

Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd.

Recd.

} 1913

Enclosures

Spare copies

G.O. No. 444, 14th May 1913.

Accounts.

Recording, with remarks, Proceedings of the Director of Public Instruction reviewing the report on the audit of the stock accounts of the School of Arts, for 1911-12.

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GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

Read—the following paper:—

Letter—from the Hon'ble Sir A. G. BOURNE, D.Sc., F.R.S., K.C.I.E., Director of Public Instruction, Madras.

To—the Secretary to Government, Educational Department.

Dated—the 19th April 1913.

No.—Ref. on Cur. 2821.

With reference to paragraph 2 of G.O. No. 90, Educational, dated 5th February 1913, I have the honour to submit for the information of Government a copy of my Proceedings Ref. on Cur. No. 2321, dated 19th April 1913, reviewing the report on the audit of the stock accounts of the School of Arts, Madras, for the year 1911–12, together with a copy of the report and the Superintendent's letter No. 188/13, dated 19th March 1913. I consider the Superintendent's reasons for not accepting the auditor's suggestions in paragraph 5 of the report [excepting (i) and (iv)] are conclusive.

2. I am inclined to think that an annual audit is unnecessary and that it need not be repeated.

ENCLOSURES.

(i)

Report on the audit of the stock accounts of the School of Arts, Madras, for the year 1911–12 by the Chief Superintendent in charge of Outside Audits, Accountant-General's office, Madras.

In accordance with paragraph 2 of G.O. No. 708, Educational, dated 3rd August 1912, the stock accounts of the School of Arts, Madras, for the year 1911–12 have been audited.

2. There was no material difference in the system of the accounts maintained between this year and the year preceding so that the audit procedure followed was the same for both the years.

3. The following points were noticed in the audit:—

(a) Two sums of Rs. 22-9-0 and Rs. 10-8-0 were shown in the Contingent Register as "materials purchased from Messrs. Addison & Co." Details of the materials were not given in the receipt Register of materials or in the stock register of materials.

(b) Tools and plant purchased for Rs. 30-4-0 were included under "materials" in the Contingent Register instead of under "Tools and plant."

(c) Two sums of As. 8 being school fees received from pupils on 7th August and 26th October 1911 were erroneously shown under "Sales" in the cash receipt book.

(d) In the stock book of manufactured articles three rattan chairs bearing serial Nos. 1159 to 1161 were first entered and then scored out. In the list of manufactured articles of the Wood carving department also, the items have been similarly entered and scored out. This would require explanation.

(e) Silver account shows 637 tolas purchased on 27th February 1912, whereas the issues from 27th February to 22nd July 1912 work up to 638 tolas. There having been no previous balance in stock, or any other purchases during this period, the excess issue of one tola of silver, requires explanation.

(f) The price of the articles sold has been altered in several cases in the Museum Register without attestation by the Superintendent.

(g) The price of carpet bearing Serial No. 248/5385 sold in Victoria Technical Institute on 30th April 1911 was reduced from Rs. 125 to Rs. 100 but the Superintendent's authority for the reduction of the price was not produced.

(h) Bill No. 78 shows the sale of one brass box (Serial No. 1556) for Rs. 30, but the Museum Register bears an entry showing the sale of serial No. 1557 for Rs. 30.

(i) The following articles in the Museum Stock Register remain to be accounted for; but they have not been included in the list of articles in stock on 31st March 1912:—

- | | |
|------|---|
| 849 | Teakwood churn issued to Ponneri workman on 14th January 1911. |
| 1010 | Brass box with lid sent to Engraving department on 3rd February 1911. |
| 1113 | Teak-wood box { sent to Personal assistant. |
| 1114 | { sent to Lacquer department on 28th February 1911. |
| 1192 | Copper Chembu sent to Engraving department on 3rd February 1911. |
| 1206 | Brass handles handed over to Personal assistant. |

(g) Cash sales effected by the Victoria Institute on behalf of the school are recorded in the Bill register. This is not correct as the sales were not credit sales and no bills were issued for them. In this connection it may be pointed out that as articles sent away to the Victoria Technical Institute are treated as disposed of finally so far as the museum stock register is concerned and are entered in a separate account for watching their sale in the institute, the note now made in pencil against such articles in the museum stock register may be made in ink.

(k) It was noticed that in some cases the Bank of Madras had charged commission on cheques sent to it for encashment. It is desirable therefore to insist on all drafts and cheques issued in favour of the Superintendent being drawn only on Banks or firms in the Presidency towns in which case, it is understood that commission will not be charged for encashment of the drafts or cheques.

(l) There was nothing on record to show that stock was taken periodically of manufactured articles with the Museum Clerk and with the Victoria Technical Institute or of the tools and plant in the school.

Bills Outstanding Register.

4. The following items are still outstanding and steps should be taken for their early recovery:—

		RS.	A.	P.
(a)	Dr. A. Kumaraswami ..	25th August 1909 ..	30	0 0
(b)	Superintendent, School of Arts ..	22nd December 1911 ..	80	0 0
	Do. ..	25th January 1912 ..	35	0 0
(c)	C. W. E. Cotton, Esq. ..	29th February 1912 ..	1	8 0
	Do. ..	9th March 1912 ..	35	12 0

5. Subject to the above remarks the accounts appeared to have been correctly maintained as remarked in paragraph 11 of the last audit report; however, there is much scope for improvement. The following suggestions are accordingly made:—

(i) In the Contingent Register the description of the materials purchased is not entered in all cases nor is it possible to enter it in the register in every case. Consequently the entries made in the Register of Materials received have to be traced from other records. In the case of purchases made from contractors, a copy of the list of the articles purchased and billed for is attested by the Superintendent and preserved. But in the case of direct purchases from the market, no such list is kept. It is necessary, therefore that a list of the articles so purchased should also be prepared and kept so as to make it possible to check all the entries in the register of materials received with the lists of articles purchased and charged for in the contingent bills. It would also be advantageous if in the remarks column of the register of materials received, the date and amount of the contingent bill in which the cost was included is noted against each purchase.

(ii) As regards tools and plant there is at present a stock register kept only by the storekeeper who credits in the register all tools purchased and shows under issues all those which he issues to the departments. His register balance represents therefore only the balance in stock with him and not the stock in the whole school. There is, however, no account to show the tools and plant in the custody of the several departments. It is necessary therefore that a register should be opened in each department, in which the stock of tools and plant now existing should first be entered in detail and as each subsequent supply is received from the stores, such supply is received from the stores, such supply should also be entered with the date of supply. The total stock of each kind of tool according to this register should be verified with the actual stock in the periodical stock taking which should extend to the whole stock of tools and plant, viz., those with the storekeeper and those with the departments.

(iii) The chellan book is in triplicate. Two foils are sent to the Bank of which one is retained by it and the other returned signed to the school. This latter is sent away to the office of the Director of Public Instruction. The counterfoil does not contain the initials of the bank officials so that there is no record in the school to show that the remittances were received by the bank. It is desirable therefore that the counterfoil also is sent to the bank and initialed by the bank officials in token of receipt of the amount involved. The form should accordingly be revised.

The suggestion in the latter part of the paragraph is not practicable.

(j) Although there is no separate record kept, stock is taken each year, and the stock books are checked accordingly. I do this myself on 1st January at the Victoria Technical Institute and soon after in the school.

4.—Steps will be taken to recover the outstanding bills at an early date.

5. (i) A list of direct purchases from the market, which invariably are of small amounts may be kept if necessary. These purchases are for articles required urgently and not supplied by the contractor, and as the accounts are under the amount of Rs. 10, they are not preserved (File Article 88 A, Chapter VI of the Civil Account Code).

(ii) If it is thought necessary to keep the account of tools for each department as suggested in this report, the school staff must be strengthened. It would require at least the whole time of an additional clerk to keep such a record accurately.

Tools especially of some sorts which wear rapidly and soon become useless, are required new almost daily, more so in a school where unskilled pupils are using them. For instance, in an ordinary metal working shop, the usual allowance of files is reckoned as one file per man per day. We issue from the stores as required, and do not keep a large stock of any one sort of tool in any department, as this would probably lead to undue waste. I submit that the suggestion is both unpractical and unnecessary in a school though doubtless it might be desirable in a large workshop or factory.

(iii) In this paragraph I cannot agree with the suggestion that there is any necessity for altering the form of the Chellan book, as according to the present custom there are already duplicate signed records kept, one by the Accountant-General through the Bank and the other by your own office.

(iv) The suggestion in this paragraph is useful, and the change may be made if approved by you.

(v) The reason for the two stock books is as an additional precaution, and as all manufactured articles pass through the storekeeper's hands, it would be awkward to have but one book, as the Museum clerk would frequently be obliged to refer to it.

(vi) These suggestions are both unpractical and unnecessary. If carried out, still another clerk would be necessary and even then no very accurate link between the materials supplied to the departments and the actual work turned out would be possible.

To take a not unusual example to show how complicated such a record must often be, a small cabinet may perhaps be made in the wood work department, this would require timber, perhaps of two sorts, glue and screws or nails; the cabinet might then be sent to the lacquer work department to be decorated, requiring more material, (paint and lacquer), it would then perhaps have still further decoration in the way of metal work fastenings or corner pieces, these would require brass and be made in the metal work department. These pieces again might be engraved which would necessitate their going to the engraving department.

If the suggested registers were kept in each department, the work involved would be out all proportion to the results obtained. There is also, of course, particularly in a school, the question of wastage of material; the student naturally learns by the mistakes he makes, and in a technical school, this of course involves the spoiling of a considerable amount of material.

In only a very few cases is this wastage recoverable. Where the material is of great intrinsic value, such as silver, which may be recovered and used over and over again, a very strict account is kept of every tola weight issued, but such an account is not possible with timber and other materials not usable when once fashioned.

There is, however, a stock account now kept in each department, and this, I submit, has all the details necessary for an institution of this sort, as all the particulars suggested in the form made out by the Auditor except those in columns 5, 6, 7 are recorded. In other words the only addition to the record now kept, would be the complicated one of the issue of materials and the commencement of the work.

(iii)

Proceedings Ref. on C. No. 2321, dated 19th April 1913.

Recorded:

2. The accounts have been on the whole well kept. But the outstanding accounts should be closed without delay.

3. The Superintendent's explanation of errors is accepted as also his suggestion that commission charged on drafts or cheques may be treated as discount.

4. A record of stock taking should certainly be kept.

5. The Auditor's suggestions in paragraph 5 (i) and (iv) should be carried out.

A. G. BOURNE,

Director of Public Instruction.

To the Superintendent, School of Arts, Madras.

Copy to Government, Educational (with covering letter).

Order - No. 444, Educational, dated 14th May 1913.

Recorded.

2. With reference to paragraph 2 of the Director's letter, the Government as at present advised, are not prepared to direct the discontinuance of the annual audit of the stock accounts of the School of Arts.

(True Extract.)

L. DAVIDSON,

Ag. Secretary to Government.

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

EDUCATIONAL DEPARTMENT.

NOTES CONNECTED WITH G.O. No. 444, EDUCATIONAL, DATED
14TH MAY 1913.

[SUBJECT.—*Report on the audit of the stock accounts of the School of Arts for 1911-12.*]

*From the Director of Public Instruction, dated 19th April 1913,
No. 2321.*

In their Order No. 899, Educational, dated 20th December 1911, the Government accepted 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; and the Accountant-General was at the same time requested to state when forwarding his first report on the audit of the accounts of these institutions whether an annual audit of the accounts was necessary.

2. In passing orders on the first audit report of the School of Arts for 1910-11, the Government requested the Accountant-General to undertake the audit of the accounts of the school for 1911-12 also and deferred the consideration of the question whether there should be an annual audit of the accounts of the school—*vide* G.O. No. 708, Educational, dated 3rd August 1912.

3. In their order No. 90, Educational, dated 5th February 1913, the Government, so far as the audit of the accounts of the College of Engineering was concerned, stated that it was unnecessary to prescribe an annual audit; and as regards the audit of the accounts of the School of Arts, the Accountant-General was requested to submit duplicate reports, one copy being forwarded direct to the Director of Public Instruction and the other through the Superintendent of the school. The Director was to deal with the report and submit a copy of his proceedings to Government for information.

4. The Director accordingly now submits a copy of his proceedings on the audit report of the School of Arts for 1911-12 for the information of Government and states that an annual audit in the case of this school also is unnecessary and that it need not be repeated.

5. The accounts of the school having been on the whole well kept as observed by the Director, orders may issue for the discontinuance of the annual audit of the accounts of the school. But before doing so, the Accountant-General may perhaps be consulted un-officially. It will be observed that the audit was ordered only at the instance of the Accountant-General.

Page 2 of G.O. No. 899, Educational, dated 20th December 1911.

Attention is invited to paragraph 6 of the

Page 4 of G.O. No. 90, Educational, dated 5th February 1913.

College and the School of Arts, owing to the sale of articles manufactured at the latter institution.

B. GOPALACHARI—29-4-13.

C. RAMANUJACHARI—3-5-13.

An annual audit has only just been directed in G.O. No. 90, Educational, dated 5th February 1913, in which the Director of Public Instruction (Mr. Stone) concurred. I do not think that direction should be cancelled merely because the Director of Public Instruction (?) on the strength of one subsequent audit report inclines to the view that annual audit is unnecessary. I would say the Government as at present advised are not prepared to reconsider the decision embodied in G.O. No. 90, Educational, dated 5th February 1913.

L. DAVIDSON—5-5-13.

A draft order is submitted for approval.

B. GOPALACHARI—5-5-13.

C. RAMANUJACHARI--10-5-13.

His Excellency the Governor (for approval).

L. DAVIDSON—12-5-13.

P[ENTLAND]—13-5-13.

[G.O. No. 444, Educational, dated 14th May 1913.]

READ AGAIN G.O. No. X....., dated 191

" " " " " " 191

C. No. 1318, From the 292, No. 2321, dated 13-4-1913

[illegible]

" "....." " "....." " "....." " "....." " "....." 191

ORDER.

No. 44457, dated 14-5-1913

Recorded

2. Both reference to para 2 of the Director's letter, the Govt. as at present advised, are not prepared to ~~reconsider the decision embodied in para 2 of memo to Edt of 5-2-13~~ direct the discontinuance of the annual audit of the 18 5.5.13 stock account of the School of

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10/5/13

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Mr D P I (Hse)

" A.G. (L. Di Prop + 0)

ORDINARY.

PRESS SLIP.

PREFERENCE.

URGENT (a)

LOCAL AND MUNICIPAL DEPARTMENT.

Current No. 1318, dated 18 May 1913.

G.O., No. 1416, dated 11 May 1913.

Number of MS. pages sent { Correspondence including order or orders (b) 15
Notes (b) 4

Docket: A. Accountant - He has been with the Public Works Department since 1911-12 on the audit of the Public Works Department.

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(b) Each letter, memorandum, or order, or set of orders, in the file of correspondence should be headed in succession with the Roman numeral I, II, I, etc., the number being written in red ink or blue chalk above the item. The particular papers to be printed in the special issue-copies should be indicated by the Roman numeral (I, II, etc.) by which that item has been headed in the correspondence file. All matter, including marginal remarks or references, to be printed should be written in ink and matter which should not be printed should be encircled. Initials and signatures that are not quite legible should be re-written distinctly.

(b) For rules regarding printing of notes, see the rules in G.O., No. 1220, Public dated 30th November 1900.

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(d) In the absence of special instructions to the Press to keep matter standing for a specified period, ordinary papers of 8 pages and under will be kept standing for one week, and larger papers for two weeks only. The type of notes and of all confidential papers is distributed immediately after striking.

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INSTRUCTIONS FOR THE PRESS.

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at once.

C

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.....Clerk.

.....Clerk.

.....Supt.

.....Supt.

.....Supt.

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