

P.W. No. 66

Govt. of Madras.

PUBLIC WORKS.

Marine

Dated

Recd.

Encl.

G.O. 7/7/1896 No. 484 Mar.

Audit Report

Vides on the Examiner's
of the Harbour
Works accounts
for 1895-96.

9/7 re 9/7

Acct. of {1896} Madras.
MARINE.

Dated July, 7th.

Recd.

Encl.

G.O. No. 484, 7th July 1896.

JULY.

Audit Report

Orders on the Examiner's — of the
Madras Harbour Works accounts for
1895-96.

GOVERNMENT OF MADRAS.

MARINE DEPARTMENT.

READ—the following papers:—

From D. C. GORDON, Esq., Examiner, Public Works Accounts, Madras, to the Chairman, Harbour Trust Board, Madras; dated 17th June 1896, No. 436-A.

I have the honour to report that I have audited the Construction accounts of the Harbour Works for the year 1895-96. The cash book entries were checked with the Bank pass book, and the amounts paid to the Bank of Madras to the Engineer's credit checked by the Board's statements and the pass books. The vouchers for six months were checked into the cash book, stock items checked promiscuously into the stock accounts and through them into the work accounts, muster-rolls and initial works accounts scrutinized, establishment bills were checked against sanctions, and the audit conducted generally on the lines previously adopted. A separate memorandum on minor points immaterial to this report is submitted as usual.

2. The total expenditure to end of March 1896 is Rs. 1,29,45,359, against the reconstruction estimate of Rs. 1,27,52,508. Sundry credits will be afforded when the accounts are closed, and stock, machinery, plant, &c., sold or taken over for other works and for future use. In addition, there are the various items erroneously charged to Construction, noticed in previous reports, which have to be written back, so that possibly some three lakhs or more may come to credit of the Construction account.

3. The budget for the year was passed (in round numbers) for Rs. 4,55,000. The aggregate receipts and expenditure were as follows:—

	RS.	A.	P.	RS.	A.	P.
<i>Balance on 1st April 1895—</i>						
Cash on hand	98	1	8			
In Bank of Madras in name of Engineer	290	8	3			
				388	9	11
<i>Receipts—</i>						
Advances by Government	4,54,985	0	0			
Deduct amount advanced by the Board in 1894-95	14,000	0	0			
	4,40,985	0	0			
Provident fund subscription paid in 1894-95, but recovered in 1895-96.	0	4	2			
Income-tax received in 1895-96, paid away in 1896-97	3	3	3			
Deposits received in 1895-96, paid away in 1896-97	0	14	0			
				4,40,989	5	5
				4,41,377	15	4

Expenditure—	RS.	A.	P.
Original works	3,36,831	12	9
Establishment	68,321	5	7
Tools and plant	28,284	14	4
	4,33,438	0	8
Net debits to suspense accounts ...	16,076	7	3

Balance on 31st March 1896—				4,17,361	9	5
Cash in hand	26	2	9			
In Bank of Madras in name of Chairman	23,953	3	11			
In Bank of Madras in name of Engineer	* 36	15	3			
				24,016	5	11
				4,41,377	15	4

* The Bank pass book balance was ...						
Deducting cheques drawn but not cashed	3,170	6	1	7,540	14	4
And amount credited by Bank in March 1896, taken in Engineer's accounts in April 1896	4,333	9	0			
				7,503	15	1
The balance agrees with that shown by Engineer				36	15	3

The sum of Rs. 4,14,046-12-1 was advanced by Revenue during the year; the whole was recovered within the year.

4. The following items have been erroneously charged to construction during the year:—

	RS.
Insurance	294
Leave allowances	652
Exchange compensation allowance	4,967
Provident fund contribution	2,627
Total	8,540

The amount should be refunded by Revenue.

5. The suspense accounts at the end of 1895-96 stood as follows:—

Stock	...	...	...	...	...	Dr.	51,107	7	3
Miscellaneous advances	...	...	...	...	...	"	18,651	12	9
Stock purchases and sales	...	...	...	...	...	Cr.	19,846	14	5

Stock has been reduced during the year.

Stock has been reduced during the year by Rs. 76,314. In the stock purchases and sales accounts is an item of Rs. 11,255-11-10 (value of surplus cement). This can be credited to the item Materials at site in the estimate, and the purchase account relieved. The debit at stock will be relieved when the stuff is used or otherwise disposed of. In Miscellaneous advances the chief item is Rs. 18,625 for work done for Revenue, and should have been adjusted before the end of the year.

6. Charges for establishment amounted to Rs. 68,321 as against Rs. 45,000 in 1894-95, and against a provision of Rs. 66,144. The excess is stated to be due to wages and overtime. Bonuses sanctioned by G.O. No. 224, Marine, of 27th July 1895, have been debited to the Works instead of to Establishment.

7. The item of Rs. 13,263-10-7 so long outstanding, referred to in paragraph 11 of the report for 1893-94, was paid off in March and April 1896.

8. None of the erroneous debits noticed in previous reports have yet been written back.

9. No rules have been framed under section 22 of the Act, as ordered by Government in G.O., Mis. No. 227, Marine, of 16th June 1894, and again brought to notice in paragraph 13 of the Audit Report for 1893-94 (G.O. No. 259 W. of 22nd January 1896). Mr. Ignatio, late Supervisor, was granted privilege leave for three months from 5th December 1894. He returned to duty on 5th March, and next day was granted sick leave for three months—subsequently extended to six months. Under the Civil Service Regulations sick leave should have covered the period from 5th December 1894.

10. Under G.O., No. 2029 W. of 15th August 1895, the fee for the audit of the accounts is Rs. 4,197-4-11:—

	RS.
Outlay for the year	4,17,362
Less English outlay	1,60,373
	2,56,989

1 $\frac{3}{4}$ per cent. on which is Rs. 4,487-4-11. The matter, however, is under reference to Government, the Board desiring a modification of the orders passed as to the amount to be paid for the audit.

11. The expenditure on Construction ceased in May 1896. There will be miscellaneous payments still chiefly connected with collection and repair of tools, plant, machinery, stock-taking and such like transactions consequent on completion of the works, but the final closing of the Construction account and estimates cannot be effected for some months. The Engineer is proceeding immediately to England on duty and leave combined, and until his return—three or more months hence—the clearing off of plant, &c., cannot be carried out. In my memorandum, dated 2nd December 1895, I made suggestions how, when construction work proper was completed, transactions in taking stock of plant, tools, materials, &c., should be treated.

12. With reference to the final remarks in paragraph 5 (vi) of my No. 230-B of 26th March 1896 to the Board, and to the remarks in paragraph 3 of the Board's letter, No. 4535 of 22nd February 1896, to Government, published with G.O. No. 210, Marine, dated 26th March 1896, in regard to expenditure under "petty construction," it may be useful to state what the rules are as affecting Government undertakings.

The principles to be observed in deciding whether an item of expenditure should be charged to Capital or Revenue are as follows:—

(i) Capital bears all charges for the first construction and equipment of a project, as well as charges for maintenance on sections not opened for working, and charges for such subsequent additions and improvements as may be admitted by competent authority.

(ii) Revenue bears all charges for maintenance and working expenses which embrace all expenditure for the working and upkeep of the project, for alterations and for such minor additions or improvements as it may be considered desirable to charge to Revenue instead of increasing the capital cost of the undertaking.

(iii) When the construction estimate of a Productive Irrigation Work is closed, all estimates for extensions or improvements amounting, for "works" alone, to Rs. 1,000 or under, shall be charged to the Revenue account.

(iv) When a railway is opened for traffic, certain works which are of a nature correctly chargeable to Capital may be charged to Revenue. Such works are new minor works costing Rs. 1,000 and under. These should be charged to Revenue, provided the aggregate charge to Revenue for such works does not exceed Rs. 30 per open mile per annum.

(v) In the case of renewals and replacements of existing works, both Irrigation and Railway, if the estimated cost of the new work is less than the cost of the original work, the outlay will be charged to the Revenue account of the project; but if it is more than the original cost, it will be charged to Capital and the outlay on the original work written back from the Capital to the Revenue account.

(vi) After a Railway construction estimate has been closed, Capital will also be debited with such other works as may be subsequently found necessary and which are either distinct additions to the original project or substantial improvements to existing works, and which, as a general rule, are works which tend to enhance the earning capacity of the line.

13. Under the Act this report should be published in the *Fort St. George Gazette* and in some one or more of the daily newspapers published in Madras.

MEMORANDUM to accompany Audit Report on the Construction accounts of the Madras Harbour Works for 1894-95 (Examiner, Public Works Accounts' No. 435-A., dated 17th June 1896, to the Chairman, Harbour Trust Board, Madras).

This memorandum, besides noticing minor irregularities immaterial to the main report, takes note of errors in procedure and other matters noted in previous report as requiring amendment, but which have not been rectified.

2. *Cash Book.*—(a) The practice of allowing trainage from and to Pallavaram for men working at that station, in order to enable them to receive their wages at Madras, referred to in paragraph 2 (b) of the memorandum that accompanied the Audit Report for 1894-95, still continues. The following are payments made on this account since the receipt of the above report in the Engineer's office on the 29th January 1896:—

Voucher No. 16 of February 1896, for Rs. 4-11-0.	
" " 16 of March " for " 2- 0-6.	
" " 21 of " " for " 2- 8-0.	
" " 22 of " " for " 1- 4-0.	

(b) The following cheques were drawn on the 2nd of March 1896, when there was a balance of Rs. 10-12-11 only at the Engineer's credit in the Bank. Although these cheques were not presented for payment till after the Engineer's credit at the Bank has been increased, yet the drawing of cheques in excess of credit is irregular.

Cheque No. 097426 for Rs. 1,075-12- 9.	
" " 097427 for " 1,929- 5- 6.	
" " 097428 for " 139- 3-11.	

(c) In verifying the closing balances at the Bank of Madras as per Engineer's cash book with that as per pass book, the treasury balance was incorrectly taken as Rs. 3,207-5-4, while the pass book showed the same to be Rs. 7,540-14-4. The difference of Rs. 4,333-9-0 represented amount credited by Bank on 31st March 1896, but taken in the Engineer's cash book on the 10th April 1896. The mistake was pointed out to the accountant and necessary corrections made in the cash book.

3. *Work accounts.*—Work abstracts were examined with the allocation sheet and muster rolls, and the postings followed into the register of works which was compared with the schedule of expenditure. The items outstanding under "arrears due" in the register of works were analysed. The outstandings at end of March 1896 amounted to Rs. 16,005-5-6. Of this, Rs. 15,935-13-1 has since been adjusted leaving a small balance of Rs. 69-3-5 only still to be settled. Under this head is salary of regular establishment which is treated as arrears and included in work abstract along with arrears of wages of labourers. This is unnecessary and irregular as salaries of regular establishment do not become due until the beginning of the following month and should not therefore be treated as arrears of current month.

4. *Suspense items charged to works.*—The value of materials at site of works at end of the year is Rs. 19,317-2-11 against Rs. 40,426-13-8 at close of the preceding year, and is stated to represent value of 1,341 $\frac{1}{2}$ cubic yards of concrete block, while on verification in March 1896 it was found that the actual quantity at site of works was considerably in excess of the book balance, being 2,459 $\frac{1}{2}$ cubic yards.

5. *Stock.*—(a) These accounts were checked with the initial records. Main items of receipts and issues were followed into the accounts.

Two pounds of hemp twine issued on 1st April 1896 to "south pier capping" as per indent, have been erroneously charged to "concrete in cylindrical pier head."

(b) The stock sub-ledger was also looked into. The priced inventories work up to the amount at debit of stock on 31st March 1896 as per account current, viz., Rs. 51,107-7-3. The ledger was opened only in April 1895 and contains only those items on which there have been transactions since that date.

(c) The surplus cement referred to in paragraph 4 of the memorandum accompanying the report for 1894-95 has been brought on the books. There are also other articles which were found surplus, but these are only brought on the books piecemeal to the extent to which they are issued to Works instead of in bulk as the following instances will show:—

Nails, French, 1".

Surplus brought on Books in Nov. 1895, 1 lb. ...	Issued in November 1 lb.
Do. in Dec. " 1 " ...	" in December 1 "
Do. in Jan. 1896, 2 $\frac{1}{2}$ " ...	" in January 2 $\frac{1}{2}$ "

Screws, wood, 1 $\frac{1}{2}$ ".

Surplus brought on book in Oct. 1895, $\frac{1}{8}$ gr. ...	Issued in October $\frac{1}{8}$ gr.
Do. in Nov. " $\frac{1}{8}$ " ...	" in November $\frac{1}{8}$ "
Do. in Dec. " $\frac{1}{8}$ " ...	" in December $\frac{1}{8}$ "
Do. in Jan. 1896 $\frac{1}{8}$ " ...	" in January $\frac{1}{8}$ "

6. *Suspense accounts.*—(a) The suspense balance under—

- | | |
|----------------------|---------------------------------|
| (1) Stock purchases, | (3) Miscellaneous advances, and |
| (2) " sales, | (4) Deposits, |

have also been reviewed. The only exceptional item calling for notice is that of Rs. 11,256 under stock purchases, being the value of cement found surplus in store and brought on to stock in January 1896. The method of adjustment required to be adopted to wipe off this balance is pointed out in the report (see paragraph 5). All other items are current and efficient.

7. *Tools and plant.*—With reference to paragraph 5 of memorandum that accompanied the report for 1894-95, separate lists of tools in charge of each department or subordinate are said to be on record. The consolidated return for half-year ending 31st March 1896 is under preparation. It is desirable that stock should soon be taken of all tools in store and with subordinates. Those requiring repair should be put in order, and those not required should be disposed of.

(Signed) D. C. GORDON,
Examiner, Public Works Accounts.

17th June 1896.

No. 437-A.

Copy forwarded to the Secretary to Government, Public Works Department, with reference to G.O. No. 2029 W., dated 15th August 1895. No orders have been passed on the previous Audit Report forwarded as No. 65-B. of 23rd January 1896.

(Signed) D. C. GORDON,
Examiner, P.W. Accounts, Madras.

17th June 1896.

ORDER—No. 484, Marine, dated 7th July 1896.

The Chairman, Harbour Trust Board, will report the action taken on the Examiner's previous audit report, and why none of the erroneous debits brought to notice have been written back.

2. It should also be explained why no rules have been framed under section 22 of the Harbour Trust Act, as ordered by G.O. No. 227, Marine, dated 16th June 1894.

(True Extract.)

Under Secretary to Government.

To the Chairman, Harbour Trust Board,
" Examiner, Public Works Accounts.

MEMORANDUM to accompany Audit Report on the Construction accounts of the Madras Harbour Works for 1894-95 (Examiner, Public Works Accounts' No. 1, dated June 1896, to the Chairman, Harbour Trust Board, Madras).

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Do. in Jan. 1896, 2½ " ...	" in January 2½ "

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(Signed) D. C. GORDON,
Examiner, Public Works Accounts.

17th June 1896.

From

D. C. GORDON, Esq.,

Examiner, Public Works Accounts, Madras,

To

THE CHAIRMAN,

Harbour Trust Board, Madras,

No. 436-A, dated Madras, 17th June 1896.

SIR,

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P. W. CURRENT No. 5616

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13. Under the Act this report should be published in the Fort St. George Gazette and in some one or more of the daily newspapers published in Madras.

I have the honour to be,

Sir,

Your most obedient servant,

(Signed) D. C. GORDON,
Examiner, P.W. Accounts, Madras.

ENCLOSURE.—1 Memorandum.

No. 437-A.

Copy forwarded to the Secretary to Government, Public Works Department, with reference to G.O. No. 2029 W., dated 15th August 1895. No orders have been passed on the previous Audit Report forwarded as No. 65-B. of 23rd January 1896.

D. C. Gordon

Examiner, P.W. Accounts, Madras.

17th June 1896.

1260 Wd/10.4.96
2576 Wd/22.1.96
2817 Wd/6.11.95
2029 Wd/15.8.95
1108 Wd/9.5.95
1108 Wd/9.5.95
1710 Wd/11.7.95
2945 Wd/16.11.94
2194 Wd/4.2.94
Marine Ga 210 Wd/26.3.96
2024 Wd/15.8.95
132 Wd/19.4.95
227 Mar. 3.16.94.
Act II of 96

as 208

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following

From the P.W. Accts. (H.E. No. 437 A of June 17, 1896)

No. 484 Marine 8 July 1896

The Chairman
Harbour Trust Board will
report the action taken on
the Examiner's previous
audit report, and why
none of the erroneous
debts brought to notice
have been written back.

2. It should also be
explained why no rules
have been framed
under section 22 of the
Harbour Trust Act, as ordered
by L.O. No. 227, Marine, dated
16 June 1894.

Chairman H. T. B.
P.W. Accts.



(40-4,000-2-11-95.)

3/7/96

da 447.8: 19-6-96
- 485: 7-7-96

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Harbour with a...