

Public Works (1894) Department.

RAILWAY BRANCH.

G.O., No. 70-71. R

DATED 29th January

[Despatch Abstract.]

General stores balances.

Order on the report of the result
of a test examination of the — of
the Madras Railway on 31st December
1891.

Forwarding copy of Pres: on the report
of the result of a test examination
of the — of the Madras Railway on
31st Decr 1891.

BACK PAPERS.

[illegible]

FURTHER PAPERS.

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

Examiner's Report.

I have the honour, in continuation of my No. 129-A, dated 28th February last, to report the result of a test examination of the General Stores balances of the Madras Railway at 31st December 1891.

2. The stock as taken was Rs. 43,109 in excess of book balances as shown by the following statements:—

(a) The actual stock as per lists amounted to	Rs.	5,01,555
(b) The audit ledger balance amounted to ...		5,52,864
Less items in ledger but not in stock lists		
—vide paragraphs (d), (e) and (f) below.		1,04,388
		<u>4,58,476</u>
(c) Resulting in an excess of stock over book balances amounting to ...		43,109
(d) In explanation of the deduction made from		

(d) In explanation of the deduction made from the audit balance in paragraph (b), it may be stated that the following items stand at debit of stores in the ledger account, but do not form part of the stock in hand included in the stock lists, viz. —

(i) Fuel and timber bills paid and debited in Audit ledger but not brought to account in stock lists ...	1,18,853
(ii) Pendencies which appear as credit balances in the stock accounts of other departments ...	28,099

Replics of Railway Officers.

Examiner's further Remarks.

Vide paragraph 9.

Vide paragraph 9.

Vide paragraph 9.

***Vide* paragraph 9.**

Examiner's Report.

Replies of Railway Officers.

Examiner's further Remarks.

(iii) Home charges for half-year ending 31st December 1891 paid and debited in audit ledger but not included in the stock valuation lists	Rs. 5,054
(iv) Outstanding sales not written off audit ledger balance, although the material is omitted from valuation lists	2,770
Total	1,34,776
(c) While the following items which form part of the stock in hand have not yet been dealt with in the audit ledgers:— Unpaid bills for material included in valuation lists but not taken to account in audit ledgers Invoices for English material included in valuation lists but not taken to account in audit ledgers	12,517 37,871 50,388
(c) If the balance be struck between (d) and (c), it will be seen that Rs. 1,04,388 may be deducted from the ledger balance for the purpose of comparison with the stock list.	Vide paragraph 9.
3. (a) It may be seen from paragraph 2 (d) that Rupees 1,18,853 has to be deducted from the audit ledger balance in respect of payments for locomotive fuel and timber, while Rs. 28,099 has to be deducted in respect of pendencies.	Vide paragraph 9.
(b) By leaving these items at debit of General Store account in the audit ledgers instead of transferring them to the departments concerned, large discrepancies arose in the stock accounts of other departments as may be seen from my reports on the store balances of the Engineering and Locomotive Departments for the same period.	

(c) It should be arranged in future to transfer such items to their proper accounts before making comparison with the stock valuation lists.

(d) (i) It is questionable whether any portion of the English outlay referred to in paragraph 2 (d) should be debited to Stores Account, as the standard form of Revenue Account provides for the inclusion of such items in Abstract E, General Charges, under the head Home Expenditure, Consulting Engineer's and Inspecting officer's fees and Traveling Allowances or under Office Expenses.

(ii) The items comprised in the debit of Rs. 5,054 are as under:—

(e) Stationery and contingencies—	£	s.	d.	Rs.	A.	P.
Specifications	72	19	6			
Bills of lading	2	15	0			
Petty payments for carriage and dock charges	0	12	10			
				76	7	4 = 833 1 5
(b) Inspection fees—						
Harrison Hayter, Esq.	222	6	8			
T. F. Waddington's salary.	100	0	0			
Do. Travelling allowance	46	4	0			
Analysis of brass tubes	3	3	0			
Examining drugs	6	6	0	377	19	8 = 4,123 7 3
(c) Allowances to candidates for appointments in India—						
Draftsman	3	2	0			
Engine driver	2	10	0			
Do.	1	0	0			
Do.	2	0	0			
Agreement stamps of men engaged	0	7	6	8	19	6 = 97 14 7
Total	463	6	6 = 5,054 7 3			

Chief Auditor's Remarks.

(d) (i to vii) I addressed you on the 4th instant on this subject with a request that you would kindly obtain the Board's orders on the subject for my guidance—vide my No. A 1044 of that date.

Reply of Board awaited.

Agent and Manager's Remarks.

I addressed my Board on the 19th ultimo on the subject of the Home charges referred to in paragraphs (c, d) of the Examiner's Report.

Ditto.

(iii) There is no doubt that item (c) has been incorrectly charged to Stores, as the charges are in no way connected therewith and should either have been debited to Establishment Charges in India or to Office Expenses in England, the latter being probably the more correct head.

(iv) Item (b) comes fairly under the head of Inspecting officers' fees and should have been so charged in the accounts, while item (a) is apparently a fair charge to London Office Expenses.

(v) In my opinion none of the London charges should be passed through the Indian Store Account, although in the case of very large specific outlay on stores for capital purposes, it might perhaps be permissible to allocate such items to capital by debit to the work concerned.

(vi) Under the system in force, these items although passed through the Store Account are not added to the cost of material, but rateably allocated through the store issue lists to the debit of departmental expenditure.

(vii) Even if the existing practice be upheld, the items should have been charged off in the half-year concerned and not treated in the Audit office as an addition to the book value of the stock in hand.

4. A list of the various articles in stock exceeding Rs. 2,000 in value is annexed as Appendix A.

5. (a) The items included in the list referred to in paragraph 4 have been tested to see that the values affixed are not in excess of current market rates, and that the stocks are not in excess of a two-year consumption with the following results :—

(b) Statement of discrepancies between prices fixed in valuation lists and current market rates.

Chief Auditor's Remarks.

Many of the differences were caused by rounding off the actual price paid to the nearest even figure, but some of them were clerical errors. Steps will be taken to ensure greater correctness in future.

Noted.

[illegible]

Examiner's Report.

(c) Statement showing the stocks of certain items which are in excess of the actual consumption of the two preceding years :—

Name of stock.	Name of article.	Quantity in stock.	Consumption of 2 years preceding.	Value of excess stock.	
				Rs.	Amount.
General.	Balance spring, Poley's, to work 400 lb.	No. 41	—	25. 0 0	5,000 0 0
	Canvas mat, No. 1, 48 yards in a bolt.	443	242	15 0 0	5,025 0 0
	Copper ingots	22,400	17,918	6 0 0	1,071 10 0
	Paints, delivery, 25 feet	174	24	19 10 0	2,133 10 0
	Turner, English	4,200	2,600	1 0 0	2,100 0 0
Oil and paint.	Oil, linseed, raw	4,400	1,700	1 10 0	4,301 10 0
	Powder, 477, red, bright, 25 lb.	774	37	1 10 0	4,301 10 0
	Powder, Turbay's, red oxide of iron.	400	970	1 10 0	434 11 0
	Varnish, copal	700	431	2 1 7	970 7 8
	Body hard, drying	600	607	2 14 0	63 7 8
Shed	Ropes, iron, 47	1,300	944	2 17 0	2,173 10 0
	Iron, works for 14' diameter	36,070	24,043	0 1 1	944 6 8
	Iron, works for 14' diameter	7,770	7,400	0 4 0	30 7 0
	Wheels, upright, 14' diameter	218	28	1 0 0	2,400 0 0
	Wheels, upright, 14' diameter	218	28	1 0 0	2,400 0 0
Broom.	Brush, sheet, No. 12, of sizes	8,434	1,378	0 0 0	10,600 0 0
	half round, 8' x 1"	20,131	64	0 0 0	1,303 1 0
	round, 8' x 1"	20,131	64	0 0 0	2,124 4 7
	square, 8' x 1"	44,848	2,250	17 10 7	1,300 5 8
	sheet, 8' x 1"	100,175	102,000	21 13 5	22 14 7
and sum.		120,861	70,812	48,049	2,134 5 3
Total				48,049	48,049 0 0

* These tipping wagons wheels were in stock in 1878 and have consequently been over 13 years in store.

(d) The discrepancies included in paragraph (b) should be looked into, and, if necessary, adjusted, while all important items in paragraph (c) should, if not already issued or otherwise disposed of, be dealt with by entry in surplus stock lists.

6. (a) The valuation list, it will be observed, contains an item of Rs. 6,176 called manufacture account.

(b) No details are available for this item, but I am informed it represents the value of paper in the hands of the Company's contractor and the value of plant and material in hands of the book-binders employed in the General Stores.

(c) A periodical valuation list should be prepared and certified by the contractor in acknowledgment of his liability to the Company for paper in hand.

(d) The Storekeeper should similarly submit a periodical list of plant and binding material, working up to the total debit against the Binding Factory Account.

(e) The machinery in use in this factory should not, in my opinion, be hereafter allowed to remain at debit of store, but an estimate should be submitted for sanction to charge it off to Capital as is done in all other workshops.

7. The labour in handling stores is not added to the price of material, but is allocated to departmental expenditure in the following proportions :—

Traffic +
Locomotive 2/7.
Engineering 4/7.

The labour employed on stock-taking is charged to the department concerned.

There is no apparent objection to these apportionments, but the arrangement might be printed for information in the establishment rolls.

8. The system in the General Stores is one of unpriced ledgers, but as I have already dealt with this point in my reports on other departments, I shall make no further allusion to the question in this report.

Examiner's further Remarks.

Replies of Railway Officers.

Chief Auditor's Remarks.

Noted.

This question had been taken up under your orders before the Examiner's report was made—vide my letter on the subject, No. A 542, dated 26th May 1893. I need therefore say nothing more on this point.

Agent and Manager's Remarks.

Surplus store list awaited.

The question of surplus stores (paragraph f) has had my attention. A report has been furnished by the sub-committee appointed to ascertain what stores were on hand which it would be advisable to dispose of as being greatly in excess of our present or probable future requirements, and a list of these stores will shortly be printed and issued for general circulation. Heads of departments have been strictly enjoined to be most careful in preparing their future indents.

Chief Auditor's Remarks.

Noted.

This has been arranged for and will be obtained in future at the close of every half-year.

Chief Auditor's Remarks.

Estimate awaited.

This has had attention for some months, and I propose to address you very shortly with a view of obtaining sanction to charge off the value of the plant in use in the General Stores.

If you think it necessary or desirable, I will have an estimate prepared in time for inclusion of the several amounts in the next half-yearly establishment lists. I see no objection to the proposal, but perhaps departments may object!

Agent and Manager's Remarks.

Noted.

I have, as desired by the Examiner in paragraph (f), arranged for the proportion of General Stores charges debitable to departments to be shown in the establishment estimates now under preparation.

Chief Auditor's Remarks.

I am quite satisfied that priced ledgers for a part only of the General Stores stock would lead to no result worth having, and I have accordingly devised a scheme whereby, at a very moderate additional cost, we can have complete priced ledgers for every article in stock and also a satisfactory mode of accounting for stores purchased the two systems working together with experience may demand.

Examiner's Report.

Replies of Railway Officers.

Examiner's further Remarks.

scheme to the Government Examiner and it appeared to meet with his entire approval.

If you approve of our undertaking these changes in our Store Accounts, I am prepared to commence them from the 1st April 1894; it will take about two months to get our new stock ledgers printed and bound, and about another two months to have all the headings written in, so that it would be some time in March 1894 before we could possibly begin, and I think it would be more satisfactory to have our Store Accounts cleared up to 31st March and begin the new system on the 1st April, the commencement of a new financial year.

Agent and Manager's Remarks.

I am in communication with the Chief Engineer, Acting Locomotive Superintendent and Acting Telegraph Engineer as to the introduction of the same system of Store Accounts in their respective offices.

It is noted that the Agent accepts a system of priced accounts for all departments.

Chief Auditor's Remarks.

9. The several points raised in the Engineering and Locomotive reports regarding reconciliation of audit ledgers with valuation lists, pendencies, returned stores, purchase account, sales account, &c., apply equally to the accounts of the General Stores Department.

I think I may say that steps have been taken to meet the Government Examiner's wishes in all respects, and I hope everything will be in order when closing our accounts for the current half-year.

Noted.

10. The points requiring attention may be briefly summarized as follows:—

(a) Reconciliation of audit ledgers with store valuation lists and other matters already referred to in other reports.

In course of adjustment—*vide* paragraphs 8 and 9. Noted.

(b) Adjustment of departmental debits—*vide* paragraph (3), (a), (b) and (c).

In course of adjustment—*vide* paragraph 9. Noted.

(c) Treatment of Home charges on stores as English expenditure—*vide* paragraph 3 (d), (i) to (iv).

Referred to Board—*vide* paragraph 3. Must await reply from Board.

(d) If (c) be not approved, allocating such Home charges to departmental expenditure in the period to which they relate instead of leaving them at debit of suspense—*vide* paragraph 3 (d), (vi) and (vii).

(e) Adjustment of excess prices—*vide* paragraph 5 (b).

In course of adjustment—*vide* paragraph 5. Noted.

(f) Disposal of surplus stores—*vide* paragraph 5 (c).

Lists awaited.

(g) Certified list of printing material—*vide* paragraph 6 (a) to (d).

Noted.

(h) Consideration of the question of charging plant and machinery in use of binders to Capital instead of leaving them at debit of Stores Suspense—*vide* paragraph 6 (e).

Estimate awaited.

(i) Entry of allocation of labour charges in establishment rolls—*vide* paragraph 7.

Noted.

(Signed) J. LIGHTFOOT,
Examr., Railway Accts., Madras.

(Signed) F. DUNSTERVILLE,
Chief Auditor.

(Sd.) J. LIGHTFOOT,
Examr., Railway Accts.,
Madras.

5th August 1893.

6th October 1893.

(Signed) A. EDWARDS,
for Agent and Manager.

18th Nov. 1893.

APPENDIX A.

General Stores Department.

List of items of stores exceeding Rs. 2,000 in value on 31st December 1891.

Name of ward.	Number of page in the stock list.	Description of article.	Quantity in stock.	Rate.	Amount.	Total amount.
General ..	6	Balance, spring, Pooley's, to weigh 400 lb. ..	No. 41	Rs. A. P. 90 0 0	Rs. A. P. 3,690 0 0	Rs. A. P. ..
	30	Canvas sail, No. 1, 42 yards in a bolt ..	Bolts. 443	18 0 0	7,974 6 0	
		Canvas sail, bolts of sizes, No. 1 ..	Yards. 8,351	0 7 0	5,855 13 8	
	44	Copper ingots ..	lb. 22,403	0 4 2	7,350 16 9	
	58	Pumps, air ..	No. 6	630 10 2	3,783 13 0	
	180	Pipes, delivery, 2 1/2 feet ..	" 136	23 12 0	3,230 0 0	
	242	Tin, block or ingot ..	lb. 8,223	0 9 10	3,210 2 0	
	244	Twine, English ..	" 5,605	0 7 0	3,482 6 8	
		Items less than Rs. 2,000 in value ..	" ..	" ..	35,345 3 1	
Oil and paint.	264	Oil, castor ..	lb. 51,766	68 14 0	6,820 3 9	1,46,193 13 2
		" coconut ..	" 60,493	82 0 0	8,280 14 11	
	266	" linseed, boiled ..	Gallons. 8,487	1 8 0	9,730 8 0	
		" raw ..	" 4,600	1 4 0	5,760 7 6	
	268	Paint, whitelash, 28 lb. ..	Kgs. 665	3 3 0	2,087 13 0	
		Powder, dry, red bright, 28 lb. ..	" 774	6 10 0	4,352 12 0	
		" Torbay's, red oxide of iron, 28 lb. ..	" 630	4 10 0	2,461 4 0	
	270	Turpentine ..	Gallons. 3,657	1 12 0	6,400 6 6	
	272	Varnish, copal ..	" 728	3 2 0	2,368 9 8	
		" gold size ..	" 689	3 0 0	2,067 0 0	
		" body hard, drying ..	" 1,309	7 13 0	10,231 13 6	
		" fatting body ..	" 732	8 1 0	6,440 13 6	
		Items less than Rs. 2,000 in value ..	" ..	" ..	64,983 9 4	
Shed ..	304	Rivets, iron ..	lb. 38,970	0 2 1	4,813 12 10	89,471 4 8
	308	Rope, Manila, 4 1/2" ..	" 7,779	0 4 6	2,187 13 6	
	310	Tar, coal ..	Barrels. 674	11 13 0	7,963 1 8	
		Items less than Rs. 2,000 in value ..	" ..	" ..	14,984 13 0	
Permanent-way.	320	Cotters ..	No. 122,682	0 0 8	6,111 12 0	47,720 14 8
	322	Iron works for 15" distant auxiliary signals ..	" 37	125 0 0	4,625 0 0	
	328	Wheels, tipping wagon, W.I. ..	Pairs. 212	50 0 0	10,600 0 0	
		Items less than Rs. 2,000 in value ..	" ..	" ..	20,336 12 0	
Brass, copper, iron, steel and zinc.	332	Brass sheet, No. 13 ..	lb. 5,485	0 6 0	3,056 14 0	31,396 12 4
	356	Iron, half round, 2" X 1/2" ..	" 69,131	24 0 0	2,838 4 7	
	366	" round, 1" ..	" 63,435	25 0 0	3,171 12 0	
		" " 1" ..	" 60,010	25 0 0	2,600 8 0	
	380	" square, 2" ..	" 25,122	46 8 0	2,336 6 8	
	382	" sheet, 1/2" ..	" 46,658	22 8 0	2,095 1 9	
		" " 1/2" ..	" 64,778	27 0 0	3,498 0 9	
		" " 1/2" ..	" 64,891	27 0 0	3,404 1 10	
		" " 1/2" ..	" 103,125	27 0 0	6,868 12 0	
		" " 1/2" ..	" 126,681	27 0 0	6,781 6 0	
		Items less than Rs. 2,000 in value ..	" ..	" ..	34,351 1 10	
Stationery.	414	Paper, foolscap, French ..	Reams. 1,107	8 0 0	2,216 1 10	90,730 12 8
		Items less than Rs. 2,000 in value ..	" ..	" ..	78,606 11 9	80,820 13 7

List of items of stores exceeding Rs. 2,000 in value on 31st December 1891—cont.

Name of ward.	Number of page in the stock list.	Description of article.	Quantity in stock.	Rate.	Amount.	Total amount.
		<i>Landing Materials, &c.</i>				
		Gunny bags ..	No. 10,100	20 0 0	2,020 0 0	
		Raft, logs ..	" 77	28 0 0	2,002 0 0	
		Items less than Rs. 2,000 in value ..	" ..	" ..	4,022 0 0	
		Less—Depreciation, 33 per cent. ..	" ..	" ..	9,464 6 11	
		Net value ..	" ..	" ..	3,123 4 2	
		Add—Difference between stock list and book balance ..	" ..	" ..	6,341 2 9	9,066 12 9
		<i>Manufacture Account.</i>				
		Paper and plant ..	" ..	" ..	" ..	6,176 0 1
		Grand Total ..	" ..	" ..	" ..	5,01,685 3 0

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers:—

Report by the Examiner, Railway Accounts, Madras, on the General Store balances of the Madras Railway on 31st December 1891, dated 5th August 1893, No. 510.

Letter from the Agent and Manager, Madras Railway, dated 6th November 1893, No. 7948/966, with enclosures, commenting upon the above report.

A further note by the Examiner of Railway Accounts, Madras, on the same subject, dated 18th November 1893.

ORDER—dated 29th January 1894, No. 70 R., Public Works.

The whole of the points requiring attention are summarized in paragraph 10 of the Examiner's report and the following orders are issued on each of the various points therein raised, viz. :—

<i>Subject.</i>	<i>Order.</i>
(a) Reconciliation of audit ledgers with valuation lists and the introduction of priced ledgers.	It is noted that the Company have accepted the Examiner's views and are prepared to introduce priced ledgers at once.
(b) Adjustment of departmental debits, improving the system of pendencies, fixing different rates for returned serviceable and unserviceable stores, and the maintenance of purchase and sales accounts.	It is noted that the Company are giving this matter attention and will introduce purchase and sale accounts in form approved by the Examiner.
(c) & (d) Treatment of Home charges on stores as English expenditure, or allocation of such Home charges to departmental expenditure in the period to which they relate instead of leaving them at debit of suspense.	This point can be separately considered on receipt of a reply from the Accountant-General, Public Works Department, who has been referred to at the Board's request for instructions as to the procedure that should be followed.
(e) Adjustment of excess prices.	It is noted that these prices are under adjustment.
(f) Disposal of surplus stores.	It is noted that the Company are taking active measures regarding the disposal of surplus stores and it is hoped that the promised list will be submitted at the earliest possible date and that the prices quoted therein will be sufficiently low to ensure ready sale.
(g) Certified list of printing material.	It is noted that the Company will submit the required certificate in future.
(h) Question of charging plant and machinery in use of binders to Capital instead of leaving them at debit of stores suspense.	It is noted that the Company accept the views embodied in Examiner's report.
(i) Entry of allocation of labour charges in establishment rolls.	It is noted that the Company will adopt this system in future.

2. The orders issued on the papers now considered may be also acted on in regard to the stores of all departments so far as they may be found applicable.
3. Ordered that a copy of these Proceedings be forwarded to the Government of India for information.

[Here enter No. 71 R., dated 29th January 1894.]

(True Extract.)

(Signed) F. R. UPCOTT,
Joint Secy. to Govt., P.W.D.,
Railway Branch.

To the Examiner, Railway Accounts.

„ Agent and Manager, Madras Railway,
through the Consulting Engineer for Railways.

ENDORSEMENT—dated 29th January 1894, No. 71 R., Public Works.

Forwarded.

(By Order.)

Joint Secy. to Govt., P.W.D.,
Railway Branch.

RAILWAY.

Gobt. of {1894} Madras.
PUBLIC WORKS.

Dated January, 29th.

Recd.

Encl.

G.O., 29th Jan. 1894, Nos. 70,
71 R.

JANUARY.

General Stores Balances

Forwarding copy of Proceedings on report
of the result of a test examination of the —
of the Madras Railway on 31st December
1891.

Examiner's Report.

I have the honour, in continuation of my No. 129-A, dated
28th February last, to report the result of a test examination
of the General Stores balances of the Madras Railway at 31st
December 1891.

2. The stock as taken was Rs. 43,109 in excess of book
balances as shown by the following statements:—

(a) The actual stock as per lists amounted to	Rs. 5,01,585	Rs.
(b) The audit ledger balance amounted to ...	5,62,864	
Less items in ledger but not in stock lists		
—vide paragraphs (d), (e) and (f) below.	1,04,388	
		4,58,476
(c) Resulting in an excess of stock over book balances amounting to ...	43,109	
(d) In explanation of the deduction made from the audit balance in paragraph (b), it may be stated that the following items stand at debit of stores in the ledger ac- count, but do not form part of the stock in hand included in the stock lists, viz. — (i) Fuel and timber bills paid and debited in Audit ledger but not brought to account in stock lists ...		1,18,853

Replies of Railway Officers.

Examiner's further Remarks.

Vide paragraph 9.

Vide paragraph 9.

(ii) Pendencies which appear as credit balances in the stock accounts of other departments	Rs.
(iii) Home charges for half-year ending 31st December 1891 paid and debited in audit ledger but not included in the stock valuation lists	28,099
(iv) Outstanding sales not written off audit ledger balance, although the material is omitted from valuation lists	5,054
	2,770
Total	31,54,776

Vide paragraph 9.

Vide paragraph 9.

(c) While the following items which form part of the stock in hand have not yet been dealt with in the audit ledgers :—
Unpaid bills for material included in valuation lists but not taken to account in audit ledgers 12,517
Invoices for English material included in valuation lists but not taken to account in audit ledgers 37,871 50,388

Vide paragraph 9.

Vide paragraph 9.

(f) If the balance be struck between (d) and (e), it will be seen that Rs. 1,04,388 may be deducted from the ledger balance for the purpose of comparison with the stock list.

3. (a) It may be seen from paragraph 2 (d) that Rupees 1,18,853 has to be deducted from the audit ledger balance in respect of payments for locomotive fuel and timber, while Rs. 28,099 has to be deducted in respect of pendencies.

(b) By leaving these items at debit of General Store account in the audit ledgers instead of transferring them to the departments concerned, large discrepancies arose in the stock accounts of other departments as may be seen from my reports on the store balances of the Engineering and Locomotive Departments for the same period.

V. Pruthi... K...

(c) It should be arranged in future to transfer such items to their proper accounts before making comparison with the stock valuation lists.

(d) (i) It is questionable whether any portion of the English outlay referred to in paragraph 2 (d) should be debited to Stores Account, as the standard form of Revenue Account provides for the inclusion of such items in Abstract E, General Charges, under the head Home Expenditure, Consulting Engineer's and Inspecting officer's fees and Traveling Allowances or under Office Expenses.

(ii) The items comprised in the debit of Rs. 5,054 are as under:—

(a) Stationery and contingencies—

	£	s.	d.	£	s.	d.	Rs.	A.	P.
Specifications ...	72	19	6	..					
Bills of lading ...	2	15	0	..					
Petty payments for carriage and dock charges ...	0	12	10	..					

(b) Inspection fees—

Harrison Hayter, Esq.	222	6	8
T. F. Waddington's salary.	100	0	0
Do. Travelling allowance	46	4	0
Analysis of brass tubes	3	3	0
Examining drugs ...	6	6	0
	377	19	8
	=	4123	7 3

(c) Allowances to candidates for appointments in India—

Draftsman	...	...	3	2	0
Engine driver	...	...	2	10	0
Do.	...	...	1	0	0
Do.	...	...	2	0	0
Agreement stamps of men engaged	...	...	0	7	6
			8	19	6
			=	97	14

Total ... 463 6 6 = 5,054 7 3

Chief Auditor's Remarks.

(d) (i to vii) I addressed you on the 4th instant on this subject with a request that you would kindly obtain the Board's orders on the subject for my guidance—vide my No. A 1044 of that date.

Agent and Manager's Remarks.

I addressed my Board on the 19th ultimo on the subject of the Home charges referred to in paragraphs (c, d) of the Examiner's Report.

Reply of Board awaited.

Ditto.

6/11/11

Examiner's Report.

(iii) There is no doubt that item (c) has been incorrectly charged to Stores, as the charges are in no way connected therewith and should either have been debited to Establishment Charges in India or to Office Expenses in England, the latter being probably the more correct head.

(iv) Item (b) comes fairly under the head of Inspecting officers' fees and should have been so charged in the accounts, while item (a) is apparently a fair charge to London Office Expenses.

(v) In my opinion none of the London charges should be passed through the Indian Store Account, although in the case of very large specific outlay on stores for capital purposes it might perhaps be permissible to allocate such items to capital by debit to the work concerned.

(vi) Under the system in force, these items although passed through the Store Account are not added to the cost of material, but rateably allocated through the store issue lists to the debit of departmental expenditure.

(vii) Even if the existing practice be upheld, the items should have been charged off in the half-year concerned and not treated in the Audit office as an addition to the book value of the stock in hand.

4. A list of the various articles in stock exceeding Rs. 2,000 in value is annexed as Appendix A.

5. (a) The items included in the list referred to in paragraph 4 have been tested to see that the values affixed are not in excess of current market rates, and that the stocks are not in excess of a two-year consumption with the following results:—

(b) Statement of discrepancies between prices fixed in valuation lists and current market rates.

Replies of Railway Officers.

Examiner's further Remarks.

Chief Auditor's Remarks.

Many of the differences were caused by rounding off the actual price paid to the nearest even figure, but some of them were clerical errors. Steps will be taken to ensure greater correctness in future.

Noted.

Name of ward.	Number of pieces in the stock lists.	Name of article.	Quantity.			Rate fixed in stock lists.	Average rate paid for actual purchases during the period.	Difference in value owing to difference in rates.	
			Unit.	No.	lb. or.			Excess valued in stock lists.	Short valued in stock lists.
General	80	Canvas mat, belts of sizes, No. 1	Yards.	2,511	...	22. A. P.	22. A. P.	22. A. P.	22. A. P.
	180	" " " " " " " "		...	...	0 7 0	0 7 8	...	130 7 11
	244	Twine, English		138	...	22 12 0	10 14 8	821 8 4	...
Oil and paint	264	Oil, coconut		...	...	8,006 8	0 7 0	66 8 3	...
				...	...	50,493 0	83 0 0	64 2 11	...
	266	Oil linseed, raw	Gallons	4,800	...	per candy.	per candy.	...	...
	268	Paint, white lead, 22 lb.	Kegs.	635	...	1 3 0	8 10 0	...	71 16 1
	268	Powder, Torley's, red oxide of iron.		530	...	4 10 0	1 10 0	1,546 8 0	78 0 10
	270	Turpentine	Gallons	3,687	...	1 13 0	1 6 8	1,267 8 7	...
	272	Varnish, copal	"	728	...	3 3 0	3 1 7	16 18 8	...
	272	" " gold size	"	60	...	8 0 0	2 14 2	78 18 7	...
	274	" " body hard, drying	"	1,804	...	7 13 0	6 14 8	1,173 8 1	...
Shed	301	Rivets, iron		...	...	0 3 1	0 1 1	2,310 10 6	...
	310	Tar, coal	Barrel's	674	...	11 13 0	11 8 8	128 9 8	...
						Per candy.			
Brass, copper, iron, steel and zinc.	346	Iron, half round, 2" x 1/2"		89,131	0	21 0 0	19 0 0	708 9 2	...
	348	" " round, 1/2"		51,036	0	21 0 0	17 8 0	961 8 5	...
	350	" " " "		80,019	0	21 0 0	17 8 0	708 8 8	...
	360	" " rivet, 1/2"		22,122	0	16 8 0	26 8 0	1,044 14 1	...
	363	" " square, 2"		46,556	0	22 8 0	17 10 7	650 8 9	...
	363	" " sheet, 1/8"		64,778	0	27 0 0	21 13 2	670 11 7	...
	373	" " " "		41,801	0	27 0 0	21 13 2	671 14 3	...
	378	" " " "		103,128	0	17 0 0	13 13 2	1,097 19 4	...
	382	" " " "		126,581	0	27 0 0	21 13 2	1,200 4 7	...
Stationery	414	Paper, foolscap, French	Reams.	1,107	11 1/2	2 0 0	1 16 4	118 8 11	...
Landing material.		Excess of stock list over book balance—vide Appendix A				...	...	1,728 10 0	...
		Total				...	...	17,628 1 3	277 0 10
		Net excess				...	...	17,361 10 4	...

(c) Statement showing the stocks of certain items which are in excess of the actual consumption of the two preceding years.

Name of stock.	Name of article.	Quantity in stock.	Consumption of stock in preceding year.	Value of excess stock.	
				Rs.	Amount.
General.	Balance spring, Footley's, to 100 lbs. 40 yards	No. 41	...	30 0 0	5,000 0 0
	Cable, No. 1, 40 yards	41	...	10 0 0	3,000 0 0
	Cable, No. 2, 40 yards	41	...	10 0 0	3,000 0 0
	Cable, No. 3, 40 yards	41	...	10 0 0	3,000 0 0
	Cable, No. 4, 40 yards	41	...	10 0 0	3,000 0 0
Oil and Paint.	Copper tape, 100 lbs.	41	...	10 0 0	3,000 0 0
	Pump, air, 100 lbs.	41	...	10 0 0	3,000 0 0
	Pump, delivery, 100 lbs.	41	...	10 0 0	3,000 0 0
	Pump, English, 100 lbs.	41	...	10 0 0	3,000 0 0
	Pump, French, 100 lbs.	41	...	10 0 0	3,000 0 0
Shed.	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0
	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0
	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0
	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0
	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0
Surplus.	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0
	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0
	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0
	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0
	Oil, kerosene, 100 lbs.	41	...	10 0 0	3,000 0 0

(d) The discrepancies included in paragraph (b) should be looked into, and, if necessary, adjusted, while all important items in paragraph (c) should, if not already issued or otherwise disposed of, be dealt with by entry in surplus stock lists.

6. (e) The valuation list, it will be observed, contains an item of Rs. 6,176 called manufacture account.

Examiner's Report.

Replies of Railway Officers.

Examiner's further Remarks.

Chief Auditor's Remarks.

This question had been taken up under your orders before the Examiner's report was made—side my letter on the subject, dated 26th May 1893 (No. A 542) I need therefore say nothing more on this point.

Agent and Manager's Remarks.

The question of surplus stores (paragraph f) has had my attention. A report has been furnished by the sub-committee appointed to ascertain what stores were on hand which it would be advisable to dispose of as being greatly in excess of our present or probable future requirements, and a list of these stores will shortly be printed and issued for general circulation. Heads of departments have been strictly enjoined to be most careful in preparing their future indents.

Chief Auditor's Remarks.

This has been arranged for and will be obtained in future at the close of every half-year.

Noted.

(b) No details are available for this item, but I am informed it represents the value of paper in the hands of the Company's contractor and the value of plant and material in hands of the book-binders employed in the General Stores.

(c) A periodical valuation list should be prepared and certified by the contractor in acknowledgment of his liability to the Company for paper in hand.

(d) The Storekeeper should similarly submit a periodical list of plant and binding material, working up to the total debit against the Binding Factory Account.

(e) The machinery in use in this factory should not, in my opinion, be hereafter allowed to remain at debit of store, but an estimate should be submitted for sanction to charge it off to Capital as is done in all other work-hops.

7. The labour in handling stores is not added to the price of material, but is allocated to departmental expenditure in the following proportions :—

Traffic 4.
Locomotive 2/7.
Engineering 4/7.

The labour employed on stock-taking is charged to the department concerned.
There is no apparent objection to these apportionments, but the arrangement might be printed for information in the establishment rolls.

8. The system in the General Stores is one of unpriced ledgers, but as I have already dealt with this point in my reports on other departments, I shall make no further allusion to the question in this report.

Chief Auditor's Remarks.

This has had attention for some months, and I propose to address you very shortly with a view of obtaining sanction to charge off the value of the plant in use in the General Stores.

If you think it necessary or desirable, I will have an estimate prepared in time for inclusion of the several amounts in the next half-yearly establishment lists. I see no objection to the proposal, but perhaps departments may object!

Estimate awaited.

Agent and Manager's Remarks.

I have, as desired by the Examiner in paragraph (e), arranged for the proportion of General Stores charges debit to departments to be shown in the establishment estimates now under preparation.

Noted.

Chief Auditor's Remarks.

I am quite satisfied that priced ledgers for a part only of the General Stores stock would lead to no result worth having, and I have accordingly devised a scheme whereby, at a very moderate additional cost, we can have complete priced ledgers for every article in stock and also a satisfactory mode of accounting for stores purchases, the two systems working together with great facility. I have explained my proposed

I should prefer a system of completely priced ledgers. As far as I could judge from a superficial examination, the Auditor's proposals seemed suitable and he will doubtless modify them in any manner experience may demand.

Examiner's Report.

Replies of Railway Officers.

Examiner's further Remarks.

scheme to the Government Examiner and it appeared to meet with his entire approval.

If you approve of our undertaking these changes in our Store Accounts, I am prepared to commence them from the 1st April 1894; it will take about two months to get our new stock ledgers printed and bound, and about another two months to have all the headings written in, so that it would be some time in March 1894 before we could possibly begin, and I think it would be more satisfactory to have our Store Accounts cleared up to 31st March and begin the new system on the 1st April, the commencement of a new financial year.

Agent and Manager's Remarks.

I am in communication with the Chief Engineer, Acting Locomotive Superintendent and Acting Telegraph Engineer as to the introduction of the same system of Store Accounts in their respective offices.

It is noted that the Agent accepts a system of priced accounts for all departments.

Chief Auditor's Remarks.

I think I may say that steps have been taken to meet the Government Examiner's wishes in all respects, and I hope everything will be in order when closing our accounts for the current half-year.

Noted.

9. The several points raised in the Engineering and Locomotive reports regarding reconciliation of audit ledgers with valuation lists, pendencies, returned stores, purchase account, sales account, &c., apply equally to the accounts of the General Stores Department.

10. The points requiring attention may be briefly summarized as follows:—

(a) Reconciliation of audit ledgers with store valuation lists and other matters already referred to in other reports.

In course of adjustment—vide paragraphs 8 and 9. Noted.

(3). (a), (b) and (c).
 (b) Adjustment of departmental debits—*vide* paragraph 3.
 (c) Treatment of Home charges on stores as English expenditure—*vide* paragraph 3 (d), (i) to (iv).
 (d) If (c) be not approved, allocating such Home charges to departmental expenditure in the period to which they relate instead of leaving them at debit of suspense—*vide* paragraph 3 (d), (vi) and (vii).
 (e) Adjustment of excess prices—*vide* paragraph 5 (b).
 (f) Disposal of surplus stores—*vide* paragraph 5 (c).
 (g) Certified list of printing material—*vide* paragraph 6 (a) to (d).
 (h) Consideration of the question of charging plant and machinery in use of binders to Capital instead of leaving them at debit of Stores Suspense—*vide* paragraph 6 (e).
 (i) Entry of allocation of labour charges in establishment rolls—*vide* paragraph 7.

(Signed) J. LIGHTFOOT,
 Examr., Railway Accts., Madras.
 5th August 1893.

In course of adjustment—*vide* paragraph 9.
 Referred to Board—*vide* paragraph 3.

Noted.

Must await reply from Board.

In course of adjustment—*vide* paragraph 5.
 Lists under preparation—*vide* paragraph 5.
 Will be furnished in future—*vide* paragraph 6.

Noted.
 Lists awaited.
 Noted.

Estimate will be submitted—*vide* paragraph 6.

Estimate awaited.

Will be dealt with as suggested—*vide* paragraph 7.

Noted.

(Signed) F. DUNSTERVILLE,
 Chief Auditor.

(Sd.) J. LIGHTFOOT,
 Examr., Railway Accts.,
 Madras.

6th October 1893.

18th Nov. 1893.

(Signed) A. EDWARDS,
 for Agent and Manager.
 6th November 1893.

Home account

APPENDIX A.

General Stores Department.

List of items of stores exceeding Rs. 2,000 in value on 31st December 1891.

Name of ward.	Number of page in the stock list.	Description of article.	Quantity in stock.	Rate.	Amount.	Total amount.
General ..	6	Balance, spring, Peuley's, to weigh 400 lb. ..	No. 41	Rs. A. P. 90 0 0	Rs. A. P. 3,693 0 0	Rs. A. P.
	80	Canvas sail, No. 1, 42 yards in a bolt ..	Bolts. 443	18 0 0	7,974 0 0	
		Canvas sail, bolts of sizes, No. 1 ..	Yards. 8,351	0 7 0	3,653 13 8	
	44	Copper ingots ..	lb. 22,403	0 5 3	7,350 16 9	
	58	Pumps, air ..	No. 6	630 10 2	3,783 13 0	
	180	Pipes, delivery, 25 feet ..	13	23 12 0	3,230 0 0	
	242	Tin, block or ingot ..	lb. 6,223	0 9 10	3,210 2 0	
	246	Twine, English ..	5,605	0 7 0	2,452 6 8	
		Items less than Rs. 2,000 in value ..			35,345 2 1	
Oil and paint.	264	Oil, castor ..	lb. 81,766	65 14 0	6,820 3 9	1,46,193 13 2
		„ coconut ..	50,493	per candy. 82 0 0	8,280 14 11	
	266	„ linseed, boiled ..	Gallons. 8,487	per candy. 1 8 0	9,730 8 0	
		„ raw ..	4,800	1 4 0	6,750 7 6	
		Paint, whitelead, 28 lb. ..	Kgs. 855	3 3 0	2,087 13 0	
	268	Powder, dry, red bright, 28 lb. ..	774	6 10 0	4,353 12 0	
		„ Torbay's, red oxide of iron, 28 lb. ..	830	4 10 0	3,451 4 0	
	272	Turpentine ..	Gallons. 3,657	1 12 0	6,400 6 6	
	279	Varnish, copal ..	728	3 2 0	2,368 9 8	
		„ gold size ..	689	3 0 0	2,067 0 0	
		„ body hard, drying ..	1,309	7 13 0	10,231 13 6	
		„ fatting body ..	732	6 1 0	4,440 12 8	
		Items less than Rs. 2,000 in value ..			64,983 9 4	
Shed ..	304	Rivets, iron ..	lb. 38,970	0 2 1	4,813 12 10	89,471 4 6
	308	Rope, Manila, 4 1/2 ..	7,779	0 4 6	2,187 13 6	
	310	Tar, coal ..	Barrcls. 674	11 13 0	7,963 1 8	
		Items less than Rs. 2,000 in value ..			14,964 12 0	
Permanent-way.	320	Cotters ..	No. 121,682	0 0 8	5,111 12 0	47,720 14 5
	322	Iron works for 15" distant auxiliary signals ..	Sets. 37	125 0 0	4,625 0 0	
	328	Wheels, tipping wagon, W.I. ..	Pairs. 212	50 0 0	10,600 0 0	
		Items less than Rs. 2,000 in value ..			20,336 12 0	
Brass, copper, iron, steel and zinc	332	Brass sheet, No. 13 ..	lb. 5,485	0 6 0	2,066 14 0	31,396 12 4
	356	Iron, half round, 2" x 1/2" ..	60,131	24 0 0	2,838 4 7	
	383	„ round, 1/2" ..	63,435	25 0 0	3,171 12 0	
		„ 1" ..	60,010	25 0 0	2,500 8 0	
	383	„ rivet, 1/2" ..	25,122	46 8 0	2,336 8 6	
	362	„ square, 2" ..	40,658	22 8 0	2,095 1 9	
		„ sheet, 1/2" ..	64,778	27 0 0	3,498 0 2	
		„ 1" ..	64,891	27 0 0	3,604 1 10	
		„ 1 1/2" ..	103,125	27 0 0	5,568 12 0	
		„ 2" ..	125,481	27 0 0	6,781 8 0	
		Items less than Rs. 2,000 in value ..			34,351 1 10	
Stationary.	414	Paper, foolscap, French ..	Reams. 1,107	9 0 0	2,215 1 10	90,739 12 3
		Items less than Rs. 2,000 in value ..			78,605 11 9	80,820 13 7

12

List of items of stores exceeding Rs. 2,000 in value on 31st December 1891—cont.

Name of ward.	Number of page in the stock list.	Description of article.	Quantity in stock.		Rate.	Amount.	Total amount.
		<i>Landing Materials, &c.</i>					
		Gunny bags	No.	10,100	Rs. A. P. 20 0 0	Rs. A. P. 2,020 0 0	Rs. A. P. 9,066 13 0
		Raft, logs	"	77	per 100 26 0 0	2,002 0 0	
		Items less than Rs. 2,000 in value	"	"	"	4,022 0 0	
			"	"	"	5,442 6 11	
		Less—Depreciation, 33 per cent.	"	"	"	9,464 6 11	
		Net value	"	"	"	3,123 4 2	Rs. A. P. 6,176 0 1
		Add—Difference between stock list and book balance	"	"	"	6,341 2 9	
			"	"	"	2,725 10 0	
		<i>Manufacture Account.</i>					
		Paper and plant	"	"	"	"	Rs. A. P. 8,01,485 3 0
		Grand Total	"	"	"	"	

Recd 26-1-94

29-12-1893, Decree No. 70 R., PUBLIC WORKS.

GOVERNMENT OF MADRAS.

S. On
Belms
M. J.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers:—

Report by the Examiner, Railway Accounts, Madras, on the General Store balances of the Madras Railway on 31st December 1891, dated 5th August 1893, No. 510.

Letter from the Agent and Manager, Madras Railway, dated 6th November 1893, No. 7943/966, with enclosures, commenting upon the above report.

A further note by the Examiner of Railway Accounts, Madras, on the same subject, dated 18th November 1893.

ORDER—dated 29th December 1893, No. 70 R., Public Works.

The whole of the points requiring attention are summarized in paragraph 10 of the Examiner's report and the following orders are issued on each of the various points therein raised, viz. :—

Subject.

Order.

- | | |
|---|---|
| (a) Reconciliation of audit ledgers with valuation lists and the introduction of priced ledgers. | It is noted that the Company have accepted the Examiner's views and are prepared to introduce priced ledgers at once. |
| (b) Adjustment of departmental debits, improving the system of pendencies, fixing different rates for returned serviceable and unserviceable stores, and the maintenance of purchase and sales accounts. | It is noted that the Company are giving this matter attention and will introduce purchase and sale accounts in form approved by the Examiner. |
| (c) & (d) Treatment of Home charges on stores as English expenditure, or allocation of such Home charges to departmental expenditure in the period to which they relate instead of leaving them at debit of suspense. | This point can be separately considered on receipt of a reply from the Board. The Government is however at present of opinion that the Examiner's views are correct. |
| (e) Adjustment of excess prices. | It is noted that these prices are under adjustment. |
| (f) Disposal of surplus stores. | It is noted that the Company are taking active measures regarding the disposal of surplus stores and it is hoped that the promised list will be submitted at the earliest possible date and that the prices quoted therein will be sufficiently low to ensure ready sale. |
| (g) Certified list of printing material. | It is noted that the Company will submit the required certificate in future. |
| (h) Question of charging plant and machinery in use of binders to Capital instead of leaving them at debit of stores suspense. | It is noted that the Company accept the views embodied in Examiner's report, and the promised estimate is awaited. |
| (i) Entry of allocation of labour charges in establishment rolls. | It is noted that the Company will adopt this system in future. |

Accountant General P.W.D.
Who has been referred to at the Board & signed for instructions as to the form in which it should be forwarded.

No. No have received a list on the 11th inst. but this does not include any of the stores or books by us. In the reports as per plan.

DESPATCHED
15/12/94

Some more and some more should be sent.

29 January
~~December~~ 1894, No. 70 R., PUBLIC WORKS.

2. The orders issued on the papers now considered may be also acted on in regard to the stores of all departments so far as they may be found applicable.
3. Ordered that a copy of these Proceedings be forwarded to the Government of India for information.

[Here enter No. 71 R., dated 27 January 1894.
December 1893.]
(True Extract.)

Joint Secy. to Govt., P.W.D.,
Railway Branch.

Forwarded.
To the Examiner, Railway Accounts.
" Agent and Manager, Madras Railway,
through the Consulting Engineer for Railways.

Encl. M. Brison.
Spare Copies