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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No.	3135-36	Press	<i>Original</i>
B.P. No.		Mis	
Dated	21. 11	195	
		1896	

Not to be folded or roughly handled

No. 407. Read the following letter from Major-General W.A. CROMMELIN, R.E., Officiating Secretary to the Government of India, Public Works Department, (Account—General,) to the Governments of Madras, Bombay, Bengal, North-Western Provinces and the Punjab, in the Public Works Department, General and Irrigation Branches; the Chief Commissioners of Oudh, Central Provinces, British Burmah, Mysore and Coorg, and Assam; the Resident at Hyderabad; the Agents to the Governor-General for Central India and Rajpootana; the Superintendent of Port Blair, and Chief Commissioner, Andaman and Nicobar Islands; the Inspector-General of Military Works; the Director of State Railways, dated Simla, 17th October 1876, Nos. 898—913 A—G:—

A CASE of fraud which has recently occurred through the forgery of the advices of authority for payment, has led the Government of India to consider whether some modification is not desirable in the present procedure for transfer transactions between divisions and provinces of the Public Works Department, of which advantage was taken in this instance.

2. The rules on the subject are contained in Chapter XIX, Section ii, paragraphs 98 and 99 of the Code, and Public Works Department Circulars Nos. 58 of 1871 and 63 of 1872.

3. Under these rules an Executive Engineer wanting to make any payment in places out of his division or when he has no credit on the local treasury can do so by writing to the local Executive Engineer to pay the money, giving him needful particulars, and obtaining the concurrence of his Superintending Engineer in case of the amount being above Rupees 500, and the Executive Engineer concerned belonging to another province or branch of the department.

4. In the case in which the fraud took place the letters to the Executive Engineer and the concurrence of the Superintending Engineer were forged. The laxities which occurred were that the paying Executive did not send prompt information of payment to the Executive Engineer on whose forged requisition he paid the money; he failed to notice that the Executive Engineer whose name was forged was not the Engineer in charge on the date of the forged requisition; he did not see to the identity of the actual payee with the party named in the requisition. But these laxities were not such as to have had any actual bearing on the success of the fraud.

5. Under these circumstances, the question has been raised whether it is not desirable to revert to the original intention of the Code rule requiring that transfer payments should be limited to cases in which the paying officer is cognizant of the details and particulars of the transactions connected with the persons to whom the payments have to be made, other transfer payments being made by means of public service transfer remittance receipts to be obtained from the civil treasury. This arrangement would still afford room for forgery with theft of the transfer receipts, and it might also not be so convenient for practical purposes as the present system. But I am to ask for an expression of opinion on the subject.

6. Pending a final decision, His Honor the President in Council considers it necessary to lay down, in amplification of the Code rules on the subject, that payments on behalf of other divisions should only be made after receipt of a requisition for the

*Proceedings of the Madras Government, Public Works Department,
21st November 1876. No. 3,135.*

payment, and that advice of payment should be sent to the Executive Engineer concerned simultaneously with the payment. The acknowledgment of the receipt of the advice should also be immediately on its coming to hand. And Executive Engineers should be required to satisfy themselves that payments for other divisions are made with the same care and precautions that other payments are made.

No. 408.

ORDER THEREON, 21st November 1876, No. 3,135.

ACCOUNT, No. 35.

ORDERED that the following letter be forwarded to the Government of India.

(Here enter No. 3,136, dated 21st November 1876.)

(True Extract.)

(Signed) G. W. WALKER, Major-General, R.E.,
Secretary to Government.

PUBLIC WORKS DEPARTMENT,
FORT ST. GEORGE, 21st November 1876.

No. 409.

No. 3,136.

FROM

MAJOR-GENERAL G. W. WALKER, R.E.,

Secretary to the Government of Madras,

Public Works Department,

TO

THE SECRETARY TO THE GOVERNMENT OF INDIA,

Public Works Department.

ACCOUNT, No. 36.

SIR,—I am directed to acknowledge the receipt of your letter No. 898 A—G dated October 17th 1876, on the subject

of restricting the transfer transactions between divisions and provinces of the Public Works Department, and in reply to observe as follows.

2. After a careful consideration of the facts and suggestions brought forward in your letter, His Excellency the Governor in Council sees no reason to believe, that if conducted under a proper system and with the usual precautions, there would be any more risk of fraud in the transfer transactions of the Public Works Department than is inseparable from the use of bills, cheques, and all other written orders for the payment of moneys.

3. That fraud occurred in the particular instance referred to is, in His Excellency's opinion, only the natural result of the system at present in force of conducting the transfer transactions of the Public Works Department; a system which apparently neglects nearly all the precautions which are thought necessary in every other branch of monetary business. As His Excellency is at present informed, there is even no guarantee under the existing procedure, that the drawing officer's signature is known to the drawee. In fact, in many cases of transfers between divisions, and, practically it may be said, in all cases of transfers between provinces, the drawee or paying officer must be absolutely ignorant of the signature of the officer who draws upon him.

4. The further precautions, which are secured by having all such orders for payment printed uniformly on paper with a distinctive water-mark, machine-numbered, and kept in security under lock and key, appear likewise lost sight of under the present system; while the risk of fraud by personation does not appear to be guarded against by having an advice sent to the payee as well as an order to the paying officer, and by requiring the payee to present this advice before payment is made to him.

5. With a view to lessening the risk of fraud, His Excellency the Governor in Council would suggest the following modifications in the existing system:—

1st.—That as regards transactions within the province, whenever one Executive Engineer has occasion to make a payment through another division, he shall send a requisition, or order to pay, to the Executive Engineer of the other division, and at the same time a duplicate of the same to the payee.

13-11-76

PROCEEDINGS of the MADRAS GOVERNMENT.

UNDER date the

READ the following:—

H. E.

LETTER FROM THE GOVERNMENT
OF INDIA NO. 898. A. G. DATED OCTOBER
17TH. 1876.

No 3135721/10/76

ORDERED, THAT THE FOLLOWING
LETTER BE FORWARDED TO THE GOVERN-
MENT OF INDIA.

9/11

2nd.—That these requisitions or orders to pay, original, duplicate, and counter-foil, shall be prepared in forms (to be supplied by the Examiner) printed and kept with the same care and precaution as are used in the case of cheque books.

3rd.—The requisition or order to pay shall be so worded as to require the drawee to pay only after so many days (not less than fifteen) from presentation of the duplicate by the payee.

4th.—That the drawee immediately acknowledge the receipt of every order to pay, so as to afford the drawer an opportunity of repudiating the requisition before the actual payment of the amount.

5th.—That in all cases of transfers between provinces, the transaction be conducted in the same manner, *mutatis mutandis*, through the Examiners of the provinces concerned.

As a general rule it may be said that the signature of all the Executive Engineers is known to the Examiner of the province in which they are serving, and that the signature of every Examiner is known throughout the Accounts branch; under the arrangement proposed therefore, there would be a guarantee that in all transfer transactions involving considerable delay, the signatures of all the parties concerned would be known to each other.

6. With these precautions, His Excellency the Governor in Council considers that payments made through the transfer accounts of the Public Works Department would be as free from risk as those transacted by public service remittance transfer receipt; and with this belief His Excellency would regret to see the transfer transactions of the Public Works Department restricted in the manner now proposed in your letter.

I have the honor to be,
Sir,
Your most obedient servant,

Cent 13-11-76

No 3136 of 21 Aug 1876

TO THE SECRETARY,

TO THE GOVT. OF INDIA.

P. W. DEPT.

I AM DIRECTED TO ACKNOWLEDGE
THE RECEIPT OF YOUR LETTER NO. 896.
A. G. DATED OCT. 17TH. 1876 ON THE SUB-
JECT OF RESTRICTING THE TRANSFER
TRANSACTIONS BETWEEN DIVISIONS AND
PROVINCES OF THE P. W. DEPT. AND IN
REPLY TO OBSERVE AS FOLLOWS:-

2. AFTER A CAREFUL CONSIDERA-
TION OF THE FACTS AND SUGGESTIONS
BROUGHT FORWARD IN YOUR LETTER, HIS
EXCELLENCY THE GOVERNOR IN COUNCIL
SEES NO REASON TO BELIEVE, THAT IF
CONDUCTED UNDER A PROPER SYSTEM
AND WITH THE USUAL PRECAUTIONS,
THERE WOULD BE ANY MORE RISK OF
FRAUD IN THE TRANSFER TRANSACTIONS
OF THE P. W. DEPT. THAN IS INSEPARA-
BLE FROM THE USE OF BILLS, CHEQUES,
AND ALL OTHER WRITTEN ORDERS FOR
THE PAYMENT OF MONEYS.

3. THAT FRAUD OCCURRED IN THE
PARTICULAR INSTANCE REFERRED TO IS,
IN HIS EXCELLENCY'S OPINION, ONLY
THE NATURAL RESULT OF THE SYSTEM

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AT PRESENT IN FORCE OF CONDUCT
THE TRANSFER TRANSACTIONS OF T
P. T. LET; A SYSTEM WHICH APPAR
LY NEGLECTS NEARLY ALL THE PRE
TIONS WHICH ARE THOUGHT NECESS
IN EVERY OTHER BRANCH OF MONET
BUSINESS. AS HIS EXCELLENCY IS
PRESENT INFORMED, THERE IS EVEN
GUARANTEE UNDER THE EXISTING P
CEPHE, THAT THE PAYING OFFICER
SIGNATURE IS KNOWN TO THE PAYEE
IN FACT, IN MANY CASES OF TRANS
BETWEEN DIVISIONS, AND, PRACTICAL
IT MAY BE SAID, IN ALL CASES OF
TRANSACTIONS BETWEEN PROVINCES, THE
PAYEE, OR PAYING OFFICER, MUST BE
ABSOLUTELY IGNORANT OF THE SIGN
TURE OF THE OFFICER WHO DRAWS U
ON HIM.

4. THE FURTHER PRECAUTIONS,
WHICH ARE SECURED BY HAVING ALL
SUCH ORDERS FOR PAYMENT PRINTED
UNIFORMLY ON PAPER WITH A DISTI
TIVE WATER-MARK, MACHINE-PUNCHED
AND KEPT IN SECURITY UNDER LOCK
KEY, APPAR LIKEWISE LOST SIGHT
UNDER THE PRESENT SYSTEM; WHILE
RISK OF FRAUD BY PERSONATION DO
NOT APPAR TO BE GUARDED AGAINST

HAVING AN ADVICE SENT TO THE PAYEE
AS WELL AS AN ORDER TO THE PAYING
OFFICER, AND BY REQUIRING THE PAYEE
TO PRESENT THIS ADVICE BEFORE PAY-
MENT IS MADE TO HIM.

5. WITH A VIEW TO LOSSENING THE
RISK OF FRAUD, HIS EXCELLENCY THE
GOVERNOR IN COUNCIL WOULD SUGGEST
THE FOLLOWING MODIFICATIONS IN THE
EXISTING SYSTEM:-

1ST. THAT AS REGARDS TRAN-
SACTIONS WITHIN THE PROVINCE,
WHENEVER ONE EXECUTIVE EN-
GINEER HAS OCCASION TO MAKE
A PAYMENT THROUGH ANOTHER DI-
VISION, HE SHALL SEND A REQUI-
SITION, OR ORDER TO PAY, TO THE
EXECUTIVE ENGINEER OF THE
OTHER DIVISION, AND AT THE
SAME TIME A DUPLICATE OF THE
SAME TO THE PAYEE.

2ND. THAT THESE REQUISITIONS
OR ORDERS TO PAY, ORIGINAL, DU-
PLICATE, AND COUNTERFOIL, SHALL
BE PREPARED IN FORMS (TO BE
SUPPLIED BY THE EXAMINER)
PRINTED AND KEPT WITH THE
SAME CARE AND PRECAUTION AS

ARE USED IN THE CASE OF CHECK-
BOOKS.

AND, THE REQUISITION OR ORDER
TO PAY SHALL BE SO WORDED AS
TO REQUIRE THE DRAWEE TO PAY
ONLY AFTER SO MANY DAYS (NOT
LESS THAN 15) FROM PRESENTA-
TION OF THE DUPLICATE BY THE
PAYEE.

4TH. THAT THE DRAWEE IMME-
DIATELY ACKNOWLEDGE THE RE-
CEIPT OF EVERY ORDER TO PAY,
SO AS TO AFFORD THE DRAWER AN
OPPORTUNITY OF REPUDIATING THE
REQUISITION BEFORE THE ACTUAL
PAYMENT OF THE AMOUNT.

5TH. THAT IN ALL CASES OF
TRANSFERS BETWEEN PROVINCES, THE
TRANSACTION BE CONDUCTED IN
THE SAME MANNER, MUTATIS MU-
TANDIS, THROUGH THE EXAMINERS
OF THE PROVINCES CONCERNED.

AS A GENERAL RULE IT MAY
BE SAID THAT THE SIGNATURE OF
ALL THE EXECUTIVE ENGINEERS
IS KNOWN TO THE EXAMINER OF THE
PROVINCE IN WHICH THEY ARE

SERVING, AND THAT THE SIGNATURE
OF EVERY EXAMINER IS KNOWN
THROUGHOUT THE ACCOUNTS BRANCH.
UNDER THE ARRANGEMENT PROPOSED
THEREFORE, THERE WOULD BE A GUA-
RANTEE THAT IN ALL TRANSFER
TRANSACTIONS INVOLVING CON-
SIDERABLE DELAY, THE SIGNATURES
OF ALL THE PARTIES CONCERNED
WOULD BE KNOWN TO EACH OTHER.

0. WITH THESE PRECAUTIONS, HIS EXCELLENCY THE GOVERNOR IN COUNCIL CONSIDERS THAT PAYMENTS MADE THROUGH THE TRANSFER ACCOUNTS OF THE P.W. DEPT. WOULD BE AS FREE FROM RISK AS THOSE TRANSACTED BY PUBLIC SERVICE REMITTANCE TRANSFER RECEIPT; AND WITH THIS BELIEF, HIS EXCELLENCY WOULD REGRET TO SEE THE TRANSFER TRANSACTIONS OF THE P.W. DEPT. RESTRICTED IN THE MANNER NOW PROPOSED IN YOUR LETTER.

9TH. NOV. 1876.

Sept-29-11-78

1802

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Genl. of 1876 Madras.

PUBLIC WORKS.

To the Secy to the Govt of India

22-11-22

Field

Land

Recd

Encl.

G. O. 21 Nov 1876, No.

3135

3136

22-11-22

Transfer transactions —
Casting draft on letter
from the Govt of India
requesting opinion on the
proposed modification
of the present procedure
for — between division
and provinces of the Prov.
Dept.