

Educational (1909) Department.

ORDINARY MS.

G.O., No. 234

DATED 23.4.09

Printed in G. O., No. 453 dated 5-8-1909.

[Despatch Abstract.]

Mrs. A. V. Narasinga Rao's College, Vizagapatnam

Forwarding to the ~~DPJ~~ the
report of ~~the~~ A.G. on the audit of the accounts
of ~~the DPJ~~ with Requesting to obtain the remarks
of the Committee of Management of the College
— on the several defects pointed out in the
report of the A.G. on the audit of the accounts of the
College.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

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EDUCATIONAL DEPARTMENT.

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Report on the Audit of the Accounts

of

Mrs. A. V. Narasinga Rau College, Vizagapatam
for the year 1907-08.

Camp MASULIPATAM,

Dated 10th March 1909.

From H. Bhimasena Rau Esq., B.A.,

Assistant Accountant-General

and Examiner of Local Fund Accounts,
Madras

To The Accountant-General,
Madras.

Sir,

I have the honour to submit the following report
on the recent audit of the accounts of Mrs. A.V.N. College,
Vizagapatam, for the year 1907-08.

2. The receipts and expenditure of the College
during the year under report (exclusive of investments) together
with the opening and closing balances are shown in Statements
I and II appended, and the Demand, Collection and Balance of
the College fees are shown in Statements III and III A. State-
ment IV reconciles the figures in Statement I.

3. The opening balance as given in Statement I is
in agreement with the closing balance of the previous year's
audit report.

4. The closing cash balance of Rs18907-7-9 as ap-
pearing in the Cash book is in agreement with that appearing
in the Treasury Pass Book after allowing for outstanding cheques
for unremitted amounts and for the permanent advance remaining
on hand at the close of the year. The investment balance of
Rs100,000

Rs100,000 agrees with the amount appearing in the Statement of Trust accounts published by the Accountant-General.

5. The audit was conducted by Local Auditor Mr. B. Sivasanker, in accordance with the rules on the subject and the defects discovered are detailed below.

6. Receipts. The accounts relating to school fees which form the backbone of the institution as well as the Hostel accounts were left in confusion by the former clerks, who were said to have since been removed from service.

7. School fee registers. Current and Arrears. Correct details of outstandings at the end of the second term of 1906 according to the last audit report were not forthcoming. In the current Term fee registers the entries in the column "amount due for the term" were mostly made in pen^cil. In some cases, the amounts due by the students were not entered in the demand column, and in others, the amount entered was struck off without authentication. When items not in demand were subsequently collected, the amounts were noted only in the collection column but the demand was not correspondingly raised. Items written off were not correctly posted against the entries for the particular class concerned to facilitate check. The balances due at the end of each term were not struck and a correct demand, collection and balance account was not maintained. There was therefore much difficulty in exercising a proper check. The entries were verified in detail only as far as practicable within the limited time of audit and the correct arrears outstanding at the end of 1907 brought forward. They should be adopted as the opening balances of 1908 and a correct D.C.B. account prepared for this year. The balances outstanding at the end of 1907 amounted to Rs1935-4-0 under School fees and Rs262-0-0 under Special fees; but the amounts shown in the D.C.B. statement prepared by the College clerk and shown at the time of audit were Rs1855-2-0 and Rs240-0-0 respectively. The Principal or one of his assistants ^{deputed by him} is required to periodically examine

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all the accounts and certify to that effect in the registers. If this check had been properly exercised, instead of being ~~restricted~~ restricted to a verification of the collections only, this confusion in the accounts and registers could have been avoided.

8. Receipts for fees collected. Receipts were not prepared in a uniform system during the period of audit. For some time, the procedure suggested in the rules contained in Accountant-General's Office letter L.F. No.317, dated 16th May 1905, was adopted; subsequently, it was given up and all receipts prepared in advance before payment; so that within the period of audit, there were two sets of bills for two different periods, one prepared in chronological order according to the dates of collections, and another prepared in advance with various dates of collections, rendering a complete and efficient check according to either system impossible.

9. Free Scholarships. Under the Educational rules, the rates and levy of fees &c, are left to the discretion of the Managers, ^{in the present case} who do not appear to have framed any rules regarding the grant of free scholarships. In several cases, quarter, half and three-fourth free scholarships were granted and in some cases, students who had failed to pay their fees and whose names were struck off the rolls according to the Educational rules, were subsequently treated as part-free scholars with retrospective effect and ~~and~~ admitted again without payment of arrears. In such cases, the sanction of the Committee for the remission of the arrears was not forthcoming. It is desirable that the Committee should fix the number or percentage of free scholarships of each description to be granted in each class every year, and when in addition to these, any special free scholarships are sanctioned in the course of a year, with retrospective effect, to former paying pupils, the amount entered against their names as demand should be remitted with the sanction of the Committee and a note made to that effect in the Term fee Register. Unless this is done, there will be no means of arriving either at a correct

demand

demand or a correct balance.

10. Leaving Certificates. The fees collected according to the following leaving certificates were not credited in the ~~xxx~~ accounts. Before granting a leaving certificate, the term fee register or the ^{ea}arrears register is required to be referred to and all arrears due collected. The Principal has noted in the leaving certificates that all arrears due have been collected from the pupils concerned and it is doubtful if this note would have been made in the leaving certificates or the leaving certificates granted to the pupils without actual collection of the arrears. The non-credit of the items may be enquired into.

No. of Certificate.	Date.	Name of pupil.	Amount due.
33	3.5.07.	N. Morris.	3-0-0
48	21.2.08.	A. Sathyanarayana	6-12-0
40	2.7.07	P. Bhaskara Row	14-4-0
46	10.7.07	V. S. Suryanarayana	6-12-0
54	17.7.07	T. Narayana Row	1-12-0
57	23.7.07	V. R. Rajagopalachary	2-0-0

34-8-0

There were two books in use for granting leaving certificates at the same time and before one of them was fully used up, a third one had been issued. It is desirable that leaving certificates should be granted in consecutive order and that no fresh book should be brought into use before the previous one is fully exhausted.

11. Technical Section. Stock was purchased for the manufacture and repair of articles for public bodies and private individuals as well as for the use of the college. There was no order of the Committee fixing the maximum limit of stock which may be kept in hand at any time. A limit should be fixed by the Committee and the value of stock should not be exceeded at any time without sanction. There was also no rule as to who should sanction the purchase of stock, tools and plant, furniture &c. In some cases, purchases were found to have been made without specific

specific sanction. It is desirable that definite rules should be laid down on the subject as in their absence no proper check can be exercised on expenditure.

12. Credit Sales. There were no rules regarding credit sales also, though they were allowed in several cases. In some cases, the cost of articles manufactured for private individuals remained unpaid for long periods and had ultimately to be written off.

13. Indents for articles of daily consumption were passed by the Technical Superintendent in many cases instead of by the Principal, though there were no orders authorising him to do it. In several cases, they were not passed at all. The foils remained undelivered to the Maistry and the entries of issues in the Stock register also remained unauthenticated by the receiver.

14. When unfinished articles in stock were utilised for the use of the College, they were simply shown as issues in the stock register. For examples, vide pp. 146, 147, 151 of the stock account of iron &c. As the allotment given for the current expenditure of the College is distinct from the value of the stock allowed, it is desirable that the sanction of the Committee should be obtained for the transfer of the stock for the use of the College.

15. Detailed stock account of articles manufactured or repaired In this case, it is necessary that all orders given should be filed in a consecutive series and marked with a serial number according to the entries in the detailed stock account. Unless this is done, there is no means of seeing whether all orders received have been recorded in the register and charged for. The sale price as compared with the actual cost differed considerably in several cases. In some cases, the excess was very little, in others, it was about 100 % over the actual cost. It is desirable that a certain percentage should be fixed by the

the Committee on account of the cost of supervision, wear and tear of tools &c and uniformly charged on all orders.

16. Workmen. Workmen were employed at varying rates, which were said to be the local rates. There was no schedule of rates showing the rates admissible in such cases. In the absence of a schedule there is no means of check on the wages paid to workmen. A schedule may be prepared and passed by the Committee before it is ^{acted} ~~added~~ upon every year.

17. Stipendiary students of the Technical Section. No rules have yet been framed as to who should fix the number of stipendiary students and the rates of stipends to be paid to them each year. In some cases, increments were given, but the rules regulating the grant of increments were wanting.

18. Stock register of Tools and Plant. Some of the articles were noted as having been lost, some as having become useless &c. No steps have been taken to write off or recover the value of the differences and bring forward the correct balances. The correct balances should now be brought forward in a new register, in which a column to note the cost may be opened, so as to ascertain the gross value of the stock in hand at any time.

19. Hostel Section. (a) The accounts relating to the Hostel were in much confusion. In some cases, there were differences between the hostel attendance register and the hostel fee register, in others there were errors in calculation. A certain number of days below 30 was sometimes taken as a whole month, but no rules on the subject were forthcoming. The totals of the demand and collection columns for each month were not made and the balances were not worked out in a manner capable of either verification or check. Even the collections of the arrear amounts were not posted side by side with the demand to work out the correct balances; they were sometimes posted in the margin and sometimes at foot of the register. For some months, the fees on account of guests were added

to those of the boarders, so that the amount due could not be worked out with reference to the number of days fed. A ledger of the amounts due and paid by each boarder was also not maintained and no Demand, Collection and Balance account ~~which~~ ^{prepared.} was ~~certified~~.

It is a pity that this account which was certified as having been checked by one of the Assistant teachers should have been left in this condition. Unless registers are maintained and accounts kept properly, no efficient check can be exercised.

(b) In August 1907 B. Dharma Row and B. Jagannadham were fed for 10 days each but neither bills have been issued in their names nor the amounts collected. Rs2-4-1 due from each may be recovered.

(c) In September, K. Sannyasiram was fed for 25 days the amount due from him was Rs5-13-4 but a demand of only Rs3-8-0 was shown against him and subsequently altered to --- Rs4-5-7.

(d) In October, P. Subba Rau and E. Kurmayya were fed for 22 days each; the demand against them was shown as Rs4-14-9 instead of Rs4-15-5.

(e) Rs4-4-0 collected from R. Satyanarayana V Form according to receipt No.158, dated 10.7.07 was not credited in the accounts. It was observed that this pupil had paid Rs4-4-0 on account of ^{school} ~~hostel~~ fees ^{and Rs 4-4-0 on account of Hostel fees} on the same date according to receipts granted to him in respect of the items, but the credit for the latter amount was not traceable.

(f) Similarly, Rs6-0-0 appears to have been collected according to receipt No.200 dated 16.9.07 from P. Subba Rau IV form, but no credit was traceable for this amount; a similar amount collected according to receipt No.156 which also bore the same date was credited by chellan No.261. The reasons for granting a receipt with a former date after several receipts of later dates had been issued from the counterfoil receipt book or for the non-credit of the amount according to the subsequent receipt

receipt may be explained.

(g) The following discrepancies were also noticed between the amounts collected according to the receipts granted and those credited according to the chitta.

Receipt No.	Name.	Amount collected.	Amount credited in chitta.
179,17.2.08.	R. Satyanarayana	2-10-3	2-10-2
180,	-do- R. Suryanarayana	2-7-9	2-7-8
186,	-do- P. Subba Rau	2-4-2	2-4-1

(h) No counterfoils receipts were forthcoming in support of the following credits in the Chitta.

Date of credit.	Name.	Amount credited
20.8.07.	B. Venkata Rau V Form	6-5-2
1. 10.07.	P. Dhana ⁿ jaya Rau VIII Cl	7-0-0
10.10.07	R.V.S. Narayana V Form	7-0-0
13.11.07.	P. S. Ramayya VI form	7-0-0
25.11.07.	B.L. Narayana IV form	2-9-0

(i) Receipts were not given either in chronological or serial order e.g., receipt No.181 was issued on 19.11.07. No.201 on 18.9.07; No.176 on 19.11.07; No.177 on 13.11.07 and so on. When the receipts are stamped with the facsimile ^{signature} ~~signature~~ of the Principal, that officer should see that the receipts are prepared either in chronological or at least in consecutive order.

20. Cash Book. It was observed that Rs51-15-0 drawn in March 1908 was paid away in August 1908 and a sum of Rs200 received in the same month (March) was remitted to the Treasury in July 1908. Such delays should be avoided. A payment of Rs161-1-0 was made to one B. Ramaiyya and Co., Vizagapatam, which was supported neither by a bill nor a stamped receipt. This may be inquired into.

21. Security Deposits. Several security deposits held by the Committee were not accounted for by entries in any register. A register may now be opened for the purpose.

22. General remarks. From the Examination of the several registers and accounts maintained, it was observed that there was a general want of system in the accounts, owing partly to the absence of definite rules defining the powers and duties of the Chairman and the Principal of the College in regard to sanctions, purchases, payments &c and a want of strict adherence to the forms and procedure laid down for the maintenance of the accounts and registers. A set of draft rules and forms for the proper accounting of the receipts and charges of the College was forwarded by the Accountant-General with his letter L.F. No.317 dated 15th May 1905 to the Committee for approval. Some of these forms have not been brought into use, some have been modified and some new ones have also been introduced. As the audit of the accounts is under the control of the Accountant-General, the account forms and registers once suggested or approved by him should not be altered, or other forms substituted for them, without reference to him. The forms and procedure in vogue at present seem to be capable of improvement and simplification. The Principal may be requested to address this office separately on this subject, furnishing copies of the forms now in use. It is desirable that the Committee should frame rules specifying the powers and duties of the several office-bearers in regard to the Receipts and Expenditure of the institution. The several points on which rules have to be framed have been referred to in the foregoing paragraphs and previous audit reports. The rules may be printed for reference and use by the members of the College Committee and staff, by officers of the Educational Department and by the Inspecting staff of the Accountant-General's office.

23. A Financial Statement. A statement showing the financial position of the institution at the end of every year is not prepared at present. The income of the institution amounts to about Rs30,000 annually and it has an expenditure of about the same amount. It has, besides, a large endowment, buildings, furniture and apparatus, stock of manufactured and unfinished articles

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articles, tools and plant &c of considerable value. It is desirable that a financial statement showing on one side the assets and on the other side the liabilities of the institution should be prepared annually and placed before the Committee for adoption. At present, there is no information as to how the receipts and expenditure of the College are distributed under the several sub-heads of account; the figures have to be garbled by the Auditors from the several registers maintained for the purpose of the audit report statements. It is undesirable ^{this} that ~~this~~ system should continue and that the Committee should not have before them a statement prepared by the College authorities and checked by the Auditors showing the correct assets and liabilities of the institution every year.

24. In this connection, attention is specially invited to the large arrears outstanding under school fees and referred to in para 7 above. This item does not really form an asset of the institution as it relates to ^{amounts} ~~arrears~~ due from past students who have left the College, from whom there is no means of recovery, except when applications are received for readmissions or for leaving certificates. Such cases are comparatively few. There is therefore no use in showing such items in the accounts as balances outstanding, without any aim at accuracy as was noticed from the accounts maintained and without any means or certainty of collection and carrying them forward year after year. The present system has the effect of showing a fictitious figure under balances. The proper course to be adopted in such cases is to cancel all the uncollected bills at the end of each term and expunge them from the demand, and merely transfer the entries to the arrear register for the purpose of watching recovery, if any applications are received from the same pupils for readmission or for the grant of leaving certificates. The desirability of adopting this course in the accounts of the institution, in future years, is therefore brought to the notice of the Committee.

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25. No action has been taken up to date, on the last audit report forwarded to the Principal on 24th February 1908. It is not clear whether that report was placed before the Committee of the College at all, by the Principal. That officer may now be requested to forward the last as well as the present report to the Director of Public Instruction, through the ~~Principal~~ ~~Principal~~ President of the Committee, with replies to the several points, at an early date.

26. The general result of the audit is unsatisfactory.

I have the honour to be,

Sir,

Your most obedient servant,

(Sd) H. B. Rau.

Assistant Accountant-General
and Examiner of Local Fund Accts.

BR.



No. L.F.
2866

Copy forwarded to Government for information.

2. The report shews that from an account point of view the management of the College is not satisfactory. Attention is particularly invited to the state of the School fee registers (para 7), the absence of definite rules regarding the grant of Free Scholarships (para 9), the general management of the Technical Section (para 11 - 18) and the state of the Hostel accounts (para 19). It appears too that rules and forms suggested by this Office are only partially introduced and that the audit report for the previous year has practically remained a dead letter.

3. The property administered by this Committee is an important trust and seems to require more supervision ^{than} ~~that~~ it is now receiving. The accounts have been audited by this Office for some years past; but no improvement is noticeable.

Fort St. George,
Accountant-General's
Office,
29th March, 1909.

Alfred H. Bigstock
Accountant-General

To

The Secretary to Government,
Constitutional
Local and Municipal Department,
Madras.

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C. No. 695, From the A. C., No. $\frac{287}{2866}$, dated 29-3-1909.

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Miss

No. 234, dated 23-4- 1909.

The A. G.'s report on the audit of the accounts of Mrs. A. V. Narasinga Rao's College, Vijayapattam, for 1907-08 will be forwarded to the D. P. I. ~~with the request that he will~~ ^{also be requested to} obtain the remarks of the Committee of management of the College on the several defects pointed out in the report, together with the explanation of the Principal which should be forwarded with the Committee's remarks, ^{to} and submit them to Govt. with his remarks and suggestions.

7.H.
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To

The D.P.I. with the
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