M.R.O. 1—77,006—8-6-37.

(1) Number of pages 10

(2) Date of repair 21. 10. 39

(3) Initials of the Reference

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 522. Press / Mis.

11-12

Dated 2-11- 18 39.

11-12 6/7

Not to be folded or roughly handled

Proceedings of the Madras Government Financial Department, 2nd November 1869.

No. 11. Read the following Proceedings of the Government of India, Financial Department, dated Simla, 30th September 1869, Circular No. 3734.

Accounts.]

Frauds to a large amount were lately committed in a treasury, by the Collectorate Head Clerk, under circumstances which render it expedient for the Governor-General in Council to publish the facts as a caution to all Treasury Officers, and to remind District Officers that their personal responsibility for their District Treasuries is not discharged, because they are allowed to appoint a subordinate officer to the immediate charge of the treasury under them. The frauds referred to were concealed, for a long time, by the submission of false accounts and false cash balance reports to the Accountant-General of the Province.

2. Public Service Transfer Receipts, under the signature of the Treasury Officer, were issued in favour of a fictitious person, without a rupee having been credited in the genuine accounts of the treasury which formed the office record. The Treasury Officer omitted to satisfy himself, before signing the receipts, that the equivalent had been paid in cash, or had been charged to the proper account in the books of the treasury.

3. His neglect might not have had such mischievous consequences, had he been careful to compare the transfer receipts which he signed for issue, with their counterfoils in the book of blank receipts; for the discrepancy between the complete counterfoils of the actual issues, and the incomplete credits for the amounts of the transfer receipts in the office copy of the cash accounts, would have revealed the frauds, and the certainty of the detection in this way might have prevented them.

4. Instead of observing this ordinary precaution, the Treasury Officer signed transfer receipts for issue, without simultaneously attesting the entries of them in the counterfoils, while he attested false entries in the counterfoils, without requiring the production of the forms of transfer receipts which were alleged to have been spoilt.

5. Even then the frauds could not have continued for long, had correct accounts been rendered to the Accountant-General. The office copy of the accounts was correct, and in it the transfer receipts were necessarily not credited ; money not having been received for them ; so that the cash balance of this genuine account agreed with the actual cash in the treasury.

6. But the submission of this account would have disclosed the fraud to the Accountant-General, when on his comparing the payments by the treasuries drawn upon with the accounts of the drawing treasury, he would have missed the corresponding credits in the latter.

7. Accordingly, the Head Clerk falsified the account rendered to the Accountant-General, by crediting in it the amounts of the fraudulently issued transfer receipts, and showing necessarily a cash balance larger by those amounts than the actual cash in the treasury.

8. The Treasury Officer omitted to compare the account rendered to the Accountant-General with the copy recorded in his office. Except under a strong suspicion of his Head Clerk such omission might have been natural; but at least he should have seen that the closing cash balance agreed with the record under his own signature of the cash balance, as it was verified by him on the first day of every month. Had he done this, the submission of a false account to the Accountant-General would not have been possible.

9. Apart from the monthly cash account, every District Officer is required, already in many parts of India, to submit to the Accountant-General a monthly statement of the actual cash in his treasury. Had the District Officer, in the present instance, performed this most essential duty, the frauds could not have succeeded, for with a true cash balance statement a false account would have been impossible. The District Officer, however, delegated the monthly verification of the cash in the treasury to the Treasury Officer, and the latter sent an untrue statement of the cash in his treasury to the Accountant-General, notwithstanding the certificate* which he signed with each statement.

*"I do hereby certify that the balance in the above-mentioned treasury amounted on the———— Rs. ——, and that I personally ascertained that the said balance was actually in my custody."

10. He did count, monthly, the actual cash in the treasury, and the money in the treasury did agree with the office record of cash balance; but his first obligation was to see that the statement submitted was correct, and as he did not do this the certificate that he signed was untrue.

11. Manifestly the frauds in this instance did not arise from any defects of system. Not at one stage, but at several stages, the system interposed effectual checks had they only been applied with ordinary care. But at every one of the stages, there was such extreme carelessness that it is hardly possible to conceive a case of more gross and utterly inexcusable neglect on the part of an Officer in charge of a treasury.

12. There was also a serious dereliction of duty and recklessness of personal consequences on the part of the Deputy Commissioner, who appears to have supposed that having made over the treasury to a subordinate, he was no longer in any way responsible for it.

13. It is from henceforth to be clearly understood—

First.—That the appointment of a subordinate to the immediate charge of a treasury, in no way relieves a District Officer from responsibility;

Secondly.—That the duty of verifying and certifying to the actual monthly cash balance, and of signing the monthly cash accounts, must be performed by the District Officer in person, and must on no account be delegated to any subordinate officer, unless upon the ground of properly attested actual physical inability to perform the duty: Accountants-General will, in future, not accept these returns and accounts under any other signature.

14. In this case, the Government will recover from the Officers (including the District Officer) through whose fault the loss occurred, the full amount of which it has been defrauded; and, as a further punishment, the Officers who were in immediate charge of the treasury, when the frauds were committed, will be deprived of promotion for two and three years, respectively.

(Signed) R. B. CHAPMAN,
Offg. Secy. to the Govt. of India.

Copy of the above Circular forwarded to the several local Governments, Departments and Administrations, to the Comptroller-General of Accounts, and to the several local Accountants-General and Deputy Accountants-General in independent charge.

No. 12. ORDER THEREON, 2nd November 1869, No. 522.

Resolved that copies of the foregoing Circular be furnished to the following Departments and Officers for their information and guidance:—

To the Revenue Department.
,, Military do.
,, Public Works do.
,, Board of Revenue.
To all Civil and Session Judges.
,, all Collectors of Districts.
To the Inspector-General of Police.
,, Inspector-General of Jails.
,, Director of Public Instruction.
,, Registrar-General of Assurances.

(True Extract.)

R. S. ELLIS,
Chief Secretary.

To

Exd. J. Wright.

Finance & Rev. Dept.
For GOVERNMENT OF INDIA.

FINANCIAL DEPARTMENT.

ACCOUNTS.

To

CIRCULAR No. 3734.

Dated Simla, 30 September 1869.

Received — 14 .. —

Cir 5133

Passing orders relative to the responsibility of District Officers for their District Treasuries

Govt. of India

Govt. of {1869} Madras.

FINANCIAL.

To

THE REVENUE DEPARTMENT.
&c., &c., &c.

Dated November, 2nd.

Recd. *Encl.*

G. O., 2nd November 1869, *No.* 522.

NOVEMBER.
Nos. 11-12.

Communicating Orders of the Government of India in respect to the responsibility of District Officers for their District Treasuries.

No. 522 - 2 Nov: /69.

Resolved that Copies of the
forgoing Circular be furnished
to the following departments
and Officers for their informa-
tion & guidance.

By A.

2 Nos	Revenue Department.
" "	Military - - Do. - -
" "	Public Works - - Do. - -
" "	Board of Revenue -
" "	All Civil and Superintendents
disposal	All Collectors of Districts including
	Coorgs, Malabar & Wells
" "	Inspector General of Police.
" "	Inspector Genl. of Jails.
" "	Director of Public Instruction
" "	Registrar General of Assurances.

H0-350

Govt. of {1869} Madras.

Financial

To The Revenue Dept.

Dated Nov. 2nd

Recd. Encl.

G. O. 2 Nov. 1869, No. 822

Nos. 11 & 12.

Commung. orders of the Govt. of India in regard to the responsibility of District Officers for their District Treasuries.