# C H A P T E R - V

## FINDING'S AND SUGGESTION'S

# CHAPTER - V

## FINDINGS AND SUGGESTIONS

The present study brings out the following finding and suggestions on various aspects. However, the findings are based on the study and the information so far available.

### FINDINGS :

The findings are drawn in the existing system of information and reporting system to the management.

There are certain points of finding, some of them are favourable and some are not to the Gadhinglaj Taluka Sahakari Sakhar Karkhana Ltd. Gadhinglaj Dist. Kolhapur.

These certain points are as under.

1. DAILY BANK POSITION :

The Chief Accountant of the organisation with the help of financial Accountant prepares daily Bank position and forwards it to the top management people. The information about the daily bank position helps to keep the terms of payments and to maintain the working capital at optimum level.

This is a good policy adopted by the Management as well as account department.

2. BUDGETARY CONTROL :

All the functional budgets are fixed at beginning of the year.

on the basis of last year performance market condition and other allied factor, some budgets are followed throughout the year. Budgets of all the activities are fixed by the top level management. All the concerned people utilize their maximum efficiency.

3. MONTHLY RECONCLIATION STATEMENT :

Monthly reconciliation statement of costing and financial profit and loss account is submitted to the top management.

This statement indicates the validity of costing records, progress of the organisation and the required steps to be taken to achieve the budgeted goals.

For the following two main reasons the organisation has adopted monthly reconcliation statement.

1. To find out the reason's for the difference in the profit or loss in cost and financial account.
2 To ensure the mathematical accuracy and realiability of cost accounts in order to have cost ascertainment, cost control and to have a check in the financial accounts.

4. MATERIAL LOSS REPORT :

Material may transferred from one department to another department without proper documentation. The organisation has prepared loss of materials such as scrap, spoilage, wastage, defective etc. is reported when goods are purchased.

Storekeeper generally prepares three copies of material loss report. They are as under.

1. To the Managing Director.
2. To respective department.
3. To store department for record.

5 LABOUR REPORT :

The labour turnover and accidents are reported as and when they take place. But labour absenteeism report is reported daily. An accident report is also reported by the factory inspector as and when the accident takes place. Apart from this the review of overtime is taken every week which helps to control the cost of production.

6 PURCHASE PROCEDURE :

The purchase officer gets purchase budget from the management for the period of one year. The factories purchase department is centralised. All the necessary information, tender is collected by the purchase officer.

Purchase is made according to the experience of last year. This helps the req-uired quantity of purchase in advance and gives time to complete the formalities concerning purchasing. One of the benefits of this purchase is that there is no working capital blocked up unnecessarily or the position of 'out of Stock' of any material may not take place.

7. GRAPHIC REPRESENTATION :

It is observered by the researcher that the factory has totally neglected the graphic representation of the report. Besides this it is also found that tabulated forms of reporting have been neglected. Only written information and reports are prepared by the organisation.

A graph of sugar production, sales inventory, stock of sugar, profitability etc. should be prepared. These graphs should be kept in the cabins of Directors, Chairman, Vice Chairman, Managing Director, and concerned department heads. These will show at a glance the past and present performance of the organisation.

8 INTER DEPARTMENTAL CHANGES :

It is observed that, in this organisation there is high rate of inter departmental changes. The effect of this is that to reduces employees efficiency e.g. An employee working in account department is transferred to cane development office and after a month or two he is again asked to work in some other department. An informal discussion with the employees reveals a high level of frustration and lack of job satisfaction.

9 FUND FLOW STATEMENT :

This statement is one of the technique of controlling working capital. But at present the organisation accounting department

prepares it rarely. It is very useful for knowing whether the funds are properly used as per plans or not this organisation prepares a fund flow statement for every 14 months.

10 INTERNAL AUDIT :

Researcher has found that in the organisation's total operation there is no department of internal audit. At present the statutory auditor finalises the profit and loss account as well as the balancesheet of organisation.

Since internal audit is not in practice, the top level management people as well as the concerned authorities are constrained to get reliable information about each and every operation of the organisation.

11. DEPARTMENTAL AUTHORISATION :

It is observed that an officer incharge of one department is asked by Managing Director to look after some other department too. Only one person cannot concentrate fully the department under his control. Mismanagement of authorities may take place whereever possible. A good recording and reporting is not possible, for only one person who is incharge of more than one department.

12. BOARD OF DIRECTORS MEETING :

It is found that only 4 meetings in 1986-1987 of the Board of Directors have been conducted. This seems to be inadequate for proper functioning of an organisation.

SUGGESTIONS :

The following suggestions may be of great use and valuable for, The Gadhinglaj Taluka Sahakari Sakhar Karkhana Ltd. Gadhinglaj If one tries to implimant them, whereever possible. This will definitely help the organisation to get proper information and to improve the performance of the organisation.

1. DEPARTMENT AUTHORISATION :

It is observed by the researcher that Chief Accountant is incharge of financial controller, assistant time keeper is incharge of time keeper. Number of officers posts are vacant. The working of that department is done by the incharge person etc.

Hence it would be suggested that, separate officer should be appointed for financial controller, Head Time Keeper, Cane Development Officer, and Administrative Officer etc.

Their work should be delegated to them and they should be responsible for their work. It indicates the clearcut delegation of authority and responsibality is required.

2. INTER DEPARTMENT CHANGES :

To have an effective information system the practice of frequent changes from one department to other should be stopped immediately, otherwise the employees will start developing the

lack of interest in the organised job. As he will be in a particular department only for one or two months, by which he may not work whole heartedly where the probability of recording and preserving the information might be less. At the same time the management should see that no employee works only in one specific department for a very long duration where the probability of the information getting distorted will also be high. A proper balance has to be struct regarding the duration in any given department.

3. GRAPHIC REPRESENTATION :

It is observed that by the researcher the graphic representation of information is totally neglected. Therefore, it is suggested that different types of graphs for presenting information should be used at top and middle level management.

4. FUND FLOW STATEMENT :

It is suggested that the regular preparation of fund flow statement should be done to assume the proper flow of funds and necessary steps to be taken.

5 PLACING A PURCHASE ORDER :

It would be suggested that the purchase order should be placed as economic ordering quantity to minimise. Inventory carrying cost and reduce frequency of order placing.

6 MATERIAL LOSS REPORT :

It is to be suggested that, a fortnightly or monthly material loss report should be prepared and corrective actions be taken.

7 RESEARCH AND DEVELOPMENT DEPARTMENT :

It is observed by the researcher that, there is no research and development in the organisation. But the organisation provides some seeds of sugarcane borewell etc to the farmers. Therefore, it is suggested that the organisation should establish a research and development centre seperately and make some invention about seeds, procedures methods and so on.

8 INTERNAL AUDIT :

It is observed that, there is no seperate department of internal audit. Hence promt accounting information is not given the accounting department of the factory is going to prepare fund flow statement, cash flow statement and also they do not use. Ratio analysis.

Therefore, it would be suggested that, they should establish a separate department of internal audit.

Following are some of the important factors to be considered after establishing a separate department of internal audit.

1. As far as possible the internal auditor should be organisation employee.
2. Operation audit should be introduced.
3. Active part should be taken by internal auditor in finalisation of yearly profit and loss account and balancesheet of the organisation.

In conclusion it would be said that the management should take into consideration the above suggestions made so as to have an effective information and reporting system ultimately leading to efficient management achieving the goals.