

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 658	Press ~~Mis.~~
Dated 30.11.	1859.

B.No. 22.23

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Not to be folded or roughly handled

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*Proceedings of the Madras Government, Financial Department,
for the month of November 1859.*

No. 22. Read the following letter from H. NELSON, Esq., Chairman of the Chamber of Commerce; to the Chief Secretary to Government, Fort Saint George, dated 16th November 1859.

I have the honor by desire of the Chamber of Commerce to acknowledge receipt of the Proceedings of the Madras Government dated 4th November 1859, No. 611, in which it is stated that Government, acting on the opinions of the Military Auditor General and the Civil Auditor, are not prepared to relax the conditions of the indemnity bonds under which the pay and allowances of Civil, Military and Naval Officers are passed to their Agents during their absence from the Presidency. Copies of the letters of the Military Auditor General and Civil Auditor are also received.

2. The Military Auditor General states that over-payments from errors or oversight on the part of the paying Officers are of very rare occurrence. It appears to the Chamber that the rarity of an oversight is by no means a good and sufficient reason for placing the loss, when it does occur, on the wrong shoulders. The Agents complain that they are made liable for the mistakes of others, of Officers whose high salaries should command the best service. But the latter preferring to make some one else bear their burden, strongly object to an alteration which will fix them with the responsibility of their own acts.

3. In paragraph 5 Colonel Losh writes that "as the Chairman of the Chamber of Commerce does not question the responsibility of Agents as regards incorrect payments made to their constituents themselves before their departure, and in adjustment of which objections are very frequently numerous, I cannot concur in the expediency of exempting Agents from their duties as such, in which capacity they should be expected to fulfil the same conditions as would have to be borne by their constituents, were they present, and in return for which responsibility they are amply remunerated."

4. It is very difficult to understand what is meant by this paragraph. The payments made to *Officers themselves* form no part of this question. The conditions of a bond are not necessarily the "duties of an Agent," and the object of the present complaint is the express one of shewing that one of these conditions is *not* within the proper sphere of such duty. The remark is made that Agents are amply remunerated for executing these bonds. It has not much to do with this question, but the fact is that no special charge is made for incurring this liability.

5. The Civil Auditor, (as also does the Military Auditor General) devotes a portion of his letter to the defence of those conditions of the bond which have not been objected to. A reference to my letter, dated 21st September, will shew that over-payments under the first two contingencies could be provided against by the Agent, and therefore might fairly be held as liabilities against him. The matter really at issue is whether an Agent should be made to pay for the mistakes of Government servants, and on this point there is very little said on the other side. The Civil Auditor writes "incorrect payments may occasionally occur without *much* culpability attaching to any of the Departments of Government." The Chamber can hardly suppose that this Officer wishes the principle here involved to be decided by the *measure* of neglect, or that the Government will agree to punish the wrong party because the fault has not been very great in the Audit Department. The instance which he gives in paragraph 7 of his letter, sufficiently illustrates the case against himself. An Officer cannot draw pay in England without certain documents from the Audit office here, and if these documents are so worded that the contingency of a double issue of pay (for a whole year) can take place, it is proof that some fault of commission or omission must have been made either in England or by his Department. A letter of advice or a certificate of last issue of pay would have protected Government against loss, but the inevitable consequence of Officers being relieved from responsibility is that the simplest precautions are not taken or observed.

6. The case of the Burmah batta to the Royal Navy is one precisely similar. Naval batta had not been paid, except at Madras, within the memory of any one. Suddenly the Government of India paid a large sum in Calcutta, contrary to all rule and precedent, and without advice to

H. F. Gurney

*Proceedings of the Madras Government, Financial Department,
for the month of November 1859.*

Madras. Here the payment had already been made with strict regularity, under the proper documents. The Agents had received the money, and in most cases remitted it, or accounted for it to their constituents. When the mistake was discovered, the Auditor at Calcutta telegraphed to the Auditor at Madras to "recover from the Agents under their bonds." No comment is necessary on such a proceeding. The Agents refunded in some cases, where they had not parted with the money, but resisted in the others; and it is believed that the matter has been arranged with the principals in England.

7. In the 8th paragraph of his letter, the Civil Auditor attempts to divide the blame of overpayments with the Officer whose pay is in question; but this is no argument for making a third party responsible for what he cannot prevent, and I am desired to point out that Departments of Audit cannot be held to be efficient, if Officers are permitted, under a system of pre-audit, to draw sums to which they are not entitled.

8. The indemnity bond is in fact a contrivance for shielding the Audit Departments, and the Chamber submits that it should be so altered as to make the party who executes it liable only for such contingencies as it is within his own power to provide against. Holding this view, it respectfully requests a reconsideration of the question.

No. 23.

ORDER THEREON, 30th November 1859, No. 658.

Resolved that the Chamber of Commerce be informed, in reply to their Chairman's letter of the 16th instant, that the Government are unable to depart from the decision already intimated in their Proceedings of the 4th instant, in respect to the conditions of indemnity bonds.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. F. Cartledge.

Chamber of Commerce

Madras 16th November 1859.

To The Chief Secretary
to Government
Fort St. George

Sir
I have the honor by desire of the Chamber of Commerce to acknowledge receipt of the Proceedings of the Madras Government dated 4th November 1859. No. 611, in which it is stated that Government, acting on the opinions of the Military Auditor General and the Civil Auditor, are not prepared to relax the conditions of the Indemnity Bonds under which the Pay and Allowances of Civil, Military, and Naval Officers are passed to their Agents during their absence from the Presidency. Copies of the letters of the Military Auditor General and Civil Auditor are also received.

2 The Military Auditor General states that overpayments from errors or oversight on the part of the paying officers are of very rare occurrence. It appears to the Chamber that

the poverty of an over-sight as by no means a good and sufficient reason for placing the loss, when it does occur, on the wrong shoulders.

The Agents complain that they are made liable for the mistakes of others - of officers whose high salaries should command the best service.

But the latter preferring to make some one else bear their burden, strongly object to an alteration which will fix them with the responsibility of their own acts.

In para 5. Colonel Losh writes that "as the Chairman of the Chamber of Commerce has pointed out the responsibility of Agents as regards incorrect payments made to their constituents themselves before their departure, and in adjustment of which objections are very frequently numerous, I cannot concur in the expediency of exempting Agents from their duties as such, in which capacity they should be expected to fulfil the same conditions as would have to be borne by their constituents, were they present, and in return for which responsibility they are amply remunerated."

It is very difficult to understand what is meant by this para. The payments made to

officers themselves form no part of this question. The conditions of a bond are not necessarily the "duties of an agent," and the object of the present complaint is the express one of showing that one of these conditions is not within the proper sphere of such duty. The remark is made that agents are amply remunerated for executing these bonds. It has not much to do with this question, but the fact is that no special charge is made for incurring this liability.

5 The Civil Auditor (as also does the Military Auditor General) devotes a portion of his letter to the defence of those conditions of the bond which have not been objected to. A reference to my letter dated 28th September will show that overpayments under the first two contingencies could be provided against by the Agent, and therefore might fairly be held as liabilities against him. The matter really at issue is whether an Agent should be made to pay for the mistakes of Government Servants, and on this point there is very little said on the other side. The Civil Auditor writes

"incorrect payments may occasionally occur without much culpability attaching to any of the Departments of Government." The Chamber can hardly suppose that this officer wishes the principle here involved to be decided by the measures of neglect, or that the Government will agree to punish the wrong party because the fault has not been very great in the Audit Department. The instance which he gives in para 7 of his letter, sufficiently illustrates the case against himself. An officer cannot draw pay in England without certain documents from the Audit office here, and if these documents are so worded that the contingency of a double issue of pay (for a whole year) can take place, it is proof that some fault of commission or omission must have been made either in England or by his department. A letter of advice or a Certificate of last issue

of pay would have protected Government against loss, but the inevitable consequence of officers being relieved from responsibility is that the simplest precautions are not taken or observed.

The case of the Birmah battery to the Royal Artillery is one precisely similar. That battery had not been paid, except at Madras, within the memory of any one. Suddenly the Government of India paid a large sum in Calcutta, contrary to all rule and precedent, and without advice to Madras. Here the payment had already been made with strict regularity, under the proper documents. The Agents had received the money, and in most cases remitted it, or accounted for it to their constituents. When the mistake was discovered, the Auditor at Calcutta telegraphed to the Auditor at Madras to "recover from the Agents under their bonds." To comment is unnecessary on such a proceeding. The Agents refunded in some cases, where they had not parted with the money, but resisted in the others; and it is believed that the matter has been overruled.

This is a very serious case, and one which should be carefully considered. The Auditor at Calcutta has been very much mistaken in his view of the matter, and it is probable that the matter has been overruled.

with the principals in England.

7. In the 8th para of his letter the Civil Auditor attempts to divide the blame of over-payments with the officer whose pen is in question; but this is no argument for making a third party responsible for what he cannot prevent, and I am desirous to point out that departments of Audit cannot be held to be efficient, if officers are permitted, under a system of pre-audit, to draw sums to which they are not entitled.

8. The indemnity bond is in fact a contrivance for shielding the Audit departments, and the Chamber submits that it should be so altered as to make the party who executes it liable only for such contingencies as it is within his own power to provide against. Holding this view, it respectfully requests a reconsideration of the question.

I have the honor to be

Yours most Obedt Servant

W. Nelson.

Chairman

Order thereon 30 November 1859. No 158.

Resolved that the Chamber of Commerce be informed, in reply to their Chairman's letter of the 16 instant, that the Govt are unable to depart from the decision already intimated in their proceedings of the 4th inst. in respect to the conditions of Indemnity Bonds.

W. Nelson
Chamber of Commerce - Secy. Genl.

~~Which the Govt should not
be bound to provide~~

710's Number / 59 No
1204

As of 28th Nov
Tunisia 1859. Department

From the *Journal* of the
Banks of Con-
sue.

Dated 16th Nov 1859.
Dec 18

10572

That the Agents are made liable
for the mistakes committed by
paying Officers and referees and al-
terations in the accounts and so for
as to make the party that secures it
liable only for such contingencies as it
is not from his own power to prevent or avoid.

I acknowledge the receipt of the Ca-
reding from the Govt. in which
is stated that Govt. acting in the dis-
charge of the military & civil duties
General are not to be held to account
the conduct of the military & civil duties
under which the pay & allowances of
all officers are paid to their Agents
during their absence from the Country
& had also received copies of the list of
the above Officers - & compliments
that

With an order 7p