should be retained at headquarters.</p>	<p>Is the case here.</p>	<p>... ..</p>	<p>Practice should be maintained.</p>
<p>251 to 258—Account-keeping in English to be encouraged. Vernacular vouchers the groundwork of accounts. Free use of printed forms, partly Vernacular and partly English, with blanks reserved for variations. Written documents in Vernacular should in first instance be translated into English. English entries should not be made from dictation from Vernacular books.</p>	<p>Fears that forms partly English and partly Vernacular will fail, owing to want of competent translators. Advocates gradual extension of use existing already in limited degree of printed forms for vouchers. Books, returns, and statements of this Presidency generally accord with those of Bengal, but doubts whether they can safely be reduced to the extent recommended.</p>	<p>...</p>	<p>Should be initiated. The result of experiment in Bengal alone solve this.</p>
<p>322 to 329—Receipts and disbursements in Treasury Department of Bank of Bombay.</p>	<p>Concurs in course proposed.</p>	<p>... ..</p>	<p>... ..</p>
<p>339—Examination of claims (in Marine Police Battalions, Pensions, and Civil Services) should be by Departments concerned.</p>	<p>... ..</p>	<p>Thinks that the proviso as to not exceeding Budget grants will prove ineffectual. Shows (e.g.) that the Budget grant of 1862-63 for this Presidency under Law and Justice exceeded the actual expenditure by Rs. 4,83,556, and adds that if, as would appear from paragraph 27, the estimate for the entire Presidency under each major head is to be lumped, there will be nothing to guide heads of Departments.</p>	<p>More experience has been gained since 1862-63, and this over-estimate was probably exceptional and accidental, and it is improbable that the heads of Departments would have taken advantage of it without reference to Government, nor could they have done so under existing rules. The Deputy Auditor and Accountant General should inform each head of Department of the exact amount available.</p>
<p>341—Pensions, leaves, &c., to be settled by Departments concerned di-</p>	<p>... ..</p>	<p>Apprehends that extra establishments will be required to perform this duty.</p>	<p>A separate branch will be required in the Secretariat, and it is feared that, with</p>

	rectly with Financial Department.				the complicity of leave and pension rules and calculations, there will be considerable risk of error. This chance will be much lessened by simply transferring the existing functions of the Civil Paymaster in regard to those duties to the Deputy Auditor and Accountant General.
344 & 345	Certain registers kept by Civil Paymaster, and of some the Account Office keeps a similar record collection of Service Funds.	Treasury Officers not required here to regulate the amount of deduction on account of Service Funds.			
346	Cost of Civil Paymaster's establishment.	... ..		
347	Large savings could be effected.	... ..		
349 to 357	Duties of Deputy Auditor and Accountant General.	Vouchers are not received by Audit Branch, and only one abstract of the account is made, and which furnishes all the information necessary for preparing the monthly, quarterly, and annual statements.	... ..		Satisfactory.
358 to 362	Extent of Journals. Bombay accounts give net results.	The journal, however, contains gross results which could easily be posted in the ledger. The books for the past official year will shortly be closed.	... ..		Satisfactory.
363	Stock accounts mixed with cash transactions.	Considers the exhibition of stores necessary to a proper record of assets and liabilities.	... ..		Noteworthy
373	Vouchers must be in proper order before payment, and balances corrected when incorrect vouchers or over-payments are checked.	Objects to altering errors in Treasury account as actual balance would not then tally with that shown in the Deputy Auditor and Accountant General's office copy.	... ..		Ditto.
375 to 377	Accounts will then be examined and corrected, &c.	Objects as unsuitable for Indian Accounts, and remarks further, the arrangement pre-supposes that the items in the Cash account to be received monthly and the payments to be made by the "Examiner	... ..		The experience gained in Bengal will best determine the correctness or otherwise of the Deputy Auditor and Accountant General's objections, which seem forcible.

Abstract of the Report of the Commissioners of Enquiry into Indian Accounts, with Remarks by the Officers of Audit and Account and by the Local Government.—concl.

Commissioners.	Deputy Auditor and Accountant General.	Civil Paymaster.	Remarks by Local Government.
<p>Paras. 375 to 377—</p>	<p>of Claims would be entered on the same day from the vouchers in the separate detail books for each day's head of service, and that afterwards the daily abstract sheet could be made readily to agree with the totals of the day's entries under each head of service."</p> <p>This arrangement considered impracticable by reason of (1) the multitude of vouchers, (2) lengthened examinations in cases of error, (3) incompetency of clerks, (4) arrears and confusion arising from holidays and absence, (5) insuperable objection of different languages. Doubts necessity of a cash book based on daily abstracts, and considers monthly postings into a journal and ledger sufficient.</p>		
<p>381—Arrears.</p>	<p>• Accounts of past official year in a forward state.</p>	<p>... ..</p>	<p>* Satisfactory.</p>
<p>411 & 412—Supply bills and signing bills and advices.</p>	<p>The Deputy Auditor and Accountant General himself generally signs both bills and advices. Upholds system of this Presidency in which the Bank simply receives and grants receipts for monies.</p>	<p>... ..</p>	<p>The system pursued here seems simple.</p>
<p>413 to 418—Unadjusted.</p>	<p>Outstanding balances in connection with Civil Departments inconsiderable.</p>	<p>... ..</p>	<p>Satisfactory.</p> <p>Lastly, as the Commissioners' proposed system is in its nature (excepting in the particular of classifying accounts) decentralizing, it remains to consider whether the control of the Local Government over the offices of Audit and Account should be strengthened or remain as it is.</p>

Dated 23rd March 1865.

No. 106.] *From—The Secretary to Government, Punjab and its Dependencies,
To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.*

In accordance with the request contained in the Resolution of the Government of India, in the Financial Department, No. 2805, dated 4th October 1864, I am desired by the Honourable the Lieutenant-Governor to communicate the following remarks in regard to the adoption of the revised system of Audit and Account recommended by the Commissioners of Enquiry into Indian Accounts.

2. The Report of the Commissioners was referred for consideration to a Committee consisting of Colonel Lake, Financial Commissioner, Major McLeod Innes, V. C., Controller of Public Works Accounts, and Mr. W. Clerk, Officiating Deputy Auditor and Accountant General.

By these, opinions were called for from some of the more experienced District and Treasury Officers.

3. The members of the Committee have submitted separate Memoranda of their opinions; these are forwarded in original in case it may be desired to refer to them; their return when done with is requested.

4. I proceed to intimate for the information of His Excellency the Viceroy and Governor General in Council the opinion of the Honourable the Lieutenant-Governor upon such of the recommendations of the Commissioners as seem to call for observation, formed after due consideration of the Report of the Commissioners, the Memoranda of the Local Committee and of the District and Treasury Officers.

5. *Budget Estimates.*—The Lieutenant-Governor quite concurs in the recommendation of the Commissioners that these documents, instead of being sent up to Government with the alterations effected by various successive revising authorities recorded on them, should, after submission to the Local Government, be definitively settled by a Committee, which should, in the Punjab, include both the Judicial and Financial Commissioners. His Honor thinks it would be advisable also that the Secretary in the Public Works Department should also attend, and his Budget be disposed of at the same time, as there are various points in which the several Departments are jointly concerned.

6. His Honor concurs also in the opinion that, for the purpose of comparison, the Budget of the preceding year should suffice, and that the headings and sub-headings in this document, as finally submitted to the Supreme Government, should be simplified and their number reduced as much as possible. It should, however, in His Honor's opinion, be carefully borne in mind that these Budgets have two distinct objects. One, to enable the Government to know beforehand, with proximate accuracy, its future income and expenditure. The other to serve as a check upon outlay. For the former purpose, the Budgets, as finally submitted for the use of the Indian and Home Governments, may advantageously be rendered as simple as may be consistent with clearness and intelligibility; while for the latter, the retention of full details in the local executive and Account Offices appears indispensable,—the Commissioners justly remarking that the Supreme Government can obtain from these such details as they may from time to time require. To secure this object the Lieutenant-Governor presumes that it is only necessary to retain in the local Offices the sub-headings, as at present, with any modifications found advisable, and to combine these into general headings which will be alone given in the Budgets furnished to Supreme Government for general use. With reference, however, to paragraph 27, he would observe that, for purposes of check, it seems quite indispensable to allot its own receipt and expenditure to each District in the Auditor's Accounts.

The principle of budgeting for receipts and payments in the locality where they are expected to occur, irrespective of their primarily appertaining to some other locality, as advocated in paragraph 35 of the Report, has already been adopted in regard to Superannuation Pensions, and the Lieutenant-Governor believes that its extension to all other items of account with any special exceptions thought advisable would be decidedly advantageous. A subsidiary record of each transaction could be retained for interchange between the Departments or Provinces concerned to any extent deemed advisable for statistical or other purposes.

7. The dealing with Provincial Establishments of each Department as a whole (paragraph 41 *et seq.*) has already been largely adopted in this, and, His Honor believes, in other Provinces, and the appropriateness of this arrangement is shown. In special cases of transfer from Province to Province, and such like, exceptional deviations must, however, be allowed. If it be deemed necessary to discriminate the cost of "Collectorate" business from that of "Law and Justice," the salaries of Establishments employed in both Departments can be divided in the aggregate, as suggested in paragraph 48, and as is now done in this Province.

8. Many Officers object to the exhibition of "Net Revenue" only (paragraph 58). But provided the details of deductions under required headings of "Allowances, Refunds, Remissions, &c.," be retained in the local and account Offices, for purposes of check, His Honor

Exclusion of deductions and exhibition of Net Revenue only.

Generalizing Budget Estimate for Establishments.

Cross entries and adjustments between Government and Departments.

Details being received in Local Offices for purposes of check.

Reduction of number of headings and sub-headings. (Paragraph 27.)

Budgets to be finally adjusted by a Committee previous to submission (paragraph 25 of Commissioners' Report).

quite concurs with the Commissioners in thinking that these should be entirely excluded from the General Budget.

9. How far it will be possible or advisable to dispense with the additional estimates which are at present successively prepared, His Honor would prefer not to discuss, as he thinks it is only after the new system shall have been for some time in operation that a confident opinion on this point can be expressed. The "Cash Requirement Estimate," in particular, he apprehends, it will be indispensable to retain for a time.

10. *Local Funds.*—The Local Funds are, at present, dealt with as Imperial Assets for the time being, and, as remarked in paragraph 73, the Imperial control over these must be retained until a material advance shall have been made towards aptitude for self-government on the part of the people of this country.

11. *Revenue and Receipts.*—The Lieutenant-Governor is not sure that the Commissioners have quite a correct apprehension of the nature and extent of control exercised by the Offices of Account over receipts and expenditure. This control has nothing of an administrative character, but still it is believed that many detailed accounts of collections are periodically submitted to that Department which might be dispensed with; and he believes too that these might with advantage be submitted to the heads of Departments to a greater extent than is at present the case. At present, the Financial Commissioner has no information supplied him on many matters connected with collections, &c., until the end of the year, and as regards detailed accounts of all Departments, these seldom pass beyond the Commissioners for any administrative purposes until the yearly returns are submitted for report. In the North-Western Provinces it is somewhat different, but as regards the returns submitted to the Account Department, the practice is probably the same in both Provinces, and their number might probably be everywhere reduced with advantage. In the event of pre-audit of all expenditure being abolished, departmental audit or sanction will be required to a greater extent, and the Heads of Departments will certainly require special Establishments for this purpose, and for keeping the accounts which this will necessitate. The Commissioners enter into many details on this subject, which it is unnecessary to discuss here, and in which the Lieutenant-Governor generally concurs.

12. It is no doubt desirable that all receipts on account of Revenue be at once credited under their proper heads, unless under dispute (as urged in paragraph 88). But this will probably involve many changes in existing arrangements. For instance, in the Punjab, where villages are held jointly by Government and Jagirdars, the entire collections are made by Government in the first instance, and afterwards the Jagirdars have their shares paid over to them. This practice might, and it is believed, will be altered with advantage. But while the general principle is one that should be kept in view, it will probably not be found possible to act upon it always, and it would of course be dangerous and inadmissible to allow actual transactions to remain unrecorded.

13. *Stamps and Stamping.*—The detailed remarks of the Commissioners on the subject of Stamps and Stamping do not require notice here, as stamps on plain paper are not prepared in the Punjab, with the exception of those for law charges. In regard to these, there can be no doubt that there is much insecurity at present, but the arrangements in force are wholly anomalous and will, the Lieutenant-Governor trusts, ere long be put an end to. The stamping of deeds executed by mistake or otherwise on plain paper is a matter of a much more simple character. But for stamping of cheque-books and such like, the use of tell-tale presses referred to in paragraph 123 might perhaps be introduced with advantage. This, however, seems hardly a matter for discussion here.

14. *Expenditure.*—It is very generally admitted that pre-audit, other than departmental, of contingent expenditure is unnecessary. But as regards salaries and travelling allowances, there is much difference of opinion. Major Innes, Controller of Public Works Accounts, in particular, argues strongly against dispensing with pre-audit, as respects these, and paragraphs 11 to 16 of his memorandum appear deserving of perusal. Were it possible to reduce to great simplicity the rules regarding leave of absences, deputation allowances, &c., much of the difficulties which he points out would doubtless be removed. But little progress has as yet been made in this direction.

15. One of the main objections urged, however, seems to be the difficulty and invidiousness of subsequent retrenchment. But if it were required that every bill for personal salary allowances shall before entry in the accounts be countersigned by the immediate superior of the offices submitting it (*e. g.*, by Commissioners for Deputy Commissioners, Judicial and Financial Commissioners, respectively, for Commissioners, &c.), and the Deputy Auditor General supplied with efficient establishments for immediate audit and retrenchment on submission of the accounts, there ought perhaps to be no serious difficulty in carrying out the arrangement, and it would, in His Honor's opinion, be desirable to make the trial at all events as proposed, as the great evils attending the system of pre-audit are admitted on all hands.

16. It is not, however, apparent to Mr. McLeod how such an arrangement could be compatible with the abolition of all "Inefficient" or Suspense Account. The experience of all Audit Offices certainly does not correspond with that of the Officers alluded to in paragraph 185 of the Report.

The Lieutenant-Governor would anticipate much inconvenience and confusion from the payment of salaries on the last day of the month, as recommended in paragraph 169, and he does not see that any adequate advantages are likely to result. Salaries at outposts could not be paid and carried to account on that date, and India, at all events in the present day, appears to His Honor to differ vastly from England, in all that might render such an arrangement advisable.

17. The "Examiner of Claims" is an Officer proposed for Presidency towns only, but it is said (paragraph 218) that a similar course to that prescribed for him would be adopted in regard also to Mofussil Treasuries. It seems to His Honor that documents similar to that given as Appendix No. 5 of the report could hardly be made applicable to all classes of payments. But on this point the Commissioners should be more competent Judges, and the system proposed, if practicable, would no doubt be a convenient one.

18. *Accounts.*—The system of centralizing the classification of accounts, and requiring Treasury Offices to submit unclassified ones only, is generally approved, and has been partially adopted in the Public Works Department. The Officiating Deputy Auditor and Accountant General and some other Officers recommend that a partial classification be adopted in the Treasury accounts. But the arrangements proposed by the Commissioners, with any modifications or additions that may in practice be found necessary will, His Honor has no doubt, suffice for the object in view, and immensely simplify matters for District Offices, though it will necessarily materially increase the work of the Provincial Account Offices, and to a considerable extent that of the Heads of Departments who will have to control the receipts of income.

19. The posting of Deposits into a personal Ledger, as urged in paragraph 233, has been heretofore recommended by the Treasury Officer of Lahore, Mr. Miller, and will, the Lieutenant-Governor considers, be a great improvement on the existing system. The Deposit Registers are at present a fertile source of inconvenience and of evil of various kinds, and hence all course in the recommendation of the Commissioners (paragraphs 243, &c.) that to Government after 7 years, or at even shorter periods when of small amount. The levy of fees, however, is not recommended, as it is considered that no deposits should be received of a character which would render them suitable.

20. Government paper, when given in as security in this Province is deposited in the Lahore Treasury, and greater centralization than this does not appear advisable, neither is the conversion of such securities into Book debts recommended, and the remarks of Mr. Miller of the Lahore Treasury (extracts which I have marked in paragraph 30 of his memorandum, to be marginally transcribed) appear to the point.

21. The classifying vouchers and having them printed uniformly as far as possible in double columns of English and Persian where necessary as well as the use of colored paper (paragraph 253 *et seq.* or 374) is, in His Honor's opinion, an excellent one.

22. The list of books to be kept up His Honor would not discuss, as it may, in his opinion, be best disposed of by a Committee of Officers connected with public accounts, or be determined by the experience gained in Bengal or other Provinces, where a trial has been given the system. So also of "Demand Notes" and other details entered into by the Commissioners, regarding which there are here differences of opinion. The closing of Treasuries on the last working day of the month has been here introduced, and will doubtless work well, so also the closing of Tehsil Treasuries in time to admit of their accounts being incorporated with those of the Head Treasury.

23. The suggestions regarding official Telegrams in paragraph 300 appear excellent.

24. The abolition of the post of Civil Paymaster, referred to in the 337 and following paragraphs, and the attaching to the Office of Deputy Auditor and Accountant General, a Deputy or Assistant who would assist him in his work, take his place during his absence, and share with him the very important duty of inspecting District Treasuries, are proposed measures which are highly approved by all. Part of the duties now performed by the former Officer may be appropriately transferred, as suggested, to heads of Departments, and the remainder can be most efficiently performed by the Deputy Auditor and Accountant General, while payments on account of funds should, in His Honor's opinion, without doubt be adjusted by the individuals concerned themselves, in communication with the Secretaries of those funds; and where these contributions are compulsory, Government can readily arm the Secretary with sufficient powers for recovering the sum due.

25. Few of the Officers referred to consider it possible that Unadjusted Accounts and "Inefficient Balance" can be entirely disposed well, as proposed in paragraph 373, and so long as advances are made for sinking of wells, for laying in of supplies, and for other purposes, which are repayable (*vide* paragraph 449), and while retrenchments have to be made on post-audits for payments really or apparently erroneous, it is not very clear how this very desirable arrangement can be effected.

It is not clear how Unadjusted Accounts and Inefficient Balance can entirely disappear from the Accounts.

retrenchments have to be made on post-audits for payments really or apparently erroneous, it is not very clear how this very desirable arrangement can be effected.

26. The Lieutenant-Governor sees nothing to prevent the introduction of the new system of Accounts from the beginning of 1865-66 for the year preceding. But if there is to be any change in the official year to be adopted it seems most desirable that the change should take effect from the close of the year, whatever may be the year adopted.

Introduction of the new system may commence from the beginning of the next official year.

27. As regards all Upper and Central India certainly, if not for countries further south, there would be at least this material advantage in commencing the year at some time between August and December, that it would thus practically correspond with the year in use among the people themselves. All arrangements for the cultivation of land in these parts necessarily commence with the autumn harvest, as the spring crops cannot be sown unless the land has been prepared during the rains. Hence the agricultural year, which is that by which all the transactions of the bulk of the people are regulated here, commences with the khareef or autumn harvest, and all Settlements of Land Revenue consequently date from that harvest. By the close of August, all collections on account of the rubbee or spring crops must have almost everywhere ceased, while those on account of the khareef or autumn harvest do not commence, for the most part, until December. If, therefore, any period between these months be adopted as the commencement of the year, the official year will, as above observed, practically coincide with the year in use in all matters of land Settlement and Account, connected with land, and it is these which in India regulate the great bulk of transactions.

The most suitable year for future adoption considered in detail.

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28. It would be possible to defer the collections on account of the autumn harvest until the 1st of January, in which case the official year might be made to correspond with the calendar year. But there are, in His Honor's opinion, many objections to this: not only would it preclude the transmission of the accounts, with any degree of certainty, in time for their submission to Parliament, but it would oblige District Officers and all Executive Officers who submit accounts, to give up to their completion a large portion of the only season of the year which they can effectually employ for visiting the interior of their charge, and so long as the Judicial returns are submitted, as at present, according to the calendar year, the arrangement would throw upon those Officers, whose duties appertain to both Departments, the arduous labor of preparing at the same time the returns of both; His Honor cannot, therefore, by any means recommend this measure.

29. As the Agriculturist's proceedings are regulated by the period which the preparation of his land commences, so, those of the Government are affected, as regards finance, by the period of collections, and hence the Government which preceded us, and which commenced its collections for the autumn harvest in September, established what was designated the "Fasli" (or Harvest) year, beginning in that month, and this was long the official year employed in our accounts. The substitution of the 1st May for 1st September was ordered a few years ago from home, with a view to bring the period of the Indian Accounts proximately into harmony with the English. But as experience appears to have shown that the inconveniences attending this arrangement more than counterbalance its advantages, the Lieutenant-Governor strongly advises that the "Fasli" year be reverted to.

30. As, however, we do not commence our autumn harvest collections, like our predecessors, in September, the year need not commence from that month, and it would be in every way more convenient to adopt the 1st October. September is usually the most unhealthy month of the year, when many are prostrated by sickness or absent in the Hills, on leave or otherwise, so that the drawing up of the yearly accounts could not well commence in these parts from that month. On the whole, then, the 1st October is the date which His Honor would recommend for adoption, as the beginning of the official year, and if District Officers could be absolved from rendering their Judicial returns until 1st March, they would then have the four best marching mouths of the year clear, while the preparation of the Budgets for the following year might be fixed also, it is presumed, for the close of that (the marching) season.

And, on the whole, the year commencing 1st October is suggested as the most suitable.

More especially if the submission of the Judicial Returns could be postponed till 1st March.

31. The foregoing remarks have been confined to those proposed changes of principle or arrangement which will materially affect the preparation of the accounts of the interior and of the subordinate Provinces. Matters affecting the imperial relations between India and England have not been touched upon, but His Honor believes there will be no dissent from the remarks of the Commissioners on this head.

32. There remain, however, a few suggestions of a general nature offered in the report of the Commissioners, not affecting the principles of account to be adopted, on which the Lieutenant-Governor would offer a few observations.

The three following additional points are remarked on.

33. In paragraph 61 they propose (if His Honor rightly understands them) that there be a general Government Printing Establishment for all India for preparing blank forms of Account. This may be desirable; but for general purposes, His Honor believes it to be quite impracticable. The enormous distances to be travelled here would alone, in His Honor's opinion, preclude, on many accounts, the adoption of such an arrangement. But apart from this, unless each Department have practically the direction of the printing of its own documents, whether executed at a private or at a public press, the Lieutenant-Governor believes that intolerable inconvenience will result. An endeavour has been made at Lahore to establish a Government Press to do the work of all Departments. But the result was found to be so exceedingly unsatisfactory and obstructive, especially in connection with the Public Works Department, that it has lately been found necessary to abandon it.

34. There is another point bearing on other Departments as well as on this, on which the Lieutenant-Governor would offer a remark, *viz.*, that where one Department of Government executes work for another, although with a view to simplifying accounts it may be advisable to consolidate all charges under one heading to the debit of the Establishment executing the work, it seems very necessary that subsidiary arrangements be made for recording and bringing periodically and promptly to the notice of the proper authorities, the amounts chargeable to each Department supplied with work, or there will be inadequate control over expenditure.

35. In paragraphs 104 and 248 it is proposed that efforts be made to substitute English for vernacular in the accounts. There will, His Honor believes, without doubt, be material advantage derived from requiring all Accountants to become acquainted with and employ the English figures, and under any circumstance the exceedingly unwieldy and unmanageable system of vernacular accounts termed "Raqqam" should be superseded by the simpler one of "Hindisah," in which the Arabic numerals employed closely correspond with our own. But the impression is general here that the country is not ripe at present, at all events, for the entire abolition of vernacular accounts. The village and Sub-Collectorate Accounts must continue to be prepared in the vernacular, unless we are prepared largely to increase our expenditure by entertaining English Accountants, and unless we would desire to perpetuate the ignorance on the part of the bulk of the people of the state of their accounts as rendered to Government, which has heretofore been so constantly deplored, but is now beginning gradually to disappear. The transfer from vernacular to English must take place somewhere, and it appears to be appropriate and necessary that it continue to be effected as heretofore in the District Offices. In His Honor's opinion there must be some misapprehension in regard to the use of Hindee alluded to in paragraph 248, as although our Treasurers often use this character for their own satisfaction, His Honor believes it nowhere appears in the accounts proper of our Offices. In the examining and controlling Offices the English is alone employed, and the use of biglot vouchers, as proposed by the Commissioners, will probably obviate the necessity for reference in those Offices to any vernacular documents whatever.

36. The last point to which the Lieutenant-Governor would refer is the abolition of Privilege Remittance Transfer Receipts proposed in paragraph 443. This is certainly a most desirable measure, and as the facilities for remitting through Banks and private Establishments increase, the necessity for continuing the privilege diminishes. The Lieutenant-Governor believes that it may be abolished at once, without detriment, as regards all but a few stations quite in the interior, with which even native firms have little or no intercourse. But seeing that even in a country as abounding in banking facilities as England, the Post Office Order system has proved a great boon to the public, while it has, His Honor believes, been productive of no loss, the extension of an analogous system, throughout each Presidency of India, seems most desirable, if it be practicable, and would of course admit at once of the abolition of all privileges of remittance now enjoyed by the services.

37. On the whole, His Honor most cordially approves, as do most or all of our Officers, of the general scheme of reform proposed by the Commissioners, and cannot doubt that it will be productive of great and very apparent diminution of labor and saving of time in the Department of Accounts.

No. 107.] *Memorandum of the Officiating Financial Commissioner for the Punjab on the Report of the Commissioners of Enquiry into Indian Accounts.*

To form a proper judgment on the comprehensive subjects discussed by the Commissioners of Enquiry into Indian Accounts it is requisite to have an intimate knowledge, not only of those first principles which should regulate a proper system of accounts, but also a complete mastery of the details of the old and revised system of Indian Accounts, combined with some experience of their actual working, such as I cannot pretend to have. I therefore offer an opinion with great deference and with the knowledge that the experiment, which has

been sanctioned of trying the revised system of accounts in Bengal, will enable the Government to form a better judgment as to its superiority over the old system than it could form from any report of mine.

2. In commenting upon the report it will be convenient to adhere to the order followed by the Commissioners themselves in discussing the several subsidiary headings into which the subject has been divided by them, and which, for convenience of reference, are here noted: *Estimates, Revenue and Receipts, Expenditure, Accounts.*

3. One main objection the Commissioners entertain to the old system of accounts is that the forms in use are needlessly elaborate in detail, and so much time and labor are involved in their preparation that it is quite impossible to submit them with punctuality, without which their use as checks is quite lost. The aim of the Commissioners has been to reduce the work and to render the forms in use more simple and less elaborate. With this view, the annual Estimates are not only to be reduced in number, but there are to be fewer headings in the Budget Estimates, the sub-heads are to be limited and a too minute classification is to be avoided. I not only heartily concur in the advantage of these reforms, but I believe that if the principle here adopted were carried out in other departments of work, the administration would be benefited, for, as a rule, the returns prescribed by authority in India are unduly numerous and needlessly elaborate, and the result is, either that they are not submitted punctually, or, if submitted punctually, that their accuracy cannot be depended upon.

4. It will be observed that while the Commissioners exclude all unnecessary detail in the Budgets which are to be submitted to the Financial Department in paragraph 29 of their report, they fully recognise the importance of entering into the minutest detail for those who have to check and control the expenditure in each province, and it is obvious that this is necessary not only for them but also for the Local Officers who will have to carry out the provisions of the Budget.

5. I fully concur with the Commissioners that it is desirable to reduce the number of revisions to which under the present system the estimates are subjected, and in conformity with the views laid down by them in paragraphs 24 and 25, I would suggest that the data supplied by Collectors or by the Deputy Commissioners in the Punjab, be submitted direct to the Deputy Auditor General, and instead of Commissioners being called upon to revise them, that they be required to report only upon those items in the Budget which show a large increase or decrease, and to state whether the causes alleged for the changes proposed are sufficient. I may mention here that, as in the Punjab the Budget Estimates connected with the administration of Law and Justice are reviewed by the Judicial Commissioner, he should be a Member of the Revision Committee referred to in paragraph 25 of the Commissioners' report.

6. I doubt whether in practice it will be possible to carry out the suggestions contained in paragraph 36 of the Report, to provide out of Local Budgets for the adjustment of pay of Officers who draw their pay or salaries out of the Presidencies or Provinces to which they are attached, as the expenditure on this account can scarcely be foreseen or calculated. The difficulty, however, may be solved, if, as is proposed by the Commissioners, it is ruled that an explanation of the cause of excess attached to the accounts will satisfy the Financial Department.

7. It has not been the practice in the Punjab, as stated in paragraph 41, to limit the Budget provision for the salary of an Officer to any particular district, but the Deputy Auditor and Accountant General frames a general estimate for the salaries of all District Officers and their Assistants.

8. I question the advantage of removing from the expenditure side of the estimate the item of "Allowances, Refunds, and Drawbacks." Frequently revenue is credited in one year's accounts from which a refund has to be made in the following year. Thus revenue may have been collected from a village at the close of 1863-64, and it is afterwards found that the estate has suffered by diluvion, for which a refund is not made till 1864-65. Under the Stamp Act, refunds have to be made when cases are settled by compromise, and when on appeal they are returned for re-investigation. In like manner, fines are not unfrequently refunded on appeal. It will be necessary to show all such transactions in the accounts, and if, instead of showing such items on the expenditure side, they are deducted from income, the accounts of one year will get mixed up with those of another, and the amount of revenue carried to credit in the Treasury accounts will not correspond with the collections shown in the revenue returns submitted to the Office.

9. In connection with the remarks of the Commissioners in paragraph 61, that an intelligent superintendence might effect a large saving of expenditure in Printing and Stationery, I would recommend that a careful comparison and analysis be made of all incidental and contingent charges, first of one district with another, then of one division with another, in like manner of one department with another, and finally of one Province or Presidency with another, so as to ascertain the inequalities in expenditure which at present exist, for which no good cause can be assigned, to rectify, as far as possible, the want of economy which may be found to prevail, and to fix a fair limit, beyond which, without special cause, local Officers should not incur expenditure. I have no doubt that by a judicious adoption of the contract system for items to which it is suitable, a considerable saving might be effected in the present miscellaneous and contingent expenditure. The correspondence in the supplement to the *Gazette of India*, dated 19th November 1864, shows that the expenditure on Public Works during the last three years has undergone a review of this kind, which might with advantage be extended to the Civil expenditure.

10. With reference to the remarks in paragraphs 72 and 73, I have one suggestion to make as regards local fund estimates, that the time for submitting these and passing orders upon them be fixed for a date three months anterior to the date on which the Regular Estimates are submitted and disposed of, in order to relieve the enormous pressure of work which is caused by all these estimates being submitted simultaneously.

11. In paragraph 49 of their Report, the Commissioners point out that detailed Public Works Estimates are not furnished until after the preparation of the general Budget, and assert that the delay is very objectionable. To remedy this state of things, I would recommend that Committees be formed in each province to determine for each Department the projects it is desirable to undertake without delay, and to settle, as far as possible, the order in which they should be undertaken. I would then allow temporary establishments for the express purpose of preparing plans and estimates for such works as might ordinarily be undertaken during the next two years. When the projects were of great magnitude, experienced Officers of the Department would prepare the plans and estimates, but while they were so employed, they would be relieved of their current work by temporary establishments. By this temporary relief to the Officers of the Department of Public Works they could have estimates passed and sanctioned months before the works were commenced, and in preparing these annual Budgets only such sanctioned projects would be entered. As a rule, the Department should always have ready in advance detailed estimates for about two years' expenditure.

12. Under the head of Revenue and Receipts, the Commissioners refer at considerable length to departments and offices, the working of which does not come directly under the review of this office, and on which, therefore, it is unnecessary for me to offer any observations.

13. From the remarks of the Commissioners in paragraphs 83 to 86 of their report, it would appear that they have been misinformed in matters pertaining to the accounts kept at the Tehsil Treasuries, and submitted to the District Officers. By the system now in vogue, the importance of allowing as little time as possible between the date of closing an account and its transmission is fully recognized, and an account of all receipts and payments is transmitted day by day to the Collector, besides a very complete set of monthly returns of receipts and disbursements. This will be seen by referring to Appendix XXVIII, Directions to Collectors, from which I deem it right to make the following extract:—

Paragraph 811.—The accounts furnished by the Tehsildar to the Collector are in the Persian character, according to the system of Seyall with which every Revenue Officer should be familiar. In the Appendix No. XXVIII will be found the directions regarding these accounts and the forms prescribed by the Sudder Board of Revenue. The main check on the accounts consists in the obligation on the Tehsildar to despatch every day, before he closes his Office, a copy of the General Seesha, No. III, showing all the pecuniary transactions of the day. Arrangements must be made in the Collector's Office to ensure the punctual receipt of these and the comparison of them with the periodical returns furnished by the Tehsildar in the middle and close of each month. In Appendix No. XXVIII the importance of ensuring the punctual transmission of this daily account is again urged.

14. In the Punjab, the Financial Commissioner is furnished with an annual Kistbundee or Rent-roll, showing the total demand for the year on account of Land Revenue, and a similar Rent-roll for miscellaneous revenue, such as proceeds derived from Eukhs or preserves, Grazing dues, Abkaree, &c. These returns are carefully examined in the Office. No alteration is allowed unless authorized by competent authority, or unless sufficient cause is assigned, and a detail of all such alterations accompanies the return for verification. At the close of the year, a statement is furnished of demands, collections, and balances on account of Land Revenue, and the Miscellaneous Revenue above referred to.

15. If therefore the amounts carried to credit month by month in the Treasury Accounts were compared with the amount of collections shown in the annual Statements, no misappropriation of the Government revenue could take place without detection. To some extent this comparison is made in the Office of the Deputy Auditor and Accountant General, but as it is not so effectual as it might be, I propose in future that, with the annual Statements for each branch of revenue submitted to this Office, a detail be given on the reverse, showing in what sums and in which months the collections were brought to credit in the Treasury Accounts, and this detail should then be sent for verification to the Deputy Auditor and Accountant General.

16. It is also to be noted that many checks have been only recently introduced, and that in former years the additions or reductions in the Rent-roll did not undergo careful scrutiny in this Office, and their preparation was left almost entirely to District Officers who depended mainly upon their Native Departmental Writers. Under that system, many errors were probably made which escaped detection. In order to bring such errors to light, and also as a general precautionary measure, I think it would be desirable to call from time to time for nominal Rolls of Land Revenue in which explanatory details should be given of all changes in the revenue of each estate since the last Settlement. Instead, however, of calling for such returns simultaneously from all the divisions of the Punjab, the work should be done gradually, and then the details will be more carefully tested.

17. If, as proposed by the Commissioners in paragraph 76, the Revenue accounts of the Punjab are kept in this Office, it will be absolutely necessary to appoint a special officer, who will be responsible for this branch of the work. For, in the Punjab, the Financial Commissioner is single-handed, and upon him already devolves more work than he can properly perform, as he discharges duties which, in the older provinces, devolve upon a Board consisting of three

Members, and one or two Secretaries. Indeed, in the Punjab, the final appeal in all disputes pertaining to land lies to the Financial Commissioner, whereas, in the Provinces, these appeals would be heard not by the Revenue Board but by the High Courts. If, therefore, the Financial Commissioner in the Punjab is under the revised system to exercise an effectual control over the Revenue accounts, he must be relieved of the duty of hearing these appeals, or he should have a colleague who should share with him his labors.

18. Under the head of Expenditure, one of the principal reforms proposed by the Commissioners is the abolition of the present system of pre-audit, and in the advantage of this I fully concur. The Commissioners argue (and I think rightly) that whereas on one hand expenditure is limited and regulated by the Budget, and must undergo careful audit in the Office of the Deputy Auditor General and again by his superior, it is a waste of labor and expense to subject this expenditure to pre-audit. The truth is the Budget is in itself a pre-audit, which renders the Civil Paymaster's audit quite unnecessary. At the same time, in carrying out the new system, I believe it will be necessary to modify in some respects the proposals made by the Commissioners; for instance, the changes in the administrative staff of each district are so numerous, and the officers employed draw such varied rates of salary, that few permanent payable orders could be issued.

19. Again, although the Commissioners have recommended that the rules for leave of absence be simplified (and as to the advantage of this there will probably be no difference of opinion), still it is obvious that some time must elapse before this can be done; meanwhile, I believe that serious mistakes will be made and great confusion will arise, if each Department concerned, in communication with the Financial Department, is called upon to dispose of all questions having reference to allowances, gratuities, leave of absence, &c. With due regard to the proper distribution of work, it would be better to entrust an officer who has special knowledge of these complicated rules with the duty of reporting upon such matters than to divide the work among a great number of officers, who know very little about these rules. There should, I think, be a special officer attached to the Office of the Deputy Auditor and Accountant General to report upon all such claims, and he should discharge such other duties now devolving upon Civil Paymasters, which cannot be conveniently delegated to other Departments. When the new system is in force, and rules for leave of absence have been simplified, it is possible that the services of this officer may be dispensed with; on the other hand, at Lahore, it may be deemed advisable hereafter to establish a branch of the Government Bank, or to allow some other Bank to take the place of the Public Treasury, in which case, the services of an Examiner of Claims would seem to be indispensable.

20. It will be unnecessary for me to offer any detailed remarks upon that portion of the Commissioner's Report which refers to accounts. In these, as in the estimates, their object has been to reduce labor and to introduce greater simplicity, and all changes which effect this under proper checks must be advantageous. The Commissioners have in paragraph 290 observed "that in many of the Treasuries a large amount of useless work is done, which a slight degree of attention to these matters would obviate." This is true not only of the Treasuries but of all Departments, and explains the cry which is so often raised by officials in India that their establishments are too weak, and this complaint it may be noted often originates with the subordinate officials, who wish to see more of their own class employed.

21. The success of the revised system will chiefly depend upon the punctual transmission of the district accounts to the office of the Deputy Auditor and Accountant General. The district accounts, however, under this system cannot be submitted until accounts are received from the Tehsil Treasuries, and these are in some cases so distant from Head-quarters that some delay is unavoidable; for instance, in the Kangra District, the Tehsil at Sooltan-poor Koolloo is so cut off in the rains from Dhurmsallah (the Head-quarter Station) that letters take five or six days to reach, and even more. It is true that this is an extreme case, but even in ordinary cases I doubt whether the punctuality aimed at will be attained unless authority be given to close the District Treasury on the last day of the month, and the Tehsil Treasuries some days before, the date of closing each Tehsil Treasury being made dependent upon the time it takes to communicate between the Tehsil and the District Treasury.

22. Thus the accounts of a Tehsil Treasury, which was two days from Head-quarters, would be closed on the 29th December; but to save inconvenience to the public, I would allow the Tehsil Treasury to receive and pay away money on the 30th and 31st December, but with the understanding that all such items would be incorporated in the accounts of the 1st of January, in which, however, there would be subsidiary headings so as to show separately the transactions of the 30th and 31st December, and 1st of January. At the same time systematic efforts should be made to limit as far as possible the transactions of the 30th and 31st December. I believe that, without some compromise of this kind, it will be scarcely possible to submit the district accounts in proper time.

In like manner, the Post Office and other Departments having dealings with the District Treasury should be allowed to carry to credit in the subsequent month all sums received on the last working day of the month, otherwise there will be a difficulty in carrying out the suggestion of the Commissioners in paragraph 291, that the Treasury should be closed to the public on the last day of the month. Thus the Post Office month of January will be from the 30th December to the 30th of January inclusive, if neither of those days falls on a Sunday.

23. I am also doubtful whether, in dispensing with all classification in the District Treasury accounts, too much work will not be thrown upon the office of the Deputy Auditor and Accountant General, and it will be more difficult to compare the revenue returns with the

Treasury Accounts in each district, and thereby test the correctness of the latter if the items on those accounts are not to some extent classified.

24. The remarks of the Commissioners in paragraph 235 of their report do not apply to the Punjab, where deposit registers are kept in English. I question the advisability of levying fees on private deposits, as the account of these fees will increase labor, and it would be much better not to allow private deposits to be received by the Treasuries. The suggestion made by the Commissioners in paragraph 245, that unclaimed deposits of seven years' standing be transferred to Revenue, will simplify the deposit accounts, and it would, I think, be advantageous if the period were still further reduced from seven to three years.

25. The suggestions of the Commissioners in paragraph 225, for sending remittances straight from Tehsils to Treasuries where money is wanted, instead of to the Treasuries to which the Tehsils are subordinate, and in paragraph 383, for reducing the number of Treasuries and Sub-Treasuries, and many others, have already been acted upon to some extent in the Punjab, and it is now under consideration whether this cannot be more extensively done.

26. I do not think we are ripe in the Punjab for the reform proposed by the Commissioners in paragraph 251 for restricting account-keeping to the English language. It would not be possible, and if it were possible, it would not be desirable to displace the present class of Native Accountants who are now employed in the Punjab, who are intelligent, reliable, and experienced. These might be encouraged to study English by the promise of an additional allowance if they learned the use of English figures, and something more if they could learn to keep the accounts altogether in English. Some rule of this kind is in force as regards Native Doctors, but I do not know to what extent among them it has stimulated the study of English.

27. As regards paragraph 373, almost all officers of experience are agreed, and I concur with them, that it will be impossible to perfect such a system of accounts as to dispense altogether with an "Unadjusted" "Inefficient" or "Suspense" Account, or whatever term may be applied to it. All that can be done is to keep this account at the lowest possible figure.

28. As much of the time of some of our Treasury Officials is taken up in the payment of pensions, and the accounts are largely encumbered with these items, I would advocate systematic efforts being made to purchase up many of the smaller pensions, and in other cases to make assignments in the Land Revenue instead of paying cash pensions. Many of those who have perpetual pensions would consider it a great boon if they were converted into land. In future it might be impressed upon local Officers to recommend gratuities or assignments of Land Revenue instead of small pensions, when parties had claims upon the State.

29. The importance of a periodical inspection of the several Treasuries referred to in paragraph 441 of the report cannot, in my opinion, be overrated. I would constitute the Officer appointed to this duty special Commissioner of Stamps and Excise, and I would propose that during the whole of the cold weather he be employed in inspecting the Treasuries, reporting upon the management of each, and ascertaining that the interests of Government do not suffer by contravention of the Stamp Act, or by neglect on the part of those by whom the Excise Revenue is managed. It is essential that this Officer should consider this periodical inspection and enquiry his principal duty, for where an inspecting Officer is burdened with the heavy duties of a Central Office, he cannot, without neglecting them, make his inspections either so frequent or so thorough as they ought to be.

30. I am averse to the proposal contained in paragraph 448 for charging fees on Transfer Receipts of smaller amount than Rupees 100, as the account of these fees will impose additional labor. I would prefer ruling that no Privilege Transfer Receipt of small value be granted. It will be found in some Treasuries that Government gains by the issue of Privilege Transfer Receipts, for money is thus obtained at par, for which otherwise discount would have to be paid, and thus by abolishing the privilege the advantage to the Government is questionable.

31. To the adoption of the calendar year in substitution of the Indian official year now in use, there is this objection, that, in the Punjab, the first instalment of the Land Revenue of the winter crop is collected in December, and probably in other provinces the period fixed is somewhat earlier. Thus part of the demand for the same crop would be carried to credit in the accounts of one year and the remainder in another; and although to meet this objection it might be ruled that all collections made before the 1st of January were carried to credit as "surplus collections" and recredited to "Land Revenue" in January, this arrangement increases labor and is otherwise open to exception. Another proposal is, that the first instalment of the Land Revenue for the winter crop be fixed for January, but this delay in making the collections throughout India, would, I imagine, cause inconvenience. As far as the Punjab is concerned, it would be more convenient if the new official year were to date from the 1st of December, and this would, I imagine, suit the convenience, not only of the English but of the Indian Legislature. It is true that the Punjab agricultural year commences some two months earlier, and however desirable it might be for some reasons that the agricultural year and the new official year should correspond, those reasons are not of sufficient weight to prevent the adoption of a year commencing from the 1st of December, if, as I presume, this would be more convenient.

32. I have not thought it necessary to comment upon the proposal for introducing a set of Imperial accounts, concentrating all the financial transactions of the Indian Empire, both here and in England, for the advantage of this is so obvious as not to admit of question. The same may be said of most of the recommendations of the Commissioners, which are

summed up in paragraph 459 of their report. The main points on which their recommendations appear to me open to suggestions or modifications are the following :—

I. I question whether under the revised system too much work will not be thrown upon the Office of the Deputy Auditor General by unclassified Treasury Accounts.

II. Until the rules for leave of absence are simplified, I would recommend that a special officer be attached to the Office of the Deputy Auditor General, who should examine all claims for pensions, and for pay of officials while absent on leave, who will verify statements of service and perform such other duties now discharged by the Civil Paymaster, which it is not convenient to delegate to other Departments.

III. If the revenue accounts of the Punjab are to be carefully checked and scrutinised in this office, a special officer must be appointed to this branch of work, and the duties of the Financial Commissioner must be lightened.

IV. I doubt the possibility of doing away altogether with an "Unadjusted" or Suspense Account.

V. In order to save too great pressure of work at one particular period, I recommend that the Local Fund Estimates be submitted three months before the Imperial Budget estimates.

VI. To admit of detailed Public Works Estimates being submitted before the Budget is prepared, I would recommend that temporary establishments be entertained on such a scale as to admit of plans and estimates being framed and sanctioned in advance for some two years' expenditure. This temporary establishment need only be entertained at the first outset, and the relief thus afforded to the regular establishments should enable them ever after to have ready in advance so many detailed estimates which had been sanctioned by Government that these alone need be admitted into the general Budget.

33. For other matters of minor importance I would refer to my detailed remarks.

Dated 15th December 1864.

No. 108.] *Memorandum by the Controller of P. W. Accounts, Punjab, on the introduction into the Punjab of the System of Accounts, &c., recommended by Messrs. Foster and Whiffin.*

The main changes proposed by the above Commissioners are summarized in pages 108 to 111 of their report. But there is one essential change that is rather implied than distinctly stated, viz., the abolition of the appointment of Civil Paymaster. And there is another important point that is not mentioned at all, viz., that liabilities are not to be shown any more than "Inefficients."

2. On careful perusal of the whole report, I certainly am of opinion that the general system, and most of the details, should be introduced into the Panjab at some early but suitable date.

3. I do not venture on any opinion as to the accounts themselves, except in expressing my full agreement with the general principle of avoiding diffuseness, by making the principal returns short and concise, and supplementing them by a suitable series of exhaustive detailed Appendices.

4. Those points of the general summary to which I give a general assent are these—the 1st, 2nd, 3rd, 5th, 6th, 13th, 18th, 19th, 20th, 21st, 22nd, 24th, 27th, 28th, and 29th

5. The following points do not, I presume, affect the Panjab, viz., 12th, 15th, 25th, 26th.

6. Those that are special, and on which I do not consider myself competent to express an opinion, are the 7th, 10th, 11th, 14th, and 16th.

7. Those to which I object, or on which I would wish to make specific remarks, are the 4th, 8th, 9th, 17th, 23rd.

That is, I object—

1st.—To the entire and thorough nature of the proposed abolition of pre-audit by Officers of the Audit Department, i. e., to establishment and travelling charges being paid without pre-audit.

2nd.—To the entire exclusion from accounts of virtual outstandings and liabilities.

3d.—To the tendency to exclude the use of the vernacular in accounts.

8. I proceed to give my reasons for each of these objections, and first to the abolition of pre-audit for personal salaries and allowances of Government servants. As a preliminary I would say that I fully concur with the Commissioners in their proposal to unite the two offices, hitherto separated under the Deputy Auditor and Accountant General and Civil Paymaster, respectively. The *audit* should be confined to what was the Civil Paymaster's Office, and it should not be repeated; it should be final. And in lieu of a Civil Paymaster there should be an Assistant to the Deputy Auditor and Accountant General, to give general aid to him when present, and act for him when absent.

There should, I think, be a careful discrimination between what was the duty of Civil Paymaster's Office, viz., *audit*, and that of the Deputy Auditor and Accountant General's Office, viz., *control*. The audit based on details is connected with the past, the control based on aggregates and the comparisons of Actuals with Estimates and Budgets, should regulate the future.

9. The audit has hitherto been of two kinds, *viz.*—

Pre-audit and } in the Civil Paymaster's Office.
Post-audit }

And there has been apparently a third or final audit in the Deputy Auditor and Accountant General's Office, but this I imagine has practically been nil or nominal. At any rate there should be no audit but one, whether pre-audit or post-audit. The Commissioners propose to do away entirely with pre-audit, or to confine it to pre-audit by heads of Departments or Offices. I quite approve of dispensing with all pre-audit for expenditure which is not purely for the pay or allowances of Government servants; but I object to the abolition of pre-audits for these.

10. Contingencies should not be pre-audited, because, 1st, inconvenience in conduct of work is apt to ensue, and 2nd, the payer or his office is not presumed to be personally interested in the payment, and its audit may therefore be like audit for all payments made for virtual outsiders.

11. Salaries and travelling allowances on the other hand affect the personal interests of the disburser and his office. It is therefore both for the interest of the Government and the pecuniary safety of the head of the Office that an outsider should examine and authorise payments, which, when once made, may, if wrong, be difficult to recover, and for which the payer would otherwise be held personally responsible.

12. This is not merely a matter of theory. I am personally cognizant of hundreds of rupees lost to Government owing to undue, although probably *bonâ fide* payments of salary, &c., made before the days of pre-audit by Public Works Officers. And I could adduce many instances of serious loss (not to mention cases of petty but very annoying loss) to Officers who have had to refund to Government what they had erroneously paid to employes no longer in the public service.

13. I need hardly observe that it is most annoying to have to refund any pay already received, and the numbers of such refunds that would be required by as careful post-auditing as the present pre-auditing may be gathered from the fact that, on inspection of my Establishment registers, it appears that on an average one alteration at least has to be made in every Establishment and Travelling Allowances Bill that reaches my Office. Many of these alterations are final, others are temporary, due to the absence of essential certificates and vouchers. There are but few of the mistakes that are final that can be ascribed to laxity—mainly to a perfectly reasonable want of acquaintance with details of rules, which it is the special duty of my Office to know, while the Certificates, &c., required in the other cases are essential for the prevention of fraud, or of the payment of unearned allowances, so that to ensure accuracy in these points in Offices which are not Offices of Audit it seems to me that additional or specially trained men would be required, thereby enhancing the cost of each Office.

14. It comes to this, then, that a careful *audit* of these Bills is necessary. If that audit be a post-audit, needless cost to the State will arise from the necessity of additional or dearer establishment in the various Offices entrusted with the scrutiny of their own bills, or refunds will constantly be necessary; they may not always be practicable; and the loss will then fall on some officer who never gained by the loss, and to whom such a punishment would generally be most harsh and unjust. If it be a pre-audit, a slight delay only need occur. And any serious, or real inconvenience resulting from this would be avoided by the heads of Offices being empowered to pay at their discretion, when required, half the salaries or allowances billed for pending pre-audit.

15. There is another point bearing on the case which I have not mentioned before, because I am not sure whether it applies in other Departments with the same force that it does in the Public Works Department. I refer to the fact that the rule by which an Officer cannot draw pay before pre-audit without becoming liable to being proceeded against as for a criminal offence places in the hand of Government a very great, but in my opinion, a very proper, power or means of punishing or bringing a pressure on a dilatory or unsatisfactory officer.

16. These, then, are my reasons for thinking that—

1st.—Audit of contingencies should be post-audit.

2nd.—Audit of establishment and travelling and personal allowances should be a pre-audit.

3rd.—Either audit should be final.

17. I come now to the second point to which I object, *viz.*, the exclusion of inefficient and liabilities. I am inclined to concur with the Commissioners in that part of their scheme by which the *châta* of accounts deals with actual receipts and disbursements. But I am dissatisfied with the entire exclusion of outstandings and liabilities, even in Appendices.

18. That there always are, and always must be, debts or sums unpaid either by Government or to Government, is, I fancy, an indisputable fact. Why then should they not be shown? Why should not revenue unrealized be required to appear in account, so as to ensure a satisfactory knowledge of the propriety of the revenue settlements or the efficiency of the Revenue Establishments? Why should not the debts incurred for Government by its officials of various Departments, perhaps in utter breach of Budget orders, be duly shown, so that the real position of the finances of the State may be known?

19. This principle of *accounts* dealing with actual receipts and payments is good, but it certainly should be supplemented, for the exposition of financial results, by complete statements of outstandings and liabilities. This seems to me to be quite as necessary for the

State as it is for mercantile operations. And where the accounts of mercantile firms do not fairly and fully show these non-actuals, if they may be so called, we may easily guess the results.

20. The last objection I have to make is to the tendency to dispense with the use of Vernacular in the Accounts Department. In special Departments, where the interests of the native community are not much involved, the extension of English in the initial accounts may be advantageous. But I would be inclined to view with apprehension, as likely to lead to dissatisfaction and distrust in the mass of the revenue-paying population of the country, the use of English, to the exclusion of the Vernacular, in the initial accounts of those Departments with which the interests of the General Native community are more closely connected.

21. I do not assert that in the volume under discussion this exclusion is recommended; but the tendency is in that direction, and, as a Member of the Committee, I feel bound to notice and object to it.

22. I would now advert to some other features in the recommendations of the Commissioners.

23. Care must, I think, be taken to oppose a tendency evinced by them to weaken the position and the responsibility of District or Executive Officers. There is an endeavour to deprive them of a voice in matters in which I think they should have, and should be obliged to show, their interest, and to free them from responsibility in work for which they should certainly be responsible. I will adduce two instances:—

1st.—In paragraph 293, the District Officer, it is proposed, should not have to estimate his Receipts and Disbursements.

2nd.—The check over the District Accounts is to lie in the inspection of Officers of Account.

Surely in the case of a proper acquaintance with his district and control over his Office the Deputy Commissioner would himself perform these duties better than any one else.

24. Again, the general principle which leavens the system proposed is undoubtedly sound. The data accounts should be simple, *i. e.*, free from classifications and compilations, but the entries should be very fully detailed.

So that—

1st.—There need be no delay in their submission to Officers of Account.

2nd.—The latter should find no difficulty in compiling from them.

25. But I believe that most of those experienced in such matters will agree with me in the assertion that it is not easy to ensure the data, however simple, being so clear and full as to admit of the Accounts Offices compiling from them. It will, I believe, be quite necessary for the Local Government to take strict measures for observing that the details required by the Accounts Offices are received by the time that the Commissioners (and the Government of India) would appear to expect.

26. My impression, founded on experience of analogous circumstances, is this, that the data accounts will be received in due time; but that unless due steps be taken, the necessary explanations (of defects in their original data) will be so much delayed that the offices of Accounts will always be virtually in arrears.

27. I trust I will not be considered as dwelling too strongly on this point. I do so because I am convinced of the necessity. I am convinced of the fact that, unless a different spirit prevails from what has ever heretofore existed in the ruling powers, an Officer who directs his attention to the welfare of the population of his District will, if he neglects the requirements of the Accounts Department, be *virtually* supported in that neglect—not *ostensibly* but *virtually*—for that neglect will not tend to stop or delay his promotion.

28. The remedy should not be to stop that efficient Officer's advancement—that would be injurious to the real administration of the country. The remedy should be to appoint efficient and responsible Officers for relieving him of the worry of details of a branch of his duties which he and his superiors regard as of minor importance. The remedy should be to hold the Treasury Officer or some other Assistant responsible to and through the district or other Executive Officer for this branch of the work, and to make that Assistant's advancement depend to a degree on his efficiency in this respect.

29. But even this, or any other step, will not in my opinion (if I may venture to offer it on such a matter) be of much practical effect unless a much higher responsibility be placed on the Deputy Auditor and Accountant General, and he be more utilized than, as I believe, has heretofore been done.

In the procedure of the Government of India, no step in which money is involved is allowed to have action taken on it, to whatever department it may belong, without reference being first made to the Finance Department. In this Province, the Deputy Auditor and Accountant General holds to the Local Government a position analogous to the relation of the Finance Department to the Government of India. And all sanctions and all propositions in which the finances of the province are involved should, I conceive, be referred to him prior to confirmation. Without this the finances cannot be healthy, the Budget cannot virtually be adhered to, the Controlling Officer will spend his time in adjusting by-gones instead of controlling current and future money transactions, and the department will hold in the province a lower status than it does in the Empire; and, as a natural consequence, it will not receive from other departments the consideration and support due to it, and its work will not be so punctual and efficient as it is expected to be by the Government of India.

30. Finally, I would observe that by these changes it is believed Establishments will be susceptible of reduction. Relatively to the same results, this is probable; but the results required are greater and the work will have to be better done than heretofore. I would therefore oppose any reduction until the new system be in working order, and then the Deputy Auditor and Accountant General will be in a position to make his recommendation on this point.

31. My propositions then are—

1st.—Introduce the new system.

2nd.—But do not do away with pre-audit of salaries and personal allowances.

3rd.—Supplement the accounts ordered by auxiliary statements in which outstandings and liabilities will be shown.

4th.—Do not discourage vernacular duplicates of initial accounts.

5th.—Give every District Officer a responsible Accountant as well as a responsible Assistant for accounts. This change merely will give a definite duty and position to present employes.

6th.—Establish a routine by which every transaction, involving finance, will pass through the Deputy Auditor and Accountant General before being acted on.

7th.—As to the mode of introducing the system beyond point No. 5, I do not venture on an opinion.

No. 5509, dated 30th November 1864.

No. 109.] *From—The Officiating Deputy Auditor and Accountant General, Punjab,
To—The Financial Commissioner, Punjab.*

I have the honor to acknowledge the receipt of your docket No. 3865, dated 18th instant, informing me of my appointment as a Member of the Committee to report upon the expediency of adopting in this Province the recommendations of the Commissioners of Enquiry for the revision of the present system of Indian Account and Audit, and requesting me to state my views briefly in a written form.

2. Much of what is looked upon as errors and evils of the Indian system of Account and Audit evidently grew out of, and were essential to what may now be considered the former system of finance. When Officers who were entrusted with the disbursement of Public Funds were guided by the general rules of the services only and in some instances by particular sanctions, and were not restrained by any after-checks against the possible violation of those rules, or excess drawings against those sanctions, it was necessary that the most trifling items of expenditure should be scrutinized and passed before payment, and that the record of public transactions should be prepared in minute details, in order that the inspection of the Accounts might satisfy Government that its rules and sanctions had not been disregarded. The introduction of a more perfect system, by which the requirements of each Department are examined and sanctioned before any disbursements are made by it, and each Department is provided with a certain fixed limit, and a careful check is applied after the close of the year's transaction to determine the fact that the sanctioned limits were not exceeded, a scrutiny before payment or admission into account of every individual charge, large or small, and minute details in the Accounts became equally unnecessary. There is little doubt that a large proportion of the changes now proposed would, as the result of experience, have forced themselves into the present system; but what would have been the work of time is now, by the suggestions of practical knowledge and ability, proposed to be done at once.

3. I am to confine my remarks to those suggestions contained in the Report of the Commissioners of Enquiry which affect the system of Account and Audit in the Province.

4. Leaving to the Supreme Government a concurrence or otherwise with the suggestions of the Commissioners regarding the reconstruction of the Budget Estimates, with the view to their simplification and reduction in bulk, the supersession of some of this class of returns by a monthly statement of Actual Receipts and Audit Expenditure, the further reduction of inter-*Presidential* and inter-*Provincial* receipts and charges, the exclusion from them of the Accounts for each district,* and the consideration of the proposal that all printed forms of Estimate should be prepared and issued by the Financial Department, all which appear to me most desirable, I would strongly urge as a measure of considerable economy of both time and labor, that the recommendation at paragraph 25 of the Report should be approved and sanctioned by the Supreme Government, namely, that all the Officers of the Government who are concerned in the preparation of the Budget Estimate of this Province should meet together for discussing any differences that may exist in their views, or, in some other convenient way, so manage to bring their opinions into harmony as to enable them to issue a single document with their joint observations and suggestions.

5. Passing on to the next division of the report headed "Revenue and Receipts," I have to observe that the Land Revenue Accounts in this Province appear never to have been subjected to anything like systematic examination—certainly not in this Department. It is true that certain Revenue Returns, such as the annual Jümma Wasil Baukes and annual Bukya Towjee, are received for the entries of Revenue demands, collections, and remissions on our books, but they undergo no sort of examination here as to their correctness, except with reference to the agreement of the amount of Revenue shown in them as collected, with the credit in the several Treasury Accounts; this office does not exercise any check on the demands, nor

* Since sanctioned, *vide* letter to this Department from Government of India, Financial Departments, No. 3326, dated 17th November 1864.

in the systematic carrying forward and collection of the balance of one year in the Accounts of the next. As the Financial Commissioner, who stands in the position of the Revenue Board in this Province, already receives some imperfect returns, it might be considered desirable that the Revenue Accounts should be rendered to him in a complete form, to be dealt with as is proposed to be done by the Revenue Board at the Presidency, and, following the plan of procedure laid down by the Commissioners, a periodical inspection of the Land Revenue Returns and a check with his own accounts might periodically be conducted by the Deputy Auditor and Accountant General. The Financial Commissioner also directs all matters connected with Abkaree Revenue to which the above remarks in respect to the absence of check in this office equally apply. All the other recommendations of the Commissioners of Enquiry under this head, as far as they can be adapted to this Province, can, I conceive, be carried into effect with facility.

6. In regard to the recommendations under the head of "*Expenditure*," I may be permitted to repeat in allusion to paragraph 162 of the Commissioners' report that since substantial checks are established both at the commencement and close of a year's operations, the necessity no longer exists for the same rigid scrutiny into each item of charge as was requisite before, these new and efficient limits and restraints were applied to the public expenditure; and there can be no question that what were once the duties of the Civil Paymaster, may, when modified, be reduced and adapted to the new system as proposed by the Commissioners, be efficiently performed by the heads of Departments, and by the new officer to be entitled Examiner of Claims; provided, as is justly premised, the rules of the service, particularly in respect to leave of absence and travelling allowance, &c., are simplified. There is one point, however, to which I would beg to draw attention. The Civil Paymaster's Office, as now formed, contains a certain description of, what may be called, statistical information which is required by Government for administrative purposes, such information being the obvious result of these Departments passing the pay of every Civil Officer employed within their jurisdiction, all applications for leave or pension are now referred to the Civil Paymaster, who can readily ascertain the whole period of the applicant's service in each Department in which he may have served, although he may have gone the round of all, as well as all the descriptions and periods of leave he may have taken. Information on these points will continue to be required by Government, and unless some special provision be made for it under the new system, and I have failed to discover that it has, I fear it will not be procurable when wanted. One source of difficulty in collecting the information will be that the duty of authorising charges on account of fixed Establishment will now devolve on the Heads of Departments, independently of each other, whilst changes and transfers of officers not unfrequently, and particularly in the Uncovenanted Service, take place from one Department to another; moreover expedition, reduction of records, and simplification of process must now be the primary objects of the authorising officers. Under these circumstances, I would suggest that the office of the Deputy Auditor and Accountant General, where all expenditure is collected for record, would be the proper Department to maintain some Registers in a simple form, in the Appropriation Audit branch, to afford the information.

7. After what I have already stated I need hardly say that I quite agree with the observations of the Commissioners on the delays, inconveniences, and discrepancies in the accounts, both periodical and final, which were the unavoidable consequences of the system of pre-audit, and with those remarks in which they condemn a persistence in the principle under the present Budget system.

8. Payment of salaries on the last working day of the month as recommended under this head in paragraph 169 would, I conceive, be quite practicable here under the proposed scheme, and would be of advantage in rendering each month's account complete in itself.

9. Many of the recommendations under the head of "*Account*," which forms the next division of the Report, have either been originally adopted in the Punjab or now being modified, in accord with the views expressed in the Commissioners' report. I may, by way of example, mention the simple form of account rendered by the Sub-Treasuries to the head Treasury alluded to in paragraph 217, and refers to our general letter A, which enjoins one entry for the details of a schedule exhibiting a number of sub-vouchers, recommended in paragraph 219 of the report. The recommendation to introduce a simple unclassified Cash Account in the room of a ponderous classified one (paragraph 221) would be a most acceptable change. It would simplify the work of the local Treasuries, and bring it down to the capacity of the class of men employed in them. Anticipating some difficulty, however, in classifying the entries of an account prepared as suggested in paragraph 223 in which the "payments are directed to be entered consecutively day by day in the order in which they are made," I would venture to recommend that the entries should be grouped as paid day by day under a few obviously dissimilar heads, appropriating a page to each, the ultimate classification of them being left, as proposed, to the Central Account Office. Passing over for the sake of brevity several of the subsequent paragraphs, all of which contain valuable suggestions, and some of which (see paragraphs 225 and 226) have already been reduced to practice in this Province, I would further suggest, with reference to paragraph 232, that the deposit account should be exhibited simply as such in the monthly Returns without distinction of heads which should be maintained only in the Deposit Registers, and that with the large and frequent depositors a personal account should be kept.

10. The large amount of unnecessary details and supererogatory forms and processes in the preparation of the present statements and accounts, and the incompatibility of the present system with the results which are alone desirable to be attained under the new system,

have been fully commented upon by the Commissioners, and their suggestions towards the simplification of procedure both in the subordinate and Central Offices are most valuable and, as far as I can judge before trial, generally practicable. Among the most prominent of these are that the use of the Vernacular should, as far as practicable, be discouraged in matters of account (paragraph 251); that printed forms for vouchers should be adopted (paragraph 255); that Treasury Accounts should be submitted immediately on the close of each month, and that a list of payments, and the vouchers appertaining, should be sent as an instalment on the 10th of every month (paragraph 280); that the Treasuries should be closed on the last day of the month to complete the accounts (paragraph 291); that Government should be relieved of the duty of regulating the amount of deductions from each Officer on account of Service Funds (paragraph 345); and a variety of other suggestions which, if they be favorably viewed by Government, would tend greatly to facilitate the work of Departments. Not less important and practicable as they appear to me are all the recommendations regarding the authorization of charges within the Budget limits which become necessary in the prospect of the proposed abolition of the Office of Civil Paymaster.

11. It is not easy to determine, from the general view of the scheme of account described by the Commissioners in their report, what the exact formula to be observed is to be. At paragraph 333 it is said that "a correct Return of Revenue and Expenditure will be furnished month by month to the Financial Department, and all other Estimates and Returns furnished monthly, quarterly, and annually may be dispensed with." From this it may be inferred that the sets of books now kept by the Presidencies and Sub-Governments are to be discontinued; and yet, in describing the process of work in the Central Offices of Account, it is stated at paragraph 378 that the monthly abstracts of receipts and payments would form the foundation of the monthly postings in the "Journal and Ledger;" again, in paragraph 435, the annual account of audited Receipts and Expenditure, it is stated, will be prepared from the Imperial Books (to be kept by the Accountant General), and thus prepared, that it would give an exact comparison against the Budget Estimates; and at paragraph 419 it is condemned that the appropriation audit exercised by the Auditor General is conducted through his Deputies, and that a real appropriation audit can be effected upon vouchers alone. Yet no provision appears to have been made to supply the Auditor General with vouchers, and it is doubtful whether it is intended that appropriation audit should cease to be conducted at the Central Offices of Account by the Deputy Auditors and Accountants General. These difficulties no doubt will be completely set at rest by the detailed orders which are to be issued from the office in Calcutta in which the scheme is to be subjected to a practical test.

12. But upon the face of the report, the most important and radical changes proposed are those which relate to the opening of an Imperial set of books at Calcutta and in England, concentrating all the financial transactions of the Indian Empire both here and in England, and the reduction of a variety of Financial Returns now rendered by the subordinate offices to the Accountant and Auditor General, and to the Financial Secretary, confining the whole operations of Government to a few simple accounts starting with the Budget Estimate and ending with the annual account to which the rest should "lead up." The abolition of the system of pre-audit, which is of course one of the chief features of the scheme, has alone made this arrangement practicable. But it may be doubtful whether that perfect accuracy can be attained which admits of "no arrears, no Inefficient Balance, and no adjustments of unadjusted charges" and demands that the credit of all actual receipts, and the debit of all actual expenditure properly classified and arranged, shall every month be recorded within the accounts of that month, and every year within the accounts of that year.

13. Looking to the fact that humanity is fallible, and Accountants are but human, the element of error may be expected to creep in, to disturb the correctness of the final conclusions of any system which aims at such mathematical exactness in details. It is the peculiarity of the Italian system of Book-keeping, which has rendered it so universal and popular, that whilst its results in figures cannot be wrong, errors of detail in classification, &c., can be corrected with perfect ease. The Commissioners themselves seem to entertain some misgivings as to the infallible accuracy of their scheme; but it does not appear that they have provided successfully for the possible existence of error. At paragraph 375 they say—"The vouchers having been carefully examined at the Account Office as regards their general correctness and the proper classification as marked at the top, any rejections or corrections will be entered on the account and the balance will be altered accordingly." What balance? The Inefficient Balance has already disappeared from the accounts, and it surely cannot be intended that the remaining balance, the *Cash* Balance, which exhibits the actual cash in the Treasuries, should be altered to accommodate differences in the entries in the account. Again, in the same paragraph it is said "a rejected voucher when made correct would again be introduced into a subsequent account, the same as if it were a fresh voucher;"—a good enough provision perhaps if the rejection took place in the course of the year and the amendment could be made before its close; but if a number of vouchers were rejected at the end of April or the last month of any given year of account, must the final accounts be delayed until they all come back corrected, or must they be closed with the exhibition of such charges as unadjusted or unappropriated? or should they be held as Inefficient Balance? If this be done, and the evils of the old system be thus partially perpetuated in the new, or even if the rejected charges be placed under the head of Recoverable Advances, there would still be a difficulty in exhibiting the items "as fresh charges supported by fresh vouchers" in the next year, for the anomaly would at once arise of entering charges in a year different to that in which they were incurred, and against a Budget with which they had no concern. I do not allude to these as mistakes

fatal to the proposed scheme, but as points which have apparently been overlooked and unprovided for, but which in the process of the trial of the scheme under the guidance of one of the Commissioners some efficient remedy will be sure to be provided.

14. Another important question is that connected with the period which shall constitute in future the year of account. The accounts of Government might, I conceive, be closed with equal ease in one month as another, and without disturbing the arrangements under which the instalments of Revenue are now gathered in. Those kists which do not fall within the limits of any determined year of account will be taken into the accounts of the following year, and I am not aware of any imperative reason why the year of Imperial accounts should follow any arbitrary computation of time observed by the people, or be adapted to the shipping season in India. The determination of the question will depend, I apprehend, on the month in which the Indian Imperial Books, which are proposed to be framed in England, will be closed there. For if there is to be a perfect agreement between those Books and the corresponding set of Imperial accounts to be kept in Calcutta, such agreement would scarcely be compatible with their embracing two different periods of the year.

15. I have, bearing in mind the recommendation to be brief, avoided alluding to those points which have no bearing on this Province, and to others which are of minor importance and are common to both the Presidency and to this Province, in regard to which any procedure which might be adopted in one would be equally applicable to, and capable of being readily carried out in, the other.

Dated 26th November 1864.

No. 110.] *Extract, paragraph 30, from a Memorandum by MR. MILLER, Extra Assistant Commissioner and Treasury Officer, Lahore.*

"The cancellation of Notes, and transformation of them into Book debts, does not seem to me desirable—

"*1st*, Because it is an interference with private property. The owner might consent to the cancellation, but might afterwards have reason to repent. He might wish to withdraw them, when their market value rises, substituting cash, and making a legitimate profit of the difference.

"*2nd*, Because there seems no provision for paying the holder interest on the debt, which he at present draws on the securities.

"*3rd*, Because of the risk to Government (noted in the Report). This risk would ensue in another way besides that noted in the Report. The cancellation would tempt an unscrupulous man to lodge with Government a forged or fraudulently endorsed Note in preference to a genuine one, because he would rely on its being immediately cancelled, whereas in the case of a Note renewed, the holder, if there is anything fraudulent in the Note, will avoid renewal as long as he can, and go on drawing interest on the old Note, or will sell it, so as to avoid detection. As no holder is obliged to renew a Note, I believe it is optional."

No. 174, dated 27th March 1865.

No. 11.] *From—A. J. ARBUTHNOT, Esq., Chief Secretary to the Government of Madras, To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.*

In acknowledging the receipt of the Extract from the Proceedings of the Government of India, under date the 4th October last, No. 2805, calling for the opinion of the Madras Government as to the expediency of adopting the revised system of account and audit recommended by the Commission of Enquiry into Indian Accounts in their report dated 7th September 1864, I am directed to submit, for the consideration of His Excellency the Governor General in Council, the annexed copy of a letter from the Deputy Auditor and Accountant General, and of the Proceedings of this Government in the Revenue Department, under date the 20th instant, and to offer the following remarks.

2. *Estimates.*—The number and forms of the estimates now in use were all prescribed with great stringency by the Supreme Government. In this Presidency, the Budget Estimates are prepared by the local officers and submitted by them to the Controlling Boards, or Heads of the Departments, who carefully revise the estimates, and uniting with them the estimates of their own offices, submit one consolidated Budget to the Government.

3. The Government make such modifications as they deem necessary, and transmit the Budgets to the Deputy Auditor and Accountant General for compilation, in accordance with the rules and forms, and for any remarks he may wish to offer on the component items. This procedure, in the opinion of the Governor in Council, is preferable to that described in paragraph 18, or that proposed in paragraph 25. Under the present system, the Accountant General is very often an Officer of another Presidency, wholly unacquainted with Madras, and his work is facilitated by his having before him the views of the Government.

4. The form of the Budget Estimate proposed by the Commissioners is a great improvement on that now in use, and the Madras Government recommend its adoption, with, however, the addition of a column showing the actual expenditure of the penultimate year. This information is available and easily supplied; it affords a very useful general guide in judging of the estimates, and renders the Statement more complete. These considerations, in the opinion of this Government, render the retention of this column advantageous.

5. Under this arrangement, the detailed estimates, showing the receipts and charges of each District and Department, will not go beyond the local Government, and considering how very large a proportion of each estimate comprises fixed charges, not subject to fluctuations from year to year, the submission of the details now afforded is useless.

NOTE.—In the Land Revenue estimate of charges for 1865-66, only 4 out of 88 lakhs were of a variable character.

6. Of the four estimates mentioned by the Commissioners in paragraph 15, the first—*viz.*, the Budget Estimate—is the only one in the preparation of which the local Governments have any concern.

7. The remarks in paragraphs 19 and 21 of the report are inapplicable to the procedure of this Government, whose reasons for alterations in their Budgets are always given.

8. The Government concur generally in the remarks of the Commissioners as to adjustment entries. The Budget of each Presidency should provide fully for all disbursements which it has to make. On this principle, the Central Provinces, Burmah, &c., should provide for the Military expenditure incurred in them, but debited to Madras.

9. As regards the District Budgets, the practice here is much simpler than that described in paragraph 43, and should be retained.

10. The proposed abolition of the system of dividing a single charge among several heads has the full concurrence of this Government. They regret much that the exception noted in paragraph 48 should be retained. It is true that as Collectors in this Presidency are also Magistrates, part of their salary is debitable to the head "Law and Justice," but the portion so debited is of necessity only a rough approximation, while the retention of the division causes much trouble and correspondence. It can, if the Supreme Government particularly desire it, be shown in the new form of estimate submitted to them, but its retention in the local Budget necessitated deductions and additions in every revenue bill passed by the Civil Paymaster and in the Collectors' monthly Treasury accounts, the pay of establishments was occasionally delayed, and altogether so much inconvenience and correspondence caused, that the distinction was ordered by the Government to be given up in the Budget of 1865-66. The Supreme Government, however, directed that the distinction should be retained in the Budget and accounts, but discontinued in the bills.

11. The revision of the Budget classification proposed in paragraphs 55 and 56 is very desirable; but the revised forms should be sent, before adoption, to the local Governments, so that errors may be avoided.

12. The Government do not concur in the proposal to abolish the head "Allowances, Refunds, and Drawbacks." It is true that disbursements under this head cannot be accurately estimated beforehand, but the experience of past years is a fair guide. The principle of showing only net receipts is unsound, and it is evidently better that an officer should state how much he expects to refund, than deduct an unstated sum from his receipts; both are estimates and equally liable to error, but excessive or insufficient allowance for the item may be checked in the former, which it cannot be in the latter case.

13. As already stated, the Government have no concern with the estimates referred to in paragraphs 66 to 71. They have long since caused monthly statements of actual receipts and disbursements, of the nature proposed in paragraph 70, to be submitted to them in the Revenue Department, and find them very useful.

14. The Supreme Government are aware that the Local Funds of this Presidency have lately been placed on an efficient footing.

15. *Revenues and Receipts.*—With reference to the Commissioners' recommendations regarding Revenue and Receipts, I am directed to refer you to the Proceedings of this Government in the Revenue Department, and to the Deputy Auditor and Accountant General's letter sent herewith, from which it will be seen that the Madras Government and their Chief Financial Officer, as well as the Board of Revenue, strongly deprecate any change in the system under which Revenues and Receipts of this Presidency are accounted for in the District and Taluq Treasuries, and especially the radical change recommended by the Commissioners of substituting simple unclassified cash accounts for the classified accounts which are now kept. His Excellency in Council trusts that the objections which have been urged by the Accountant General and the Board of Revenue, and also in the Proceedings of Government, against any such change, will receive full consideration, and that the system at present in force in this Presidency, which, as observed in those Proceedings, works well and smoothly, and which meets all local necessities for efficient administration as well as Imperial requirements, will be allowed to continue.

Paragraphs 75 to 77, 79 to 81, 83 to 85, 88, 89, 91, 95, 98, 99, 103, 104, 108 to 117, 120 to 125.

Paragraph 149.

16. The suggestions and remarks of the Commissioners in the paragraphs noted in the margin are noticed in paragraphs 15 to 34 of the enclosed Proceedings.

17. The Government Revenue from fees in this Presidency is very trifling.

18. *Expenditure.*—The Deputy Auditor and Accountant General entertains grave doubts as to the expediency of abolishing the system of pre-audit, and shows that the inconveniences connected with it are much overstated in the Commissioner's report—at all events, as regards this Presidency. The Board of Revenue incline to the same opinion. They observe that "excessive delay in payments or adjustments is not found to be the inevitable result of the pre-audit system," that it "ensures correctness of charge in a great measure," and "relieves from additional responsibility the body of Collectors, who are laden with multifarious duties of most important administrative character," and that it "also greatly promotes the speedy

submission of Bills." The Governor in Council, while he considers that there is much force in the arguments urged by the Board and by the Accountant General in favor of the present system, is not prepared to press for its retention. A considerable portion of the expenditure of the country is not, and cannot be, subject to pre-audit, and, as regards the disbursement of salaries and other fixed charges, it will not be difficult to frame rules which will have the effect of ensuring punctuality, at all events, in the preparation of the Bills. Moreover, so much stress has been laid of late years on the punctual and correct preparation of Bills that it may reasonably be hoped that the inconvenience which formerly attended the post-audit system will not recur. Further, as the Commissioners observe, a post-audit is necessary under any circumstances, to show that the money pre-audited has been actually disbursed. As a general rule, a departmental audit, conducted by officers conversant with the facts to which the charges relate, must be far more efficient than any audit which can be made by an officer in the position of the Civil Paymaster.

19. Some arrangement of the kind here suggested would be desirable, as it would be inconvenient for each Head of a Department to draw cheques on the Bank.

Paragraphs 201 to 212.

20. I am to request the attention of the Supreme Government to the remarks made in paragraph 36 of the accompanying Proceedings, with reference to paragraph 213 of the Commissioners' report. It is of great importance that the responsibility and authority of the Collector, as the officer is in entire charge of the District Treasury, should not in any way be diminished.

Paragraph 213.

Paragraph 300.

21. The Madras Government have already urged, but without success, the abolition of cash payments for service telegrams.

Paragraphs 304 to 310.

22. The Madras Government have also advocated the extension of the money order system to this Presidency, but without effect.

23. It has long been the opinion of the Governor in Council that the present constitution of the Finance Department is a bad one. The objections of this Government are two-fold—first, that it is an error so entirely to dis sever the local Governments from the accounts of their administrations; next, that there seems every prospect of the Department soon being filled exclusively by persons who have had no experience in the administration of the country. The system of accounts of a country, as distinguished from mere book-keeping, must be adapted to its peculiarities, and an Officer ignorant of the latter cannot really be an efficient Head of the Account Department. In Madras there has lately been more than one Accountant General who had never set foot in the Presidency till sent to fill that important office. The Supreme Government apply to such officers for estimates of revenue and other important returns, though it is quite clear that, being utter strangers to the Presidency they can only be compilers or retailers of information derived from the local officers. There are now but two Madras officers, both of high standing, in the Department, and when they leave the country, the Department will not contain an officer with the slightest personal knowledge of the Madras Presidency. As no fresh officers have joined the Department, it is probably less attractive than other Departments, but the Government attribute this, not to the prizes in it being too few, for illiberality in salaries, or slowness in promotion, has not as yet characterized it, but to its being a separate Department, under the Supreme Government. It cannot be expected that officers will be willing to dis sever themselves from their own Presidencies and services, and subject themselves to frequent changes from one Presidency to another, involving heavy expense and much personal discomfort. The present system can only produce clever Book-keepers. The remedy which the Government would adopt would, therefore, be a reversion to the former system.

Paragraphs 448 to 448.

24. The indulgence of privilege remittances has never been carried to the extent or abused in the manner indicated by the Commissioners. It must be remembered that public servants are prohibited from having pecuniary dealings with Natives within their jurisdiction, and it is therefore necessary that when there is no Bank, the Government should afford them the means of remitting a portion of their salary to the Presidency Town. A single remittance monthly will, however, suffice, and this should be granted gratuitously, as the necessity is caused by the restriction imposed by the Government itself.

25. I am directed, in conclusion, to request the attention of the Supreme Government to the suggestion made in paragraphs 43 to 53 of the enclosed Proceedings in the Revenue Department, to the effect that, if the calendar year be adopted as the year of account (and this His Excellency in Council considers to be a very desirable arrangement) the accounts of the Fusly year, which begins on the 1st July, shall be closed half-yearly, so that the accounts of the calendar year will comprise the last half of one, and the first half of the next Fusly year, and will reach England in time to be submitted to Parliament, without entailing the great inconvenience which would be occasioned by the abandonment of the Fusly year.

No. 160, dated 25th November 1864.

[No. 112.]

From—F. LUSHINGTON, Esq., Deputy Auditor and Acctt. Genl., Madras,
To—The Chief Secretary to the Government of Madras.

I have the honor to submit my views upon the Report of the Commissioners of Enquiry into Indian Accounts on the mode of conducting the business of the Financial Department,

and of the Officers of Account and Audit attached to that Department, referred to me by Government in their Financial Order No. 561, dated the 5th instant.

2. The most important changes which the Commissioners recommend in their Report are—

- 1st—The abolition of the Pre-audit of the State Charges by the Civil Paymaster and the transfer of the duties now performed by that Officer to Collectors and Departmental Heads, and to the Deputy Auditor and Accountant General;
- 2nd—The substitution of unclassified and piece-meal Accounts for the more complete and systematic Returns now transmitted by Tehsildars to Collectors, and by Collectors to the Deputy Auditor and Accountant General;
- 3rd—The Establishment of a number of separate Accounts to be kept by the Heads of Departments, controlling Receipt and Expenditure at the Presidency; and
- 4th—The introduction of a system of Accounts by which inter-Presidential and inter-Provincial Adjustments are to be avoided and local distinctions altogether abolished.

3. The recommendation of the Commissioners appear to be based mainly upon the enquiries made by him with reference to the practice which obtains in Bengal; and though they have stated that, in proposing the new system of Account, they have endeavoured to frame it so as to be susceptible of adaptation to differences of practice existing in other Presidencies, they seem to have overlooked, or, perhaps, not have been aware of the fact, that in some respects the local differences of the Minor Presidencies are of so important a character, and so deeply interwoven with the existing Revenueal systems, that the proposed machinery which might possibly work well in Bengal would fail elsewhere to be attended with the same results; as, for instance, the proposal that in the Mofussil the receiving and paying of Cash should, as far as possible, be confined only to the Head District Treasuries, might, without very great inconvenience, be carried out in Bengal, where the business in the Tehsildar Treasuries is insignificantly small; whereas the introduction of that system into this Presidency would be productive of very different results. The system of Land tenure in Madras being mostly Ryotwary, the restriction to pay Revenue only at the Head District Treasury would place the holder of the land, who generally is himself the farmer and the cultivator, in serious difficulty.

4. I shall now proceed to consider the Report of the Commissioners in the order in which they have proceeded, pointing out, wherever necessary, the peculiarities belonging to this Presidency which would render the adoption of the Commissioners' suggestions in some instances almost, if not altogether, impracticable.

Paragraph 11, Books.
For 1861-62 on the 11th Feb. 1864.
For 1862-63 " 22nd Nov. 1864.

5. I am not aware to what Accounts the Commissioners refer in this paragraph, but I deem it proper to remark that the Books of this Presidency, since the introduction of the present system of Account and Audit, have been closed and despatched on the dates noted in the margin.

6. The cause of the difference between the Quarterly and Annual Statements is mainly due to the circumstances that in the latter are shown the several entries made in the Adjustment Books of the Book Department, on account of Interest, difference of Interest and Exchange and Donations to the several Service Funds of this Presidency, all of which cannot be shown in the Quarterly Statements, as the Interest and Donations, &c., do not appertain to any particular Quarter but to the whole year. The great difference, therefore, between the Quarterly and Annual Statements alluded to is not so much owing to the Charges being subjected on subsequent audit to retrenchments and extensive adjustments, as alleged by the Commissioners, as to the causes above stated.

7. The question which first comes under the consideration of the Commissioners is that relating to the Estimates. There are at present four Estimates prepared in the course of the year, *viz.*, the Budget, the Cash Requirement, the Revised and the Regular Estimates. Under the system which the Commissioners sketch, the Cash Requirement and the Revised Estimates are to be dispensed with, and the Regular Estimate to be continued only for the present. In regard to the Budget Estimates many important suggestions are made, the carrying out of which will no doubt greatly simplify the Returns in question and facilitate their preparation.

8. It is not correct, however, to state that the Deputy Auditor and Accountant General and the Civil Paymaster are not made officially acquainted with the details of the deductions or additions made by the Local Government, or by the Financial Department. Each item of charge, whether struck out or added to, is made known to the Deputy Auditor and Accountant General and Civil Paymaster, to enable the former to communicate the result to the Department concerned, and to the latter to enable him to prepare the Register accordingly for the audit of the charges within the limits of the sanctioned grant.

9. Under the orders of the Madras Government, passed in their Proceedings, No. 259, dated 11th April 1862, the Estimates of the Departmental Officers are not received direct by the Deputy Auditor and Accountant General: they are in the first instance received by the Government, where after careful revision they are passed by Government with such modifications as to them may seem necessary. The Deputy Auditor and Accountant General does then digest, arrange,

Paragraph 24, Number of revisions.

and consolidate these Departmental Estimates sanctioned by the Government, and the revision he makes in no way affects the receipts, while so far as the expenditure is concerned, he refuses to admit only such items as are not formally sanctioned by the Supreme Government, or such as may not fall under any of the general provisions laid down for the guidance of the Financial Department. Thus it will be seen that in the Madras Estimates, the variations that may be noticed between the figures of the Government and the Deputy Auditor and Accountant General are of a very rare and exceptional character, and only such as could not but be entered in the Estimates sent to the Government of India.

10. The proposal made in this paragraph might certainly be carried out, if considered desirable, but it would not unfrequently be attended with serious inconvenience to the Public Service. Many of the Heads of the Administrative Departments, such as the Inspector General of Jails, Inspector General of Police, Director of Revenue Settlement and Director of Public Instruction, are usually on duty in the Provinces, and to require their presence at the Presidency absolutely when the Budget Estimates are prepared and passed, might seriously interfere with their administrative duties. At the same time the advantages of personal communication are not undervalued in this Presidency, and it is invariably resorted to wherever it is practicable and calculated to expedite work and facilitate references.

11. The suggestions contained in these paragraphs appear to be very judicious, and are calculated to simplify the work much. Under the Orders of the Government of India, inter-Presidential Adjustments are already dispensed with in many cases, and the extension of the principle as pointed out in my Administration Report for the past year would afford much relief to the Offices of Account.

12. The remarks offered by the Commissioners in allusion to the detailed check maintained for the alterations made in the sanctioned Grants do not call for any special observations. The principle that when once the Annual Budget Estimates have been passed and sanctioned, no alterations should be admitted, except in special cases, is under the existing system rigidly observed. In this Presidency, the check upon the Budget Grants with reference to each District is not maintained to the minute extent described in the Commissioner's Report, and the Appropriation Audit exercised over the expenditure has reference merely to the total grants for each Service and its sub-divisions, care being of course always taken that in the event of the expenditure in any one District being unusually large, the necessary explanation is rendered by the proper Department. It is nevertheless necessary, for the purpose of maintaining a systematic check, to register, as is now done in the Audit Office here, the Orders of the Government sanctioning the transfer.

13. The anomalous practice referred to by the Commissioners as existing in Bengal, in regard to the mode of exhibiting certain transactions between the Estimates and the Actuals, does not exist in this Presidency. The Accounts here are made strictly to follow the Estimates so as to render the check of the one against the other quite complete.

14. That the set of Accounts instituted for financial purposes forms the basis of a correct Appropriation Audit, there is not the slightest reason to doubt. The observation that the Annual Accounts of the actual payments are unclassified or are incorrectly classified, appears to me to be inaccurate. It must have proceeded from the impression that these returns include in a large measure unaudited expenditure, and that such expenditure is not correctly classified. On this point it must be noticed that the unaudited payments made by a Treasury Officer do undergo in this Presidency as careful a revision in respect to classification as the audited payments previous to the transactions being posted by the Deputy Auditor and Accountant General in the Abstracts kept for the preparation of the Quarterly and Annual Statements.

15. I would further remark that the unaudited expenditure which appears in the Collector's Accounts forms in itself a very small portion of the total Annual disbursements of the Civil Department, and of this the amount which actually passes into the Annual Accounts is still less, for it must be recollected that in many instances the payments made prior to Audit are audited in the course of the year, and the actual balance outstanding on account of unadjusted disbursements at the end of the year, which virtually passes into the Statement as unaudited expenditure, consists only of advances made towards the close of the year.

16. The suggestions contained in these paragraphs may with much advantage be adopted.

17. The other suggestions of the Commissioners under the Budget Estimates are upon subjects of minor detail. The alterations proposed in the classification are not of very great importance. I may, however, remark, with reference to the observations of the Commissioners in paragraph 57, that "Tributes and Contributions from Native States" are now shown distinctly in our Accounts, and are not blended with Land Revenue as alleged. The removal of "Allowances, Refunds, and Drawbacks" from the expenditure side will not, in my opinion, be an improvement, as it will be necessary to deduct the Refunds, that are generally made on account of the collections of previous years, from the Revenue estimated

Paragraph 25. Original Estimate should be settled by personal consultation with the Local Government.

Paragraphs 26 to 28, and 40 to 50. Minor suggestions regarding Estimates.

Paragraph 44. Check Ledgers for the Adjustments between Grants.

Paragraph 39. Erroneous practice in regard to Military Buildings.

Paragraph 51. Accounts for comparing Estimates.

Paragraphs 52 and 54. A General Budget Estimate should be prepared.

Paragraphs 55 to 58 and 61 to 63, Classification, &c.

for a subsequent year. The amalgamation of the two heads "Miscellaneous" and "Civil Contingencies" will be advantageous.

18. The changes proposed with reference to the exhibition in the Estimates of Railway Receipts and Charges, the payments on account of Interest, and the Profit and Loss on Exchange on Railway transactions, will be considered in connection with the Audit and Account of this portion of Expenditure.

19. The remarks offered in connection with the other Estimates do not call for any special observations. The Revised Estimate required of the Deputy Auditor and Accountant General in October is a substitute recently introduced for the Monthly Estimates, previously sent, of Material Changes anticipated under the Budget Heads of Receipts and Disbursements. It is not a Return of very great importance and may be dispensed with. But considering how seriously our financial calculations in this Empire are affected by the variations of seasons and other local causes, I am doubtful whether it will be found practicable to dispense altogether with the Regular Estimate.

20. As regards the discontinuance of the Cash Requirement Estimate, I do not clearly understand how in the absence of this Return the Government of India will be able to arrive at correct estimated balances in reference to Debt and Remittance transactions. The necessity, however, for this Return is lessened by the important change that has since been introduced, under which the amounts estimated in the Budget are for Revenue to be received, and Charges to be paid, within the year, and not for Demands or liabilities. No change is proposed with reference to the Local Fund Estimates.

21. I now come to the portion of the Report which treats of Revenues and Receipts. The Revenue Board here, as in Bengal, administer the Revenues of the country, but there are no Local Commissioners to assist them. The Board have a separate Account establishment of their own, and only two Annual Returns regarding the Assessment and Collection of duties are rendered to them by the Deputy Auditor and Accountant General. The check by the Board over the Receipts of the Presidency is complete.

22. These paragraphs chiefly refer to administrative details upon which the Board of Revenue, it is believed, have been called upon to report separately. As regards paragraph 87, it is, however, proper to observe that the Annual Returns referred to in the above paragraph are the only Statements transmitted to the Board of Revenue for comparison and check with the results shown in the Accounts prepared in their own Office.

23. The Conservator of Forests has a separate Account Office of his own, in which he receives the accounts of his Department and checks them. The charges of this Department are passed by the Civil Paymaster, the heavy contingent charges being previously countersigned by the Board of Revenue, who have a general control over the operations of the Forest Department.

24. The suggestions contained in paragraphs 138, 141, 142, 145, 147, 149, and 150, it appears to me, may, with great advantage be carried out.

25. The next point of the Report which requires to be considered is that relating to expenditure.

26. In these paragraphs the Commissioners, by way of illustrating the inconvenience of the present system of Pre-audit, have taken the remote District of Ganjam in this Presidency, and they state the course of procedure observed in the audit of the Bills of that District in the Office of the Civil Paymaster. In justice to the Civil Paymaster, who may perhaps not have the opportunity of defending himself, I think it only right to state that the practice of the Audit Office is not such as represented. It is notorious that no delay in the audit of a Salary Bill is ever allowed to occur in that Office, and no bills are ever detained more than one day, and usually they are passed on the day of their receipt. Nor is an Establishment Bill ever returned unpassed for correction; if any errors in the Bill are discovered, the objectionable items are struck out, and the Bill passed for the remainder, with instructions that a fresh Bill be submitted for the sums disallowed with explanation to justify the charge.

27. I am altogether unable to concur with the Commissioners in their view that a Post-audit will have the effect of saving time, labor, and correspondence. On the contrary, I believe that all these will be greatly increased, at least such was found to be the case when the Post-audit system was in force in this Presidency some years ago, and the difficulties of effecting recovery of retrenchments were then great indeed. It is far easier to keep money out of the pocket than to extract it when once there. The duties of Collectors are already sufficiently onerous, and if in addition they are now to be held pecuniarily responsible, as for the protection of Government they must be, for all over-payments made in their Districts, they will have good cause to rue the day when the present system of Pre-audit was abolished.

28. Under the system of Permanent Advance Fund, which has hitherto worked well in this Presidency, but which I observe in a subsequent part of their Report is condemned by the Commissioners, Advances on account of the Contingent charges of the several Departments are paid from that Fund. Every Officer who may incur any monthly contingent expenditure is allowed a small Permanent Advance generally equal to two months' average Contingencies of such Officer, from which he is authorized to defray the petty contingent charges of his

Contingent charges paid before Pre-audit.

Commissioners, Advances on account of the Contingent charges of the several Departments are paid from that Fund. Every Officer who may incur any monthly contingent expenditure is allowed a small Permanent Advance generally equal to two months' average Contingencies of such Officer, from which he is authorized to defray the petty contingent charges of his

Department prior to Audit, and which he is required to replenish from time to time by Cash drawn upon Contingent Bills duly passed by the Civil Paymaster. No advances are allowed to appear in the Treasury Accounts for Contingent Charges which should be met from the Permanent Advance Fund.

29. If it be determined to abandon the present system of Pre-audit, and with it the Civil Paymaster's Office, the Audit of Charges must be assigned to the heads of the several Departments, but I have grave fears for the result. By some Departments, I have no doubt, the audit would be conscientiously and efficiently carried out, but by others, and they would form the most numerous class, the examination of Bills would be considered a most uninteresting and unimportant duty, and, as such, confided to a very subordinate Officer of the Establishment. In that case the audit would be a mere *pro forma* one, and a very imperfect substitute for that of the Civil Paymaster.

30. It is not clear in what manner the system of Pre-audit delays the preparation of the Accounts as alleged. If our Accounts consisted only of such items as are susceptible of Pre-audit, they might unquestionably be closed and despatched on the 1st of the month with the utmost punctuality, but it is precisely those items which cannot be audited that delay the preparation of the Accounts,—namely, advances, &c., which remain unadjusted, either from the absence of Budget provision for unforeseen expenditure, or from the want of proper Vouchers or Bills from the Officers taking up the advance, and which Bills cannot be prepared and submitted with the accounts until the purpose for which the advance was taken up has been fully completed. I am referring now more particularly to Bills, such as those submitted periodically by the Officers noted in the margin, who are compelled to take up large sums for the payment of coolies, &c., as well as for advances, which they again are obliged to make to contractors, and which advances are frequently not worked out for some months after they have been made. The outstanding advances on our Books against these two Departments alone on the 30th of April amounted to nearly a lakh and a half of rupees. It cannot, I think, be the intention of the Commissioners that, in cases such as these, Bills should be submitted for departmental or other audit immediately after the disbursement of the advance has taken place, and before the completion of the work for which it has been made, as such a course would obviously remove all control over the subsequent expenditure and lead to most extensive frauds. But if any other means can be suggested by the Commissioners which may render the entry of such items in the Accounts unnecessary, and without at the same time impairing the present check over the expenditure, it will be a very great boon to the Account Department, as nothing can be more unsatisfactory to the Accountants themselves than the exhibition in their Accounts of the long outstanding advances now shown in their Books.

Forest Department.
Cuchona Plantations.

31. The practice stated by the Commissioners in this paragraph to obtain in the Bengal Civil Paymaster's Office is not observed here. The whole of a Salary Bill is not passed each month. All sums not paid on account of Absence, and savings arising from other causes, are deducted from the total, and only the balance is passed: but the intermediate Deposit head is introduced for crediting the undisbursed portion of the salaries of such Clerks whom duty or other cause may compel to be absent on the pay-day. This entry might be avoided either under the present or proposed system of Audit, by requiring the submission of a separate Abstract for the absentee's pay, though it would greatly multiply the difficulty in auditing the vouchers with the Registers for fixed payments to be kept in the Office of account.

32. If this suggestion can be carried out, it will be a decided improvement; but I much question whether it would be practicable even at the Presidency Town, with all the appliances at the command of the Bank, to discharge all the monthly salary bills in the course of one day, and in the Districts it would certainly be quite impossible. The proposed change would consequently have the effect of causing the payments due for one month to be exhibited in two months' accounts, whereas under the present system the entire payments due for any one month are generally exhibited in the accounts for the following.

33. The Civil Paymaster can and does exercise a check on the sums to be paid in the matter of the Pre-audited Pay List, and in the case of extra pay also, he exercises a check, for he sees that the sums paid are in accordance with the extra hours employed in work. In the Presidency the sums for extra work are not paid before Audit.

34. *Vide* my remarks upon paragraph 163. The utmost that can be said of Contingent charges is that they are audited twice; once by the Controlling Head of the Department, and once by the Civil Paymaster.

35. In all questions depending on the Leave Rules, and most questions do depend on these, the decision of the Civil Paymaster is considered sufficient authority. The Deputy Auditor and Accountant General looks to the headings, but he does not examine charges in the leave and other Regulations.

36. This paragraph will be considered in connection with paragraphs 195 and 196.

Paragraph 163. Responsibility should be thrown on Departmental Officers.

Paragraph 164. Delay caused in the preparation of Accounts.

Paragraph 168. Unclaimed Salaries pass through Deposit Accounts.

Paragraph 169. Salaries to be paid on the last day of the month.

Paragraph 170. Civil Paymaster cannot check Mint wages.

Paragraph 172. Contingent charges audited in some cases four times over.

Paragraph 177. Civil Paymaster's audit open to reversal.

Paragraph 183. Double audit unnecessary.

connection with their bearing on

Paragraph 190. In Madras the inefficient balances amount to 44 lakhs.

38. Prior to the introduction of the Budget system, all advances remaining unadjusted were shown under Miscellaneous Advances; but subsequently they were directed to be included in the Cash Balances, until adjusted. With a view to make the Treasury Officer more responsible for their prompt adjustment. But the Balance Sheet of the Madras Books shews distinctly the amount of actual Cash, as well as the amount remaining unadjusted.

Paragraph 191. Personal Accounts in Books do not show Cash Balance.

Paragraphs 195 to 197. Double Audit in the Civil Paymaster's and Deputy Auditor's Office.

Civil Paymaster are admitted as sufficient authority, the audit of the Deputy Auditor and Accountant General is confined mostly to Bill, Remittance, Deposit and other like transactions, and to the unadjusted disbursements made by Treasury Officers. As regards the Abstracts passed by the Civil Paymaster, the audit in the Deputy Auditor and Accountant General's Office has not reference to the nature of the claim, for the correctness of which the pass of the Civil Paymaster is considered sufficient, but is confined to observing that the payments entered in the Treasury Accounts agree with the amounts of the vouchers passed by the Civil Paymaster, and that the said payments are correctly classified. It thus will be seen that the Civil Paymaster and the Deputy Auditor and Accountant General do not keep similar records in their Offices.

40. Many of the controlling Heads of Departments have now small Account Establishments under them, but these will have to be strengthened and well organized, if the proposed system of Departmental Audit be brought in force, and the expense caused by it will be heavy.

Paragraphs 198 & 199. Accountants should be appointed to Offices having numerous payments.

41. I have now stated at some length my reasons for considering the present system of Pre-audit to be the one the best adapted to the condition of this Empire. It may be true that the corrections made by the Civil Paymaster in Bills are few in number, but it remains to be seen whether Bills will be as correctly prepared when it is known that the charges contained in them will not undergo scrutiny until after payment of them. If disbursing Officers generally were well trained to their work as in England, or, though untrained, if they had sufficient leisure to devote to the examination of each charge prior to its disbursement, I believe that the present system of Pre-audit, which it must be admitted is cumbersome, and often vexatious, might well be dispensed with, but such is not the case. The Collectors, by whom the disbursements are usually made, are but little acquainted with the rules regulating such payments, and they assuredly have but little leisure to devote to the examination of the Bills; and this duty will, consequently, as a rule, devolve upon a subordinate Officer of the Establishment. If it be finally determined, however, to abandon the Pre-audit system, the course of procedure sketched out in these paragraphs seems to be the best that could be devised.

Paragraphs 200 to 216. The duty of paying claims in the Presidency.

42. The fourth subject of the Report relates to Accounts. It has been already remarked that the Tehsildars of this Presidency have large collections to make; the payments are likewise very heavy, and could not be confined to the Head District Treasury only.

43. The classified Treasury Account of a District in this Presidency consists of 6 pages of Foolscap on the Receipt side and 17 pages of the same on the Charge side, both Receipts and Disbursements being written consecutively.

Paragraph 219. Present classified account unnecessarily voluminous.

Paragraph 220. Causes delay and audits of improper adjustments.

44. It will be seen from the following paragraph that this is not the case in this Presidency.

45. The advantages of this change are not apparent: if as the Commissioners recommend Departmental Accounts are to be kept, the result of this proposition would be to throw similar labor upon two Offices in the Presidency, the Departmental Account Office and the Office of the Deputy Auditor and Accountant General. The work which is now divided between Twenty Districts will have to be performed in one Office, and, under the proposed arrangement, there will neither be a saving of labor nor of time.

Paragraph 221. Unclassified Cash Accounts to be introduced.

46. At the Head District Treasury in this Presidency there are two Departments—the Cash-keeper's and the Native Accountant's. A Day Book is kept in the latter Department, which is the primary record of all transactions, both Cash and Transfer of the Hoozoor or the Head District Treasury. Cash presented at the Hoozoor Treasury is accompanied by a Memorandum descriptive of the purpose for which it is brought. The Native Accountant on receiving the Memorandum examines it and puts on it the word "Correct," notes on it the head of Account and affixes his initials: the entry is then made in the Day Book and the Memorandum numbered, a fresh series of numbers being used for each month. The Memorandum is then returned to the payer for presentation with the Cash in the Cash-keeper's Department. No Cash is received by the Cash-keeper without this Memorandum.

Mode of conducting Treasury business referred to in paragraphs 259 to 261.

37. In this sum is included Rs. 20,00,000 on account of Remittances in Transit from one Treasury to another.

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47. Orders for payment in Cash are addressed to the Cash-keeper and are signed by the Officer in charge of the Treasury; and no payment is made on them unless attested by the Native Accountant as having been entered in his Day Book. When the amount is discharged, the original voucher is stamped with the word "Paid." The Cash and the Day Book are closed each day, and after comparison, their correspondence is attested by the Head Ministerial Officer, any entries in the Day Book which might not have passed into the Cash Book being cancelled by a line being drawn through them in red ink. The transactions of the Treasury as taken from the Day Book are entered daily by the Native Accountant into the Daily Abstract, and a total made as soon as the transactions of the last day of the month have been posted.

48. At the Talook or the Tehsildaree Treasury likewise, a Cash Chittah is kept in which the *bona fide* Cash Receipts and payments are entered indiscriminately in the exact order in which they actually occur with the Head of Account, under which they should appear in the Account Current rendered to the Hoozoor. The Chittah is closed every day, and the balance struck, which is attested by the Chief Ministerial Officer on the spot. The transactions as they appear in the Chittah are posted daily into an Abstract; and as all the Treasuries which render their Accounts to the Collector are required to be closed at 12 o'clock at noon, on the last day of each month, the Abstracts are closed and the monthly Accounts to the Head Treasury are completed and despatched on the same evening.

49. As soon as the Talook Accounts are received, they are carefully examined and the items entered under their proper heads, in the daily Abstracts, and when all the Talook Accounts are received and posted, the totals are made and the preparation of the monthly Treasury Account for the Deputy Auditor and Accountant General is at once commenced upon.

50. In this Presidency the classified District Accounts are usually despatched from the Districts between the 8th and 12th of the following month; but, with the simplified forms which have now been furnished to the Collectors, it is confidently expected that an earlier date may be attained. It will be at once apparent, therefore, that the state of things existing in this Presidency is quite different from that in Bengal.

See paragraph 83 of the Commissioners' Report, regarding Talook Accounts. The excessive delay noticed in the despatch of the Talook Accounts of Bengal never occurs here, nor is the preparation of the Treasury Accounts delayed on account of the classification, until after the expiration of the month. The chief cause of delay in the preparation of the Hoozoor Accounts is the great distance of many of the Talooks from the Head Station, and the imperfect means of communication between them, and this source of delay will not in any way be removed by the measure proposed by the Commissioners,—namely, the submission of unclassified Returns. A system which requires Talook Accounts to be sent *daily* to the Hoozoor, appears in itself cumbersome, when it is considered that the payments in each Talook are not unfrequently as heavy as at the Head Treasury; but when to this is added the fact of their being unclassified, and that in this form they will reach the Deputy Auditor and Accountant General, I have no hesitation in saying that there will be no advantage whatever gained by the change, as regards time or economy, as the principal portion of the transactions of a District—*viz.*, the Revenues and Receipts—will still have to be classified by the Treasury Officers for the Board of Revenue, and for this purpose the District Account Establishments will have to be maintained at or nearly equal their present strength, while the Establishment of the Deputy Auditor and Accountant General will require considerable augmentation. On the whole, therefore, I am strongly of opinion that the present system should remain undisturbed in respect to this Presidency at least.

51. These paragraphs refer to sundry details regarding Deposits. Many of the suggestions made by the Commissioners are judicious. In this Presidency no Vernacular Ledgers are kept of Deposits received, nor are any Land Revenue collections credited under that head.

52. Great exertions are already being taken to displace the Vernacular Accounts: this, however, cannot be done at once, and the change must be the work of time. Printed forms with English Translations are now in use.

53. There are no Revenue Commissioners in this Presidency. Monthly Accounts of Demand, Collection, and Balance are sent by Collectors to the Board of Revenue.

Paragraphs 253 to 265. Accounts of the Revenue Board.

54. The course of procedure described in these paragraphs will take effect on the abolition of the Pre-audit system.

55. It has been already stated that under the proposed system the responsibility thrown upon the Heads of Departments, and more especially upon Collectors, will be very great as well as largely increase their work; and I have only further to remark that, in the event of the changes being introduced, arrangements should, in my opinion, be made for entrusting the details of the work to trained Assistants drafted from the Officers of the Financial Department. The Deputy Collectors in charge of Treasuries upon whom, under the proposed change, the heaviest work will fall, should have a better knowledge of the details of their Account work than at present. The Board of Revenue and this Office have already had frequent occasions of complaint against

these Officers, and I am of opinion that should the Pre-audit system be abolished, the Treasury Officers will have entirely to be relieved of their Magisterial work, and their appointments made with greater regard to the requirements of the Financial Department.

56. These paragraphs do not call for remark. Orders are already in force prohibiting, beyond a certain date in the month, transactions with the Public Works, Postal, and other Departments in the Talook Treasuries. The practice referred to regarding Government Securities of the Police Department does not exist in this Presidency.

57. There is no Money Order Office in this Presidency, and as I believe it works well in Bengal, the only Province where such an Office at present exists, I see no reason why the introduction here of a similar Office would not be attended with equal advantage. The duty of Controller could be undertaken by one of the Assistants of this Office.

Paragraphs 304 to 310. Money Order Office.

58. These paragraphs do not call for any special observations.

59. Statements of Payments and Receipts on account of the Capital and Revenue Accounts of the different Lines are transmitted by this Office monthly to the Secretary of State for India. It also sees to the exhibition, under proper heads in the Books, of the Payments and Receipts, and occasionally adjusts the transfer of sums from Capital to Revenue Accounts, which are made under the orders of the Local Government, based on the recommendation of the Consulting Engineer. There are no arrears in this Office either in furnishing the Statements or in making the adjustments, which are all up to date. It is to be observed, in reference to paragraphs 59 and 60 of the Report of the Commissioners, that no guaranteed interest is paid in this Presidency. The Payments and Receipts on account of the Revenue Accounts are shown entire in the Accounts. No entries on account of difference of exchange on Revenue Account are made in the Accounts of this Presidency.

60. The Savings Bank Accounts are now kept by the Bank of Madras, which receives a monthly sum of Rs. 500 for performing this duty. The mode of calculating Interest here is simply to give each depositor his due, and no fractions are withheld. This Office has hitherto admitted the monthly sum shown as paid in the Bank Accounts on account of Interest, and the daily Statement received from the Bank of Receipts and Payments, embodies the transactions of the Savings Bank, but practically there is no check whatever over the Bank transactions, nor can there be any, unless every depositor's Pass Book were forwarded to this department for examination yearly, which would be simply impossible. There is no limit in this Presidency to the use of the Savings Bank, which is open to the whole general public.

61. The balance due to depositors amounting to nearly 9 lakhs on the 1st May last, is not funded in any way, but shown in the Public Accounts under "Deposits." I am strongly of opinion that the greater portion of this balance, or say 8 lakhs, might be conveniently and with profit invested in 4 per cent. Government Promissory Notes, to be purchased by the Deputy Auditor and Accountant General gradually, from time to time, as the state of the Public Balance might warrant, thus saving the heavy charge incurred for Interest, which amounted last year to nearly Rs. 80,000.

62. With reference to paragraph 324, it is to be remarked that the course prescribed by the Commissioners for the Audit Office is followed in this Presidency, no instance being known of a claimant having been directed to leave the Office and call the following day.

63. It is also to be observed, with reference to paragraph 325, that the course of payment observed in the Madras Bank is very simple. The claimant presents his Bill to one of the Examiners, who, after checking the deductions, and endorsing the amount, returns it to him. The Bill is then presented to the Shroff, who pays the value at once, whether in notes or Specie. The instances in which this Office has found occasion to correct the classification made by the Bank are few in number.

64. The difficulties noticed in paragraph 329 are not felt here.

65. The course of procedure laid down in these paragraphs seems very desirable.

66. The work now done in the Audit Office is, as has been already explained, not repeated in this Office. The Audit Department of this Office is very small, consisting only of five Auditors, at a monthly cost of Rs. 420. Its present strength is only sufficient for concurrent Appropriation Audit with reference to passed Abstracts, and for the original Audit of payments made either prior to Audit or of expenditure not susceptible of Audit by the Civil Paymaster. Its principal duty is to look to the classification. Under the proposed changes, the Department will unquestionably require very considerable augmentation, and I do not believe that the savings anticipated will actually be effected.

Paragraph 354. Sketch Journal.

Paragraph 355. Vouchers re-examined.

67. The Regular Journal is at once prepared in this Presidency from Abstracts. No Sketch Journal is prepared.

68. The Vouchers are not re-examined in the Book Department of this Office after they have been once compared with the Treasury Accounts by the Auditors.

69. If the several accounts under heads of Service are consolidated in the General Journal, the Receipts and Charges of each District cannot be known. If it be required to know the aggregate amount of Receipt and Charges under each head of Service, the Ledger at once gives the information

Paragraph 357. General Journal.

70. There is no delay in this Office in the commencement of the Journal for want of vouchers.

Paragraph 359. Its delay.

71. The remarks made here regarding the Madras Books are not peculiar to these Books alone, but are equally applicable to the Books of all the other Presidencies—*vide* paragraphs 165 and 357 of the Commissioners' Report.

Paragraph 360. Bombay and Madras Accounts.

72. If the suggestion contained in this paragraph be entirely carried out, the payments made for the purchase of Salt, and which are now exhibited in the Cash account under "Salt," will have to be debited to some other head of Service.

Paragraph 363. Stock Accounts are mixed with Cash transactions.

73 The intermediate entry of crediting "Profit and Loss of Revenue Department" and debiting "Land Revenue" with the demand of the year is not made in the Books of this Presidency.

Paragraph 364. Each Department has "Profit and Loss Account."

Paragraph 367. Accounts furnished to the Revenue Board.

74 Two Annual Statements of Demand, Collections, Remissions and Balances are furnished by this Office to the Board of Revenue.

75. In these paragraphs is described the course to be pursued in the Office of Account, in the event of the recommendations of the Commissioners as regards the abolition of Pre-audit and the submission of Unclassified Accounts being carried out. The course prescribed seems well adapted to the Accounts will neither be so very slight modification of the present system.

Paragraphs 370 to 379. Record and Audit proposed.

76. Five per cent. interest is paid on the Police Funds at Madras invested in Treasury Notes, and not Six per cent., as appears to be the case in Bengal.

Paragraph 397. Notes deposited.

77. The system of endorsing interest on Notes is not in force in Madras. The practice here is for the owners to receipt their Notes for interest, which after examination is passed under the initials of three of the Clerks of the Bond or Loan Department, and that of the 2nd Assistant Accountant General, and an interest order issued for the amount. The receipt for interest endorsed on the Note contains the half-year as well as the date up to which interest is passed for payment. The suggestion of the Commissioners on this point is therefore in accordance with the Madras practice.

Paragraph 401. Registers for Interest.

78. The Accountant General to the Government of India has exercised no check whatever on payments of interest made in this Presidency from 1862, when the Register of Interest payments made at the Presidency Town, which had been hitherto furnished to that Officer, was discontinued. The check exercised by the Loan Department at Madras is as complete as possible. As regards payments of interest made by the Mofussil Treasury Offices under this Presidency, a complete check is exercised by the Bond Department at Madras, as well as by the Calcutta Loan Office, both of which Departments are furnished by such Treasury Officers with a Monthly Register of interest paid by them respectively, containing every necessary detail. General Registers are kept in this Office of all Notes, interest on which is made payable at the Provincial Treasuries (extracts from which are monthly communicated to the Calcutta Loan Department), and in these are regularly posted every payment of interest made in the Provinces; and should a double payment of Interest be made, such can, with certainty, be detected, when the posting in the Provincial General Register is effected. The remark of the Commissioners, that if payments of interest were made by a Collector, and he omits to report them to the Accountant General, the omission would not be discovered, does not hold good with this Presidency, because the Detail Register of Interest Payments furnished by the Collectors monthly are compared with their Treasury Accounts furnished to his Office, in which every payment made by a Treasury Officer must appear. On discovery of any discrepancy between the amount shown as paid for interest in the Treasury Account and the amount exhibited in the Register of interest received from Collectors, such Collectors would at once be called upon for explanation.

Paragraph 403. Defective check upon Interest.

79. Fees collected in the Bond Department at Madras are recorded in different Books, and are classified as follows, *viz.* :—

Paragraph 409. Fees payable on renewal, &c., of Notes.

1st. For the renewal of Notes effected in Calcutta.

2nd. For the renewal of Stock Receipts of the Book Debt Loan effected in Madras.

3rd. For enforcement of Notes "Interest payable in London" effected here.

80. The first description of Fees is collected on the delivery of new Notes and remitted monthly to the Accountant General to the Government of India by a Transfer Receipt accompanied by an Account Current; whilst the second and third are paid into the Madras Bank,

monthly, to the credit of this Presidency. The suggestion of the Commissioners that all applications for renewal or transfer of Notes should be made on stamped paper equal in value to the amount of fee payable, would, I think, be preferable to the practice now prevailing.

81. In this Presidency it is the Deputy Auditor and Accountant General, and not one of his Assistants, who signs the Bills. The Bank might be made to issue the Bills after acceptance of the Tender by the Deputy Auditor and Accountant General.

Paragraphs 411-412. Supply Bills. 82. These paragraphs refer to the duties of the Auditor and Accountant General to the Government of India and do not call for any observations from this Office.

Paragraph 423. Stores from England' 83. Stores purchased in England might at once be charged in the Home Accounts.

84. These paragraphs chiefly refer to Home and Imperial Accounts. With regard to paragraph 441, I agree with the Commissioners in thinking that the salaries of many of the Clerks on the Establishments of the Account Department are not adequate to their work and responsibility.

Paragraphs 443 to 448. Privilege Remittances. 85. I also concur with them in thinking that some check is needed regarding the Issue of Privilege Remittance Transfer Receipts.

Paragraphs 449 & 450. Permanent Advances. 86. The system of Permanent Advance Fund is working well in this Presidency, and I do not recommend any change in it.

Paragraph 481. Cheques should not drawn for trifling sums. 87. I agree with the Commissioners in the observations made in this paragraph.

Paragraphs 452 & 453. 88. These paragraphs do not require any special remarks with reference to what has been already stated.

89. The suggestion to close the Indian Accounts on the 31st December appears to be good. The continuance of the Fusi and Official years seems no longer necessary, if the Indian Accounts are required to be laid before Parliament at an earlier date than at present.

90. In submitting for the consideration of Government the foregoing remarks which I regret to find have extended to an unexpected length, I beg to state that I have not been unmindful of the great weight which must necessarily be attached to the opinions of Officers of the large Financial experience and ability of Messrs. Foster and Whiffin. A comparison has been drawn by them between the systems of Accounts which obtain in England and in India, and, as might naturally be expected, the contrast is very unfavorable to the latter, both as regards the promptness and accuracy with which the Accounts are rendered. But in instituting this comparison, it does not appear to me that due allowance has been made for the very different conditions of the two countries. In England the Accounts are received at the Head Office from the remotest parts of the Kingdom within four-and-twenty hours of their despatch, and if any explanations of them is deemed necessary, it is obtainable within forty-eight hours. In India the Talook Accounts passing through the Hozeor cannot possibly reach the Presidency from many of the Districts in less than twelve days, and the reply to any explanation which may subsequently be called for is frequently not obtainable under a month. In England the disbursements are made by experienced Paymasters, and recorded by skilful Accountants, and, finally, the Accounts are collated, checked, and classified by Officers of the greatest experience and talent which England can command. In India the payments are chiefly made by the Revenue Officers unacquainted with the rules which should regulate such payments, and whose time and attention are fully occupied by other responsible and onerous duties; and the Accounts are prepared by Officers who, from the Head of the Department down to the Talook Gomastah, are wanting in that special training which is considered of such peculiar value in England. In England, again, the system of making advances is unknown, while in India, but few works, however trifling, can be carried on without them, and it is these items, as I have already observed, that so much retard and encumber our Accounts. I have pointed out how far the suggestions of the Commissioners accord with the practice which now obtains in this Office, and to what extent they may, in my opinion, be carried into effect. I have also endeavoured to the best of my ability to explain where those suggestions appear to me inexpedient, and the difficulties in the way of their adoption. It is very possible that the greater experience of the Commissioners in the treatment of Accounts may lead them to view these difficulties as imaginary, or such as may be readily overcome, and it only remains, therefore, for me to add that, should such be the case, and it be determined after mature consideration to introduce the proposed changes in the Indian Accounts, no pre-conceived opinion of their inexpediency will be allowed to interfere with the cheerful co-operation of myself and my Establishment in carrying out the suggested reforms.

Proceedings of the Govt. of Madras in the Revenue Department, — No. 615, dated 20th March, 1865.

Read the following letter from the Secretary to the Board of Revenue, submitting Board's remarks, together with a Memorandum by their Head Sheristadar, on the report of the Account Commissioners on the system in Financial Department.

No. 131, dated 11th January 1865.

From—W. HUDLESTON, Esq., *Secretary to the Board of Revenue, Madras,*
To—The Secretary to the Government of Madras.

Referring to Government Order dated 15th November 1864, No. 2095, I am directed by the Board of Revenue to submit the following remarks on the report of the Account Commissioners on the system in the Financial Department.

2. The accompanying elaborate Memorandum by the Board's Head Serishtadar, Jeyaran Chetty, goes fully into the details of the subject, and is entitled to much consideration as embodying the views of a most competent witness, who has for many years past had his attention constantly directed to the improvement of our Account Department in all the branches connected with the Revenue, and who has been foremost in inaugurating most beneficial reforms.

3. It is unnecessary for the Board to go into the same detailed review. It will be sufficient if they notice the Commissioners' proposals, and the grounds for them, and it may at once be here noticed that the remarks of the Commissioners frequently indicate that their acquaintance with the Indian system is limited to a practice which is much at variance with ours, and that their proposals are in many respects altogether unsuited to the circumstances of this Presidency.

4. The first point that they discuss is the system of preparing the Budget Estimates and regarding this it may be observed that the course followed here is not that described by the Commissioners. They assume that the Accountant General frames the Budget for submission to the Local Government, which modifies it at pleasure, and often without recording its reasons.

5. As the Government are aware, the course adopted here is very different from the above. The Heads of Departments prepare and submit direct to Government their several Budget Estimates, with explanation of details. The Government revises them as it sees reason, and forwards them to the Accountant General to be embodied in the prescribed form. The Accountant General in no way interferes with the entries, except to see that rules are not violated. This system secures the advantages contemplated in paragraph 25 of the Report.

6. The Departmental Budgets exhibit the estimate for the proximate year, the estimate for the current year, and the actuals for the preceding year. The Board do not think that any of this information can be dispensed with, or that any good end would be attained by omitting these details. At the time of year when the Budgets are required to be prepared the receipts of the current year in several important items are not sufficiently advanced to allow of the current *actuals* being used for comparison, though they are referred to before passing the amounts. Thus the Departmental Budgets do not show the details specified in paragraph 22.

7. The Board consider it highly important that the detailed distribution of the passed Budget provision should be recorded for the information and guidance of District Officers, and for purposes of check, in the same manner as the details from which the District and Presidency Budgets were framed are recorded; but they quite concur with the Commissioners in opinion that it is unnecessary to send up the Budget to the Government of India in this detail, nor are the Board aware that this is now done.

8. Several of the objections raised by the Commissioners to matters of detail in connection with the working under the Budget system appear to be well founded, but are not applicable to this Presidency. In some instances (as in paragraph 48) they scarcely go so far in advocating reform as the Board have done, and had their proposals approved.

9. In regard to paragraph 51 the Board presume that some difference of practice between the Presidencies must have induced the remark that the system of accounts does not allow of trustworthy comparison of current actuals with the Budget Estimates. The Board see no reason to doubt that the comparison which under our system can be, and periodically is instituted, is quite trustworthy and in no respect deceptive, at least so far as the Departments under their control are concerned.

10. The abolition of the item "Allowances, Refunds, and Drawback," proposed in paragraph 38, will not, in the Board's opinion, be an improvement. They consider that, for purposes of comparison and check, it is desirable that the item should be retained.

11. In regard to paragraph 70 it may be observed that in the Revenue Department of this Presidency a monthly Statement is now received from the Districts, of actual receipts and expenditure compared with the Budget Estimates, while the Commissioners propose one to show actual receipts and *audited* expenditure, the distinction being, the Board presume, based on the assumption in paragraph 51 that the unaudited expenditure is unclassified or incorrectly classified, which the Board believe to be erroneous.

12. In any case the Board are of opinion that it would be preferable to have a return of *actual* expenditure, even at the risk of the *distribution* of that expenditure against the detailed Budget provision being partly erroneous, rather than one which should confessedly be incomplete and exhibit only part of the expenditure that had been actually incurred.

13. The next division of the Commissioners' Report relates to Revenues and Receipts, and here they have evidently been dealing with a system which varies greatly from that in force in this Presidency, as perhaps was in great measure to be expected from the difference of the systems of Land tenure and Settlement of the Land Revenue in Bengal and in Madras. In fact the *reforms* advo-

cated by the Commissioners would result in a system in many respects identical with that now in force here.

14. It would seem that in Bengal, the Revenue Board are mainly dependent upon the Accountant General for information regarding assessments and collections; that over many important items of revenue they have no check whatever; and that of many details they have no direct information.

15. The Commissioners propose to remedy this; but their remarks indicate a state of things exactly the reverse of that which is in force in this Presidency, and regarding the details of which the Board beg leave to refer to the accompanying Memorandum by their Head Serishtadar already mentioned.

16. Some, however, of the details of the Commissioners' proposals require to be noticed here.

17. The Talook monthly estimates described in this paragraph do not exist in Madras. Paragraph 88. The actual accounts are submitted as recommended by the Commissioners.

18. The Board are decidedly opposed to the proposal that the classification of Receipts in the Taluk accounts should be thrown on the Collector's Establishment. They see no advantage in the proposal, which would certainly entail a great amount of labor and inconvenience on the Hoazoor Office, while the existing system works easily and well. It would, however, appear from a later part of the report that the District accounts also are to be unclassified, and that the whole work of classification is to be thrown on the Central Office of Accounts. This will be noticed in its proper place. The Board are equally, and for much the same reason, opposed to the proposal that the Tehsildar should transmit *daily* to the Collector a Statement of the day's transactions with the vouchers relating to them.

19. The objections to any system of Deposits have long since attracted attention in this Presidency, and measures have been and are being taken to reduce the system within the narrowest possible limits, and to ensure the earliest adjustment practicable. Paragraph 88.

20. The Forest Department in this Presidency is supervised by the Conservator, the financial branch being controlled by the Board of Revenue. Paragraph 89. Until lately the current expenditure was audited by the Board, but on their representation the Government recently transferred this duty to the Conservator, who must be best acquainted with the legitimate requirements of his subordinates. The annual accounts are submitted to Government through the Board.

21. In this Presidency the Revenue Board have full control over the detailed working of the Abkaree Department, and the accounts are as closely attached to their establishment as the Commissioners can possibly desire. Paragraph 91.

22. The system under which the revenue is realized is, however, altogether different from that with which the Commissioners have become acquainted in Bengal.

23. The remarks of the Commissioners on the system in connection with the Income Tax transactions indicate a very different state of things from what exists in this Presidency. The tax will expire in a few months. Paragraph 96.

Paragraph 100.

24. The criticisms on the details of the system in the Customs Department at Calcutta are similarly inapplicable.

Paragraph 118.

25. The same remark applies to the Commissioners' observation on the Stamp Department.

26. The next division of the Commissioners' report relates to Expenditure, and here their remarks have mainly reference to the pre-audit system, which they condemn as unnecessary and cumbrous, as giving rise to much delay in payments and adjustments, and as uselessly and excessively enhancing the amount of the inefficient balances. They contend that it really leads to a double audit, a pre-audit by the Civil Paymaster, and a post-audit by the Accountant General. Expenditure. Paragraphs 153 to 216.

27. They recommend the abolition of the system, and that the authorization of the sanctioned Budget expenditure should rest upon the Officer in charge of the Department concerned. Paragraph 197.

Paragraph 214.

To diminish the risk of mistakes in computation, &c., they would simplify the rules regarding leave, absentee allowances, and travelling allowances.

They observe that the abolition of pre-audit would greatly reduce the necessity for large Permanent Advance Funds, which they would restrict to the amount necessary to meet small cash payments. Paragraph 449.

28. They would substitute for the pre-audit system the following plan:—

Controlling Departments to keep their departmental accounts, examine claims, and authorize expenditure within sanctioned Budget provision, being responsible for passing claims.

Departmental accounts to be post-audited monthly by Accountant General's Department, either by deputation of an officer, which will save copying, or by transmission of monthly Departmental accounts.

District Treasuries to transmit unclassified accounts with vouchers fortnightly to the Accountant General.

Revenue Board and not Accountant General to receive all accounts relating to assessment, collections, and arrears of revenue, and all statistical returns.

Fixed charges and salaries to be paid under permanent order.

Paragraph 214.

Paragraph 370.

Clause 3, paragraph 459.

Varying and contingent charges to be paid on Collector's, &c., order within District Budget provision, the orders to be signed as examined by the local Accountant.

29. The practice in a District in the Revenue Department would thus apparently be as follows:—

On receipt of the orders on the Budget from the Government of India the Board would furnish each Collector with a Statement showing the Budget provision for his District under the several heads, and send at the same time a corresponding list to the Accountant General, distinguishing between the provision for fixed and for varying charges.

Paragraph 198

Paragraph 389.

Paragraph 213.

The Accountant General would then issue to the "Officer in charge" of the District Treasury "a special or permanent order as the case might be" for each item, and payment would be made within the total limit of each item, and on the authority of the Collector, who would pass the bills in the case of contingent, &c., varying charges, which bills would also bear the signature for the Collector's Chief Accountant, in testimony of his having examined them.

Paragraph 274.

Paragraph 278.

Paragraph 279.

Payments would be restricted as far as possible to the Head Treasury of the District.

Paragraph 217.

Paragraph 225.

The accounts kept in the Talooks would be a simple daily cash account showing receipts under the several heads of revenue, an unclassified consecutive list of payments made, and the daily balance in hand, which account would be transmitted at short intervals to the Collector's office for incorporation in the general account.

The accounts at the Collector's office would be simplified as much as possible. Revenue receipts under the several heads, Deposit Transfer receipts, Supply bills, &c., would be recorded in separate registers, and the daily totals of each would be entered day by day on the debtor side of the cash book. Miscellaneous receipts would be entered as they occurred. At the close of the month, an abstract statement of the monthly total of the receipts in each register would be entered at the foot of the cash account.

Payments would be entered consecutively day by day as made on the credit side of the cash account, the classification being left to the Central account office (the Revenue Board Account Department, or the Accountant General—apparently the former). Separate Registers might be established for classes of payments such as Deposits returned, Transfer receipts, Supply and other bills paid, the number of which is considerable, and the daily total entered in the cash book, with a monthly abstract as in the case of receipts.

The receipts and payments at the Talook Treasuries would be recorded in the District accounts day by day as the accounts come on, the name of the Talook being shown in a special column for the purpose.

A separate account would show the transactions between the Talook and District Treasuries and the transfers of cash.

Full copies of the entries in the separate Registers of payment would accompany the cash account to the Central Office, and also the documents on which payment was made, as vouchers.

30. The main points of difference between the existing and proposed system appear to be that "the Officer in charge" of the District Treasury would apparently be in great measure independent of the Collector, and a kind of Deputy of the Accountant General; that payments would be made on the authority of "special or permanent orders" issued by the Accountant General for all fixed charges, and on the authority of the Collector for varying contingent charges; that the responsibility for over-issue beyond the Budget sanctioned grant must be borne by the officer issuing the order, the Treasury officer being at liberty to refer to the Accountant General for orders in the event of his seeing reason to doubt the correctness of the order for payment; that pre-audit would be abolished; that the Talook and District account would be almost or altogether unclassified; and that the classification would have to be made in the Central Office of Account.

31. The reasons assigned for the proposed change of system are in very many instances not applicable to the state of things existing in this Presidency.

32. Many of the objections stated to the pre-audit system appear to the Board to be unfounded or exaggerated as far as this Presidency is concerned. The great argument against it undoubtedly is that when feasible it is not necessary, as such a system of anticipatory sanction for fixed scales of payments as is proposed by the Commissioners would secure equal safety without the risk of delay; and that in the case of varying contingent charges, the pre-audit system is inseparable from delay or necessitates a recourse to Advance Funds.

The Board admit the weight of this argument; but in this Presidency excessive delay in payments or adjustments is not found to be the inevitable result of the pre-audit system, nor is the extent of the Permanent Advance Funds large.

On the other hand, the system secures correctness of charge in great measure, and relieves from additional responsibility the body of Collectors who are laden with multitudinous

duties of a most important administrative character. It also greatly promotes the speedy submission of bills.

The Board, however, are not disposed to contend for its being continued.

33. The proposal to reduce the Talook and District accounts to an unclassified form does not at all commend itself to the Board, and would throw an immense amount of detail work on the Central Office. The present system works well. It may be doubted whether the proposed substitute would work so well or be so expeditious or economical.

34. The change in the position of the "Officer in charge" of the District Treasury, who is evidently intended not to be altogether subordinate to the Collector, appears to the Board to be altogether incompatible with the position hitherto held by the Collector of a District in this Presidency; nor does it appear to the Board that the theory is consistently maintained in regard to payments made from the Talook Treasuries, which in this Presidency *must* continue to be large and numerous, unless the old insecure and most inconvenient system, which was universally condemned after long experience of its defects, is to be reverted to.

The theory, though not expressly stated, would seem to be that all Government Treasuries throughout the country are to be controlled by the Accountant General, who will issue orders to the "Officer in charge" authorizing certain classes of payments, on the *indent* as it were of the controlling heads of administrative or executive departments.

When it is remembered that in this Presidency the Collector of a district is the local representative of Government, entrusted with the administration of all detail, with the realization of the public revenue, with the satisfaction of demands against Government; with the custody of the Government Treasury for which he is personally responsible, it will at once be seen how great is the innovation that is really proposed, and must practically result from the adoption of the Commissioners' scheme.

Whether such a change is desirable or not may be matter of opinion. The Board are decidedly of opinion that it is undesirable. If, however, it should be intended to make no change in the position of the Collector as being really "the Officer in charge" of the District Treasury, then it would appear that for all revenue charges he would be both the auditing and the disbursing officer, and much of the Commissioners' detail provision would be neutralized, while sundry anomalies would be introduced.

35. The Board, while admitting the expediency of many minor reforms suggested by the Commissioners, consider that the general change of system involved in their scheme would be in many respects inconvenient, and probably expensive, while in this Presidency it would effect little or no improvement on the present system not otherwise attainable, but must probably create great confusion.

They, however, perceive that the Commissioners have had under consideration a state of things which does not at all correspond with that existing in this Presidency, and they deem it absolutely necessary that before any sweeping changes are carried out here, the Commissioners should visit the Presidency and make themselves practically acquainted with the details of the local administration and with the working of the system which they desire to reform. The Board believe that the result would be a very extensive and material modification of their proposals.

36. The only point that remains to be noticed is the retention or abolition of the Fasi year, involving as it does a distinct set of accounts; and on mature consideration of all that can be said in its favor, the Board are not disposed to advocate its retention *together with* that of the official year. They believe that the abolition of the Fasi year will be productive for some time to come of all the inconvenience that is inseparable from the substitution for a well-known and long-established system, of one with which the people as a body are altogether unacquainted and cannot readily become familiar. They recognize the force of the objection that much of the statistical information that has been accumulated in past years will become comparatively useless for purposes of comparison when the Fasi year is no longer employed in revenue accounts; but if the present official year from 1st May to 30th April be retained, the Board consider that the advantages resulting from the abolition of the Fasi year will more than counterbalance the disadvantages.

37. It must, however, be understood that this opinion contemplates the retention of the *existing* official year, and would not hold good if the official year be so changed as in no way to include a single cycle of the agricultural year, which is all-important in this country in relation to the public revenue.

Dated 12th December 1864.

Memorandum by the Head Sheristadar to the Board of Revenue, Madras.

The Government have, in their order dated 15th November 1864, No. 2095, called upon the Board of Revenue to report fully upon such parts of the report of the Commissioners of Enquiry into Indian Accounts which relate to Revenue administration, and this document having been put into my hands, I beg to submit this Memorandum as containing my views on such parts on which my long experience in the Account Department, both Revenue and Financial, and the frequent opportunities I have had of carefully studying the orders issued from time to time by the Government of India in connection with the Budget, and the new system of accounts, enable me to express an opinion.

2. The first part of the Commissioners' Report (paragraphs 15 to 73) treats of the estimates, and the final suggestion in regard to them is that of the four* different estimates now prepared only two may be retained, *viz.*, the Budget Estimate and the Regular Estimate. The Commissioners, however, state in a subsequent part (para-

graph 70) that when the monthly Statement of receipts and expenditure has been regularly established, the latter estimate may also with advantage be dropped. The Budget Estimate being prepared after careful consideration of the several circumstances, as far as possible, it is complete in itself, and will answer all the purposes of the Finance Department. The revised and regular estimates, though founded on the actual transactions of a few months of the year, cannot show such large variations as to be much more useful practically than the Budget, and they may therefore be safely dispensed with, as also the Cash requirement estimate under the arrangements proposed by the Commissioners.

3. The procedure connected with the preparation of the Budget in the Revenue Department is simple enough. Detailed estimates are obtained from the Collectors in printed form, and after the necessary scrutiny and revision by the Board, they are compiled into a general estimate for the whole Presidency, which is submitted to Government. The Government revise the estimate further wherever necessary, and with their orders upon it forward it to the Deputy Auditor and Accountant General for incorporation with his general estimate.

4. The Commissioners propose (paragraph 26) that the Budget Estimate should show only the previous year's estimate for comparison. The estimate being a mere guess under any circumstances, it is better to retain the column showing the actual transactions of the year preceding the estimate but one, as it will be necessary in some cases to compare the ensuing year's estimate with the actuals of the penultimate year. Under this arrangement the Budget Estimate will contain only three columns instead of two as proposed by the Commissioners, and its usefulness will be much enhanced.

5. In their Proceedings dated 5th September 1864, No. 578^h, the Board of Revenue have already made certain suggestions for the simplification of the form of the Budget of charges by the omission, first, of the columns showing the number of hands on each establishment; and secondly, of particulars dividing the office establishments into Clerks above 300 rupees, Clerks from 50 to 300 rupees, Clerks below 50 rupees and other servants. It was also suggested that the practice of transferring one-fifth of Land Revenue charges to Law and Justice should be done away with. In their order dated 19th September 1864, No. 1711, the Government in the Revenue Department have approved these suggestions, and directed the third of them to be carried into effect at once, referring the other two points to the Financial Department in view to the orders of the Supreme Government being obtained.

6. The Commissioners touch upon only the last of these points. In paragraph 46 they condemn the practice of dividing a single charge under several heads as being arbitrary, and declare that such arbitrary division of charges to show particular results may be left to Statistical returns. This is what the Board have already recommended as stated above; but the Commissioners make an exception in regard to the salaries of Collectors and Magistrates and Deputy Commissioners, whose duties consist both of the administration of justice and the collection of Revenue. The principle laid down by the Commissioners in the case of subordinate servants is as well applicable to the Collectors and Commissioners. The former are employed in both capacities as the latter, though in different degrees of responsibility. The division of the charge in the case of the higher officers also cannot but be arbitrary, and I do not think that any advantage will be gained by retaining the distinction in the accounts, as the monthly adjustment in them as well as in all the Bills causes unnecessary trouble without any corresponding practical benefit. The proportion which is to be debited to Law and Justice being decided and well known, it will be very easy at any time to prepare Statements showing such division of charges for statistical purposes.

7. In paragraph 27 the Commissioners recommend the discontinuance of the practice of inserting in the printed Estimates the revenue and expenditure of each District or Station. I think it is quite unnecessary to show the Districts in the Budget prepared by the Deputy Auditor and Accountant General, and submitted to the Government of India. In point of fact, the Accountant General's Budget shows the particulars for the District only in a few cases and not in all, and they may, therefore, be properly dispensed with in every case. The Board submit to Government a General Abstract of estimated receipts and charges for the several Districts, and after the total sums are finally passed by the Government of India, the details are communicated by the Board to the Collector of each District for his information and guidance. If this course is followed by the controlling heads of other Departments also, the particulars of Districts in the Accountant General's Budget may well be omitted as suggested by the Commissioners.

8. The suggestions contained in paragraphs 31 to 45 in regard to avoiding numerous adjustments between the several Presidencies and Provinces are generally good, and if carried out, will get rid of unnecessary adjustments in the books. This will do very well in the case of pensions, compensations and other payments of a standing character, which, though belonging to other Districts or other Presidencies, may be charged at once under its proper head of account to the District in which the payments may be made; but adjustments cannot be avoided in cases in which payments will have to be occasionally made in one District on account of another in consequence of transfer of officers. The Commissioners seem to contemplate (paragraphs 41, &c.) that even payments made temporarily in one District on account of another should be charged at once under the proper head of account

in that District. If this were done, the accounts of one District would show a larger amount of expenditure and those of another a smaller amount than their respective Budget grants; and, as a consequence, the accounts of local officers would not represent the true expenditure appertaining to the District. The Collectors would also feel a great difficulty in framing their Budget Estimates in the absence of correct accounts of the actual expenditure of their Districts with them. Though in the Accountant General's Budget submitted to the Supreme Government the particulars for the Districts may be omitted as suggested by the Commissioners, yet each District should have its specific Budget grant under each item for its guidance as already stated. It is very desirable that each Collector should know the Budget grant of his District on each account, though the responsibility of the proper distribution of the salaries and other charges may rest with the Controlling Department.

9. The cases of such adjustments as I have alluded to will be very few, and they are very simple. For instance, the Sub-Collector of the Madras District is appointed to act as Collector of North Arcot. His salary as Sub-Collector having been pre-audited by the Civil Paymaster, the North Arcot Collector pays it and debits local remittances, and sends the salary bill to the Collector of the Madras District, who debits the Sub-Collector's salary to the proper head by crediting local remittances, and sends to the North Arcot Collector an adjustment receipt. This is the course followed here which appears to be quite simple, and which has the advantage of showing the expenditure of each District under the proper head of account according to the provision made in the Budget. It appears from paragraph 43 of the Commissioner's report that the more general mode now adopted in Bengal in dealing with these cases is to transfer the amount from the one District to the other through the Budget Check Ledger. This is certainly very cumbersome, and can be avoided if the simple course observed in this Presidency be adopted.

10. In paragraph 58 the Commissioners state that the item of "Allowances, Refunds, and Drawback" has been removed from the expenditure side of the estimate, as these charges cannot be accurately estimated beforehand, and are not *bond fide* expenditure, and that they should be treated as deductions from the gross receipts of revenue, the net only being brought to the credit of Government. This may be possible in the instance quoted by the Commissioners if the over-collection and the refund occur in one and the same month, as the amount can be struck off both on the credit and debit sides, but in most cases the amount collected in a previous year has to be refunded in a subsequent one, and in such cases the payment cannot be deducted from the revenues of the year and the net amount carried to the credit of the State. The accounts would then exhibit a false state of things, and large payments on account of refunds would disappear from the accounts without any check whatever. "Allowances, Refunds, and Drawback" should, therefore, be estimated for as usual, and the payments on that account should appear on the expenditure side.

11. The second part of the Report describes the system pursued in Bengal in regard to "Revenue and Receipts," but the procedure of that Presidency differs widely from that obtaining in the Madras Presidency in several important respects. It appears from what the Commissioners state that the Bengal Board of Revenue do not keep the Revenue accounts in their own Office, but that they get elaborate Statements from the Deputy Auditor and Accountant General, though very little use is made of them. Here the case is altogether different, and is quite in accordance with the course suggested by the Commissioners in paragraph 76.

12. The Madras Board have their own Account Department well organized, where all the Revenue accounts both of receipts and expenditure are kept with the necessary details. They have the supervision of all branches* of revenue, and get from the Collectors under their control monthly Statements showing the demand, collection, and balance under each head of Revenue, and also Progress Reports of collections and charges under the several heads compared with the Budget grants up to each month. A General Statement of Collections is compiled in the Board's Office from the local returns and submitted to Government. Returns of Prices are also furnished to them monthly with remarks on the state of the season. Once a year,—that is, after each Fasli ending with 30th June,—the Board submit to Government a complete report on the settlement of all branches of revenue with detailed Statements, which are compiled from the Collectors' returns after the necessary scrutiny and examination. It is necessary to observe here that the Settlement Report alluded to is independent of the Administration Report which is submitted to Government by the Board for the official year ending 30th April.

13. The Board in the capacity of Court of Wards have charge of all Minor Estates in the several Districts, and keep the accounts connected with them, submitting to Government annually a complete report with detailed Statements. The Board likewise audit all Saderward and contingent charges under the several heads of Revenue, and payments of refunds, extra tent allowance of Collectors and their Subordinates, and travelling allowance to Revenue Officers and establishments. In short, every charge in the Revenue Department is carefully audited by the Board, except the salaries of Officers and fixed establishments, which are passed by the Civil Paymaster. It will thus be seen that the check exercised by the Board over the receipts and expenditure in the Revenue Department is complete.

14. The Land Revenue in Madras is mostly realized under Ryotwar Settlement or Settlement with each individual Ryot, which varies greatly each year with reference to changes in the extent of the individual holding. This system involves much detail, and the accounts are all kept in prescribed forms which have been much simplified. None of these details are,

• Land Revenue.	Land Customs.
Abkaree.	Salt.
Income Tax.	Stamps.
Sea Customs.	Local Funds.

however, furnished to the Deputy Auditor and Accountant General as in Bengal. The only account that is forwarded monthly by Collectors to the Accountant General is the Treasury Account, showing the receipts and charges of the District, and accompanied by audited vouchers in support of the charges. This account has lately been simplified by the Board, in communication with the Accountant General, and blank forms have been printed and circulated to

• Enclosure No. 1.

Collectors. The form* consists of only six sheets of foolscap paper. The Accountant General forwards to the Board annually—that is, for the Fasli ending 30th June—two simple Statements each occupying one sheet of demy paper, showing the collections, current and arrears, respectively, of the several branches of revenue. These Statements are compared with the returns in the Board's office, and then submitted to Government, noticing any differences that may have been found between the two accounts. Since of late the two accounts tally with each other, and this satisfactory result has been attained by the Government and the Board insisting on the Collectors maintaining due agreement between the accounts submitted by them to the Board and to the Accountant General.

15. I must, however, observe that before 1863, an elaborate General Statement was being received by the Board from the Accountant General accompanied by 14 detailed Statements, for each Fasli, for transmission to the Secretary of State after examination in the Board's Office; but in submitting these voluminous Statements to Government, the Board in their Proceedings dated 1st June 1863, No. 3237, pointed out that their General Report with complete detailed Statements supersedes the necessity of any such accounts being prepared by the Accountant General, and that two simple Statements might be substituted for them for the purpose of comparison. The Government in their order dated 20th June 1863, No. 1093, approved the suggestion, and referred it for the orders of the Secretary State for India, who in his Despatch dated 24th August 1863, No. 49, replied, that the voluminous Statements were not required for reference in his Office, and that their preparation might for the future be discontinued. Since the receipt of this order, the Accountant General's Office has been relieved from this enormous work.

16. I think it desirable to give a brief and general account of the Revenue administration of this Presidency following nearly the Commissioners' description of it in the Bengal Presidency. The Madras Presidency consists at present of 19 Districts or Collectories, each with a Collector (a Covenanted Officer). These Officers conduct the administration under the control of the Board of Revenue, aided by subordinate Officers, viz., Sub-Collectors, Head Assistant and Assistant Collectors and Uncovenanted Deputy Collectors. Each of these officers has charge of one or more Talooks, which form a portion of the District under the general supervision of the Collector. The relative position and powers of these officers are briefly given in a Memorandum which was submitted to Government with the Board's letter, dated 10th June 1863, No. 3390. Each District is divided into a number of Talooks or Tehsildaries, and each Talook consists of a number of villages, generally from 200 to 1,000, in charge of the Tehsildar. In the villages the detailed accounts of cultivation and other transactions of the several individual Ryots are kept by Kurums or Village Accountants. The collection of revenue is made by Monigars or Potails from the individual Ryots, and receipts granted for the money received, and the village accountant, who keeps a cash account according to the prescribed form, records in it the daily collection. On the 24th or 25th of each month the amount collected up to that date is remitted to the Talook with a simple list called "Irsalnamah," showing the items of revenue, and the Faslis on account of which they were so collected, and also the particulars of coins. The village accountant keeps an individual ledger showing the demand, collection, and balance of each Ryot on account of each item of revenue, and this book furnishes ready information at any time regarding the transactions of the Ryots in the village. The village account manual contains detailed instructions with forms of account, and a reference to it will give a better idea of the system of accounts observed in the villages.

17. Each Talook has, as a rule, a Tehsildar and Serishtadar who are also Sub-Magistrates, a Shroff, and eight Gumastahs, four of whom are employed in the Account Department, and the other four in the Correspondence Branch of both the Revenue and Magisterial Departments. Each Talook is allowed three Revenue Inspectors, to each of whom is assigned a range. Their duties are to inspect cultivation in the villages, to inquire into and report upon any cases that may be referred to them by the Tehsildar, and to prepare the monthly returns of cultivation, &c., from the village accounts. The duties of these Revenue Inspectors are generally executive. Besides them there are one or two Sub-Magistrates or Deputy Tehsildars, according to the extent of the Talook, to aid the Tehsildars in their Revenue and Magisterial work. They are provided with a small establishment consisting of one or two Gumastahs.

18. The remittances from the villages Muttab Shrtroiem and Polium, which form a portion of the Talook, and from Sub-Magistrates or Deputy Tehsildars, Salt Divisions, Sea Custom Ports, Stamp Vendors' stations, and from other Departments, Judicial, Educational, Public Works, &c., if any, are all received into the Talook Treasury. There are also collections made in the Talook itself on account of various items other than Land Revenue, such as Income Tax revenue fines, Magistrate fines, subscription to the District Gazette, &c. As soon as money is brought to the Talook Cutcherry, the Irsalnamah or Memorandum which accompanies it is examined by the Head Gumastah and entered in his day book, with such particulars as may be necessary for purposes of account, and forwarded with his initial to the Shroff, who, after examining the coins, puts the money into the cash chest, duly entering

in his Chittah the amount received with particulars of coins, but omitting the specific items which are given in the Gumastah's day book. As soon as this is done, the Memorandum is returned to the party who sent the money with an endorsement under the signatures of the Shroff, Head Gumastah, and Tehsildar or Serishtadar, acknowledging receipt of the money. If no memorandum (Irsalnamah) accompanies the remittance, a separate receipt is granted.

19. Payments are made from the Talook Treasury to a large extent on account of Revenue, Magistewal, Judicial, Telegraph, Postal, Ecclesiastical, Medical, and other Establishments, Civil pensions of various descriptions, Yeomahs, Pagoda, and Mosque allowances and Military Pensions, as well as for Public Works, on cheques drawn by the Executive Engineers. In short, a variety of payments are made from the Talook Treasury, all on express orders signed by the Collector or his Treasury Deputy for either individual or class payments or for establishing credits. The Tehsildar is not permitted to disburse a single rupee from his Treasury without such a written order. He is, however, provided with a Permanent Advance Fund to the extent of 50 or 100 rupees according to the requirements of the Talook to meet such small payments as must be necessary for the purchase of petty articles of stationery, for the repair of office furniture, for rewards for killing snakes and dogs, and the like. After the close of each month, a contingent bill is submitted to the Collector for the charges so incurred, and after it is finally passed by the Civil Paymaster, the money is disbursed from the Talook Treasury upon the written order of the Collector or his Deputy, and the Advance Fund replenished. Such is the systematic mode in which cash is disbursed from the Talook Treasury. The Day Book and the Cash Chittah are closed every evening before sunset, the cash balance is struck, and the contents of the expense chest examined before locking it up, to see that the balance is correct according to the cash account. The Day Book and Cash Chittah are compared with each other, and then they are initialled by the Head Gumastah, Serishtadar, and Tehsildar.

20. The Head Gumastah keeps with him two abstracts, one for receipts and the other for disbursements, in which the entries in the Day Book are posted daily under the several heads arranged according to the Budget classification, and on the last day of the month the Treasury is closed at 12 or 1 o'clock, and from the abstract the totals for the month are immediately made up, and a complete Account Current is then prepared showing the receipts and disbursements under their proper heads, and transmitted to the Treasury Deputy Collector, either that evening or the next morning, with the necessary vouchers in support of the charges. The Account Current is also accompanied by a Statement of Demand, Collection, and Balance of the several sources of revenue. The Revenue collections entered in this document will correspond with the entries made in the Account Current.

21. On the 25th of each month the Tehsildar sends to the Collector a Memorandum showing the probable amount required for disbursement in the following month, upon which he is authorized to retain the money. A remittance of the rest is made to the Collector's Treasury on the 1st or 2nd of every month with a simple list of coins. The Talook Treasury is examined by the Tehsildar on the last day of each month, and the fact is certified in the monthly account. The Talook Manual contains the necessary instructions on the several points with forms of accounts for the guidance of the Tehsildars. The orders issued by the Board from time to time, subsequent to the Manual, to suit the Bengal system of accounts, have modified some of the instructions and forms. It will, however, show generally the system observed in regard to Talook accounts.

22. The Abkree Revenue in this Presidency is leased on competition once in five years, except in the Town of Madras, where it is under Government management. The Abkree Department in the Town has a Superintendent, with a suitable establishment under him, who carries on the business of the Department under the immediate supervision of the Deputy Collector, subject to the general control of the Collector. The accounts kept by the Superintendent of Distilleries, &c., undergo scrutiny in the Deputy Collector's office, and the amount realized by the sale of liquor, arrack, &c., is remitted to the Madras Talook Treasury. The Deputy Collector of the Madras Town has also charge of the quit-rent Department, and collects moreover the Income Tax of the Town. The money received into the Town Talook Treasury is generally remitted direct to the Madras Bank as the most convenient arrangement, and a complete set of cash book, &c., is kept. An account current of the receipts and disbursements is forwarded by the Deputy Collector to the Collector's Treasury on the 1st of every month, as is done by a Tehsildar.

23. The Superintendents of the Salt Divisions keep regular cash accounts of the receipts and disbursements. As the payments are generally large in these divisions on account of manufacturer's share and manufacturing contingencies, the Superintendents are allowed to retain such amount as may be necessary out of the salt collections, which are generally remitted to the nearest Talook Treasury, and disburse it on the written orders of the Collector, or his Treasury Deputy. The Salt Department of each District is under the immediate charge of a separate Deputy Collector, who closely supervises the operations of the Department. The Superintendent furnishes the Collector with an account current of receipts and disbursements on the first day of every month. More detailed instructions with forms of accounts will be found in the Salt Manual.

24. The Superintendents of Sea Customs and Land Customs, licensed Stamp Vendors, Sub-Magistrates in Zemindary stations, keep cash books according to prescribed forms, and submit to the Collector on the 1st of every month their accounts of actual receipts. The collections made are remitted to the nearest Talook Treasury, and those officers are not allowed to

make any disbursements from them, as they are very small. The charges connected with the establishment and contingencies of these officers are generally disbursed from the Talook Treasuries on the written orders of the Collector or his Treasury Deputy.

25. From the foregoing brief description it will be seen that all the chief officers who are entrusted with the collection of revenue keep their accounts systematically according to prescribed forms, and furnish monthly accounts regularly to the Collector. All these accounts generally reach the Head Treasury within the 4th or 5th of each month. In the Talooks, Salt Divisions, &c., the accounts are all kept and prepared in the vernacular language of the District with English figures. The vernacular languages which prevail in this Presidency are four, *viz.*, Telugu, Tamil, Canarese, and Malialum.

26. In the Collector's Cutcherry the Deputy Collector has charge of the Treasury and English and Vernacular Account Departments. He has also general supervision over the English Correspondence Department, which is incorporated with the English Account Department. A number of Vernacular Accountants are attached to this Department, the Vernacular Correspondence Department being kept distinct under the superintendence of the Serishtadar. The Treasury Department consists of a Treasurer, and generally three Shroffs and three Gumastahs. The Treasurer has charge of the Cash, Stamps of all kinds, and Postage labels, and Government Promissory Notes, and other property under deposit. He, as well as the Shroff, hold their appointments on security. The bulk of the cash is secured in chests under two locks, the key of one remaining with the Treasury Deputy Collector, and the other with the Collector. The expense chest, which contains generally small sums for disbursements, is under the immediate charge of the Treasurer.

27. Every item of receipt and disbursement is first entered in the Day Book which is kept in the English Account Department in English, and a Memorandum of the entry or the Order is sent to the Treasurer, upon which he receives or disburses money with the aid of the Shroff or Com Examiner. The Gumastah in the Treasury keeps the Cash Chittah in which all the receipts and disbursements are regularly and consecutively entered as they occur, and at 5 o'clock in the evening it is closed, and the balance struck. The Chittah is kept in the Vernacular language with English figures, and contains simply the actual cash transactions, showing briefly the nature of the receipt or charge, without any particulars. The Day Book contains full particulars of the transactions and includes adjustment entries also. On the same evening or the next morning the Treasury Deputy Collector compares the Chittah with the Day Book, and, after satisfying himself of their correctness, initials both books. The cash balance in the Treasury is invariably examined once a month, generally at the end, either by the Treasury Deputy Collector or Collector, or Covenanted Assistant, and the fact is certified in the monthly Statement of Demand, Collection, and Balance submitted to the Board of Revenue.

28. The entries of receipts and disbursements in the Day Book are posted daily by one or more of the English Accountants in Abstracts kept for the purpose, and on the last day of the month these abstracts are closed and totals made up. The Accounts Current from the Talooks, Salt Divisions, and other places which are received in the Collector's Cutcherry between 1st and 4th of each month, as already stated, are examined by Vernacular Accountants as each is put into their hands, and are then delivered to the English Department, where they are all abridged, and the totals under the several heads embodied in the General Abstracts. After the grand totals of receipts and disbursements are formed, and the cash balance ascertained to be correct, the Treasury Account is prepared. As this account is in a printed form, it takes very little time to complete it—not more than a day or two. It is despatched to the Deputy Auditor and Accountant General between 8th and 10th of each month, accompanied by a few accounts particular regarding Land Revenue, Miscellaneous, Civil and Military Fund, Privilege Remittance Bills, &c., issued and discharged, and deposits and unadjusted items brought to adjustment. Formerly there was some want of punctuality in the transmission of the monthly Treasury account from some Districts, and the matter having been referred to the Board by Government on the complaint of the Accountant General it underwent full enquiry, and the Board came to the conclusion that, under proper arrangement, there could be no difficulty for the Collectors to despatch the Treasury Accounts within the 10th of each month, and reported this to Government in the Board's letter, dated 7th June 1864, No. 3450, and the Collectors were requested to observe punctuality in this matter. Since that time the Treasury Account in its simplified form is despatched by Collectors within the 10th of each month. The charge portion of the Treasury Account contains two columns "Adjusted" and "Unadjusted." Under the former are entered all charges which are supported by audited vouchers, and under the latter those which were incurred without audit, and which remain to be adjusted in the subsequent months after the receipt of the audited Bills.

29. I must here notice that each District or Collectorate is provided with a Printing Press, which is of immense benefit in the way of expediting business in the Account Department. Almost all the Accounts Statements, Abstracts and Registers used in the Collector's and Talook Cutcheries are printed in the Collector's Press, and thus a great amount of the labor of copying is saved, and uniformity of account maintained. The Press has become a most useful adjunct to the Collector's Department for many purposes. A good deal of work is performed in it, not only for the Collector's Department, but also for other Departments of the District, such as the Judicial, Police, Public Works, Educational, Military, and Postal. A District Gazette is also printed and published weekly. The detailed working of these Presses will be found in the Memorandum submitted to Government with the Board's letter dated 1st November 1861, No. 5988.

30. Having thus given a brief narrative of the system of Revenue accounts generally observed in the Collectories of this Presidency, I shall now notice a few parts of the Commissioners' Report which relate to the revenue accounts themselves. The Commissioners state in paragraph 83 that the Tehsildars in the Bengal Presidency send monthly returns showing the estimated receipts and issues during the month, and that there is no reason why the actual accounts of the Tehsildars should not be closed immediately after the expiration of the month, so as to save the preparation of the inexact return previously sent, and that they might be made to supply the Collector with a correct account at the earliest possible moment. An estimated account of receipts and disbursements from a Talook, such as that described by the Commissioners, is unknown in this Presidency. The actual account itself is despatched either on the last day of the month, or on the day following, and I do not see why a similar course should not have been followed in Bengal.

31. The Commissioners next propose that the Tehsildars should keep a simple cash account, and that they should transmit a copy thereof with the vouchers either daily or at short intervals to the Head Treasury, the classification of the revenue being either left entirely to the head office, or the receipts on account of each main head of revenue being distinguished under a separate column in the Cash Book. Neither of the two courses suggested, can be followed without serious inconvenience to the Collector's Department, which would have to deal with an immense mass of details, and be quite unequal to the work without a large addition to the Establishment. Even then the work would be ill-performed, and the compilation of the monthly accounts would be attended with serious delay. Under the arrangement proposed by the Commissioners, the work of abstracting the daily accounts of all the Talooks, Salt Divisions, and Sea Customs Ports, which would be between 300 and 400 in number, would have to be performed in the Collector's Department, and it can be easily conceived how difficult it must be for a single Department to go through such an immense mass of detail work, which is now easily executed as distributed between fifteen or twenty different offices.

32. The introduction of the change suggested is utterly impracticable, nor would it relieve the Talook Establishments from the labor of abstracting their own transactions as usual, as it is indispensably necessary that they should ascertain the balances under the several sources of revenue at the end of each month, and submit to the Collector a Statement of the Demand, Collection, and Balance of each. I have already stated that the transactions in the Talooks of this Presidency, both on account of Receipts and Disbursements, are very extensive, and the present system of Talook Establishments rendering to Collectors complete accounts monthly, classifying the receipts and charges under the several heads, which is attended with all the expedition possible, cannot be disturbed without materially interfering with the good working of the entire system. In Bengal the transactions in the Talooks may probably be much more limited, but still the receipt monthly by a Collector's Department from each Talook of a single complete account of its transactions in place of thirty different daily accounts unclassified, would unquestionably be a very great advantage. In this Presidency the Talook accounts are rendered completely to the Collectors on the last day of each month, or the next day, as already stated, and should a similar course be insisted on in Bengal also, its beneficial effect will not fail to be speedily recognized.

33. The Commissioners observe in paragraph 86 that "wherever cash is concerned, as little time as possible should, as a rule, be allowed between the date of closing the account and its transmission, otherwise room is left for adjustment, which give opportunities for the concealment of errors, or of what may be worse than errors." Concealment of errors with evil intention can be effected under any circumstances, whether the account is closed once in two days or thirty days. If any adjustment is made either in the Talook or Collector's accounts, it must be only for the correction of errors which have become apparent on the examination of accounts. For instance, a remittance is received from a village into a Talook Cutcherry, and the entries in the Day Book are made according to the list which accompanied it. In it there is an item, Ryotwar Land Revenue Rs. 150 for Fasil 1273, but on examining the village register it is discovered that the balance due on account of that item is only Rs. 80. As the whole sum of Rs. 150 cannot be credited to Ryotwar, a reference is made to the village, and then it is ascertained that the remainder, Rs. 70, is a collection made on account of a Miscellaneous item, or on account of some Local Fund. If the information be received before the close of the month, the error is corrected and a proper account rendered to the Collector; if not, the sum about which there is doubt is kept in deposit, and adjusted in the following month after the receipt of the information called for. The same is the case with reference to the Talook accounts received in the Collector's Cutcherry, but such adjustments are not of frequent occurrence. I, however, thought it proper to give an example merely to show that such adjustments of errors cannot be avoided whenever necessary. Such instances have come under my notice whenever I had occasion to examine Talook and Hoozor accounts.

34. In respect to paragraph 88 of the report, it may be observed that it is generally in the instances mentioned in the previous paragraph that revenue is carried to deposit in the Talook and Hoozor accounts. Such items of receipt have occasionally remained for inexcusably long periods, under the head of deposits in this Presidency also owing to want of attention or indifference in the Collector's Account Department, but steps have been taken to remedy this evil.

35. State Forest Revenues in this Presidency also are under the immediate supervision of the Conservator of Forests. The expenditure in this Department was till lately audited by the Board, but the Government decided on the suggestion of the Board that it should be audited by the Conservator. The annual accounts of expenditure are, however, submitted to the Board,

by whom they are examined and transmitted to Government with a report. A Manual was published by the Conservator of Forests in 1858, which shows the system of accounts kept in the Forest Department.

36. The income Tax assessments at the Presidency Town are under the control of the Commissioners, the President being a Member of the Board of Revenue; the transactions in the Provinces are under the supervision of the Board of Revenue. The Treasury account rendered to the Accountant General shows only the arrears and current collections of the tax under the different Schedules, and those submitted to the Board of Revenue contain similar information, but no such minute details as are described by the Commissioners find a place in them.

37. The next part of the Commissioner's report requiring to be noticed is that in regard to the audit of Bills under the head "Expenditure" (paragraphs 153 to 216). The Commissioners dilate upon the inconvenience of pre-audit and the ill effects arising therefrom, and advocate the establishment of post-audit in lieu thereof. The system of pre-audit is confined chiefly to the salaries of Officers and Establishments; and the audit of those abstracts is not attended with so much delay as would appear to be the case in Bengal; nor are they returned unaudited on account of any errors or inclusion of unauthorized items. In such cases the doubtful items are struck out, and the remaining charges passed with any corrections that may be necessary, and the Bill returned for payment.

38. The chief advantage of the pre-audit system is that it does away with the possibility of over-payments, and the necessity of their subsequent recovery, which cannot fail to be of frequent occurrence were the system of post-audit re-established. Post-audit was in vogue for many years previous to 1856, when, in consequence of its proved disadvantages, and the inconveniently large accumulation in the accounts of retrenched items carried forward from year to year, it was abolished, and the present system of pre-audit brought into force; it has till now worked satisfactorily. Pre-audit has the effect of inducing the prompt preparation of bills and their early audit.

39. If, however, the system of post-audit is still insisted on, I see no objection to its being carried out, on the understanding that pay abstracts are as usual forwarded to the Civil Paymaster or any other authority for audit on the 1st of each month, payments being made from the beginning of the month for the several Establishments, both permanent and temporary, without waiting for the return of the audited bill. This arrangement will ensure the payment of Establishments without delay, and secure the object of having the bill audited within the month, so that it may accompany the Treasury account as heretofore in support of the charge entered in it.

40. The Commissioners propose in paragraph 169 that payment should be made on the last working day of the month for which the salaries are due, so that the vouchers would accompany the accounts of the current in place of those of the following month, and that any errors or retrenchments discovered on audit would be set right with the least possible delay. It is certainly impossible to pay the whole Establishments in one day. If the accounts and vouchers accompanying them are to show only the amount actually disbursed on the last day, then the expenditure on account of Establishments for one month will invariably appear in the accounts of two different months. Nothing but confusion can be gained by this arrangement.

41. The Commissioners recommend in paragraph 187 the abolition of the distinction between adjusted and unadjusted charges. All charges are entered in the Treasury accounts under two columns, "adjusted" and "unadjusted." Those which have been audited are entered in the former, and those which have not been so, under the latter, as already said. These columns may be omitted as unnecessary as the Commissioners propose. The Treasury account may contain in one column all the charges as they have been incurred during the month under proper heads of account, and the charges so entered may be taken in all the Finance accounts. The audit which has for its object to see whether the charges are correct and supported by proper authority, is a distinct matter. It may be sufficient if each Collector is required to furnish the Accountant General with a simple statement showing the charges which have not been audited in a month, the portion audited subsequently, and the balance remaining unaudited. The course now suggested may be followed whether the pre-audit system is continued or done away with.

42. The suggestion of the Commissioners in paragraph 196, that the double system of audit should be done away with, is very good, but their proposals are not quite clear. They seem to refer to the audit of charges first by the Civil Paymaster, and afterwards by the Deputy Auditor and Accountant General; but, as far as I am aware, this latter officer makes no second audit, but simply ascertains that all the charges entered under the adjusted column in the Treasury account are supported by audited vouchers, and that they are entered under proper heads of account, and nothing more. In paragraph 198 the Commissioners suggest that all directions for payment should be issued by the heads of Departments, but it is not clear whether they mean that Bills for payments should be passed by them.

43. In this Presidency all the Revenue Contingent charges are audited by the Board, but these Bills are afterwards forwarded to the Civil Paymaster for arithmetical test or final audit. The Board have already pointed out to Government in paragraph 11 of their letter, dated 23rd June 1864, No. 3885, that this double system of audit can be of no advantage, while a complete audit is practicable in their office, and proposed that for revenue charges proper their audit should be sufficient without further reference to the Civil Paymaster. This letter has been disposed of by Government in their Order, dated 26th October 1864, No. 1977, but no definite orders have yet been passed on the point referred to.

44. I am of opinion that each Department, Revenue, Judicial, Police, Marine, &c., should audit its own charges, including salaries and pensions, and this audit should be considered complete, the Bills so passed by each Department being sent by Collectors with their accounts to the Deputy Auditor and Accountant General. The audit of the Presidency charges, as well as those of a general nature not under any particular Department, may be left to the Civil Paymaster, or Examiner of claims proposed by the Commissioners in the place of the former officers.

45. The Commissioners state (paragraph 161) that contingent charges are paid before audit. This is the case in this Presidency also in respect to certain items of charge, but the course observed in regard to petty items of charge is as follows. Each officer, Revenue, Magisterial, Judicial, &c., authorized to incur contingent expenses, is provided with "Permanent Advance Fund," or an advance which stands permanently to his debit under the head "Advance Repayable." Its extent is fixed according to the probable requirement of each office. From this Advance Fund payments are made for the purchase of petty articles of stationery, on account of batta to prisoners and repair of Office furniture, or any other small items of charge. After the close of each month a contingent Bill is submitted for these and other charges, and after the Bill is finally passed, the amount is drawn from the Treasury and the Advance Fund replenished. This system of Permanent Advance Fund has been attended with very good results, and does away with the necessity of numerous entries in the accounts. Its object is fully explained in the Board's Circular, dated 17th August 1861, No 4507. The amount sanctioned by the Board for the Revenue Department of the whole Presidency is only Rs. 52,500.

46. In regard to contingent charges of large amounts, such as payments on account of salt manufacturer's share, storage charges, charges for distilling arrack and the like, and the pensions of superannuated servants, Yeomiah Pensions, and Pagoda and Mosque allowances, the case is different. In the case of contingent charges the payments are made at the beginning of each month on account of what is due for the previous month on the receipt of Bills from the different local Officers, and a general contingent Bill is immediately afterwards submitted by the Collectors for audit. All kinds of pensions are paid from 1st to 10th of each month, and not after that date; the abstracts for actual payments made up to that date are closed by the several paying Officers in the District and a general abstract is submitted by the Collector for audit. These abstracts are generally passed within the month, and received back by the Collector before the despatch of the Treasury account to the Deputy Auditor and Accountant General.

47. Steps have been lately taken by the Board to avoid the entry of numerous unadjusted charges in the accounts; and the course prescribed to obtain this end will be found in the Board's Proceedings, dated 8th August 1864, No. 5657, which accompanied their Standing Circular, dated 14th September 1864. Thus no charge, whether permanent or variable (with but very few exceptions), finds a place in the Treasury account sent to the Accountant General without an audited voucher to support it; and the necessity for inefficient balances and unadjusted items referred to by the Commissioners as prevalent in Bengal is to a large extent obviated even in the cases in which payments are made before audit. If, as proposed by the Commissioners, the vouchers are to be sent to the Deputy Auditor and Accountant General on the 10th and last day of each month, the check hitherto exercised by the Board in regard to Revenue contingent charges will altogether be lost, and the Deputy Auditor can hardly deal with them with any correct idea of the nature of the charges.

48. The course suggested by the Commissioners in regard to the payment of Presidency charges appears to involve much complication. The appointment of an Examiner of Claims becomes necessary, and there will be the institution of a general and drawing account at the Bank; security against fraud in drawing cheques on the Bank, registry of orders for payment addressed to the Deputy Auditor and Accountant General by the Departmental authorities, and special and permanent payable orders, and the like; all these in lieu of only one document, *viz.*, an audited Bill now needed for the same end. This is, however, a point on which the Accountant General can express a better opinion.

49. The final part of the Commissioners' Report under the Head of "Accounts" (paragraphs 217 to 458) contemplates a complete change in the general system of accounts, and contains various suggestions with specimen forms of the cash books, &c. The Commissioners observe that it is desirable that the duty of making payment should, as far as can conveniently be managed, be restricted to the Head Treasury. Such a system as that recommended by the Commissioners was actually in existence in this Presidency a few years ago, or before 1855. The amount collected in the Talooks on account of the several sources of revenue was, as a rule, remitted to the Collector's Treasury, and the Tahsildars were not allowed to spend one rupee out of these collections; but every sum required for disbursement, whether on account of Talook Establishment, Contingent charges, Advances for Public Works, &c., was sent back again from the Collector's Treasury.

50. This practice having been found very inconvenient and insecure as necessitating the employment of a large number of peons for conveying money to and fro, not to speak of the great delays in the payment of various establishments and advances for Public Works, &c., in the Talooks, it was gradually abolished, and all kinds of payments are now allowed to be made in the Talooks. A regular system of accounts having been established in the Talooks as already described, the present plan works very well in this Presidency; and it is therefore undesirable to revert to the old practice which was so fully condemned by the Public Works Commissioners

in their report on Public Works Accounts, dated 18th November 1853 (*vide* Section 6, Part V, on the mode of providing funds for payments in the Talooks, paragraphs 518 to 532); a reference to this will furnish full particulars of the evils of the old practice, and I will not go further into the subject. This point is also alluded to in the recent Proceedings of the Board, dated 1st December 1864, No. 7733, in connection with the Resolution of the Government of India on the subject of reducing the number of Treasuries.

51. The Commissioners then proceed to recommend that the Talook accounts be sent daily or at short intervals to the Head Office, where it would be incorporated with the General account. This is altogether impracticable, and I have already stated my objections at length to such a mode of rendering the Talook account.

52. The advantage of each Collector furnishing the Deputy Auditor and Accountant General with a classified Treasury Account is very great, and cannot be denied by those who have a knowledge of the accounts of this Presidency. It is undesirable and unnecessary to impose the work of nineteen Collectors' Establishments upon a single Central Office of Account. The Treasury Account of each District in this Presidency consists of only six sheets of foolscap paper, or twelve printed folio pages, and is supplemented only by about nine or ten Statements, most of which are very small and do not occupy more than a quarter sheet of foolscap paper, though they have a separate number.

53. The preparation of the classified Treasury Account is by no means deferred here until after the expiration of the month. The transactions of the Day Book are posted daily in abstracts under different heads previously arranged, and these abstracts are closed on the last day of the month. The monthly accounts received from the Talooks and other places being similarly complete, they are simply abstracted and embodied with the General Account. No delay occurs here in the transmission of the monthly account. It is despatched between the 8th and 10th of each month.

54. The introduction of simple unclassified cash accounts, instead of effecting a reduction in the staff of clerks employed in account keeping at the Treasuries, would require a large addition to it, as the work of abstracting the daily accounts received from the Talooks and other places will fall heavily on the Collector's Establishment under the arrangement proposed by the Commissioners. Similarly a large addition will be necessary to the Central Account Office for doing the work of nineteen Collectors. A different course is suggested by the Commissioners in regard to the receipts and disbursements under the several heads, deposits received and paid, transfer receipt, supply bills, miscellaneous items, &c. They recommend that in these cases the daily totals should be entered day by day in the Cash Book with reference to the Register Books kept for the purpose. It may be observed here that by the adoption of this expedient, which the Commissioners are obliged to suggest to meet certain difficulties, the universal rule that the cash account should record faithfully all the transactions just as they occur cannot be observed without exceptions.

55. The Commissioners then proceed to say that the office cash book and the bi-monthly list of disbursements could both be kept up day by day; and that the monthly cash accounts could thus be closed for transmission by post immediately after the end of each month. The Commissioners do not state here what should be done about the Talook daily accounts of the latter end of the month, which will be received into the Collector's Cutcherry between 1st and 4th of the following month. They may probably contemplate that such accounts as may be received after the end of the month may be incorporated with the general account of the following month, but the inevitable result of such a measure will be the total destruction of that correct agreement between the several monthly and annual accounts of receipts and charges which has been established in this Presidency. The accounts would be faulty, inasmuch as they would not show all the transactions of each month, and would, moreover, include in them the transactions omitted from previous months' accounts.

56. Specimen forms of the cash books, &c., are given by the Commissioners, which I will notice briefly. No. 6 is the form of cash book to be kept in the Collector's Department, in which the transactions of the Collectors and several Talook and other Treasuries are to be embodied. The collections of Land Revenue, Abkaree, Stamps, Deposits, Privilege Remittances, &c., cannot be entered directly in the cash book, but according to the forms they must first find a place in several separate registers kept for the purpose, and when the cash book is to be closed, the totals from the several registers are to be entered in it. The same course is to be followed in respect to charges also. The cash balance in the Collector's Treasury cannot be ascertained each day, as the transactions of Talooks, &c., are included in the cash book.

57. Form No. 7 is a simple list of vouchers discharged in the different treasuries from 1st to 10th of each month, and this is to be accompanied by Schedules showing the particulars, if the payments are numerous for one head of service. The totals under different heads, such as supply bills, privilege remittances, deposits, &c., are, however, still to be entered for the ten days according to schedules, a form of which is given in Appendix No. 7. It appears from the form that payments made each day either at the Collector's or other Treasuries should be supported by a voucher. Supposing payments were made on account of Collector's establishment on ten different days, then there should be ten different vouchers. Only the net amount of payments for salaries, &c., are to be included in the list referred to, the abatements for Income Tax funds, &c., being intended to be credited to their proper heads in the Accountant General's Department. It should be remembered that under this arrange-

ment the Collector will still have to keep distinct sets of abstracts to render the necessary accounts to the Board of Revenue.

58. No. 8 is the form of Cash Account of the Collector's Department to be rendered to the Accountant General once a month in the place of the Treasury Account now furnished in a printed form. This is very nearly a transcript of the cash book required to be kept in the Collector's Department. According to this form, each item of receipt, whether received daily into the Collector's Treasury or into the Talook or other Treasuries, is to be supported by a distinct voucher with a distinguishing letter, and also by different schedules for the several heads of revenue; according to these schedules, which are in place of the abstracts now kept in the Collector's Office, the totals under each head of Revenue, Land Revenue, Income Tax, Abkaree, Privilege Remittance Receipts, are to be entered in the foot-note of the Cash Account from 1st to 31st. This account is to be accompanied by a list of payments from 11th to 31st in the same form as that prescribed for the list from 1st to 10th. Forms of schedules are given in Appendix 8 for Land Revenue, Stamps, and Deposits. In each of these schedules, which are to accompany the monthly Cash Account, the several columns are to be opened for the details under each source of revenue; and the receipts of each day on that account from different treasuries are to be recorded consecutively day by day, and a total formed at the end of each month. There is also a form of statement of daily cash transactions, which I believe is intended to be kept in the Collector's Department. In this, several columns are to be opened for the Collectors or Sudder Treasury, and for the Talook and other treasuries, and only the total receipts and payments, and transfers from one treasury to another of each day, are to be recorded day by day. The object of this statement is not apparent.

59. I have thus given a brief description of the several forms of accounts relating only to cash transactions prescribed by the Commissioners, merely to furnish to the Board an idea of the scope and object of the proposed system. The difficulty of carrying out such a cumbrous system, and the evil consequences which will result from it, can be more easily imagined than described. Even in a Presidency where the revenue transactions may be limited and simple, it is difficult to conceive with what practicability such a system can be introduced without entailing much additional work upon the several establishments, and without sacrificing the good results of a simple system of accounts, such as that at present obtaining here. If the accounts of one District be prepared only for a month according to the forms prescribed by the Commissioners, the difficulty I have stated will be more readily seen. The several accounts to be rendered to the Accountant General monthly will occupy nearly thirty or forty sheets of foolscap paper, or probably more, and all the items will have to be written over and over again, and this will be in substitution of a simple treasury account contained in six sheets of foolscap paper in print, now submitted to the Accountant General by each Collector.

60. I will not follow the other parts of the Commissioners' report on "Accounts," as I am afraid it will only involve a repetition of what I have already stated. Many of the defects noticed here and there in the Bengal system of accounts do not exist in this Presidency. Most of them were rectified by the Board from time to time as they came under their notice, and measures are being taken to set right any other slight defects which may still exist.

61. The Commissioners state in paragraph 243 that books are unnecessarily encumbered with a number of deposits which are retained to meet imaginary claims in place of being treated as revenue. This is the case in this Presidency also, though not to the same extent. It appears from the returns obtained by the Board from Collectors that on 30th April 1864 the balance of deposits in all the nineteen District Treasuries amounted to Rs. 25,91,982-13-0 on account of the Revenue, Judicial, &c., Departments. This can, however, be reduced to a minimum under a judicious arrangement. Deposits made in the Judicial Department if unclaimed after one year are carried to the credit of the State, and I do not see why a similar course should not be followed in the Revenue and other Departments, as the Commissioners truly observe this would not prevent the payment of any claims which might be substantiated after such deposit had been credited in the accounts.

62. In this Presidency also there is a large amount of Government Paper deposited by Abkaree renters, &c., as security, as stated by the Commissioners in paragraph 261. They found during their inquiry that the securities held by the Collector at Nagpore had not been endorsed to that officer. A similar fact having recently come under the notice of the Board, they have issued strict instructions to the Collectors in their Circular, dated 2nd December 1864, No. 7741, that no Government Securities should be received by them without proper endorsement in their favor by the party who tenders it. In lieu of the course recommended by the Commissioners in paragraph 247, I would suggest that all the Government Securities should be treated in the same way as paper currency notes, their value at par being credited to deposits in the Cash account. At present there is no check over them, as only a separate register is kept of them by the Treasurer under the immediate supervision of the Treasury Deputy Collector. They never come under the observation of the Collector or the Accountant General in connection with cash accounts, as there is no chance of immediate detection if any are misused by forging the signature of the Collector. The arrangement I have suggested will bring the existence of the notes under observation every month. Whenever the securities have to be returned to parties, their value at par should be debited in the accounts to the head of deposit as a repayment. The register of deposits as now submitted to the Accountant General contains full particulars of all items as they were received and repaid, but this is unnecessary. It will be sufficient if he is furnished with an account particular showing the balance, the receipts, and repayments during the month of the several items classified according to their nature.

63 The Commissioners finally treat of the question of different years in use for purposes of account (paragraphs 454 to 458), but make no definite proposal. This is a subject which requires the particular consideration of the Board and Government. There are at present in use in this Presidency three different years, the Calendar, Official, and Faslî. The first commences on the 1st January, the second on 1st May, and the third on 1st July. The two last mentioned years are used in this Presidency for purposes of account, only a few of the returns and reports relating to the Judicial and Medical Departments being made up for the calendar year. There is an Income Tax year, which commences on the 1st August, but this year is confined only to the particular tax in question, and it will disappear on the abolition of the tax. The complication arising from the circumstance of the Official and Faslî year commencing on different dates, and the consequent necessity of preparing and keeping two different sets of accounts, have been from a long time felt as a serious inconvenience, and Government, so far back as 1855, commended the subject for the consideration and report of the Accountant General as to whether any alteration can be made in this respect which would tend greatly to simplify the accounts.

64. The subject was then considered by the Accountant General in communication with the Board, and finally with the Collectors of the several Districts. The Accountant General accordingly submitted a report to Government on 30th November 1855, strongly advocating the introduction of the official year for all purposes of account, and the abolition of the other two years. Thirteen Collectors were in favor of the change. In extract from Minutes Consultation, dated 31st May 1858, the subject was reviewed by Government. They were of opinion that unless a radical change is made in the peculiar revenue system of the Tanjore and Tinnevely Districts, the Faslî year cannot be altered. They finally left the matter for the decision of the Government of India, Financial Department, and submitted the whole of the papers to the late Honourable Court of Directors for their consideration. In paragraph 2 of the Despatch from the Secretary of State, dated 4th August 1859, No. 9, the question was considered, and it was finally decided that the substitution of the official year for the Faslî would not be advisable, and then the subject was dropped.

65. In paragraph 16 of his letter to the Board, dated 24th August 1861, No. 1527, Mr. Harrison, the then Accountant General, suggested for their consideration whether the then recent change in the system of accounts did not afford a favorable occasion for dispensing with the Faslî year as one of revenue account. He observed that such a change would go far to assimilate the returns made to the Board with the actual accounts rendered to his Office, and ensure a comparison of the Board's Annual Statements with the Territorial books. He also stated that a similar change to that now proposed was after much discussion and deliberation effected in the North-Western Provinces twenty years ago without detriment either to the interests of the Government or of the Zemindars, and that all revenue engagements are now made and recorded according to the official year so as to harmonize with the public accounts of the Government. The subject did not, however, receive the consideration of the Board at the time.

66. The great and chief obstacle to dispensing with the Faslî year was originally the Olungu settlement, which prevailed in Tanjore and Tinnevely. Under that system the demand of the year could not be fixed until after the current prices of grain up to the 20th of May had been ascertained. This difficulty, however, no longer exists, that mode of settlement having been since abolished, and the Mottafysal settlement substituted, by which the annual Land Revenue demand is determined, not with reference to the current prices as formerly, but with reference to certain standard prices fixed once for all.

67. The only other difficulty urged against the introduction of official year as one of Revenue account is the supposed peculiar applicability of the Faslî year to the seasons of Southern India, embracing as it does one complete season of seed time and harvest. When the Board of Revenue declared themselves originally in 1855 adverse to the proposed change, remarking that the Faslî year had been determined upon and introduced with reference to the influence of the seasons upon the tillage of the land from which the revenues of the country were almost exclusively raised, they were not in possession of the opinions of Collectors. They therefore observed with that remark that as any change in the system of Revenue accounts was of more importance to the local Offices than to their own, Collectors might be called upon for their opinions upon the feasibility of the change then proposed by the Accountant General.

68. A Circular was accordingly addressed by the Accountant General to the Collectors, and their replies obtained, which were forwarded to Government with his report dated 30th November 1855. I now beg to submit for the consideration of the Board an abstract of the Collectors' replies referred to, with a general statement showing the months of cultivation and harvest of certain crops. From this it will be seen that most of the Collectors were strongly in favor of the change. On the Acting Accountant General's letter to the Board, dated 8th February 1855, the following pencil remark of Mr. Bourdillon is found: "The objection to making the Official year begin on 1st July is that it would be different at Madras from the rest of India. The same lies against the 1st January, with the additional one that it would not at all suit the Revenue arrangements. I think the 1st May, the present official year, may be taken without inconvenience, and that it should be so. At present certain crops (*viz.*, a large part of the Punjab cultivation) is sown in one Faslî, and reaped in the next, but no inconvenience is thereby occasioned. So if the year begins on May 1st, certain other crops to no larger extent will be similarly situated. For the Districts under the S. E. monsoon, I fancy the 1st May

will be better than the 1st July. It will be immense gain to have one year instead of three as at present. This letter may be replied to without going to the Provinces for opinion."

69. The views thus set forth agree exactly with those subsequently expressed by the majority of Collectors. The Collector of Ganjam stated that "the official year would be a better arrangement and more consonant to Native habits than the Calendar, and better adapted to the seasons at which the crops are cut and harvested." The Collector of Rajahmundry declared that the official year may be adopted without inconvenience, as the month of May, which is the commencement of that year, is also the period for the commencement of the cultivation of the coming season, and for the annual Settlement of Land Revenue. The Collector of Vizagapatam asserted that the substitution of the official year for all other years would be most convenient, not only to the Public Departments, but to all concerned, inasmuch as the sowing and reaping of crops, and the expiry of leases in Zemindary estates also end with the month of April. Several other Collectors expressed more or less decidedly their opinion in favor of the change. It will also be seen from the General Statement already adverted to that in no less than ten Districts the cultivation of Punjah crops is commenced in May and June, and in some Districts even the cultivation of Nunjah crops is commenced in April, May, and June. The cultivation though then commenced in one Fasli is now carried to the account of the next Fasli. By this it may be concluded that the chief argument adduced against the change—*vis.*, that the Fasli year embraces one complete season of seed time and harvest in the whole Southern India—will not stand good.

70. From the inquiries I have been making on the subject for the last few years, I am fully convinced that the substitution of the official year for the Fasli is feasible and advisable. I have touched only upon the chief argument that the Fasli year is better adapted to the agricultural operations. Other difficulties may probably be brought forward against introducing the change, such as the mode of bringing into account the second crop cultivation raised in the latter end of the year, want of time for the consideration of the remissions which may have to be allowed on account of withered crops, &c., and the collections according to Kist-bundy; but they appear to be of minor importance, and such as can be easily overcome under proper arrangements, and I am unwilling to occupy the time of the Board unnecessarily with lengthened details on these points just now. I can, however, say that the proposed measure will not be attended with any great difficulty. In the first year of change there may be a little difficulty, but the benefits which will otherwise result from the measure are important, and will be more than commensurate with any slight inconveniences which may arise.

71. The measure now recommended will no doubt be admitted as a necessary and important reform in the Department of Accounts. It will do away with the necessity of keeping two sets of accounts in all Revenue Departments. The preparation in the Collector's Department of this double set of accounts closed to different dates for identically the same transactions, as well as their examination and compilation in the Presidency Offices, involves not merely labor and loss of time, but is attended with great confusion. The advantage of having one set of accounts is very great. It will facilitate reference, compilation, comparison, and check; and information for statistical purposes, when required, can be readily obtained from one definite source, instead of as at present wading through a number of accounts made up for different periods. Also in reference to the Budget Estimate and the subsidiary accounts connected with it, which are all for the official year, the change will be a great gain, as it will assimilate with the annual accounts of settlement. The several sources of revenue are required to be estimated for the official year, and compared with those of the previous year, while the details of settlement connected with them are kept for the Fasli. This is surely an inconvenience which should by any means be removed. The accounts of the Public Works Department are kept for the official year. It is often found necessary and useful to compare the expenditure on Irrigation works with revenue derived from irrigated lands, but at present this is impracticable, as the revenue is given for the Fasli, while the expenditure relates to the official year. There are numerous other returns also which it is found necessary occasionally to compare, but the comparison is rendered impracticable in consequence of their relating to distinct periods.

72. If, however, in spite of what has been stated the substitution of the official for the Fasli year is considered inexpedient, I beg to recommend as an alternative that the use of the Fasli may be restricted only to the Land Revenue, a separate report with explanatory accounts of its settlement, &c., being furnished for the Fasli, while in respect to all other branches the official year commencing with 1st May may be adopted as the year of accounts. This will at least be some improvement, and do away with the necessity of having a double set of accounts in all branches of revenue, except Land Revenue.

73. In conclusion, it may be as well to sum up the principal recommendations I have made in this Memorandum in reference to the suggestions of the Commissioners. They are as follows:—

First.—That one Estimate only—*vis.*, the Budget Estimate—be prepared, and the other three Estimates dispensed with, as suggested by the Commissioners. The form of Budget Estimate to be simplified by the omission of columns for number of hands in each establishment, and of particulars dividing the establishment into several classes drawing different rates of pay.

Second.—That the columns "Adjusted" and "Unadjusted" be omitted from the disbursement portion of the monthly Treasury Account rendered by Collectors to the Accountant General, and that a simple Statement should accompany it, showing only the items of unaudited charges up to each month, which are not likely to be many under proper arrangements.

Third.—That the value of Government Securities deposited by Abkaree renters, &c., be credited at par to deposit account, to prevent their being misused, and that a Statement of

deposit account be furnished to the Accountant General with the Monthly Treasury Account, simply showing the receipts and repayments of the several classified items, instead of sending as at present detailed Registers showing each item of receipts and repayments separately.

Fourth.—That the audit by the Board of Revenue of all contingent charges, refunds and drawback in the Revenue Department be final, the audit by the Civil Paymaster or any other authority being dispensed with; and that, if necessary, the audit of the Pay Abstracts of Revenue Establishments and Pensions may also be transferred to the Board of Revenue to render the audit of Revenue charges more complete; and that the same system may be extended to all other disbursements, the controlling authorities being entrusted with the audit of the charges.

Fifth.—That the official year should be substituted for all other years of account, by which a most important reform will be introduced in the Department of Accounts, and that if this be not considered expedient, the use of the present Fasil or Revenue year may be restricted only to the settlement of Land Revenue.

74. The Board and Government having from time to time given their best attention to the reform of the Revenue system of accounts in this Presidency, and issued detailed Manuals for the accounts kept in Villages, Talooks, Salt and Stamp Departments, a complete and uniform system of accounts in all the branches of the Revenue Administration under the Board's control has already been established, and it is working satisfactorily. A regular chain of accounts has been established between the Village and the Talook, the Talook and the District Hozoor, and the District Hozoor and the Board, and the accounts are rendered promptly and satisfactorily. The accounts rendered by Collectors to different Departments have been brought into harmony with each other as far as the Revenue transactions are concerned, and the Budget classification is maintained throughout in all the Revenue accounts. Further steps are being taken to reduce them to still more perfect order wherever it is found necessary. The mode of receiving and disbursing money in different Provincial Treasuries, and of recording the transactions, is exactly in accordance with the Bengal system of accounts which was introduced only a few years ago, and it has been found to work well. The system is now well understood by all Departments of account. It will be a pity to disturb such a state of things. If the system of accounts proposed by the Commissioners were to be substituted for that now in force, the change will not be for the better.

Cash Balance at the close of last month brought forward ...				Rs. A. P.	
	Arrears.		Current.		Total.
	Rs.	A. P.	Rs.	A. P.	Rs. A. P.
I.—LAND REVENUE, INCLUDING FOREST AND ABKAREE.					
1. LAND REVENUE.					
Permanently Settled			
Shotriem Jodee			
Ryotwar			
Miscellaneous items as per Account Particular A			
Total Land Revenue			
2. FOREST REVENUE.					
Sale of Timber			
Seignorage on Wood			
Sundry Items			
Total Forest			
3. ABKAREE.					
Rented			
Amani			
Total			
MISCELLANEOUS.					
Fines and Forfeitures			
Sale of confiscated Goods			
Abkaree Deposits forfeited			
Savings and Refunds			
Total			
Total Abkaree			
Total Land Revenue, &c.			
II.—ASSESSED TAXES.					
1. INCOME TAX.					
Schedule I			
Do. II			
Do. III			
Do. IV.			
Total			
MISCELLANEOUS.					
Fines, Forfeitures and Penalties			
Total Assessed Taxes			
Carried forward			

				Rs. A. P.	Rs. A. P.	Rs. A. P.
III.—CUSTOMS.						
Brought forward ...						
SEA CUSTOMS.						
Import Duty			
Export Duty			
TOTAL ...						
MISCELLANEOUS.						
Fines and Forfeitures			
Sale of smuggled goods			
Savings and Refunds			
TOTAL SEA CUSTOMS ...						
LAND CUSTOMS.						
Frontier Duty			
Transit Duty			
TOTAL ...						
MISCELLANEOUS.						
Fines and Forfeitures			
Sale of smuggled goods			
Savings and Refunds			
TOTAL LAND CUSTOMS ...						
TOTAL CUSTOMS ...						
IV.—SALT.						
Sale of Salt for Home and Inland consumption			
Do. of do. exported to Calcutta, &c.			
Do. of surplus Salt gained by measurement			
MISCELLANEOUS.						
Customs Duty on Salt			
Sale of smuggled Salt			
Fines and Forfeitures			
Savings and Refunds			
TOTAL SALT ...						
VI.—STAMPS.						
Sale of Stamps			
Do. of Bills of Exchange and Bills of Lading			
Do. of Adhesive Stamps			
Duty for Stamps impressed on private materials			
MISCELLANEOUS.						
Penalties on unstamped Papers...			
Do. levied by Courts			
Fines and Forfeitures			
Cost of Suits in Pauper Cases			
Savings and Refunds			
TOTAL STAMPS ...						
Carried forward ...						

				Rs. A. P.	Rs. A. P.
Brought forward ...					
X.—LAW AND JUSTICE.					
CIVIL COURTS.					
	Civil and Session Court.	Principal Sudder Amien's Court.	Court of Small Causes.		
	Rs. A. P.	Rs. A. P.	Rs. A. P.		
Fees, Fines and Forfeitures ...					
• Sale of unclaimed Property ...					
Recoveries of Law Charges exclusive of Law Charges of the Revenue Department ...					
JAIL RECEIPTS.					
Sale proceeds of Jail manufacture ...					
MAGISTERIAL.					
Fines and Forfeitures ...					
Sale of unclaimed Property ...					
XI.—POLICE.					
Fines and Forfeitures ...					
Savings and Refunds not appertaining to Police Superannuation Funds ...					
XII.—MARINE.					
XIII.—PUBLIC WORKS.					
XV.—MISCELLANEOUS.					
Fines and Forfeitures ...					
Subscription to the District Gazette ...					
Value of private work done by Government Printing Press ...					
Unclaimed Deposits ...					
Premium on Bills and Land Revenue Transfer Receipts ...					
Sale of Acts and Books ...					
Savings and Refunds ...					
Fees for stamping weights and measures ...					
Sale of unserviceable articles, old records, and waste paper ...					
ECCLESIASTICAL.					
Marriage Fees ...					
EDUCATIONAL.					
Carried forward ...					

	Rs. A. P.	Rs. A. P.	Rs. A. P.
Brought forward ...			
XVI.—INTEREST.			
Interest on arrears of Land Revenue ...			
Ditto Abkaree ditto ...			
XVII.—PUBLIC DEBT.			
2. LOCAL LOANS.			
3. LOCAL TAXES.			
4. SERVICE FUNDS.			
As per Statement B. { Civil Service Annuity Fund ...			
{ Civil Fund, Charity Branch ..			
{ Civil Fund, Provident Branch ...			
Military Fund as per Statement C ...			
Medical and Apothecaries' Fund, as per Statement D			
Mofussil Police Superannuation Pension Fund ...			
5. LOCAL FUNDS.			
District Road Fund ...			
Jungle Conservancy Fund ...			
Pound Fund ...			
Bungalow Fee Fund ...			
Village Service Fund ...			
Educational Building Fund ...			
School Fee Fund ...			
Port Fund ...			
Police Lodging Fund ...			
Emigration Fee Fund, French Colonies ...			
Process Service Fund ...			
Carried forward ...			

		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward ...			
XVII.—PUBLIC DEBT, Continued and brought forward				
6. DEPOSITS.				
	Government Savings' Bank ...			
As per Statement E.	{	Revenue Department ...		
		Judicial ditto ...		
		Miscellaneous ditto ...		
		Sale of Waste lands and Redemption of Quit- rent on Inams ...		
7. MISCELLANEOUS.				
	Cash recoveries of unadjusted charges ...			
As per Statement F.	{	Advances repayable ...		
		Permanent Advance Fund ...		
	Civil Stores ...			
	Suspense account ...			
8. RAILWAY TRAFFIC ACCOUNT.				
9. LOCAL REMITTANCES.				
	Cash received ...			
As per Register G.	{	Privilege Remittances ...		
		Public Service Remittances ...		
		Supply Bills ...		
PUBLIC WORKS REMITTANCES.				
MILITARY REMITTANCES.—As per Statement H.				
	Received from the Military Officers ...			
	TOTAL PUBLIC DEBT ...			
	Carried forward ...			

			Rs. A. P.	Rs. A. P.
Brought forward			...	
XIX.—REMITTANCES FROM OTHER GOVERNMENTS.				
As per Register I.				
1.	Account Current with London	...	...
2.	Account Current with India	...	...
3.	Account Current with Bengal	...	...
4.	Account Current with Bombay	...	...
5.	Account Current with North-Western Provinces	...	..
6.	Account Current with Punjab	...	...
7.	Account Current with Hyderabad and Assigned Districts	...	...
8.	Account Current with Central Provinces	...	...
As per Register J.				
9.	Post Office Remittances, Imperial	...	...
10.	Electric Telegraph Remittances, Imperial	...	.
GRAND TOTAL			...	

Number of vouchers.	Heads of Service.	Adjusted.	Unadjusted.	Total.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	A. ALLOWANCES, REFUNDS AND DRAWBACKS.			
	I.—ALLOWANCES.			
	Total			
	2. REFUNDS.			
	Land Revenue			
	Forest Revenue			
	Abkaree			
	Income Tax			
	Customs ... { Sea Customs			
	{ Land Customs			
	Stamps			
	Miscellaneous ... { Revenue Fines			
	{ Judicial Fines			
	{ Magisterial Fines			
	Total			
	3. DRAWBACKS.			
	Total			
	Total Allowances, &c.			
	B. CHARGES AGAINST INCOME.			
	1. LAND REVENUE, INCLUDING FOREST AND ABKAREE.			
	1. LAND REVENUE.			
	C. COLLECTORS, ASSISTANT COLLECTORS, AND DEPUTY COLLECTORS.			
	<i>Salaries and Expenses.</i>			
	Collector Mr.			
	Salary for 18			
	Fixed Tent Allowance for do.			
	Sub-Collector Mr.			
	Salary for 18			
	Fixed Tent Allowance for do.			
	Head Assistant Collector Mr.			
	Salary for 18			
	Fixed Tent Allowance for do.			
	House Rent for do.			
	Assistant Collector Mr.			
	Salary for 18			
	Fixed Tent Allowance for do.			
	House Rent for do.			
	Assistant Collector Mr.			
	Salary for 18			
	Fixed Tent Allowance for do.			
	House Rent for do.			
	Unconvenanted Deputy Collectors.			
	Salary of for 18			
	Do. of for 18			
	Establishment of the Collector, Sub-Collector, Head Assistant and Deputy Collectors			
	Saderward of ditto			
	Dressers			
	Talooq Establishment, including Sub-Magistrates			
	Do. Saderward, including ditto			
	Temporary Establishment			
	Deputation Allowance			
	Travelling allowance to Officers			
	Extra Tentage of Collectors, &c., and travelling allowance of Deputy Collectors			
	Batta to Establishments			
	Carried over			

Number of Vouchers.	Heads of Service.	Adjusted.	Unadjusted.	TOTAL.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward ...			
	B. CHARGES AGAINST INCOME—continued.			
	I. LAND REVENUE, INCLUDING FOREST AND ABKAREE—contd.			
	C. COLLECTORS, ASSISTANT COLLECTORS AND DEPUTY COLLECTORS—continued.			
	<i>Salaries and Expenses—contd.</i>			
	Hire for conveying records			
	Office rent			
	Charge for binding Books			
	Purchase and repair of Office furniture			
	Total			
	Deduct $\frac{1}{4}$ th of Land Revenue Charges debitable to Magisterial Charges			
	Net Total C. Collectors, Assistant Collectors, and Deputy Collectors			
	D. Settlement.			
	Inam Commission.			
	E. REVENUE SURVEY.			
	Total I, Land Revenue			
	2. FOREST REVENUE.			
	Conservator			
	Establishment			
	Working charges			
	Travelling allowances			
	Contingencies			
	Total 2, Forest			
	3. ABKAREE.			
	Establishment			
	Sadar ward			
	Contingencies			
	Total 3, Abkaree			
	Total Land Revenue, including Forest and Abkaree			
	II—ASSESSED TAXES.			
	1. Income Tax.			
	Establishment			
	Contingencies			
	Total II, Assessed Taxes			
	III.—CUSTOMS.			
	<i>Sea Customs.</i>			
	Establishment			
	Sadar ward			
	Contingencies			
	Total			
	<i>Land Customs.</i>			
	Establishment			
	Sadar ward			
	Contingencies			
	Total			
	Total III, Customs			
	Carried over			

Number of Vouchers.	Heads of Service.	Adjusted.	Unadjusted.	Total.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward	...		
	B. CHARGES AGAINST INCOME—continued.			
	IV.—SALT.			
	<i>Salaries and Expenses.</i>			
	Uncovenanted Deputy Collector	...		
	Salary for	...		
	Establishment	...		
	Sadarward	...		
	Establishment of Divisions and Stations	...		
	Sadarward of ditto	...		
	Temporary Establishment	...		
	Travelling allowance of Officers	...		
	Batta to Establishment	...		
	<i>Charges for the provision of Salt.</i>			
	Purchase of Salt and Manufacturers' share	...		
	Charges for conveying and storing Salt	...		
	Charges for exporting Salt	...		
	Freight on Salt imported	...		
	Total IV, Salt	...		
	VI.—STAMPS.			
	<i>Establishments.</i>			
	Commission or Discount to licensed Stamp Vendors	...		
	Discount allowed to purchasers of Stamp	...		
	Contingencies	...		
	Total VI, Stamps	...		
	VII.—MINT.			
	Total VII, Mint	...		
	II.—ALLOWANCES AND ASSIGNMENTS UNDER TREATIES AND ENGAGEMENTS.			
	1. TERRITORIAL AND POLITICAL PENSIONS.			
	<i>Carnatic.</i>			
	Carnatic Stipends of 1801	...		
	Do. do. of 1855	...		
	Tanjore do.	...		
	Mysore do.	...		
	Total Carnatic	...		
	2. COMPENSATION.			
	3. MISCELLANEOUS.			
	Compensation in lieu of resumed Lands, Offices and Privileges	...		
	Pagoda and Mosque allowances in lieu of resumed Lands, Offices and Privileges	...		
	Pagoda and Mosque allowances	...		
	Pensions and charitable allowances chargeable on the Revenues	...		
	Total 3, Miscellaneous	...		
	Total II, Allowances and Assignments under Treaties and Engagements	...		
	Carried over	—		

Number of Vouchers.	Heads of Service.	Adjusted.	Unadjusted.	TOTAL.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward ...			
	B. CHARGES AGAINST INCOME—continued.			
	III.—ALLOWANCES TO DISTRICT AND VILLAGE OFFICERS.			
	Total III, Allowances to District and Village Officers			
	IV.—MISCELLANEOUS.			
	Charges for remitting Treasure within the District ...			
	Law charges in the Revenue Department			
	Agricultural Exhibitions			
	Purchase of Printing materials and other charges connected with the Press			
	Purchase of periodicals and Books			
	Service Telegrams			
	District Tappal Establishments			
	Do. Saderward			
	Compensation for lands taken for public purposes chargeable to the Revenue Department			
	Total IV, Miscellaneous ...			
	V.—CONTINGENCIES, SPECIAL AND TEMPORARY.			
	Total B, Charges against Income ...			
	E. WORKS OF INTERNAL IMPROVEMENT AND PUBLIC CONVENIENCE.			
	Charges on account of Native Choultries			
	Total E, Works of Internal Improvement, &c. ...			
	F. CIVIL SERVICE.			
	II.—SALARIES AND EXPENSES OF PUBLIC DEPARTMENTS.			
	Total ...			
	13. ECCLESIASTICAL.			
	Chaplains and Assistant Chaplains for 18 Establishment			
	Sacramental allowances and Contingencies			
	Travelling allowance			
	Lighting charges			
	Total 13, Ecclesiastical ...			
	14. MEDICAL.			
	Surgeons and Assistant Surgeons for 18 Apothecaries and Dressers			
	Contingencies			
	Vaccine Establishment			
	Vaccine Contingencies			
	Batta to mothers of vaccinated children			
	Travelling allowance			
	Total 14, Medical ...			
	Total II, Salaries and Expenses of Public Departments			
	Carried over ...			

Number of Vouchers.	Heads of Service.	Adjusted	Unadjusted.	TOTAL.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward ...			
	F. CIVIL SERVICE—continued.			
	III.—LAW AND JUSTICE.			
	II.—MOFUSSIL COURTS OF SMALL CAUSES.			
	Salary of Judge Mr. for ...			
	Establishment of do. ...			
	Saderward and Contingencies ...			
	Travelling allowances ...			
	Office Rent ...			
	Total II, Mofussil Courts of Small Causes ...			
	12. CIVIL AND SESSION COURT.			
	Civil and Session Judge Mr. for ...			
	Principal Sudder Ameens ...			
	Sudder Ameens ...			
	Establishment of Civil and Session Judge, &c. ...			
	Saderward and Contingencies ...			
	Talook Munsifs and their Establishments ...			
	Saderward and Contingencies of do. ...			
	Temporary Establishment ...			
	Deputation allowance ...			
	Batta to Prosecutors and Witnesses ...			
	Travelling allowances ...			
	Office Rent ...			
	Total 12, Civil and Session Courts ...			
	13. CRIMINAL COURTS.			
	Joint Magistrates ...			
	Establishment of do. ...			
	Saderward and Contingencies ...			
	<i>Miscellaneous.</i>			
	Fees to Vakils for prosecuting cases ...			
	Batta to Prisoners, &c. ...			
	Reward for apprehending Robbers ...			
	1/4th of Land Revenue Charges ...			
	Total 13, Criminal Courts ...			
	14. MOFUSSIL JAILS.			
	a. INSPECTION AND GENERAL SUPERINTENDENCE.			
	Total ...			
	b. PRISONS.			
	Rations ...			
	Dressers and Apothecaries ...			
	Jail Establishment ...			
	Contingencies ...			
	Clothing, including Blankets and Beddings ...			
	Hospital charges and Supplies ...			
	Charges on account of manufacture for the purchase of raw materials ...			
	Total 14, Mofussil Jails ...			
	Total III, Law and Justice ...			
	Carried over ...			

Number of Vouchers	Holds of Service.	Adjusted	Unadjusted.	Totals.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward ...			
	F. CIVIL SERVICE—continued.			
	IV.—POLICE.			
	2. MOFUSSIL POLICE.			
	Salary of Deputy Inspector General ...			
	District and Assistant Superintendents ...			
	Regimental allowances of do. ...			
	Executive Police Force ...			
	Deputation allowances ...			
	Travelling allowances ...			
	Hospital charges ...			
	Contingencies ...			
	Total 2, Mofussil Police ...			
	V.—EDUCATION, SCIENCE AND ART.			
	2. DIRECTOR OF PUBLIC INSTRUCTION.			
	Total ...			
	3. INSPECTOR OF SCHOOLS.			
	Salary of Inspector ...			
	Office allowance to do ...			
	Salary of Deputy Inspectors and Inspecting School Masters ...			
	Office allowance to do. do. ...			
	Travelling allowances ...			
	Total ...			
	5. SCHOOL ESTABLISHMENT.			
	Pay of Teachers ...			
	Scholarships ...			
	Grants-in-aid ...			
	Donation or allowance to private schools ...			
	Travelling allowances ...			
	Contingencies ...			
	Total 5, School ...			
	Total V, Education, Science and Art ...			
	VI.—POLITICAL AGENCIES AND OTHER FOREIGN SERVICES.			
	Salary ...			
	Establishment ...			
	Contingencies ...			
	Total VI, Political Agencies, &c. ...			
	VII.—SUPERANNUATION AND RETIRED ALLOWANCES AND GRATUITIES FOR CHARITABLE AND OTHER PURPOSES.			
	1. SUPERANNUATION AND RETIRED ALLOWANCES.			
	Land Revenue ...			
	Abkaree ...			
	Customs ...			
	Salt ...			
	Stamps ...			
	Public Department ...			
	Post Office ...			
	Law and Justice ...			
	Public Works ...			
	Police ...			
	Educational Department ...			
	Total 1, Superannuation and Retired allowances ...			
	Carried forward ...			

Number of Years.	Heads of Service.	Adjusted.	Unadjusted.	Total.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward ...			
	F. CIVIL SERVICE—continued.			
	2. CHARITABLE INSTITUTION AND GRATUITIES FOR CHARITABLE AND OTHER PURPOSES.			
	<i>c.</i> HOSPITALS AND DISPENSARIES.			
	Allowances of Surgeons and Assistant Surgeons ...			
	Do. of Apothecaries and Dressers ...			
	Do. of Servants ...			
	Diet to Patients ...			
	Contingencies ...			
	<i>b.</i> MISCELLANEOUS.			
	Gratuities to discharged Public Servants ...			
	Pensions of the late Native Pension Fund ...			
	Pensions unconnected with the late Native Pension Fund ...			
	Pensions and charitable allowance of general nature ...			
	Total 2, Charitable Institutions and Gratuities for Charitable and other purposes ...			
	Total VII, Superannuation allowances, &c. ...			
	VIII.—MARINE.			
	9. OUTPOSTS.			
	Master Attendant or Conservator ...			
	Establishment ...			
	Contingencies ...			
	Total ...			
	10. LIGHT HOUSES.			
	Superintendents, Deputy and Assistant Superintendents ...			
	Establishment ...			
	Contingencies ...			
	Total ...			
	Deduct transferred to Port Fund ...			
	Net Marine ...			
	IX.—MISCELLANEOUS.			
	Charges for Remittance of Treasure beyond the District Allowances to Civil Servants out of employ ...			
	Do. to Junior Civil Servants attached to the College ...			
	Travelling, Moonshree and house-rent allowances of do ...			
	Charges for stamping weights and measures ...			
	Reward for killing dogs, wild beasts, and snakes ...			
	Men employed in interring Paupers ...			
	Contributions to Municipal Funds ...			
	Profit and Loss ...			
	<i>Conservancy.</i>			
	Scavengers and Sweepers' Carts ...			
	Total IX,—Miscellaneous ...			
	X.—CIVIL CONTINGENCIES SPECIAL AND TEMPORARY.			
	Total F, Civil Service ...			
	G. INTEREST.			
	II.—INTEREST ON LOCAL LOANS.			
	III.—INTEREST ON SERVICE FUNDS.			
	IV.—INTEREST ON OTHER ACCOUNTS.			
	Total G, Interest ...			
	Carried forward ...			

Number of Vouchers.	Holds of Service.	Adjusted.	Unadjusted	TOTAL.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward ...			
	H. PUBLIC DEBT.			
	II.—LOCAL LOANS UNDER LIQUIDATION.			
	IV.—SERVICE FUNDS.			
	Civil Service Annuity Fund			
	Civil Fund, Charity Branch			
	Mofussil Police Superannuation Fund			
	Total IV, Service Fund ...			
	V.—LOCAL FUNDS.			
	District Road Fund			
	Jungle Conservancy Fund			
	Pound Fund			
	Bungalow Fee Fund			
	Village Service Fund			
	Educational Building Fund			
	School Fee Fund			
	Port Fund			
	Police Lodging Fund			
	Emigration Fee Fund, French Colonies			
	Emigration Fee Fund			
	Process Service Fund			
	One per cent. Income Tax Fund			
	Total Local Funds ...			
	VI.—DEPOSITS. .			
	Government Savings Bank			
	As per Statement E. { Revenue Department			
	{ Judicial do.			
	{ Miscellaneous do.			
	{ Sale of waste lands and redemption of quit-rent under freehold rules			
	Total VI, Deposits ...			
	VII.—MISCELLANEOUS.			
	As per Statement F. { Advances repayable			
	{ Permanent Advance Fund			
	{ Civil Stores			
	{ Suspense Account			
	Total VII, Miscellaneous ...			
	VIII.—RAILWAY TRAFFIC ACCOUNT.			
	IX.—LOCAL REMITTANCES.			
	As per Statement K. { Cash Remitted			
	{ Privilege Remittances			
	{ Public Service Remittances			
	{ Supply Bills			
	<i>Public Works Department.</i>			
	<i>Drawing account of Executive Engineer.</i>			
	<i>Military Remittances.</i>			
	Paid on account of Cheques of Paymaster Do. do. of Commissariat Officer			
	Pay of Military Pensions			
	As per do. { Privilege Remittances			
	{ Public Service Remittances			
	{ Sepoys' Remittances			
	Total IX, Local Remittances ...			
	Total H, Public Debt ...			
	Carried forward ...			

Number of Vouchers.	Heads of Service.	Adjusted.	Unadjusted.	TOTAL.
		Rs. A. P.	Rs. A. P.	Rs. A. P.
	Brought forward ...			
	L. ADJUSTED CHARGES ON ACCOUNT OF OTHER GOVERNMENTS.			
	I.—GOVERNMENT OF INDIA.			
	1.—INTEREST ON IMPERIAL LOANS.			
	5½ per cent. Loan of 1859-60			
	Total 1, Interest on Imperial Loans ...			
	2.—IMPERIAL LOANS UNDER LIQUIDATION AND TRANSFER.			
	<i>Great Trigonometrical Survey.</i>			
	<i>Topographical Survey.</i>			
	<i>Geological Survey.</i>			
	<i>Value of Amenswi Coir shipped for Calcutta.</i>			
	<i>Government of Prince of Wales Island.</i>			
	II.—BENGAL PRESIDENCY.			
	III.—BOMBAY PRESIDENCY.			
	IV.—GOVERNMENT OF NORTH-WESTERN PROVINCES			
	V.—GOVERNMENT OF PUNJAB.			
	VI.—HYDERABAD ASSIGNED DISTRICTS.			
	VII.—CENTRAL PROVINCES.			
	Total I, Adjusted Charges on account of other Governments ...			
	K. REMITTANCES TO OTHER GOVERNMENTS.			
	As per REGISTER I.			
	1. Account Current with London.			
	2. Account Current with India.			
	3. Account Current with Bengal.			
	4. Account Current with Bombay.			
	5. Account Current with North-Western Provinces.			
	6. Account Current with Punjab.			
	7. Account Current with Hyderabad and Assigned Districts			
	8. Account Current with Central Provinces.			
	As per REGISTER J.			
	9. Post Office Remittances, Imperial.			
	10. Electric Telegraph Remittances, Imperial.			
	Total K, Remittances to other Governments ...			
	Grand Total ...			
	Cash balance on			
	Total, Rs. ...			

DISTRICT

Date

Deputy Collector.

4 L

Abstract of the opinions of the several Collectors upon the proposition for substituting the Official for the Fusli year.

States that he sees no insurmountable difficulty in substituting the Official for the Fusli year in his district, as the seasons are early, and there being a fewer number of Revenue Talooks, the Jumabundy ought to end in March, and that April would then be left to recover balances and make up accounts. Is of opinion that the 1st Fusli of the new system should be the year of break and have but 10 months, as this would enable the Collector to make agreements with renter for those months; also that it would be found that the Official year will be a better arrangement and more consonant to native habits than the Calendar, and better adapted to the seasons at which the crops are cut and harvested.

Ganjam, 23rd August 1855.

Is of opinion that the Official year can be substituted for the Fusli, without occasioning any material inconvenience or impediment to the annual Settlement.

Guntoor, 18th August 1855.

Sees no insurmountable objection to the discontinuance of the Fusli year, both in matters of account and in the Settlement of revenue, and is of opinion that the introduction of the Calendar year will not be advisable, as the same begins at a time when a large extent of land has still to be cropped; also that the official year may be adopted without inconvenience, as the month of May, which is the commencement of that year, is also the period for the commencement of the cultivation of the coming season, and for the annual Settlement of Revenue.

Rajahmundry, 13th August 1855.

States that if the Official year is substituted for the Fusli year, the only inconvenience likely to occur is in bad seasons, when the intervening period (*viz.*, December to April) might not be sufficient for the completion of the Settlement, and that this might be obviated to a certain extent by the employment of an additional temporary establishment, when necessary, but that he sees no advantage in changing the Fusli year to the Calendar.

Karool, 18th October.

Observes that no great objections present themselves in substituting the Official for the Revenue year, as most part of the crops have been cultivated and the collections made; but that as the Settlement of several Talooks are not completed on account of the extent of the Province and the time required in travelling from one Cusbah station to another, the demand, &c., appertaining to them cannot be ascertained till after the completion of the Settlement. Understands that the substitution of the Official year for the Fusli has been introduced into the Bombay Presidency without any inconvenience, and does not see why this measure should not be adopted in Madras. Thinks that insurmountable objections may be started for the substitution of the Calendar for that of the Fusli year, as this is the time of sowing and the time of the heaviest kists.

Cuddapah, 2nd August 1855.

Does not think that the substitution of the Official year for the Fusli will involve difficulties commensurate with the advantages; observes that there will be some difficulty as regards cultivation in January, but that he would prefer if the official year could be made to close on the 11th July; but as he believes that this would be attended with great inconvenience, thinks that the next best thing would be to make the Revenue year correspond with the present official one.

Madura, 24th July 1855.

Observes that the substitution of the official year for all other years would be most convenient not only to the Public Departments, but to all concerned, inasmuch as the sowing and reaping of crops and the expiry of leases in Zemindary Estates also now end with the month of April, but that the Calendar year does not appear preferable to the Fusli or Official year.

Vizagapatam, 7th June 1855.

Observes that he sees no objection to urge against the proposition for the substitution of the Financial year for the present Revenue one, and that it would be an advantage over the existing complicated system, but that the change may be attended with difficulty at first, which may be overcome with ordinary exertion. Sees no advantage in the adoption of the Calendar year, as it would not suit the circumstances of his District, and observes that on the contrary the Maramut accounts may be made up for the Financial year in the same manner as the Budget.

Coimbatore, 16th July.

Is of opinion that the Official year is more convenient than the Calendar year, on the ground that the former as well as the Fusli year can be made to include the collections of one entire cultivating season. States that it is impossible so to alter the time for collecting the Revenue as to comprise the whole number of the instalments for one and the same season within the Calendar year, and that great inconvenience would arise from dividing the demand for one season between the accounts of two years. As the revenue of the permanently settled Mootabs and the periods at which it would be paid are both fixed by the Sunnuds granted under Regulation XXV of 1802, observes that it would require a Legislative Act to alter the periods at present fixed.

Salem, 7th September.

Sees no objection to entirely discontinuing the Fusli year and substituting the Official year in its place, but sees no advantage in his District in favor of the Calendar year.

Bellary, 1st August 1855.

States that he sees no obstacle to the settlement of Revenue in his District being brought to a close by the end of April, but that there will be no advantage in substituting the Calendar year, as it would create great confusion and as it would be impossible to obtain either the Returns of cultivation or to adjust the settlement for the year.

Trichinopoly, 16th June 1855.

- Is of opinion that in his District the settlement of revenue could be made with as great facility as it is now done, if the Official was substituted for the Fusli year, and that the Official is preferable to the Calendar year.
- North Arcot, 21st July.
- Does not see how the Official year could be substituted for the Fusli without causing serious inconvenience and confusion as regards the revenue collections and accounts, and thinks it unlikely that the annual settlement can be made in ordinary years till the end of April, so that if the accounts are to be closed by the 1st May, the outstanding balances of revenue would be seriously large. States that the substitution of the Calendar year for the Fusli would be attended with still greater inconvenience, as it would make much confusion in the cultivation and collection of accounts. Is of opinion that all other accounts excepting those of Land Revenue should be kept by the Calendar year, and that the only alteration that seems desirable to make would be to declare the Fusli year to be from 1st July to 30th June, instead of as at present from 12th to 11th July.
- South Arcot.
- States that as far as his District is concerned, the Fusli year is the best adapted for revenue purposes and accounts, owing to the periods of the commencement and closing of the cultivation and harvest season, and to the existing mode of Ryotwar settlement; but should the Fusli year not be the year to be adopted for the future, observes that the Official year is preferable to the Calendar or other year. Observes that the only objection to be urged against the adoption of the official year is that as the year would expire in April, it would not be possible to close the demand of the year until some months after its expiration.
- Nellore, 2nd June 1855.
- States that it would be impracticable to make the Official year a revenue one, as the reaping of certain crops is not completed till after the end of March or April, and in some cases till May, and that it is with the greatest difficulty that the revenue of the year is realized by the end of June, consequently that it would be preferable that the official year should be altered to correspond with the Fusli.
- Masulipatam, 6th August 1855.
- With reference to the peculiar nature of the cultivation of the Malabar District and its entire dependence upon the south-west monsoon, is of opinion that the Fusli year, as now altered, is best adapted for all purposes, and preferable to the Official and Calendar year; that the latter contrasted with the periodical cultivation of the District will be equally objectionable; but that under all circumstances he would recommend the Fusli year.
- Malabar, 26th July 1855.
- States that as the demand in the Woloongoo rental villages is not fixed until after the current prices in the villages up to the 20th May have reached the Collector's Office, it is obvious that the annual settlement cannot be completed in April, and that were the whole year's demand pressed within the same time, the Government and the Merassadars must both be heavy losers. Observes that for these obstacles to the proposed change of the Official for the Fusli year he is unable to suggest a remedy, and that no change in the mode of settlement will avail; also that so long as paddy is the staple produce of the District, the collections cannot be made earlier than they are at present.
- Tanjore, 18th June 1855.
- States that the Official year could not be substituted in his District for the Fusli year without making great alterations in the Revenue system, and that it would be easier to make the Revenue year coincide with the Calendar, which might be carried out without any alteration more material than to fix two kists in November and December for the collection of Cair Nunjah Beriz, instead of three, and to throw back the kists for Punjab and Tops a couple of months, and commence the collections in January.
- Tinnevely, 7th April 1855.
- Observes that he is not prepared to recommend the alteration of the Revenue year to the Official, and much less to the Calendar year, for if the Settlement was made at an earlier date, so that the Fusli might terminate with the month of April, the remissions of 2nd crop wet cultivation, which is carried to a considerable extent in February and March, would have to be left for future settlement; also that the Jummabundy Accounts could not be prepared within a reasonable time after the termination of the year, and that the months of February, March, and April being heavy harvest seasons, the collections realized therefrom in the subsequent months would not be brought to account within the Fusli, at the end of which a considerable portion of the demand would remain as a balance.
- Chingleput, 21st June 1855.
- Observes that the Fusli year corresponds so exactly with the season of the coast in his District, and suits so well the habits of the people, that any change is to be deprecated; but that if there are inconveniences connected with the accounts of other portions of the Presidency which render a change necessary, the Calendar year would be more convenient than the Official year.
- Canara, 1st June 1855.
- States that no inconvenience would result from keeping the Revenue accounts according to the Calendar year; that the management of the Salt and Abkaree Revenue could likewise be made to coincide with the Calendar year, and that for all purposes he considers that the Calendar year will serve just as well as the Fusli, and better than the Official year.
- Madras.

General Abstract shewing the months of cultivation and harvest of certain crops, &c., in the Districts of the Madras Presidency.

DISTRICTS	NUNJAH CROPS.														PUNJAH CROPS.			
	CAR.		SUNBA.		NAVEBY CAR.		PADDY.		BRINJALLS.		1st CROP IN GENERAL.		2ND CROP IN GENERAL.		CUMBOO		BAGHT.	
	Cultivation	Harvest	Cultivation	Harvest.	Cultivation.	Harvest.	Cultivation.	Harvest.	Cultiva- tion.	Harvest.	Cultivation	Harvest	Cultivation.	Harvest	Cultivation.	Harvest.	Cultivation	Harvest.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1 Ganjam	1	...	...	...	...	...	June & July	Dec. to Oct.	June.	December	July to November.	Dec. & Jan.	Nov. to Jan.	April	...	..	July	October.
2 Vizagapatam	2	...	...	...	...	...	...	...	...	...	July and August	Nov. & Dec.	Dec. & Jan.	By the end of April	...	...	...	...
3 Rajshundry	3	...	...	...	...	...	...	...	...	...	June and July	Nov. & Dec.	March.	May & June	...	...	...	...
4 Guntoor	5	...	...	...	...	...	...	...	...	...	June and July	Feb & Mar.	...	April	June	Sept. & Oct.	...	...
5 Masulipatam	4	...	...	...	...	...	...	...	...	...	June to March	Sept. to April	...	...	...	...	...	...
6 Chingleput	10	...	...	...	...	...	...	...	...	...	June to May.	Dec. & Jan	...	May & June	...	...	...	...
7 Salem	18	...	...	...	...	...	May to Sept.	Sept to Feb	...	...	...	...	...	...	...	...	...	...
8 Madura	15	...	...	...	...	...	July & Aug.	Dec. & Jan.	...	...	...	...	...	...	...	...	...	...
9 Nellore	6	May	August	September	Dec. Jan. & Feb.	Dec. & Jan.	April	...	...	...	...	...	...	...	...	...	...	...
10 North Arcot	11	June, July & Aug	Oct., Nov. & Dec.	July & Aug	Jan & Feb	Jan & Feb	April & May	...	...	...	...	...	...	...	June & July	Sept. & Oct	June, July, & Aug	Oct., Nov., & Dec
11 South Arcot	12	June & July	After 4 months	Aug & Sept.	After 6 months.	April & May	4 months after.	...	...	...	...	...	...	...	Do. do	Oct. & Aug	July and August.	8 months after.
12 Tanjore	10	May	November	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
13 Trichinopoly	14	April	July	...	November	...	...	...	...	...	...	...	...	...	...	...	...	...
14 Tinnevely	16	May	September	Oct., Apl.	...	...	...	...	...	...	...	...	...	...	...	...	...	...
15 Bellary	8	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
16 Cuddapah	7	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
17 Colmbatore	17	April & June	Sept. & Oct.	July & Aug	Dec. & Jan	April & May	Aug & Sept.	...	...	...	...	...	...	...	July & Aug.	November & December.	July and August	Nov. & Dec.
18 Canara	19	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
19 Malabar	20	...	...	...	...	...	...	Mar & April.	Aug & Sept	...	...	...	...	...	...	...	...	...
20 Madras	21	...	...	August	February	...	...	...	...	...	...	...	...	...	...	...	...	...
21 Kurnool	9	...	...	...	...	...	...	July to November.	...	...	...	...	...	...	...	...	...	...

1852

General Abstract shewing the months of cultivation and harvest of certain crops, &c., in the Districts of the Madras Presidency—concluded.

DISTRICTS.	PUNJAH CROPS.														JUMMANGUDY.		KITSUNDY.		
	HARRACK OR VERRASOO.		SAMAT.		HOMER GRAM.		JANWALOO, YELLOW.		GIBBELLY OIL SEEDA.		1ST CROP IN GENERAL.		2ND CROP IN GENERAL.		Commence-ment.	Termina-tion.	Commence-ment.	Termina-tion.	
	Cultivation.	Harvest.	Cultivation.	Harvest.	Cultivation.	Harvest.	Cultivation.	Harvest.	Cultivation.	Harvest.	Cultivation.	Harvest.	Cultivation.	Harvest.					
20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	
1 Gazjam	1	...	...	November	March	...	...	...	June to November	Sept. to February	...	...	...	...	...	April	...	...
2 Visagupalam	2	...	...	...	...	...	...	...	...	...	May and June. ¹	July and August.	Nov. and December.	By the end of April.	Dec. and January.	March	August	...
3 Rajahmundry	3	...	...	...	...	...	...	...	...	...	May and June. ²	August	...	...	...	March, April, May, & June. ³	November	November.
4 Guntoor	4	...	...	...	...	...	June	Sept. and October	...	...	May and June. ⁴	Next Full	...	...	...	May, & June. ⁵	Do.	May.
5 Masulipatam	5	...	...	...	...	...	...	...	...	...	June to March. ⁶	Sept. to April.	...	...	...	April, May, June, & July	Do.	November.
6 Chingleput	10	...	...	...	...	...	...	...	...	...	May and June. ⁷	September & October.	...	...	...	April, May, June, & July	Do.	June.
7 Salem	12	...	...	...	...	...	...	...	...	...	May to November.	March	October and November.	...	...	Do.	Ditto.	CO CO CO
8 Madura	13	...	...	...	...	...	May and June	...	May and June	...	July and August.	November to February & Mar to May.	...	...	...	Do. do.	Do.	Ditto.
9 Havello	6	...	...	...	...	...	Sept. to May and June.	Dec. Jan., and Feb.	Sept. to May and June.	December, January, & February.	Do. Do.	November to February.	...	...	Dec. Jan., and Feb.	May, June, & July.	Do.	Ditto.
10 North Arcot	11	June and July.	Jan. and Feb.	Aug. and Sept.	Jan. and February.	Sept. and October.	Jan. and February.	...	...	...	January and July to September.	...	...	...	Dec. Jan., Feb., and March.	June, July, & August.	...	...
11 South Arcot	12	July and August.	6 months after.	July and August.	5 months after.	September	After 6 months.	July and August	6 months after.	March	May	November	June.
12 Tanjore	14	May	Do.	Ditto.
13 Trichinopoly	16	May to July	Do.	Ditto.
14 Tinnevely	18	July to April. ⁸	Nov. to	June & July	Do.	Ditto
15 Bellary	7	...	...	...	...	...	...	...	...	...	May and June.	Following Full	...	...	December.	April, May, June, & July	Do.	May.
16 Cuddapah	8	...	...	...	...	...	...	...	...	...	Do. do	October	...	...	...	...	Do	April.
17 Coimbatore	17	Sept. and October.	Jan. and February.	July and August.	Nov. and December.	Sept. to November.	Jan. to March.	July and August.	Nov. and December.	Dec. and January.	June, & July	Do.	June.
18 Canara	10	November.	December.	...	January	May.
19 Malabar	20	Feb. & Mar	Apr & May.	April, & May	October	June.
20 Madras	21
21 Kurnool... ..	9	May to August.	December	...	April, June, & July	November	April.

Order by the Madras Government.

In the letter above recorded, the Board of Revenue submit their views on the Report of the Commissioners of Enquiry into Indian Accounts on the constitution and procedure of the Financial Department, and forward a Memorandum on the subject by their Head Sheristada, who has been engaged for several years in managing and improving the account system of this Presidency.

2. The Government will here discuss only those parts of the Commissioners' Report which relate to the Revenue Department, reserving the other portion for consideration in the Financial Department.

3. **REVENUE AND RECEIPTS.**—The revenues of the Madras Presidency are administered by the Board of Revenue. There are no Commissioners as in Bengal. The Board has an Account Department of its own, and every matter of revenue administration and account is supervised and controlled by the Board. The system which appears to prevail in Bengal, of leaving matters of revenue account to the Accountant General, and even looking to him for a rent-roll, is wholly unknown here.

4. The Presidency is divided into 19 Districts, and the great bulk of the country is settled on the Ryotwary principle, under which each landholder has the right of annually increasing or diminishing the extent of his estate, the rate of assessment per acre, however, remaining unchanged. The Ryotwary revenue is in round numbers $3\frac{1}{2}$, while the Zemindary revenue is only half a million sterling. It is obvious that under such circumstances the accounts must be (as they are) kept and controlled by the Board of Revenue.

5. The Revenue (except in Zemindaries) is received in the first instance by the village officers, whose accounts are of the simplest description practicable. There are about 80,000 Ryotwary villages in the Presidency. The village Accountant keeps a ledger showing the demand, collection, and balance against each individual; the Headman of the village collects the dues of Government, receipts are granted for payments, and the sums received are entered in the daily cash book. Towards the close of the month (about the 24th or 25th) the village collections are forwarded to the Tehsildar's Cutcherry with an Invoice giving the necessary particulars of the remittance.

6. On receipt at the Talook Office, the remittance is compared with the Invoice and entered by the Head Clerk in his Day-book, the coins are examined by the Shroff, who enters the amount in his cash Chitta and lodges it in the cash chest. The Invoice is then receipted by the Head Clerk, the Shroff, and either the Tehsildar or Sheristadar, and returned to the village, where it is retained as a voucher.

7. During the month the Tehsildar makes a variety of disbursements from his Treasury on the orders of the Collector, and has a small fund from which to make petty payments on his own responsibility, these payments being submitted in a contingent bill monthly for the sanction of the Collector.

8. The Day-book and Cash Chitta are closed every evening, the cash balance struck and the contents of the expense-chest examined, to see that the balance is correct, when the books are compared and initialled by the Head Clerk, Shroff, Sheristadar, and Tehsildar.

9. The Head Clerk keeps Abstracts, one for receipts and one for disbursements, into which the entries from the Day-book are daily posted according to the Budget heads of classification; the Treasury closes early on the last day of the month, and from the Abstracts a complete Account Current is made up and forwarded the same evening or the next morning to the Collector's office, with the necessary vouchers, and a Demand, Collection, and Balance Statement for the several sources of revenue. The Talook Treasury is examined on the last day of the month by the Tehsildar, and the fact certified by him in the monthly account. On the 25th of each month the Tehsildar sends the Collector an estimate of his requirements for payments during the following month, and, retaining such an amount as the Collector sanctions, remits the balance on the 1st or 2nd of the month to the Collector's Treasury.

10. A similar course is followed in respect to other than Land Revenue transactions.

11. In the Collector's Office the Treasury and English and Vernacular accounts are under the charge of a Deputy Collector, who has also other duties to perform, as Magistrate, &c. Every item of receipt or disbursement is first entered, as it occurs, in the English Day-book, and an order thereupon issues to the Treasurer, who receives or disburses accordingly. The Treasurer's Clerk enters these transactions consecutively in his Cash Chitta, and keeps the orders as his vouchers. This Chitta is closed at 5 P.M., the balance struck, and the cash in the expense-chest examined. The same evening, or at latest next morning, the Deputy Collector compares the Chitta with the Day-book, and initials them, if correct. The bulk of the cash is kept in chests under the keys and seals of the Collector and his Deputy, and the Treasury is invariably examined once a month by the Collector, a Covenanted Assistant, or the Deputy Collector, and the result stated to the Board of Revenue and Accountant General.

12. The Talook Accounts Current which reach the Collector between the 1st and 4th of the month (succeeding that to which they relate) are examined on receipt, abstracted and totalled, and by the 10th of the month the Treasury account is forwarded to the Accountant General with the necessary accounts particular and vouchers. Printed forms are used in every practicable case, and the business of preparing and examining the accounts is thus facilitated and expedited.

13. This brief statement will suffice to show that the Madras system of accounts is sound. The subject of accounts has, in fact, occupied the attention of this Government

and the Board of Revenue for years past; the entire system has been re-modelled, and printed Manuals in English and the Vernacular prepared for every branch of the Revenue Administration. The Village Manual contains full instructions with forms for the Village officers. The Talook Manual contains the same for the Talook officers. It has cost much time and trouble to bring things into their present state of efficiency; and to change the system, merely because the method of account prevailing elsewhere is open to objection, would be most inconvenient, unwise, and expensive. The proposal of the Commissioners that the Tehsildars should only keep simple cash accounts, and transmit these daily or at short intervals, with vouchers, to the Collector, would be altogether a retrogressive measure, so far as the Talook accounts are concerned, while the Collector's Office would be overwhelmed with work, the submission of the accounts would be delayed, and additional Clerks and Accountants would be rendered necessary; and it is not easy to see what advantage would be gained. Whatever may be the case in Bengal, it is the fact that in Madras the Talook officials have been taught to keep their accounts under classified heads; that they do so efficiently; that their accounts are rendered quickly and punctually, and the Accountant General highly approves of the system. To change a system introduced with so much labor, and working so satisfactorily, merely because a different system elsewhere has been unsuccessful, is both inexpedient and uncalled for. The proposed change will not lessen the work in the Talook offices, for the Tehsildar *must* keep his accounts classified under appropriate heads for each branch of revenue, in order to know the demand, collection, and balance of each, and to check the transactions of the Village officers. As to the Collector, on the other hand, it is obvious that work now distributed among several offices cannot be done so expeditiously or economically by his office alone. The Talooks in this Presidency are very large, and the transactions, owing to the large number of independent landholders (40,000 in some), and to the fact that the Talook Treasury is the General Government Bank of the Talook, are so numerous, that the method of keeping merely a cash account is out of the question; for purposes of revenue management alone, classified accounts are an absolute necessity. The Tehsildar, owing to his important revenue and magisterial duties, must necessarily be well paid, educated, and experienced Officer, and there is no reason why advantage should not be taken of these qualifications in the Account Department. It would manifestly be a great advantage if even the Village officers could keep their accounts in the same form as the Collector does; but 30,000 practised Accountants cannot be improvised. Meanwhile it is at least inexpedient that the accounting system of 160 Talooks, well understood and carefully observed as it is, should be reduced to mere cash books.

14. The Government do not therefore hesitate to deprecate in the strongest terms this radical change. As already stated, great importance has always been attached in this Presidency to the system of account, and great attention paid to it. Manuals for the guidance of each class of officers in each Department have been prepared, the Officers carefully instructed in their duties, the establishments reorganized and rendered efficient, and a close supervision exercised by the Board of Revenue direct from their own office. The result is a system which works well and smoothly; which meets all local necessities for efficient administration, as well as imperial requirements, for no complaint has reached the Government on the latter score. The recommendations of the Commissioners are undoubtedly deserving of great weight and consideration; but unfortunately they know nothing of the Madras Presidency, and the system on which they comment is evidently a very different one from that in force here, which, however susceptible of improvement in details, is sound in principle, satisfactory in practice, and well adapted to local peculiarities. The Government entirely concur with the Revenue Board that the Madras system should not be thus dealt with, until, at least, the Commissioners had made themselves personally acquainted with it by visiting the Presidency, and have established that change is necessary and will be sufficiently advantageous to counterbalance the inconveniences which necessarily accompany the introduction of new measures. The Government, as above remarked, are unaware that the Madras accounts fail to furnish any information required for imperial, while they fully subserve all local purposes.

15. The Government will proceed to remark briefly on the chief paragraphs of the Report:—

- Paragraphs 75-79. 16. The Board of Revenue here are entirely independent of the Accountant General. They administer the revenues; he keeps the accounts
17. The Board keep and control the revenue accounts in their own office, and have done so for years past. The Accountant General here occupies the position implied by the name of his office, and though often asked for advice in matters of finance and account, does not administer the revenues.
- Paragraph 76.
- Paragraph 77. 18. The Board of Revenue have an officer already for this purpose, whose competency in all matters of account is unquestionable.
19. The Tehsildaree system prevails throughout the Presidency. The Tehsildars (158 in number) are also Magistrates, &c.; their salaries range from Rs. 150 to 225 per mensem, and an annually increasing number of them are men of good English education. A Tehsildar's office comprises a Sheristadar, who is also a Magistrate, from six to eight Clerks, a Shroff and peons. In Zemindary tracts the revenue is paid usually into the Talook or District Treasury and sometimes at Madras. In Ryotwary tracts it is paid, as before explained, to the Village officers.
- Paragraphs 80-81.

- Paragraph 82. 20. The cash is always examined monthly by the Collector or a Covenanted Officer, and if none be present, by the Deputy Collector.
21. No such estimates are known here. The Tehsildars on the last day of the month, or at latest on the following day, send their monthly account of actual transactions to the Collector, as recommended by the Commissioners.
- Paragraph 83.
22. The classification of items as already remarked is now done with accuracy, expedition, and economy in the Talook offices, and any change is highly inexpedient—indeed impracticable, unless double accounts are to be kept.
- Paragraph 84.
- Paragraph 85. 23. The above remarks apply equally to the Head or Collector's Treasury.
24. The accounts are sent to the Accountant General within 10 days after the end of the month to which they appertain, and include all transactions of that month. Greater expedition is impracticable owing to postal arrangements.
- Paragraph 86.
- Paragraph 88. 25. The deposit account is carefully looked after and kept as low as possible; there has been some laxity on this point which is being corrected.
26. The Forest Department is here managed in the Revenue Department, and a Manual of Accounts was prepared at the outset. The Conservator is not a disbursing Officer, and therefore audits the monthly accounts of his Department which, however, are annually reviewed and specially reported on to Government by the Board of Revenue.
- Paragraph 89.
- Paragraph 91. 27. The Abkaree is rented except in the Town of Madras, and controlled entirely by the Board of Revenue.
28. The Income Tax in Madras is under a Commission, of which a Member of the Revenue Board is President. In the Provinces it is under the Collectors and the Board of Revenue. The Accountant General is not here furnished with such minute details as appears to be the case in Bengal.
- Paragraph 95.
29. The simple process here suggested of dealing with the division of the Income Tax between Revenue and Public Works was recommended by this Government, but negatived.
- Paragraphs 98-99.
- Paragraph 103. 30. Payments on account of revenue are credited at once, not retained as deposits.
- Paragraph 104. 31. The principle here advocated is followed in Madras, and appointments to public offices rest with Heads of Departments.
- Paragraphs 108, 109, 110. 32. The rules regarding Salt Revenue will be found in the Salt Manual.
- Paragraphs 111-117. 33. There is no Opium revenue in this Presidency.
34. STAMPS.—The administration of the Stamp Revenue has formed the subject of considerable discussion with the Supreme Government, and need not be separately noticed here. The dies are all kept by the Superintendent of Stamps, and the counter-stamp is considered a very valuable security.
- Paragraphs 120-135. 35. The question of abolishing the system of Pre-audit will be considered in the Financial Department. In this Presidency all revenue charges other than salaries and fixed payments are practically audited by the Board of Revenue, who can alone determine, whether in regard to rate, amount, &c., they ought to have been incurred. The Civil Paymaster merely verifies the arithmetical processes. In the case of tentage, for instance, the Civil Paymaster can see that an Officer who is out in tents for the whole month (say) of September, does not draw for 31 days, or more than 30 times the daily rate, but he is wholly unable to judge whether there was any public necessity for his being out in tents at all; the Board of Revenue have the means of deciding this point, and therefore it has been the practice here for such bills to be submitted by Collectors for their sanction in the first instance.
- Paragraph 213. 36. As regards payments in the Provinces, it must be remembered that in this Presidency the Collector is in entire charge of the District Treasury; the Government strongly object to any measure tending to lessen this responsibility or to render the Collector's subordinates in any way independent of him. The present system of placing the Collector in funds for payments needs no alteration; the plan proposed by the Commissioners would often be most inconvenient here.
37. ACCOUNTS.—The Tehsildarees in this Presidency are very different from those described in paragraph 217 of the Commissioners' Report; the collection of revenue is really made in the villages, and looking at the size of the Madras Districts, it would be impossible to restrict payments to the Collector's Treasury. The Madras Village officers correspond more nearly with the Sub-Treasuries described by the Commissioners. The plan of making payments only from the chief Treasury was in force here prior to 1855, and cash used to be sent from one end of a District to the other, and sent back again for local disbursement. The system was fully tried and failed; any reversion to it is out of the question. The present plan is the best; the Tehsildar sends the Collector a monthly estimate of his cash requirements, retains in his Treasury the amount sanctioned by the Collector, remits the balance, and makes disbursements from the

reserved portion on the Collector's written orders. This plan has been tried and found successful, while the other has been tried and has failed. The Government very much doubt whether the Commissioners would have made their recommendation, if they had been aware of the real character of the Madras Tehsildarees. The transmission of daily accounts is useless and impossible.

38. The voluminous documents mentioned in this paragraph are not in use at Madras. Paragraph 218. The classified system of account has long been in operation, is perfectly understood, works well, and should on no account be altered. The monthly Treasury Account here comprises but 12 foolscap instead of 32 folio pages, and the supplements, though apparently numerous, for the most part do not exceed a quarter of a foolscap sheet.

39. The system of classified accounts does not here cause delay, nor is the preparation of the account postponed till the month has expired. Paragraph 220. The daily transactions are daily posted in well-arranged abstracts, which are closed on the last day of the month. The Talook accounts being received in the same complete form, are easily embodied in the general account. The mere fact that, notwithstanding the time occupied by the post from distant Talooks, the Treasury Account is despatched complete by the 10th of the month, is sufficient proof that the classified system, when worked by properly trained Officers, does not entail delay. No time would be gained, and no reduction of establishment would be caused, by introducing unclassified accounts, while the Revenue Officers with only these would be in ignorance of the transactions of their Districts. Moreover, the unclassified system entails resort to the expedient of various registers as proposed by the Commissioners, and the cash account will cease to be a faithful account of all actual transactions.

40. The arrangement in paragraph 224 omits the Talook accounts received after the 1st of the month. Paragraph 224. Several Talooks in this Presidency are three and four days' post from head-quarters, and consequently the transactions of these days would be omitted from the Cash Book and Bi-monthly list of disbursements: in other words, the account of a month would not be the account of the whole month (as the Madras accounts now are), and such imperfect accounts are sure to cause confusion.

41. In this Presidency the Collector, in communication with the Accountant General and Police Department, arranges all remittances, and it is undesirable and quite unnecessary that Tehsildars should have the power of sending coin to other Talooks at their discretion.

42. Government paper deposited as security by public servants and others is endorsed to the Collector and kept in the Collector's Treasury, under set rules. Paragraphs 246, 247. The proposal to cancel such notes and make the deposit a book debt for the time would only entail unnecessary labor and risk. Securities can be kept as safely as coin, if proper rules for their custody are prescribed and enforced.

43. The Collectorate accounts in Madras are all kept in English; the Talook accounts are of necessity kept in the Vernacular language of the District with English figures. Paragraph 248. Education is now spreading rapidly, and before many years are past almost every Talook Officer will be acquainted with English. A large proportion of the Tehsildars and Sub-Magistrates already are good English scholars.

44. Printed forms are employed in every practicable case. The Collectorate Presses (of which there is one in each District) afford great facilities for this important improvement, and have been fully made use of, to the great economy of time, money, labor, and stationery.

45. The English entries in the Collectorate Offices are made direct from the Vernacular documents. Paragraph 258.

46. The examination of the cash chests is strictly enforced and monthly certificates thereof are regularly submitted. Paragraph 262.

47. Permanent advances in the Revenue Department are already at a minimum: their amount for 1865-66 is under £6,000, on a gross revenue of six millions. Paragraph 449.

48. The question of having but one year of account is highly important. The Commissioners remark that there are now— Paragraph 454.

- I.—The Calendar year.
- II.—The Umlie year, commencing 1st June.
- III.—The Bengal year, commencing in the middle of April.
- IV.—The Fusly year, commencing on the 10th June.
- V.—The Madras Fusly year, commencing on the 1st July.
- VI.—The English Financial year, commencing on the 1st April.
- VII.—The Indian Financial year, commencing on the 1st May.

49. The fifth and seventh are in use in Madras, and hence two sets of accounts are kept. The Fusly year used to commence on the 12th July; but a change was made in 1855, and it now commences on the 1st July. Its advantage is that it suits the agricultural peculiarities of the country better than any other, and as the great bulk of the revenue is drawn from the land, this is a consideration of importance. The Secretary of State in 1859 directed its retention for reasons of this nature. The Board, feeling the great inconvenience of having two years, do not advocate the retention of the Fusly year *together with* that of the official year.

They believe that "the abolition of the Fusly year will be productive, for some time to come, of all the inconvenience that is inseparable from the substitution for a well-known and long-established system, of one with which the people, as a body, are altogether unacquainted and cannot readily become familiar. They recognize the force of the objection that much of the statistical information that has been accumulated in past years will become comparatively useless;" but they remark that *if* the official year *is to be retained*, the advantages of having but one year of account will counterbalance the disadvantages of abolishing the Fusly year. This line of argument, however, presupposes the excellence of the official year and assumes that it will, under all circumstances, be retained. The Commissioners, however, show that it does not really answer any good purpose. "It throws the consideration of the Budget and the closing of the annual accounts into the hottest period of the year, and sends the annual accounts home at a period too late for the consideration of Parliament." It is clear, therefore, that the admitted superiority of the Fusly should give it the decided preference over the official year.

50. The Commissioners show also that if the English official year were adopted, the accounts would reach England too late for Parliament; while the Revenue Board's proposal is absolutely dependent on the single year of account not commencing earlier than the 1st May.

51. The calendar year is wholly unsuited to Madras for administrative purposes, as it would not include "a single cycle of the agricultural year, which is all-important in this country in relation to the public revenue."

52. The adoption of the Umlie or Bengal years would obviously be useless, as they differ so little from the English and the Fusly year.

53. It follows, therefore, the Fusly year is the one which should be retained in Madras for all administrative purposes. As another must be adopted to meet English requirements, it would involve less labor and confusion to close the accounts of each Fusly half-yearly in the Accountant General's Office and adopt the calendar year as the year of account, than to keep up two such distinct sets as those now prepared. The calendar year's accounts would thus comprise the last half of one and the first half of the next Fusly year, and would reach England in ample time for Parliament, while the Fusly year would be retained for local purposes of administration.

No. 2189, dated 20th April 1865.

No. 113.] *RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.*

Read again Financial Resolution, No. 2805, dated 4th October 1864, requesting the opinion of the Local Governments and Administrations on the Report of the Commissioners of Enquiry into Indian Accounts, on the system of Account and Audit in the Civil Department.

Read again the following replies to the requisition, *vis.*—

From the Chief Commissioner, Central Provinces, No. 100, dated 19th November 1864.

" " Resident at Hyderabad, No. 1635, dated 3rd January 1865.

Read also the following replies to the requisition.—

From the Government of the Straits Settlement, No. 59, dated 21st November 1864.

" " Commissioner for Mysore, No. 1430, dated 12th December 1864.

" " Chief Commissioner, Oudh, No. 3360, dated 13th December 1864.

" " Governor General's Agent, Rajpootana, No. 2051, dated 30th December 1864.

" " Chief Commissioner, British Burmah, No. 971, dated 31st December 1864.

" " Government of the North-Western Provinces, No. 136, dated 16th February 1865.

" " " of Bombay, No. 183, dated 28th February 1865.

" " " of the Punjab, dated 23rd March 1865.

" " " of Madras, No. 174, dated 27th March 1865.

By these Reports the Government of India has been put in possession of the opinions of the several Local Governments and Administrations and of all the Officers of Account, except those at Calcutta. The opinions of these latter have been otherwise obtained, and the following orders are in general accordance with their views.

2. The Report of the Commissioners is chiefly occupied with a criticism of defects in the existing system of Audit and Accounts, and as their remarks on this head were suggested, mainly, by an inspection of the Books in the Offices at Calcutta merely, some of the criticisms have proved inapplicable, more or less, to one or other of the Provinces or Presidencies which the Commissioners have not visited.

3. The chief defect in the present system is the total untrustworthiness of the monthly accounts, in consequence of their including numerous entries requiring subsequent adjustment, so that the Financial Department possesses no means of keeping itself acquainted with the progress of the current income and expenditure. Another defect is the delay in closing the annual books of account. The remedy for these defects is the main object of the recommendations of the Commissioners.

4. The procedure in framing and sanctioning the annual Budget Estimates has necessarily been considered along with the accounts.

5. The Budget Estimates, as submitted to the Government of India, in the Financial Department, are in great detail; and on the several recommendations for condensing them, the Governor General in Council is pleased to pass the following orders:—

I. Hitherto, the Budget Estimate has shewn the figures proposed by the Deputy Auditor and Accountant General, and the Local Government, respectively, but in future only one set of figures for the new year shall be submitted to the Government of India, in the Financial Department, viz., those which the Local Government may settle in communication with the Deputy Auditor and Accountant General, and with any Heads of Departments whom the Government may consult. Should the Deputy Auditor and Accountant General differ, he will record his reasons in a paper to be annexed to the Estimate.

II. The grants for Salaries, Establishments, and Contingencies, even when relating to appointments and Establishments for different Districts, will be given in totals for the Presidency or Province, for each Department. District details will be omitted, for both Revenue and Charge, in the Estimate for the Financial Department; but they will be obtained for the use of the Local Government or Administration, under such rules as it may lay down, subject only to a strict conformity to the classification of Receipts and Charges, prescribed by the Government of India.

III. At present, the Budget Estimates shew the Estimate for the new year, the Budget and the Regular Estimates for the current or expiring year, and the Actuals of the previous year. These details must be retained in the Estimates for the Local Governments and Administrations; but in those submitted to the Financial Department, the figures for the new year should be contrasted with the Budget Estimate, merely, of the current or expiring year, any considerable difference between them, as also any large increase in the provision for contingencies and temporary Establishments, and in other items, being fully explained in the transmitting letter.

6. The Forms of Estimates and Finance Accounts, proposed by the Commissioners, are approved, with the modifications in the following paragraphs, viz.:—

I. All receipt and payment entries, under Income, Charge, and Debt, which are peculiar to the Home Accounts of the Secretary of State for India, will be omitted from the Indian portion of the accounts, pending the assent of the Secretary of State to the proposition for establishing counterpart books of account in England and India for the revenues and charges of India.

II. In the distribution of charges among Presidencies and Provinces, the expenditure of the Army will be shewn under General and Political for the Bengal Army, and under Madras and Bombay for the Armies of those Presidencies.

III. The head "Marine," which is proposed by the Commissioners as an independent head, on the footing of Military, Public Works, and Civil, will continue as a subordinate head in the Civil Estimates, where it will be inserted after "Police."

IV. Allowances and Assignments under Treaties and Engagements should be entered before Miscellaneous.

V. "Allowances, Refunds, and Drawbacks" should be retained under Expenditure.

VI. There will be one entry for Guaranteed Interest, less net Traffic Receipts of Railways, no repayments by Railways being shewn on the receipt side.

VII. The loss by Exchange on Railway Transactions will be shewn at net, *i. e.*, after deduction of the similar gain by Exchange.

VIII. All transactions on Capital and Revenue Accounts of Railways will be treated in the accounts of the Civil Department in India as Supplies to London.

IX. The present practice of crediting to the Opium Department the cost of its supply of Opium to the Abkaree Department by a debit to Abkaree at the time of supply, and subsequently crediting the whole proceeds of sale of the Opium to Abkaree, will continue.

7. In the General Abstract of the Revenue and Expenditure of India, which forms the first of the proposed series of Estimates, a column for Actuals will be provided, the figures being supplied from the accounts in the Financial Department.

8. The forms of Finance Accounts should also be altered under the following heads:—

APPENDIX.

REVENUE AND RECEIPTS.

Opium.

Instead of "Proceeds of Sale by Auction"—shew—

Opium—Behar.

„ Benares.

EXPENDITURE.

Land Revenue.

Settlement charges should be shewn as a distinct item.

Opium.

Subdivide—Behar.

Benares.

Add—

Transit charges to Presidency.

Presidency Expenses.

Administration and Public Departments.

Add—

Military Secretariat.

Public Works Secretariat.

Law and Justice.

Instead of "Law Officers and Courts of Small Causes"—shew—

Small Cause Courts.

Law Officers of High Courts.

Justices of the Peace, Coroners, and Sheriffs, at the Presidency Towns.

Marine.

For "Light Houses and Establishments at out-ports"—read—"Light Houses."

Public Works.

Pensions should be transferred to the Civil Estimates.

9. In issuing the revised forms of Estimates and Finance Accounts, items of sufficient importance to be shewn separately, which may be peculiar to any Presidency or Province, will be added in the forms for that division of territory, in communication with the Local Government.

10. On some of the suggestions for reducing work, the following orders are passed:—

I. The Cash Requirement Estimate should be continued.

II. In the Treasury Accounts rendered to the several Deputy Auditors and Accountants General, Collections of Land Revenue will be credited without distinction of past, current, and future years, and a Return thereof will be furnished by the Deputy Auditor and Accountant General, to the controlling Revenue authority, for verification of the aggregate of realizations shewn in the Return of Demands, Realizations, and balances of past, current, and future years, which is furnished to those authorities by the Collectors of Revenue.

III. The cost of any Establishment under Civil Administration which can be distinctly referred to any Branch of Revenue, is to appear under the head of that branch: supervising officers (such as Boards of Revenue and Financial and Divisional Commissioners) who administer several branches of Revenue, should be shewn under "Administration and Public Departments." The cost of establishments in the Bombay Presidency which are common to both Customs and Salt, including the charge for the Commissioner of Customs, Salt, and Opium, should be shewn under Customs. In the North-Western Provinces and the Central Provinces, the cost of the Customs Line, which principally collects the Salt Revenue, should be shewn under Salt. The existing division of the charge for Collectors, &c., between Land Revenue and Law and Justice, must, however, continue, save that the division will not be made on the individual bills, but all these charges will, in the first instance, be carried in the detail books to a subordinate head under Land Revenue, and a

monthly transfer of a moiety of the total amount will be made to the proper subordinate head under Law and Justice,

11. The fundamental changes of system proposed by the Commissioners are—

1st.—The preparation of Finance Accounts from audited receipts and charges, as recorded in the books.

2nd.—The separation of Cash from Store Accounts, and of the accounts of the Civil Department, from those of the Military and Public Works Departments.

3rd.—The consolidation of these separated Cash Accounts, by a Central Office, into a general account for India.

4th.—The abolition of pre-audit, and the amalgamation of the offices of Deputy Auditor and Accountant General, and Civil Paymaster.

5th.—Unclassified Treasury Accounts.

12. Orders adopting the recommendations under the first two heads have been issued already, and the third, also, must be adopted of necessity.

13. The procedure in consolidating the accounts for India will be as follows:—

I. The Receipts and Disbursements of each Presidency and Province, and of the Military and Public Works Departments, will be written up monthly after audit, and posted.

II. An audited monthly account of Revenue and Receipts, and of Expenditure and Disbursements, will be furnished to the Central Office of Account in Calcutta, by the several Deputy Auditors and Accountants General, and by the Military and Public Works Departments, for consolidation in monthly and annual accounts for India.

III. The same officers, and the Military and Public Works Departments, will prepare, from their own Ledgers, annual accounts, as at present; but the Finance Accounts for Parliament will be prepared from the books of the Central Office.

14. The Commissioners have recommended that there should be but one office, *viz.*, the Central Office of Account, in account current with London. Pending the orders of the Secretary of State on this recommendation, the Account Current with London, kept by the Civil, Military, and Public Works Accountants, will be consolidated in one Account Current for the three Departments, by the Local Civil Accountants, for transmission to London.

15. The Commissioners recommend that revenues and charges belonging to one Presidency, received and paid, respectively, in another Presidency, be treated in the accounts as appertaining to the Presidency in which the receipt or payment occurs. This recommendation has been noticed in some of the replies. The subject affects principally the head of Expenditure. The only receipts of any magnitude that would be affected by the recommendation, are certain tributes from Native States, realised through Treasuries subordinate to the Accountant, North-Western Provinces, which are now credited to the Government of India.

16. The Government of Madras is of opinion that “the Budget of each Presidency should provide for all disbursements which it has to make. On this principle, the Central Provinces, British Burmah, &c., should provide for the Military expenditure incurred in them, but debited to Madras.”

17. Inasmuch, however, as the administration of the Madras Army is under the Government of Madras, and as it is indispensable for a proper check of Military expenditure that each of the three Armies in the three Presidencies should be estimated for as a whole, the above opinion, as regards the treatment of Military expenditure in the accounts, cannot be adopted.

18. There is no objection, however, to the Military Account Department furnishing to each Local Government, for insertion in its Administration Report, a statement of the proportion of total Military charges which can be allotted, rateably to strength, for the Military force in the territories under such Local Government.

19. With regard to Civil charges that are disbursed in other than the Presidency or Province to which they in strictness appertain, it is well observed by the Government of the Punjab, and the Deputy Auditor and Accountant General, Madras, that the largest of such payments, *viz.*, Pensions, and Allow-

ances and Assignments under Treaties and Engagements, are already adjusted as charges of the territory in which the payments occur, and that it will be decidedly advantageous to apply the same rule to all other items, such as salaries, the substantive pay of officers on deputation, &c. The substantive pay of officers on deputation is a fair charge of the appointments in which they officiate, *i. e.*, of the place where the payment is made; while the amount disbursed as salaries to officers absent from their own province on leave is too unimportant to be a ground for setting aside a wholesome general rule.

20. The Budget difficulty, *viz.*, insufficient provision in one Presidency for salaries of another Presidency, is met by the remark of the North-Western Provinces Government, that an estimate for the full charge, at the sanctioned scale for salaries, will cover all payments of Civil charges on account of other Governments, especially as such payments by one province will be compensated in a measure by similar payments on its account in another province.

21. On these grounds, the Governor General in Council directs that the adjustment of receipts and charges between Presidencies and Provinces shall cease, with the following exceptions.

22. All local receipts and disbursements in the Berars, on account of other Governments, and all similar transactions elsewhere, on account of the Berars, shall be recorded finally in the accounts of the territory in which they occur, as receipts and charges of the Governments, or of the Berars, to which they may appertain.

23. The tour charges of the Governor General, and the payments to the Secretariat and other Establishments that accompany His Excellency from the Presidency, will form another exception to the general rule.

24. According to the system of account recommended by the Commissioners, the office of account of each Province will prepare a classified digest or abstract of all the receipts and payments shewn in the monthly account of each Treasury, whereby the materials for statistical returns of District details will be preserved in a form convenient for tabulation when required; but these details will be carried through the abstract or detail books for the regular accounts in a way which will bring out one total for all Districts under each head of service.

25. The Government of the Punjab remarks, however, that "it seems quite indispensable to allot its own receipts and expenditure to each District, in the Auditor's accounts."

26. There is a misapprehension here of the system recommended by the Commissioners. The grant for Salaries, Establishments, and Contingencies, will be given in totals for the Province; and as salaries and establishments are passed under fixed rules, district details are not required to keep them within Budget limits; while the grant for fluctuating expenditure, or that for temporary establishments, allowances and contingencies, will be allotted to Districts and supervised by the head of the Department. The Treasury Officer and the Deputy Auditor and Accountant General being informed of this allotment, any insufficiency of the provision in a particular District would be noticed, and would be met from a surplus upon some other District; but to this end, it is not necessary to encumber the accounts with a District detail of the progressive expenditure under each head of service during the year. The post-audit Registers will provide all needful information; or, in other exceptional cases, it can be collected when required.

27. The several Local Governments and Administrations, as also some of the Deputy Auditors and Accountants General, agree to the abolition of pre-audit, the assent being qualified in some cases by a stipulation for the issue of simple codes of rules for leave of absence, and deputation and travelling allowances, so that the existing checks against erroneous payments may not be relaxed. The materials for such a code have been collected, and it will be issued in the course of the year.

28. The objections to the abolition of pre-audit are partly founded on the supposition that there will not be an efficient post-audit, such as will ensure a proper sense of responsibility in those who draw bills and in the Heads of Departments who countersign them. But this is a misapprehension.

29. The Honourable the Lieutenant-Governor of the North-Western Provinces, while assenting to the amalgamation of the Civil Paymaster's with the

Deputy Auditor and Accountant General's Office, yet observes from "a not inconsiderable experience of what has been, and may therefore again occur," that "looking to the character and calibre of subordinate Native Clerks, their powers of combination, their talent for intrigue, and the extent of the temptations to which they occasionally may be exposed, His Honor regards, with not unnatural reluctance, the abandonment of that system of double check by means of the independent offices of Examiner of Claims, and Auditor of Accounts, which seems to His Honor almost an essential in the constitution of our administration in India."

30. It is overlooked that this double check was abandoned some years since, in the Public Works Department, where the Controllers of Public Works Accounts both examine claims and adjust payments. Moreover, it has not prevailed in the Madras Presidency, and in the Bombay Presidency "the Deputy Auditor and Accountant General does not, at present, critically re-examine vouchers passed by the Civil Paymaster, nor keep a register of Establishments." Furthermore, the post-audit, under the new system, will be promptly made under competent supervision.

31. On these grounds, and having regard to the imperative necessity of obtaining prompt Accounts based upon audited charges, and to the preponderance of opinion and argument in favor of abolishing pre-audit, and amalgamating the Establishments of the Deputy Auditor and Accountant General, and the Civil Paymaster, it has been determined to give effect to those measures as soon as the necessary arrangements can be made.

32. Apprehensions of two opposite kinds have been expressed with regard to the responsibility to be thrown on the Treasury Officer who is to disburse salaries and allowances without pre-audit. In the 213th paragraph of their Report, the Commissioners proposed the issue of a permanent order to the Officer in charge of the Treasury as his guide in discharging regular monthly bills for salaries and Establishments. This permanent order would indicate the sanctioned rate and net amount admissible, and, with regard to contingencies, it would shew the monthly limit within which they may be allowed. The Government of Madras requests that it may "be remembered that in this Presidency the Collector is in entire charge of the District Treasury; and the Government strongly object to any measure tending to lessen this responsibility, or to render the Collector's subordinates in any way independent of him." No such measure was intended by the Commissioners in their recommendation.

33. On the other hand, it has been urged in other quarters that the responsibility of the Treasury Officer with regard to overpayments should be clearly defined.

34. Under the system now to be introduced, equally as under the present system, the privilege of drawing pay abstracts or bills for salary, allowances, or contingent expenses, will be restricted to responsible Officers; and the drawer of the bill will be held answerable for any overcharge. The responsibility of the countersigning Officer will be that which attaches to all controlling Officers, and which brings them under a liability to make good any loss arising from their culpable negligence. The Treasury Officer who makes payments without pre-audit will be responsible for checking any palpable errors, and (in case of change of office, or of rate of salary of gazetted officers) for passing the new rate with due reference to the orders directing the change. In short, the responsibility for an overcharge will rest primarily with the drawer of the bill, and (failing recovery from him) the overcharge will be recovered from the Treasury Officer or the Countersigning Officer only in the event of culpable negligence in either of them.

35. In paragraph 373 of their Report, the Commissioners observed that so long as payment is made by the officer in charge of a Treasury on a proper voucher, the amount "should be passed in the Treasury Account, and any irregularity which may appear in the payment having been in excess of the Budget Grant, or otherwise, should be met by calling on the officer who authorised the payment to explain the cause, or make good the excess. In the case of computations, and other matters where the Treasury Officer has the means of exercising a check, any incorrect voucher, or overpayment, should be struck out of his account, and he should be directed to alter his balance accordingly."

36. The principle which guided the Commissioners was that when a payment is made on account of a completed service, on a proper voucher, the fact of the payment is not altered because some portion of it may have been overpaid. The payment must be accepted, and must be recorded as a charge against the grant for which it was made. The amount overpaid, when subsequently recovered, would be credited as a repayment to the grant, or, as would generally be the more convenient course, would be deducted from the amount due upon a succeeding bill for a similar service.

37. The Commissioners recommend that the work of Treasury Officers be simplified by requiring from them accounts unclassified as to charge, and classified, by simpler methods than hitherto, as to receipts of revenue, and in some other cases where receipts or payments of one class are very numerous. The recommendation is approved by the Governments and Administrations in the Bengal Presidency. The Government of the Punjab and the Board of Revenue, North-Western Provinces, testify that the unclassified account will immensely relieve Treasury Officers.

38. The Government of the North-Western Provinces, indeed, gives a qualified approval, hesitating only as to the ability of the Deputy Auditor General's Office to cope with the additional work in a Province where intelligent Clerks are scarce. In this objection, the relief to that functionary from the compendious journal, and the simpler processes of the new system, has been overlooked, while also regard has not been paid to the consideration that the intelligent labor requisite for classification can be more readily collected in one Office than in above 30 Treasuries. Erroneous classification by the latter must add to the labor of the Central Office.

39. Accordingly, the unclassified Treasury Account, according to the forms which have been introduced into the Lower Provinces, will be adopted in the remaining Provinces of the Bengal Presidency.

40. In the Presidencies of Madras and Bombay, the classified Treasury Account will be retained for the present, in deference to the very strong representations of the Deputy Auditor and Accountant General, Bombay, and the Government of Madras; but as they have overlooked that through an unclassified account, the post-audit, and the recording of the greater portion of the charges, will be expedited by a month, the Governor General in Council trusts that after experience of the unclassified Treasury Account in the Bengal Presidency it may yet be extended throughout India.

41. Care will be taken to provide each Deputy Auditor and Accountant General with an efficient establishment for an intelligent and prompt audit, record, and compilation of accounts, but this will be readily effected within the present cost of the establishments.

42. The Journals of the Deputy Auditor and Accountant General will be considerably reduced by being disencumbered of District details and of the elaborate personal account of each gazetted Officer hitherto recorded in the books. That account will be kept, under the new system, in the post-audit Registers. The trouble of examining the Treasury Officer's classification of charges to the minutest detail, and of correcting errors in his classification, will also cease.

43. Having regard to the large reduction of work under these heads, which will more than compensate for the new work of classifying charges in the Deputy Auditor General's Office, the Governor General in Council feels assured that the unclassified Treasury Account may be introduced with safety into the Bengal Presidency.

44. Orders for the simplification of the Deposit Account have been separately issued, but the Governor General in Council notes the concurrence of the Government of the Punjab in the recommendation of the Commissioners, that all receipts on account of Land Revenue should be credited when paid into the Treasury, except those in dispute, or belonging, partly, to co-share with Government. These must still be placed in deposit.

45. His Excellency in Council also approves of the suggestion of the Chief Commissioner in Oude that fines imposed in appealable cases be credited at once to revenue, subject to refund on the mere certificate of the Appellate Court.

46. Orders regarding the change in the official year of account are deferred.

47. The new system of Audit and Account, in the Civil Department, recommended by the Commissioners, will, with the modifications directed in this Resolution, be introduced with the Accounts for 1865-66, inclusive.

ORDERED, that a copy of this Resolution be sent to the Foreign, Home, Military, and Public Works Departments, to the several Local Governments and Administrations, to Mr. M. H. Foster, and to the Officers of Account and Audit in the Civil Department.

Ordered also, that a copy of the Resolution be forwarded to the Auditor General of India, with a view to the issue by him of such subsidiary instructions to the several Officers of Account as may be necessary for carrying out the above orders.

Ordered further, that this Resolution be published in the *Gazette of India*.

Memorandum by MR. M. H. FOSTER, regarding some of the main points to be attended to by the Officers engaged in carrying on the new system of account and order thereon.

[Proceedings, February 1866, Nos. 15 to 17]

Dated 22nd January 1866.

No. 15.] From—M. H. FOSTER, Esq.,
To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.

I have the honor to forward to you, for the information of Government, a memorandum which I have drawn up regarding some of the main points to be attended to by the officers engaged in carrying on the new system of account.

No. 16.] *Extract from a Note by M. H. Foster, Esq., dated 22nd January 1866.*

Before leaving India I should have been glad to have been able to prepare a final Report giving a full account of the progress that has been made in the revision of the Indian Financial Accounts and of the defects that still remain to be remedied, but my time has been so much taken up with the organization of the Central Accounts and other urgent matters that I must, at the last moment, content myself with a concise reference to some of the main points.

2. With regard to the Civil Accounts, it is satisfactory that out of the twenty-nine principal recommendations made in the Commissioners' Report, eighteen have been completely carried out, seven are in progress of being carried out, and four only have not been adopted or have been met by other arrangements.

3. Amongst the 1st Class are the revision of the Estimates, Accounts and Financial Statements, the abolition of pre-audit, and the introduction of a rapid and effectual post-audit, the simplification of Treasury Accounts; the separation of Revenue from Cash Accounts, the payment of fixed charges by permanent orders, the facilities afforded by the present mode of payment, the rendering and record of monthly accounts checked by purely Cash Balances, the appointment of efficient Deputies, and the re-organization of establishments, the abolition of vernacular accounts at the Treasuries and the establishment of a complete set of Imperial Accounts bringing the whole of the financial transactions into one view. The latter has also this further advantage that the several Governments and Administrations are kept under a continued pressure to render accurate accounts at an early date, for any irregularity will at once make itself felt at the Central Office. The monthly accounts also being checked by purely Cash Balances, no receipt or payment can fail to be recorded at the proper date.

4. Amongst the 2nd Class, the recommendations which are in course of being carried out may be mentioned, the supersession of the necessity for intermediate estimates by the substitution of a Monthly Account of Revenue and Expenditure which can be accompanied by remarks regarding any material anticipated changes, the early adjustment of all arrear accounts by the introduction of a more simple mode of adjustment, and the publication of periodical accounts and returns—a matter which will lead to results useful to the Government as well as to the public.

5. The recommendations which have not yet been adopted relate to the simplification of Rules regarding allowances, travelling, &c., the proposal to bring to account all Receipts or Payments in India or England as final transactions in the countries in which they occur, the alteration in the date of the commencement of the Financial year, and certain changes in the mode of showing the Government Balances in the Bank which have been met by other arrangements.

6. In the Military Department, useful and economical alterations have been made in the mode of examining and compiling the pay charges, and in the system of recording receipts and disbursements in the Books of the Military Accountant.

7. Further changes, including the simplification of the duties in the Presidency Pay Office, and the consolidation of the Account Departments, were proposed by me in a memoran-

dum which I submitted to the Military Accountant General some months ago. This and a further memorandum which I lately laid before the Financial Department are still under the consideration of Government.

8. In the Public Works Department, the recommendations of the Commissioners, which received the sanction of Government, have only partially been carried out, and there is still room for simplification and reduction of work. One point which appears to me to be very desirable is the entire separation of Stores from Cash in the Budget Estimate as well as in the individual Estimates of works, &c. There will be confusion in the accounts till this is done, nor will the check over the expenditure of Stores upon works be complete until it becomes one of quantities only.

9. The Marine and Dockyard accounts which were in a state of great disorder and scattered over a number of separate Departments have been brought together under the Bengal Accountant, and are now working in a most satisfactory manner. Captain Obbard, the Superintendent at Kidderpore, deserves great credit for the readiness with which he adopted the changes.

10. I will now revert to the Civil Accounts and draw attention to the points which in my opinion it is important to uphold—

1st.—All accounts should be monthly, so that the audit may be immediate, and discrepancies or errors be at once investigated, the record of objectionable items should be closely watched, and an analytical abstract of those remaining unadjusted at the end of the year should be submitted to Government.

2nd.—The accounts should be founded on Cash Balances to the exclusion of inefficient items or the value of Stores.

3rd.—The rendering of the Treasury Monthly Accounts, and also those from the Military and Public Works Departments, on the due dates, should be strictly insisted upon. Should it become necessary on account of delay to exclude any from the Central Monthly Accounts, a note explaining the reasons should be added.

4th.—Inspection of the Treasury Accounts and of the local Offices of Account should be carried out soon and completely by Officers possessing experience in the new system.

5th.—When the accounts of all the Governments have been worked into the Books and reviewed, there should be a careful revision of the sub-heads and detail items so as to bring the several accounts into unison with each other and render the common headings applicable to all the accounts.

6th.—The Provincial Offices should record their accounts in the classified form laid down under main heads, minor heads and detail items. The Central Office of Account will confine its entries in the Imperial Books to the two first; but as it has the Abstract Accounts of all the Governments which give the detail items, it will be perfectly easy for the Annual Financial Statements or for any other purposes, during any month or at the close of the year, to bring together from the several abstracts the Receipts and Disbursements of all the Governments in the greatest detail. As the Monthly Abstracts bring forward previous transactions, those for the month of April will give the total amounts for the financial year in the fullest detail.

It is desirable in the Central Books to open headings for the minor, as well as for the major heads, in order that they may contain full information. On the other hand, the introduction of the detail items into these Central Books would overburden and confuse the Accounts, and interfere with their affording a broad and general view of the Finances of the Empire.

7th.—The grants should be passed into the Books, in order that there may be a permanent record of the savings or of the excess of expenditure beyond the grants. Additional grants should be avoided as much as possible, but, should they be necessary, it would be most convenient to bring them upon the Books altogether at the close of the year. When, however, excess of expenditure on account of one grant is met out of the surplus of another, transfers should not be made in the Books, but in the Annual Account the authority for the excess should be quoted.

8th.—The mode of exchanging Lists of Debits and Credits between Departments, to be accepted or objected to at once, will save much labor in inter-departmental adjustments; and punctuality in rendering and accepting these should be strictly enforced.

9th.—Neither the Imperial nor the Provincial Accounts should be framed so as to show District details. These can always be obtained with sufficient accuracy from the District Registers in which the sanctioned establishments and the actual contingent charges are entered in full detail.

10th.—The audit, examination and record of the Treasury Accounts, and of the Vouchers accompanying them, should be under a single superintendence and responsibility. The clerk in charge of a Treasury Account should complete the whole audit, and record in the Register of the Account; and no division of these duties between separate branches should be permitted.

11th.—The Deposit Accounts should come under the special attention of the Accountant General or his Deputy, for in these there exists a great opening for fraud. An annual report on the state of the Deposit Accounts should be rendered to the Accountant General by the Officer in charge of the branch.

12th.—It is important that the Revenue Accounts furnished by Treasury Officers to the Revenue Board should be checked by the Cash Accounts furnished to the Accountant General. For this purpose, a monthly Statement of the total Cash receipts and payments at the several Treasuries should be furnished to the Board; and care should be taken that the Revenue Accounts are framed in such a manner as to show the actual payments of Revenue into Treasuries.

series. A similar course should be followed in the case of other Departments keeping Departmental Accounts.

11. The first month's accounts of the current year have been passed into the Imperial Books, and these have been balanced without the smallest difficulty. The system having now been fairly started, the monthly accounts will no doubt shortly be posted up to date. It has been impossible at the commencement to introduce the Balances on the Fund and other Debt Heads, owing to the state of arrear of the accounts of former years. Every effort has been made to simplify the mode of dealing with these Books, and it is to be hoped that they will shortly be completed so as to enable the closing Balances to be brought correctly into the new Books. In the meantime Statements of approximate Balances have been called for from the several Governments, and as soon as these have been received, they will be posted into the new Books, subject to corrections which may be necessary when the old accounts are brought up to date, and discrepancies are brought to light.

12. A few months will, I trust, prove the complete success of the scheme which has been sanctioned by Government.

13. Some of the preceding remarks apply mainly to Bengal and the other Provinces under this Presidency. The Governments of Madras and Bombay have opposed some of the recommendations which have been successfully adopted in Bengal. It will probably not be till the Supreme Government can depute to those Presidencies Officers versed in the system which is now in operation in Bengal, in order to point out how the difficulties that are now felt there can be overcome, that Madras and Bombay will reap the full advantages of the new system.

14. In the meantime, however, much could be done in those Presidencies in improving departmental administration and accounts. Amongst others I would specially mention the Bombay Marine and Dockyard accounts, which might with advantage be brought under the system which has been introduced into the administration and accounts of the Bengal Marine and Kidderpore Dockyard. (Paragraphs 15 to 17, personal, and therefore omitted.)

No. 549, dated 7th February 1866.

No. 17.] *ORDER—By the Government of India, FINANCIAL DEPARTMENT.*

Read letter from Mr. M. H. Foster, dated 22nd January 1866, forwarding a memorandum drawn up by him regarding some of the main points to be attended to by the officers engaged in carrying on the new system of account.

ORDERED, that paragraphs 1 to 14 of Mr. Foster's Memorandum be forwarded to the Military and Public Works Departments, and to the several Local Governments and Administrations for information; also to the Comptroller General and the Provincial Officers of Account for information and guidance, the particular attention of these Officers being directed to Mr. Foster's remarks and recommendations, and the Comptroller General being required to carry out the principles laid down in the twelve clauses of the 10th paragraph of the Memorandum, under instructions not to permit any deviation therefrom without the express orders of the Government of India.

[Account Proceedings, July 1868, Nos 108 to 117.]

No. 108.] *Return to an address of the Honourable the House of Commons, dated 30th July 1866 :—for.*

“Copy of report to the Secretary of State for *India* of Mr. *Foster*, one of the Commissioners appointed to enquire into the mode of keeping the Indian Accounts.”

INDIA OFFICE, }
31st July 1866. }

F. J. HOBART,
Assistant Financial Secretary.

Report to the Secretary of State for India upon the measures which have been adopted for carrying out the recommendations of the Commission of Enquiry into Indian Accounts and Indian Financial Administration, appointed in September 1863.—By M. H. Foster, 25th June 1866.

In September 1863 a Commission was appointed by the Indian Government for the purpose of carrying out Financial administrative reforms in India. The objects which were first to engage the attention of the Commission are set forth in a letter addressed by Sir C. E. Trevelyan to Mr. Gladstone, dated 25th November 1863.*

2. Upon Sir C. Trevelyan's recommendation I was named Commissioner, and Mr. Whiffin, of the War Office, was fixed upon as my colleague. Mr. Turner, of the Admiralty, selected by myself, and Mr. Fitzgerald, of the War Office, chosen by Mr. Whiffin, were appointed Assistants to the Commissioners.

3. The Commission reached Calcutta on the last day of October 1863. Mr. Whiffin returned home in September 1864; Mr. Turner, having lost his health, left India in February 1865, and I, having concluded my labors, reached England in March 1866. Mr. Fitzgerald is still in India.

4. During this period reports were issued on the following Departments and Services:—

- 1st.—Public Works Department, dated 27th February 1864.
 2nd.—Kidderpore Dockyard " 2nd August "
 3rd.—Cossipore Gun Foundry " 17th " "
 4th.—Military Department " 30th " "
 5th.—Financial Department " 7th September "
 6th.—Calcutta Mint " 22nd June 1865.

5. The Commission was broken up in September 1864, but with the sanction of the English Government I was requested by the Indian Government to remain in India for the purpose of carrying out the recommendations which had been made, and during this latter period I prepared a number of memoranda on various subjects, some of which will be found in the Appendix.

6. It may easily be supposed that, in carrying out extensive changes throughout a vast empire like India, composed as it is of a number of separate and in a great measure independent governments, great difficulties had to be encountered. The natural prejudice in favor of a system which had existed unchanged for many years, and which had been carried on by a body of men belonging to an exclusive service, and trained from their youth in this system, could not easily be overcome. The divergent views of the different governments and administrations, and their jealousy against anything like dictation from the Supreme Government, impeded the introduction of that uniformity which was necessary, if the details of the separate parts were to work up to one harmonious whole.

7. There were also personal difficulties to contend with. In order that the attention of the Commission might be directed to matters of principle and not be distracted by matters of detail, Assistants were appointed for the express purpose of performing these minor duties. In February 1865, however, owing to the failure of his health, Mr. Turner, a valuable Assistant, was obliged to return home, and no one was appointed in his place. Mr. Fitzgerald, who had been selected by Mr. Whiffin on account of his having some experience in the preparation of estimates, had no knowledge whatever of accounts, and the revision of the estimates being completed, he became of little use to me. I therefore, on more than one occasion, strongly urged the Indian Government to exchange him for a good accountant, but my recommendations did not meet with attention, and Mr. Fitzgerald was, against my wish, appointed to act for an absent Indian officer in the performance of duties for which I had reported him to be unfitted.

8. Having lost one Assistant through illness, and having thus been deprived of a second, not only did questions of principle come before me for decision, but the whole of the detail arrangements connected with the great changes which were being carried out were thrown upon my hands, unaided except by Indian officers, who had been trained in the very system I was about to subvert. I cannot but question the economy which threw upon a highly paid officer, duties which might quite well have been carried out by a much cheaper agency. Had proper assistance been given me, greater and more rapid progress would have been the result.

9. I will now refer shortly to the several reports which have been enumerated above. These have doubtless all been submitted to the Secretary of State, and it will only be necessary briefly to state what progress has been made in carrying out the recommendations as far as they have been sanctioned by Government.

1. Public Works Department.

10. In the Public Works Department the changes recommended in the report have, in a great measure, been carried out. The control over expenditure has been made more complete, and is exercised at a much earlier stage than formerly. The Executive Engineers in place of furnishing voluminous statements to a central office, in order that the several rates of the cost of work might be worked out for them, now keep their own accounts in a simple form, so that they can check expenditure as it goes on, instead of waiting for weeks or months for the returns of the central office, which then gave them information which they themselves should always have had at hand, and a more direct responsibility is thrown upon them.

11. The check upon cash payments, which formerly depended upon complicated calculations of rates, founded on a combination of the cost of labor, and of the value of materials taken out of store, and upon a mixture of actual transactions with liabilities, is now one of purely cash transactions, the account of stores being kept distinct so far as the audit of payments is concerned.

12. This arrangement has not, however, been carried out as completely as it ought to be, and in the Bombay Presidency I believe the old system still exists, under which the balance shown upon an Executive Engineer's account current includes in one sum cash and the value of stores in his possession, so that the amount of actual cash in his hands cannot be ascertained from the account.

13. In other instances great imperfections still exist, especially at the central offices, where, although the new system has been introduced, the old one has not been abolished; so that, in place of a saving of labor and cost, an increase of expense has resulted.

14. On one point, to which I attach much importance and which I brought on various occasions before the Public Works authorities, is the entire separation of stores from cash in the estimates for the several works and in the general budget estimate of the department. The check upon expenditure by cash, and upon materials by number and quantity, would be much more complete than the present check against the estimates by rates. Difficulties were raised by the officers of the department against this proposal; but before I left India I had overcome many of the objections which had been brought forward.

15. Under the present system, except for tools for which a grant has been admitted, there is no vote for stores, but a floating balance on a stock account, which leaves a wide opening for evading the limits of the grant for the expenditure of the department. Extra expenditure can be met out of the balance of stock account, and a surplus in place of being surrendered can be invested in purchases for the stock account, so that all budget estimate check is lost. This question should meet with early attention.

2. Kidderpore Dockyard.

16. The recommendations made in the report on the Kidderpore Dockyard have been efficiently carried out by Captain Obbard, the late Superintendent. The account work has been collected from a number of different offices, amongst which it was scattered, and has been placed under the control of the Civil Accountant General, and the department has been relieved of the labor of keeping up a mass of useless and duplicate accounts.

17. The payments, in place of being conducted separately in each of the departments in the dockyard, are concentrated in one branch. The wages of workmen, which formerly were sometimes months in arrear, are now paid to date with promptness: a complete and simple check over the issue of stores has been instituted, and a local audit of the accounts has been established.

18. It would be a great advantage if the same system could be introduced into the dockyard at Bombay, where a cumbrous and antiquated mode of proceeding still prevails. The officers attached to this establishment are efficient, and would, I believe, gladly introduce the improved arrangements which have worked so well at Kidderpore, if an officer conversant with the new system could be spared from Calcutta to aid in their introduction at Bombay.

3. Cossipore Gun Foundry.

19. The recommendation of the Commissioners was that this establishment, a most expensive one for the work it performs, should be abolished.

20. There is a stock of guns in the country sufficient for a seven years' supply. These implements of war for the future could much better and more cheaply be obtained from England, and the objection raised that India might be cut off from communication with England is not a very forcible one so long as England is able to keep her fleets at sea. The foundry seeks for extraneous work; but as the Public Works Department, which could give it employment, finds that it can provide itself with machinery and implements much cheaper elsewhere, the foundry has of late been principally employed in casting bullets, at a cost of about 1s. a piece. No steps have been taken in accordance with the recommendation of the Commissioners.

4. Military Department.

21. In the report on the Military Department, I fully considered the general principles of the recommendations; but the detailed arrangements connected with these were chiefly prepared by my colleague, Mr. Whiffin, as our stay in India was limited, and my time was at that moment much occupied with the preparation of the Report on the Civil Departments, to which I specially devoted my attention. This will account for some variations between the recommendations of the report and those which I subsequently made when some of the changes were being introduced.

22. Many valuable suggestions of the report have been carried out, the form of pay lists and the subsidiary returns have been simplified, the estimates have been more methodically arranged, and the store accounts have been separated from those of cash; but the complete

amalgamation of the several Military Departments recommended in the report has not been sanctioned, nor the recommendation that the office of the Accountant General, now Controller General of Military Accounts, should be united to that of Military Controller for Bengal.

23. The report also advised the abolition of the Circle Paymasterships. This has been done in the Bengal Presidency so far as it applies to Paymasters of British Regiments and Officers Commanding Battalions of Artillery, who are now in direct account with the Military Accountant at Calcutta. The Military authorities hesitate to apply at present the same arrangements to the Native Regiments which have not Regimental Paymasters attached to them.

Divisions of Department into separate Offices.
24. The Military accounts at Calcutta were under the charge of the following officers, each at the head of a separate department, and in separate offices, situated in buildings at a distance from each other :—

- 1st.—The Controller General, 13, Chowringhee Road.
- 2nd.—The Bengal Controller, 3, Park Street.
- 3rd.—The Military Accountant, 4, Coliah Ghaut Street.
- 4th.—The Presidency Paymaster, 3, Bankshall Street.
- 5th.—The Pay Examiner, 3, Coliah Ghaut Street.
- 6th.—The Compiler, 3, Park Street.
- 7th.—The Ordnance Examiner, Bankshall Street.
- 8th.—The Commissariat Examiner, Middleton Row.
- 9th.—The Medical Examiner, Middleton Row.

I recommended that the duties of examination, classification, and compilation should be brought together into one office under one chief. This has been done as yet only as regards the examination and compilation of pay, but the other branches are still separate. The Presidency Paymaster should be entirely relieved from the duty of classification which he now performs, as it has to be done over again in a more complete form by the examiner and compiler.

Mode of payment, account and audit, Appendices B and C.
25 Two memoranda upon the division of the duties, and upon the mode of payment, account, and audit in the Military Department, will be found in the Appendix.

26. The Report recommended the absorption of the office of Accountant General, now Controller General, into that of the Bengal Controller. This is one of the points regarding which, upon further consideration, I somewhat modified my opinion. There is a great advantage in having one supreme military account authority for the whole of India, and I believe that another arrangement than that recommended in the report could be made, which would be more efficient and far more economical.

27. At each presidency there is a Military Accountant, an efficient officer who has charge of the accounts, and who could quite well communicate directly with the Controller General of Accounts, but under the present system an intermediate stage is interposed. The

Controller General has to communicate with the Presidency Controller, who obtains his information from the Military Accountant, and transmits it to the Controller General. If this intermediate stage were done away with, a circuitous mode of conducting business would be abolished, and an annual saving of £15,000 be effected.

28. A memorandum containing this proposal will be found in the Appendix. On comparing the cost of the Account Departments with the expenditure they control, it will be observed, as explained fully in the memorandum, that the cost in the Military Departments is at the rate of 1.357 per cent. on the amount of expenditure they control, whilst in the Civil Departments it is only at the rate of 0.65 per cent., independently of the fact that these latter have charge of the accounts of revenue as well as of expenditure.

29. I would therefore recommend the immediate abolition of the posts of the Presidency Controllers and their officers, and that the Military Accountants be placed in direct communication with the Controller General of Military Accounts. Further, large reductions might be made by the adoption of the recommendations previously alluded to.

30. The books of account have been kept on a cumbrous and unmethodical system, and were much in arrear. An improved method has been introduced, and there should no longer be any difficulty in keeping them up to date.

5. Financial and Civil Account Departments.

31. The report on the Civil Departments deals with such an extensive system, and with such a number of departments, that anything more than a very general reference to the subject treated of would be impossible in the limited space which I can here allow myself.

32. The system of accounts which formerly prevailed is thus spoken of by the Resident of Hyderabad, a distinguished Member of the Indian Civil Service, in his letter addressed, on 3rd January 1865, to the

Defects of Indian system.

Secretary to the Government of India in the Financial Department: "I wish to make one or two remarks, and, above all, to express the delight and interest with which I have studied the Commissioners' Report, and found a simple, lucid explanation of the results desired, and the means by which they were to be arrived at. Hitherto—and I cannot be alone in this opinion—the system of accounts now in force, with whatever object devised, served only to increase work, and, by its repetitions and complexity, to divert the minds of officers from the ulterior and main object of all accounts; but the Commissioners have efficiently exposed the failures of the present system, and the introduction of their recommended changes will entirely remove, I think, the heart-sickening and hopeless feeling with which one has hitherto entered on the subject of budget estimates, and revised estimates, and regular estimates, and comparison on comparison, never leading, as far as one could see, to reduction of expenditure, or any other useful result."

33. In these accounts a complete revolution has been effected. It is not that the old system has been reformed; it is rather that that it has been swept away, and an entirely new one substituted in its place.

Change of system.

34. The former system was overlaid with so many checks and counter-checks, with such most minute adjustments between services, between presidencies, provinces, and even districts, and with such a variety of other complications, that the audited accounts and the books into which they were posted fell into so great an arrear and confusion as to become useless for any financial purpose. It was not until 11th May 1865 that the Bengal books could be closed for the year 1861-62.

State of arrear.

35. To remedy this inconvenience, a second set of accounts was formed, which came in more rapidly; but as these accounts were founded on un-audited expenditure, and as a large portion of the expenditure was kept in what was called the inefficient balance, waiting adjustment, the results were so inaccurate that the monthly, quarterly, and annual accounts never agreed, the difference between them amounting sometimes to a million sterling.

Double set of accounts.

36. The postings into the books were annual; and instead of abstracting the detail transactions into subsidiary books, and thus bringing together more general results to be carried to the main books, it was the practice to pass every detail without method into the journal, which thus for each year extended for Bengal alone to upwards of 4,000 pages, and for the other governments in proportion. The present Bengal journal, with monthly instead of annual postings, now consists of about 200 pages only, and the ledger shows month by month the progress of revenue and expenditure under the detail items of each grant.

Postings into the books voluminous and unmethodical.

37. Under the new system there will be no difficulty in having a complete account of revenue and audited expenditure for the whole of India in sufficient detail within six weeks after the expiration of each month.

Promptness of account under new system.

38. In commencing the new accounts, difficulties were greatly increased by the state of arrear into which the accounts under the old system had been allowed to fall. Some of the governments were even unable to give a correct statement of their cash balances, and it will be the work of months to adjust the balances on other accounts of the old books, so that it became necessary to open the new books with approximate balances, to be set right as the correct ones are discovered. In Bombay, as previously shown, it has been the practice in accounts current, to include in the balance the value of stores held by the accountant, without distinguishing this value from cash—a practice sure to lead to confusion. In Bengal, some of the deposit accounts, which are particularly open to fraud, had not been checked in the office of the Accountant General for 20 years, though registers were kept in which pages were filled up by bringing forward year by year minute balances of obsolete entries, consisting of fractions of annas. The love of minuteness is carried to such an extent in India, that instances will be found where accounts are kept in which minute fractions of a pie are shown, a pie being no more than half a farthing.

Difficulties arising from state of arrear of old accounts.

39. It is not surprising that it has been found difficult to adjust the books kept under such a system, upon which, and not upon the accountants, the blame attaching to a state of arrear and confusion should rest.

The former system is to blame, not the Accountants.

40. The mode of conducting the duties in the local treasuries has been much simplified. The system of pre-audit, which compelled every treasury officer before payment is made to refer every voucher, including those for the most simple monthly salaries in his own office, to head-quarters to be there stamped and signed by the Civil Paymaster, has been abolished, and payments are now made at once by the District Collector on permanent authorities. By this arrangement, great delay to the claimants, and much labor to the Post Office is saved, especially in a country where the course of the post is sometimes a month.

41. The "Inefficient Balance," as it was called, was a source of much evil. All irregular payments, or such as had not received the sanction of the Civil Paymaster, were carried to the Inefficient Balance, and left there sometimes for years without question. Sums, amounting to millions sterling, were thus kept out of account, and heavy losses were incurred, which might have been avoided had every payment been at once brought to charge in the disburser's accounts.

Inefficient Balance, a source of errors.

42. Under the new system, the latter course is strictly followed. No accountant is permitted to keep payments out of his account. As they have

Now all payments are passed to account.

to be charged in his cash account as they occur, his balance consists purely of cash; and, as his monthly account opens and closes with a purely cash balance, there is fair evidence that no money transaction has been omitted. The vouchers for payments now reach the Accountant General twice a month, and are at once subjected to a strict audit. A safe and more simple mode of payment, and a more rapid audit, have also been instituted in the presidency towns.

43. Under the former system the revenue accounts of demands and collections, as well as the cash accounts, came under the control of the Accountant General. In Bengal these have now been separated. The accounts of demands and collections go to the Revenue Board, and the cash accounts to the Accountant General, so that each department supervises the duties which naturally fall to it, and the one account acts as a check upon the other.

44. At the close of the year, it was the practice in the Auditor General's Department to bring together an annual statement of revenue and expenditure, compiled from the unaudited accounts of the several governments. This statement was necessarily inaccurate, and contained large amounts of unclassified charges. During the course of the year two sets of revised estimates are prepared, partly founded on the transactions of the past portion of the year. These, however, are very imperfect, and very little reliance can be placed upon them. When the new system has been some time in working order, these revised estimates may be dispensed with, being superseded by the monthly accounts and monthly comparison of the progressive revenue and expenditure which have been established, supplemented by periodical returns from the several governments of any material variations that may be expected.

45. Having revised the local accounts, it became important to bring them rapidly together for the review of the Supreme Government. For this purpose the Central Office of Accounts has been formed, in which the Imperial books are kept; and here the accounts of the several governments, provinces, and departments are posted into these books month by month; and within six weeks after the expiration of each month, a consolidated account for the whole empire is to be issued for the information of the Financial Department, and for transmission to the Secretary of State. This account compares the current revenue and expenditure with that of the previous year for the same period, and that of the expired portion of the current, year with the estimate for the whole year.

46. The books kept in the Central Office can supply this information under general heads or in the greatest detail, and with this before him, the Financial Member will no longer have occasion to repeat the observation made by the late Financial Member in Council, when he asserted that within a week or two of his statement it was a matter of guess, to the extent of a million, at what amount he should place the revenue and expenditure of the expiring financial year.

47. There need be no doubt as to the practicability of completing these accounts within the time specified, when it is observed that, leaving India, as I did, in the middle of January, I brought home with me the complete accounts of Bengal for the month of November; and this was effected at a time when those engaged upon their preparation were still inexperienced in the mode of working the new system I had introduced. After more practice still greater speed and efficiency will be attained.

Reorganization of establishments.

48. In order to carry out these changes it became necessary entirely to reorganize the establishments of the Offices of Account.

49. The first defect which struck me was that the head of each department had no deputy who could carry on the duties during the absence of the chief. The consequence was that, if the senior Accountant General took leave of absence, the next in rank took his place, though he may have had to come from the most distant part of India. The vacancy caused by his departure was filled in a similar manner from some other quarter, and so it went on from the top to the bottom. In this manner the superior officers were constantly being shifted about at expense to themselves and the Government; so much so that some officers had not for years taken up their substantive appointment, but were continually officiating for others. They thus did not know their offices, nor did the offices know their chiefs. The natural result followed, of inefficiency and disorganization.

50. On my recommendation deputies have been appointed, who will become conversant with the duties and be able efficiently to carry on the business of the department during the absence of the chief, so that now the former expensive and mischievous system becomes unnecessary.

51. The next point that called for revision was the pay and organization of the establishments. The pay was the lowest for which a Native Baboo could be induced to attend at the office, some receiving no more than 24s. a month. The result was that the Government got the refuse left by the merchants, who were too wise to pay such low salaries, and inefficiency had to be compensated for by numbers. The offices thus became crowded with clerks who were quite incapable of performing the work of the department.

Insufficiency of salaries.

52. It was also the practice to assign special salaries to special duties, so that an interchange of duties or the adjustment of work to the various capabilities of the clerks became very difficult, as the salaries of the individuals were affected by these changes.

Special salaries assigned to special duties.

53. At my suggestion a better scale of salaries has been granted, and a superior class of men has been obtained. The establishment has been thrown into classes, with annual increments and promotions from class to class by merit, and the duties are assigned to the clerks as the Accountant General sees fit, without interference with their salaries except by promotion.

Improved system introduced.

54. These changes, and the introduction of simplicity into the mode of conducting the business, have allowed reforms to be carried out in a manner to admit of a large reduction in the staff of officers and clerks. In the office of Bengal Accountant General the number of clerks has been reduced from 221 to 125; and although the salaries have been much increased, there is still a saving in the expenditure. The work, instead of being in arrears and in confusion, is now efficiently performed, and completely up to date.

Simplification of work, and reduction in number of clerks employed.

Controller General's Department.

Appendix E.

55. The establishment of the Financial Department is in a most unsatisfactory condition. To introduce covenanted officers from the general service for the higher posts would demoralise and ruin the department. The juniors of the covenanted service will not enter the Financial Department, as the salaries and prospects of the general service are more attractive, so that the classified list of the department has to be filled up at Calcutta by the appointment of such Natives, Europeans, and Eurasians, as cannot elsewhere get more profitable employment; and as the covenanted officers have been gradually deserting this branch of the service, the establishment is deteriorating from day to day.

57. The efficiency of the Financial Department is a matter of vital importance to India; and there appear to me to be only two ways of securing this: either the salaries must be raised to a par with the general service, so as to induce young men of the covenanted service to enter at the bottom of the classified list, or the office must be recruited from England in the same manner as the general service. The Financial and Account Departments in England offer an ample field for the selection of young men who would be most valuable for service in India; but should this latter course be followed, it would be most important that none but good men be chosen, upon the special recommendation of the officers under whom they may happen to be serving. The memorandum I submitted to the Government on this subject will be found in the Appendix.

Means of securing the efficiency of the Financial Department.

Appendix F.

58. Under the old system it was the practice to keep the accounts at local treasuries in the vernacular; and the accounts furnished to Government were not the originals, but translated copies. This arrangement threw the knowledge of account matters very much into the hands of the Native Accountants who obtained an influence at the treasuries which considerably weakened the financial control of the Collector.

Vernacular accounts.

59. Some progress had been gradually made in the introduction of English accounts, but since the report has been issued, vernacular accounts are being abolished at all the principal treasuries, a change which has been aided by the use of biglot vouchers printed with the vernacular on one-half of the page, and English on the other, leaving blank spaces to be filled up by the claimant. In this manner vouchers prepared by natives can be posted direct into the English accounts, and the vernacular books are dispensed with. In a country where so many different languages and dialects are in use, it is a great advantage to reduce the Financial records of the country into one uniform language, understood throughout the empire by every public officer of any standing under the Government, whether English or Native.

Introduction of English accounts facilitated by use of biglot vouchers.

with the vernacular on one-half of the page, and English on the other, leaving blank spaces to be filled up by the claimant.

60. Whilst in the Bombay Presidency I had the opportunity of inspecting the accounts of the Educational Department. The system on which they are conducted appears to me to be most embroused and wrong in principle, but my proposals for its improvement were opposed by the Director General. The matter was referred to the Bombay Accountant General, who defended the old system; but, from the nature of his observations, I should judge that he had not had the opportunity of making himself acquainted with the objectionable mode of keeping the accounts, and had not quite apprehended the nature of the principles I advocated.

Defective accounts of Bombay Educational Department.

See Appendix G.

61. The voluminous vernacular account books kept by the inspectors are quite useless, and should at once be abolished, and the account of payments out of district treasuries should be rendered by the officers in charge of the treasuries, and not by the educational officers, as is now the case.

District accounts should be rendered by the Financial Officers.

as is now the case

62. An Inspector General of accounts has been appointed. Constant inspection is in India the only safeguard against abuses, and the only security that an uniform system of account will be adhered

Inspection of Offices of Account.

to throughout India. This observation applies not only to the principal offices of account, but also to the district and tehsel treasuries, which should frequently be visited by the Accountant General or his deputy.

63. The accounts being now kept upon a system which ensures their correctness and their preparation at an early date, the periodical publication, in an abstract shape, of the revenue and expenditure of India, and of other financial matter interesting to the public, should no longer be delayed. A memorandum on this subject will be found in the Appendix.

Publication of accounts of Revenue and Expenditure.

Appendix H.

64. Indian expenditure is incurred partly in India and partly in England, but the adjustment of the transactions between the two countries is not very perfect. An account current is sent periodically by the Indian Government to the Secretary of State, but no proper means are taken to ensure that the debits and credits on one side have been adjusted on the other. The present account current is unclassified.

Account Current with London.

65. The transactions which pass between the two countries are of four kinds, *vis.*—1st, receipts in England on account of India; 2nd, receipts in India on account of England; 3rd, payments in England on account of India; 4th, payments in India on account of England. The entries should be classed in schedules under these four heads, with sub-divisions, so that the nature of the transactions would be more clearly shown than at present; but a more complete record of these transactions would be secured if the two countries were, at stated intervals, either monthly or quarterly, to exchange a statement showing the debits and credits that have been passed into the books, so that the counter-entries may be made in the books on either side, and the amount of unadjusted items be ascertained.

Changes proposed.

66. A still greater change might be effected with considerable advantage if identical accounts were kept in England and in India. Under such an arrangement every financial transaction concerning India would appear in the central books of both countries, and periodical agreements would be made between them, so that one set of accounts would check the other. It would of course be unnecessary to pass into the English books the full detail of the Indian transactions, or *vice versa*. They would be dealt with in classes under such general heads, or in such detail, as the Secretary of State might determine, but both sets of accounts should work up to the same balance.

Identical accounts in England and India.

67. It is of small importance that Indian revenue and expenditure should be kept strictly distinct, according to the locality to which it is supposed to apply. The whole expenditure, whether at home or in India, is chargeable against the general revenue of India; and I see no advantage in keeping, by a complicated system of adjustments, the record of Indian expenditure divided arbitrarily, according to the locality of the charge, in two separate and unconnected sets of Imperial books. The system I propose would obviate the necessity of an account current, as it would be superseded by the interchange of monthly statements of receipts and payments for mutual record in London and Calcutta. The governments in both countries would then have before them monthly, and at the earliest date, full particulars of the total revenue of India, and of the total expenditure chargeable against that revenue.

Expenditure, whether in England or India, chargeable against the same revenue.

6. Calcutta Mint.

68. The report on the Calcutta Mint deals chiefly with questions relating to the establishment, the salaries of the officers, and the distribution of work; and since I left India the proposals of the report have been approved by Government.

Recommendations adopted.

69. There was also a recommendation, which it would be very desirable to carry out, relating to the preparation of a set of uniform returns to be prepared at the three mints of India, showing the working results of each process in the assay, in the melting and preparation of bullion for coinage, and in the manufacture of the coin.

Uniform returns of working results of the Indian Mints.

70. At present each mint keeps returns of this nature, but they are not so framed that the results of one mint can be compared with those of the others, and there is no doubt that the means of comparing the working of one mint with that of the others would be useful in securing the utmost economy and correctness in the manipulation of these various delicate processes.

Would tend to economy in operations.

71. The Master of the Calcutta Mint is now in England, and it would be desirable that this intelligent officer should avail himself of the opportunity of making himself acquainted with the system followed at the London Mint, and see how far it could be usefully adapted to those in India, so far as a difference between gold and silver coinage would admit of.

Master of Calcutta Mint now in England.

Conclusion.

72. There are many other matters which call for early investigation and revision, but they are too numerous to be discussed in a paper of this kind. It is only quite lately that attention has been directed to these questions, and India offers a field for financial reform.

India offers a wide field for financial reform.

reform, which could well give occupation to the energy and industry of able men for years to come.

73. The English Government having desired my recall in September last, the Indian Government on my departure from Calcutta addressed to me a letter conveying their approval of my proceedings whilst in India. The recognition of the success of my mission contained in this letter proceeds from a Government, conducted by a service which, jealous of interference from any foreign source, would naturally look upon my appointment from another service as distasteful, and upon my proposals for the utter subversion of the system in which they had been trained with repugnance; all the more, therefore, do I appreciate this candid recognition of my success. A copy of the letter is appended.

74. It will be observed that the letter speaks of the system not having been quite brought to a completion, but, after the despatch was written, a telegram from the Secretary of State, conveying to me a further extension of leave by the English Government, enabled me to return to Calcutta and entirely complete the work upon which I had been engaged.

75. Before my final departure from India, I prepared a memorandum, showing briefly what had been done, and what remained to be done. This memorandum will be found in the Appendix.

76. During my stay in India I had the opportunity of making myself thoroughly acquainted with the mode of conducting the business of most of the public departments, and of offering suggestions, which appeared to me to be of advantage to the service; but to refer more particularly to the various memoranda I wrote upon these subjects would go beyond the scope of this paper.

77. A variety of other subjects came under my notice, such as currency, a gold coinage, and taxation, but these are all large questions which should be separately discussed, and could not form part of this general *résumé* of my proceedings in India.

78. The extent of my inquiries and recommendations have compelled me to confine my observations to the principal points, in order not to exceed the limits I had laid down for myself; but I shall be most ready to afford further and more detailed information upon any of the matters alluded to should this be desired by the Secretary of State.

No. 842, dated 7th July 1868.

No. 117.] **RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.**

Read the undermentioned correspondence regarding a report to the Secretary of State for India from Mr. M. H. Foster, of his proceedings as Commissioner appointed to enquire into Indian Accounts :—

Endorsement from the Home Department, dated the 25th January 1867.

Office Memorandum to the Public Works and Military Departments, No. 869, dated the 13th February 1867.

Communication from the Public Works Department, No. 217A., dated the 22nd February 1867, and enclosure.

Office Memorandum to the Comptroller General of Accounts, No. 2426, dated the 27th June 1867.

Letter from ditto, No. 383, dated the 17th July 1867.

Extract from the Proceedings of the Government of India in the Military Department, No. 1743, dated the 31st March 1868, and enclosure.

RESOLUTION.—The Governor General in Council does not think it necessary, with reference to the length of time which has elapsed since the date of the submission of Mr. Foster's report above referred to, to take any notice of the several statements it contains, more especially because the report was never officially forwarded to the Government of India, and because it has never received any notice from the Secretary of State.

2. In connection with the subject, the extract from the Proceedings of the Government of India in the Military Department, No. 1743, dated the 31st March 1868, and its enclosures, discusses three points, *viz.* :—

I. The maintenance of Military Pay Circles.

II. The retention in the three presidencies of the separate offices of Controller of Military Accounts and Military Accountant.

III. The formation of the department of Military Accounts into a "homogeneous and united body under the Government of India."

On the first point the Governor General in Council accepts the opinion expressed in the Military Department, that the Military Pay Circles must be maintained as they are for the present; but that the possibility of further reduction, should opportunity offer, may be borne in mind. As regards the second point, His Excellency in Council thinks that reduction should be made as soon as practicable in the number of appointments in the Military Account Department. His Excellency in Council is therefore pleased to direct that if any vacancies should occur in these appointments, a reference should be made to this department before they are permanently filled up. The third point will be separately considered on a reference now pending from the Government of Bombay, regarding the position of Colonel Barr, the Controller of Military Accounts in that presidency.

ORDERED, that the foregoing Resolution be communicated to the Military Department, and that the 1st paragraph be communicated to the Public Works Department and the Controller General of Accounts.

[See pages 388 to 393 on the formation of a Central Office of Account.]

[Account Pro, April 1864, Nos. 36 to 41.]

REPORT OF THE COMMISSION ON PUBLIC WORKS ACCOUNTS.

No. 36.] *Extract from the Proceedings of the Government of India, in the Public Works Department,—No. 4a-1408, dated 24th March 1864.*

Read—

A report of the Commission of Enquiry into the system of the Public Works Accounts, dated 27th February 1864.

RESOLUTION.—The Commissioners appointed to enquire into the system of Public Works Accounts having submitted their report, His Excellency the Governor General in Council is pleased to express his approbation of the prompt and satisfactory manner in which they have performed their task. They have consulted every source of information which was within reasonable distance, and have recorded their recommendations in so brief and unpretending, though practical a manner, that those unacquainted with the subject would perhaps scarcely appreciate the labor gone through to arrive at the result, or the very important nature of the measures contemplated. The Officers of the Public Works Department, in every part of India which they have visited, have cordially co-operated with them, and it is satisfactory to the Government of India to observe from the result of the present enquiries that, although many important changes have now been proposed, satisfactory progress has been made during the last few years in the provinces visited by the Commissioners in establishing order and regularity in the accounts of the Department.

2. The subject-matter of the report being mainly of a nature that calls for final orders in the Financial Department, the Governor General in Council directs that the whole of the papers shall be transferred to that Department for further orders after the conclusions adopted in this Department shall have been duly recorded. With this view His Excellency in Council will now proceed to consider the main conclusions of the report which, with a few modifications that will be indicated, appear to the Government of India to be such as may be generally adopted as the basis for the future account system of this Department. The recommendations of the Commission may be summed up as follows:—

3. *The formation of a principal Public Works Accounts Office under the Government of India to deal with the whole of the Accounts of Public Works expenditure throughout India, and the appointment of an Accountant General in the Public Works Department.*—This proposal is approved and might be carried out at once. Of course the appointment of Inspector General of Public Works Accounts under the Government of India will, at the same time, lapse.

4. An Assistant Accountant General may also, with advantage, be appointed. He would remain in charge of the Office while the Accountant General is absent on tours of inspection—a duty to which much importance should be attached. The services of this Officer, who should be a skilled Accountant, will also be called for to assist the Accountant General in connection with the Railway Branch of the Public Works Accounts. For under the new system it will obviously become a part of the duty of the Accountant General to the Public Works Department to see to the correctness of the accounts of the Railway expenditure so far as the Government is concerned in them, and it will be desirable in this view to transfer to his Office the business connected with Railway Accounts heretofore conducted in that of the Auditor and Accountant General.

5. The Governor General in Council considers that the following salaries will be suitable for the two new offices thus to be created:—

Accountant General per month, Rs. 2,000.

Assistant Accountant General to have the position and salary of a First Class Controller, Rs. 1,200.

It will be the duty of the Accountant General as early as possible to submit for approval a scheme for his Office; of course he will pay strict attention to economy in his proposals.

6. *The introduction throughout India of a complete monthly Audit of the whole expenditure on original Accounts.*—This proposal affects mainly the Presidencies of Madras and Bombay, as a monthly audit such as

Paragraphs 92—108.

is proposed has been for some time enforced in every other part of India. The system of partial audit on items cannot be allowed to remain. The Governor General in Council considers this change to be quite essential to a healthy system of account, and has no doubt that this view will at once be concurred in by the Governments of Madras and Bombay. This system of complete monthly audit is moreover necessary for ensuring that uniformity and regularity in the submission of the monthly abstract accounts which will, under the new arrangements, be required by the Government of India. Those Governments should, therefore, be at once addressed, and requested to arrange for the introduction of a monthly audit of their Public Works expenditure.

7. *Formation of the Public Works Controllers into one body for the purpose of appointment and promotion.*—This also is a change which practically would

Paragraphs 41—44.

affect only Madras and Bombay, as all the other Controllers throughout India already form one body. It is necessary for filling properly these important posts that the widest field of selection should be open; and it appears obvious that unless the plan proposed by the Commission is carried out, the Governments of those Presidencies will have a difficulty in providing Officers of sufficient standing and practically conversant with accounts for their Account Offices. Moreover, if the Controllers serving in Madras and Bombay have not the opportunity of becoming acquainted with the system generally in force under the Government of India, they will hardly be so eligible for promotion to the head of their department as those Officers who are more thoroughly conversant with the working of the entire system, and they will, at the same time, have less opportunity of coming under the notice of the central authority and proving their ability.

8. In this view, as well as for the reasons advanced by the Commissioners, the formation of the Controllers and Deputy Controllers throughout the whole country into one body appears desirable. So far as the administrative functions of the Controllers are concerned, they would remain, as at present, entirely under the orders of the Local Government, and no practical objection would appear likely to arise on this ground. The case should therefore be put to the Governments of Madras and Bombay, and their opinions invited upon it; it being remarked that whatever final decision is adopted, the Government of India would desire that the Public Works Officers in Madras and Bombay should be regarded as eligible to all the appointments belonging to the Imperial Accounts Department, due regard of course being paid to their personal qualifications.

9. *Modification in the mode of dealing with the reserve or unappropriated sum allowed to be entered on the Budget Estimate.*—The Governor General in

Paragraphs 51—57.

Council entirely agrees with the Commission, that the power now vested in the Local Governments to apply savings (*i. e.*, unspent balances of Budget appropriations) to new works not entered in the Budget Estimate, but within their powers of final sanction, should be withdrawn. The case as put by the Commission, and a comparison of the Public Works expenditure with the original Budget Estimates of past years, show clearly that, by No. 22 of the existing Budget Rules, a Local Government may entirely upset the Budget appropriations, so far as works sanctioned by the Local Governments are concerned; and may undertake any number of new works not entered in the Budget, so long as the aggregate amount passed on the Budget is not exceeded.

10. Thus it is evident that a Local Government might undertake and execute works of the necessity for which the Government of India would have no opportunity of expressing an opinion, and to which there might be strong objections.

11. At the same time the Governor General in Council is not prepared to go the full length with the Commissioners in objecting to "the retention of a Reserved Fund under any form." His Excellency in Council considers that in this country a reserve in some form is at present necessary, and the modification of existing rules proposed by the Inspector General appears reasonable. Under this amendment, a certain lump sum would be provided against each head of service for minor works not exceeding Rs. 2,500 each. Any surplus remaining, after providing for these minor works, would be available for undertaking new works, whether they be entered in the Budget Estimate or not, but only up to a limit of estimated cost of Rs. 10,000 for each work, and on the understanding that the aggregate amount of the lump sums taken for minor works in the Budget Estimate does not exceed one-tenth of the whole sum. All savings from sums specifically appropriated in the Budget Estimate would be only applicable to increase the appropriations on works included in the Budget Estimate, unless the sanction of the Government of India is obtained to a different appropriation. The power to transfer from one sub-head to another under the same class would remain as at present, but any change from one class to another, as from original works to repairs or establishments, would still be prohibited as under existing rules, unless under the authority of the Government of India.

12. *Store Accounts.*—The different proposals made under this head are generally approved

Paragraphs 72—83.

and should be gradually carried out. The value of the tools, plant, machinery, instruments, office furniture, and live stock, now at the debit of the Public Works Suspense Account, should be written off in the

accounts of the current year as a preliminary measure. Detailed instructions should be issued on this point from this Department after consultation with the new Accountant General.

13. *The substitution of cash payments for liabilities as charges in the accounts.*—This change, which is recommended by sound financial principles, should be introduced, if possible, by the beginning of the next financial year.

Paragraph 89.

14. *Abolition of an intermediate Suspense Account in the Central Offices; all audited expenditure being charged direct against the Government.*—This change, which appears conducive to simplicity and efficiency in the accounts, should also be carried out as soon as possible.

Paragraph 124.

15. *Inclusion of all Public Works in the same Budget*—The proposal of the Commission to include in one Budget all the expenditure on Public Works, whether to be met from Imperial or Local Funds, appears to be stated somewhat too broadly. It appears preferable to lay down, as a rule, that so far as the accounting is concerned, the agency should determine the character of the charge. In this way Local Funds spent by Imperial Establishments should be dealt with as contributions to Imperial Funds, and so accounted for; and this is what the Commission appear to have in view. On the other hand, it would appear unobjectionable to allow Imperial Funds applied under local agencies by proper authority to be finally written off on that authority in the Imperial Accounts, as a lump sum grant for local purposes, and the audit taken accordingly in connection with the local outlay. It is a matter of much public interest to cherish the germs of self-government contained in the administration of the Local Funds, and there seems no sufficient reason to disturb the arrangements under which they are now dealt with under the sole responsibility of the Local Governments.

Paragraphs 131-132.

16. *Stores from England.*—The Governor General in Council does not see any sufficient reason for altering the existing practice, by which payments in England for stores for the Public Works Department are included as charges in the Indian estimates and accounts. If such a change is proper for Public Works stores, it must be equally so for the stores obtained from England for other Departments. But, as the cost of such stores forms in truth no part of the home expenditure, and as the Secretary of State merely procures them at the requisition of the Government of India, the control over their purchase can only be properly exercised in India; and the cost of them is therefore properly included in the estimates of Indian expenditure.

Paragraph 59.

17. *Reduction of Stock.*—The Commissioners observe that the present stocks might be usefully reduced to a very considerable extent, and that all unserviceable stores should be at once sold, and the proceeds brought to account. These recommendations should be promptly and effectually carried out and care taken by frequent inspections to prevent any future accumulation of unnecessary stores.

Paragraphs 77-78.

18. *Transfer of the compilation of accounts from Controllers' Offices to those of Executive Engineers.*—This recommendation is approved, and the Accountant General will be instructed to give effect to it as rapidly as is consistent with the maintenance of regularity in this branch of the accounts, it being necessary to bear in mind that it is better to continue for a time the present mode of abstracting, although it may not be the best, rather than to run the risk of introducing confusion into a Department by too sudden a change.

Paragraphs 81-80.

19. With one exception the other points referred to in the report do not call for detailed remarks here. It will be the duty of the Accountant General on his appointment to take up at once the whole subject, and to submit detailed proposals for giving effect to the different proposals in a safe and practicable manner.

20. But with regard to the recommendation made in paragraph 152, that one Code and system of detailed account should be established for all India, the Governor General in Council is not satisfied that this would be practicable, nor, if practicable, that it would be desirable. So far as the abstracted accounts are concerned, which come up to the Government of India, absolute uniformity is certainly necessary, and uniformity in these involves the establishment of the same general principles of account throughout the country. But absolute identity in the system of detailed management of works, and of actual disbursement of money, and of the original accounts of such disbursements, seems in no sense requisite. It will be, however, for the Governments of Madras and Bombay to determine how far uniformity of system in details is practicable, and the report of the Commission should be referred to them for that purpose. It is not doubted that those Governments will appreciate as fully as the Government of India does the value and importance of the different changes recommended by the Commission, and the favorableness of the present time for introducing such reforms as may appear really desirable.

ORDER.—Ordered, that the foregoing Resolution, together with the original papers relating thereto, be forwarded to the Financial Department for early consideration and orders.

No. 37.] *Report of the Commission of Enquiry into the system of the Public Works Account.*

INTRODUCTION.

The Government of India having desired that the services of Mr. M. H. Foster, Her Majesty's Assistant Paymaster General, and of Mr. H. W. S. Whiffin, one of the Assistant

Accountants General of the War Office, should be placed at their disposal to assist in the investigation of the Accounts system of the Public Works Department in India, and to advise that Government as to any change which should be made therein, those gentlemen, with the consent of the Home Government, proceeded to India and reached Calcutta on the 30th October 1863.

2. Shortly after their arrival, Major G. Chesney, Inspector General of Public Works Accounts, was associated with them, and the three Commissioners at once commenced a searching enquiry into the system and practice pursued in controlling and accounting for Public Works expenditure.

3. The Commissioners, having obtained a large amount of information; which was readily offered to them at the Head-quarters in Calcutta, deemed it advisable to pursue their enquiries in the actual localities where the expenditure is incurred.

4. For this purpose they visited a variety of districts in the several Provinces of Bengal, Oudh, North-West, and Punjab, closely examining in full detail the account work performed in a large number of offices under the charge of Executive Engineers. In doing so, they had, in most instances, the valuable assistance of the Controllers and of several of the Superintending Engineers of those Provinces. They also had the advantage of inspecting the Central Offices of Account at Lucknow and Agra.

5. It is right to state that, from every Officer in the service, from the highest to the lowest, a most ready desire to co-operate with the Commissioners was evinced on every occasion.

6. Before entering more closely into the subject, the two English Commissioners desire to record their opinion of the very satisfactory progress which has evidently been made within the last few years in the Provinces they have visited, in bringing the accounts of the department into order and regularity. Arrears of long standing have been in most instances brought up to date, punctuality is enforced, the audit is rapid, and retrenchments are now comparatively rare.

7. Much remains to be done, and important changes will be proposed; but had not the way for these further improvements been thus prepared, the task allotted to the Commissioners would have been much more difficult.

8. On their return to Calcutta, the above-named Commissioners were joined by their colleagues from Bombay and Madras, *viz.*, Lieutenant-Colonel W. Kendall, R.E., the Auditor of Public Works Accounts, Bombay, and Captain J. G. Ryves, R.E., lately Officiating Under-Secretary to Government, Public Works Department, Madras, who have brought to the Commission a knowledge of the duties of the Department as conducted in those Provinces; and Lieutenant-Colonel C. V. Wilkieson, R.E., the Controller of Public Works Accounts, Madras, has also by his presence afforded the Commission a clear view of the Accounts system pursued in the Central Office at Madras.

9. There are considerable differences in the mode in which Public Works Accounts are administered in the Provinces immediately under the Government of India, in Madras, and in Bombay. In order to avoid dealing with each Province separately, we have, in making our recommendations, treated the subject generally with reference to the system in force in Bengal and other Provinces under the Government of India, and having once established what would be the most applicable for the whole of India, it will not be difficult for each Province to adapt its accounts to the approved uniform system laid down. We regret that want of time has prevented the Commission from personally investigating the Accounts system in the Madras and Bombay Presidencies.

10. With these few preliminary remarks, we will at once proceed with our report.

11. The main subjects of our enquiry may be divided under the following heads:—

1st.—Direction, Control, &c.

2nd.—Budget Estimates.

3rd.—Works Estimates.

4th.—Stores.

5th.—Accounts and Audit.

6th.—Miscellaneous.

I.—DIRECTION, CONTROL, &c.

12. Imperial questions relating to Public Works are dealt with in the Office of the Secretary to the Government of India, in conjunction with the local Public Works Secretariats. One of the Under-Secretaries in the former Office is also Inspector General of Public Works Accounts.

13. In Madras and Bombay, the head of the Department is the Public Works Secretary, who in Bombay also exercises the powers of Chief Engineer; in every other Province, the Chief Engineer acts as Secretary to the Provincial Government in Public Works matters. Under him in the larger Provinces are Superintending Engineers having local charge of Circles, consisting of several divisions, in each of which an Executive Engineer carries out such public works as may be sanctioned.

14. The Executive Engineers send up their accounts and those of their subordinates to a Central Office, which is in charge of a Controller, and in this Office the accounts are audited and abstracted. The Annual accounts are submitted to the Deputy Auditor and Accountant General of the Province for comparison with the Budget grants, by whom they are furnished to the Auditor and Accountant General for India, who compares the expenditure of the several Provinces against their Budget grants, and records them in the Imperial Books.

15. The Budget Estimates and Accounts of the several Provinces are dealt with by the Imperial Government separately, and are not brought together under one general view.

16. Under this system, the Finance Department remains necessarily in the dark as to the progress of expenditure in the Public Works Department, until after the close of the financial year; and can only arrive at a vague estimate of the amount that is being spent, from month to month, by ascertaining the issues for this service from the public Treasuries, from the Banks, or from other sources.

17. This is an unsatisfactory mode of dealing with finance, and one likely to lead to serious miscalculations; and this is the course pursued with regard to expenditure which amounts to several millions sterling per annum.

18. In order that these defects may be remedied, we recommend that an Accountant General should be added to the staff of the Public Works Department of India. The importance of the department seems sufficient to justify such an appointment, and by consolidating it with that of Inspector General of Public Works Accounts, the additional cost would not be much.

19. The expenditure of each Province having been audited and passed by the local authorities, an account of it should be rendered should flow up monthly to the Public Works Accountant General, in a classified form under defined heads, upon statements signed by the Controllers of the respective Provinces.

20. The Accountant General would then gather up from these statements the total Imperial expenditure month by month, and transmit the result under such heads as may have been agreed upon, to the Finance Department, which would then always have before it a clear view of the progress of expenditure under the several classes of works.

Besides exercising the present functions of the Inspector General, it should also be the duty of this officer, when the several Provincial Budget Estimates have been passed by the Supreme Government, to bring them into an uniform shape and prepare an abstract of them under the same heads as those under which the expenditure is to be recorded.

21. This would allow of a useful comparison of the total expenditure with the total Budget grants.

22. An arrangement of this nature would not in the slightest degree interfere with the independent action of the Local Governments, but would afford to the Supreme Government a ready means of having always at its command valuable financial information.

23. It is of course most important that the Accountant General should always be an officer thoroughly conversant with accounts, and it will be desirable that the Financial Department, with whom he will be in constant communication, should have a voice in the appointment.

24. Should it be decided that the office of the Accountant General and of the Inspector General should be combined, it will be desirable that this officer should relinquish the post of Under-Secretary to Government, and should hold a more independent position under the Public Works Department.

25. As under the proposed arrangement the Public Works accounts would be sent by the Controllers direct to the Public Works Accountant General, the present accounts rendered through the Deputy Auditor and Accountant General to the Auditor and Accountant General at Calcutta for audit would naturally cease. The Controllers would still render to the local Governments such returns as they may require.

26. In Bengal and the other Provinces under the Government of India, the control over the Executive Engineers is of two kinds; as regards the execution of works, they are under the supervision of the Superintending Engineer; as regards their accounts they are under the Controller. In Bombay the Superintending Engineer is bound to inspect the accounts of the Executives, the Controller merely auditing the bills for completed works. In Madras the system lately introduced is open to changes which we understand are under consideration, but the mode of dividing the Presidency into ranges which, under control, as regards works and accounts, of a Superintending Engineer, are placed under the charge of officers, varying in rank from a 1st Class Executive Engineer to a Supervisor, one as independent as the other, does not appear to be conducive to an effective check over expenditure. We are informed of a case where an officer having less than Rs. 150 per month salary has charge of a monthly expenditure of about Rs. 6,000, whilst another highly paid officer, with a salary of Rs. 900 per month, has charge of a range where the expenditure does not average one-third of that sum. The system of having larger districts under an experienced Engineer, and placing the lower officers in subordination to him, seems more likely to secure efficiency.

27. There is one point relating to control upon which there is considerable difference of opinion. It is that which refers to the question of the check exercised over the rates at which Executive Engineers are carrying out their work. In the Provinces immediately under the Government of India, the practice has been for the Controller to abstract the accounts and work out rates, and to call for explanation from the Executive during the progress of a work, whenever he conceives a rate to be excessive. In Madras the exercise of this check is left to the Superintending Engineer, and in Bombay the control over rates and the responsibility of keeping them within the estimate is thrown entirely upon the Executive Engineer, the check upon him consisting in the inspections of the Superintending Engineer and of the Auditor, and in the knowledge that if the rate is beyond what is proper, the estimate will be exceeded and the final bill will bring the fact sufficiently to notice. The Bombay Auditor contends that this system has worked well in that Province, and that it saves the Executive Engineer from much correspondence in giving needless explanations to the

Auditor who has no local knowledge of the circumstances which affect these rates, and he much deprecates any change which would weaken the personal responsibility which is now thrown on the Executive officer.

28. The Inspector General, on the other hand, and many of the officers connected with the system of the Public Works Accounts in force in the provinces immediately under the Government of India, attach importance to the control exercised over the rates by the Central Office. They consider it useful that the Controller should bring the fact to the notice of the Executive Engineer during the progress of the work, whenever the rates are such as to lead the Controller to suppose that the estimate will be exceeded.

29. By having all the rates before him, the Controller is also able, by comparison of one division against another, to point out to the Superintending Engineer such rates as appear to him to be needlessly high.

30. The majority of the Commission do not place much reliance upon this control. Minor works are generally completed before the Controller can bring his check to bear upon the expenditure on the work. He can have no knowledge of the local circumstances affecting the rates of the several divisions; much unnecessary correspondence is involved, and the Executive Engineer is led to trust to the Controller rather than to his own vigilance and care. They incline to believe that the best system is to throw the responsibility of working within the estimate upon the Executive Engineer. His books showing the rate at which he is working, would be open to the inspection of the Superintending Engineer, who on the spot could exercise a real control. The new Budget system under which it becomes desirable that the Controller's audit should be upon purely cash transactions, to the exclusion of demands payable, also tends to remove from him the duty of controlling the work done by a check upon the rates.

31. Whether the check by the Controller upon rates be maintained or not, the Commission is unanimous as to the propriety of transferring the duty of abstracting the accounts and ascertaining the rates from the Central Offices where it has hitherto rested, to the offices of the Executive Engineers.

32. When the accounts were in arrear and in great disorder, and no trained accountants were available in the Provinces, the Central Offices were of the greatest use in introducing regularity and systematic accounts, but there are grave objections to the present mode of dealing with these accounts, which render it desirable that some change should be carried out. Under the system now in force, the Executive Engineer sends to the Central Office all the day books and other monthly accounts of his own office, and of those of his subordinates; and in the Controller's department they are worked up into shape, and the rates at which work is being done are thrown out into special columns of the abstracts which are there prepared. These abstracts are then transmitted with lists of queries, corrections, and retrenchments, if any, to the Executive Engineer for his information. This information, however, seldom reaches him until a month or six weeks after the work has been done to which it relates; the Executive Engineer is, in the meantime, in the dark regarding his accounts, the points brought to his notice reach him too late to be of much use, and the advantage of the check is thus in a great measure lost.

33. The removal from the Executive Engineer of the responsibility of recording and watching expenditure as the work proceeds, tends also to make him more indifferent as to results which are looked after for him by a superior authority. An immense mass of documents and voluminous returns have to be prepared and sent to the Central Office, all of which might be more concisely dealt with on the spot.

34. We, therefore, taking all these points into consideration, recommend that the responsibility of preparing the accounts and of abstracting and checking the rates shall be thrown upon the Executive Engineer; but as his time and attention should not be too much diverted from his still more important executive duties, a competent Accountant should be appointed to keep the accounts of each Division, whose duty it should be to check, control, and record, at the Head-quarters of the Division, the whole accounts of such Division, including those of the subordinates, to abstract the rates, and to keep the books and accounts in such a form that the Engineer should always have before him the fullest information as to the progress of the works, of the expenditure, and of the rates at which he is working.

35. As the business of the Central Offices would be much reduced by the changes proposed, a certain number of Accountants and Clerks, well versed in the mode of keeping and abstracting accounts, would become available for these posts in the Provinces; and, for the minor divisions, a competent Accountant could be temporarily detached from Head-quarters to instruct one of the clerks in the Executive Engineer's office in the mode of keeping the books and preparing the accounts, of which forms for guidance will be given.

36. By making the redundant staff thus available, the additional cost will probably not be large, or of much moment in comparison with the increase of efficiency which it is expected will result to the service; it will, however, be necessary to carry out the proposed changes with due caution, and gradually as trained men become available for divisional offices. Interchanges amongst the Accountants should also occasionally be made between the Divisional and the Central Offices for the purpose of teaching and keeping up uniformity of system.

37. The Accountant, although in discipline under the control of the Engineer, should, as regards accounts, form one of the body of Accountants owing allegiance to the Controller, and should be responsible for the correctness and regularity of the accounts.

38. This arrangement would keep the expenditure under the continuous review of the Executive Engineer, and warn him in good time against the danger of exceeding the estimate;

but should it be thought desirable, it might be permitted in those Provinces where the practice of a central check upon rates is now in force, that Engineers should transmit to the Controller a monthly statement of the rates at which they are working, until the new system has been fully established, and further experience will have shown whether the return may not with advantage be dropped. Its introduction into the other Presidencies is not recommended.

39. It may further be observed that, as it is intended that the Abstract of the Estimate shall show the rates at which materials for works have been valued, the Controller will be able to keep an useful check upon this portion of the expenditure by a comparison of the actual cost of the articles, as shown in the Engineer's Account Current, with value at which they were rated in the estimate.

40. Some fears have been expressed that unless an Executive Engineer is obliged to furnish Returns to the Controller, he will allow his books, from which these Returns would have to be prepared, to fall into arrear; but this difficulty might be met by carrying out personal inspections by the Controller or his Deputy, as frequently as possible, as has already been ordered, and by detaching occasionally one of the principal Accountants for the special duty of locally examining and reporting upon the Divisional Accounts. These periodical inspections should be duly recorded in the Office Books of the Division.

41. Another point of much importance, as affecting the control over the Public Works Accounts, has relation to the appointment and promotion of the Controllers placed in charge of the Central Offices.

42. The present Deputy Auditors and Accountants General form, under the Financial Department, one body, subject to transfer and promotion from class to class, or from Province to Province; much advantage would accrue from a similar system of classification and of transfer and promotion being applied to the Controllers and Deputy Controllers throughout the whole country.

43. Encouragement would be held out to active and zealous public servants by the hope of rising from a minor post to a more important one in a larger Province. A succession of men well trained in audit duties would be secured; improvements in the mode of administration and control would be circulated from Province to Province, and by no other means could uniformity of system, as far as such may be desirable, be secured. Where a variety of Provincial offices have to work up to one central system of Budget and Account, this latter consideration should bear much weight.

44. It is not supposed that an officer would be compelled to accept promotion if it did not suit him to surrender the office he may at the time be holding; but it is only fair that an efficient officer should not be debarred from such promotion. If the transfer did not suit the next in succession, there would be found lower on the list a choice of good officers who would gladly accept the change for the sake of promotion. The list should be supplied, as far as possible, from officers conversant with the executive duties of the department, selected in due proportion by the several Local Governments.

45. The duties of the Controllers towards the Head Office would be to render a faithful account of expenditure, and to report to the Accountant General all irregular appropriations and sanctions given locally to unauthorized establishment charges. As regards their transfer and promotion, they would be subject to the directions of the Imperial Public Works Department, but audit and control of the accounts of Disbursing officers would be entirely local, and at Bombay and Madras, in all that concerned the internal working of the department, the Controller would be entirely under the orders of the Local Government.

46. When so large a portion of the duties of the Controllers shall have been transferred to the Divisional offices, it will become a question for consideration whether a reduction in the number of the Central Offices might not be effected by an amalgamation of the smaller with the larger offices.

II.—BUDGET ESTIMATES.

47. The Provincial Public Works Budget Estimates ~~formed~~, not on the liabilities, but on the cash requirements of the year, are prepared by the Local Governments and Administrations in accordance with the amount allotted to each, and are transmitted to the Supreme Government for sanction. Each Province has its separate Budget Estimate, but these are not regularly, immediately after sanction, thrown together to show what is the total amount of authorized Public Works expenditure for the whole of India. It would be advisable, as has already been suggested, that these Budget Estimates should pass through the hands of a Public Works Accountant General, who would abstract and record them under certain defined heads, against which the expenditure would be charged as it occurs from month to month. The Accountant General would thus be enabled to furnish the Finance Department with a monthly statement displaying under these heads the progressive expenditure in comparison with the Budget Grants.

48. The present form in which the Budget Estimate is prepared is complicated and unnecessarily voluminous, while at the same time much useful information is omitted. Some items of expenditure are given twice over. They first appear in the Imperial Budget, and are then repeated in the Local Fund Budget, and the totals are again classified according to localities. The items of works are divided into classes under general heads of service; the classes are divided into special heads, and these again into sub-heads. This would be much

simplified by adopting the following as the only heads of service without any further subdivisions, *viz.* :—

1st.—MILITARY,—including Army and Navy.

2nd.—CIVIL BUILDINGS,—including all works connected with the Revenue, Post Office, Telegraph, General, Ecclesiastical, Educational, and Judicial Departments.

3rd.—AGRICULTURAL,—including all works of Irrigation, Tanks, Dykes, and Drainage.

4th.—COMMUNICATIONS,—including Roads, Railways, Bridges, Navigable Canals, River Improvements, and Accommodation for travellers.

5th.—MISCELLANEOUS PUBLIC IMPROVEMENTS,—including Municipal Works, Harbour Improvements, Light Houses, Mines, and Manufactures.

49. Divided under these general heads, it would be easy to classify any portion more minutely should there arise any special reason for doing so, which, however, would rarely be the case. It also seems sufficient that one clear statement of original works should be given in the Budget Estimate, showing the class to which they belong, and the locality in which they are to be executed. The present form does not give sufficient detail of the Public Works Establishments, which is an important omission; the remuneration given to the several classes of public employes for their services is a matter which demands special attention, and should appear in the Budget Estimate.

The establishment of the Public Works Department of India, including the salaries of the Secretaries, should be shown as a charge in the P. W. Budget.

50. In the Appendix will be found a form of Budget Estimate which we recommend for adoption in all the Provinces.

51. There is another question relating to this subject which so much affects the principle of making the accounts work up to the Budget, that it should not be passed over without observation. It has reference to the Reserve of 10 per cent. on the total Budget Grant, which, together with any savings that can be effected on the grants for original works, is placed at the unrestricted disposal of the Local Governments for appropriation, within certain wide limits, to any new works sanctioned or unsanctioned by the Supreme Government.

52. The arrangement under which the power exists of thus overriding the Budget appropriations to almost any extent, seems to combine within itself the inconveniences without the advantages of the Budget system. The Budget is prepared, the works are sanctioned, the appropriations are granted and carefully recorded, but when the accounts are referred to for a comparison of the expenditure with the appropriations, it becomes futile to attempt to do so in a satisfactory manner. For instance, in the Punjab, speaking in round numbers, the Budget appropriation for original works was in the year 1862-63 22 lakhs, with a Reserve of 5 lakhs; the expenditure on original works was only 15 lakhs, showing a saving of 7 lakhs on this head, which, added to the Reserve, placed 12 lakhs, at the disposal of the Punjab Government, quite outside of any Budget appropriation, to be spent if the Local Government were so disposed upon unsanctioned works, provided the cost of each did not exceed Rs. 50,000.

53. It is evident that the Local Government had asked for a larger appropriation for original works than it had the means of spending, and the power of withdrawing these "savings" from the Budget, by carrying them to a fund under its own control, must be a temptation to ask for excessive appropriations, and thus reduce the amount available for other objects. There is thus a serious defect in principle, as well as the objection that it renders nugatory any useful comparison between grants and expenditure.

54. The system followed in England appears to be one well worthy of adoption here. The rule there is, that the savings upon one work may be applied to any other Budget item provided the expenditure on such item does not exceed the total sanctioned estimate. Thus supposing that the erection of a barrack, estimated to cost £50,000, had been sanctioned in the Budget Estimate, but that only £25,000 had been granted for the expenditure within the year, any further sum beyond the year's grant may be spent upon the barrack out of savings upon other works, provided the total expenditure is not in excess of the £50,000 which the barrack is to cost according to the sanctioned Estimate. This is a very legitimate way of applying savings, for the rapid completion of a sanctioned work is always economical.

55. The Parliamentary Estimates at Home are carefully prepared in accordance with the requirements of the year, and it scarcely ever happens that the want of an important work has not been foreseen; but whenever the necessity does occur, no difficulty is found in defraying the amount out of the savings from other items or in obtaining a Supplementary Grant, and it is very desirable that the same course should, as far as possible, be pursued in India.

56. With minor works the case is different, and these may be included in the Budget Estimate under one item, without any detail, as shown in the form already referred to in the Appendix. In England this item includes, in one sum, all works of which the total estimated cost does not exceed £1,000. Here the limit proposed is Rs. 2,500.

57. Upon this question, however, the Commissioners are not unanimous. The English Commissioners are strongly opposed to the retention of a Reserved Fund under any form. The Madras Commissioner agrees to a considerable extent with the above views, but would fix the limit at Rs. 5,000. He proposes, however, that the actual amount of foreseen expenditure below this limit should be entered, as far as possible, in the Budget Estimate, the lump sum being for unforeseen works only. The Inspector General, while concurring in

III.—WORKS ESTIMATES.

64. When a work is to be executed, the Executive Engineer, or one of the subordinates under his supervision prepares an Estimate, showing the measurements and cost of the work in the fullest detail, with an Abstract at the end, showing the estimated expenditure thrown together under a certain number of sub-heads. The Estimate when complete is transmitted to the Superintending Engineer for revision of design, rates, &c., and is forwarded by him to the Chief Engineer, in whose office the measurements and calculations are carefully checked and corrected by the Estimator before the Government sanction is given to the estimate.

65. Such sanction having been accorded, a notification to that effect is sent through the Superintending Engineer to the Executive Engineer, with instructions to commence the work. The Estimate is forwarded to the Controller who retains it.

66. As some of the Estimates for new works are very voluminous and contain a great amount of detail, which is of no use to the Controller, who only checks the expenditure against the sub-heads, it would be sufficient if he were furnished with a copy of the Abstract. In this case, the original Estimate might be returned to the Executive Engineer who would keep it for reference, in place of making a copy of it, as he now does, in his Estimate Book. A simple Index Book of the original documents would answer the same purpose.

67. It would assist the Controller in checking the charges for the purchase of materials if, as far as practicable, a statement were added to the Abstract, showing the quantities, rates, and cost of materials separately from those of labor.

68. Space at the end of the estimate should be reserved for the completion Report and final Bill. The former in place of being, as it now is, nearly a repetition of the estimate, need not be more than a certificate that the work had been satisfactorily completed in accordance with the Estimate, except in any special variations which could be set forth in the report. The final bill could also be recorded on the same document. The estimated cost of the several sub-heads of the Abstract should be detailed on one side, and on the other should be shown against them the actual expenditure, with the saving or excess on each item and on the total Estimate, and on the completion of the work, the document in its complete shape, would be sent to the Controller for comparison with his Works Register. A specimen will be found in the Appendix.

69. Some Engineers, in order to save themselves from the risk of blame for exceeding an Estimate, may be inclined to prepare them at very safe rates. This is objectionable, as it gives the opportunity to subordinates to work up to the full amount of the estimate. It is far more desirable that the Estimate should be framed as closely and with as small a margin as possible, and excesses, when they occur, should be leniently dealt with, where due vigilance and economy appear to have been exercised.

70. When the cost of works or repairs does not exceed Rs. 50, a separate Estimate is dispensed with. A requisition is prepared signed by the authorities upon whose demand the work is undertaken, and upon its satisfactory completion a certificate to that effect is added. Regular Estimates being dispensed with for petty works, saves much time and trouble, and there would not be incurred much danger of misapplication of funds were this limit extended to works or repairs costing up to Rs. 200. For these it would be sufficient to detail the items of cost on the requisition itself.

71. In the preparation of Estimates for annual repairs of Public buildings, masonry work, &c., it has been found to be a great saving of labor to have Measurement Books, containing a permanent record of the whole of the measurements of these works. In place of having to remeasure on each occasion, a reference to the book is a sufficient guide for the Estimate. The entries in the Measurement Book might be made on the completion of each new work from the original Estimate, so far as it is borne out by the final completion report. The use of these books should be insisted upon where they are in existence, and the preparation of them should be urged in those districts to which this useful arrangement has not yet been extended.

IV.—STORES.

72. The practice at present followed by the Public Works Department, directly under the Government of India, with regard to stores, is to charge all purchases, first, to a Stock Account which is gradually relieved as the stores are applied to, and charged against works. An exception to this rule is made only in the case of some few articles which are classed under "Bazar Materials," and are charged direct to the works for which they are purchased. The Stock Account at each Station is thus a troublesome affair, involving more account-keeping than all the other cash transactions.

73. Instead of passing all these stores through the Stock Account, they should, when purchased, be charged direct to the work upon which they are to be employed whenever they can be especially assigned to such work. Those only should be passed through the Stock Account which cannot at once be assigned to a work, or of which it may be necessary to keep a stock for general purposes, such as bricks, timber, lime, soorkie, &c. With regard to most other articles, and the above also, in some cases, the facilities for purchasing them as required is increasing in India every day, and nothing should be purchased in advance which can equally well be obtained at the time it is required for use. The description of stores and the quantity of these which it may be necessary to keep in stock vary in each division, and it should be the duty of the Superintending Engineer to fix for each division a list of stores to be kept in stock, and he should endeavour to limit these in number and quantities as much as the efficient working of the service will admit of.

74. All articles purchased and charged direct to a work, will be accounted for by the officer in charge of the work, and he will be responsible for their due use. He will be bound to keep a Numerical Register, showing the receipt and issue of the stores placed in his charge, so that the Executive Engineer can, at any moment, check the quantities which should be on hand. This Register should also include the number of tools in use on works. It has already been shown under the head of "Budget Estimate" (paragraph 60) that the original purchase of these tools will already have been finally charged against a special Budget head, so that no charge for their cost will fall upon the work, and a numerical list of them is all that need be kept. It will thus be seen that the items, the quantities and value of which are to be passed through the Stock Account, will be very few in number, and may, perhaps, in time be entirely got rid of.

75. At each Store-yard it will be sufficient to keep a Numerical List of the Receipts, Issues and Stores in hand for which the Store-keeper is responsible. It is important, however, that the stores actually in the Store-yard should, in this list, be clearly distinguished from those in use or deposited at other localities. The list itself should show in two columns, —1st, the articles in the Store-yard, and 2nd, those out of it, and where they are to be found.

76. The Store Ledger should be kept at the Head-quarters of the division, and would contain such stores as pass through the Stock Account, and of these it would be necessary to show the value as well as the quantities. A monthly or weekly return of Receipts and Issues of Stores should be made by the Store-keeper to the Executive Engineer.

77. It should be strongly urged that stores should be purchased as little as possible in advance of requirements, and the present stocks might be usefully reduced to a very considerable extent. The advantage of the system of keeping large stocks on hand is that it admits of the purchase of goods at a time when they may be obtained most cheaply, and in some measure assists in counteracting the attempts of monopolist dealers to take advantage of the necessities of the service; but the gain in this way by no means equals the loss to the State, by the deterioration of goods kept in store, by the temptations held out to a fraudulent use of them, by the additional labor they cause in keeping accounts, and by the interest lost on the large amount of capital locked up, amounting in Bengal alone, as per Returns to the 30th November 1863, to the sum of Rs. 59,22,947.

78. For these reasons, also, all unserviceable stores should at once be sold, and the proceeds brought to account, and surplus stores should also be distinguished as available for transfer to any other station where they may be required.

79. Subordinates should not be allowed to make purchases without the sanction in writing of the Executive Engineer, and stores for stock or plant should be purchased by the Executive Engineer only after an indent has been submitted to, and approved by the Superintending Engineer, whose approval should be reported to the Controller. These measures will tend to keep down the stock of stores to its proper level.

80. The manufacture of bricks or other stores where this becomes necessary should be treated and controlled like any other work, and the total cost be charged either to the Reserved Stock Account, or to a special work, as the case may require. There should be no profit and loss account, as the comparison of the cost rate of manufacture with the current market prices will be all that Government need know to guide them as to the desirability of manufacturing, in place of purchasing goods.

81. Considerable complication exists at present in checking the deliveries of goods to the Store-yards against the payments made on account of them. The contractors' and tradesmen's bills frequently include the deliveries which have taken place during several preceding months. The payments on account of these bills may consequently be for stores, which have long before been issued and used upon works. It would be much more simple that each delivery of stores should be accompanied by a separate bill which should be discharged within the month. This would facilitate the record of the stores in the books, as well as the audit of the cash transactions.

82. Before the 30th April next, all stores chargeable direct to works, should be so charged at every station, and be removed from the General Reserve Stock Account. Tools, instruments, plant, and machinery for general purposes should also be written off as far as their value is concerned, to be carefully entered on the numerical lists.

83. An actual stock-taking of all the remaining stores should take place on the 30th April next at every Station, in order that the value, at current rates, may be ascertained for the purpose of being carried to the new Reserve Stock Account on the 1st May. The difference between such value and that at which it is now standing at the debit of Suspense Account should be written off as a final charge in the accounts of the year 1863-64.

V.—ACCOUNTS.

(a) *Subordinates' Accounts.*

84. The Accounts of Subordinates should be of the most simple kind, the accounts of the works and all permanent records being, as far as possible, kept in the Office of the Executive Engineer.

85. An executive division is usually divided into a certain number of sub-divisions, each in charge of an Assistant Engineer, or subordinate, consisting of the whole or part of a Military station, or out-station, a part of a line of road or canal, a special work, or a group of works. The Sub-divisional Officer is directly in account with the Executive

Engineer for the disbursements in his Sub-division. A part of these disbursements are, however, frequently made by other Subordinates acting under the Sub-divisional Officer, but they are not recognized as disbursers, and their accounts are incorporated with those of the Sub-division.

86. In the case of Subordinates employed at the Head-quarters of a division; we strongly recommend that all disbursements should be made by the Executive Engineer himself, aided, if necessary, by a cashier. The Subordinates' Accounts would then consist simply of a daily Report and Muster Roll from which the pay list would be prepared, a Stock Book for materials received and consumed, and a monthly Statement of measurements showing the work done. In the case of out-stations, where these are under Assistant Engineers, or the higher class of Subordinates, the cash payments should be made by the Sub-divisional Officer, and their subordinates would render the same Returns to them as is proposed for those serving at Divisional Head-quarters. Where the number of Assistants is not sufficient for such an arrangement, or where the works are too scattered, the payments should, as far as possible, be made by Traveling Cashiers sent out to make the payments after the accounts, to be submitted daily or weekly, have been found scrutinized by the Executive Engineer. We have it in evidence that this plan has been successful in more than one extensive division. All that is necessary for its introduction is the substitution of weekly or bi-monthly for daily payments to laborers, and from the evidence obtained we are satisfied that this may be done to a very much larger extent than is now customary, if only it be firmly insisted on by the head of the department.

87. The accounts of Subordinates who have charge of cash should consist of (1) Muster Rolls for the labor employed; (2) a Figured Abstract showing the labor and materials on each work and the progress made; (3) a Stock Book for materials received and consumed, distinguishing those obtained by purchase and those received out of the Reserve Stock; and (4) a Simple Cash Account of actual receipts and payments, accompanied by vouchers and stamped receipts. In many cases, in place of keeping a Cash Account, it would be sufficient to entrust to the Subordinate a small fixed imprest. The vouchers for the payments would then be sent on a list to the Head-quarters for reimbursement, and the Executive Engineer would pass them through his own Cash Book. The payment of the sum on the list would replace the imprest at its original amount. All payments for materials and to contractors should be made by the Executive Engineer himself, and, as far as possible, by cheque.

88. The present plan of allowing Subordinates to defer, till the end of the month, sending to the Divisional Head-quarters the Figured Abstracts upon which are entered the daily labor and materials expended upon each work leads to the objectionable practice, which, though against the rule, is no doubt much acted upon, of leaving these entries to be made at the end of the month in place of daily. This gives the Subordinate the opportunity of adjusting the entries on the Abstracts to suit his accounts, and we have it in evidence that these entries are frequently entirely fictitious. To obviate this, the Subordinate should either daily, or at short intervals, send to the Head Office a daily statement, in a simple form, of the cash received and paid, of the labor employed, and materials expended upon each work; and these in the hands of the Executive Engineer will form an useful check upon the Pay List and Store Return, and will entirely deprive the Subordinate of the power of making subsequently these improper adjustments. Under this arrangement, the Subordinate will, in many cases, be relieved from keeping Works Accounts and Figured Abstracts, all of which are now kept in duplicate, one for his own Office and one for Head-quarters.

89. The Sub-divisional Account Current at present in use combines within it not only actual cash transactions, but "Liabilities incurred," "Demands payable remaining unpaid," "Arrears of previous months paid this month," "Inefficient Balance," &c. It is proposed to discontinue this, and to deal instead only with the Cash Account; this Cash Statement, which consists of a simple record of cash transactions as they occur from day to day, will be entirely free from these complications, which open the door to error, mystification, and fraud. The keeping up of this account daily should be strictly insisted on, and on the last day of each month it should be closed, and a copy transmitted by the succeeding post to the Executive Engineer. The daily statements transmitted by the Subordinate will form an useful check upon this monthly account. Where the plan of having a fixed imprest, and of claiming reimbursement on Lists of vouchers paid can be adopted, the Subordinate's account keeping will be of a still more simple kind.

90. The accounts or vouchers submitted by Subordinates should have recorded on them the nature of the scrutiny which they have undergone by the Executive Engineer, who should also, when visiting his sub-divisions, frequently check the Muster Rolls and the Accounts, comparing the Cash Book with the cash in hand, and noting if the different Returns are kept punctually up to date. The Superintending Engineers on their tours should carefully ascertain and record the nature of the check maintained by the Executive Engineer on the disbursements and stores. We would suggest on this point that the Inspection Report of the Superintending Engineer should be drawn up in a tabular form under specific heads, so that the exact nature of the inspection made may be ascertained, and he should transmit to the Controller a copy of such portions of his report as relate to the accounts.

91. The records of the Assistant Engineer or Subordinate in charge of a work, including a Pocket Diary of progress and of his proceedings, should always be ready for inspection by his superior officer, and the daily Statements above referred to will afford to the Executive Engineer, at any moment that he may choose to pay an unexpected visit to the works in

progress, a ready means of exercising a strict supervision over the number of laborers actually employed. The diary is to give a complete history of each work during its execution, the date of commencement of each part of it, the progress of the several portions at frequent intervals, and the time of their completion, and should contain also the detail of the periodical measurements, and of the materials received and expended on the works.

Forms of Accounts, &c., to be used by Subordinates, with directions for their use, are given in the Appendix.

(b) *Executive Engineer's Accounts.*

92. It has already been explained on what grounds the Commissioners recommend that the duty of abstracting the accounts, and of working out the rates should be transferred, with the Clerks or Accountants now having charge of these duties, from the Central Offices to the offices of the Executive Engineers, and that these Accountants should aid the Executive Engineer in dealing with the accounts of the whole of the Division.

93. The books of an Executive Engineer should be kept by double entry, and should consist of a Cash Book containing actual cash receipts and payments, a Journal, and a Ledger. The whole of the accounts to be rendered to the Central Office should be based upon cash transactions as they occur, and as with the Subordinates, so with these accounts, all complications arising from liabilities, arrears unclaimed, and unadjusted expenditure, should be avoided. The Account Current should be in a classified form, and the opening and closing balances should only consist of cash in the hands of the Executive Engineer or his Subordinates, as shown in detail in an inner column, and no expenditure should be borne as Inefficient Balance. Payments should not be made except under proper authorities, or under defined rules, but in all cases should be charged in the body of the account, subject to rejection upon audit. All cash and store transactions and transfers should be passed through the Journal and Ledger.

94. Advances to Contractors, deposits and repayments will also appear in the Cash Account under those heads to be carried to special accounts in the Ledger, and for each Contractor receiving advances there will be kept in the Ledger a separate personal account; but it is to be hoped that the system of making these advances may gradually be confined within smaller limits under distinctly specified rules, and in time be entirely abolished.

95. Care should be taken to distinguish between "Advances" for work not yet performed, and "Payments on account" for work actually done. The former should, as above shown, be debited to the personal account of the contractor, which would again be relieved as the work progressed by crediting the contractor with the value of the work done, and bringing it as a final charge against the Work Account. "Payments on account" for work actually done, should, on the other hand, be charged directly as expenditure against the Work Account, and would not appear in the personal account of the contractor.

96. All public works money, whether arising from Imperial Funds or other sources, such as Tolls, Ferry, Fine, and other Funds, should pass through the Cash Book and form one balance, the separate accounts being clearly shown in the Ledger.

97. It is objectionable that the same class of revenue should pass partly through the Public Works Accounts and partly through the Civil Accounts, as is now the case in the Canal Department, North-Western Provinces, with some of the receipts; but the consideration of this subject by the Committee sitting at Meerut renders it unnecessary to take up this question.

98. The Cash Book should be framed with Debtor and Creditor pages, with two columns on each side. The first on each page for Cash Receipts and Cash Payments; the second for Bank or Treasury Credits on the Debtor side, and for the cheques drawn against these credits on the creditor side.

99. At the close of each month, Treasury Credits under the arrangements now in force lapse, and the balances on Bank Credits are re-transferred to the account of the Deputy Auditor and Accountant General. This unnecessarily multiplies entries, and in case of delay in sending fresh credits by the 1st of the month, much inconvenience might result to the public service, and the fear of any such difficulty holds out an inducement to disbursers to keep a larger Cash Balance than is actually necessary. These credits should remain available until exhausted, and fresh credits would only be granted as needed.

100. In this case, these credits should at once be transferred to the credit of the Executive Engineer, who should also have the power of placing any portion of them, whilst still in the Treasury, at the disposal of a subordinate. At present he cannot authorize a subordinate to draw upon the Treasury Account, but he must himself draw out what is required, and place the amount in cash in the hands of his disburser. This lessens the security which the Treasuries and Sub-Treasuries might be made to afford to the public funds.

101. It is also an impediment to public business to require that each cheque drawn upon a Bank or Treasury should be accompanied by a Letter of Advice. Very little additional security is obtained against fraud by this troublesome arrangement, for the person who could forge a cheque could equally forge a Letter of Advice. It would be simpler and safer for the Banks or Treasuries to keep a Pass Book, in which the daily transactions would be entered, and a frequent comparison of this Book and the balance shown upon it, with the accounts of the Executive Engineer, would immediately detect error or fraud.

102. Drafts and cheques issued should be current for at least three months, and should not be cancelled according to the present practice, if not presented before the close of the

month in which they were issued. To issue a cheque on the last day of the month, to be cancelled if not presented the same day, causes trouble and annoyance to both issuer and receiver.

103. The cash payments for Reserved Stock will, as has been shown, be carried to a Suspense Account, to be subsequently relieved as the stores are delivered out for special works. At the close of each month, the Accountant will compare the Store-keeper's returns of stores issued with the statements of stores received by the officers in charge of works, and from these he will prepare a Transfer Sheet upon which the Reserve Stock account will be credited with the total value of the issues, and the several works accounts will be debited with the proportion applicable to each.

104. The Journal and Ledger should include all transactions from the commencement of the financial year up to date, and not exhibit merely those of each month. In minor works and repairs, it will be sufficient to pass the expenditure through the books of account which have been named, but in more important works it will be desirable for comparison with the estimate to keep a "Works Register," in which the actual expenditure will be recorded by the Accountant, month by month, under a certain number of sub-heads, in which quantities, cost, and rates will be shown as regards labor and materials. When materials are charged against a work before their appropriation against the sub-heads can be known, the value must be charged against a Reserve head, to be relieved as soon as the proper proportions can be charged against the several sub-heads. The entries will be founded on the returns sent in by the officers in charge of works and stores, and the Register should be carefully inspected by the Superintending Engineer as frequently as possible.

105. Specimens of the Account Books, Register of Works, &c., will be found in the Appendix.

106. The Accounts of the Division should be kept and rendered to the Controller for audit monthly, and despatched within one week after the close of each month. They will consist of—

1st.—Account Current, supported by vouchers, in which the receipts and payments are classified under heads, and the expenditure shown upon each work.

2nd.—Copy of Transfer Sheet showing the credit to the Reserve Stock Account, and the debits to the works on account of reserved Stores.

107. Half-yearly there will be transmitted Returns showing the receipts, issues, and balances of stores—

1st.—With regard to the Reserved Stock giving quantities and values.

2nd.—With regard to the tools and plant, giving quantities only.

108. The vouchers to accompany the Account Current will consist of the authorities for the purchase of stores and materials and for the grant of salaries, &c., together with the verified receipts of the payees, of contractors, and those of the establishment for salaries, contingencies, and travelling allowances. As regards vouchers for the payment of labor, he should send an abstract of the Pay Lists or Figured Abstracts and petty disbursements, bearing upon it a certificate that he had carefully examined the charges, and had satisfied himself that the payments were correct, and had been properly charged against the works, and specifying the check he had exercised over the disbursements.

109. Pre-audit of all fixed salaries might be dispensed with. The transmission of Monthly Salary Bills for sanction, the re-transmission of the sanctioned bills to the Executive Engineer, and the subsequent preparation and forwarding of the Acquittance Rolls, prepared in conformity with the sanctioned bills, causes delay in the payment of salaries and trouble in the preparation of documents, and in their transmission and re-transmission by post, involving extra cost to the Post Office as well as to the Department.

110. There appears to be little risk to the public service, and not much responsibility to the disbursing officer, if the Executive Engineer were to be allowed to pay his office salaries upon permanent authorities, submitting for special sanction such cases only where any doubt as to the amount or other question can arise. The salaries could be paid on the last day of each month, and the receipts of the parties paid would accompany that month's accounts, and should any error be discovered on audit, the Executive Engineer would, in most cases, be informed of it in time to make the necessary correction on the succeeding month's payment. The Inspector General is, however, of opinion that the present practice in regard to pre-audit of salaries should not be changed.

111. All demands should be adjusted as far as possible before the close of the month, so that the cash payments for work should agree as nearly as can be with the work actually done; and with each month's account the Executive Engineer should transmit to the Controller a statement giving, as far as practicable, a list in detail of all demands payable outstanding at the close of the month, and it should be the duty of the Controller to see that no undue delay takes place in their settlement.

112. Petty contracts for task-work, labor, cartage, stores, &c., should be made by the Executive Engineer himself or with his special concurrence, and contractors, when able to do so, should be encouraged to prepare and send in their own accounts in place of having them prepared for them, as this would act as a check upon the calculations made at the Engineer's Office.

113. The money chest, in some cases, has been left in charge of a subordinate Clerk. Where no responsible Officer is employed as Cashier, the chest should be under the immediate personal charge of the Executive Engineer.

114. It is the practice in some offices to keep duplicate accounts, the one in English, the other in Vernacular. This is objectionable, and should be discouraged. The rule which obtains in the Provinces under the Government of India of attaching a higher rate of pay to a knowledge of English, appears calculated to encourage its extension, and might be advantageously applied to other parts of India.

115. The supply of funds to Subordinates should be as limited as possible, and the amount of the balances in their hands should appear, as has been explained, in the detail balance of the Monthly Account Current, in order that they may be watched by the Controller for the purpose of seeing that they are not needlessly large.

116. Law charges and similar payments should be included under the head of Contingencies or some especial head, in order that they may distinctly appear in the accounts, and should never be charged against "Works," or to "Wear and Tear," as has been the practice in some instances. Under such an arrangement, the charge was covered by the rate and lost to view.

(c) *Provincial Central Accounts.*

117. The Account and Audit business of the Central Offices will, in time, be considerably reduced, as the duty of abstracting the Divisional accounts will gradually be transferred to the Offices of the Executive Engineers, as has already been proposed. The labor of audit will also be reduced by leaving the examination of minor details to local control, and confining the attention of the Central Office to more general results.

118. Under the system which has been laid down, the audit of the Central Office will be primarily upon the cash transactions of the Executive Officers as shown in their Accounts Current, supported by vouchers, and further upon the correct credit or charge of these items to the Work or other proper head of account.

119. At present there are at the Bengal Central Office for each of the 35 Divisions a distinct set of books, including—

1. Ledger and Journal combined.
2. Register of new Works.
3. Register of Repairs.
4. Stock Ledger.
5. Establishment Book.

In all 175 books, besides a general Provincial Ledger. These, under the various changes proposed, could now be usefully reduced and simplified. There should be one main Ledger to contain the personal accounts of the Executive Engineers, and general heads for original works in progress, for repairs, advances to contractors, salaries, travelling allowances, contingencies, and any other heads which may be necessary.

120. These general heads will be worked up to by means of receipt and expenditure abstract books in which the several Divisions will be shown in succession down the first column of the Abstract, and the other columns of the folio will divide the expenditure under heads of service and sub-heads. The totals of the cross lines will be the credits and debits to the Divisional Officer; the totals of the down columns will be the debits and credits to the services. The results should pass through the Ledger and Journal, the latter of which should be framed with debit and credit columns down the opposite sides of the page, so that, at the close of each entry, the total debits from the commencement of the year will equal the totals of the credits, and these again will agree with the totals in the Ledger whenever a trial or final Balance Sheet may be prepared thus proving its accuracy. Works Registers will also be kept, in which will be recorded the monthly Expenditure upon each Work or Repair.

121. Wherever the Officers, Accountants, or Clerks are classified, as is the case in some Provinces, it will be desirable that at the Central Office there should be a general Establishment Book, where the names and services of each individual are entered in the same classified form, and the monthly Salary Lists would be checked by this book. One of the advantages would be that an Officer, Accountant or Clerk, though moved from one Division to another, would here have his services and pay duly recorded in a consecutive manner, and by turning to his name in the Establishment Book, a complete history of each individual would at once be displayed. The lower class of unclassified Clerks might be entered in the same manner, or perhaps more conveniently under their several Divisions.

122. Immediately after the close of each month, the Deputy Auditor and Accountant General of each Province should furnish the Controller with a List of the Bank or Treasury Credits which have been granted to Executive Officers during the month, in order that the Controller may be in a position to check the debits in the Divisional Accounts of the Executive Engineers.

123. The Controller should also have the power of calling for any further detailed information which may assist him in carrying out an efficient audit of the Public Works Accounts.

124. The Suspense Account in the Provinces under the Government of India, to which all audited expenditure is carried in the first instance, to be subsequently transferred as a final charge against Government when the bill for each completed work has been passed, should be closed, and all audited expenditure be directly charged against Government. In place of this account and the present bills it would be sufficient for the Controller to submit to the Government at the close of each year a list of new works within a certain limit completed

during the year, comparing the cost of the work with the detailed estimate. A similar Suspense Account is kept in the Central Bombay Office, and should be dealt with in the same manner.

125. A complete set of forms for the use of the Central Office is added in the Appendix.

126. The Controller having thus audited the current expenditure, and gathered it up, month by month, into a complete set of books, which being kept by double entry will prove the correctness of the record, will be in a position to furnish with little loss of time an exact and complete account of the Public Works Revenue and Expenditure of the Province to which he is attached, as well as a statement of Advances, Deposits, and Balances. This return, classified under defined heads, should be rendered monthly with the least possible delay to the Accountant General of the Public Works Department.

(d) *Imperial Accounts.*

127. The Public Works Accountant General having received from the several Provinces the monthly classified returns of Revenue and Expenditure, will record them under the specified heads in his Imperial Ledger, and will render to the Finance Department monthly a Statement of the Revenue and Expenditure of the Department up to date, in juxtaposition with the Budget Estimates and grants for the several heads of service, showing as regards expenditure, the total grants, the total expenditure, and the balances remaining to be spent, and dealing with Revenue in a similar manner, and will also furnish a General Statement of the Advances, Deposits, and Balances of the Department.

128. The Finance Department will thus be in a position to judge as to the exact progress of Public Works Expenditure, and finding possibly that large savings must arise in this Department, will be able to deal with a liberal hand in regard to any other Department where further funds may be needed, and will be able to fix its financial arrangements with an amount of certainty which the present system does not admit of. The present monthly Returns of the Bank and Treasury Issues to Public Works Offices gives but a vague notion of the actual course of expenditure, and when once the new accounts are in working order, this Return should be dropped.

129. The accounts sent by the Controllers to the Deputy Auditor and Accountant General may also cease, relieving both him and the Controller of a considerable amount of labor.

130. Forms for the Monthly Return to the Finance Department are given in the Appendix.

VI—MISCELLANEOUS.

131. In England there is no difficulty in dealing with Local Funds. They are principally raised by local taxation, and are administered by local officers. Here, in India, however, they are principally derived from Imperial sources and are expended and audited by Imperial officers. Except where purely Local Funds raised for Municipal purposes are administered by Municipal Officers, it will be most convenient to let them follow the course of Imperial funds through the Imperial Budgets and the Imperial Accounts, merely distinguishing upon these which are Imperial Funds and Works, and which are local. Such Local Funds as are raised for special purposes and administered on the spot may be entirely excluded from the Public Works Budget, as those who supply the money for these local interests will naturally look after its proper application.

132. It may be observed in passing, that the mode of assessing and collecting the 1 per cent. Income Tax applicable to Local Funds is a complicated arrangement for arriving at a simple result. At present the 2 per cent. and the 1 per cent. Income Tax are entered upon each document as a separate deduction involving separate calculations and separate accounts. The same result would be obtained by making one deduction of 3 per cent. and assigning to local funds one-third of the total proceeds.

133. In outlying districts, where a Public Works Subordinate Officer would be but little under the supervision of the Executive Engineer, the system of placing minor Public Works under the charge of the Civil Authorities should be extended as far as each Presidency or Government may decide, whenever the local control over the work and the expenditure would be more efficacious and less costly than that exercised at a distance by the Executive Engineer.

134. The most convenient mode of dealing with the accounts of such Civil Authorities in respect of the works entrusted to their care will be to treat them as Sub-Accountant, to the nearest Executive Engineer. An issue to meet the cost of the work might be made to the Civil Officer, who would clear himself by sending in monthly, or on completion of the work, if completed within the month, a statement showing the amount that had been expended and the work that had been done. No detailed audit should be required in these cases, but a certificate from the Civil Authorities that the charges were correct, and from the Executive Engineer that the work had been performed in a satisfactory manner, should be deemed sufficient for passing the account.

135. In some Offices requisitions for Barrack repairs and minor works are furnished in duplicate; a single copy is sufficient, and the second only adds uselessly to the labor of copying and recording.

136. Barrack furniture supplied by the Public Works Department should be borne as a charge upon the Public Works Budget, and should not be repaid to the Department

by the Commissariat. Barrack fixtures are already a charge against the Public Works Department

137. The repairs and furniture of barracks being under the charge of the Public Works Department, it may be worthy of consideration whether it would not be desirable that the Barrack Master should be a Public Works Officer. It has also been suggested that certain simple Barrack repairs, such as white-washing, &c., might, with advantage, be carried out by the men themselves. The work might be offered to them at the estimated cost, to be carried out under the supervision of an Officer. It would give the men useful employment, and enable them to earn a trifle beyond their pay.

138. In some Provinces a classification of Accountants and Clerks, under which they obtain systematic promotion, has been introduced. This arrangement might, with advantage, be extended to the other Provinces. It will give these Subordinates a greater interest in the Department, and be an encouragement to zeal and long service; but in order to uphold the authority of the Executive Engineer over his staff, it should be clearly shown that due consideration is paid on the occasions of promotion to the Executive Engineer's recommendations.

139. Attention should also be given to the scale of salaries now in force for European Executive Subordinates, which, from the evidence before the Commission, appears to call for revision, with reference to the recent great rise in prices throughout the country. A fair scale of remuneration encourages honesty, for if a public servant is paid a smaller salary than will be sufficient to support himself respectably, a temptation is held out to him to add to his income by improper means.

140. There is a special difficulty in this respect with regard to English Subordinates, who are placed exactly in the same position and have the same salary as Natives, although it is a known fact that their cost of living must of necessity be very much larger. The objection to having different rates of pay for the same rank is evident, but the difficulty might perhaps be met by allowing the European to commence in a higher grade than the Native.

141. This question might be combined with that of increasing the staff of Assistants and reducing the number of Subordinates, a measure which has been strongly advocated in many quarters, and one for which good reasons have been shown to exist. A strong opinion has also been expressed in favor of the employment of Non-Commissioned Officers of the Engineers in place of Civilians, in which the Commission concur.

142. By method and industry, one good Clerk will do the work of two bad ones, and do it better; also by selecting a better class of Clerks, the tone and standing of the Department would be improved without extra cost to the State. In looking through the Establishment Lists great anomalies will be found to exist in the rates of pay, which it would be desirable to remove. In some of the Offices in the North-West Provinces, the average rate of salaries of Clerks is as low as Rs. 40 per month, in others it is Rs. 80.

143. With regard to the salaries of Engineers, the differences are equally striking. One third class Executive Engineer receives more pay than the Superintending Engineer of the second circle. One fourth class Engineer gets more than do several of the first class. A second class Assistant receives more than all but one in the first class, and equal to some of the Executive Engineers. This is a subject which deserves the careful attention of Government, and is now, we believe, under consideration.

144. The charge for the upper portion of the Public Works Establishment as regards Direction appears large when compared with the work to be performed, and it seems a question whether the number of Superintending Officers employed may not be reduced, as communications improve, and as railways facilitate inspection upon some of the lines, such, for instance, as along the Grand Trunk Road.

145. It has been proposed that where there is a difficulty in carrying out the contract system, Subordinates, who have had some experience in this description of work, might be encouraged to leave the Department and themselves become contractors. It is very desirable to adopt measures which would assist the development of the system of contracts, and this plan might be tried in a few instances experimentally, to be extended if successful. In those cases also where Officers find difficulty in extending the system of contract, they might be removed to some district where it is in operation, and one who has been successful in introducing the system elsewhere might be substituted. It will frequently, no doubt, be found that the difficulty was not a local, but a personal one. The occasional moving and changing of disbursers may also be usefully carried out as a check upon fraud or collusion, or to aid their detection.

146. Receipts should, as much as possible, be paid in at the office at Head-quarters, and no charges should be paid out of Revenue, as is now done in some cases, out of revenue arising from canals. The rule against this practice should be made universal.

147. The present classification of Public Works Income is as follows :—

I.—Ordinary.

- 1.—Tolls, Dues and fees.
- 2.—Rents.
- 3.—Rates.
- 4.—Profits (as from Mills, Mines, &c.).

II.—Extraordinary.

- 1.—Sales (as of old Buildings, Lands, &c.).
- 2.—Refunds (Short Wages, &c.).

III.—Profit and Loss (Fines, Interest, Surplus Cash).

There are also the following sources of Receipts:—

- Deposits, for security from employés or contractors.
- Tucceave advances repaid by Zemindars.
- Contributions from Native States or from private donors.
- Income Tax.
- Sale of Barrack supplies.

So many different headings add to the labor of book-keeping, while it is often not easy to draw the line between one head and another.

The Commission suggest the following heads as being sufficient:—

- 1.—Miscellaneous Imperial Receipts.
- 2.—Miscellaneous Local Fund Receipts.
- 3.—Contributions for Public Works.
- 4.—Repayments from Commissariat for Barrack supplies.
- 5.—Repayment of advances to Zemindars for Tucceave Works.
- 6.—Deposits.
- 7.—Income Tax.

The whole of the Public Works Receipts should pass through the Accounts of the Controllers, and such portion as is Income should be transferred by the Controller monthly to the Public Treasury as Revenue.

This would be a mere adjustment entry, and need not involve any actual Cash transaction.

148. Convict labor employed upon Public Works should not be charged for, but the value of the work to be done by Convicts should be taken as a reduction upon the estimate for the works.

149. The system of contracts at Scheduled rates should be extended as far as practicable. No contract should be made except with those who are known to be competent to perform it; but at the same time the most extended competition should be resorted to, amongst all that are competent. No security should be required except when advances are made, and payments to contractors should be made as frequently, and the reserves should be as small as possible.

150. It is advisable that the study of Book-keeping by Double Entry should be introduced into the several Civil Engineering Colleges.

151. A great saving of labor may be effected by an extension of the use of printed forms and by a reduction of useless books which appear in some cases to be kept for scarcely any other purpose than that of giving employment to the clerks. It should be the duty of Officers carrying out their periodical inspections to see, not only that the prescribed books and accounts are properly kept, but also that there is not a needless expenditure of labor upon books and accounts that are not required. There appears to be an innate love of multiplying records which tends to keep up a larger establishment than necessary, and to overlay what is important with what is trivial. This practice should be checked.

152. On a general system of accounts for the whole of India being introduced, it would be absolutely necessary that a Code of Regulations applicable to the Department generally should be prepared.

153. The principal points adverted to in this Report are the following:—

- 1st.—The substitution of cash payments for liabilities as charges in the accounts.
- 2nd.—The abolition of an intermediate suspense account in the Central Offices, all audited expenditure being charged direct against the Government.
- 3rd.—The introduction, throughout India, of monthly audit on original accounts.
- 4th.—The charging materials when purchased, as far as possible, direct to works instead of carrying them through an intermediate stock account.
- 5th.—The charging tools, plant, machinery, instruments, office furniture, &c., against a general head of service, instead of a Suspense Account cleared by charges to Works.
- 6th.—The substitution of a simpler and more complete form of a Budget Estimate than the one now in use, and the conversion of the Reserve Fund into a grant for minor works.
- 7th.—The appointment of a Public Works Accountant General for India.
- 8th.—The Pre-audit of salaries to be dispensed with.
- 9th.—The formation of a general system of accounts applicable to the whole of India.
- 10th.—The transfer in the Provinces under the Government of India of the duty of abstracting the accounts from Controllers to Executive Engineers, and the appointment of Accountants to the Divisional Offices.
- 11th.—The transfer, as far as possible, of the labor of compiling accounts from Subordinates to Executive Engineers and their Accountants, and the withdrawal of the duty of the disbursement from the Subordinate in charge of a work.
- 12th.—The classification and promotion of Controllers as Imperial Officers.

154. There are also a number of minor recommendations which will be found duly set forth under the several heads of the Report, but the above are those which chiefly affect the general principle of the accounts.

155. It is important that the several recommendations should be recognized and carried out as soon as possible. The financial year is drawing to a close and the 1st May will soon be here, and unless the changes recommended can be introduced before that date, the accounts under the old system will have been commenced for the new year, and the necessary alterations will be much more difficult to effect.

156. During the course of April, the accounts should be cleared of everything which will have to be excluded from the new accounts. Liabilities which have already been charged to works, but which remain unpaid on the 30th April, will have to be re-credited to those works. Materials chargeable direct to works will have to be so charged. The Store Accounts will have to be separated into Reserved Stock and Stores, such as tools, &c., which in future will be, on purchase, chargeable direct to a Budget head. The new books of accounts will have to be prepared, and measures taken for their introduction. There is therefore no time to be lost, and steps should at once be taken for obtaining the sanction of Government to the proposals, and for carrying out the necessary measures with energy and as much rapidity as due care will admit of.

157. The first eight points named in the recapitulation which has just been given may well be carried out by the 1st May.

158. The introduction of the new system of accounts in its full completeness may not be universally practicable by that date, but the new books and accounts, if not ready on 1st May, may even after that day be posted up from the commencement of the year, and this will only involve some additional amount of labor.

159. The transfer of the duty of abstracting the accounts from the Controller to the Executive Engineers is also an operation which must be gradually carried out, but even in this, it is desirable that no unnecessary delay should be permitted. The same may be said with regard to the compilation of the accounts of the Subordinates.

160. The questions relating to the position of the Controllers should also meet with early attention.

161. In concluding our Report, we beg leave to record our acknowledgment of the readiness with which valuable information and opinions have been afforded to us by the large number of experienced Officers whom we have consulted, and to express our desire to offer our willing assistance in carrying out, with the sanction of the Government, the recommendations we have made.

M. H. FOSTER.

H. W. S. WHIFFIN.

*W. KENDALL, *Lieut.-Col., R.E.*

G. CHESNEY, *Major.*

J. G. RYVES, *Capt., R.E.*

CALCUTTA,
27th February 1864.

[N. B.—The Forms will follow as soon as possible.—M. H. F.]

* See Dissent attached.

DISSENT TO PUBLIC WORKS REPORT BY BOMBAY COMMISSIONER.

Paragraphs 39 and 67—Require that a detail of the labor and all materials used on a work be shown in the abstract of the estimate, and on which the Controller would check the purchases and payments that appear in the Engineer's monthly accounts. I cannot concur in this; its effect would be greatly to complicate the Executive Officer's accounts, without, I believe, being practicable really to carry out, or necessary if given. The estimate is checked by the Superintendent Engineer, and on the recommendation of the Chief Engineer, sanctioned by Government, and so long as this amount is not exceeded the Controller should not be required to interfere. It must be remembered that a large work is never finished exactly as designed, nor would an officer know, on making out his estimate, what materials would be purchased in the rough, and what in a finished state; yet each of these details would alter the proportion between "Labor and Materials" in the original estimate, and involve references from the Central Office—which, if made at the time, might be answered—but difficult or next to impossible to explain to a distant office, months after, when perhaps the subject was forgotten. I am satisfied there would be nothing to compensate for the irritation and inconvenience it would occasion.

Paragraph 42—I do not agree to paragraph 42, that the Public Works Controllers should be formed into one body, the same as in the Financial Department. I believe it to be necessary that those entrusted with the larger offices should have qualified in the Executive Branch up to 1st class Engineer. The difficult and complicated nature of Public Works accounts over those of all other departments renders comparison valueless, and no good can result from having Controllers brought up in a Central Office, dealing with Public Works expenditure, their experience having only been acquired from papers and returns. The Public Works Auditor should be acquainted with the district, the prices of labor and materials, and every detail of an Executive Engineer's Accounts and works, which he would have to inspect and report on, otherwise he would be an unsafe adviser to Government, and neither have their confidence

nor that of the department, generally. This experience can only be acquired in the rough outdoor work of an Executive Division.

Paragraphs 51 to 56.—I dissent entirely from these conclusions. Admitting in an account point of view that a Public Works Reserve is irregular and opposed to the English Budget theory, yet this compromise which has been approved by Her Majesty's and the Supreme Government, is, I believe, essentially necessary in the present progressive state of India. The Budget Rules of annual Estimate and appropriation cannot be rigidly enforced in this department without detriment to the Public service, and the existing discretionary power must, I think, be continued to the local Governments, if they are to be held responsible for the welfare of the country and for efficiently carrying out this branch of the administration. Under the 56th paragraph the local Government is empowered, within certain limits, to sanction and commence on works under Rs. 2,500; the question is, will this amount include the "unforeseen requirements" of a large Presidency? I think not, and if enforced, would be productive of delay, useless correspondence on trifles, and other evil results.

One of two results would follow; either Heads of departments would be discouraged by having all their applications for works costing more than Rs. 2,500, whether urgent or not, met by the constant reply that the project was approved and should be submitted for the sanction of the Supreme Government in the following year's Budget, or the Government of India would frequently be applied to, and must be prepared to sanction all works proved to be necessary, irrespective of the original Budget provision.

This was the plan followed a few years since, but the Governments of Madras and Bombay had then the power to commence on works under Rs. 10,000 (within the Budget limit) without reference to the Supreme Government, and if the Reserve is to be abolished, this limit should be restored, and all works under the sum classed under "minor works" for which a lump sum would be voted annually.

W. KENDALL.

The 27th February 1864.

Dated 8th March 1864.

No. 38.] *Minute by the HONOURABLE SIR C. E. TREVELYAN, K.C.B., Member of the Council of the Governor General.*

The Report of the Commission of Enquiry into the Public Works Accounts is highly satisfactory and creditable to all concerned. The Commission has ably and faithfully performed its task. The Officers of the Department, from every part of India, have cordially co-operated with them; and it is apparent from the result of the enquiry that, although some important improvements remain to be completed, great and successful exertions have already been made in establishing order and regularity throughout the Department. I so generally concur in the recommendations of the Commission that I shall be able to confine my remarks to a few points which call for special notice.

There can be no doubt of the necessity of appointing an Accountant General to the Public Works Department. At present the information which the Financial Department is able to obtain hardly goes beyond a statement of the original appropriations. It is indispensable, as stated by the Commission, that we should have current information of the progress of the expenditure of the great annual grants for Public Works, and the earliest means of knowing whether the expenditure has exceeded or fallen short of the grants. As the functions of the Accountant General will be confined to financial results, they will not interfere with the administrative freedom of the Local Governments. As the annual accounts of the Public Works expenditure will thus be collected and compared under one general view, previously to their being incorporated with the financial accounts by the Auditor and Accountant General, instead of their being separately rendered for each Province through the Deputy Auditors and Accountants General, greater simplicity, expedition, and exactness will be attained than is the case at present.

The Accountant General to the Public Works Department will be an Officer of the Supreme Government for the whole of India, and the Controllers and Auditors in every part of India should be eligible for the appointment; but I cannot recommend that we should go beyond this to make the Controllers Imperial Officers. This would, at one stroke, change the existing constitution of India and deprive the Local Governments of their administrative independence. The Financial Department is not a case in point, because the regulation of the public balances and appropriations is one of the branches of administration expressly reserved by the Government of India; and while this centralized management of the finances supports every executive administration, it does not interfere with the working of any.

One important duty of the Accountant General to the Public Works Department will be to see to the correctness of the accounts of the Railway expenditure so far as the Government is concerned in them.

As the Accountant General will, in the discharge of the duties at present performed by him as Inspector General, often have to be absent, and as it may be expected that frequent transfers on promotion will take place in the office, there ought to be a permanent professional Accountant subordinate to him in the position of Deputy Accountant General.

I entirely concur with the view which the English Commissioners take of the Reserve Fund. The existing practice is subversive of all regularity both of estimate and account. The Local Governments are properly vested with the discretion of applying the savings under some of the works included in the Budget to accelerating other sanctioned works also included in the Budget, to the extent of the total estimated cost of each work; but if they are also at liberty to carry these savings to a Reserve Fund, and to apply that fund to commencing any new works not included in the Budget, provided each of them does not exceed a certain amount, it becomes impossible to exercise any real control over the allotment of the funds available for Public Works for the whole of India. The minor works of each class should be shown in the Budget Estimate under one item, according to the English practice; and, if a necessity should arise for new unforeseen works which were not included in the Budget Estimate, they should form the subject of a Supplementary Estimate and Grant.

I do not see any sufficient reason for altering the existing practice by which payments in England for stores for the Public Works Department are included as charges in the Indian Estimates and Accounts. If such a change is proper for Public Works Stores, it must be equally so for the stores obtained from England for other Departments; but, as such stores form no part of the home expenditure, and the Secretary of State merely procures them at our requisition, the cost of them is properly included in the Estimates of Indian expenditure. There was a complication arising from the double Estimates for these stores which were furnished by the Indian Departments concerned, and the Officers of the Secretary of State; but this has been corrected by the Circular, in the Financial Department, No. 4551 of the 18th of September last, paragraph 15, which directs that "the expected cost of stores from England should not be included in the body of the Estimate, but should be shewn in a separate note at the foot of each Departmental abstract." The Budget Estimate for stores furnished from England will, for the future, be based upon a statement which the Secretary of State has been requested to furnish, towards the close of the year, showing, as nearly as possible, the sums which will be actually expended.

The Commissioners state too broadly that "all Public Works should be included in the same Budget." Colonel Strachey remarks, with greater exactness, that "so far as the accounting is concerned, the agency should determine the character of the charge; and that Local Funds spent by Imperial Establishments should be dealt with as contributions to Imperial Funds, and so accounted for, and Imperial Funds applied *under proper authority* under Local Agencies should be finally written off on that authority, as a lump sum grant for local purposes, and the audit taken accordingly in connection with the local outlay." It is a matter of much public interest to cherish the germs of self-government contained in the administration of the Local Funds; and although it may be necessary that the Local Funds should be included in the Public Works Accounts so far as they are expended through the agency of Imperial Public Works Officers, it is not the less necessary that they should also be included in the comprehensive annual Local Funds Estimate and Account prescribed by the Circular of the Financial Department, No. 4559, dated the 18th of September last.

The Commissioners observe in paragraphs 77 and 78 of their Report that the present stocks of stores might be usefully reduced to a very considerable extent, and that all unserviceable stores should be at once sold, and the proceeds brought to account. These recommendations will, I trust, be promptly and effectually carried out, and care will, I hope, be taken by frequent inspections, to prevent any future accumulation of unnecessary stores. No point of financial management has a more direct bearing upon economical and orderly administration than this.

As the Commission only suggests it "as a question worthy of consideration," whether it would not be desirable that the Barrack Master should be a Public Works Officer, it will not be necessary to enter upon the subject, unless it should be brought forward in a substantive form in communication with the Military Department.

The circumstances of the different Provinces of India are so different that no single Code of Rules could be devised which would be equally applicable to all, and the attempt to establish one would occasion much unnecessary friction. An uniform Code is useless, unless it is supported by an uniform centralized administration, which would be inconsistent with the principle upon which the present constitution of India is based. The revision and sanction of the Budget and Supplementary Estimates, and the accounts of the Expenditure under the Budget heads to be furnished to the Accountant General, provide the means of a general supervision, and, beyond this, the more freedom the Local Governments have, the better.

It will not, I think, be desirable to fix any date as that from which the various measures recommended by the Commission should take effect. This must depend upon many circumstances, the whole of which cannot be foreseen. The Report and its Appendices will be of the nature of a general instruction to the Accountant General, who will, with the aid of his Deputy and of the other Officers of his branch of the Department of Public Works, give effect to the recommendations with as little delay as possible, except so far as those recommendations may have been modified by a Resolution of the Government.

Dated 12th March, 1864.

No. 39.] *Minute by the Hon. W. GREY, Member of the Council of the Governor General of India.*

I will remark on two points only of the Report.

In all other respects I concur in the view taken by Sir Charles Trevelyan of the several recommendations contained in the Report.

The Controllers being Officers of Account, it does not appear to me that the proposal to form them into one body is open to the objection stated by Sir Charles Trevelyan. I do not consider that the measure would in any degree deprive the local Governments of their "administrative independence." It should be remembered that the question has practical reference to Madras and Bombay only.

All the other Controllers throughout India do already form one body. If Bombay and Madras are to remain isolated in this matter, each providing for itself, it is obvious that they will have a difficulty in providing trained Officers for their accounts, and it will also certainly be found that the Controllers in these Provinces being comparatively unknown to the Central Authority will have very little chance of being selected for the Central Office of Accountant General.

In this view, as well as for the reasons stated by the Commissioners, I think that the formation of the Controllers and Deputy Controllers throughout the whole country into one body is desirable. It may not perhaps, however, be advisable to force the measure on the Governments of Madras and Bombay if they regard it with strong objection. The reasons for the proposal might be put to them, and their opinion on it invited.

I entirely agree that the power now vested in the local Governments to apply savings to new works should be withdrawn. To speak of applying *savings* in fact describes insufficiently the power which is really put into the hands of the local Governments by No. 22 of the Budget Rules. Under that Rule, a local Government may entirely upset the Budget appropriations, so far as works sanctioned by the local Government are concerned, and may undertake any number of new works not entered in the Budget so long as the aggregate amount passed for specific works within the competency of the local Government to sanction is not exceeded. Thus it is evident that a local Government might undertake and execute works (in the case of Bombay and Madras to the extent of 2 lakhs for any one work), on the necessity for which the Government of India would have no opportunity of expressing an opinion, and to which there might be strong objections.

This consideration is specially important as relating to Military works of all sorts, in regard to which there certainly ought to be some uniformity of rule, and of the necessity for which the Government of India is generally as well able to judge as a local Government can be.

It would be manifestly objectionable that a local Government should provide a theatre, for instance, for troops without obtaining the sanction of the Government of India to do so. Yet this or anything else might be done by a local Government under the words of No. 22 of the present Budget Rules, for that Rule, as it stands, empowers the local Governments to suspend Budget works sanctioned by themselves and to undertake others, the only check on their proceedings being that such charges of appropriation are to be brought under notice in the Weekly Abstract of Proceedings.

I think that this power entirely to change the appropriations of the Budget should not exist; and I also agree with the Commissioners that real "savings" upon works should be applied only to other Budget works and not to new works.

I am not able, however, to go the full length with the Commissioners in objecting to "the retention of a Reserved Fund under any form." I think that in this country a Reserve in some form and to some extent is quite necessary, and the proposal of the Inspector General does not seem to me unreasonable.

Dated 15th March 1864.

Minute by His Excellency the Viceroy and Governor General of India, concurred in by the Honourable H. B. HARRINGTON, and the Honourable H. S. MAINE.

I concur in Mr. Grey's views and proposals.

Dated 19th March, 1864.

No. 40.]

Minute by the Honourable SIR R. NAELER.

The Commission of Enquiry have executed their task in a most satisfactory manner.

They have consulted every source of information which was within reasonable distance, and have recorded their recommendations in so brief and unpretending, though so practical a manner, that those unacquainted with the subject would perhaps scarcely appreciate the labor gone through to arrive at the result, or the very important nature of the reform recommended.

The main points of Public Works Accounts, on the correct and early rendering of which all the rest depend, are—

1st.—The first abstract of detailed accounts of expenditure.

2nd.—The nature of the Establishment by whom this is to be performed.

3rd.—The treatment and mode of charging for stock.

On these points the Commission recommend a radical change of system; an abandonment of extreme centralization.

I entirely concur in all the recommendations of the Commission contained in the recapitulation, except in regard to the Reserve Fund; on this point I agree with Major Chesney.

The pre-audit of salaries is comfortable for the executive, but not so for the Subordinates, who value greatly the prompt payment of their salaries on the 1st of the month; I therefore go with the Commission on this point.

I entirely concur in the twelfth recommendation which would make Controllers Imperial Officers. Those appointments are in a class which requires the widest field for selection.

I conclude it is intended that not only the Divisional Accountant but the principal Clerks of his Office shall regularly form part of the Public Works Account Department with all the privileges of Government Service.

I shall have satisfaction in joining in a suitable official recognition of the services of the Commission.

No. 1880, dated 9th April 1864.

No. 41.] *RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.*

Read—

Extract from Proceedings in the Department of Public Works regarding the revision of the accounts of that Department, conformably with the recommendations of the Commissioners of Public Works Accounts.

The Governor General in Council approves generally of the recommendations of the Commission as modified by the Resolution of Government which has been recorded in the Public Works Department.

The creation of the appointments of an Accountant General for Public Works Accounts, on a salary of Rs. 2,000 per mensem, and of an Assistant Accountant General on Rs. 1,200 monthly is authorized.

ORDERED, that a copy of this Resolution be communicated to the Public Works Department.

[Account Pro, August 1864, Nos. 46 to 47.]

ACCOUNTS OF EXPENDITURE OF PUBLIC WORKS FUNDS BY CIVIL OFFICERS.

No 318a-3447, dated 26th July 1864.

No. 46.] *Memo. from—The Secretary to the Government of India, PUBLIC WORKS DEPARTMENT, To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.*

The undersigned is directed to forward for consideration and orders in the Financial Department a note, No. 169, dated 23rd June 1864, by the Accountant General, Public Works Department, with accompanying papers,* proposing certain changes in the mode of dealing with the accounts of expenditure of Public Works funds by Officers of Civil Departments.

* Accountant General's No. 244, with enclosure, General No. 2368.

Accountant General's No. 249, with enclosure, General No. 2370.

Punjab Controller's No. 602, dated 9th June 1864, Register No. 195.

Accountant General's No. 53, dated 14th May 1864.

Secretary to Government of Punjab's No. 6958, dated 15th April 1864, General No. 796.

2. When the office notes which accompany were written, it was overlooked by the undersigned and the Accountant General, Public Works Department, that the Public Works Accounts Commissioners (in paragraph 13^d of their report) have made a definitive proposal on this subject, *viz.*, that Civil Officers undertaking public works should be dealt with as Sub-Accountants to the nearest Executive Engineer; and it will rest with the Financial Department to say whether this plan should be adopted or that proposed in the Office notes above referred to,—of transferring the accounts of such expenditure to the public works books through the Deputy Accountant General of the Province. The plan of the Commission has the advantage of simplicity, and would reduce the number of accounts to be kept in the Controller's Office, and all possibility of the outlay exceeding the advances would be prevented. On the other hand, it may be doubted if the task of pressing the Civil Officer for punctual returns of his expenditure will be rendered more easy by being transferred from the Public Works Controller to the Executive Engineer.

3. Probably, however, it might be desirable to give the plan proposed by the Commissioners a trial during the current year, and if it is found not to answer, it might then be replaced by that suggested in the accompanying Office Notes.

The correspondence noted in the margin^a upon the same subject, which has just been received, is also forwarded herewith.

Early orders are requested.

No. 1692, dated 10th August 1864.

No. 47.] *RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.*

Read—

Memorandum, Public Works Department, No. 318a-3447, dated the 26th July 1864, forwarding papers regarding certain changes in the mode of dealing with the accounts of expenditure of Public Works funds by Officers of the Civil Department.

The Governor General in Council observes that at present Officers of the Civil Department, who are entrusted with the expenditure of Public Works funds, are not restrained in the same degree as Engineer Officers by the system of Letters of Credit, as, owing to their being generally in charge of Treasuries, they have the command of funds independently of the Letters of Credit.

There are also two other defects in the present system of controlling the expenditure of imperial funds on Public Works by Civil Officers, *viz.*, their generally informal account of the expenditure, and their delay in furnishing requisite explanations to the Controllers of the Public Works Accounts.

2. The remedy proposed by the Public Works Accounts Commission, in paragraph 134 of their Report, is that Civil Authorities, in respect of the works entrusted to their care, should be treated "as Sub-Accountants to the nearest Executive Engineer. An issue to meet the cost of the work might be made to the Civil Officer, who would clear himself by sending in monthly, on completion of the work, if completed within the month, a statement showing the amount that had been expended, and the work that had been done. No detailed audit should be required in these cases; but a certificate from the Civil Authorities that the charges were correct, and from the Executive Engineer that the work had been performed in a satisfactory manner, should be deemed sufficient for passing the account."

3. The Governor General in Council approves of this plan; but to give effect to it, Civil Officers should be provided with funds for expenditure on Imperial Public Works from the Letters of Credit of the Executive Engineers of their Districts, and stringent orders should be issued by the Several Local Governments and Administrations, interdicting Officers in charge of Civil Treasuries, when acting as civil disbursers of Public Works, from using any money for such disbursement, except what they may obtain from the Executive Engineer of the Division.

4. In enforcement of this prohibition, the Deputy Auditor and Accountant General should scrutinize monthly the Inefficient Balance, or account of Miscellaneous Advances, for any payments of Public Works expenditure from the general funds in the Treasury. The advances made by Executive Engineers to Civil Officers will of course be detailed in the monthly accounts rendered by the former to the Controller of Public Works Accounts, and such items as in the judgment of the Controller are not adjusted quickly enough, should be notified by that Officer to the Deputy Auditor and Accountant General, who should at all times have the support of the Local Government in any requisite measures for enforcing the rules for the punctual submission of accounts by Civil Officers to the Executive Engineer, and for their making Public Works disbursements from no other funds than those supplied by the Executive Engineer.

5. By the course now ordered, the Public Works disbursements of Civil Officers will be incorporated in the accounts of the Executive Engineers, who might be held responsible for correcting informalities or obscurities in the Civil Officer's Accounts, such as have hitherto been the fruitful cause of the Public Works Controller's calls for explanation.

6. These rules will come into effect on the 1st November next.

ORDERED, that a copy of this Resolution be sent to the Public Works Department, the Auditor General of India, the Accountant General, Government of India, and the several Deputy Auditors and Accountants General, and Civil Pay Masters, and that the original documents received from the Public Works Department be returned, without a copy of them being kept.

[Abstract Account, September 1865, No. 21.]

Report by Major G. Chesney, Accountant General, Public Works Department, on the state of current business in the Public Works Account Department, with notice of the changes of system lately carried out,—dated 19th June 1865.

In accordance with annual custom, I beg to submit the usual Report showing the state of the current business in the Offices of Public Works Accounts throughout India at the end of the year 1864-65.

2. The state of each Office is detailed in the following table. I also beg to attach copy of the accompanying circular, No 11 of 1865, which has just been issued from the Accountant General's Office :—

Progress made during year.

Statement showing the state of arrears in the Public Works Offices of Account, in receiving, compiling, auditing, and booking the accounts of Executive Engineers, at the beginning and end of the year 1864-65.

PROVINCES.	PLACE IN THE LIST		AVERAGE ARREARS IN ALL BRANCHES OF THE WORK, IN MONTHS AND DECIMALS OF A MONTH		Gain during year.	Loss during year.
	On 30th April 1864.	On 30th April 1865.	April 1864.	April 1865.		
Oudh	1	1				
North-Western Provinces... .. equal	1	1				
Punjab	9	3	.49	.01	48	
Hyderabad	6	4	.13	.03	10	
British Burmah	5	5	.04	.03	01	
Central Provinces	1	6		.04		.04
Straits Settlements	4	7	.03	.06		.03
Mysore	10	8	3 70	.27	3 43	
Bengal	8	9	.35	.40		.05
Upper Godavery	7	...	20			
						Transferred to Central Provinces in May 1864.
		Total ..	4.94	.84		
		General average for the whole Department ...	49	.09		

3. It may be useful to explain how the rate of progress here shown is calculated, and what is deemed to constitute arrears.

4. The Public Works Accounts pass through five stages—

I.—The original accounts of disbursers have to be prepared and sent up with vouchers, &c., to the Executive Engineer, by whom, after examination, and being made complete in all respects, they are forwarded to the Controller's Office.

II.—These original accounts are worked up into a *Schedule* or *Abstract*, which compares expenditure with authorities, and the rates of work done with the rates of the estimate, and generally are put into a state to admit of a complete audit being given.

III.—A copy of this Abstract or Schedule is made and sent to the Executive Engineer for his use and guidance.

IV.—The accounts are audited.

V.—The accounts are passed through the Provincial Abstract, Journal, and Ledger. They are also posted into divisional (or subsidiary) books for convenient record of details.

5. One month is allowed for the first operation, a fortnight for the second and third together, and a fortnight for the fourth and fifth each, or two and a half months in all, so that the accounts of a Public Works Division for April ought to be submitted to the Controller's Office by the end of May, and finally disposed of there by the 15th July, and any delay beyond that is held to constitute arrears.

6. The average arrears of accounts in a Provincial Office is therefore ascertained by dividing the total arrears for all the executive divisions, in all stages, by the number of divisions in the Province, and by five, the number of operations into which the current business is divided.

7. The state of the Public Works Accounts may now be judged by the standard as above explained, from the figures given in the table. It will be noticed that the average arrears for the whole department has been reduced during the year from '49 to '09 of a month; that in Oudh and the North-Western Provinces there are no arrears; and that in Punjab they amount to only '01 of a month, or one and a half working hours. Hyderabad and British Burmah show '03 of a month, or three-fourths of a day; the Central Provinces and Straits Settlements '04 and '06 of a month; Mysore, which last year was nearly four months in arrears, is now '27; and Bengal, which is last on the list, has arrears represented by '40 of a month.

8. The Bengal Office is the only one which has lost ground sensibly during the year. This is mainly due to delay in the submission of their original accounts by Executive Engineers, and not to delay in the subsequent action of the Controller's Office. It is represented by the local officers that some of the divisions in Bengal labor under peculiar difficulties in this respect, by reason of defective postal arrangements; but there is nothing of this kind in Bengal which is not equally to be encountered in other parts of India, notably in British Burmah and the Central Provinces, where nevertheless the most perfect regularity is maintained; it is to be hoped therefore that a way may shortly be found in Bengal also for overcoming this difficulty.

9. Next, I beg to set down the advance made of late years towards greater and greater punctuality. This may be shown for the whole Department as follows, the average arrears in the different current stages having been—

Comparison with arrears of previous years.

On the 30th April 1862	...	...	...	...	...	...	1'88 of a month.
" " 1863	...	...	...	...	...	...	'55 "
" " 1864	...	...	...	...	...	...	'49 "
" " 1865	...	...	...	...	...	...	'09 "

10. The mode above described of showing the state of work in the Accounts Offices has been determined with reference to the different stages the accounts pass through, but the ultimate end of these different operations is, that the audited accounts should be posted up in the provincial books to the proper heads, and the state of the accounts, in this respect, on the 30th April 1865, was as under—

Journals written up, and Ledgers posted, and Balance Sheets struck.	North-Western Provinces	} for February 1865.
		Central Provinces	...	
		Hyderabad	...	
		Straits Settlements	...	
	British Burmah	} for January 1865.
		Punjab	...	
		Oudh	...	
		Mysore	...	
		Bengal	...		... for December 1864.

11. Since, on the 30th April, the accounts for February are not due to be booked, the above table shows that, considering the final stage of the accounts only, four Provincial Offices are in advance of the standard, and generally the average arrears are below '09 of a month. But it is not considered sufficient that the accounts should be booked in time, and that delay in the receipt of the accounts should be compensated by greater rapidity in disposing of them in the Controller's Office. It is plainly a desirable thing, on its own account, that the original accounts of disburseurs should be furnished with the extremest regularity, and therefore the mode adopted of estimating arrears, *vis.*, by reference to each stage in the accounts, appears to be a fair and satisfactory one.

12. This advance in the rate of despatch of business made in 1864-65 has been accomplished simultaneously with the introduction of several important changes of system, which, although tending to simplification and reduction of work ultimately, have unquestionably had the ordinary effect of changes, of increasing work while they are in course of being carried out.

13. I am anxious to draw particular attention to the rate of work in the Offices of Public Works Accounts, because I believe that the state that they arrived at, as regards punctuality and promptitude in the despatch of business, is not generally known, and that they suffer under the stigma which attaches to Indian official accounts generally. These are a standing subject of comment both in the Indian and English Press, as well as in Parliament, and the criticisms of the Public have been endorsed

by the highest official authority on the subject.

* *Extract from Supplement to "Gazette of India," dated the 8th April 1865, Page 127.*

But the most remarkable feature of Indian finance is its variability. The results have to be collected from so many Governments and Administrations, in reference to such a variety of departments and subjects, that Indian finance is a series of surprises and disappointments; and the evil is much aggravated by the imperfect nature of the accounts. At Home, the Chancellor of the Exchequer sees from week to week the progress of the income and expenditure. Here, till I have the annual estimates before me, I cannot say how I stand within a million or a million and a half. When I took charge of this office, I found I was under a pledge inherited from my predecessor to publish quarterly accounts. But the Officers of the Department warned me to take care what I was about and, on further experience, I found that the accounts are so overloaded, with what they called "adjustment items," that the "monthlies" are always nullified by the "quarterlies," while the "quarterlies" are extinguished by the "annuals," and even the annual statements, which are the basis of the accounts laid before Parliament, are corrected by the "general books," which are the final accounts, and are, in most parts of India, four or five years in arrear.

pliable to all the State Departments. And so long as the Public Works Accounts of each Presidency and Province were incorporated with the Civil Accounts, the one necessarily was involved in any delay which attended the other; and if, as has been the case, the Public Works Accounts of a Province, for a given year, have lain for a couple of years and upwards in the Office of the Local Accountant General before they could be posted into his books, and transmitted to the Financial Department, the result was the same practically as if they were to that extent in arrear.

15. But now that the Public Works Accounts have been separated from the others, and constituted a separate Department of Account, their final disposal is not regulated by any delays occurring elsewhere; and it will be apparent from the foregoing recital of the rate of progress in this Department that the strictures above quoted are in no way applicable to them. I am very far from thinking, indeed, that the Public Works Accounts have reached perfection; and I suppose that finality is not to be looked for in accounts more than in any other part of the administration, but this much may be claimed, that in the matter of despatch and punctuality at least there is no cause for complaint.

16. Further, it may be stated that the distinction between adjusted and unadjusted accounts in respect to the comparison between the grants and expenditure of the year, which is generally held to be such a fertile cause of embarrassment and confusion in Indian accounts, has no place in the system pursued in this Department. The simple procedure now in force, under which all expenditure is, if possible, carried directly to a Budget service head, is certainly of recent date, and is due to the recommendations of the Public Works Commission; until lately, there has been often delay in the final charge of expenditure to its final head (i. e., in the 'adjustment') due to the mode of audit which this Department inherited with other traditions from its connection with the civil accounts; but, ever since Budget estimates were established in India, the main principle, that the cash expenditure of the year constituted the charge against the grant of the year, has been firmly maintained; while, from the year 1862-63, a complete form of appropriation account has been in use, comparing the actual expenditure with the grants of the year.

17. But while I would claim for this Department that it has taken the lead in establishing a sound system of account, that while Indian accounts generally are several years in arrear, those of the Public Works Department are up to date, and that the Budget system has attained a completeness with us which other Departments are still striving after; the Public Works Accounts have doubtless needed revision, and have received great improvements in consequence of the formation of the Commission, composed of the English Commissioners and Public Works Accounts Officers for the three Presidencies. Although our operations had been so far successful that we had succeeded in working clear of the arrears of ten and even five years ago, the task has been a severe one, and the Department is under a great obligation to the English Commissioners for the great relief which has been afforded by the removal of the numerous obstructions and complications which, until lately, hampered the accounts. I refer to them particularly, because, although the changes lately carried out have been ostensibly adopted at the recommendation of the Commission of which they only formed a part, it will be readily understood that the broad and lucid views—the great simplification and improvement of procedure—advocated by the Commission were the fruit of their proposals, and that the ready acceptance those proposals met with was chiefly due to the weight conferred by their authority.

Benefit derived from action of English Commissioners.

18. As bearing on the subject-matter of this report, this will be a fitting place for briefly recording all the changes of system which have been carried out during the year, in pursuance of the orders of the Government of India, issued from time to time, upon the different recommendations of the Commission. In doing so, I shall confine myself to an account of

Changes of system effected during the year.

I need only refer on this point to the speech* of the Honorable Sir C. E. Trevelyan, in the Legislative Council, on the 1st April 1865, published in the *Gazette of India*, and to the Reports of the Commissioners on the Civil and Military Accounts, also published by authority. In those Reports it is stated that the regular books of those departments are many years in arrears; that the accounts rendered to Parliament have, in consequence, to be based on returns compiled in anticipation of the accounts being passed through the books; and that, from the distinctions made between unadjusted and adjusted accounts, neither from these Returns nor from the books can the actual expenditure of the year ever be correctly ascertained.

14. Although, doubtless, in the remarks above quoted, the reference was chiefly made to the Civil Accounts, still they will probably convey the impression of being ap-

pliable to all the State Departments. And so long as the Public Works Accounts of each Presidency and Province were incorporated with the Civil Accounts, the one necessarily was involved in any delay which attended the other; and if, as has been the case, the Public Works Accounts of a Province, for a given year, have lain for a couple of years and upwards in the Office of the Local Accountant General before they could be posted into his books, and transmitted to the Financial Department, the result was the same practically as if they were to that extent in arrear.

26. *Reduction of classification.*—Public Works expenditure used to be classified under 47 heads, the accounts of expenditure being recorded under every Department of Government (as Fortifications, Cantonnements, Commissariat, &c.; under Army; Revenue, Police, Custom, &c., under Civil Administration), and under every class of work of public improvement, as Navigation Canals, Irrigation Canals, Metalled Roads, Unmetalled Roads, &c. They are now classified under the five heads—Military Buildings, Civil Buildings, Agricultural Works, Works of Communication, and Miscellaneous Public Improvement. The saving of labor in accounts is very considerable; and although statistical Returns will be more troublesome to prepare, because the items of expenditure will have to be picked out of the books, instead of being collected under separate heads, such returns are not often called for.

27. A considerable reduction has also been made* in the classification of Public Works Receipts.

* Public Works Circular No. 24 of 1864.

28. *Reduction of Stock Accounts.*—The Commission considered the practice to be necessary which they found in force, of keeping the materials purchased for general purposes on the books of the Department at their money value, the account stock being cleared in turn as the materials are used on works; but they recommended that materials purchased directly for works should be charged at once to those works, and this change has been ordered† to be introduced from the beginning of the year 1865-66. The reduction of work in accounts should be considerable.

29. Another important measure was carried out from the beginning of the previous year, the removal from the stock accounts of those articles which come under the term 'tools and plant.'‡ The expenditure on these is now charged directly to a final Budget head of service, and the articles are kept on the books merely at their money values.

30. During the course of the year also road metal has been removed from the stock accounts, and is now charged direct to the estimate for which it was purchased.

31. *Contracts Accounts.*—New forms of contract accounts have been issued§, which came into operation on the 1st November 1864. The charges made for works executed by contract are now based on the cash payments made, and all advances are charged direct to the works on account of which they were made. By this arrangement all expenditure of this class forms a charge at once against the grant of the year, instead of being passed through any intermediate (suspense) advance account. A greater correspondence is thus produced between the Budget estimate and the expenditure incurred against it, than used to be practicable, while it has been specially arranged to keep the advances under quite as close scrutiny as before.

32. A change which has been made in the mode of comparing the total annual expenditure against the grant of the year may be noticed in this place. Heretofore it has been usual to consider the total cash expenditure incurred on account of the Public Works Department, as the charge to be made against the grant, including all miscellaneous expenditure, as for advances, and manufacture, and purchase of stock materials, as well as that incurred directly on service heads. Thus, supposing the advance account to be increased by five lakhs, there would be five lakhs less to be spent on works. Under the new practice, which accords with that obtaining in the English public accounts, only the expenditure incurred on service heads will be charged against the grant; but as advances (or payments on account to contractors), which formed the bulk of the non-service expenditure, are now charged direct to service heads, no sensible discrepancy between the total and service expenditure will be caused by the measure.

33. An exception to the rule thus introduced is made|| in the case of expenditure for such materials as cannot, under the arrangement explained in paragraph 28, be charged direct to the works. These materials, under the name of 'Stock,' still continue to be in effect a charge against the grant; any increase made during the year to the balance of stock on hand, requiring a corresponding reduction of the sum available for specific works.

34. *Minor changes.*—Other changes may also be mentioned, which, though less important and radical, are all in the direction of simplification.

35. Among these may be classed a revision of the rules for banking with Government Treasuries and branch banks;¶ the revised rules for the accounts of Public Works expenditure by civil and other non-departmental Officers; ** the exclusion†† of charges for convict labor from the accounts; and the introduction‡‡ of imprest cash accounts in place of current cash accounts for all subordinate disbursers.

36. A revised form of Budget Estimate, after the pattern of that proposed by the Commission, was issued§§ during the year, and the Provincial Estimates for 1865-66 were all prepared accordingly. This change is not merely a matter of account; but as the accounts

¶ Public Works Circular No. 51 of 1864.
Accounts of Civil Officers.
** Public Works Circular No. 61 of 1864.
†† Public Works Circular No. 71 of 1864.
‡‡ Public Works Circular No. 67 of 1864.
Of convict labor.
§§ Of imprest cash accounts.

¶ Public Works Circular No. 51 of 1864.
Accounts of Civil Officers.
** Public Works Circular No. 61 of 1864.
†† Public Works Circular No. 71 of 1864.
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Accounts of Civil Officers.
** Public Works Circular No. 61 of 1864.
†† Public Works Circular No. 71 of 1864.
‡‡ Public Works Circular No. 67 of 1864.
Of convict labor.
§§ Of imprest cash accounts.

of expenditure follow the course of the estimates, they have been affected considerably by the change.

37. The expenditure on land required for Public Works, and which is usually disbursed in the Civil Department, although estimated for in this Department, was not referred to in the Commission's Report; but it had heretofore been incurred without sufficient regularity or attention to sanctions, and the provisions of the estimates. The audit of the charges has now been transferred* to the Public Works Controllers, and specific rules issued for their guidance.

Accounts of expenditure on land.

* Public Works Circular No. 73 of 1864.

38. The accounting for the State expenditure on Railways and other guaranteed enterprise, provided for in the Public Works Estimates, has also in the necessary course of things been transferred to this Department from the beginning of 1864-65, and rules and forms for dealing with these accounts have been issued† to the Public Works Controllers.

Of State expenditure on Railways.

† Public Works Circulars Nos. 54 and 73 of 1864.

39. The changes above described have necessarily involved a revision of the system of book-keeping pursued in the Controllers' Offices. Revised forms of the different books illustrated by examples worked out have accordingly been issued for the use of the Department.

New forms of Controller's books issued.

40. Lastly, the whole of the different orders and rules above referred to, together with such as were still required to complete the system, have been combined into a code and issued by the Government of India, in a Standing Order,‡ as a revised system of account in supersession of all previous orders on the subject. This Standing Order will eventually be incorporated with the Revised Code shortly about to issue, of which it will form Chapters XIX and XX.

Foregoing changes codified

‡ Standing Order No. 21 of 1865.

41. The forms of account issued with the revised system contain illustrative specimen entries which are carried through the accounts, from the first entries of a disburser to the final ones in the Controller's Provincial Ledger. These have been made very full, and constitute a complete manual of book-keeping for the use of the Officers of the Department.

42. The only measures now remaining to carry out, of those recommended by the Commission, are the abolition of pre-audit, and the transfer of the duty of compiling accounts from the Controller's Office to the Executive Engineer. As regards the first, at the time when the revised system was issued, no action had been taken on the matter in the Civil Department. I understand that the change has since been made in that Department, and the Public Works Department may usefully follow suit; but it will be perhaps as well to let the other changes be first established. No practical inconvenience will result from a few months' delay; pre-audit has not been carried to the length in this Department which obtained in the Civil Department, but has been confined solely to charges for salaries and travelling allowances.

Changes remaining to be carried out.

Abolition of pre-audit.

43. With respect to the transfer of accounts to Executive Engineers, which was a measure long contemplated before the Commission sat, some delay was unavoidable. Owing to the proceedings of the Commission being terminated somewhat abruptly, the preparation of the forms which were intended to accompany their report was unavoidably not quite brought to completion, and some of the forms were omitted, while others being prepared in blank might not have been thoroughly understood by those who had to deal with them. Therefore, before substituting the new forms for those heretofore in force, it became quite necessary to have a complete set prepared, and to put them to the test of practice. This was carefully done in this office, and the result of the practical experience thus gained was the suggestion of some modifications in the details of the forms as originally proposed, tending to considerable simplification and reduction of work. The forms finally adopted with the illustrative examples fully worked out are those which have been issued as an accompaniment to Standing Order No. 21 of 1865, and they came into operation on the 1st May 1865.

Transfer of accounts to Executive Engineers.

44. I am of opinion that the preparation of complete forms of this kind was a necessary condition for carrying out the change successfully, and that by the arrangement adopted the final change will be more speedily arrived at than would have been possible had it been commenced upon sooner.

Necessarily delayed.

45. It is proper to mention that, in all these measures, this Department has had the great benefit of the presence in India of Mr. Foster, one of the English Commissioners; his advice and assistance have been freely sought and given on all occasions, and it is only to be regretted that his engagements on the civil and military accounts did not leave him greater leisure for aiding in those of this Department.

Obligation due to Mr. Foster.

46. It will be readily understood from the foregoing description that the year just ended has been a very busy one with this Department. In this office the work has been heavy and unremitting, and that the Controllers should have succeeded, notwithstanding these

Labor involved in business of the last year.

changes, in keeping their current work up to date, and even improving the rate of progress, is, I think, very creditable to them and their offices.

47. The position now held by the Public Works Accounts Department is so satisfactory in all the essential respects of method, accuracy, and expedition, that it may not be amiss to say a word as to the causes which have tended to produce this efficiency. I believe then the main reasons to be two—First, the Public Works Accounts Establishment really forms a solid Department; that

Reasons for it—

I. Its constitution and organization.

is, it is not a mere congeries of scattered offices, each having its own separate organization; but the whole of the Accountants form one body, liable to serve in any part of India, and subject to strict tests for admission and promotion. By this arrangement the smaller offices can be maintained in a much higher state of efficiency than would always be practicable if each office were a separate body consisting of half a dozen or fewer Accountants; while the transfer of members from place to place in course of promotion tends to secure that uniformity of procedure which is essential to success in every system of account.

48. The second principal reason is to be found in the efficiency of the Controllers.

II. Efficiency of the Controllers.

These Officers form one body under the Government of India for the purposes of appointment and promotion, and it is always expected that every member of it shall make himself thoroughly conversant with accounts and with the business of his department, in all their details, so that his control may not be merely one of general supervision, but of a thorough and efficient kind. I should add that this Department possesses a great advantage, in the means for maintaining an efficient staff, from its connection with the executive branch of the Public Works Department, which offers an opening to those of its members whose proclivities turn out after trial not to be in this special direction.

49. In conclusion, I should explain that this Report has dealt solely with the Accounts

Accounts of

Offices in the Provinces immediately under the Government of India. The accounts of the Controllers' Offices in the Presidencies of Madras and Bombay have now been established on the same system as obtains everywhere else; but those offices, which have been quite lately established as regular Offices of Account, are quite distinct, and the Controllers and Accountants attached to them do not form one body with the others for the purposes of appointment and promotion.

50. From Madras the monthly accounts of receipts and expenditure on the new system come up in good form, and with very commendable punctuality; but I am not able at present to say how far the

forms proposed by the Commission have been introduced into the original accounts of disbursers, on which the records of the Central Office are based.

51. In Bombay the changes of system have been deferred until the year 1865-66.

and Bombay.

Meanwhile considerable efforts have been made by the Local Office of Account to supply accounts of expenditure incurred against the grants; but from the want of an audit on the original accounts, and in the absence of any regular system of book-keeping in the Controller's Office, the accounts are merely statements compiled from Returns collected from the different disbursing Officers; such accounts, not being based on book entries, must be most laborious to prepare, while they are usually not altogether to be relied on and frequently do not agree with each other; the monthly Returns of cash expenditure are for instance different from the subsequent Returns of the charges to works on account of this expenditure, and the charges shown in the appropriation account do not precisely correspond with those taken credit for in the annual account current. From these causes it has not been found possible to carry the Bombay accounts of 1864-65 through the Accountant General's books. However, it is understood that a thorough change is to be made in the accounts of the present year: so far as the Controller's Office is concerned, the new printed forms are in use, which, it is hoped, will serve to render the establishment of regular account books comparatively easy; and if a vigorous effort be made, it may be hoped that the accounts in Bombay will now be brought into satisfactory accord with those of the rest of the empire.

[Accounts, Prog., May 1866, No. 27.]

No. 27.] *Extract from the Proceedings of the Government of India, Public Works Department,—No. 348a, dated 28th March 1866.*

Read—

Extract No. 549, dated 7th February 1866, from Proceedings of the Government of India in the Financial Department, forwarding a Memorandum by Mr. Foster on the Public Accounts of India. (See page 347 of this Collection)

Read also the following:—

No. 293, dated 6th March 1866.

*Memo.—By the Accountant General, PUBLIC WORKS DEPARTMENT**

Financial Department, in extract Proceedings No. 549 of 7th February, sends to this Department an extract of the Memorandum by Mr. Foster, written just before his departure

from India. The only part of this Note which concerns this Department will be found in the 8th paragraph, wherein it is stated that, in the Public Works Department, the recommendations of the Commissioners, which have received the sanction of Government, have only partially been carried out, and that there is still room for simplification and reduction of work.

2. It is, I think, to be regretted that, when making these remarks, Mr. Foster did not specify more distinctly the particular matters to which he refers, because, in the absence of anything more than a general assertion, it is obviously impossible to establish the contrary. As regards the possibility of greater simplification, I can only say that I am not aware of any arrangement by which greater simplification could be at the present time accomplished. Had I seen the way to it, it would of course have been my duty to submit proposals for introducing it.

3. It will, no doubt, be within the knowledge of the members of this and the Financial Department that this opinion of Mr. Foster's has been already expressed by him on more than one occasion; but then, as Mr. Foster has never explained his proposals for simplification, it is impossible to say how far the assertion could have been substantiated. The only specific assertion that I can call to mind as having been made, was the objection made to the form of Journal in use in this Department, and to which, therefore, it was practicable to make a specific reply. The papers on this case are attached (*deposited*), and I venture to think that any one perusing them will come to but one opinion, *viz.*, that, so far from our form being inferior to that proposed by Mr. Foster, it involves in reality a great simplification and reduction of work, and is in fact a real improvement in account-keeping. At any rate, this Department may be quite satisfied if the merits of the case, as between it and Mr. Foster, are inferred from this example, the only one, so far as I know, which can be cited on either side.

4. As regards the other, and perhaps the more important assertion made,—namely, that the recommendations of the Commissioners, approved by Government, have only partially been carried out,—I can only say that, to the best of my knowledge and belief, *every* recommendation has been carried out, and the entire change contemplated actually carried out.

5. It seems necessary, however, to notice one point to prevent the possibility of misconception. It may be said that the abolition of pre-audit has not been accomplished. Now, when the assent of the Government of India was notified in this Department* to the Commissioners' proposals, it was understood that pre-audit was to be abolished in the Civil Department also. But so far as regards bills for salaries and travelling allowances, the procedure of the Civil Department, with respect to the offices submitting the bill, appears to be precisely the same† as it used to be, except that the Examiner of Claims is substituted for the Civil Paymaster. Now, in the Public Works Department, pre-audit had never been carried to the length it appears to have reached in other departments, but was confined to the charges for salaries and travelling allowances. And, therefore, so far as is known to this Department, its procedure is precisely similar, the Public Works Controller being substituted for the Civil Paymaster, to that adopted in the Civil Department at Mr. Foster's recommendation, and therefore I conceive we are entitled to assume that we are substantially acting in accordance with the views finally developed by him on this point.

6. There is one other point in this case which it seems necessary to touch on, to make the action of this Department clearly understood. Mr. Foster says in the concluding part of the paragraph of his Note above referred to, that a separation of the cash and stores accounts ought to be made, and from the way in which the paragraph is worded, any reader unacquainted with the facts would probably be led to suppose that this separation of the two classes of accounts was one of the particular recommendations approved by Government, which the previous part of the paragraph refers to as not having been carried out. But a reference to the text of the Commissioners' report will, I believe, render quite clear the incorrectness of such an inference. It will be seen from paragraph 60 of that report, that an opinion is offered to the effect that this plan, *viz.*, the charging materials, when purchased direct, to a Budget head of services provided for that purpose, would be advantageous; but the report goes on to say that "the full adoption of this change in the mode of charging materials, is not at present practicable. There can, however, be no difficulty in carrying it out at once with regard to tools, instruments, and such plant and machinery as may be required for general purposes." This is precisely what has been done.

7. Again, in paragraph 73 of the Report, it is proposed that "instead of passing all these stores through the stock account, they should, when purchased, be charged direct to the work upon which they are to be employed, whenever they can be especially assigned to such work.

8. This proposal also has been carried out in its entirety, and I am bound to say that I cannot call to mind any occasion on which Mr. Foster has led either myself or any other member of the Department to suppose that he considered the time had come for extending the system further. Certainly the obvious inference from the text of the report is that the introduction of this Budget head for stock was a change which, although it might be desirable, was not practicable, and need not be taken into consideration in working out the details of the scheme.

* In the Government Resolution on the report No. 44 of 24th March 1884, no separate reference is made to pre-audit; but in the absence of such, it may be admitted that the proposal to abolish it was assented to.

† I am of course, speaking here of the process gone through in order to get the bill paid, not of the mode adopted in dealing with the bill in the accounts, which is another matter.

9. I cannot admit, therefore, that the first part of this paragraph of Mr. Foster's Memorandum is quite accurate as to facts; and I conceive that the second, from the way in which it is attached to the first, is calculated to convey an entirely erroneous impression.

Ordered that copy of the above Memorandum be forwarded to the Financial Department for information, with a remark that the Governor General in Council in this Department concurs generally in the opinions expressed in Major Chesney's Memorandum as to the extent of the changes introduced into the Public Works Accounts. A reference to the Accountant General's Report of the 19th June 1865, forwarded to the Financial Department with Circular No. 70 of 1865, shows that at that date every change recommended by the Commissioners, and approved by Government, had been carried out, with the exception of the transfer of the compilation of accounts from the Controllers to the Executive Engineers, and the abolition of pre-audit. The first of these two changes has since been completed throughout India, and as regards the latter, it does not appear that the practice in force in this Department is in any material point different from that finally adopted in the Civil Department.

[Accounts, October 1865, Nos. 45 to 47.]

FORMATION OF A CENTRAL OFFICE OF ACCOUNT.

Dated 29th August, 1865.

No. 45.]

From—M. H. FOSTER, Esq.,

To—The Secretary to the Government of India, FINANCIAL DEPARTMENT.

I have the honor to forward herewith, for the consideration of Government, a Memorandum I have prepared on the measures to be adopted for establishing a Central Office of Account.

No. 46.] *Memorandum on the measures to be adopted for establishing a Central Office of Account in India.*

The detailed instructions for the Account business at Mofussil Treasuries and at the Offices of the Accountants General, including the Examiner of Claims Branch, having been completed, it now remains to deal with the proposal made in the Civil Report that a set of Imperial Accounts should be established.

2. These Accounts, embracing the whole of the financial transactions of India, naturally fall to the charge of the Auditor General.

3. It may be well first briefly to review the constitution of the Departments placed under his control.

4. This Officer holds several important offices. He is Accountant General to the Government of India, Auditor General, 1st Member and President of the Board of Audit, and Chief of the Loan Department.

5. As it has been decided that the Loan Department is to be transferred to the Bank of Bengal, it is omitted from present consideration.

6. The Board of Audit exists only in name and should be formally abolished.

7. The duties of the Accountant General to the Government of India are similar to those of the Accountants General of other Governments, and embrace the Accounts of Political Treasuries, of the Post Office, and of the Telegraph Department. The system which has been introduced into the Bengal Accounts is being extended to those of the Government of India, and will shortly be in full working order.

8. The duties of the Auditor General consist in a supervision over the Accounts of all the several Governments and Administrations of India, in the consolidation of these several Accounts, in the preparation of the annual Finance Accounts, and in a control over all other Account Officers and over all questions relating to Accounts.

9. In place of attaching so many titles to one Officer, it would be more simple and would sufficiently describe his position and duties if he were to be called Comptroller General of Accounts.

10. The Comptroller General's Office should be divided into three Branches—

1st.—The Loan Branch, so long as it is not transferred to the Bank of Bengal.

2nd.—The Treasury and Departmental Accounts Branch.

3rd.—The Central Accounts Branch.

11. The two first of these should each be under the charge of a 1st Assistant aided by an establishment to be reduced in numbers, but to be placed upon a revised and improved scale, for which that proposed for Bengal may serve as a model. A separate Memorandum is appended on this subject.

Appendix A.

12. A proposal has been submitted to Government for the abolition of the double audit of the Postal accounts by throwing this duty upon the Compiler of Postal Account subject to a general supervision by the Accountant General. The adoption of this arrangement would facilitate a measure which under any circumstances seems desirable, namely, the consolidation of the separate Postal and Telegraph branch with the General Account Department. Under the new system it will be quite easy to place the whole of the Accounts under one superintendence.

13. The Central Accounts Branch being the most important branch should be presided over by a Deputy Comptroller General, who should be selected from the most competent Accountants in the financial service.

14. There is no one better fitted for this post than Mr. S. G. Wyatt, who is at present absent in England on sick leave. He should be appointed Deputy Comptroller General, and an efficient officer should be selected to officiate for him until his return to India; but during the introduction of the new system, it would be highly desirable that Mr. E. F. Harrison should be placed in special charge of this Branch, and the importance of the changes being introduced would fully justify the employment of an officer of his standing upon these duties. Mr. A. C. Foster should be appointed Assistant to the Deputy Comptroller General in the Central Office, as he has considerable experience in the new system, and is acquainted with my views on the subject.

15. The Deputy Comptroller General should be aided by a very effective staff and a moderate establishment of efficient and well paid clerks. Besides those actually engaged on the current duties, there should be one or two officers available for special duties. These should be occasionally detached to other Governments to aid in the introduction of the new system and to inspect and report upon the mode in which the Accounts are kept.

16. It is difficult in anticipation to decide upon the number of officers and clerks necessary for the performance of the duties which will fall to this Branch, but a Memorandum is furnished, giving the approximate establishment which will be required.

Appendix B.

17. The duties of this Branch would include the supervision and consolidation of the Budget Estimates to be laid before the Financial Department; the preparation and submission for the approval of the Comptroller General, of all decisions affecting the general principles of the Indian Accounts; the preparation of the annual Finance Accounts and of all consolidated monthly and periodical Statements and Accounts to be submitted to the Financial Department or to the Secretary of State.

18. As regards decisions affecting the mode of keeping the public Accounts, the ruling of the Comptroller General should be considered as final. It is only in rare cases, where important principles are involved, that a special reference to Government in the Financial Department should be made. The Comptroller General should be held competent to deal on his own authority with all ordinary questions relating to the Indian Accounts.

19. The most important duty, however, to be confided to the Central Branch, will be that of keeping the Imperial Books.

20. The course to be pursued in the preparation of these Books will be now described.

21. Each Government and Administration will prepare and forward to the Comptroller General a Monthly Abstract of Receipts and Payments in the form already laid down. This Abstract shows the Receipts, 1st, under the Main Heads, such as "Land Revenue," "Customs," &c., and 2nd, under Minor Heads, such as, as regards the latter, "Imports," "Exports," "Miscellaneous;" and Expenditure under, 1st, Main Heads, such as "Land Revenue," 2nd, Minor Heads, such as "Collectors' Establishments," and 3rd, Detailed Items, such as "Salaries," "Contingent Charges," &c.

22. The Main and Minor Heads will be sufficient for the records of the Central Books, so that the detailed items may be omitted from these Accounts, though they will be included in the Abstracts for the purpose of reference in case of need. Before these Abstracts are dealt with in the Central Office, it would be convenient to strike out the annas and pies from the totals that are to be posted, increasing by one rupee such totals as have the greatest number of annas in as many cases as will be sufficient to compensate for an equivalent number of rupees lost by the omission of annas and pies.

23. The Military and Public Works Departments will also furnish monthly Statements of their transactions in the form prescribed by Government. In these the Main Ledger Heads will be "Army" and "Public Works," and the Minor Heads will consist of the Grants and other Heads of Service or of Receipt.

24. The Ledger will open with three General Accounts, viz., "Government Account," "General Revenue Account," and "Grant Account." Then will follow the several Revenue and Receipt Heads, then the Expenditure and Payment Heads, and finally the Personal and Balance Accounts.

25. It is needless to give all the Ledger entries in detail, but the following are the main entries, and will be sufficient to show the principle upon which the Account is to be worked.

26. The Balance Account will show the total debit and credit, opening and closing balances which will appear on the several Heads of Account throughout the Ledger. The Grants will be debited to Government and credited to Grant Account; Revenues and other Receipts will be credited to the Heads of Receipt and debited to the Accountants receiving them. Sundry Services will be debited with the amount of payments, and the Accountants making them will be credited. The General Revenue Account will be credited with the amount of Revenue received, and the Heads of Revenue will be debited. The General Revenue Account, under which all the items of Revenue will be collected, will be debited, and Government will be credited with the total amount of Revenue.

27. On the other hand, the Heads of Expenditure will be credited with payments out of Grants, and the Grant Account will be debited with the amount of such expenditure. The balance on this account at the close of the year will show either a saving on the Grants or an excess of Expenditure, and will be credited or debited to Government Account accordingly.

The balance at the credit of the Government Account will represent the difference between assets and liabilities of Government, and will be carried to Balance Account. The balance on the Receipt Accounts will represent the sums at the credit of Funds, &c., and will be carried to Balance Account. The balances of Funds and Debt Accounts will be carried to Balance Account, and the debit balances on the Accounts of sundry Accountants will represent the amount for which they are indebted to Governments, and, being carried to Balance Account, the Books will be closed.

28. Under this arrangement the Books will display the whole of the financial transactions of the Indian Empire, including the Grants, the Receipts, the Expenditure, the Savings on the Grants or the excess of Expenditure, and the Balances.

29. A Table is added, which will exemplify these operations more clearly than words can do. It must be remembered that the Ledger Headings are put in classes, and many detail Suspense and Adjustment Heads are omitted, as they will follow the ordinary course and not affect the principles laid down.

30. There should be no "Profit and Loss Account." Profit should go to the proper Head of Revenue, and losses as charges against the Head of Service on account of which they have been incurred.

31. The entries will be carefully journalised monthly in a Journal, similar in shape to that now being introduced into the Bengal Account Office, with Debtor and Creditor columns on opposite sides. The Debtor and Creditor columns of the Journal should agree in amount at the close of each entry and thus check its correctness.

32. The Minor Heads will be thus dealt with and will be posted monthly into the Ledger, which will have a separate Heading for each Minor Head tabulated with inner columns for the separate Governments. This will not be difficult to arrange as regards space, if the annas and pies be rejected. These Minor Headings will be closed annually to the Major Heads for which an opening will be reserved at the commencement of each set of Minor Heads. The mode of closing the Major Heads has already been described.

33. A monthly Trial Balance Sheet should be prepared on a printed form from the Ledger. The totals on the Debtor and Creditor side of this Sheet will correspond in amount with those on the Journal, in which the total should be carried on throughout the year. It need scarcely be stated that no entry should appear in the Ledger that does not also pass through the Journal, though supplementary details may be added to either, when found convenient, without interfering with the totals forming the actual entry.

34. Before the opening entries can be passed into the Books, it will be necessary to obtain from the several Governments and Administrations, and from the Military and Public Works Departments, a Statement of the closing balances on their Books at the end of the previous financial year, in order that the opening entries may be correctly made in the Central Books.

35. There will be considerable difficulty in obtaining an accurate Statement, owing to the state of arrear which pervades almost all the Indian Accounts. Every effort should be made to bring these up in the shortest possible time, and where correct balances cannot be obtained, rather than delay the opening of the Books, it would be preferable to accept approximate balances, and as errors or discrepancies are discovered, to set them right by corrective entries.

36. When the Accounts have been brought into working order, a monthly Account should be prepared, in the form herewith annexed, showing in abstract the Balances and the Receipts and Payments throughout India brought together under the main heads, and giving, in separate columns, the transactions of the month, and the totals for the expired period of the year, the estimated amount for the 12 months being shown in the third column, so that an exact comparison can be made against the Estimates of the progressive revenue and expenditure. The twelfth monthly Account will show the total transactions of the year compared with the Budget Estimate. One copy of this Account should be submitted monthly to the Financial Department, and one

Appendix D.

copy to the Secretary of State. Specimen forms of the Journal, Ledger, and Trial Balance Sheet are also attached.

37. The annual Finance Accounts would be an extension of this Account, and would show the same transactions in greater detail. The form of this Account appended to the Commissioner's Civil Report has been sanctioned by Government under Financial Resolution dated 20th April 1865, subject to some trifling modifications set forth in the Resolution.

38. These appear to be the main points to be dealt with in laying down a scheme for the establishment of a set of Imperial Accounts which will combine the whole of the financial transactions in India, those which are conducted in England being for the present excluded from the Indian Books.

39. That difficulties will arise in the practical application of a system so new to India, is fully to be expected, but if the general principles laid down be kept in view, there is no reason to suppose that these difficulties cannot be successfully overcome.

40. The most stringent rules should be adopted for securing the punctual submission of the monthly Treasury Accounts, as a failure in this respect must be one of the chief obstacles to the successful working of any system of Account. When once the new system has been fairly established, there is no reason why the monthly Abstract Accounts of the several Governments should not be transmitted to the Central Office within four weeks after the expiration of each month. The Accounts of such Treasuries as lie at a great distance from Head-

quarters and are habitually late in their arrival, should be treated as Accounts of the subsequent month, except, perhaps, those of the last month of the financial year, for the receipt of which a limited extra time may be accorded.

41. It is with great regret that, in consequence of my recall by the English Government, I shall be unable myself to conduct to a satisfactory conclusion the great work upon which I have been engaged. The final success of the measure will now much depend upon the choice made in the selection of officers for completing the carrying out of these important reforms. They should be men as free as possible from prejudices against the system being introduced, and they should be prepared to sacrifice their individual opinions, and to carry out in its integrity a system which has been carefully prepared, which after due consideration has received the approval and sanction of Government, and which, after undergoing an experimental trial in Bengal, has proved its superiority over the system it has superseded.

M. H. FOSTER.

29th August 1865.

No. 2778, dated 6th October 1865.

No. 47.] RESOLUTION—By the Government of India, FINANCIAL DEPARTMENT.

Read—

A letter dated 29th August 1865, from Mr. M. H. Foster, Commissioner of Enquiry into Indian Accounts, containing his views regarding the formation of a Central Office of Account.

RESOLUTION.—The Governor General in Council observes that there is already a Central Office of Account, *viz.*, that of the Auditor General of India, but the work hitherto prescribed for it has to be modified and adapted now to the requirements of the new system of Accounts.

2. From various causes it was deemed inexpedient, under the old system of accounts, to obtain from the Account offices other than annual accounts of the actual receipts and charges of the several Presidencies and Provinces. The monthly and quarterly Statements of receipts and disbursements fulfilled but imperfectly the purpose of an account of actual receipts and charges.

3. Under the new system, however, the abolition of pre-audit, and the separation of Cash accounts from Store accounts in the Civil and Military Departments, and of the accounts of the Military and Public Works Departments from those of the Civil Department, have facilitated materially the submission henceforth of monthly accounts of audited receipts and charges by the several Offices of Account in the Civil, Military, and Public Works Departments.

4. To utilise these monthly accounts, at the earliest practicable period, they should be incorporated, monthly, in Imperial Books, which the Central Office will keep, for showing the revenues and charges of India, as well as of each Presidency and Province.

5. The procedure described in the 21st to the 33rd and 36th and 37th paragraphs of Mr. Foster's Memorandum, will be followed in the submission of accounts to the Central Office, and in the preparation there of the Imperial Books, and at the close of the year, the annual Finance and Revenue accounts, for submission to Parliament, will be prepared from those Books.

6. In order that the Imperial Books may be opened without delay, the Central Office of Account will accept from the Accountants General of the several Presidencies and Provinces, and from the Military and Public Works Departments, approximate balances for the 30th April 1865, which can be set right afterwards by corrective entries.

7. And in order that the monthly accounts of the local Accountants General may be rendered promptly to the Central Office of Account, the Governor General in Council requests that the several local Governments and Administrations will issue stringent orders for the punctual submission of the monthly Treasury accounts by officers in charge of Treasuries.

8. If punctuality be ensured in this respect, "there is no reason," as observed by Mr. Foster, "why the monthly abstract accounts of the several Presidencies and Provinces should not be transmitted to the Central Office within four weeks after the expiration of each month. The accounts of such Treasuries as lie at a great distance from Head-quarters, and are habitually late in their arrival, should be treated as accounts of the subsequent month,"

except in the last month of the financial year. For the submission of the accounts for that month to the Central Office, a little longer time will be allowed.

9. Under these orders, the monthly and quarterly Statements of receipts and charges, which appertain to the old system of account, will be dropped as soon as they can be superseded by the monthly account of audited receipts and payments under the new system.

10. In connexion with this revised procedure for a monthly in place of an annual consolidation of the accounts of receipts and charges of India, it is necessary to revise the several Establishments under the officer who is Auditor General of India and Accountant General to the Government of India.

11. Henceforth, this officer will be called Comptroller General of Accounts—the Board of Audit, which has been in abeyance for some time, being hereby abolished.

12. The Comptroller General will deal on his own authority with all ordinary questions relating to Indian Accounts, such as the classification of receipts and payments, the processes of recording them, the mode of closing subsidiary heads of account, and the like; his decisions on these points, when they establish a general rule, being simply communicated to the Financial Department.

13. But questions affecting any two of the three Departments, Civil Military, and Public Works, or affecting the degree of control by the Supreme and local Governments, respectively, of particular items of receipt or payment, should be referred to the Government of India, in the Financial Department, for settlement, in communication, if necessary, with the Secretariats of the Departments concerned,—or if any points of this character, affecting one Department only, be settled in accordance with the report of the Comptroller General of Accounts, by an order of Government in the Department concerned, the report and decision should be communicated to the Financial Department.

14. The fundamental principles of the new system, *viz.*, the separation of Cash from Store accounts, except in the Public Works Department,—the prohibition, save in a few authorized exceptional cases, of interdepartmental adjustments,—the restriction of Treasury accounts, as far as practicable, to mere elementary facts,—are not to be relaxed by the Comptroller General of Accounts without a reference to Government.

15. The Budget and Regular Estimates will be consolidated by the Comptroller General, but they will be reviewed, as hitherto, in the Financial Department.

16. In Provinces where the Budget Estimate is printed, a copy will be sent to the Financial Department and to the Comptroller General, respectively; but where this desirable end has not yet been attained, and the Budget is still furnished in manuscript, one copy only will be submitted, *viz.*, to the Financial Department, which Department, after reviewing the Estimate, will forward it to Comptroller General for incorporation in the Imperial Estimates.

17. The Comptroller General of Accounts will have charge of the following duties, *viz.* :—

1st.—The management of the Public Debt, until the transfer of the duty to the Bank of Bengal.

2nd.—The accounts of the Treasuries which are under officers, who are immediately under the Government of India.

3rd.—The Central Office of Account.

18. For these duties he will be allowed the aid of a Deputy Comptroller General, an Assistant Comptroller General, and a complement of other officers on the classified list of the Account Department, with the requisite office establishment.

19. But as, in connexion with the arrangements now ordered, the cost of the Financial Secretariat must be reduced, the additional charge for the Comptroller General's Department, beyond the cost of the offices now under him, which are noted in the margin, should be met from the above-mentioned saving, the

Auditor General's Office.
Board of Audit.
Office of the Accountant General, Government of India, for Treasury Accounts.
Audit of Postal and Telegraph charges.

are noted in the margin, should be met from the above-mentioned saving, the

new Department being organised by a re-distribution of officers rather than by any increase of expense.

ORDERED, that a copy of this Resolution, and of paragraphs 21 to 40 of Mr. Foster's Memorandum regarding the Central Office of Account, be sent to the Foreign, Home, Military, and Public Works Departments of the Government of India; the several local Governments and Administrations; the Comptroller General of Accounts; the several Accountants General, and to the Deputy Accountants General in independent charge. Also, that the Resolution, and paragraphs 21 to 40 of Mr. Foster's Memorandum, be published in the *Gazette of India*.