Scott II-37—50,004—4-11-46.

E. & P.H. **(194 8') Department.**

Ms. **SERIES.**

G.O. NO.	453 Edn.
Dated	10-3-1948.

[Despatch Abstract.]

Audit report 1945-46 - elementary education fund of Madras - reco

Back Papers.

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

Further Papers.

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

G. D. III—368
4,000—[illegible] 1947

M.e.877.
16.9.47.

Registered 194

From

Sri Rao Sahib C. NARASIMHAM, M.A., B.L.,
Commissioner,
Corporation of Madras.

EXAMINER OF LOCAL FUND ACCOUNTS
18 SEP 1947
MADRAS

To

THE SECRETARY
To The Government of Madras,
Education & Pub. Health Department,
FORT ST. GEORGE, MADRAS.

Through The Examiner of Local Fund Accts.,
Kilpauk P.O., Madras.
Through the Mayor of Madras.

C.A.D.C. No. [illegible] of 1946, Dated 13-9-1947.

Enclosures: Four. No. i. 3 copies of printed Audit Report with replies.
ii. 3 copies of Standing Committee(Education)'s resolution.
iii. 3 copies of Council's resolution.
iv. Original Audit Report.

Sir,

~~Subject:~~

Subject: AUDIT - Audit Report - Elementary Education Fund - 1945-46 - Replies submitted.

I forward herewith three copies of the printed Audit Report with replies together with the resolutions of the Standing Committee (Education) dated 5-6-1947 and of the Council dated 2-9-1947 in triplicate.

The original Audit Report received from the Examiner of Local Fund

p.t.o.

Accounts is also enclosed.

N Sankaran
For Commissioner. 13-9-46.

Forwarded.
T. Sivagnanam Pandian
MAYOR. 13/9

kk.13/9.

G.D.C.B.No. 528/46

L.F.No.6617
27-11-46

A/17/1632/46

COUNCIL SECTION
12 NOV 1946
CORPORATION OF MADRAS

OFFICE OF THE COMMISSIONER
No.
30 NOV 1946
CORPORATION OF MADRAS

C.A.O.

D.C. 30/11

D.C. 2-12-46

CHIEF ACCOUNTS OFFICER
2 DEC 1946
CORPORATION OF MADRAS

AUDIT REPORT ON THE ELEMENTARY EDUCATION FUND ACCOUNTS OF THE MXXXX CORPORATION OF MADRAS FOR THE YEAR 1945-46.

25868

Names of auditors: Sri V.Srinivasan and Sri.V. Krishnaswami Superintendents.

Time taken for the annual audit: From the 18th July 1946 to the 12th November 1946.

The Office of Mayor was held by Sri M. Pathakrishna Pillai, B.A., B.L., from the 1st April 1945 to the 20th November 1945 and by Sri N. Siva Raj, B.A., B.L., M.L.A.(Central) from the 21st November 1945 to the 31st March 1946.

The Office of Commissioner was held by J.P.L. Shenoy Esq., I.C.S., from the 1st April 1945 to the 30th April 1945 and from the 1st June 1945 to the 31st March 1946. During the period from the 1st May 1945 to the 31st May 1945 Sri.Rao Bahadur C.S.Govinda Pillai Health Officer, Officiated as Commissioner.

2. The receipts and payments during the year are shown in the annual account appended, together with the opening and closing balances. The opening balance in the cash book is in agreement with the closing balance of the previous year. The closing balance namely Rs.2,22,622-11-2.agrees with the balance in the Final Account for March 1946 and is in agreement with the balance in the Madras Provincial Co-operative Bank pass book after allowing for outstanding cheques and unremitted revenue on hand at the close of the year.

3. FINANCIAL POSITION. There was a deterioration MX in the financial position of the Elementary Education Fund during the year as compared with that of the previous year. While the year opened with a balance of Rs.3,26,285-10-6 under 'Ordinary' it is closed with a balance of only Rs.1,85,201-15-5. This was due to the fact that the expenditure during the year exceeded the receipts by Rs.1,41,083-11-1 resulting in an MM encroachment on the opening balance to that extent.

4. The more important irregularities are detailed below. Irregularities of a minor nature are detailed in the annual objection statement which should be read as forming part of this report.

5. EXPENDITURE - BUDGET - REAPPROPRIATION OF FUNDS.

5. EXPENDITURE-- BUDGET - REAPPROPRIATION OF FUNDS.

(a) Expenditure was incurred in excess of the provision made in the budget estimate as approved in G.O.No.792 Education & P.H., dated 22nd May 1945, in the following cases. The sanction of the Council for the necessary reappropriation of funds was not obtained before the close of the year. In the reappropriation statement sanctioned by the Council in its resolution No.246 dated 16th April 1946 - after the close of the year - a sum of Rs.22,400/- only was reappropriated, while the actuals up to 31st March 1946, exceeded even that amount as shown below.

HEAD OF ACCOUNT.	ACTUALS. Rs.	A.	P.	BUDGET PROVISION. Rs.	A.	P.
Expenditure ordinary -						
(1) Staff - salaries and allowances. Masters.	11,63,103	10	2	8,07,010	0	0
Clerks and servants.	89,661	2	3	70,050	0	0
Dearness allowances.				2,64,000	0	0
Total.	12,52,764	12	5	11,41,060	0	0
(2) Contingencies. Other items.	1,39,993	2	10	1,13,680	0	0

(b) Again, as the reappropriation of Rs.22,400/- sanctioned by the Council involved the transfer of funds from one main head (viz) "4. Repairs to Buildings" to another main head (viz) 1. Staff - salaries and allowances" the previous sanction of the Director of Public Instruction required under rule II(2) of the rules issued with G.O.No.139, Education dated 29th January 1942 should have been obtained. This was not done.

(c) Further, the total expenditure exceeded the total provision in the budget estimate under "Expenditure-Ordinary" by Rs.75,949-1-6 as shown below. The requisite specific sanction of Government required under Rule II(5) of the rules issued with G.O. No.139, Education, dated 29th January 1942 was not obtained.

Total Budget provision.	Actuals.	Excess.
Rs.15,73,710-0-0.	Rs.16,49,659-1-6.	Rs.75,949-1-6

6. OBJECTIONS PENDING FOR OVER TWO YEARS. The number of objections with the amounts involved, which have been pending settlement

settlement for more than two years is given below. The objections would need to be settled expeditiously and result reported along with the replies to the audit report.

YEAR.	NO.OF ITEMS.	AMOUNT. Rs.	A.	P.
1940-41.	49	Nil.		
1941-42.	25	390	6	0
1942-43.	37	2,110	7	11
1943-44.	73	114	6	4
	184	2,615	4	3

7. PENDING PARAGRAPHS OF THE PREVIOUS YEAR'S AUDIT REPORT.

(1) Paragraph 6(1) of the audit report for 1944-45 (Paragraph 7(b) of the audit report for 1943-44).

The further remarks on the replies to the objection statements for the months of July 1940, March 1941 and June 1941 have not yet been received back with replies.

(2) Paragraph 6(8) of the audit report for 1944-45 (Paragraph 14 xxx) of the audit report for 1943-44).

The decision of the Council is awaited.

(3) Paragraph 14(d) of the audit report for 1944-45. Information in regard to the names of the teachers deputed for War Service the periods of their deputation, their scales of pay, etc. would need to be made available to verify whether the pensionary contribution due in respect of them has been recovered from the authorities conconerned.

(4) Paragraph 15(b) of the audit report for 1944-45. Action would need to be taken to adjust the balance of the advance of Rs.26/- still outstanding.

(5) Paragraph 16(b),(e) and (f) of the audit report for 1944

The replies to these items have not xxx been furnished and they may be expedited.

8. DELAY IN THE RETURN OF OBJECTION STATEMENTS AND FURTHER

In spite of the defect having been pointed out in the previous years, long delays in the return of objection statements or further remarks on the replies to the objection statements continue

even during the year under report. The following further remakrs issued on the dates noted against each have not yet been received back with replies though they were due to be returned within a fortnight from the date of their receipt by the Corporation.

Month to which the further remarks relate.	Date of issue.
1. May 1940.	14--6--1945.
2. July 40.	5--8--1944.
3. October 1940.	14--6--1945.
4. February 1941.	14--6--1945.
5. March 1941.	21--7--1944.
6. April 1941.	14--6--1945.
7. May 1941.	9-12--1944.
8. June 1941.	11--9--1944.
9. August 1941.	14--6--1945.
10. September 41.	14--6--1945.
11. October 41.	25--6--1945.
12. November 41.	29--1--46
13. January 42.	23--6--1945.
14. February 1942.	14--6--1945.
15. March 1942.	23--6--1945
16. May 1942.	24--1--1946
17. June 1942.	7--1--1946
18. July 1942.	31-10--1945
19. August 1942.	23--6--1945
20. September 1942.	25-10--1945
21. October 1942.	25--6--1945
22. November 1942.	9---3--1946
23. December 1942.	7---2--1946
24. January 1943.	2--7---1945
25. February 1943.	1---8--1946
26. March 1943.	9---3--1946
27. Annual Objection Statement 42-43.	9--3--1946
28. April 1943.	9---3--1946
29. May 1943.	9--3--1946
30. June 1943.	6--12--1945
31. July 1943.	6--12--1945
32. August 1943.	31-10--1945
33. September 1943.	6--3--1946
34. October 1943.	9--3--1946
35. November 1943.	9--3--1946
36. December 1943.	7--2--1946
37. January 1944.	31-10--1945
38. February 1944.	24--1--1946
39. March 1944.	30--7--1945
40. June 1944.	4--6--1946

9. TEMPORARY MISAPPROPRIATION. A sum of Rs.6-7-0 being the excess pay for 5 days in March '45 recovered from an Assistant in the Boys School Kasimode, was sent by the Headmaster of the school through the School peon on 7th April '45 for being remitted into the Corporation treasury. No remittance was made by the peon as instructed, on that day. As the peon evaded production of the chalan in support of the remittance, enquiry was made by the Headmaster in the Office ~~and in the Office~~ and it was ascertained that the amount had been misappropriated by the peon. The amount was recovered from his pay for April 1945 and remitted to the treasury on 15th May 1945. No written explanation would appear to have been obtained from the peon nor any disciplinary action taken against him. It was stated ~~xx~~ in the reply to the objection in audit that the peon was warned by the Educational Officer.

10. EDUCATION TAX: EQUIVALENT GOVERNMENT GRANT. Against the actual realisations of Rs. 6,85,537/11/7 under Education Tax (Arrears and Current) for 1945-46 only a sum of Rs. 6,63,531/3/8 was credited to the Elementary Education Fund after deducting the sum of Rs. 1219/13/ 4 refunded on voucher No. 165 of March 1946. Since the rate of education tax was raised from 8 per cent to 12 per cent of the property tax from 1st April 1943 and the proceeds at this rate are credited to the Elementary Education Fund, equivalent grant due from Government is admissible only on the proceeds of the tax realisable at 8 per cent, the rate in force in July 1941 before the amended Act came into force. The total gross collections on which the equivalent grant can be drawn worked out to Rs. 4,62,781/7/6. Deducting therefrom the proportionate share of refunds amounting to Rs. 813/3/6 the net amount on which equivalent grant from Government can be drawn works out to Rs. 4,61,968/4/- against which a sum of Rs. 4,42,704/- alone was sanctioned in G.O.No. 1024, Education, dated 23rd May 1946 The balance of Rs. 19,264/4/- would need to be claimed from Government.

11. EDUCATION TAX REALISATION: SHORT CREDIT TO THE ELEMENTARY EDUCATION FUND: Against ~~the~~ realisations of education tax of Rs. 6,67,649/12/8 during 1945-46 as stated in the margin, only a sum of Rs. 6,63,531/3/8 was adjusted to the credit of the Elementary Education Fund during the year including the adjustments made in March Final accounts in June 1946 leaving still a balance of Rs.4118/9/- due to be credited to the Elementary Education Fund. The short adjustment would need to be made good at an early date.

Total realisations of Education tax for 1945 - 46..	Rs....	6,85,537 11 7
DEDUCT refunds.		1,219 13 4
	Rs.	6,84,317 14 3
DEDUCT excess credit for 1944-45 adjusted in 1945-46.	Rs.	16,668 1 7
~~Total~~.	Rs.	6,67,649 12 8

12. PROPORTIONATE COST OF EDUCATION TAX COLLECTIONS: SHORT ADJUSTMENT: A sum of Rs. 39,469/- was due to ~~the~~ be adjusted for the year under report as proportionate cost of collection of education tax. But only a sum of Rs. 16,490/- (excluding Rs. 8,510/- credited to the General Funds (with reference to paragraph 13 of audit report for 1944-45) was adjusted to the General funds on voucher 138 of March 1946 resulting in a short credit of Rs. 22,979/- which would need to be paid to the General funds.

13. LOSSES NOT REPORTED: The following cases of losses of

school articles such as books, slates, clock etc., were not reported to the Audit Department though the amounts involved ~~excluded~~ exceeded Rs.10/- in each case. The losses were subsequently made good by the persons responsible.

NAME OF SCHOOL.	COST OF ARTICLES LOST.
i. Mohammedan Girls school, Perambur.	Rs. 24 14 0
ii -do-, Arathoon Road.	Rs. 14 6 6
iii. Girls school, Varadamuthiappan st.	Rs. 19 0 0

14, **CONSTRUCTION OF A SCHOOL BUILDING BEHIND BALIAH NAIDU DISPENSARY** — ELEMENTARY EDUCATION FUND: CAPITAL: LOAN FUNDS: An estimate for Rs.20,000/- for the construction of a school building behind Baliah Naidu Dispensary 19th Division was sanctioned by the Counil on 4-2-1941. The work was given on contract to Sri S. Nalliah Naidu, the lowest tenderer for Rs. 17,982/13/-. An agreement was executed by the contractor on 26th June 1941 according to which the work was to be completed by him within six months. Though the work was commenced immediately afterwards its completion was indefinitely delayed. In March 1943, the contractor after executing a portion of the work stopped further execution. As clause 17 of the contract agreement provided for the execution of the work by the corporation in the case of default by the contractor after giving due notice to him, the papers were placed before the Council which in its Resolution No.640 dated 10_12-1943 decided that the balance of work might be done departmentally at the risk and cost of the contractor except for deviation. The contractor however protested against this decision of the council. Thereupon, on the advice of the Legal Adviser of the corporation that the serving of notice as per clause 17 of the agreement would not serve any useful purpose, the council at its meeting dated 5th December 1944, decided to close the contract and to settle the claims of the contractor to the extent of the work executed by him and to proceed with the rest of the work departmentally.

A sum of Rs. 11,862/- was paid to the contractor towards his part of the contract. As regards the balance of the work, as it was estimated to cost Rs. 10,138/- a revised estimate for the entire work for Rs.22,000/- (Rs. 11,862 plus Rs. 10,138) was sanctioned by the council on 19th June1945. The completion report of the work is awaited. It may be stated in this connection that no action was taken against the contractor for his delay and default in this case.

15. CONTRACT FOR THE SUPPLY OF CARTS FOR THE CONVEYANCE OF MUSLIM GIRLS TO SCHOOLS: (a) In response to the notification issued in January 194 inviting tenders for the supply of carts for the conveyance of muslim girls to schools, during 1945-46 the following tenders were received.

Name of tenderer.	Rate per cart per mensem.
1. Syed Rahmuddin & Co.	Rs. 34
2. G.M. Abdul Gafoor sahib.	,, 39/14/-.
3. Md. Moosa sahib.	,, 39/14/-.

The accepted rate per cart per mensem during 1944-45 was Rs. 37/8/-.

As the solvency of the lowest tenderer Syed Rahmuddin & Co. was considered doubtful, an extra security of 10% over and above the usual security of 5% was demanded from him which he failed to deposit. When the tenders were then examined by the Commissioner he thought that one contractor would not be able to supply as many as 62 carts every day. The papers were placed before the Standing committee(Education) with the suggestion to reject all the tenders and to invite fresh tenders after dividing the city into three ranges. This was approved by the Standing committee (Education) in its proceedings No. 235 dated 23rd February 1945. Fresh tenders were received in March 1945 and the following were the rates quoted by the respective tenderers.

		Rate per cart per mensem.
1. G.M. Abdul Gafoor sahib.	South Range.	Rs.45
2. Khadar Basha.	Central range.	,, 45
3. Md. Rahimtullah.	Northern range.	,, 45

The tenderers referred to as item (2) and (3) were reported to be brothers of Md. Moosa sahib, one of the original tenderers for 1945-46 and contractor for 1944_45. While considering these tenders the Standing committee (Education) in its proceedings No. 258 dated 9th April 1945 observed as follows."The committee notes with regret that as a result of calling for fresh tenders the rates have increased". The tenders were accepted by the council in its proceedings No.256/46 dated 17th April 1945.

When the lowest tenderer in respect of the tenders received in January 1945 did not comply with the demand for extra security the City could have been divided into two ranges as South Range and North Range as was done in the previous year and the contract given to G.M. Abdul Gafoor sahib and Md. Moosa sahib at Rs. 39/14/- per cart per mensem, who were the next higher tenderers and who as contractors for 1944-45 for these two ranges supplied 32 and 30 carts, respectively

The invitation of fresh tenders gave opportunity to Abdul Gafoor sahib and Md. Moosa sahib the former tendering for the South Range which required 32 carts and the latter tendering in the name of his brothers for the central and North Ranges which required 29 carts in all, to combine and increase the tender rate for all the three ranges. This payment to the contractors at a higher rate involved in the aggregate a loss of Rs. 3,141/- to the Corporation. It may be added in this connection that Abdul Gafoor Sahib was allowed to supply 32 carts against the commissioner's view that each contractor should not be asked to supply more than 22 carts.

The procedure of dividing the city into three ranges and calling for fresh tenders with a fresh condition "that one person should not tender for more than one range" was against the principle underlying the open tender system and this has resulted in the loss referred to above.

(b) Under clause 7 of the agreement entered into with the contractors each contractor is expected to convey in each cart 50 children every day subject to a deduction of 20% on account of absence etc. So the minimum number of children to be conveyed in each cart on each day is 40. Correct and complete information regarding the number of children conveyed each day was not available to verify whether the terms of the agreement were complied with by the contractors.

16. EXPENDITURE ON REPAIRS TO PRIVATE BUILDING TAKEN ON RENT:

UNAUTHORISED: SANCTION WANTING: Premises No. 174 Lloyds Road belonging to Mr. V.A.T. Coelho, was taken on lease by the Corporation for the location of a Boys school on payment of a monthly rent of Rs. 85 from 1-2-1942 and the lease was renewed year after year with the sanction of the council. The rent was increased from Rs. 85/- to Rs. 100 from 1st October 1943 with the approval of the council. No written lease deed was obtained from the owner to secure the interests of the Corporation.

On a requisition from the owner that he wanted the building for his own occupation, the building was vacated by the Corporation on 14-3-1945 and vacant possession of the building was taken over by the owner. On 19-3-1945 the owner wrote to the Commissioner listing out certain damages alleged to have been caused to his property during the occupation by the corporation and requested the commissioner "to restore the property to the condition in which it was at the time the corporation school moved into it". On the report of the Educational Officer, the

Commissioner ordered that " the damages done by the Corporation to the premises" should be rectified by the departments concerned and that "the Educational Officer Educational Officer should recover at least a portion of the cost of missing switch covers from the persons responsible! An estimate for Rs. 400/- was prepared and the following items of repairs were carried out at a cost of Rs. 356/3/10 though no action would appear to have been taken to recover a portion of the cost of the missing switch covers as ordered by the Commissioner.

1. Providing ground glass panes..	22	sq.ft.
2. Painting 2 coats.	2130	do.
3. Levelling yard including closing slit trenches.	3000	do.
4. Painting all doors, ventilators and windows.	2000	do.
5. Varnishing doors and windows.	500	do.

There was no information as to the condition of the building at the time of its occupation by the Corporation school to exactly assess the extent of the damages that required rectification. Further, having regard to the fact that the owner was receiving a monthly rent of Rs.100 from 1-10-1943 which is ordinarily expected to cover the expenditure on annual maintenance repairs to the building to be carried out by the owner the corporation could be held liable to make good only the damages referred to in items 1 and 3 above which were apparently caused in connection with the A.R.P. measures aggreably to the Commissioner's orders referred to above. There was therefore no justification or authority for the corporation to incur expenditure on the other items of repairs of an ordinary kind which should ordinarily be undertaken annually for the proper maintenance repairs of the building by the owner himself. Item IX of Annexure to G.O.No.1149 E & P.H., dated 24th June 1940 provides for the incurring of expenditure from the Elementary Education Fund without the sanction of Government on the execution of repairs by local bodies for buildings not belonging to them in which elementary schools are located free of rent subject to the condition that the cost of repairs should be limited to Rs.100 per annum for each building. As the incurring of expenditure on the execution of repairs to a private building taken on rent, from the Elementary Education Fund, is not contemplated by the Government orders mentioned above, the sanction of the Council and Government would have to be obtained for the expenditure incurred.

The invitation of fresh tenders gave opportunity to Abdul Gafoor sahib and Md. Moosa sahib the former tendering for the South Range which required 32 carts and the latter tendering in the name of his brothers for the central and North Ranges which required 29 carts in all, to combine and increase the tender rate for all the three ranges. This payment to the contractors at a higher rate involved in the aggregate a loss of Rs. 3,141/- to the Corporation. It may be added in this connection that Abdul Gafoor Sahib was allowed to supply 32 carts against the commissioner's view that each contractor should not be asked to supply more than 22 carts.

The procedure of dividing the city into three ranges and calling for fresh tenders with a fresh condition "that one person should not tender for more than one range" was against the principle underlying the open tender system and this has resulted in the loss referred to above.

(b) Under clause 7 of the agreement entered into with the contractors each contractor is expected to convey in each cart 50 children every day subject to a deduction of 20% on account of absence etc. So the minimum number of children to be conveyed in each cart on each day is 40. Correct and complete information regarding the number of children conveyed each day was not available to verify whether the terms of the agreement were complied with by the contractors.

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On a requisition from the owner that he wanted the building for his own occupation, the building was vacated by the Corporation on 14-3-1945 and vacant possession of the building was taken over by the owner. On 19-3-1945 the owner wrote to the Commissioner listing out certain damages alleged to have been caused to his property during the occupation by the corporation and requested the commissioner "to restore the property to the condition in which it was at the time the corporation school moved into it". On the report of the Educational Officer, the

Commissioner ordered that " the damages done by the Corporation to the premises" should be rectified by the departments concerned and that "the Educational Officer Educational Officer should recover at least a portion of the cost of missing switch covers from the persons responsible". An estimate for Rs. 400/- was prepared and the following items of repairs were carried out at a cost of Rs. 356/3/10 though no action would appear to have been taken to recover a portion of the cost of the missing switch covers as ordered by the Commissioner.

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2. Painting 2 coats.	2130	do.
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4. Painting all doors, ventilators and windows.	2000	do.
5. Varnishing doors and windows.	500	do.

There was no information as to the condition of the building at the time of its occupation by the Corporation school to exactly assess the extent of the damages that required rectification. Further, having regard to the fact that the owner was receiving a monthly rent of Rs.100 from 1-10-1943 which is ordinarily expected to cover the expenditure on annual maintenance repairs to the building to be carried out by the owner the corporation could be held liable to make good only the damages referred to in items 1 and 3 above which were apparently caused in connection with the A.R.P. measures aggreably to the Commissioner's orders referred to above. There was therefore no justification or authority for the corporation to incur expenditure on the other items of repairs of an ordinary kind which should ordinarily be undertaken annually for the proper maintenance repairs of the building by the owner himself. Item IX of Annexure to G.O.No.1149 E & P.H., dated 24th June 1940 provides for the incurring of expenditure from the Elementary Education Fund without the sanction of Government on the execution of repairs by local bodies for buildings not belonging to them in which elementary schools are located free of rent subject to the condition that the cost of repairs should be limited to Rs.100 per annum for each building. As the incurring of expenditure on the execution of repairs to a private building taken on rent, from the Elementary Education Fund, is not contemplated by the Government order mentioned above, the sanction of the Council and Government would need to be obtained for the expenditure incurred.

Instances of this kind would indicate the imperative necessity for obtaining binding lease deeds in writing from the owners of buildings taken on rent by the Corporation. Such lease deeds should contain, among other conditions stipulations regarding the rate of rent payable execution of repairs to the building etc with a view to safeguard its own interest and to preclude the possibility of the Corporation being put to avoidable expenditure on ordinary maintenance repairs of rented buildings at the cost of the Corporation. In their absence it may not always be possible for the Corporation to enforce strictly the terms of the lease.

17. EXPENDITURE ON REPAIRS TO BUILDINGS. The expenditure incurred on the repairs to buildings has been steadily increasing year after year as indicated below.

Year.	Expenditure.
1943-44.	Rs.5,245/-,
1944-45.	" 13,382/-.
1945-46.	" 26,987/-.

Allowing for the rise in the prices of materials and the cost of labour etc., due to war conditions, the reason for such a rapid increase in expenditure is not apparent. It may be stated that out of 155 elementary schools uner the Corporation as many as 107 schools are located in rented buildings. Item IX of annexure to G.O.No.1149 Edn., and P.H., dated 24th June1940 which has been communicated to the Commissioner permits the debit to the Elementary Education Fund of expenditure incurred on repairs only to rent-free buildings not belonging to local bodies without the sanction of Government subject to certain conditions. The debit of expenditure on repairs to rented buildings to the Elementary Education Fund requires therefore the specific approval of Government. It is not clear whether any action was taken by the Education department for obtaining a written lease deed from the owners of the buildings in which elementary schools are located for rent, regarding the execution of repairs at their own cost or in cases where such repair at the cost of the Corporation was considered necessary, to see that necessary clause in the agreement is included with the sanction of the competent authority.

18. EXPENDITURE UNDER QUIPMENT: Expenditure was incurred during the year under the head "Expenditure - Ordinary 2. contingencies - Equipment" as shown below.

Equipment.

Furniture and apparatus	Rs. 10,054	11	4
Library books and maps.	" 1,164	9	3

While reviewing the budget for the Elementary Education Fund for 1945-46 it was ordered by Government "that the provision made under Equipment should be utilised in consultation with the Inspect.. officers" - vide extract of paragraph 18 of the Director of Public Instruction's endorsement P. No. 54 B/4-45 dated 31-1-1945 communicat to the Commissioner in paragraph 4 of G.O.No. 7 Education dated 22nd May 1945 approving the budget estimate for 1945-46. Information was not made available as to whether the Inspecting officers were consulted in all the cases referred to above. Detailed statements showing the distribution of furniture, etc., to all the institutions concerned were also not forthcoming in the files produced for necessary verification with the concerned stock books maintained in the schools.

19. INCORRECT DEBIT TO ELEMENTARY EDUCATION FUND:-

(a) An expenditure of Rs.789/- was incurred during the year on the purchase of sporting equipment required for the sixteen play grounds maintained by the Corporation, eight from the General Fund and eight from the Elementary Education Fund. Only one playground out of the eight maintained from the Elementary Education fund was stated to have functioned during 1945-46, the remaining having been rendered unfit for use on account of A.R.P. trenches. Instead of charging to the Elementary Education Fund only the cost of materials used for that playground, the entire cost was met from the Elementary Education Fund. The irregular debit would need to be reversed by a corresponding credit to the Elementary Education Fund.

(b) As the sporting equipment required for all the playgrounds is usually purchased at one time, it is necessary that the expenditure chargeable on this account to the respective funds is clearly allocated at the time of payment with reference to the indents based on the requirements of each playground to avoid incorrect debits of the kind referred to above to the Elementary Education Fund.

20. AGREEMENTS NOT OBTAINED:-

A sum of Rs.1,425-9-0 was paid on Vr.No.35 of May 1945 to Messrs.C.Coomaraswami Naidu and Sons towards the cost of slates and slate pencils supplied by the Company during 1944-45. Though the total value of the contract involved exceeded Rupees one thousand, a written agreement specifying the rates and other terms of supply was not obtained from the company in this case to secure the interests of the Corporation and for the due fulfilment of the contract as required by section 81(1)(b) of the City Municipal Act, and rule 10 of the rules issued with G.O.No.2438 L.A., dated 8th July 1940.

21. PERMANENT ADVANCE - DOUBLE PAYMENT - PENDING RECOVERY:-

(a) Out of the Permanent Advance of Rs.25/- with the Educational Officer only a sum of Rs.19-13-0 was accounted

for in cash and in vouchers as noted in the margin.* The reason for the shortage in the balance to the extent of Rs.5-3-0 was as follows:-

* Cash Rs.2-7-6
Vouchers Rs.17-5-6
Rs.19-13-0

An advance of Rs.5-3-0 was paid in cash by the Educational Officer on 22nd August 1945 from out of his Permanent Advance to the attender attached to the Reading room at Thousand Lights towards the repair charges of the Petromax light in the reading room. As a voucher in support of the expenditure incurred out of that advance was not submitted by the attender, a duplicate copy of the cash memorandum dated 28th August 1945 for Rs.5-3-0 was obtained from K.S.Shivji & Co., by the Headmaster and submitted to the office. A contingent recoupment bill for Rs.5-3-0 was prepared by the Educational Department and forwarded to the Central Accounts Department for recoupment. This bill was however treated as one on which cash payment was to be made to K.S.Shivji & Co., and the sum of Rs.5-3-0 was included in a cheque for Rs.59-11-9 issued to the Company resulting in a double payment of Rs.5-3-0 to the Company. The second payment remained to be recovered and paid to the Educational Officer.

(b) PERMENANT ADVANCE - ACKNOWLEDGMENT NOT PRODUCED:-

The acknowledgment of the Educational Officer for the total Permanent Advance of Rs.330/- at his debit including portions of the advance held by his subordinates was not made available.

22. DEFECTS IN THE MAINTENANCE OF REGISTERS:-
(a) REGISTERS IN THE EDUCATIONAL SECTION OF THE OFFICE:-

The defects noticed in the account registers such as Register of Miscellaneous Demands, Register of Advances etc., maintained by the Educational Department in the office, have been detailed in item 17 of the annual objection statement. The defects disclosed lack of adequate supervision over the work of the accounts branch of the Educational Section and would need immediate attention and rectification.

(b) ACCOUNTS AND REGISTERS MAINTAINED IN SCHOOLS - DEFECTS:-

The defects in the maintenance of the important registers in schools such as Acquittance register, Permanent Advance Register, Stock accounts of Tools and Plant, Stationery etc., noticed during audit, are detailed schoolwise in the annual objection statement. They would need to be rectified at an early date.

23. ANNUAL ESTABLISHMENT RETURNS:-

The annual statement of Permanent Establishment of the Educational Department as on 1st April 1946 relating to office establishment alone was furnished to audit on 27th September 1946 though it was due by 1st May 1946. The statements relating to the teaching staff and other subordinate establishment of the Education Department have not been furnished. In lieu of these statements a note book containing the names of teachers schoolwise with the rates of pay drawn by them was furnished on 16th August 1946. This did not contain any information regarding the dates of birth, dates of next increment, sanctioned scales, etc., with authority besides the prescribed certificates, etc., and therefore could not serve the purpose for which the statements are intended. As the claims for pension or gratuity of the employees are to be checked with this return, the necessity to furnish the returns in the prescribed printed form with all the necessary enclosures regarding new names, persons on leave etc. cannot be overemphasised especially in view of the fact that it serves as an independent permanent record of the service of the teachers and clerks borne on pensionable establishment.

24. SERVICE BOOKS AND LEAVE ACCOUNTS:-

(a) The certificate of annual verification of service books contemplated in rule 7 of the rules in annexure I Part II of the Madras Corporation Service rules was not recorded for the year ending the 31st March 1946 in all service books. In a few cases, the certificates of verification recorded in the service registers were for the year ending the 31st December 1

(b) The instructions relating to the preparation and maint

maintenance of leave accounts as laid down in the Madras Corporation Service Rules were not followed. Instances in which leave was granted without working out the leave account or without completing the entries in the leave account under proper attestation after the return of the incumbents from leave and noticed in audit, are given in item 3 of the annual objection statement. A review of the leave accounts showed that they had not undergone periodical scrutiny by any responsible officer to ensure that entries are made correctly and without omission as and when necessary.

(c) It was seen from entries recorded in service books that increments were granted from wrong dates in certain cases and that consequently there were excess payments. Instances have been detailed in item No.1 of the annual objection statement.

25. RESULT OF AUDIT:-

The General result of audit may be considered satisfactory.

26. RECEIPTS AND CHARGES:-

The receipts and charges during the year were Rs.15,58,575-6-5 and Rs.17,23,870-12-7 respectively.

27. PENDING OBJECTIONS:-

Three hundred and twenty seven items of objections involving a sum of Rs.55,863-8-10 were pending settlement at the close of audit as detailed in the annual objection statement.

Year.	No.of items	Amount Rs as ps
1940-41	49	. . . .
1941-42	25	390 6 0
1942-43	37	2,110 7 11
1943-44	73	114 6 4
1944-45	44	. . . .
1945-46	99	53,248 4 7
Total	327	Rs. 55,863 8 10

B.B.SHANKER RAO,
Deputy Examiner of L.F. Accounts.

Forwarded to the Chairman, Standing Committee (Accounts) Corporation of Madras as required by Rule 19(d) of Schedule V to the City Municipal Act 1919 with the request that with reference to sub rule (2) of rule 20 of the same schedule, the above report may be returned (in original) within 6 months with replies in duplicate duly approved by the Council for being forwarded to Government.

B.B. Shanker Rao.
Deputy Examiner of L.F. Accounts.

16. 17

ANNUAL ACCOUNT OF RECEIPTS AND CHARGES OF THE ELEMENTARY EDUCATION FUND OF THE CORPORATION OF MADRAS FOR THE YEAR 1945-46.

Heads.	Actuals 1945-46 Rs	as	ps	Total Rs	as	ps	Final Budget Appropriation Rs	as	ps
Opening Balance				3,87,918	1	4	2,70,714	0	0
RECEIPTS--ORDINARY									
(1) Education Tax	6,63,531	3	8				6,07,175	0	0
(2) Fees and penalties under the Elementary Education Act	21	8	0						
(3) Income from Investments etc.	1,126	15	0				1,000	0	0
(4) School Fees									
(5) Endowments									
(6) Contributions									
(7) Other Receipts	3,299	12	7				500	0	0
(8) Government Grant									
(i) Under section 37 of the Elementary Education Act.	4,54,537	0	0				3,80,000	0	0
(ii) Under the proviso to section 37 of the Elementary Education Act	31,380	0	0				31,380	0	0
(9) Contribution from the General Account									
(a) For payment of temporary allowance of Rs.4/-	3,20,000	0	0				3,20,000	0	0
(b) For other purposes	9,849	4	0						
(10) Investments realised									
(11) Advances recovered	24,827	11	2				10,0[illegible]	0	0
-do- Permanent Advance	2	0	0						
Deduct -									
Deduct -									
Totals	15,08,575	6	5				13,50,075	0	
RECEIPTS--CAPITAL									
Opening Balance							38,390	0	0
(1) Government grant									
(2) Endowments and Contributions.									
(3) Loans	50,000	0	0				50,000	0	0
(4) Contribution from General Account - Ordinary									
(5) Investments realised									
ADD amount transferred from ordinary									
Total	50,000	0	0				50,000	0	0
Total, Ordinary and Capital				15,58,575	6	5	14,00,075	0	0
Grand Total including Opening Balance				19,46,493	7	9	17,09,179	0	0

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Heads	Actuals 1945-46 Rs	as	ps	Total Rs	as	ps	Final Budget Appropriation Rs	as	ps
EXPENDITURE--ORDINARY.									
Staff - Salaries and Allowances - Masters	11,63,103	10	2				8,07,010	0	0
Clerks and Servants	89,661	2	3				70,050	0	0
Dearness allowance							2,64,000	0	0
Education tax - Collection charges	25,000	0	0				25,000	0	0
Pension and gratuities	29,417	12	1				30,000	0	0
Travelling Allowances									
Stipend of teachers sent for training									
Contingencies and Equipment									
Contingencies	84,237	1	11				90,000	0	0
House rent	1,39,993	2	10				1,13,680	0	0
Other items									
Equipment-									
Furniture and apparatus	10,054	11	4				34,000	0	0
Library books and maps	1,164	9	3				5,000	0	0
Other items	15	3	0				200	0	0
Prizes and scholarships									
Repairs to buildings	26,987	5	2				60,000	0	0
Interest on ~~loans~~ debt	64,649	0	0				64,650	0	0
Repayment of debt							100	0	0
Medical - Inspection charges - Equipment									
Refund of Excess contribution to Government	13,667	0	0				10,020	0	0
Advances Recoverable									
Permanent	1,708	7	6						
Others									
Total	16,49,659	1	6				15,73,710	0	0
EXPENDITURE--CAPITAL.									
Lands and buildings	74,211	11	1				75,000	0	0
Equipment--									
Furniture and apparatus									
Library books and maps									
Other items									
Investments									
Total	74,211	11	1				75,000	0	0
Total expenditure(Ordinary) and Capital	17,23,870	12	7				16,48,710	0	0
Total Closing Balance				2,22,622	11	2	60,469	0	0
Grand Total including Closing Balance				19,46,493	7	9	17,09,179	0	0

N. Krishnaswami
Superintendent, Corporation audit

Forwarded to the commissioner for necessary action.
M Ramachandra Naidu
29.11.46
Chairman S.C.(E).

(12) 21

Extract from the Proceedings of a Meeting of the Standing Committee (Education) held on 5th June 1947.

C.No.287/47 - A U D I T:

Read Commissioner's note dated 21-3-47 placing for consideration the Audit Report on the account of the Elementary Education Fund of the Corporation of Madras for the year 1945-46 with replies to the several paragraphs contained therein.

Read proceedings of the S.C(Edn) dated 27-5-47.

"The Commissioner is requested to furnish replies to the paragraphs 6 and 7 as early as possible as the matter is already long delayed.

"Recorded."

/True Extract/

(Sd)M.Singaravelu,
Secretary to Council i/c.

Extract from the Minutes of the Proceedings of an Ordinary Meeting of the Council held on 2nd September 1947.

Resolution No.577/47.

Audit Report.

Read the Commissioner's note dated 21-3-47 placing for consideration the Audit Report on the account of the Elementary Education Fund of the Corporation of Madras for the year 1945-46 with replies to the several paragraphs contained therein and the proceedings of the S.C(E) dated 27-5-47 and 5-6-47 thereon.

This was recorded.

/True Extract)

(Sd)C.Venkatarama Reddi,
Secretary to Council.

EXAMINER OF LOCAL FUND ACCOUNTS
D. SEP 1947

(True Copy)

CHIEF ACCOUNTS OFFICER, C.M.

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(13) 23

Extract from the Proceedings of a Meeting of the Standing Committee (Education) held on 5th June 1947.

C.No.287/47 - A U D I T:

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/True Extract/

(Sd)M.Singaravelu,
Secretary to Council i/c.

Extract from the Minutes of the Proceedings of an Ordinary Meeting of the Council held on 2nd September 1947.

Resolution No.577/47.
Audit Report.

Read the Commissioner's note dated 21-3-47 placing for consideration the Audit Report on the account of the Elementary Education Fund of the Corporation of Madras for the year 1945-46 with replies to the several paragraphs contained therein and the proceedings of the S.C(E) dated 27-5-47 and 5-6-47 thereon.

This was recorded.

/True Extract)

(Sd)K.Venkatarama Reddi,
Secretary to Council.

(True Copy)

CHIEF ACCOUNTS OFFICER, C.M.

CG/10-9-47.

10/9/47

24

NOTE FOR THE STANDING COMMITTEE (EDUCATION) AND THE COUNCIL.

The replies to the several paragraphs of the Audit Report on the accounts of the Elementary Education Fund of the Corporation of Madras for the year 1945-46 are put up below for consideration.

Corporation of Madras,
Dated 21—3—1947.

C. NARASIMHAM,
Commissioner.

Audit Report on the Elementary Education Fund Accounts of the Corporation of Madras for the year 1945-46.

Names of auditors:—Sri V. Srinivasan and Sri N. Krishnaswami, *Superintendents.*

Time taken for the annual audit:—From the 18th July 1946 to 12th November 1946.

The Office of Mayor was held by Sri M. Rathakrishna Pillai, B.A., B.L., from 1st April 1945 to the 20th November 1945 and by Sri N. Siva Raj, B.A., B.L., M.L.A. (Central) from the 21st November 1945 to the 31st March 1946.

The Office of Commissioner was held by J.P.L. Shenoy Esq., I.C.S., from the 1st April 1945 to the 30th April 1945 and from the 1st June 1945 to the 31st March 1946. During the period from the 1st May 1945 to the 31st May 1945 Sri Rao Bahadur C. S. Govinda Pillai Health Officer, Officiated as Commissioner.

2. The receipts and payments during the year are shown in the annual account appended, together with the opening and closing balances. The opening balance in the cash book is in agreement with the closing balance of the previous year. The closing balance, namely Rs. 2,22,622-11-2. agrees with the balance in the Final Account for March 1946 and is in agreement

with the balance in the Madras Provincial Co-operative Bank pass book after allowing for outstanding cheques and unremitted revenue on hand at the close of the year.

Reply :—No Remarks.

3. *Financial Position.*—There was a deterioration in the financial position of the Elementary Education Fund during the year as compared with that of the previous year. While the year opened with a balance of Rs. 3,26,285-10-6 under 'Ordinary' it is closed with a balance of only Rs. 1,85,201-15-5. This was due to the fact that the expenditure during the year exceeded the receipts by Rs. 1,41,083-11-1 resulting in an encroachment on the opening balance to that extent.

Reply :—This is due to payment of war allowance and Dearness allowance and opening additional schools.

4. The more important irregularities are detailed below. Irregularities of a minor nature are detailed in the annual objection statement which should be read as forming part of this report.

Reply :—Noted.

5. *Expenditure—Budget—Re-appropriation of funds.*—(a) Expenditure was incurred in excess of the provision made in the budget estimate as approved in G.O. No. 792 Education & P. H. dated 22nd May 1945, in the following cases. The sanction of the Council for the necessary reappropriation of funds was not obtained before the close of the year. In the reappropriation statement sanctioned by the Council in its resolution No. 246 dated 16th April 1946, after the close of the year—a sum of Rs. 22,400 only was reappropriated, while the actuals up to 31st March 1946, exceeded even that amount as shown below.

Head of Account.	Actuals. Rs. A. P.	Budget provision. Rs. A. P.
Expenditure ordinary—		
(1) Staff—salaries and allowances—Masters ...	11,63,103 10 2	8,07,010 0 0
Clerks and servants	89,661 2 3	70,050 0 0
Dearnes allowances ...	..	2,64,000 0 0
Total ..	12,52,764 12 5	11,41,060 0 0
(2) Contingencies. Other items ...	1,39,993 2 10	1,13,680 0 0

(b) Again, as the reappropriation of Rs. 22,400 sanctioned by the Council involved the transfer of funds from one main head (viz) "4. Repairs to Buildings" to another main head (viz) 1. Staff—salaries and allowances" the previous sanction of the Director of Public Instruction required under rule II (2) of the rules issued with G.O.No. 139, Education dated 29th January 1942 should have been obtained. This was not done.

(c) Further, the total expenditure exceeded the total provision in the budget estimate under "Expenditure—Ordinary" by Rs. 75,949-1-6 as shown below. The requisite specific sanction of Government required under Rule II (5) of the rules issued with G.O. No. 139, Education, dated 29th January 1942 was not obtained.

Total Budget provision	Actuals.	Excess.
Rs. 15,73,710-0-0	Rs. 16,49,659-1-6	Rs. 75,949-1-6

Reply :—Government have been addressed in this Office letter E. D. C. B. I. 1482/47 dated 30-3-47 for ratification of the excess expenditure incurred in the year 1945-46. With regard to transfer of funds from one main head to another the D. P. I. Madras has been requested in this Office letter E. D. C. No. B. I. 1483/47 dated 30-3-47 to ratify the transfer.

6. *Objections pending for over two years.*—The number of objections with the amounts involved, which have been pending settlement for more than two years is given below. The objections would need to be settled expeditiously and result reported along with the replies to the audit report.

Year.	No. of items.	Amount. Rs. a. p.
1940-41	49	Nil.
1941-42 ...	25	390 6 0
1942-43 ...	37	2,110 7 11
1943-44 ...	73	114 6 4
	184	2,615 4 3

Reply :—The number of objections pending as on 31-1-47 during the years 40-41, 41-42, 42-43 and 43-44 is only 123. Of the pending objections the majority of items pertains to other departments. The departments concerned have been requested to have the pending objections settled as expeditiously as possible.

7. *Pending paragraphs of the previous year's Audit report.*

(1) *Paragraph* 6 (1) *of the audit report for* 1944–45 (*Paragraph* 7 (*b*) *of the audit report for* 1943–44).—The further remarks on the replies to the objection statements for the months of July 1940, March 1941 and June 1941 have not yet been received back with replies.

(2) *Paragraph* 6 (8) *of the audit report for* 1944–45 (*Paragraph* 14 *of the audit report for* 1943–44). The decision of the Council is awaited.

(3) *Paragraph* 14 (*d*) *of the audit report for* 1944–45.—Information in regard to the names of the teachers deputed for war service the periods of their deputation, their scales of pay, etc. would need to be made available to verify whether the pensionary contribution due in respect of them has been recovered from the authorities concerned.

(4) *Paragraph* 15 (*b*) *of the audit report for* 1944–45.—Action would need to be taken to adjust the balance of the advance of Rs. 26 still outstanding.

(5) *Paragraph* 16 (*b*), (*e*) *and* (*f*) *of the audit report for* 1944–45.—The replies to these items have not been furnished and they may be expedited.

Reply :—(1) Further remarks for May 1940 and July 1940 alone are still pending with W. D. has been requested to return the Further Remarks with replies to the items therein early.

Reply :—(2) The matter is still pending before the Council.

Reply :—(3) List of names of teachers deputed for military service from the Corporation Boys' Schools and Girls' Schools has already been furnished to Audit Department vide reply to further remarks Para 14 (a) of the Audit Report of 44-45.

Reply :—(4) (b) (Para 15 b of Audit Report for 1944-45.) Sanction of the competent authorities is sought for for writing off the balance of Rs. 26. as irrecoverable.

Reply :—16 (b) Permanent Advance register of C.B.S. Pudumanikuppam was produced and the balance accounted for in audit. The objection was dropped.

Reply :—16 (e) Vide reply to Para 16 (a) Further remarks Audit report for 1944-45.

Reply :—16 (f) Vide reply to para 16 (e) of Audit Report for 1944-45.

8. *Delay in the return of Objection Statements and further remarks with replies.*—In spite of the defect having been pointed out in the previous years, long delays in the return of objection statements or further remarks on the replies to the objection statements continued even during the year under report. The following further remarks issued on the dates noted against each have not yet been received back with replies though they were due to be returned within a fortnight from the date of their receipt by the Corporation.

	Month to which the further remarks relate.			Date of issue.
1.	May	1940	...	14—6—1945
2.	July	1940	...	5—8—1944
3.	October	1940	...	14—6—1945
4.	February	1941	...	14—6—1945
5.	March	1941	...	21—7—1944
6.	April	1941	...	14—6—1945
7.	May	1941	...	9-12—1944
8.	June	1941	...	11—9—1944
9.	August	1941	...	14—6—1945
10.	September	1941	...	14—6—1945
11.	October	1941	...	25—6—1945
12.	November	1941	...	29—1—1946
13.	January	1942	...	23—6—1945
14.	February	1942	...	14—6—1945
15.	March	1942	...	23—6—1945
16.	May	1942	...	24—1—1946
17.	June	1942	...	7—1—1946
18.	July	1942	...	31-10—1945
19.	August	1942	...	23—6—1945
20.	September	1942	...	25-10—1945
21.	October	1942	...	25—6—1945
22.	November	1942	...	9—3—1946
23.	December	1942	...	7—2—1946
24.	January	1943	...	2—7—1945
25.	February	1943	...	1—8—1946
26.	March	1943	...	9—3—1946

27.	Annual Objection Statement	1942–43	...	9—3—1946
28.	April	1943	...	9—3—1946
29.	May	1943	...	9—3—1946
30.	June	1943	...	6-12—1945
31.	July	1943	...	6-12—1945
32.	August	1943	...	31-10—1945
33.	September	1943	...	6—3—1946
34.	October	1943	...	9—3—1946
35.	November	1943	...	9—3—1946
36.	December	1943	...	7—2—1946
37.	January	1944	...	31-10—1945
38.	February	1944	...	24—1—1946
39.	March	1944	...	30—7—1945
40.	June	1944	...	4—6—1946

Reply:—All the Further Remarks except those noted against Item 1, 2 6, 12, 24, 25, 26, 27, 34, 35, 36, 37, 38, 39 and 40 have since been returned to the Audit Department. W.D., W.W.D. and S.W.D. have been reminded to return the pending Further Remarks with replies expeditiously.

9. *Temporary misappropriation.*—A sum of Rs. 6-7-0 being the excess pay for 5 days in March '45 recovered from an Assistant in the Boys' School Kasimode, was sent by the Headmaster of the school through the School peon on 7th April '45 for being remitted into the Corporation treasury. No remittance was made by the peon as instructed, on that day. As the peon evaded production of the chalan in support of the remittance, enquiry was made by the Headmaster in the Office and it was ascertained that the amount had been misappropriated by the peon. The amount was recovered from his pay for April 1945 and remitted to the treasury on 15th May 1945. No written explanation would appear to have been obtained from the peon nor any disciplinary action taken against him. It was stated in the reply to the objection in audit that the peon was warned by the Educational Officer.

Reply:—In future, cases of delays in remitting the undisbursed amounts to the Treasury resulting in temporary misappropriation will be severely dealt with.

10. *Education Tax : Equivalent Government Grant :*—Against the actual realisation on Rs. 6,85,537-11-7 under Education Tax (Arrears and Current) for 1945-46 only a sum of Rs. 6,63,531-3-8 was credited to the Elementary Education Fund

after deducting the sum of Rs. 1219-13-4 refunded on voucher No. 165 of March 1946. Since the rate of education tax was raised from 8 per cent to 12 per cent of the property tax from 1st April 1943 and the proceeds at this rate are credited to the Elementary Education Fund, equivalent grant due from Government is admissible only on the proceeds of the tax realisable at 8 per cent, the rate in force in July 1941 before the amended Ac- came into force. The total gross collections on which the equivalent grant can be drawn worked out to Rs. 4,62,781-7-6. Deduction there from the proportionate share of refunds amounting to Rs. 813-3-6 the net amount on which equivalent grant from Government can be drawn works out to Rs. 4,61,968-4-0 against which a sum of Rs. 4,42,704-0-0 alone was sanctioned in G. O. No. 1024, Education, dated 23rd May 1946. The balance of Rs. 19,264-4-0 would need to be claimed from Government.

Reply:—The Government have been addressed in the matter in this office letter E.D.C.B1/1547/46 dated 10-2-47.

11. *Education Tax Realisation: Short credit to the Elementary Education Fund*: Against the net realisations of education tax of Rs. 6,67,649-12-8 during 1945-46 as stated in the margin, only a sum of Rs. 6,63,531-3-8 was adjusted to the credit of the Elementary Education Fund during the year including the adjustments made in March Final accounts in June 1946 leaving still a balance of Rs. 4118-9-0 due to be credited to the Elementary Education Fund. This short adjustment would need to be made good at an early date.

Total realisations of Education tax for 1945-46	Rs.	6,85,537	11	7
Deduct refunds	...	1,219	13	4
	Rs.	6,84,317	14	3
Deduct excess credit for 1944-45 adjusted in 1945-46	...	16,668	1	7
	Rs.	6,67,649	12	8

Reply:—The reply furnished by the R. O. is given below :—

		Rs.	A.	P.
During the year 1945-46, the amount of Education tax collected was	...	6,85,537	11	7
The amount actually adjusted to Education cess during the year 1945-46	...	6,63,531	3	8
Balance to be adjusted to E. E. Fund	...	22,006	7	11
Excess adjustment to E.E. Fund in 1944-45	...	16,668	1	7
		5,338	6	4
Deduct refunds of 1945-46	...	1,219	13	4
		4,118	9	0
do of 1944-45 adjusted in 1945-46	...	524	13	5
		3,593	11	7
Add prepayment of 1946-47	...	46	0	3
		3,639	11	10
Deduct prepayment of 1945-46	...	95	9	2
		3,544	2	8

The amount of Rs. 3,544-2-8 was adjusted in the current year 1946-47 in Vr. No. (1 Account) 935 dated 27-1-47. The Government pay grant on the basis of tax amount actually credited in a year and they have informed us accordingly. The Examiner was also addressed on this mater separately.

12. *Proportionate cost of Education Tax Collections: Short Adjustment*: A sum of Rs. 39,469 was due to be adjusted for the year under report as proportionate cost of collection of education tax. But only a sum of Rs. 16,490 (excluding Rs. 8,510 credited to the General Funds with reference to paragraph 13 of the audit report for 1944-45) was adjusted to the General funds on voucher 138 of March 1946 resulting in a short credit of Rs. 22,979 which would need to be paid to the General funds.

Reply:—Owing to the inadequacy of funds in the Elementary Education Fund Account the cost of collection was fixed at a round sum of Rs. 25,000 per annum.

13. *Losses not reported*: The following cases of losses of school articles such as books, slates, clock etc., were not reported to the Audit Department though the amounts involved exceeded Rs. 10 in each case. The losses were subsequently made good by the persons responsible.

	Name of School.		Cost of articles Lost.		
i.	Mohammedan Girls school Perambur	Rs.	24	14	0
ii.	do. Arathoon Road	,,	14	6	6
iii.	Girls school, Varadamuthiappan St.	.,	19	0	0

Reply:—In future loss of school articles will be reported to the Audit Department promptly.

14. *Construction of a school Building Behind Baliah Naidu Dispensary Elementary Education Fund: Capital: Loan Funds:* An estimate for Rs. 20,000 for the construction of a school building behind Baliah Naidu Dispensary 19th Division was sanctioned by the Council on 4-2-1941. The work was given on contract to Sri S. Nalliah Naidu, the lowest tenderer for Rs. 17,982-13-0. An agreement was executed by the contractor on 26th June 1941 according to which the work was to be completed by him within six months. Though the work was commenced immediately afterwards its completion was indefinitely delayed. In March 1943, the contractor after executing a portion of the work stopped further execution. As clause 17 of the contract agreement provided for the execution of the work by the Corporation in the case of default by the contractor after giving due notice to him, the papers were placed before the Council which in its Resolution No. 640 dated 10-12-1943 decided that the balance of work might be done departmentally at the risk and cost of the contractor except for deviation. The contractor however protested against this decision of the council. Thereupon, on the advice of the Legal Adviser of the corporation that the serving of notice as per clause 17 of the agreement would not serve any useful purpose, the council at its meeting dated 6th December 1944, decided to close the contract and to settle the claims of the contractor to the extent of the work executed by him and to proceed with the rest of the work departmentally.

A sum of Rs. 11,862 was paid to the contractor towards his part of the contract. As regards the balance of the work as it was estimated to cost Rs. 10,138 a revised estimate for the entire work for Rs. 22,000 (Rs. 11,862 plus Rs. 10,138) was sanctioned by the council on 19th June 1945. The completion report of the

work is awaited. It may be stated in this connection that no action was taken against the contractor for his delay and default in this case.

Reply :—The Engineer has been instructed to make available the file of papers containing the completion reports for the construction of school buildings behind Baliah Naidu Dispensary.

15. *Contract for the Supply of Carts for the Conveyance of Muslim Girls to Schools.*—(a) In response to the notification issued in January 1945 inviting tenders for the supply of carts for the conveyance of muslim girls to Schools, during 1945–46 the following tenders were received.

Name of Tenderer.	Rate per cart per mensem.
1. Syed Rahmuddin & Co.	Rs. 34–0—0
2. G. M. Abdul Gafoor Sahib.	,, 39–14–0
3. Md. Moosa Sahib.	,, 39–14–0

The accepted rate per cart per mensem during 1944-45 was Rs. 37–8–0.

As the solvency of the lowest tenderer Syed Rahmuddin & Co., was considered doubtful, an extra security of 10% over and above the usual security of 5% was demanded from him which he failed to deposit. When the tenders were then examined by the Commissioner he thought that one contractor would not be able to supply as many as 62 carts every day. The papers were placed before the Standing Committee (Education) with the suggestion to reject all the tenders and to invite fresh tenders after dividing the city into three ranges. This was approved by the Standing Committee (Education) in its proceedings No. 235 dated 23rd February 1945. Fresh tenders were received in March 1945 and the following were the rates quoted by these respective tenderers.

		Rate per cart. per mensem.
1. G. M. Abdul Gafoor sahib.	South Range.	Rs. 45
2. Khadar Basha.	Central range.	45
3. Md. Rahimtullah.	Northern range.	45

The tenderers referred to as item (2) and (3) were reported to be brothers of Md. Moosa sahib, one of the original tenderers for 1945-46 and contractor for 1944-45. While considering these tenders the Standing Committee (Education) in its proceedings No. 258 dated 9th April 1945 observed as follow. "The Committee notes with regret that as a result of calling for fresh tenders the rates have increased." The tenders were accepted by the Council in its proceedings No. 256/46 dated 17th April 1945.

When the lowest tenderer in respect of the tenders received in January 1945 did not comply with the demand for extra security the City could have been divided into two ranges as South Range and North Range as was done in the previous year and the contract given to G. M. Abdul Gafoor Sahib and Md. Moosa sahib at Rs. 39-14-0 per cart per mensem, who were the next higher tenderers and who as contractors for 1944–45 for these two ranges supplied 32 and 30 carts respectively.

The invitation of fresh tenders gave opportunity to Abdul Gafoor Sahib and Md. Moosa Sahib the former tendering for the South Range which required 32 carts and the latter tendering in the name of his or others for the central and North Ranges which required 29 carts in all, to combine and increase the tender rate for all the three ranges. This payment to the contractors at a higher rate involved in the aggregate a loss of Rs. 3,141/- to the Corporation. It may be added in this connection that Abdul Gafoor Sahib was allowed to supply 32 carts against the Commissioner's view that each contractor should not be asked to supply more than 22 carts.

The procedure of dividing the city into three ranges and calling for fresh tenders with a fresh condition "that one person should not tender for more than one range" was against the principle underlying the open tender system and this has resulted in the loss referred to above.

(b) Under clause 7 of the agreement entered into with the contractors each contractor is expected to convey in each cart 50 children every day subject to a deduction of 20% on account of absence etc. So the minimum number of children to be conveyed in each cart on each day is 40. Correct and complete information regarding the number of children conveyed each day was not available to verify whether the terms of the agreement were complied with by the contractors.

Reply :—(a) It was considered that the system of dividing the City into three ranges and calling for separate tenders for the supply of carts for each range would yield better results and would be more advantageous than the procedure that was adopted in the previous years. As wide publicity was given in the local newspapers to the tender notice it was felt that the Corporation could derive the maximum benefit from the open competetive tenders. But due to paucity of tenderers the Corporation had to accept higher rates. This was inevitable under the circumstances.

Reply :—(b) A register recording the number of children conveyed in each cart daily is not maintained in this office. The bills of contractors for the supply of carts are not passed for payment without certificates from the Head Mistresses of the schools concerned to the effect that the contractor supplied the carts satisfactorily.

16. *Expenditure on repairs to private Building taken on Rent: Unauthorised: Sanction wanting*:—Premises No. 174, Lloyds Road belonging to Mr. V. A. T. Coelho, was taken on lease by the Corporation for the location of a Boys school on payment of a monthly rent of Rs. 85 from 3-2-1942 and the lease was renewed year after year with the sanction of the Council. The rent was increased from Rs. 85/- to Rs. 100 from 1st October 1943 with the approval of the Council. No written lease dead was obtained from the owner to secure the interests of the Corporation.

On a requisition from the owner that he wanted the building for his own occupation, the building was vacated by the Corporation on 14-3-1945 and vacant possession of the building was taken over by the owner. On 19-3-1945 the owner wrote to the Commissioner listing out certain damages alleged to have been caused to his property during the occupation by the Corporation and requested the Commissioner "to restore the property to the condition in which it was at the time the Corporation school moved into it." On the report of the Educational Officer the Commissioner ordered that "the damages done by the Corporation to the premises" should be rectified by the departments concerned and that "the Educational Officer should recover at least a portion of the cost of missing switch covers from the persons responsible! An estimate for Rs. 400 was prepared and the following items of repairs were carried out at a cost of Rs. 356-3-10 though no action would appear to have been taken to recover a portion of the cost of the missing switch covers as ordered by the Commissioner.

1.	Providing ground glass panes	...	22 sq. ft.
2.	Painting 2 coats	...	2130 „
3.	Levelling yard including closing of slit trenches	...	3000 „
4.	Painting all doors, ventilators and windows	...	2000 „
5.	Varnishing doors and windows	...	500 „

There was no information as to the condition of the building at the time of its occupation by the Corporation school to exactly assess the extent of the damages that required rectification. Further, having regard to the fact that the owner was receiving a monthly rent of Rs. 100 from 1-10-1943 which is ordinarily expected to cover the expenditure on annual maintenance repairs to the building to be carried out by the owner the corporation could be held liable to make good only the damages referred to in items 1 and 3 above which were apparently caused in connection with the A.R.P. measures aggreably to the Commissioner's orders referred to above. There was therefore no justification or authority for the corporation to incur expenditure on the other items of repairs of an ordinary kind which should ordinarily be undertaken annually for the proper maintenance repairs of the building by the owner himself. Item IX of Annexure to G.O. No. 1149 E & P H., dated 24th June 1940 provides for the incurring of expenditure from the Elementary Education Fund without the sanction of Government on the execution of repairs by local bodies for buildings not belonging to them in which elementary schools are located free of rent subject to the condition that the cost of repairs should be limited to Rs. 100 per annum for each building. As the incurring of expenditure on the execution of repairs to a private building taken on rent, from the Elementary Education Fund, is not contemplated by the Government order mentioned above, the sanction of the Council and Government would need to be obtained for the expenditure incurred.

Instances of this kind would indicate the imperative necessity for obtaining binding lease deeds in writing from the owners of buildings taken on rent by the Corporation. Such lease deeds should contain, among other conditions stipulations regarding the rate of rent payable execution of repairs to the building etc. with

a view to safeguard its own interest and to preclude the possibility of the Corporation being put to avoidable expenditure on ordinary maintenance repairs of rented buildings at the cost of the Corporation. In their absence it may not always be possible for the Corporation to enforce strictly the terms of the lease.

Reply:—A similar objection was raised in the year 1941. The difficulties involved in the execution and registration of lease deeds in respect of buildings taken on leases by the Corporation were explained to the Examiner of Local Fund Accounts in this office letter E. D. C. A.-4/1746/41 dated 16-1-42 and the objection was dropped. In as much as no difficulty has been experienced in the absence of written lease deeds all these years the existing practice may be allowed to continue.

The amount ordered to be recovered towards a portion of the cost of missing switch covers amounting to Rs. 2-14-0 could not be recovered as the children who were primarily responsible for the damage caused to the building in question could not be punished and the responsibility could not be fixed on any particular individual. The expenditure incurred was met from the Elementary Education Fund with the sanction of the Commissioner.

17. *Expenditure on repairs to buildings.*—The expenditure incurred on the repairs to buildings has been steadily increasing year after year as indicated below.

Year.	Expenditure. Rs.
1943–44 ...	5,245
1944–45 ...	13,382
1945–46 ...	26,987

Allowing for the rise in the prices of materials and the cost of labour etc., due to war conditions, the reason for such a rapid increase in expenditure is not apparent. It may be stated that out of 155 elementary schools under the Corporation as many as 107 schools are located in rented buildings. Item IX of annexure to G.O. No. 1149 Edn., and P H., dated 24th June 1940 which has been communicated to the Commissioner permits the debit to the Elementary Education Fund of expenditure incurred on repairs only to rent-free buildings not belonging to local bodies without the sanction of Government subject to certain conditions. The

debit of expenditure on repairs to rented buildings to the Elementary Education Fund requires therefore the specific approval of Government. It is not clear whether any action was taken by the Education department for obtaining a written lease deed from the owners of the buildings in which elementary schools are located for rent, regarding the execution of repairs at their own cost or in cases where such repair at the cost of the Corporation was considered necessary to see that necessary clause in the agreement is included with the sanction of the competent authority.

Reply:—The expenditure on repairs to rented buildings where the Corporation schools are housed is not met from Corporation funds except the one referred to in Para 16. The increase in the cost of repairs to Corporation owned buildings during the years under review was due to the high cost of building materials due to war conditions.

18. *Expenditure under equipment.*—Expenditure was incurred during year under the head "Expenditure—Ordinary 2. contingencies—Equipment" as shown below.

Equipment.

Furniture and apparatus	...	Rs. 10,054 11 4
Library books and maps	...	„ 1,164 9 3

While reviewing the budget for the Elementary Education Fund for 1945-46 it was ordered by Government "that the provision made under Equipment should be utilised in consultation with the Inspecting officers"-vide extract of paragraph 18 of the Director of Public Instruction's endorsement P. No. 54 B/4—45 dated 31-1-1945 Communicated to the Commissioner in paragraph 4 of G. O. No. 792 Education dated 22nd May 1945 approving the budget estimate for 1945-46. Information was not made available as to whether the Inspecting officers were consulted in all the cases referred to above. Detailed statements showing the distribution of furniture, etc., to all the institutions concerned were also not forthcoming in the files produced for necessary verification with the concerned stock books maintained in the Schools.

Reply:—It has been in vogue to purchase and supply equipment apparatus etc., to the Corporation Schools according to the actual requirements of

each school. No objection has been raised by the inspecting authorities all these years.

19. *Incorrect debit to Elementary Education Fund.*—(a) An expenditure of Rs. 789/- was incurred during the year on the purchase of sporting equipment required for the sixteen playgrounds maintained by the Corporation, eight from the General Fund and eight from the Elementary Education Fund. Only one playground out of the eight maintained from the Elementary Education fund was stated to have functioned during 1945-46 the remaining having been rendered unfit for use on account of A. R. P. trenches. Instead of charging to the Elementary Education fund only the cost of material used for that playground, the entire cost was met from the Elementary Education Fund. The irregular debit would need to be reversed by a corresponding credit to the Elementary Education Fund.

(b) As the sporting equipment required for all the playgrounds is usually purchased at one time, it is necessary that the expenditure chargeable on this account to the respective funds is clearly allocated at the time of payment with reference to the indents based on the requirements of each playground to avoid incorrect debits of the kind referred to above to the Elementary Education Fund.

Reply:—Wrong debit of Rs. 161--2--10 raised under E.E. Fund in respect of sporting materials has since been rectified Voucher No. 1962 dated 31--3--47.

20. *Agreements not obtained.*—A sum of Rs. 1,425-9-0 was paid on Vr. No. 35 of May 1945 to Messrs. C. Coomaraswami Naidu and Sons towards the cost of slates and slate pencils supplied by the Company during 1944-45. Though the total value of the contract involved exceeded Rupees one thousand, a written agreement specifying the rates and other terms of supply was not obtained from the company in this case to secure the interests of the Corporation and for the due fulfilment of the contract as required by section 81 (i) (b) of the City Municipal Act, and rule 10 of the rules issued with G. O. No. 2438 L. A., dated 8th July 1940.

Reply:—The objection is noted for future guidance.

21. *Permanent advance-Double payment-Pending Recovery.*-(a) Out of the Permanent Advance of Rs. 25/-- with the Educational Officer only a sum of Rs. 19-13-0 was accounted for in

cash and in vouchers as noted in the margin*. The reason for the shortage in the balance to the extent of Rs. 5-3-0 was as follows:—

*Cash Rs.	2--7-6
Vouchers Rs.	17--5-6
Rs.	19-13-0

An advance of Rs. 5-3-0 was paid in cash by the Educational Officer on 22nd August 1945 from out of his Permanent Advance to the attender attached to the Reading room at Thousand Lights towards the repair charges of the Petromax light in the reading room. As a voucher in support of the expenditure incurred out of that advance was not submitted by the attender, a duplicate copy of the cash memorandum dated 28th August 1945 for Rs. 5-3-0 was obtained from K. S. Shivji & Co., by the Headmaster and submitted to the office. A contingent recoupment bill for Rs. 5-3-0 was prepared by the Educational Department and forwarded to the Central Accounts Department for recoupment. This bill was however treated as one on which cash payment was to be made to K. S. Shivji & Co., and the sum of Rs. 5-3-0 was included in a cheque for Rs. 59-11-9 issued to the Company resulting in a double payment of Rs. 5-3-0 to the Company. The second payment remained to be recovered and paid to the Educational Officer.

(b) *Permanent Advance—Acknowledgement not Produced*:—The acknowledgment of the Educational Officer for the total Permanent Advance of Rs. 330 at his debit including portions of the advance held by his subordinates was not made available.

Reply:—(a) The amount has since been recovered.
Reply:—(b) Acknowledgment will be produced for audit.

22. *Defects in the Maintenance of Registers*:—(a) *Registers in the Educational Section of the Office*:—The defects noticed in the account registers such as Register of Miscellaneous Demands, Register of Advances etc., maintained by the Educational Department in the office, have been detailed in item 17 of the annual

objection statement. The defects disclosed lack of adequate supervision over the work of the accounts branch of the Educational Section and would need immediate attention and rectification.

(b) *Accounts and Registers maintained in Schools—Defects*:—The defects in the maintenance of the important registers in schools such as Acquittance Register, Permanent Advance Register, Stock accounts of Tools and Plant, Stationery etc., noticed during audit, are detailed schoolwise in the annual objection statement. They would need to be rectified at an early date.

Reply :—(a) Defects pointed out in audit in the maintenance of registers referred to in the para have since been rectified.

Reply :—(b) The Headmasters of the schools concerned have been instructed to rectify the defects pointed out in audit in the maintenance of registers of schools.

23. *Annual Establishment Returns* :—The annual statement of Permanent Establishment of the Educational Department as on 1st April 1946 relating to office establishment alone was furnished to audit on 27th September 1946 though it was due by 1st May 1946. The statements relating to the teaching staff and other subordinate establishment of the Education Department have not been furnished. In lieu of these statements a notebook containing the names of teachers schoolwise with the rates of pay drawn by them was furnished on 16th August 1946. This did not contain any information regarding the dates of birth, dates of next increment, sanctioned scales, etc., with authority besides the prescribed certificates, etc., and therefore could not serve the purpose for which the statements are intended. As the claims for pension or gratuity of the employees are to be checked with this return, the necessity to furnish the returns in the prescribed printed form with all the necessary enclosures regarding new names, persons on leave etc., cannot be overemphasised especially in view of the fact that it serves as an independent permanent record of the service of the teachers and clerks borne on pensionable establishment.

Reply :— In future the Annual Establishment returns will be furnished to Audit Department in the prescribed form.

24. *Service Books and Leave Accounts* :—(a) The certificate of annual verification of service books contemplated in rule 7 of the rules in annexure I Part II of the Madras Corparation Service rules was not recorded for the year ending the 31st March 1946 in all service books. In a few cases, the certificates of verification recorded in the service registers were for the year ending the 31st December 1945.

(b) The instructions relating to the preparation and maintenance of leave accounts as laid down in the Madras Corporation Service Rules were not followed. Instances in which leave was granted without working out the leave account or without completing the entries in the leave account under proper attestation after the return of the incumbents from leave and noticed in audit, are given in item 3 of the annual objection statement. A review of the leave accounts showed that they had not undergone periodical scrutiny by any responsible officer to ensure that entries are made correctly and without omission as and when necessary.

(c) It was seen from entries recorded in service books that increments were granted from wrong dates in certain cases and that consequently there were excess payments. Instances have been detailed in item No. 1 of the annual objection statement.

Reply :—(a) Service registers have been verified and certificates of verification since recorded.

Reply :—(b) The defects pointed out in audit have since been rectified.

Reply :—(c) In cases where excess payments have been made consequent on the drawal of increments from wrong dates, action is being taken to recover the amounts from the officials concerned.

25. *Result of Audit*:—The General result of audit may be considered satisfactory.

Reply :—No remarks.

26. *Receipts and Charges*:—The receipts and charges during the year were Rs. 15,58,575–6–5 and Rs. 17,23,870–12–7 respectively.

Reply: —Noted.

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27. *Pending Objections*:—Three hundred and twenty seven items of objections involving a sum of Rs. 55,863-8-10 were pending settlement at the close of audit as detailed in the annual objection statement.

Year.	*No. of items.*	*Amount* Rs.	A.	P.
1940-41	49	...		
1941-42	25	390	6	0
1942-43	37	2,110	7	11
1943-44	73	114	6	4
1944-45	44	...		
1945-46	99	53,248	4	7
Total	327	Rs. 55,863	8	10

Reply:—The number of objections pending as on 31-1-47 is 241 (including 47 items relating to the year 1946-47) Action will be taken to have the pending objections settled as early as possible.

The Model Press, G. T. Madras.

L.F. 4733/9.10.47

EXAMINER'S OFFICE.

Subject: AUDIT - Audit Report - Elementary Education Fund - 1945-46 Replies submitted.

Reference: C.A.D.C.No.A.12-1612 of 46 dated 13th September 47 of the Commissioner, Corporation of Madras, MADRAS.

Forwarded to the Secretary to Government, Education and Public Health Department with copies of the Commissioner's replies and the resolution of the Standing Committee (Education) and the Council.

ASST. SECRETARY TO GOVERNMENT 10 OCT 1947 EDUCATION AND PUBLIC HEALTH DEPT.

86689

Deputy Examiner of Local Fund Accounts.

To The Secretary to Government,
Education and Public Health Department,
Fort St. George, MADRAS.

S.S./8.10.

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Audit Report. 1945-46. E.E Fund.
Corporation of Madras - Recorded.

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Corporation of Madras
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