

Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd.

Regd.

} 1912.

Enclosures

Spare copies

G.O. No. 708, 3rd August 1912.

DESPATCHED

School of Arts.

Communicating to the Director of Public Instruction, with remarks, the report on the audit of the stock accounts of the — for the year 1910-11.

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GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT

READ—the following papers:—

I

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

ABSTRACT.—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.

II

Report on the audit of the stock accounts of the School of Arts, Madras, for the year 1910-11 by the Officiating Chief Superintendent in charge of outside Audits, Accountant-General's Office.

In accordance with G.O. No. 899, Educational, dated 20th December 1911, I have audited the stock accounts of the School of Arts for the year 1910-11. The audit was conducted in the following manner.

2. The receipt register of materials purchased was checked with the contingent register. In several instances, materials purchased for immediate use were not recorded in the receipt register, which should be a complete record of all materials purchased whether for immediate use or otherwise. Further, as the contingent register does not contain a description of the materials purchased, a comparison of the receipt register of materials with the contingent register has not been generally possible except in the case of items covered by contractors' bills and purchases of silver and gold which are described as such in the contingent register and for which a separate receipt register is maintained. In respect of contractors' bills, the items in the material receipt register have been verified with the office copies of those bills. The receipt register of silver and gold produced for audit relates to the period commencing from January 1911 only.

3. The entries in the receipt register of materials were traced into the stock book. This process was a difficult one as the corresponding folio numbers of the stock book have not been entered in the material receipt register, nor is there a proper alphabetical index for the stock book. Further, the stock book contains several receipts for which there are no corresponding entries in the material receipt register. Greater care and more descriptive detail appear to be necessary in the maintenance of the above mentioned registers.

4. Materials required by the several departments of the school are obtained by the maistries concerned on indents passed by the Superintendent. Although a comparison of the raw materials thus issued with the outturn of manufactured articles did not form part of the present audit, it has nevertheless to be observed that there is no satisfactory record showing the materials received by departments and the manner in which they were utilised. The outturn book of each department, except in the case of gold and silver, shows only the articles manufactured. It seems necessary, therefore, that each department of the school should maintain a register of materials received by it or some other record, comparing, as far as possible, the quantity of raw materials received by it with the articles manufactured by it as shown in the outturn book. The issues made to departments on their indents as stated above were traced into the stock book. It would facilitate the work if the corresponding folio number of the stock book were noted on each indent. I would also suggest that there should be separate indents for materials and for tools and plant.

5. The School of Arts consists of the following manufacturing departments:—

- (a) Carpet weaving department.
- (b) Wood carving „
- (c) Metal work „
- (d) Silver and Goldsmith department.
- (e) Modelling „
- (f) Lacquerwork „
- (g) Engraving „

The articles manufactured by each department are sent to the storekeeper along with the outturn book in which the cost price of each article is also noted. The outturn book of the lacquer work department has not been produced for audit. It is stated that the cost price of each article is fixed by the Superintendent, although such entries are not supported by his initials.

6. The storekeeper enters these articles in a consolidated register of manufactured articles received. This register has been verified with the outturn books of the several departments. Most of the articles are either sent to the school museum for cash sale or exhibition or are forwarded to the persons who ordered them along with a bill of cost. Articles sent to the museum are acknowledged by the museum keeper in the above register and have been traced into the museum stock book which contains a list of the articles received into the museum from the storekeeper and the price at which each article should be sold. In some cases the sale price was subsequently altered but such alterations have not been attested. They should invariably be attested by the Superintendent in future. In some instances, a number of articles of the same kind entered together under a single number in the museum stock book have been sold on different dates. Each such article should be given a separate number. I would suggest that all the articles in the museum remaining unsold on the last day of an official year should be brought forward and attested by the Superintendent before the manufactured articles received in the succeeding year are recorded therein. Some articles are sent to the Victoria Technical Institute for sale and in respect of these also the balance of articles remaining unsold at the end of the year should be similarly worked out. The museum stock book is an important record and deserves to be maintained more neatly and carefully than at present.

7. The day book is a detailed record of articles sold daily either for cash or for credit, the sale-proceeds being shown in a separate book called the cash book of receipts. In respect of cash sales, the amounts entered in the day book were verified with the counterfoils of the receipts issued by the museum keeper and were also traced into the cash book of receipts. In regard to credit sales, the amounts in the day book were traced into the book of outstandings and thence into the cash book of receipts wherein they are entered when realised. These realisations were also compared with the counterfoils of the receipts granted for them. In some cases there was delay in sending out receipts for amounts realised on account of credit sales.

8. The cash book of receipts shows realisations on account of sales as well as school fees paid by certain pupils. But only the items relating to sales have been audited as stated above.

9. The remittances to the Bank of Madras were checked with the chalans.

10. In addition to the stock accounts, the accounts for tools and plant have also been audited. It was observed that tools and plant to the value of Rs. 265-14-0 were wrongly included under "purchase of furniture" in the contingent register.

11. In conclusion I would state that, owing to the incompleteness of the receipt register and the stock book, and the absence of any record in departments for raw materials received as stated in paragraphs 2 to 4 above, it is not possible for me to certify, in respect of the year under report, that all materials purchased have been duly accounted for. It is understood that there has since been some improvement in the manner of keeping these accounts, but this matter will be dealt with in a future report if there is to be one. I am, however, in a position to certify that all amounts realised by sales of manufactured articles, whether for cash or credit, have been duly brought to account. The state of the accounts cannot be said to be unsatisfactory,

although there is much scope for improvement. Definite proposals to that end can however only be made after some more experience is gained in their audit. I would therefore suggest, with reference to paragraph 2 of G.O. No. 899, Educational, dated 20th December 1911, that the accounts of the school for 1911-12 should also be taken up for audit, if Government have no objection to the proposal, the question whether there should be an annual audit or not being taken up later on.

S. VENKATARAMANAN,
Offg. Chief Supdt. in charge of
Outside Audits.

No. O. A. 29/7109, dated 5th July 1912.

Forwarded to the Secretary to the Government of Madras, Educational Department.

J. F. GRAHAM,
Offg. Accountant-General.

Order—No. 708, Educational, dated 3rd August 1912.

The report on the audit of the stock accounts of the School of Arts for the year 1910-11 will be communicated to the Director of Public Instruction with the remark that early steps should be taken to remedy the various defects pointed out by the auditor in the maintenance of the accounts.

2. The Accountant-General will be requested to undertake the audit of the accounts of the school for 1911-12 also.

3. The consideration of the question whether there should be an annual audit of the accounts will be deferred for the present.

(True Extract.)

L. DAVIDSON,
Ag. Secretary to Government.

To the Director of Public Instruction.
,, Accountant-General.

NOTES CONNECTED WITH G.O. No. 708, EDUCATIONAL,
DATED 3RD AUGUST 1912.

[SUBJECT.—*Report on the audit of the stock accounts of the School of Arts.*]

From the Accountant-General, dated 5th July 1912, O.A. No. 29-7109.

Please see G.O. No. 899, Educational, dated 20th December 1911, and the notes therewith.

2. This report is the first of its kind. According to the auditor the state of the accounts cannot be said to be unsatisfactory but there is much scope for improvement. The auditor however is not at present in a position to make definite proposals for their improvement and he suggests that the accounts for 1911-12 should also be audited and that the consideration of the question whether there should be an annual audit or not—*vide* paragraph 2 of G.O. No. 899, Educational, dated 20th December 1911—may be taken up later on. The Superintendent of the school, Mr. Hadaway, refers to this audit in paragraph 10 of his report on the school for the year 1911-12 and suggests that a yearly audit be made in future. The question of deciding whether there should be an annual audit or not may be deferred till more experience is gained and the accounts improve. It cannot be said when that will be.

T.K.—15-7-12.

3. The auditor requests permission whether the accounts of 1911-12 should be audited. Specific direction in the matter is necessary. The Accountant-General may be asked to undertake the audit.

4. The draft order may, if approved, be sent to the Financial Department for acceptance.

C. RAMANUJACHARI—17-7-12.

L. DAVIDSON—18-7-12.

To the Financial Department.

FINANCIAL DEPARTMENT.

Attention is solicited to paragraph 3 of Financial Department note, dated 22nd November 1911, on page 3 of notes to G.O. No. 899, Educational, dated 20th December 1911, and to paragraph 11 of the Auditor's letter under disposal. It is proposed on the advice of the Accountant-General to ask him to audit the accounts of the School of Arts for 1911-12, and to defer for the present the consideration of the question of annual audit of the accounts of the school.

2. The draft order may, if submitted, be accepted in Financial.

T.A.S.—23-7-12.

A.H.—25-7-12.

C. REILLY—26-7-12.

A. G. CARDEW—27-7-12.

[G.O. No. 708, Educational, dated 3rd August 1912.]

G.O.No.899, Edl., dated 20-12-1911.

C.No.1875, from the A.G., No.O.A.29-7109, dated 5-7-1912.

ORDER
P.S.

70883 8.12

NOT TO BE PLACED ON E.T.

87397

The report on the audit of the ~~accounts~~ stock accounts of the School of Arts for the year 1910-11 will be communicated to the D.P.I. with the remark that early steps should be taken to remedy the various defects pointed out by the auditor in the maintenance of the accounts.

2. The Accountant General will be requested to undertake the audit of the accounts of the school for 1911-12 also.

3. ^{consideration of the} The question whether there should be an annual audit of the accounts will be deferred for the present.

T.K.
15-7-12.

CR
17-7-12

LD.
187a

To the D.P.I.

" A.G.

Sketches
in print
16/8/12

ORDINARY.

PREFERENCE.

URGENT (a).

Educational
LOCAL AND MUNICIPAL DEPARTMENT.

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report on the audit of the stock
accounts of the for the
year 1910-11.

Number (c) of copies required when struck off (not including
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7/8
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