

327

Govt. of Madras.

PUBLIC WORKS.

G.O. 850, Mar, 8
Memo 403E, Mar, 8
G.O. 484, Mar, 8
G.O. 227, Mar, 8

Dated

Recd.

Encl.

G.O. 22/1/1896, No. 259W

Credit Report.

Examiners - on the
Harbour Works Construction
Accounts for 1893-94, Contd.
to Chairman, Harbour
Trust Board with
remarks.

13

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16/2

GOVERNMENT OF MADRAS.
PUBLIC WORKS DEPARTMENT.

General
Account.

READ—the following papers:—

From D. C. GORDON, Esq., Examiner, Public Works Accounts, Madras, to the Chairman, Harbour Trust Board, Madras, dated 25th November 1895, No. 4142 B.

I have the honour to report that, in compliance with the instructions in G.O. No. 427, dated 6th November 1894, Marine Department, I have audited the construction accounts of the Harbour works for the year 1893-94.

2. The budget for the year was passed for Rs. 2,70,000. The aggregate receipts and expenditure were as follows:—

	RS.	A.	P.	RS.	A.	P.
<i>Balance on 1st April 1893—</i>						
Cash on hand	50	2	5			
In Bank of Madras in the name of the Chairman	19,000	0	0			
In Bank of Madras in the name of the Engineer	49,649	15	5			
				68,700	1	10
<i>Receipts—</i>						
Advances by Government				2,70,000	0	0
Income-tax and Provident Fund subscriptions recovered in 1893-94 paid away in 1894-95	45	11	11			
Miscellaneous receipts paid into the Bank in 1893-94 adjusted in 1894-95	191	11	6			
				237	7	5
				3,38,937	9	3
<i>Expenditure—</i>						
Original works	2,11,463	11	10			
Establishment	30,954	5	2			
Tools and plant	11,157	1	10			
	2,53,575	2	10			
Net debits to suspense accounts	25,544	10	9			
				2,28,030	8	1
<i>Balance on 31st March 1894—</i>						
Cash on hand	64	15	7			
In Bank of Madras in the name of the Chairman	84,000	0	0			
In Bank of Madras in the name of the Engineer	26,842	1	7			
				1,10,907	1	2
				3,38,937	9	3
The bank pass book balance on 31st March 1894 was				27,977	15	7
Deducting cheques drawn but not cashed				1,354	10	0
				26,623	5	7
Adding a sum taken by the Engineer's cash book in 1893-94 but by the bank in 1894-95				218	12	0
The balance agrees with that shown above as in the name of the Engineer				26,842	1	7

3. The original estimate for the Harbour amounted to Rs. 57,45,165. The expenditure to the end of 1884 was Rs. 65,54,490, and this was considered as closing 1886 for Rs. 45,90,051 and further revised estimates brought the amount up to Rs. 58,28,896, the estimated cost of completion thus being (Rs. 65,54,490 + 58,28,896) Rs. 1,23,83,386. A further revised estimate has been submitted in 1895 for Rs. 3,69,122, which brings the estimated cost of completion to Rs. 1,27,52,508. The expenditure to 31st March 1894 stands at Rs. 1,22,66,716, less credits for sales of plant, &c., Rs. 74,612, or Rs. 1,21,92,104.

The record of cost of the various work sub-heads as shown in the accounts is of small value, inasmuch as it is not the cost incurred on the sub-heads. The preparation of an estimate in detail is expected to ensure that the responsible officer has given proper consideration to the requirements of the work and is in possession of as much information as it is possible to obtain beforehand. The estimate also puts results on record for the guidance of successors and for effective check over unauthorised outlay (items not provided in the estimate as sanctioned) by a comparison of the work executed with the outlay incurred. This, however, is not effective here. When it is evident that charges made to a work create an excess over the provision in the estimate, the excess is charged to some other work the provision for which it is considered will be able to bear it. The effect of this is that excesses are met by savings, but no record remains that there were either excesses or savings, and the cost of work executed corresponds very closely to the cost of work estimated.

4. The cost of establishment in 1892-93 was Rs. 54,953. In 1893-94 it was Rs. 30,954, or Rs. 24,000 less, against an allotment of Rs. 47,988. The reduced charge was owing to write-back entries from establishment to works and to reduction and re-organisation of the staff. Owing to Mr. Pogson taking furlough the arrangements for carrying on his work resulted in an excess cost of some Rs. 4,000; Sir Alexander Rendel's visit to Madras in 1890 caused a charge of some Rs. 6,400, and some Rs. 700 on account of advertisement charges in 1891-92-93: all these had been charged to establishment but were written back to works, because the provision under establishment was being exceeded. There was a saving of about Rs. 7,200 owing to the non-entertainment of an Assistant Engineer and of about Rs. 5,000 due to the entertainment of a Supervisor on Rs. 200 in substitution for two appointments—a Sub-Engineer on Rs. 400 and a Quarry Inspector on Rs. 200. There were other smaller savings due to re-organisation.

5. Since June 1894 no account of current expenditure is furnished to the Board except a quarterly statement, which goes forward to the Secretary of State. This compares expenditure with the project estimate, excluding suspense transactions. All expenditure is incurred under sanctions, and all bills are passed for payment by the Engineer himself after work done has been certified on them by the responsible subordinates. All wages are paid in the presence of the Engineer.

6. Funds are obtained by the Chairman from loans by Government, interest at $4\frac{1}{2}$ per cent. being charged from the dates the various amounts are withdrawn from the Treasury. The Engineer sends him monthly requisitions for the estimated expenditure and these amounts are paid into the Bank of Madras to the credit of the Engineer. Sums are also advanced temporarily from revenue, to reduce liability for interest so far as practicable, and are repaid eventually from the loan. In 1893-94 sums aggregating Rs. 92,000 were advanced by revenue and repaid in December 1894. The balance in the Bank of Madras on 1st April 1893 was Rs. 68,650, but expenditure for April to June amounted to less than Rs. 56,800. Again, the balance on 1st April 1894 was Rs. 1,10,800, while expenditure for April to August 1894 reached only Rs. 1,07,700. Interest charges would have been less had the withdrawals been monthly and approximate to the expenditure in each month.

7. In course of audit all the cash book, cheque book, and bank book, entries for the year were checked against each other. The cash book for the months of April, June, November 1893 and March 1894, was checked with the vouchers into final accounts, main items of stock receipts and labour allocated on muster rolls followed into the accounts, authority for payments and responsibility for work done were seen

to. Establishment bills for salaries were checked by the scale of staff sanctioned for the year. A separate memorandum on various minor points immaterial to this report is submitted for information of the Board and of the Engineer and his office.

8. The sub-head of materials at site in the estimate is really a manufacture account which is continuous and cannot be closed until block-making is at an end. All stone received for this purpose is charged to this sub-head; it is tallied at the weighbridge on the works in the presence of staff representing the Railway and Engineer. The proportions of stone, cement, &c., used are known from the capacity of the moulds in which blocks are made; the monthly outturn and outlay are added to the previous month's figures, so the quantities to date divided into the outlay to date gives the current rate for blocks. There is a staff kept continuously for this work, so that even when block-making is temporarily in abeyance charges are incurred which add to the rate of outturn previously obtained. The sub-head is relieved by issues to works. Blocks once issued, even if only for a temporary purpose, are a final charge. If subsequently moved to another work, after having served their temporary purpose, the cost of removal and depositing alone are charged to the new work, no credit being given to the former work. It is scarcely possible to require more refinement in accounting for a work like this.

9. Stock has not been taken for some years; it is considered impracticable to do this while work is in full swing. The book value of stock on hand—

	RS.
On 1st April 1893 was	1,36,181
On 31st March 1894 was	1,04,881
Difference, decrease	31,300

Discrepancies which are ascertained when stock of any kind has worked off could be rectified by bringing on excesses found or writing off deficiencies as soon as known, but it has not been the practice to do this. If the actual issue is more than the book balance (owing to previous error in accounting), the issue is written down only to the amount of the book balance, no record is made of the excess.

10. A sum of Rs. 13,263-10-7 has been outstanding for eight years in favour of a contractor owing, it was stated, to some pending suit, the amount having been attached by the Court. Arrears of wages due to labourers are not written off after six months.

11. In the estimate for the completion of the Harbour (G.O. No. 1108 W. of 9th May 1895), there is an entry "Deduct probable recoveries due to sales of tools and plant, Rs. 2,47,331. The Engineer has a list of the items, which he considers may realise the amount, valued on 31st March 1895 at Rs. 8,06,000.

12. In paragraph 3 of the Chairman's letter printed with G.O. No. 1108 W. of 9th May 1895, it was suggested that this audit should report on the admissibility of certain outlay set out in statement A (also printed) as charges to the construction accounts.

	RS.
Re-alignment of Beach Railway	14,679

This was not necessary for the convenience or benefit of construction, but for the convenience of the Tramway Company's works. Capital having put down the line its removal to another place is a charge to revenue.

	RS.
Extensions to the Fort drain	13,948
Repairs to revetment	10,301

These are maintenance charges to be borne by Revenue. Owing to the advance of the foreshore south of the Harbour the drain has had to be extended from time to time and may have to be still further lengthened as the foreshore advances. The revetment is to the north of the Harbour and necessitates continual repairs. Supposing the drain originally constructed had fallen in, or the revetment had given way, capital having once paid for them cannot be called on to pay for them again.

	RS.
Compensation for land north of the Harbour	4,138

All the land previously paid for by construction now vests in the trust, and rents which to 1887 went to the credit of the construction accounts are taken into the general revenues of the Board. This is a contingent charge which the general revenues should meet, and may be called on to meet again hereafter; see also sections 26 to 28 of the Act.

Insurance	...	...	...	...	...	...	RS.
This is part of the general charges of the business, and should be met from Revenue funds and not from Loan funds.							1,291
Import duty							

	Rs.
Import duty	...
Sum paid to Port officer	...
These items follow the stores on which the duty was paid	...
ended through the same	...
	5,367
	3,000

These items follow the stores on which the duty was paid and the stores which were landed through the agency of the Port officer, and are taken into the rates at which the articles were issued to works.

	RS.
Provident fund contributions ...	...
Exchange compensation allowance ...	...
Under section 22 of the Act these are chargeable to ...	31,681
heads of "office establishments" ...	10,791

Under section 22 of the Act these are chargeable to revenue and should appear as sub-heads of "office establishment" in the revenue accounts as other contributions do.

It may be in place here to invite reference to

It may be in place here to invite reference to the remarks in paragraph 4. Under section 22 of the Act Mr. Pogson's furlough allowance and the acting allowance of his *locum tenens* should be paid by revenue. The fee to Sir Alexander Rendel is in the same category as the contributions and allowances mentioned in that section and should be met from revenue. Likewise the leave allowances and acting allowances which in the accounts under review were charged to construction, viz., furlough allowance of Mr. Gunther, charge allowance to Mr. Boteler, privilege leave allowances to Messrs. Pogson, Boyle, Ritchie and Mannel, to the accountant, cashier, and peon Kistnasawmi Naidu. Additional sub-heads under "office establishment" in the Revenue accounts should be designed to meet such charges.

13. In the papers published with G.O., Financial No. 552, Marine Department order dated 16th Jan. 1902, it is stated that the

13. In the papers published with G.O., Financial No. 572 of 28th July 1894, is Marine Department order, dated 16th June 1894, Mis. No. 227, in which it was stated that the Chairman will be requested to submit to Government copies of regulations to be framed under section 22 of the Act. No regulations have yet been framed. It is very advisable that uniformity of practice should be possible and this can be ensured only if rules are drawn up affecting leave and allowances to *all* staff, whether borne on salary bills as "officers and servants" or on works establishment lists as "artisans, mechanics," &c. There are no doubt sundry resolutions and minutes of the Board ruling on these points, but it would be advantageous to have the rulings collected in one plan and properly arranged, so that officers, servants, artisans, labourers, porters, &c., could know the rules affecting them and that there is method in dealing with them.

14. Under G.O. No. 2029 W. of 15th August 1895, the accounts were fixed at 13.

14. Under G.O. No. 2029 W. of 15th August 1895, the fee for the audit of the accounts was fixed at $1\frac{3}{4}$ per cent. on the year's outlay, excluding payments in England and exchange thereon.

The English outlay as ascertained from the statements of payments received from the India Office and advices from the Accountant-General, Madras, was RS. 2,28,030

One and three-fourth per cent. on Rs. 2,21,586 is	6,444
This amount should be paid into the treasury	3,877-12

This amount should be paid into the treasury to the credit of the Public Works Department for adjustment through the exchange accounts. Under section 22 of the Act this would be a revenue charge.

15. The audit of the accounts for 1894-95 and 1895-96 has been completed and taken; the later year cannot be taken.

15. The audit of the accounts for 1894-95 and 1895-96 has still to be undertaken; the later year cannot be taken up till the accounts are completed. It would be convenient, if the intention be that the construction accounts should undergo

audit as an ordinary Public Works division accounts, that the Engineer should send his monthly accounts to the Examiner, Public Works Accounts, from 1st April 1896, as he used to do prior to 1887.

16. 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 1893-94 (Examiner, Public Works Accounts, No. 4142 B., dated 25th November 1895, to the Chairman, Harbour Trust Board, Madras).

The records in the office of the Engineer, Harbour Trust Board, of the accounts of expenditure may be classed under the following heads:—

(i) Cash accounts.	(iv) Establishment records.
(ii) Stock do.	(v) Tools and plant accounts.
(iii) Work do.	(vi) Suspense accounts.

2. **Cash Accounts.**—These comprise—

(i) Cash book.	(iii) Monthly cash abstract sheet.
(ii) Vouchers for payments.	(iv) Do. account current.

3. The following points were noticed in the examination of these accounts :—

(a) Recoveries of advances by deduction from bills charged off on the creditor side of the cash book were not treated as *bonâ fide* cash receipts and cash expenditure. The net amount after deduction was shown in the cash book as a payment, and the amount of deduction was passed as receipt and as expenditure through the adjustment book.

(b) Sums paid into the bank to the credit of the Engineer by the Harbour Trust Board, on account of expenditure incurred by the Engineer for the revenue account and held in his suspense account pending recovery, were treated in the cash book as "Letters of credit" instead of as credits to the suspense head concerned. Such amounts were further recorded in the adjustment book as credits to the suspense account and debits to an inappropriate head "Payments into Treasury."

(c) When an amount is received from the Harbour Trust Board (Revenue) for payment to certain individuals, the receipt and payment were unnecessarily recorded in the Engineer's cash book (*e.g.*, vouchers Nos. 10, 11, 12 and 18 of November 1893). The record of the payment in the Revenue cash book is sufficient.

(d) The verification of the monthly closing balance at the Bank of Madras as per Engineer's cash book with that as per pass book and the details of uncashed cheques and other items making up the difference (if any) were not recorded monthly in the cash book or elsewhere.

(e) The monthly accounts current did not show the balance at the bank at the commencement or at the close of the month. The two sides of the account current were made to agree, by placing the total amount of payments at the bank, *i.e.*, the total amount of cheques drawn for the month, on the debtor side to an inappropriate head "Receipts of the Engineer, Harbour Trust Board." Necessary instructions were given to the accountant and a revised cash abstract sheet and cash account current for April 1893 were prepared and left for his guidance.

(f) Pay order and other formalities were needlessly observed and recorded on the duplicates of vouchers in the same way as was done on the originals.

(g) Vouchers in support of payments made through the Secretary, Harbour Trust Board, were merely acknowledgments from the Secretary of the receipt of a cheque for the amount stating the purpose. The receipts of the payees to whom the payments were actually made should have been on record (e.g., voucher No. 16 of 8th April 1893 for Rs. 200-4-0 on account of seigniorage to Forest Department).

(h) Reference to measurement book was not given on bills for repairs to buildings in support of the quantities entered therein (e.g., voucher No. 5 of April 1893 for Rs. 123-9-5).

(i) The voucher in support of payment of cart hire for bringing coal (No. 9 of 6th April 1893) was received by the storekeeper instead of by the cartman.

4. Stock Accounts.—These comprise—

- (i) Indent.
- (ii) Daily sheet of receipts.
- (iii) Do. of issues.
- (iv) Monthly account of receipts.
- (v) Do. of issues.
- (vi) Monthly abstract of receipts.
- (vii) Do. of issues.
- (viii) Monthly statement of receipts, issues and balances.
- (ix) Half-yearly return.
- (x) Sub-ledger.
- (xi) Stock abstract book.
- (xii) Stock account current.

5. The first five and No. (viii) are records of quantities only and are prepared by the storekeeper.

6. Nos. (vi), (vii), (ix) and (x) are records of quantities and values. Nos. (vi) and (vii) are prepared by the storekeeper as to quantities only and completed by the accountant as to values. Nos. (ix) and (x) are wholly prepared by the accountant.

7. Nos. (xi) and (xii) are records of values only and are prepared by the accountant.

8. The sub-ledger is now kept for every article and a separate sub-ledger is kept for articles falling under each sub-head of stock. The preparation of Nos. (viii) and (ix) is therefore superfluous. A half-yearly balance sheet showing quantities on hand at end of the half-year, rate and value prepared from the sub-ledger would be sufficient.

9. The first five in the above list which are recorded in the storekeeper's office and which are the basis of the succeeding accounts are not subjected to detailed check. A few of the postings therein were tested here and there with the following result:—

(a) The undermentioned quantities actually issued and so recorded in the daily and in the monthly account Nos. (iii) and (v) were omitted from the succeeding ones, because they were in excess of book balances. The proper procedure would be to record the surplus as such under "receipts."

April 1893.
Kerosine-oil lb. 14 $\frac{3}{4}$

June 1893.
Iron round 3" lb. 349
Fish plates 75 lb. No. 27
Kerosine-oil lb. 23

November 1893.
Iron flat 3" x 1 $\frac{1}{4}$ " lb. 48

March 1894.
Iron flat 4" x 1 $\frac{1}{2}$ " lb. 87 $\frac{1}{2}$

(b) The undermentioned errors in posting were detected:—

April 1893.
Firewood An issue of 3 tons was booked as 3 cwt.
Coal Do. of $\frac{1}{2}$ cwt. do. as $\frac{1}{2}$ ton.

June 1893.

	TONS.	CWT.	QRS.	LB.
Coal	34	12	2	0
Issues as per indents ...	34	13	0	0
Issue as per monthly abstract.				
Excess	0	0	2	0

10. Work Accounts.—These comprise—

- (i) Measurement book for repairs to buildings, &c.
- (ii) Do. for firewood.
- (iii) Nominal muster roll.
- (iv) Daily report of labour.
- (v) Accounts of materials—
 - (1) Stone supply book.
 - (2) Concrete block book.
 - (3) Block setting book.
 - (4) Wave-breaker block setting book.
 - (5) Stone tipping book.
- (vi) Works abstract.
- (vii) Register of works.
- (viii) Monthly schedule of expenditure.
- (ix) Quarterly progress report.

11. A brief description of each of the above is given below, as many of them are special and adapted to the special nature of the Harbour work. The last four are prepared by the accountant. The remaining are the records of the executive subordinates.

(a) *Measurement book for repairs to buildings, &c.*, is the record of measurements of work done and basis of the quantities entered in contractor's bills, &c.

(b) *Measurement book for firewood.*—Firewood brought by the supplier is, after having been weighed and entered in the storekeeper's accounts, stacked in the yard. Before payment to the contractor, which is on the weight, the correctness of the weight is tested approximately by another officer by taking measurements of the stack in this book. The cubical contents are reduced to weight by the application of a professional ratio.

(c) *Nominal muster roll* is the record of labour employed and the basis of payments of labour; closed fortnightly for daily men, and monthly for monthly men. A separate roll is kept for each group of labourers controlled by a time-keeper or a foreman.

(d) *Daily report of labour.*—Records daily the allocation of labour employed to the different sub-works and sub-heads of the estimate; closed on the same dates as the nominal muster rolls. An abstract is prepared from this and attached to the nominal muster rolls for entry into the cash book and works abstract.

(e) *Stone supply book*—Records daily the *weight* of stone received at Madras by the South Indian Railway from Pallavaram quarries and its allocation to the regular sub-heads of the harbour estimate or to the temporary sub-head "Materials at site—Block making." Provides columns for—

- | | |
|------------------------|----------------------------------|
| (i) Date of receipt. | (iv) Tare. |
| (ii) Number of wagons. | (v) Net weight of stone. |
| (iii) Gross weight. | (vi) Sub-head for which arrived. |

The monthly total of column (v) is the basis for payments to—

- (i) Forest Department for seigniorage;
- (ii) Contractor for quarrying;
- (iii) South Indian Railway for freight;

and the total of each sub-head, column (vi), is the basis for allocation of the above payments and all other charges in connection with the same.

(f) *Concrete block book.*—Provides columns for—

- (i) Registered serial number of every block made.
- (ii) Measurement of each block.
- (iii) Cubical contents of each block.
- (iv) Date of making and where stacked.
- (v) Date of setting.
- (vi) Position in which set.

The monthly total of column (iii) is the basis for payment to contractor for supply of labour in block making and represents the contents of blocks outturned during the month for entry into the work accounts.

(g) *Block setting books*.—These record the dates, the number of blocks set during the month and their contents. Monthly and progressive totals are entered. Separate books are kept for (i) North pier, (ii) South pier and (iii) Wave-breakers. The total contents of the blocks set in a month, is the basis for—

- (i) Charging off the value of blocks to the sub-head concerned;
- (ii) Clearance of the charges debited to the temporary sub-head "Materials at site—Block making."

(h) *Stone tipping book*.—Record of rubble tipped into the sea and the positions in which deposited. The last transactions under this head were in 1890.

(i) *Works abstract* is in three parts and records by sub-heads for every month, in—

Part I.—The progress and value of work done (whether paid for or not) being the totals as per nominal muster rolls and daily reports and bills for materials, &c.

Part II.—Payments of the month being extract from the cash-book arranged into two columns—one for the current and the other for arrear payments.

Part III.—Arrears relating to the month and previous months.

The progress of work done during the month is furnished to the accountant by the Engineer or his assistant by means of a monthly memorandum, for entry into the works abstract.

(j) *Register of works*.—Records the progress (quantity) and value of work done month by month, with up-to-date totals, by—

- (i) sub-heads of the harbour, i.e., North pier, South pier; &c.;
- (ii) component works, where necessary, subordinate to the sub-heads mentioned in (i);

and is posted from the works abstract. The register also records the transactions under the temporary sub-head "Materials at site—Block making." The debits to this head are made up of—

- (i) all payments for stone on account of seigniorage, quarrying and trainage to Madras and for other materials directly charged to the sub-head;
- (ii) all charges in connection with the working of the engines and machines for making the blocks;
- (iii) contract labour and petty supervision charges;
- (iv) value of cement and other materials issued from stock;

and the credits are made up of the charges made to the different sub-heads for value of the cubical contents of the blocks set up during the month as per block setting books. The rate to be applied is obtained by dividing the unadjusted balance at debit of the account at end of the previous month by the quantity in balance on that date.

(k) *Monthly schedule of expenditure*.—Prepared from the register of works and suspense schedules.

(l) *Quarterly progress report*.—Prepared from the register of works for submission to the Harbour Trust Board.

12. *Establishment records*.—These comprise—

- (i) Monthly salary bill.
- (ii) Monthly contingent bill.
- (iii) Register of recoveries towards Provident fund.
- (iv) Do. towards income-tax.
- (v) Leave and service register.

The total collections as per (iii) are paid monthly to the Secretary, Harbour Trust Board, and those as per (iv) to the Collector of Income-tax.

13. *Tools and Plant accounts*.—These comprise—

- (i) Monthly account of receipts and of issues (if any) of small tools to works.
- (ii) Half-yearly return.

These are only numerical accounts.

14. *Suspense accounts affecting budget*.—These comprise—

- (i) Stock account (already detailed).
- (ii) Stock purchases and sales account.
- (iii) Miscellaneous advances.

(a) *Stock*.—Materials purchased in quantities and issued to works as required, are passed through the stock account. The debit balance at end of 1893-94, viz., Rs. 1,04,881-11-9, was verified with the total as per half-yearly return of stock.

(b) *Stock purchases and sales*.—The value of stock purchased but not paid for in the same month is credited to "Stock purchases" and debited to "Stock." The subsequent payments are debited to "Stock purchases." The items under "Stock purchases" on 31st March 1894 amounted to Rs. 819-7-2 and was current. The value of stock issued to contractors and to the works belonging to Harbour Trust Board—Revenue Account—is debited, pending recovery to "Stock sales" by credit to "Stock." The subsequent recoveries are credited to "Stock sales." The items under "Stock sales" on 31st March 1894 amounted to Rs. 1,257-0-2 and were efficient; but one item of Rs. 177-9-8 on account of stock sold to the contractor Aga Yahya Nakvy Saib is outstanding from a very long time (nearly eight years), but a sum of Rs. 13,263 is in his favour in the work accounts.

(c) *Miscellaneous advances*.—Advances of pay and cash expenditure on works of the Harbour Trust Board—Revenue Account—are debited to this head, pending recovery. The balance on 31st March 1894 was Rs. 6,205-10-8 and was efficient and current.

15. *Suspense items charged to Works*.—The outstanding under this head on 31st March 1894 was—

	RS.	A.	P.
(i) Advances to work people	78	6	2
(ii) Materials at site— Blocks 6,548½ cubic yards	94,311	8	8

Item (i) was efficient, but Rs. 34-3-2 out of this is due from contractor Aga Yahya Nakvy Saib and is outstanding for nearly eight years. It is adjustable against Rs. 13,263 due to him on account of work done.

Item (ii).—This item could not be verified readily, nor was it ever verified and agreed by the Engineer. The quantity should represent the cubical contents of the unused blocks as per concrete block book.

16. *Suspense items not affecting budget*.—These are amounts recovered and paid into the treasury or department on account of other departments, &c., e.g.,—

- (i) Provident fund subscriptions.
- (ii) Income-tax.
- (iii) Hospital stoppages and other miscellaneous items.

A record of (i) and (ii) is maintained (see under Establishment records). Items falling under (iii) are passed through a head called "Deposits."

MADRAS,
November 1895.

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

Office-note from the Examiner, Public Works Accounts, Madras, dated 11th January 1896, No. 27 A.

With reference to G.O. No. 2029 W. of 15th August 1895, I forward copy of my audit report on the Harbour Works Construction accounts for 1893-94. I did not do so earlier as I was not aware that these reports had hitherto been sent to Government by the Civil Auditors, but I find from Financial Department G.Os. No. 572 of 28th July 1894, and No. 462 of 20th June 1895, that they were so sent and that orders of Government were passed on them.

ORDER—No. 259 W., dated 22nd January 1896.

Communicated to the Chairman, Harbour Trust Board, whose attention is called to the remarks and suggestions of the Examiner, Public Works Accounts. Future audit reports should notice how far the errors in procedure and other matters requiring amendment have been rectified.

2. The audit fee amounting to Rs. 3,877-12-0 should be paid into the treasury to the credit of the Public Works Department, if this has not already been done, and the report published as required by the Harbour Trust Act.

(True Extract.)

Under Secy. to Govt., P.W.D.

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

GENERAL.
ACCOUNT.

Gobt. of {1896} Madras.
PUBLIC WORKS.

Dated January, 22nd.

Recd. Encl.

G.O. No. 259 W., 22nd Jan. 1896.

JANUARY.

Audit Report

The Examiner's — on the Harbour
Works Construction accounts for 1893-94,
communicated to the Chairman, Harbour
Trust Board, with remarks.

FROM

D. C. GORDON, Esq.,
Examiner, Public Works Accounts, Madras,

To

THE CHAIRMAN,
Harbour Trust Board, Madras,
No. 4142 B, dated Madras, 25th November 1895.

Sir,

I have the honour to report that, in compliance with the instructions in G.O. No. 427, dated 6th November 1894, Marine Department, I have audited the construction accounts of the Harbour works for the year 1893-94.

2. The budget for the year was passed for Rs. 2,70,000. The aggregate receipts and expenditure were as follows:—

	RS.	A.	P.	RS.	A.	P.
Balance on 1st April 1893—						
Cash on hand	50	2	5			
In Bank of Madras in the name of the Chairman	19,000	0	0			
In Bank of Madras in the name of the Engineer	49,649	15	5			
				68,700	1	10
Receipts—						
Advances by Government				2,70,000	0	0
Income-tax and Provident Fund sub- scriptions recovered in 1893-94 paid away in 1894-95	45	11	11			
Miscellaneous receipts paid into the Bank in 1893-94 adjusted in 1894-95	191	11	6			
				237	7	5
				3,38,937	9	3
Expenditure—						
Original works	2,11,463	11	10			
Establishment	30,954	5	2			
Tools and plant	11,157	1	10			
	2,53,575	2	10			
Net debits to suspense accounts	25,544	10	9	2,28,030	8	1
Balance on 31st March 1894—						
Cash on hand	64	15	7			
In Bank of Madras in the name of the Chairman	84,000	0	0			
In Bank of Madras in the name of the Engineer	26,842	1	7			
				1,10,997	1	2
				3,38,937	9	3
The bank pass book balance on 31st March 1894 was				27,977	15	7
Deducting cheques drawn but not cashed				1,354	10	0
				26,623	5	7
Adding a sum taken by the Engineer's cash book in 1893-94 but by the bank in 1894-95				218	12	0
The balance agrees with that shown above as in the name of the Engineer				26,842	1	7

3. The original estimate for the Harbour amounted to Rs. 57,45,165. The expenditure to the end of 1884 was Rs. 65,54,490, and this was considered as closing all transactions under the original scheme. A restoration estimate was sanctioned in 1886 for Rs. 45,90,051 and further revised estimates brought the amount up to Rs. 58,28,896, the estimated cost of completion thus being (Rs. 65,54,490 + 58,28,896) Rs. 1,23,83,386. A further revised estimate has been submitted in 1895 for Rs. 3,69,122, which brings the estimated cost of completion to Rs. 1,27,52,508. The expenditure to 31st March 1894 stands at Rs. 1,22,66,716, less credits for sales of plant, &c., Rs. 74,612, or Rs. 1,21,92,104.

The record of cost of the various work sub-heads as shown in the accounts is of small value, inasmuch as it is not the cost incurred on the sub-heads. The preparation of an estimate in detail is expected to ensure that the responsible officer has given proper consideration to the requirements of the work and is in possession of as much information as it is possible to obtain beforehand. The estimate also puts results on record for the guidance of successors and for effective check over unauthorised outlay (items not provided in the estimate as sanctioned) by a comparison of the work executed with the outlay incurred. This, however, is not effective here. When it is evident that charges made to a work create an excess over the provision in the estimate, the excess is charged to some other work the provision for which it is considered will be able to bear it. The effect of this is that excesses are met by savings, but no record remains that there were either excesses or savings, and the cost of work executed corresponds very closely to the cost of work estimated.

4. The cost of establishment in 1892-93 was Rs. 54,953. In 1893-94 it was Rs. 30,954, or Rs. 24,000 less, against an allotment of Rs. 47,988. The reduced charge was owing to write-back entries from establishment to works and to reduction and re-organisation of the staff. Owing to Mr. Pogson taking furlough the arrangements for carrying on his work resulted in an excess cost of some Rs. 4,000; Sir Alexander Rendel's visit to Madras in 1890 caused a charge of some Rs. 6,400, and some Rs. 700 on account of advertisement charges in 1891-92-93: all these had been charged to establishment but were written back to works, because the provision under establishment was being exceeded. There was a saving of about Rs. 7,200 owing to the non-entertainment of an Assistant Engineer and of about Rs. 5,000 due to the entertainment of a Supervisor on Rs. 200 in substitution for two appointments—a Sub-Engineer on Rs. 400 and a Quarry Inspector on Rs. 200. There were other smaller savings due to re-organisation.

5. Since June 1894 no account of current expenditure is furnished to the Board except a quarterly statement, which goes forward to the Secretary of State. This compares expenditure with the project estimate, excluding suspense transactions. All expenditure is incurred under sanctions, and all bills are passed for payment by the Engineer himself after work done has been certified on them by the responsible subordinates. All wages are paid in the presence of the Engineer.

6. Funds are obtained by the Chairman from loans by Government, interest at $4\frac{1}{2}$ per cent. being charged from the dates the various amounts are withdrawn from the Treasury. The Engineer sends him monthly requisitions for the estimated expenditure and these amounts are paid into the Bank of Madras to the credit of the Engineer. Sums are also advanced temporarily from revenue, to reduce liability for interest so far as practicable, and are repaid eventually from the loan. In 1893-94 sums aggregating Rs. 92,000 were advanced by revenue and repaid in December 1894. The balance in the Bank of Madras on 1st April 1893 was Rs. 68,650, but expenditure for April to June amounted to less than Rs. 56,800. Again, the balance on 1st April 1894 was Rs. 1,10,800, while expenditure for April to August 1894 reached only Rs. 1,07,700. Interest charges would have been less had the withdrawals been monthly and approximate to the expenditure in each month.

7. In course of audit all the cash book, cheque book, and bank book, entries for the year were checked against each other. The cash book for the months of April, June, November 1893 and March 1894, was checked with the vouchers into final accounts, main items of stock receipts and labour allocated on muster rolls followed into the accounts, authority for payments and responsibility for work done were seen

to. Establishment bills for salaries were checked by the scale of staff sanctioned for the year. A separate memorandum on various minor points immaterial to this report is submitted for information of the Board and of the Engineer and his office.

8. The sub-head of materials at site in the estimate is really a manufacture account which is continuous and cannot be closed until block-making is at an end. All stone received for this purpose is charged to this sub-head; it is tallied at the weighbridge on the works in the presence of staff representing the Railway and Engineer. The proportions of stone, cement, &c., used are known from the capacity of the moulds in which blocks are made; the monthly outturn and outlay are added to the previous month's figures, so the quantities to date divided into the outlay to date gives the current rate for blocks. There is a staff kept continuously for this work, so that even when block-making is temporarily in abeyance charges are incurred which add to the rate of outturn previously obtained. The sub-head is relieved by issues to works. Blocks once issued, even if only for a temporary purpose, are a final charge. If subsequently moved to another work, after having served their temporary purpose, the cost of removal and depositing alone are charged to the new work, no credit being given to the former work. It is scarcely possible to require more refinement in accounting for a work like this.

9. Stock has not been taken for some years; it is considered impracticable to do this while work is in full swing. The book value of stock on hand—

	RS.
On 1st April 1893 was	1,36,181
On 31st March 1894 was	1,04,881
Difference, decrease	31,300

Discrepancies which are ascertained when stock of any kind has worked off could be rectified by bringing on excesses found or writing off deficiencies as soon as known, but it has not been the practice to do this. If the actual issue is more than the book balance (owing to previous error in accounting), the issue is written down only to the amount of the book balance, no record is made of the excess.

10. A sum of Rs. 13,263-10-7 has been outstanding for eight years in favour of a contractor owing, it was stated, to some pending suit, the amount having been attached by the Court. Arrears of wages due to labourers are not written off after six months.

11. In the estimate for the completion of the Harbour (G.O. No. 1108 W. of 9th May 1895), there is an entry "Deduct probable recoveries due to sales of tools and plant, Rs. 2,47,331. The Engineer has a list of the items, which he considers may realise the amount, valued on 31st March 1895 at Rs. 8,06,000.

12. In paragraph 3 of the Chairman's letter printed with G.O. No. 1108 W. of 9th May 1895, it was suggested that this audit should report on the admissibility of certain outlay set out in statement A (also printed) as charges to the construction accounts.

	RS.
Realignment of Beach Railway	14,679

This was not necessary for the convenience or benefit of construction, but for the convenience of the Tramway Company's works. Capital having put down the line its removal to another place is a charge to revenue.

	RS.
Extensions to the Fort drain	13,948
Repairs to revetment	10,301

These are maintenance charges to be borne by Revenue. Owing to the advance of the foreshore south of the Harbour the drain has had to be extended from time to time and may have to be still further lengthened as the foreshore advances. The

revetment is to the north of the Harbour and necessitates continual repairs. *Supposing the drain originally constructed had fallen in, or the revetment had given way, capital having once paid for them cannot be called on to pay for them again.

Compensation for land north of the Harbour	RS. 4,138
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All the land previously paid for by construction now vests in the trust, and rents which to 1887 went to the credit of the construction accounts are taken into the general revenues of the Board. This is a contingent charge which the general revenues should meet, and may be called on to meet again hereafter; see also sections 26 to 28 of the Act.

Insurance	RS. 1,291
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This is part of the general charges of the business, and should be met from Revenue funds and not from Loan funds.

Import duty	RS. 5,367
Sum paid to Port officer	3,000

These items follow the stores on which the duty was paid and the stores which were landed through the agency of the Port officer, and are taken into the rates at which the articles were issued to works.

Provident fund contributions	RS. 31,681
Exchange compensation allowance	10,791

Under section 22 of the Act these are chargeable to revenue and should appear as sub-heads of "office establishment" in the revenue accounts as other contributions do.

It may be in place here to invite reference to the remarks in paragraph 4. Under section 22 of the Act Mr. Pogson's furlough allowance and the acting allowance of his *locum tenens* should be paid by revenue. The fee to Sir Alexander Rendel is in the same category as the contributions and allowances mentioned in that section and should be met from revenue. Likewise the leave allowances and acting allowances which in the accounts under review were charged to construction, viz., furlough allowance of Mr. Gunther, charge allowance to Mr. Boteler, privilege leave allowances to Messrs. Pogson, Boyle, Ritchie and Mannel, to the accountant, cashier, and peon Kistnasawmi Naidu. Additional sub-heads under "office establishment" in the Revenue accounts should be designed to meet such charges.

13. In the papers published with G.O., Financial No. 572 of 28th July 1894, is Marine Department order, dated 16th June 1894, Mis. No. 227, in which it was stated that the Chairman will be requested to submit to Government copies of regulations to be framed under section 22 of the Act. No regulations have yet been framed. It is very advisable that uniformity of practice should be possible and this can be ensured only if rules are drawn up affecting leave and allowances to all staff, whether borne on salary bills as "officers and servants" or on works establishment lists as "artisans, mechanics," &c. There are no doubt sundry resolutions and minutes of the Board ruling on these points, but it would be advantageous to have the rulings collected in one plan and properly arranged, so that officers, servants, artisans, labourers, porters, &c., could know the rules affecting them and that there is method in dealing with them.

14. Under G.O. No. 2029 W. of 15th August 1895, the fee for the audit of the accounts was fixed at $1\frac{3}{4}$ per cent. on the year's outlay, excluding payments in England and exchange thereon.

The outlay of the year as stated in paragraph 2 of this report is ...	RS. 2,28,030
The English outlay as ascertained from the statements of payments received from the India Office and advices from the Accountant-General, Madras, was	6,444
One and three-fourth per cent. on Rs. 2,21,586 is	3,877.12

* This amount should be paid into the treasury to the credit of the Public Works Department for adjustment through the exchange accounts. Under section 22 of the Act this would be a revenue charge.

15. The audit of the accounts for 1894-95 and 1895-96 has still to be undertaken; the later year cannot be taken up till the accounts are completed. It would be convenient, if the intention be that the construction accounts should undergo audit as an ordinary Public Works division accounts, that the Engineer should send his monthly accounts to the Examiner, Public Works Accounts, from 1st April 1896, as he used to do prior to 1887.

16. 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,

Sd/- J.C. Gordon

Examiner of Public Works Accounts.

ENCLOSURE.—1 Memorandum.

MEMORANDUM to accompany Audit Report on the construction accounts of the
Madras Harbour Works for 1893-94 (Examiner, Public Works Accounts,
No. 4426, dated 25 November 1895, to the Chairman, Harbour Trust Board,
Madras).

The records in the office of the Engineer, Harbour Trust Board, of the accounts
of expenditure may be classed under the following heads:—

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|--------------------|-------------------------------|
| (i) Cash accounts. | (iv) Establishment records. |
| (ii) Stock do. | (v) Tools and plant accounts. |
| (iii) Work do. | (vi) Suspense accounts. |

2. Cash Accounts.—These comprise—

- | | |
|-----------------------------|------------------------------------|
| (i) Cash book. | (iii) Monthly cash abstract sheet. |
| (ii) Vouchers for payments. | (iv) Do. account current. |

3. The following points were noticed in the examination of these accounts:—

(a) Recoveries of advances by deduction from bills charged off on the creditor
side of the cash book were not treated as *bona fide* cash receipts and cash expenditure.
The net amount after deduction was shown in the cash book as a payment, and the
amount of deduction was passed as receipt and as expenditure through the adjustment
book.

(b) Sums paid into the bank to the credit of the Engineer by the Harbour Trust
Board, on account of expenditure incurred by the Engineer for the revenue account
and held in his suspense account pending recovery, were treated in the cash book as
“Letters of credit” instead of as credits to the suspense head concerned. Such
amounts were further recorded in the adjustment book as credits to the suspense
account and debits to an inappropriate head “Payments into Treasury.”

(c) When an amount is received from the Harbour Trust Board (Revenue) for
payment to certain individuals, the receipt and payment were unnecessarily recorded in
the Engineer's cash book (*e.g.*, vouchers Nos. 10, 11, 12 and 18 of November 1893).
The record of the payment in the Revenue cash book is sufficient.

(d) The verification of the monthly closing balance at the Bank of Madras as per
Engineer's cash book with that as per pass book and the details of uncashed cheques
and other items making up the difference (if any) were not recorded monthly in the
cash book or elsewhere.

(e) The monthly accounts current did not show the balance at the bank at the
commencement or at the close of the month. The two sides of the account current were
made to agree, by placing the total amount of payments at the bank, *i.e.*, the total
amount of cheques drawn for the month, on the debtor side to an inappropriate head
“Receipts of the Engineer, Harbour Trust Board.” Necessary instructions were given
to the accountant and a revised cash abstract sheet and cash account current for April
1893 were prepared and left for his guidance.

(f) Pay order and other formalities were needlessly observed and recorded on
the duplicates of vouchers in the same way as was done on the originals.

(g) Vouchers in support of payments made through the Secretary, Harbour
Trust Board, were merely acknowledgments from the Secretary of the receipt of a cheque
for the amount stating the purpose. The receipts of the payees to whom the payments
were actually made should have been on record (*e.g.*, voucher No. 16 of 8th April
1893 for Rs. 200-4-0 on account of seigniorage to Forest Department).

(h) Reference to measurement book was not given on bills for repairs to build-
ings in support of the quantities entered therein (*e.g.*, voucher No. 5 of April 1893
for Rs. 123-9-5).

(i) The voucher in support of payment of cart hire for bringing coal (No. 9 of
6th April 1893) was receipted by the storekeeper instead of by the cartman.

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4. Stock Accounts.—These comprise—

- (i) Indent.
- (ii) Daily sheet of receipts.
- (iii) Do. of issues.
- (iv) Monthly account of receipts.
- (v) Do. of issues.
- (vi) Monthly abstract of receipts.
- (vii) Do. of issues.
- (viii) Monthly statement of receipts, issues and balances.
- (ix) Half-yearly return.
- (x) Sub-ledger.
- (xi) Stock abstract book.
- (xii) Stock account current.

5. The first five and No. (viii) are records of quantities only and are prepared by the storekeeper.

6. Nos. (vi), (vii), (ix) and (x) are records of quantities and values. Nos. (vi) and (vii) are prepared by the storekeeper as to quantities only and completed by the accountant as to values. Nos. (ix) and (x) are wholly prepared by the accountant.

7. Nos. (xi) and (xii) are records of values only and are prepared by the accountant.

8. The sub-ledger is now kept for every article and a separate sub-ledger is kept for articles falling under each sub-head of stock. The preparation of Nos. (viii) and (ix) is therefore superfluous. A half-yearly balance sheet showing quantities on hand at end of the half-year, rate and value prepared from the sub-ledger would be sufficient.

9. The first five in the above list which are recorded in the storekeeper's office and which are the basis of the succeeding accounts are not subjected to detailed check. A few of the postings therein were tested here and there with the following result:—

(a) The undermentioned quantities actually issued and so recorded in the daily and in the monthly account Nos. (iii) and (v) were omitted from the succeeding ones, because they were in excess of book balances. The proper procedure would be to record the surplus as such under "receipts."

April 1893.

Kerosine-oil lb. 14 $\frac{3}{4}$

June 1893.

Iron round 3" lb. 349
Fish plates 75 lb. No. 27
Kerosine-oil lb. 23

November 1893.

Iron flat 3" x 1 $\frac{1}{4}$ " lb. 48

March 1894.

Iron flat 4" x 1 $\frac{1}{2}$ " lb. 87 $\frac{1}{2}$

(b) The undermentioned errors in posting were detected:—

April 1893.

Firewood An issue of 3 tons was booked as 3 cwt.
Coal Do. of $\frac{1}{2}$ cwt. do. as $\frac{1}{2}$ ton.

June 1893.

	Issue as per indents	Issue as per monthly abstract.	TONS.	CWT.	QRS.	LB.
Coal	34	34	12	13	2	0
Excess	0	0	0	0	2	0

10. Work Accounts.—These comprise—

- (i) Measurement book for repairs to buildings, &c.
- (ii) Do. for firewood.
- (iii) Nominal muster roll.
- (iv) Daily report of labour.
- (v) Accounts of materials—
 - (1) Stone supply book.
 - (2) Concrete block book.
 - (3) Block setting book.
 - (4) Wave-breaker block setting book.
 - (5) Stone tipping book.
- (vi) Works abstract.
- (vii) Register of works.
- (viii) Monthly schedule of expenditure.
- (ix) Quarterly progress report.

11. A brief description of each of the above is given below, as many of them are special and adapted to the special nature of the Harbour work. The last four are prepared by the accountant. The remaining are the records of the executive subordinates.

(a) *Measurement book for repairs to buildings, &c.*, is the record of measurements of work done and basis of the quantities entered in contractor's bills, &c.

(b) *Measurement book for firewood.*—Firewood brought by the supplier is, after having been weighed and entered in the storekeeper's accounts, stacked in the yard. Before payment to the contractor, which is on the weight, the correctness of the weight is tested approximately by another officer by taking measurements of the stack in this book. The cubical contents are reduced to weight by the application of a professional ratio.

(c) *Nominal muster roll* is the record of labour employed and the basis of payments of labour; closed fortnightly for daily men, and monthly for monthly men. A separate roll is kept for each group of labourers controlled by a time-keeper or a foreman.

(d) *Daily report of labour*—Records daily the allocation of labour employed to the different sub-works and sub-heads of the estimate; closed on the same dates as the nominal muster rolls. An abstract is prepared from this and attached to the nominal muster rolls for entry into the cash book and works abstract.

(e) *Stone supply book*—Records daily the *weight* of stone received at Madras by the South Indian Railway from Pallavaram quarries and its allocation to the regular sub-heads of the harbour estimate or to the temporary sub-head "Materials at site—Block making." Provides columns for—

- | | |
|------------------------|----------------------------------|
| (i) Date of receipt. | (iv) Tare. |
| (ii) Number of wagons. | (v) Net weight of stone. |
| (iii) Gross weight. | (vi) Sub-head for which arrived. |

The monthly total of column (v) is the basis for payments to—

- (i) Forest Department for seigniorage;
- (ii) Contractor for quarrying;
- (iii) South Indian Railway for freight;

and the total of each sub-head, column (vi), is the basis for allocation of the above payments and all other charges in connection with the same.

(f) *Concrete block book.*—Provides columns for—

- (i) Registered serial number of every block made.
- (ii) Measurement of each block.
- (iii) Cubical contents of each block.
- (iv) Date of making and where stacked.
- (v) Date of setting.
- (vi) Position in which set.

The monthly total of column (iii) is the basis for payment to contractor for supply of labour in block making and represents the contents of blocks outturned during the month for entry into the work accounts.

(g) *Block setting books*.—These record the dates, the number of blocks set during the month and their contents. Monthly and progressive totals are entered. Separate books are kept for (i) North pier, (ii) South pier and (iii) Wave-breakers. The total contents of the blocks set in a month, is the basis for—

- (i) Charging off the value of blocks to the sub-head concerned;
- (ii) Clearance of the charges debited to the temporary sub-head "Materials at site—Block making."

(h) *Stone tipping book*.—Record of rubble tipped into the sea and the positions in which deposited. The last transactions under this head were in 1890.

(i) *Works abstract* is in three parts and records by sub-heads for every month, in—

Part I.—The progress and value of work done (whether paid for or not) being the totals as per nominal muster rolls and daily reports and bills for materials, &c.

Part II.—Payments of the month being extract from the cash-book arranged into two columns—one for the current and the other for arrear payments.

Part III.—Arrears relating to the month and previous months.

The progress of work done during the month is furnished to the accountant by the Engineer or his assistant by means of a monthly memorandum, for entry into the works abstract.

(j) *Register of works*.—Records the progress (quantity) and value of work done month by month, with up-to-date totals, by—

- (i) sub-heads of the harbour, i.e., North pier, South pier; &c.;
- (ii) component works, where necessary, subordinate to the sub-heads mentioned in (i);

and is posted from the works abstract. The register also records the transactions under the temporary sub-head "Materials at site—Block making." The debits to this head are made up of—

- (i) all payments for stone on account of seigniorage, quarrying and trainage to Madras and for other materials directly charged to the sub-head;
- (ii) all charges in connection with the working of the engines and machines for making the blocks;
- (iii) contract labour and petty supervision charges;
- (iv) value of cement and other materials issued from stock;

and the credits are made up of the charges made to the different sub-heads for value of the cubical contents of the blocks set up during the month as per block setting books. The rate to be applied is obtained by dividing the unadjusted balance at debit of the account at end of the previous month by the quantity in balance on that date.

(k) *Monthly schedule of expenditure*.—Prepared from the register of works and suspense schedules.

(l) *Quarterly progress report*.—Prepared from the register of works for submission to the Harbour Trust Board.

12. *Establishment records*.—These comprise—

- (i) Monthly salary bill.
- (ii) Monthly contingent bill.
- (iii) Register of recoveries towards Provident fund.
- (iv) Do. towards income-tax.
- (v) Leave and service register.

The total collections as per (iii) are paid monthly to the Secretary, Harbour Trust Board, and those as per (iv) to the Collector of Income-tax.

13. *Tools and Plant accounts*.—These comprise—

- (i) Monthly account of receipts and of issues (if any) of small tools to works.
- (ii) Half-yearly return.

These are only numerical accounts.

14. *Suspense accounts affecting budget*.—These comprise—

- | | |
|---|-------------------------------|
| (i) Stock account (already detailed). | (iii) Miscellaneous advances. |
| (ii) Stock purchases and sales account. | |

(a) *Stock*.—Materials purchased in quantities and issued to works as required, are passed through the stock account. The debit balance at end of 1893-94, viz., Rs. 1,04,881-11-9, was verified with the total as per half-yearly return of stock.

(b) *Stock purchases and sales*.—The value of stock purchased but not paid for in the same month is credited to "Stock purchases" and debited to "Stock." The subsequent payments are debited to "Stock purchases." The items under "Stock purchases" on 31st March 1894 amounted to Rs. 819-7-2 and was current. The value of stock issued to contractors and to the works belonging to Harbour Trust Board—Revenue Account—is debited, pending recovery to "Stock sales" by credit to "Stock." The subsequent recoveries are credited to "Stock sales." The items under "Stock sales" on 31st March 1894 amounted to Rs. 1,257-0-2 and were efficient; but one item of Rs. 177-9-8 on account of stock sold to the contractor Aga Yahya Nakvy Saib is outstanding from a very long time (nearly eight years), but a sum of Rs. 13,263 is in his favour in the work accounts.

(c) *Miscellaneous advances*.—Advances of pay and cash expenditure on works of the Harbour Trust Board—Revenue Account—are debited to this head, pending recovery. The balance on 31st March 1894 was Rs. 6,205-10-8 and was efficient and current.

15. *Suspense items charged to Works*.—The outstandings under this head on 31st March 1894 was—

	RS.	A.	P.
(i) Advances to work people ...	78	6	2
(ii) Materials at site—			
Blocks 6,548½ cubic yards ...	94,311	8	8

Item (i) was efficient, but Rs. 34-3-2 out of this is due from contractor Aga Yahya Nakvy Saib and is outstanding for nearly eight years. It is adjustable against Rs. 13,263 due to him on account of work done.

Item (ii).—This item could not be verified readily, nor was it ever verified and agreed by the Engineer. The quantity should represent the cubical contents of the unused blocks as per concrete block book.

16. *Suspense items not affecting budget*.—These are amounts recovered and paid into the treasury or department on account of other departments, &c., e.g.,—

- (i) Provident fund subscriptions.
- (ii) Income-tax.
- (iii) Hospital stoppages and other miscellaneous items.

A record of (i) and (ii) is maintained (see under Establishment records). Items falling under (iii) are passed through a head called "Deposits."

MADRAS,
November 1895.

Sd/- D.C. Gordon
Examiner, Public Works Accounts.

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GOVT. }
OF MADRAS. }

1895.

{ P. W.
{ DEPT.

EXAMINER, P. W. ACCOUNTS,

Madras, // January 1896

OFFICE NOTE No. 27A

To

W.

With reference to G.O.No.2029 W of 15th.August 1895,I forward copy of my audit report on the Harbour Works Construction Accounts for 1893-94. I did not do so earlier as I was not aware that these reports had hitherto been sent to Government by the Civil Auditors,but I find from Financial Department G.Os. No.572 of 28th.July and No.482 of 20th.June 1895,that they were so sent and that orders of Government were passed on them.

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" 1108-9 W " 9-5-95 ✓
" 2029 W " 15-8-95 ✓
" 2817 W " 6-11-95 ✓

PUBLIC WORKS DEPARTMENT

No 259 W of 22nd January 1896.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following

Letter from the Examiner P.W. Accounts
Madras, to the Chairman H. J. B. { H. J. B. No. 442 Ba/25-100

Office note from the P.W. A. (" 27th of 11 Jan

Communicated to
the Chairman Harbour
Trust Board whose attention
is called to the remarks
and suggestions of the
Examiner P.W. Accounts.
Future audit reports should
notice how far the errors
in procedure and other
matters requiring amend-
ment have been rectified.
2. The audit fee a-
to Rs. 3877.12.0 should
paid into the tre-
to the credit of