Scott. II-27-95,096 31 10 50.

Close
[illegible]

①

Edn (1950) Department.

Ms. SERIES.

m

G.O. NO. 3320

Dated 15-12-1950

⑳

[Despatch Abstract.]

Govt. Press and Stationery Stores — Quarterly check of accounts — Suggestions of Spl. Officer for reorganisation of Govt. Press — Papers Recorded

Back Papers.

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

Further Papers.

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

E ② UE

Office of the Special Officer for the
re-organisation of the Govt. Press,
Madras, 2-6-1950.

C.No.47/50-S.O.

6 JUN 1950
14498

Dear Mr. Paul,

Sub:- Government Press and Stationery Stores - Quarterly check of stores accounts.

I submit for the consideration of the Government, the following proposal regarding the check of the Stores accounts in the Government Press and the Stationery Stores.

2. Both the above institutions consume stores of various kinds costing lakhs of rupees. In the Government Press, large quantities of paper, printing ink, binding materials and other stores are issued to the various printing departments on requisitions received from them. A large number of such requisitions are dealt with every day. In the Stationery Stores, large quantities of paper are daily issued to the Government Press, and paper and other articles of stationery are issued to the indenting officers in the State, against the annual indents, which number about 2,000. From my experience as a member of the Government Press Enquiry Committee and as Special Officer for the re-organisation of the Government Press, I can state that the accounts relating to the paper and other stores in the Government Press are never maintained properly. The postings are chronically in arrears for several months. Rumours are rife that large quantities of paper are smuggled out of the Press by dishonest sub-ordinates. The stores in the Press are supposed to be verified once a year by an outside Officer appointed by the Government, but the common belief in the Press is that a window-dressing is rehearsed and the accounts are hastily cooked up for the edification of this officer. Shortly before this annual verification, if the stores actually available exceed the book balance, emerging from the postings-- (made as they are at the last minute)-- the excess is secretly done away with. If there is a deficiency, postings are cooked up so that a proper book balance is arrived at. The verifying Officer cannot, and does not, verify whether the innumerable postings which have been made in the course of the year are correct and tally with the other records, and whether the book balances have been correctly worked out. That the stories current about the existence of such irregularities are not imaginary was recently shown by the fact that shortly before 31-3-1950, some articles of stores including some reams of paper were found thrown away in places far away from the Stores, in order to facilitate the "verification". There are also reports that large quantities of paper were removed from the Stores and thrown into the waste paper dump and removed therefrom along with the waste paper by the waste paper contractor. Though such complaints have not come to my notice in respect of the Stationery Stores, I have occasion to know that here too, the posting of the ledgers is sometimes not uptodate. In view of the very large number of indents dealt with and the large number of articles involved, the Clerks who post these accounts have practically to be left to themselves; and theoretically it is quite possible that stores are diverted clandestinely and the accounts are cooked up.

Press

M

Sty Stores

3. In view of the large value of the stores involved, running to more than 40 lakhs of rupees, I submit that it is very necessary to ensure that the stores accounts are maintained regularly and correctly. The supervising officers in the two institutions have plenty of other work to do and cannot make a satisfactory check of these accounts, particularly because the entries are so numerous. Further, the work is one for which audit staff is specially fitted: and it is desirable to have this work done by independent agency from outside. I, therefore, suggest that these accounts should be checked ~~perio~~ periodically by an Accountant from the Accountant General's

40

(p.t.o.)

2

Office. The two institutions are no doubt being subjected ~~xx~~ even now to an annual audit by the Accountant General's staff. But, I do not think the audit staff concern themselves particularly with the accuracy of the entries in the Stores Accounts. Further, an audit generally takes place between one to two years (if not more) after the end of the period to which the audit relates. It takes about one year more for the notes to be communicated and the replies to be received through proper channel. The replies are often slippery and evasive. By this time, everyone is sick of the whole matter and no one has the heart to pursue the thing. The whole matter is talked out and ends in smoke. If things are to be kept straight, there is nothing like a steady and frequent check, made soon after the event. This is true of all audit. An audit of transactions which have taken place over a whole year becomes tedious and therefore superficial. Further, when audit is conducted more than one year after the period in question, it becomes even less ~~eff~~ effective. There will not be satisfactory results if the stores accounts are checked only during the annual audit. The entries are so many that a proper check cannot be made by the audit staff, which has other matters also to attend to. Government have prescribed that the Treasury accounts should be posted and tallied every day. It is unthinkable that the correctness of Treasury accounts is left for scrutiny by audit staff during an annual audit. And yet this is just what is happening in respect of the above stores accounts. The only difference is that stores instead of currency, are involved and the total value runs into 40 ~~or 30~~ lakhs of rupees, instead of the much larger figure in the Treasuries. But the amount involved in the stores accounts is large enough to justify a more intensive check than is obtaining at present.

N

4. I submit therefore, that there should be a separate check of the stores accounts--a quicker and a more frequent check. I submit that the accounts should be checked once a quarter, the accounts relating to a quarter being checked in the month following the quarter. An Accountant may be deputed from the Accountant General's office every quarter to work for about ten days at least in the Government Press and about a week in the Stationery office. His work will be specially directed to find out (1) whether the receipts and issues have been posted uptodate and tally with the invoices, requisition slips, indents and other records; (2) whether the actual balances tally with the book balances; and (3) in the case~~x~~ of the Government Press, whether the quantities specified in the requisition slips tally with actual requirements. It is possible that such check ~~ix~~ may be useful also in respect of other Government institutions consuming large quantities of stores, but I can speak with first-hand knowledge, only of the Government Press and the Stationery Stores. The officers in these institutions can no doubt be made to check the accounts, but, in the very nature of the case, their check cannot be as detailed or reassuring as that of independent audit staff from the Accountant General's Office. The small expenditure is well worth incurring. I submit the above proposal for the earnest consideration of the Government.

M

Yours sincerely,
V.V. Subramanian
(V.V.Subramanian)
3.6.50.

To
Sri R.D.Paul,
Secretary to Government,
Education Department,
Fort St.George, Madras.

3

Education Deptt.
(E)

Memo No. 14478 E/50-3 Edn. 3.7.1950.

15/3/7

Govt.Press - Stationery Stores - Quarterly check of stores

It has been ~~suggested~~ proposed that with a view to maintain the Stores Account in the Govt.Press and ~~got~~ Govt Stationery Stores regularly and constantly, there should be a separate check of the stores accounts once a quarter, the accounts relating to a quarter being checked in the month following the quarter. and that this audit may be in addition to the annual audit of the two institutions by the A.G's staff For the purpose~~s~~ of the special audit an Accountant may be deputed from the A.G.'s office every quarter to work for about 10 days atleast in the Govt.Press and about a week in the Stationery office. His work will be specially ~~noted to~~ directed to find out (1) whether the receipts and issues have been posted uptodate and tally with the invoices, requisition slips, indents and other records; (2) whether the actual balances tally with the book balances; and (3) in the case of the Govt.Press, whether the quantities specified in the requisition slips tally with actual requirements.

2. The Accountant General is requested to offer his remarks the above proposals at an early date.

4/7

To
The Accountant General.

1/9/50

21.6.50

21.6.50

No.OA.30-5/50-51/252 Office of the Accountant General, Madras.
Fort St.George dated the 3-August,1950.

8 AUG 1950
22254

From
Sri A.Balakrishnan,
Accountant General,
Madras.
To
The Secretary to the Government of Madras,
Education Department,
Fort St.George,
Madras.9

Subject:- Government Press-Stationery stores-Quarterly check of stores

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Sir,

With reference to Education Department Memorandum No. 14478 E/50-3 Education dated 3rd July 1950 on the subject indicated above, I have to state as under.

p3 cf

It has been stated in the Government memorandum that the accountant's work will be specially directed to find out whether the actual balances tally with the book balances, apart from the other checks regarding receipts and issues. In this connection, it may be observed that audit shall not, except when specially authorised to do so, assume responsibility for the physical verification of stores and that this responsibility should normally rest with the executive who should arrange for a continuous verification of the stores, supplemented by a surprise test verification by a superior officer(vide paragraph 6 of Appendix 10(B) to Madras Financial Code, Volume II and paragraph 215 M.P.W.A. Code). It may also be pointed out that the last verification of stores in the Government Press was conducted in 1940 and that no subsequent verification has been carried out. I would, therefore, suggest that Government may arrange to examine whether there are satisfactory arrangements at present for physical verification of stores and periodical surprise check within the organisation itself. I consider this a most essential preliminary before there can be any audit check, which will be confined to seeing that the stores books of account are properly and correctly maintained and there is evidence of periodical reconciliation between the balances as per such books and the ground balances as certified by the executive authorities, after actual physical verification and that the differences are duly investigated and dealt with promptly.

(A)

M

It is also noticed that the audit report on the accounts of the Government Press for the year 1946-47 has not yet been received back with replies. The audit of the accounts for 1947-48 and 1948-49 have only recently been completed. It is proposed to arrange, in the course of the next six months, another audit for checking the accounts of 1949-50. Opportunity will then be taken to examine specially stores and stock accounts of the Government Press and if the results thereof should indicate the necessity for a more frequent external audit by my office suitable recommendation in pursuance thereof will be made.

Accountant General

avr

2/8

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⑤

7 Edn.

Sub: Govt. Press and Stationery Stores Quarterly check of Stores.

Ref: From the A.G. No. OA 30/5/50-51 252 dated 3.8.50.

p5 CF

39/28/8

Memo. No. 14478 E/50-5 Edn. & 28.8.50.

A copy of letter C.No. 47/50 S.O. 2.6.50 from the Special Officer for the Reorganisation of the Govt. Press, ~~which has given rise to the proposal~~, is forwarded to the Accountant General, Madras.

2 The A.G. is now requested to offer further remarks & state whether the Accountant or Superintendent of his office cannot do ~~this~~ this work.

26 8 50

~~pp1-2 cf~~

The Govt.'s intention is that the Auditors of the Office of the A.G. may be requested to carry out an internal verification of the Stores Accounts like the one suggested in the A.G.'s letter.

To

The Accountant General Madras (with encl)

copy of pp1-2 cf

1/9

25.8.50

Edn/E.

Sub: Govt. Press and Stationery Stores Quarterly check of Stores.

Ref: Govt. Memo. No. 14478 E/50-5 Edn d 28.8.50.

p7CF

16/9

Memo. No. 14478 E/50-6 Edn dated 14.9.50.

The attention of the A.G. is invited to the Govt. Memo cited and he is requested to expedite his reply to it.

13.9.50

11/9/50

11.9.50

To

The Accountant General Madras

18.9.50

10

(7) 11

No. OA.30-5/50-51/344.

Office of the Accountant General,
Madras, dated 20 September 1950.

From

Sri A. Balakrishnan.,
Accountant General,
Madras.

ASSISTANT SECRETARY
20 SEP 1950
28739
EDUCATION DEPARTMENT

To

The Secretary to the Government of Madras,
Education Department,
Madras. 9

Subject:- Government Press and Stationery Stores- Quarterly check of stores.

Sir,

With reference to Government Memorandum No. 14478 E/50-Edn dated 28th ~~September~~ August 1950 on the subject indicated above, I have to state as under:- p7 ante

It is seen from the Special Officer's report that the element of "Surprise" is not present in the existing system of stock verification at the Government Press. Government may therefore arrange as already suggested in this office letter No. O.A.-30-5/50-51/252 dated 3rd August 1950 for a continuous stock verification acording to a confidential programme by a staff independent of the staff responsible for the Physical custody of stores supplemented by a surprise test verification periodically by a superior Officer. As regards the suggestion that an internal verification should be carried out by an Accountant from this office, audit cannot as already stated in this office letter dated 3rd August 1950 cited above, assume responsibility for the physical verification of stores which should normally rest with the Executive. Further, this office is not also equipped with qualified Stock Verifiers for undertaking physical verification of stock. Audit however will see that stock verification has been made in accordance with the regulations contained in Appendix 10 B to M.F.C. Volume II.

pp5-6 ante

N

pp5-6 ante

A

Yours faithfully,

A Balakrishnan
Accountant General.

rns.

BK 20.9

⑧ Draft I

Edn (E)

Two draft 12–13 24/X
for issue

Sub: Govt. Press and Stationery Stores checking of Stores.

Memo. No 14478 E/50-8 Edn. dated 17.10.50.

p 1 (A)

The attention of the S.G.P / the Supdt of Stationery is invited to para. 6 of Appendix 10 (B) to the Madras Financial Code Volume ~~III~~ II and he is requested to state whether any arrangement now exists for the physical verification of the stock in the ~~St~~ Govt. Press / Stationery Stores, by a staff which is independent of the staff responsible for the physical custody of the stores or keeping accounts of such stock. If no such arrangement now exists, the S.G.P / Supdt of Stationery is requested to ~~send~~ state ~~proposals regarding~~ what arrangements ~~that~~ should be made for the future. to carry out internal check of stores and its proper maintenance.

Para 1 of finance note on pp 8-9 NF.

14.10.50

To
The Supdt Govt. Press
The Supdt of Stationery

12.10.50

13.10.50

25/10

⑨ Draft II

Edn/E.

Sub: Govt. Press and Stationery Stores Quarterly check of Stores Account.

Ref: From the A.G. No. OA 30-5/50-51/344. dated 20.9.50

p 11 CF.

13/24/8

Memo. No 14478 E/50-9 Edn. dated 17.10.50

N on p6 CF.

para 2 p. 9 NF.

The attention of the A.G. is invited to the last paragraph of his letter No. OA 30-5/50-51/252 dated 3.8.50, and he is requested to send a report ~~based on the~~ in the light ~~result~~ of the audit and checking of the accounts for 1949.50 ~~referred to therein~~ on, the necessity for a more frequent external audit by his office preferably every quarter, as suggested by the Special officer for the Reorganisation of the Govt. Press..

14.10.50.

12.10.50

25/10.

12.10.50

To
The Accountant General
Madras.

16

(10)

17

ASSISTANT SECRETARY, EDUCATION DEPARTMENT
34082
1 NOV 1950

From
Sri T.S.Ramachandran,Bar-at-law,I.C.S.,
Superintendent of Stationery,
Madras.15.

To
The Secretary to Government,
Education Department,
Madras.

No.L.Dis.40423/50 dated 27-10-50.

Sir,

Sub: Government Press and Stationery Stores - checking of Stores.
Ref: Govt.Memo.No.14478/50.E/8.Edn. dated 17-10-50. p.13 ante

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Under Rule 195 of Stationery Manual Vol.I. the Deputy Collector is appointed annually for the purpose of verification of the Stores in this office and his report is submitted to Government with the Superintendent's remarks. There is therefore no need for appointing any other agency for verification of the Stationery articles.

31/10/50

HVS.301/0.

For Superintendent of Stationery.

Edn/E.

The reply from the S.G.P. to the memo. on p.13 ante has not yet been received. The reply may be awaited till 10-11-50.

2/11/50

3/11/50

4.11.50

No. O.A.30-5/50-51/463.

Office of the Accountant General, Madras,
Fort St., George, Dated 10 November, 1950.

ASSISTANT SECRETARY
35451
11 NOV 1950
EDUCATION DEPARTMENT

From

The Accountant General,
Madras.

To

The Secretary to the Government of Madras,
Education Department,
Fort St., George, Madras.

Sir,

Subject: Government Press and stationery stores - quarterly check of stores account.

With reference to Government memorandum No.14478/E/50-9 Education dated 17-10-1950 on the subject indicated above, I have to state that as already stated in the last para of this office letter No.O.A.30-5/50-51/252 dated 3-8-1950 the stores accounts will be examined, after a few months and the necessity for more frequent external audit by this office will be communicated to Government in due course, after audit is over.

p15 ante

p.6 cf.

Cdn/E

May be filed. A

reminder to the S.G.P. for the memo. on p13 cf. is also sent ~~below~~. for approval.

14.11.50.

ks.7/11.

17.11.50

L. K. Venkatachalam
~~(S.S. Laxmi Ratan)~~
p Examiner Outside Audits.

7/11

ASSISTANT SECRETARY
37018
22 NOV 1950
EDUCATION DEPARTMENT

E

(12)

From
Janab R. Siddique,
Superintendent,
Government Press, Madras.

To
The Secretary to Government,
Education Department,
Fort St. George, Madras.

-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-

No. 141189/H.C/50, dated 20th November 1950.

Sir,

Sub: Government Press - checking of stores. p15 ante
Ref: Memo.No. 14478 E/50-8 Edn., dated 17-10-50.

I submit there are two stores in the Government Press viz., (1) Paper Store and (2) Publication Store. Physical verification of the stock of (1) is done annually by an outside Officer appointed under orders of Government and in respect of (2) the Assistant Superintendent of Stationery, Madras conducts verification with effect from 1950.- vide G.O.Ms.No. 3123 Edn., dated 11-10-1949. Besides, the stock-taking of plant etc., articles is done quinquennially - an outside officer ⊗ appointed in G.O.Ms.No. 2668 Edn., dated 23-8-1949 is at present verifying the stock of these articles.

(V)

⊗ Sri R.R. Achari
2nd para

R Siddique
21-11-50
SUPERINTENDENT.

20-11-50

Education E.

C.No. 14478 E/50

Sub: Govt. Press and Stationery Stores-Quarterly
Check of stores accounts.

--

p.1-2 cf

Ref: From the Spl.Officer C.No.47/50-S.O. dated 2-6-50.

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The Spl.Officer for the Reorganisation of the Govt.Press has submitted proposals for a separate check of the stores account, once in a quarter, in the Govt.Press, Madras and in the Stationery office, Guindy, by an Accountant deputed from the A.G.'s office. He suggests that the Accountant in question should be deputed from the A.G.'s office for about 10 days atleast in the Govt.Press and about a week in the stationery office. His work will be specially directed to find out (1) whether the receipts and issues have been posted upto date and tally with the invoices, requisition slips, indents and other records; (2) whether the actual balances tally with the book balances; and (3) in the case of the Govt.Press, whether the quantities specified in the requisition slips tally with actual requirements.

p 2 cf

M c p 2 cf

The Spl.Officer pointed ~~in~~ out in this connection that the Govt.Press and the Stationery stores consume stores of various kinds running to more than Rs.40 lakhs. In view of the reports regarding leakage of stores and other mal-practices in connection with the cooking of stores account, etc. the Spl.Officer considers that the work of checking stores account should be ~~interested~~ entrusted to an independent agency from ~~aside~~ outside especially the audit staff which is specially fitted for the job. The present method of checking the institutions annually by the A.G.'s audit staff is not considered to be satisfactory as the entries ~~of~~ are so many that the proper check cannot be made by the audit staff which has other matters also to attend. By the time things are set right as a result of the audit, it is stated, that it becomes belated and no effective results follow.

p 1 cf

p sa. 3 in
p 1 cf

p 2 cf

PTO

In the circumstances explained in paras 2 and 3 of his letter, it seems that the Spl.Officer has made out a case for the necessity of the quarterly check of the stores account in the Govt.Press and the Stationery Stores. by an Accountant deputed from the A.G.'s office.

The remarks of Finance may be invited U.O. on the proposal in the first instance.

JD
8/6/50

M in para 2 of the S.O's D.O. in the c.f. discloses a serious state of affairs in the Govt. Press. Though the S.O. does not seem to speak in the same terms of the Stationery Stores, his letter gives the impression that the accounts there too require a thorough check. He seems to give very good reasons for his proposal for an audit by a member of the A.G.'s staff, in the manner suggested by him. If Finance agree, the A.G.'s remarks may be called for on the proposals urgently.

8.6.50 AS / S.

It is observed that stores are being diverted clandestinely. It will be a good thing if the C.I.D is asked to keep a close watch on these stores and see whether any of the culprits can be caught. K

9/6/50

26.50

Fin.

(Box)

Edn. U.O. 14478 E/50-1
9.6.50

DEPUTY SECRETARY
9 JUN 1950
42254
FINANCE DEPARTMENT

Finance (Accts)

The D.O. of the Special Officer for the Reorganisation of the Govt. Press in the current file and the notes from p 1 above may be perused. This department may agree that the remarks of the A.G. may be invited on the proposals made by the Special Officer for conducting the audit of Stores in Govt. Press and Stationery Stores quarterly instead of annually.

9.6.50

Finance may also agree to the suggestion at K above.

10.6.50 Em

X

Fin U.O. 42254 Accts-1
10/6/50

15441
Em (E)

A draft memo. is submitted. With reference to X above, the Special Officer has not suggested the replacement of ~~annual~~ usual annual audit by the proposed quarterly check. It is intended that the annual audit should continue along with the quarterly check of accounts. Finance may see again before issue.

Edn. U.O. 14478 E/50-1
22-6-50

A

ASSISTANT SECRETARY TO GOVERNMENT
23 JUN 1950
FINANCE DEPARTMENT

46595 Accts.

JD
19.6.50

21.6.50

21.6.50

Fin (Accts)

The draft memo to the A.G. may be perused. With reference to 'A' above, this department ~~also did not intend that~~ was under the impression that the proposals made replacement of the annual audit ~~by this proposed quarterly check.)~~ as otherwise there will be

25.6.50

26.6.50

4

overlapping of audit. However, Finance have no objection to the draft memo. being issued as it stands and see what the A.G. has to say in the matter.

26.6.50 Edn

ASSISTANT SECRETARY
27 JUN 1950
17463
EDUCATION DEPARTMENT

Edn/E. Fin. U.O. 46595 Accts-1
26.6.50.

Please see the notes of Finance above. The draft memo. to the A.G. may issue.

30.6.50.

28/6/50.

6/50

(Issued as Memo. 14478 E/50-3 Edn d 3.7.50) p. 3 CF
(From the A.G. No. OA 30-5/50-57/252 d 3.8.50) p 5 CF

Please see this deptts memo. ~~at~~ p. 3 cf & the AG's reply thereon on pp 5-6 cf. It appears that the quarterly verification of stores by the audit staff in the Govt Press & Stationery Stores cannot be undertaken before arrangements are made as at M on p. 5 cf.

2 As for the Govt Press, the AG states that in connection with the audit of accounts of the Govt Press for 1949-50, opportunity will be taken to examine specially stores & stock accounts of the Govt Press & if the results thereof should indicate the necessity for a more frequent external audit by his office suitable recommendation in pursuance thereof will be made.

3 It is submitted that an Administrative officer will

p 6 cf

Accts

(15)

5

soon be appointed in the Govt Press & the question at M on p 5 cf may be taken up in consultation with that officer after appointment. ~~Meanwhile~~ ~~[illegible]~~

It will take time to appoint a Special Officer. This need not await his appointment. Moreover the Stationery Stores are also concerned.
12.8.50.

J.D.
11/8/5

pages 5-6 cf

The A.G. does not seem to have understood the memo on page 3 cf. The usual Audit is not required but a verification of the Stores such as at M on p5 cf. The S.O's complaint is that this is not now done properly and such verification as may be done by the staff of the Press is not dependable. In fact what is required of the Auditor of the A.G's office is an internal verification such as the one which the A.G. refers to. The A.G. may be asked to state whether the Auditor cannot ~~done~~ do it.

B

Fin. may see it.

12.[illegible]

Finance.

Edn. U.O. 14478 E/50-4
14.8.50.

SECRETARY, FINANCE DEPARTMENT
72167
14 AUG 1950
GOVERNMENT OF MADRAS

Accts.

Finance (Accts)

(Previous Finance note on pp 3-4 above)

Finance may agree with the proposal of Education at 'B' above.

R.S. 18.8.50

18/8/50

It would perhaps be

to send to the A.G. a copy of the D.O. on pp 1-2 C.F., which will make clear ~~to the A.G.~~ ~~what exactly~~ the nature of the work proposed ~~to be~~ for being done by an auditor of his staff and the circumstances that have given rise to the proposal. | A

19.8.50

Edn (E)

Fin. V.O. 72167 Accts-1
21.8.50.

ASSISTANT SECRETARY
2 AUG 1950
24728
EDUCATION DEPARTMENT

A above may be done – Please draft urgently.

22.8.50.

A draft memo. to the A.G. is submitted for approval

fair as altered

26.8.50

25.8.50

25.8.50

(Issued as Memo. No. 14478 E/50-5 Edn dated 28.8.50)

(From the A.G. No. OA-30-5/50-51 /344 dated 20.9.50)

Please see this dept's memo. on p. 7 C.F. and the A.G.'s reply thereon on p. 11 C.F.

p 7 CF

2 It will appear that the proposal of the Special Officer made in ~~for~~ pp 1-2 CF and referred to the A.G. for remarks on ~~[illegible]~~ p. 3 C.F. is not feasible. The A.G. has suggested that physical verification of the stores should normally rest with the executive who should arrange for a continuous stock verification according to a confidential programme by a staff independent of the staff responsible for the physical custody of stores supplemented by a surprise test verification periodically by a superior officer [vide para 6 of Appendix 10(B) to M.F.C Vol II and para 215 of Madras Public Works Account code]

N on p 11. CF

Extract at Ⓐ

Extract at Ⓐ

Edn. F.S. – see p 3 above

3 As regards the suggestion made in our memo. on p. 7 CF. that an internal verification should be carried out by an Accountant from the A.G.'s office. the A.G. states that audit cannot assume responsibility for physical verification of stores which should normally rest with the executive and that his office is not equipped with qualified stock verifiers for undertaking physical verification of stores

A on p11 CF.

The remarks of Finance may be invited to.

27.9.50

28.9.50

Edn. V.O. 14478 E/50-7
28/9/50

Fin

Fin (Accts)

The Spl.Officer for the reorganisation of the Govt. Press reported in his D.O. on pp.1-2 C.F. that the stores accounts in the Govt.Press and the Stationery Office are not kept properly and that several malpractices are taking place, ~~such as~~ involving leakage of stores, etc. He considers that the annual audit of stock accounts now conducted by the A.G.'s Office, long after the year is over is not sufficient, and has suggested that there should be separate check of the stores accounts ~~in a quarter~~ a quicker and more frequent check, say once in a quarter; the accounts relating to a quarter being checked in the month following the quarter; and that the check should be conducted by an Accountant from the A.G's Office. The Accountant's work should be specially directed to find out:

para 2, p1 CF

N p2 CF

para 4, p2 CF

~~para~~ M p2 CF.

(1) whether the receipts and issues have been posted uptodate and tally with the invoices, requisition slips, indents and other records;

(2) whether the actual balances tally with the book

SENIOR ASSISTANT SECRETARY, FINANCE DEPT.
83388 A
29 SEP 1950
GOVERNMENT OF MADRAS

balances; and

(3) in the case of the Government Press, whether the quantities specified in the requisition slips tally with actual requirements.

2. The Special Officer's suggestion was put to the A.G. for remarks. The A.G. has stated that the Audit shall not, except when specially authorised to do so, assume responsibility for the physical verification of stores which rests with the executive, and that there are no qualified stock verifiers in his office. He has, therefore, suggested that the Govt. should arrange to examine whether there are satisfactory arrangements at present for physical verification of stores and periodical surprise check within the organisation itself which he considers as the most essential preliminary before there can be audit check.

p3 cf
p5 cf
A p11 cf
M p5 cf
S

3. In view of the unsatisfactory state of affairs reported by the Special Officer, his proposal for quarterly check of stores in the Press and the Stationery Office seems acceptable ~~necessary~~. This has to be arranged to be done by an Officer of the Press or Stationery Office who is independant of the Officer-in-charge of the stores, as the A.G. is not willing to undertake the work of physical verification and audit of the stores, quarterly. Edn. may be requested to examine the point further in consultation with the S.G.P. and the Supdt of Sty to see ~~Spl. Officer~~ and, what arrangements can be made to arrive at a satisfactory solution of the problem relating to the check of stores and stores account, ~~and~~ in the Govt. Press and in the Stationery Office.

B
5.X.50

K
4.10.50

AN
4.10.50

The physical verification and check referred to at 'S' above is contemplated in para 6 of Appendix 10 B to M.F.C., Volume II. It is not clear whether any arrangement now exists either in the Stationery Office or in the Government Press for this verification & check by a staff which is independant of the staff responsible for the physical custody of the stock, or for keeping accounts of such stock. Education may be requested to obtain information on this point and also, if no such arrangement now exists, what arrangement should be made for the future to carry out internal check of stores account and its proper maintenance.

p94 9
1948 Edn
[illegible]

A

2. The A.G. also may be asked to send a report based on the result of the audit and checking of the accts. for 1949-50, referred to at 'N' on p.6 C.F., the necessity for a more frequent external audit by his office, preferably every quarter, as suggested by the Special Officer in para 4 of his report on p.2 C.F.

B

B
5.X.50

Edn
5.10.50

File no 83388 Accts-1
5-10-50.

ASSISTANT SECRETARY
6 OCT 1950
31042
EDUCATION DEPARTMENT

12.10.50

13.10.50

Edn/E

With reference to A + B above, two draft memoranda are submitted for approval

4.10.50

p13 cf (Issued as Memo. No. 14478 E/50-8 Edn dated 17.10.50)
p. 15 cf (Issued as Memo. No. 14478 E/50-9 Edn d 17.10.50)
p17 cf (From the Supdt. of Stationery No. L Dis. 40423/50 dated 27.10.50)
p19 cf (From the A.G. No. OA 30-5/50-57/463 dated 10.11.50)
p21 cf (From the S.G.P. No. 141189/HC/50 dated 20.11.50)

Edn/E

Please see the notes of Finance above and the letters from the Supdt. of Stationery, the A.G. and the S.G.P. on pp 17-21 cf.

p17 cf

2 The Supdt. of Stationery reports that the Deputy Collector is appointed annually for the purpose of verification of stores and considers that there is no need therefore to appoint any other agency for verification of stationery articles.

3 The S.G.P. reports that the physical verification

ACCD E

of the Paper store is done annually by an outside officer appointed under the orders of Govt and the Asst. Supdt. of Stationery conducts the verification of Publication Dept with effect from 1950 as per G.O. No. 3123 Edn dated 11.10.49. Besides the stock taking of Plant etc is also done quinquennially by a spl. officer.

p 21 CF

(V)/p.17 CF

4 It is thus seen that both in the Stationery Stores and the Govt. Press, the verification of stores is being done by ~~one~~ outside officers. But the officers do not suggest any change in the existing process.

5 With reference to B on p. 9 ante, the A.G. has promised to send a report on the necessity for more ~~of~~ frequent verification of stores, based on the result of the audit and checking of Accounts for 1949-50.

p. 19 CF

6 No further action seems necessary now ~~and~~ the question may be ~~pursued~~ pursued further after the A.G's report ~~is required~~ referred to in para 5 above is received.

Finance may see for remarks.

26/11/50

27/11/50

28/11/50

The A.G's Report will have to be awaited & on its receipt further action in the matter may be decided upon.

28/11/50

Finance (Accts)

[Finance last saw on pp 7-9 alone]

Further notes of the Edn on pp ~~8~~ 9-10 alone may be perused. Edn ~~may be~~ will no doubt ~~requested to send~~ let this Deptt see the case again ~~to this deptt~~ on receipt of the A.G's report ~~A~~ with their remarks thereon. No remarks are called for at present.

6/12/50 Edn

6/12/50

6/12/50

Edn. No 14478E/50-10
1/12.50

ASSISTANT SECRETARY TO GOVERNMENT
1 - DEC 1950
99175 Accts
FINANCE DEPARTMENT

39342
7 DEC 1950
EDUCATION DEPARTMENT

Fin No 99175 Accts-1
6-12-50

Edn/E

The papers may be recorded ~~for the present~~ as no further action is called for

(18)

till the report on the Audit Inspection ~~further~~ is received from the ~~[illegible]~~ A.G. The draft below is for approval.

Order/Ms. No.3320 Edn d. 15-12-50

Recorded.

13/12/50

Abstract:

Govt. Press and Stationery Stores - Quarterly check of Accounts - Suggestion of the Special Officer for the Reorganisation of the Govt. Press. Papers recorded.

12/12/50

12/12/50

12/12/50

Enter in C.B.

12/12

13/12/50

Para 6 of Appendix 10 (B) to Madras Finance Code Vol II.

It is an important function of Audit to ascertain that the articles are counted periodically and otherwise examined to verify the accuracy of the ~~great~~ quantity balances in the books. Audit shall not ~~under~~ except when specially authorised to do so assume responsibility for the physical verification of stores, but it has the right to investigate balances of stores if any discrepancies in the stores Account suggest that such action is necessary. Audit has however to see that a certificate of verification of stores is recorded periodically by a responsible authority that the system of verification adopted by the executive is adequate and proper, that discrepancies found on stock taking are properly investigated and adjusted, that wherever possible the staff responsible for the verification is independent of the staff which is responsible for the physical custody of the stock or for keeping accounts of such stock. It should also be seen that wherever practicable verifiers of stock work directly under the control of the Govt. and not under the heads of individual departments.

PTO

Paragraph 215 of Madras Public Works Account Code

The rule in para. 325 of Madras Public works dept code suggests that the stock taking of a sub. division may go on gradually throughout a year. The stocks of an article in a sub. division may however be scattered; it may therefore not be possible in such a case to test the aggregate book balance of any article for the sub. division by actual verification of all the stock of it at the same time. Where such conditions prevail the following expedients are recommended for adoption under the orders of Govt.

(a) Sectional officers may be required to maintain quantity accounts of receipts ~~and~~ issues and balances (in a form similar to the half yearly Balance Return) of stock materials in their charge. These accounts should be posted monthly from the registers of stock receipts and stock issues before the latter are submitted to the Sub. divisional officer.

(b) These accounts should be submitted to the sub. divisional officer at the close of each half year for record after reconciliation with the Half yearly Balance Return of the Sub. division.

(c) As far as possible the various stocks in charge of a sectional officer of each article should be verified at or about the same time so that the difference between the sectional book balance and the actual balance may at once be known. This difference should be adjusted in the manner prescribed in para. 213 without waiting for the results of verification of stocks in other sections.

Before the adjustment of a difference is accepted, finally by the Sub. divisional officer, he should test the correctness of the sectional officers' book balance by reference to records of his own office.