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Ottawa, 7th March, 1898.

Sir,

I beg to inform you that Mr Inspector 'Betchournay's report of the Elkhorn Industrial school for the year ended the 30th June, 1897 shows a deficit of \$3868.61, which the Department is asked to pay, but as the data (copy of which is enclosed herewith) given in the report are not sufficient to admit of a proper criticism of the expenditure, and as the continued deficits of this school point to a lack of sound business principles in its financial administration, I have to request that you will at the earliest opportunity, proceed to the Institution and make a thorough investigation of its financial condition, and furnish a report thereon, together with detailed statements of all expenditure.

You will remember that it was upon your recommendation after your audit of the books for the year, 1894-5 that the entire accumulated liabilities of the Institution, amounting in all to \$2991.36, were paid in order to place the school on a sound basis financially and put a stop to the system which had been employed of buying on credit. Notwithstanding this at the

T.P. Wadsworth, Esq.

close

Inspector of Indian Agencies.

Edmonton.

Sent through the Indian Commissioner, Winnipeg.



close of the next fiscal year Mr Inspector Betournay's examination of the books shewed a deficit of \$2663.95, distributed as follows;-although it was shown that the school had had an income equal to a grant of \$135 per pupil :-

House proper	\$289.49
Carpenter Shop	846.48
Printing "	627.80
Boot "	648.57
Tailor "	251.61

This deficit, the Department found itself obliged to assume, although strong objections were made to the ~~bad~~ objectionable features in management which had been continued. Instructions were given for the curtailment, or total abolishment of certain classes of expenditure, and explanations, &c were required. No satisfactory reasons for the excessive expenditure were ever received, the Principal's explanations being of too general a character. It was, however, confidently expected that with the liberal treatment accorded the school it would have a better shewing for 1896-97, but the deficit shewn is larger than ever, and the Department feels justified in questioning the reasonableness of being asked to pay it until the fullest information is furnished.

The following items in particular are open to serious objection, and call for full details:-

Stock Account. A debit item of \$112.65, when the school was believed to have been started for the year with a clean sheet. A similar item of \$97.05 in Profit & Loss requires explanation.

Bills Payable, outstanding on the 30th June to the extent of \$2665.70

Extra Labour to the value of \$92.05. The salary list of this school for 15 officers( as against 16 at Regina, which 118 pupils ,



which had 118 pupils to Elkhorn's 86) is \$65.67 greater per month than Regina, and yet extra labour ~~was~~ was employed',

Provision A/c, \$4651.72. At St. Joseph's where the farming advantages may be considered to be offset by the greater number of pupils (99), the expenditure for provisions was only \$3585.13. The difference of \$1,066.59 can hardly be accounted for, as the Principal should be able to buy as closely as others in ~~at~~ similar positions. His want of storage accommodation will not account for it, and that excuse will soon be removed. It would appear that the system of purchasing from Elkhorn merchants has led to a larger outlay than is justifiable. Contracts for all supplies should be made with wholesale dealers, and the Principal was so informed last year.

Discounts, \$187.70. The Principal was informed that this class of liabilities must cease, and in view of the fact that the Department makes advances each quarter to meet immediate needs, the continuance of the system requires attention.

House Expenses, \$338.10. This seems excessively large when there are so many other accounts, viz, Salaries, Provisions, Repairs, House Equipment, Fuel & Light, which might reasonably be expected to cover all requirements. Repairs, \$325.15. There is nothing to show whether these repairs were made to the school buildings proper, or to the buildings rented as shops. Particulars as to this should be obtained.

Fuel & Light, \$1390.19. The amount seems excessive. Regina School only paid \$1408 for this service last year.

Office



Office Expenses, \$271.17. This is inexplicable, when it is remembered that no salary, fuel or light is chargeable against the account.

Travelling expenses, \$563.65. It does not seem within the bounds of possibility that all this was expended in recruiting pupils for the school. A diary should be required in addition to the vouchers.

Clothing Account, \$3915.87. This item, which gives an average of \$45.53 for each pupil, is exorbitant in view of the large quantities of clothing contributed by Missionary Societies. At St. Joseph's the clothing only cost \$1857.80, being an average of only \$18.76 per pupil.

Recompense Account. An item of \$76.35 goes to swell the deficit. The folly of this system of paying pupils who are supported and instructed at the public expense, is apparent, and the Principal has repeatedly been advised of the Department's disapproval of it. The objectionable features of the system are made more obvious by an examination of the Returns shewing the disposal made by the pupils of their "earnings". On one of these there are entries shewing that 26 pupils spent their money as follows, "concerts, 35¢, on coat, 25¢, while on other returns considerable amounts are shown to have been expended for curling at Winnipeg, travelling expenses, skating tickets, photos, &c and for concerts as high as 50¢.

Setting aside the disadvantages of situation, lack of farm productions, and incidental disabilities owing to the fire, &c there is abundant evidence of a misconception as to the principles upon which an Indian school should be conducted, and of lack of business ability in management; and the reluctance of the Principal to furnish details of the expenditure only

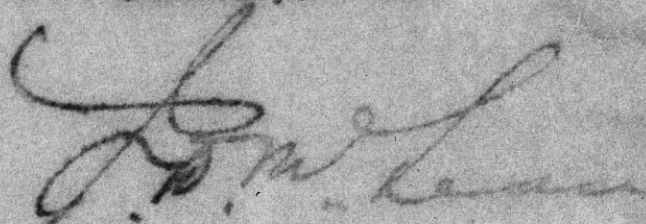


only tends to confirm the suspicion of carelessness in all the departments of outlay.

The financial status of this school is a matter of grave concern, especially at the present time, when in view of the approaching completion of the new building an opportunity will occur to make such changes as may be found necessary. Some radical reforms are urgently called for, as even with the increased grant recommended by the Commissioner, and provided for in the Estimates, past experience shews that the school would still be unable to keep within its revenue. You will therefore be good enough, in addition to furnishing the report and statement-s already asked for, to submit for the Department's consideration such recommendations as may appear to you advisable with a view to the Institution being conducted in the future upon a <sup>sound</sup> financial basis.

Your past experience of Industrial Schools should lead you to a clear view of the special needs of this institution and of the causes of its financial failure; and you are requested to place your opinions and suggestions before the Department without reserve. Not only must the deplorable deficits cease but the school must be conducted in an economical manner, and must in the future compare favourably as to administration with other institutions.

Your obedient servant.



Secretary.