

Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd.

Regd.

} 1911.

Enclosures

Spare copies

G.O., No. 339, 1st June 1911.

Defalcations in the Rajahmundry College.

Passing orders on the explanation submitted by the Director of Public Instruction in regard to the check exercised by his office over the accounts of the Rajahmundry College.

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GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

READ—the following papers :—

I

G.O., No. 746, Educational, dated 16th December 1910.

ABSTRACT.—Passing orders regarding the Rajahmundry defalcation case.

II

Letter—from the Hon'ble Mr. J. H. STONE, M.A., F.R.H.S., Acting Director of Public Instruction, Madras.

To—the Secretary to Government, Educational Department.

Dated—the 12th April 1911.

No.—R. Cl. 7/10.

With reference to Confidential G.O., No. 746, Educational, dated 16th December 1910, I have the honour to submit the following remarks :—

Paragraph 3 of the Government Order.—The fee receipts shown in annual return No. 7 furnished by the Principal, Rajahmundry College, for the years in which the defalcations had been committed were regularly checked in this office with the statement of receipts furnished by the Accountant-General. The figures were found to agree except in a few cases in which the amounts were credited to wrong heads of account and the Accountant-General was addressed to rectify the mistakes. Besides the annual return No. 7, which shows only the total fee collections, a quarterly statement of receipts and charges verified by the Treasury officers in the case of mufassal institutions and by the Accountant-General in the case of institutions in the Presidency Town, is also furnished by the heads of colleges and schools and the receipts entered therein are checked with the Accountant-General's statement of receipts. These quarterly statements show only the amounts actually remitted into the Treasury, and a comparison of the figures therein with those of the Accountant-General consequently shows no difference. It will thus be seen that the receipts shown in return No. 7 which are the totals of the sums appearing in the quarterly statements naturally tallied with those shown in the Accountant-General's statement and no manipulation was therefore necessary to bring the departmental and the Accountant-General's accounts into agreement.

Further, even if the half-yearly returns had been submitted, this office could not necessarily have discovered the frauds. Nothing would have been simpler for a clerk like Somanna than to make his figure for the number of students in the several classes agree with the total fee collections. No amount of punctuality or accuracy in returns nor of check in this office could therefore have discovered the frauds. On the other hand even a perfunctory examination of the registers on the spot by the Principal would have detected them. If Principals are not to be trusted to do this work, a systematic and detailed audit of college accounts will be necessary. This must be done on the spot. It will involve a detailed examination of the admission, attendance and fee registers and receipts and of the term certificates granted to students. Even then it would be chiefly useful to keep the Principal up to his work. If he chooses, he can do more than any auditor to ensure proper collection of fees, because he knows either himself or through the teaching staff every student in the college and should therefore be able easily to detect any tampering with the records.

Paragraph 4 (1) of the Government Order.—The Acting Principal, Rajahmundry College, reports that payments from the Poor Scholars' Fund were made to the students each month towards their college fees and their signatures taken in a register. He is at present unable to say what record has been kept or what measures have been taken subsequently for the recovery of the amounts as all the registers have been filed in the High Court in connection with Somanna's appeal, which, I may add, has just been disposed of.

Paragraph 4 (2) and (3) of the Government Order.—As regards the Endowment funds the Acting Principal states that he cannot say whether the accounts of the various endowments have been cleared up as the registers are in the High Court. The Principal has reported that there are attached to the college three endowments viz., (1) The Young scholarship, (2) The Subramanya Aiyar's prize and (3) The Sundara Rao's prize, that no rules governing the endowments are forthcoming, that the donors cannot be traced, and that he is at present the administrator of these endowed funds which are deposited in the Post Office Savings Bank, Rajahmundry. He has been requested to submit proposals for bringing these endowments under the Charitable Endowments Act No. VI of 1890. Meanwhile I request that the Accountant-General may be authorized to receive at once the* assets pertaining to these endowments from the Principal.

	RS.	A.	P.
* The Young Scholarship ..	810	3	1
The Subramanya Aiyar's prize ..	282	3	1
The Sundara Rao's prize ..	274	6	9

Order—No. 339, Educational, dated 1st June 1911.

The Government do not agree with the Director of Public Instruction in considering that the scrutiny of the half-yearly returns would not have facilitated the discovery of the fraud. If the clerk had manipulated the number of students shown in the half-yearly return and the detailed statement of attendance prescribed in instruction VI appended to that return, he would certainly have enhanced the risk of detection, for the Principal would presumably have exercised some sort of scrutiny over the attendance figures and the checking clerk in the Director's office might reasonably have been expected occasionally at least to compare the figures with those appearing in the administration report. The check, it is true, would have been useless if the Principal had been so careless as to allow his establishment to send up false attendance figures in both the half-yearly returns and the administration reports. The Government expect the Director in future to see that the half-yearly returns and the detailed statements referred to in instruction VI of that form are intelligently checked with each other and also with the Accountant-General's monthly statements and the departmental returns regarding attendance of pupils submitted with the annual report.

2. The further report promised regarding the state of the Poor Scholars' Fund of the Rajahmundry College and on the accounts of the various endowments attached to that college will be awaited.

3. The Accountant-General will be authorized to receive the funds relating to the Young scholarship, the Subramanya Aiyar's prize and the Sundara Rao's prize attached to the Rajahmundry College.

(True Extract.)

L. DAVIDSON,
Ag. Secretary to Government.

To the Director of Public Instruction.
.. Accountant-General.

EDUCATIONAL DEPARTMENT.

NOTES CONNECTED WITH G.O., No. 339, EDUCATIONAL,
DATED 1st JUNE 1911.

[SUBJECT.—*Further points connected with the defalcations in the
Rajahmundry college.*]

Previous papers :

G.O., No. 242, Educational, dated 6th May 1910.
" " 746 " " 16th December "

From the Director of Public Instruction, dated 12 April 1911, No. 7.

Please see G.O., No. 746, Educational, dated 16th December 1910, and the notes therewith.

2. In paragraph 3 of that order the Government expressed the opinion that the Director of Public Instruction was not free from blame in the matter of the defalcations in the Rajahmundry college, and in order to find out whether any check was exercised in the Director of Public Instruction's office in the case of the accounts of the Rajahmundry college, the Director was requested to report whether the annual return No. 7 received from the Rajahmundry college, for the years in which the defalcations were committed were checked with the various financial returns submitted to him by the Accountant-General, and if so, whether any discrepancies were discovered and brought to the notice of the Principal or the Accountant-General.

3. The Director of Public Instruction reports that the fee receipts shown in the annual return No. 7 furnished by the Principal, Rajahmundry college, for the years in question were regularly checked with the statement of receipts furnished by the Accountant-General; that the figures were found to agree except in a few cases in which the amounts were credited to wrong heads of account and that the Accountant-General was addressed to rectify the mistakes. He observes, however, that the

* This is submitted by the Principal. receipts shown in the annual return *
No. 7 are the totals of the quarterly statements of receipts and charges submitted by the heads of colleges and schools, which are verified, before submission, by the Account officers and that therefore they naturally tallied with the statements of receipt furnished by the Accountant-General.

4. This explanation does not appear to be convincing and it is for consideration whether the matter should be investigated further. If so, the original returns submitted by the Principal of the Rajahmundry college and the Accountant-General for

† The defalcations occurred between 19th one or † two years of the period during
March 1906 and 25th October 1909. Per- which the defalcation occurred may be
haps the returns for the years 1907 and 1908 called for and examined in this office in
may be called for. But please see below. order to see whether, if the check exercised
K.R.—5-5-11. by the Director of Public Instruction's

office had been efficient, the defalcations could have been brought to light earlier.

5. As regards the accounts of the Poor scholar fund and the three scholarship and prize endowments attached to the Rajahmundry college, which are referred to in paragraph 4 (1) and (2) of the order above quoted, the Principal may be requested to

M.S.M.—21-5-11. submit his report, after he has received
Yes. back the registers connected therewith

L.D.—23-5-11. from the High Court. In the meantime, the Accountant-General may be authorized, as suggested by the Director of Public Instruction, to receive the assets pertaining to those endowments.

T.K.—4-5-11.

The question of the check exercised by the Director of Public Instruction's office over the fee accounts of the Rajahmundry college during the time of the defalcations is dealt with in paragraphs 12 to 19 of the office note on pages 4 to 6 of the notes to G.O., No. 746, Educational, dated 16th December 1910. It does not appear that anything will be gained by calling for the original returns from the Director of Public Instruction's office and scrutinizing them now, except perhaps to find out which member of the Director of Public Instruction's office establishment was responsible, if at all, for any omission or neglect in the matter. All that has to be done seems to be to devise proper means to ensure that efficient check is exercised over the accounts in future and this matter is already under investigation by the Accountant-General—*vide* the memorandum to the Accountant-General in the linked file.

[The old papers quoted in the notes to G.O., No. 746, Educational, dated 16th December 1910, had to be obtained from the General Records.]

K. RANGASWAMI AIYANGAR—5-5-11.

All that was done in the Director of Public Instruction's office was to check the annual return (No. 7) furnished by the Principal with the Accountant-General's returns of receipts. This was useless as a means of detecting any fraud, as the annual return represented only the totals of the quarterly returns verified by the district treasury and as there cannot be any difference between the district treasury figures and those reported by the Accountant-General, because the latter are derived from the former. Hence there is no use in calling for the original returns as suggested in the office note. What should have been done in the Director of Public Instruction's office was to have called for the half yearly returns (for form see page 21 of G.O., No. 242, dated 6th May 1910), and the detailed statement referred to in instruction VI of this form and to have compared these with one another and also with the Accountant-General's monthly statements and the departmental returns regarding attendance of pupils submitted with the annual report. But this was not done and the omission has been already dealt with in paragraph 3 of G.O., No. 746, Educational, dated 16th December 1910.

M. S. MASCARENHAS—21-5-11.

The Under Secretary's note states the case correctly. Mr. Stone is in error, I think, in saying that the scrutiny of the half yearly returns would not have facilitated the discovery of the fraud. If the clerk had manipulated the number of students shown in the half yearly return and the detailed statement of attendance prescribed in instruction VI, he would have risked detection, for surely the Principal would have exercised some sort of scrutiny over the attendance figures, or the checking clerk in the Director of Public Instruction's office would once in a way, at least, have tried to compare those figures with the administration report statistics. But I agree that the check would have been useless if the Principal had been so careless as to allow his establishment to send up false attendance figures on both the half yearly returns and the administration reports.

L. DAVIDSON—23-5-11.

I agree with the Secretary—please instruct Mr. Stone accordingly. Of course a clever scoundrel may manipulate figures all through, but with more registers than one he will probably not succeed in doing so. Even the most careless Principal

would probably have had his attention aroused had the clerk tried to make the attendance register fit in with the return of fees remitted. Any how the danger of detection would have been much greater. As it is we may safely hope that for the future for some time to come Principals will profit by the warning they have received and will check fees with the attendance. It is really a very simple matter to do so.

M. H[AMMICK]—25-5-11.

The draft order is for approval.

K. RANGASWAMI AIYANGAR—30-5-11.

M. S. MASCARENHAS—31-5-11.

L. DAVIDSON—1-6-11.

Issue.

M. S. MASCARENHAS—1-6-11.

[G.O., No. 339, Educational, dated 1st June 1911.]

Educational Department.

G.O., No. 746 Edcl., dated 16th December 1910.

G No. 888 from the D.P.I., No. 7/10 dated 22nd April 1911.

ORDER :- No 339 of 1. 6. 11
P.S.

The Government do not agree with the Director of Public Instruction in considering that the scrutiny of the half-yearly returns would not have facilitated the discovery of the fraud. If the clerk had manipulated the number of students shown in the half-yearly return and the detailed ^{statement} of attendance prescribed in instruction VI he would certainly have ^{enhanced} the risk of detection, for the Principal would ^{presumably} have exercised some sort of scrutiny over the attendance figures ^{and} the checking clerk ^{in the Director of Public Instruction's} office ^{must reasonably have been expected, occasionally at least, to} compare these figures with those appearing in the administration report. ^{It is true,} The check would have been useless if the Principal had been so careless, ^{as he has} been in this case, as to allow his establishment to send up false attendance figures in both the half yearly returns and the administration reports. The Government expect ^{in future to} see that the half-yearly return and the detailed statement referred to in instruction VI of that form are ^{intelligently} ~~invariably~~ checked with ^{each} ~~one~~ another and also with the Accountant-General's monthly statements and the departmental returns regarding attendance of pupils submitted with the annual report.

2. The report ^{further} ~~of the Director of~~ ^{promised}

2/✓ 1 6P

~~Public Instruction~~ regarding the state of the Poor Scholars' Fund of the Rajahmundry college and on the accounts of the various endowments attached to that college will be awaited.

3. The Accountant-General will be authorized to receive the funds relating to the Young scholarship, the Subramanya Aivar's prize and the Sundara Rao's prize attached to the Rajahmundry college.

RD
30-5-11

hmm
31/5/11

J
1-6-11

S. C. Gupta
28/6/11

To the D.P.I.
,, the A.G.

✓ Deepa
2-6-11

ORDINARY.

PREFERENCE.

URGENT (a).

EDUCATIONAL DEPARTMENT.
LEGISLATIVE

Current No., dated 19 ..

G.O., No. 339, dated 1/1/1917

Number of MS. pages sent

Correspondence including order on orders
(b¹)
Notes

Docket... *Defalcations in the Rajah*

*Mem. Dr. College. Passing on to the
The explanation submitted by the
D. P. D. in regard to the paper
check was raised by the his office*

(c) Number of copies required when struck off (not including
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in the Press)

Complete
correspondence
and orders
Notes

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For filing with original	...	...	...	...
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