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Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd.

Regd.

} 1912.

Enclosures

Spare copies

G.O. No. 899, 20th December 1911.

Audit of accounts.

Directing that the stock accounts of the School of Arts and the College of Engineering be audited by the outside audit department of the Accountant-General's office.

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GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

Read—the following papers:—

I

Letter—from A. NEWMARCH, Esq., Officiating Accountant-General, Madras.
To—the Secretary to Government, Educational Department.
Dated—the 26th August 1911.
No.—O.A.19/8145.

I have the honour to invite the attention of Government to the fact that the School of Arts, Madras, spends roughly about Rs. 5,000 a year on the purchase of raw materials and had a stock of manufactured articles, unfinished articles, and raw materials valued at about Rs. 16,000 as balance in hand on 31st March 1911 (*vide* Table X printed with G.O. No. 437, Educational, dated 4th July 1911). The raw materials consist of gold and silver, timber and wool, etc., and the Superintendent informs me that stock and issue accounts are maintained for these, as well as a book showing the outturn of work from each department, but so far as I am aware these stock accounts are not subjected to any audit. Under the circumstances I would venture to enquire whether Government would like the outside audit department of my office to check these stock accounts with a view to seeing that the raw materials purchased are duly brought to account, that the stock accounts are properly kept, that the sale-proceeds of all manufactured articles are duly brought to account, and that no manufactured articles are issued without being entered in the sale books.

2. I would not suggest any check of the outturn as compared with the raw materials issued as in the case of jail accounts, as it seems impossible to frame any hard and fast rules as to the limits of wastage in an institution such as the School of Arts, and the check of the outturn could best be left to the Superintendent.

II

Endorsement No. 2091-1, Educational, dated 31st August 1911.

Referred to the Director of Public Instruction for remarks.

(By Order.)

M. S. MASCARENHAS,
Under Secretary to Government.

To the Director of Public Instruction, with current in original to be returned.

III

Letter—from the Hon'ble Mr. J. H. STONE, M.A., F.R.H.S., Acting Director of Public Instruction.
To—the Secretary to Government, Educational Department.
Dated—Madras, the 19th September 1911.
No.—Ref. on Cur. 6310.

With reference to your Memorandum No. 2091-1, Educational, dated 31st August 1911, referring for remarks a

* Herewith returned.

letter * from the Accountant-General enquiring whether Government would like the outside audit department of his office to check the stock accounts of the School of Arts, I have the honour to state that in view of the large amounts spent on materials in the school it is very necessary that the stock and other accounts should be subjected to an audit. The Accountant-General's proposal may therefore be accepted.

2. In this connection I beg to submit that the College of Engineering also spends large sums on workshop materials. Last year the charges amounted to Rs. 5,708. It is therefore desirable that the Accountant-General should arrange for an audit of the accounts of this college also.

IV

Official Memorandum No. 2340-1, Educational, dated 11th October 1911.

With reference to his letter R.C. No. 6310, dated the 19th September 1911, the Director of Public Instruction is requested to specify the accounts of the School of Arts, other than the stock account, which he suggests should be audited by the Accountant-General.

(By Order.)

M. S. MASCARENHAS,
Under Secretary to Government.

To the Director of Public Instruction.

V

Official Memorandum No. 2340-2, Educational, dated 11th October 1911.

With reference to his letter No. O.A.29/8145, dated the 26th August 1911, suggesting that the stock accounts of the School of Arts should be checked by the outside audit department of his office, the Accountant-General is informed that the Director of Public Instruction proposes that the accounts of the College of Engineering which spends large sums of money on workshop materials should also be subjected to a similar audit. He is accordingly requested to state whether he can arrange for the audit of the accounts of the latter institution also.

(By Order.)

M. S. MASCARENHAS,
Under Secretary to Government.

To the Accountant-General.

VI

Letter—from A. NEWMARCH, Esq., Officiating Accountant-General, Madras.
To—the Secretary to Government, Educational Department.
Dated—the 20th October 1911.
No.—O.A. 29/11462.

In reply to your Memorandum No. 2340-2, Educational, dated 11th October 1911, enquiring whether I could arrange for the audit of the stock accounts of the College of Engineering in addition to that of the School of Arts, I have the honour to state that I have no objection to undertake it; but as the two audits will give a certain amount of additional work, I am somewhat doubtful whether the existing staff of my outside audit department could perform these additional audits without extra assistance. As regards this point, however, I would request permission to report later on after a year's experience with the existing staff, and if it is found that an additional auditor is required it will then still be open to Government to order the discontinuance of these audits if they are not considered to be worth the extra expense.

VII

Letter—from the Hon'ble Mr. J. H. STONE, M.A., F.R.H.S., Acting Director of Public Instruction.
To—the Secretary to Government, Educational Department.
Dated—Madras, the 23rd October 1911.
No.—Ref. on Cur. 6310.

With reference to your Memorandum No. 2340-1, Educational, dated the 11th instant, I have the honour to submit a list giving the names of the several registers of accounts maintained in the School of Arts, Madras, and to state that all the accounts with the exception of Nos. 8 and 11 to 19 may be audited by the Accountant-General.

ENCLOSURE.

List.

1. Cash receipt book.
2. Cash payment book.
3. Contingent register.
4. Outstanding book.
5. Personal ledger.
6. Receipt book.
7. Challan book.
8. Savings bank account register.
9. Register of fees collected.
10. Cash sale receipt book.
11. Book of wages of workmen.
12. Book for stipends of apprentices.
13. Acquittance roll of establishment.
14. Do. do. paid out of contingencies.
15. Do. do. scholarship students.
16. Salary bill file.
17. Contingent bill file.
18. Scholarship bill file.
19. Stationery register.
20. Day book.
21. Register of articles sent to Victoria Technical Institute for sale.
22. Stock book of articles manufactured in the department.
23. Register of materials received.
24. Stock book of materials and tools.
25. Do. manufactured articles in the museum.
26. Register for gold and silver accounts in the Goldsmith department.
27. Register for silver account in the Metal work department.

Order—No. 899, Educational, dated 20th December 1911.

The Government accept the proposal that the stock accounts of the School of Arts and the College of Engineering should be audited by the outside audit department of the Accountant-General's office.

2. The Accountant-General will be requested to state, when forwarding his first reports on the audit of the accounts of these institutions, whether an annual audit of the accounts is necessary.

(True Extract.)

L. DAVIDSON,
Ag. Secretary to Government.

To the Accountant-General.
" Director of Public Instruction.
" Financial Department.

EDUCATIONAL DEPARTMENT.

NOTES CONNECTED WITH G.O. No. 899, EDUCATIONAL,
DATED 20TH DECEMBER 1911.

[SUBJECT.—*Audit of the stock accounts of the School of Arts, Madras.*]

Previous papers :

G.O. No. 3402,	Revenue,	dated 21st October 1910.
" " 121,	Financial	" 9th March 1911.
" " 577 W.		" 2nd May "

From the Accountant-General, dated 26th August 1911, No. 8145.

From the Director of Public Instruction, dated 19th September 1911, No. 6310.

The Director of Public Instruction accepts the suggestions of the Accountant-General that the stock accounts of the School of Arts should be audited by the outside audit department of the latter's office and further proposes that the other accounts of the School of Arts as well as the accounts of the College of Engineering should also be audited by him. It is not clear what the Director of Public Instruction means by "other accounts" of the School of Arts. If he means fee accounts, his proposal is inadmissible, as the audit of fee receipts in Government institutions which are departmental revenue cannot be imposed on the Accountant-General (*vide* paragraph 1 of Accountant-General's letter No. L.F. 1-16-3028, dated 25th January 1911). It is for consideration whether the Director of Public Instruction may be requested to specify the other accounts of the School of Arts which he proposes should be audited by the Accountant-General.

2. Before the Director's proposal to entrust the audit of the accounts of the College of Engineering to the Accountant-General is approved, the Accountant-General may be requested to state if he can arrange for the audit of these accounts also.

T.K.—6-10-11.

Please put up a draft memorandum accordingly.

K. RANGASWAMI AYYANGAR—7-10-11.

Two draft references are submitted for approval.

T.K.—9-10-11.

K. RANGASWAMI AYYANGAR—10-10-11.

M. S. MASCARENHAS—10-10-11.

[Memorandum Nos. 2340-1 and 2, dated 11th October 1911.]

From the Accountant-General, dated 20th October 1911, No. O.A. 29.

To lie over till the receipt of the Director of Public Instruction's reply to memorandum No. 2340-1, dated 11th October 1911.

T.K.—26-10-11.

K. RANGASWAMI AITANGAR—26-10-11.

M. S. MASCARENHAS—27-10-11.

From the Director of Public Instruction, dated 23rd October 1911, R.C. No. 6310.

The Director of Public Instruction suggests that the following accounts of the School of Arts may be audited by the Accountant-General:—

- (1) Cash receipt book.
- (2) Cash payment book.
- (3) Contingent register.
- (4) Outstanding book.
- (5) Personal ledger.
- (6) Receipt book.
- (7) Challan book.
- (8) Register of fees collected.
- (9) Cash sale receipt book.
- (10) Day book.
- (11) Register of articles sent to Victoria Technical Institute for sale.
- (12) Stock book of articles manufactured.
- (13) Register of materials received.
- (14) Stock book of materials and tools.
- (15) Stock book of manufactured articles in the museum.
- (16) Gold and silver accounts in the goldsmith department.
- (17) Silver account in the metal work department.

2. The proposal of the Accountant-General is only to audit the stock accounts of the School of Arts. The contingent register and the register of fees collected [Nos. (3) and (8) in paragraph 1 *supra*] do not appear in any way to be connected with the stock accounts. The check of these registers rests with the Director of Public Instruction (please see article 90, note 2, under article 927 and article 929 Also Accountant-General's letter No. L. F. of the Civil Account Code). In these circumstances the Accountant-General may be told in general terms to audit the stock accounts of the School of Arts and the College of Engineering. The Accountant-General has agreed to audit the stock accounts of the College of Engineering in his letter, dated 20th October 1911.

3. A draft is submitted for approval.

If approved, it may be sent to the Financial Department for acceptance.

T.K.—10-11-11.

R. SUNDARAM AIYAR—10-11-11.

L. DAVIDSON—11-11-11.

To the Financial Department.

FINANCIAL DEPARTMENT.

The following are some of the Government institutions situated at the Presidency town whose accounts are audited by the outside audit department of the Accountant-General's office:—

Court of Small Causes.
Stationery Office.
Government Press.
Office of Official Assignee.
Office of Administrator-General.

State hospitals (General, Maternity, Ophthalmic, Voluntary Veneral, Lunatic Asylum and Leper Hospital).

* G.O. No. 3402, Revenue, dated 21st October 1910.

Civil Veterinary * College.

The charges on account of the outside audit establishment of the Accountant-General's office are debited to the head "18-A. GENERAL ADMINISTRATION—CIVIL OFFICES OF ACCOUNT AND AUDIT—LOCAL AUDIT BRANCH—OUTSIDE AUDIT DEPARTMENT," which is *Provincial*.

2. In the present case, the Accountant-General apparently wants no additional hand to the outside audit department of his office if the stock accounts of the *School of Arts* alone are checked, but he states that if the stock accounts of the *Engineering College* also are to be audited, some additional establishment will probably be necessary. For the *first* audit of the two institutions, however, he does not ask for any extra establishment. Submitted that the proposal to audit the stock accounts of both the institutions which will lead to beneficial results may be accepted.

3. The draft order put up by Educational, however, implies that the audit of the two institutions by the outside audit department is to be *permanent*. It is not known whether an annual audit is necessary in respect of both the institutions, but the Accountant-General may perhaps be requested to advise on the necessity for the same when forwarding his first audit report of the two institutions.

4. The draft may, it is submitted, be otherwise accepted in Financial.

C.P.K.—21-11-11.

S.D.S.—22-11-11.

Are the workshop account of the Public Works Department Workshops audited? If so, who bears the cost?

C. REILLY—24-11-11.

Submitted that the accounts of the Public Works Workshops are now being audited every month by the Examiner of Public Works Accounts who, in addition to the auditing, inspects the accounts at least once a year—*vide* paragraphs 1065 and 1068 of the Public Works Department Code, volume I.

2. *Incidence of the cost of the audit.*—Prior to the 1st April 1911, the *net* charges on account of the Examiner of Public Works Accounts and his establishment were borne from *Provincial* funds, recoveries being made from Imperial funds on account of services rendered in connection with Imperial works at the rate of 2 per cent. up to 1st October 1910 and 1½ per cent. after 1st October 1910 on the works outlay. The maintenance of Public Works Workshops *not* involving the incurring of an outlay from *Imperial* funds, the cost of auditing its accounts has to be considered as having been then carried out at the expense of *Provincial* funds.

Paragraph 4 of Government of India letter on page 4 of G.O. No. 121, Financial, dated 9th March 1911.

Paragraphs 1 and 5 of Government of India letter on pages 2-3 of G.O. No. 577 W., dated 2nd May 1911.

With effect from 1st April 1911, the charges on account of the Public Works Accounts staff are being debited to the head "18-A. General Administration—Civil Offices of Account and Audit—Imperial". As a consequence of the altered arrangement, however, this Government have to make to *Imperial* a recurring assignment of 1.38 lakhs *per annum*. It is therefore submitted that though the pay of the Deputy Accountant-General (the old Examiner of Public Works Accounts) and his staff is now being actually debited to *Imperial*, the charges for the audit of the accounts of the Public Works Workshops continue to be borne really by *Provincial* funds.

Vide enclosure to Government of India letter on pages 3-4 of G.O. No. 121, Financial, dated 9th March 1911.

C.P.K.—13-12-11.

S.D.S.—15-12-11.

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forwarding his first reports
on the audit of the accounts
of these institutions, whether
an annual audit of the
accounts is necessary

Re

19.12.11

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S. cyrus depd
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To

The A.C.

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in full depd

22/12/11

ORDINARY.

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PREFERENCE.

URGENT (a).

EDUCATIONAL DEPARTMENT.

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and the accounts of the
the outside audit dept. of the
accounts in general office

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