

(1) பக்கங்களின் எண்ணிக்கை 106

(2) புதுக்கித் திருப்பிய நாள் 1988 ✓

(3) இதரங்குறிப்பவர் சுருக்கொப்பம்

10/6/88

தமிழ்நாடு ஆவணக் காப்பகம்.

தமிழ்நாடு அரசு

பெர்தொண்டி — துறை

அரசாணை எண்.

மு. கோப்புத் தாள் எண்.

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அச்சகம்
பலவகை

நாள் :

3 - 3 - 1888 198 .

மடிக்கவோ கண்டபடி கையாளவோ கூடாது

3RD MARCH 1888, No. 732 W., PUBLIC WORKS.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

General.
Account.

READ—the following papers:—

From Colonel R. C. B. PEMBERTON, R.E., Secretary to the Government of India, Public Works Department (Account—General), to the Secretary to the Government of Madras, Public Works Department, dated Simla, 10th May 1887, No. 121 A.G.

5. Paragraph 23, Practice of rushing expenditure in March.—The procedure referred to by the Deputy Auditor-General is described in the accompanying extract from his report on the Rangoon Public Works Office of Account. It is left to the discretion of the Madras Government to take any action it thinks proper in this matter. The suggestion of Mr. Byrne will cause the cash book to be closed at the proper date.

Office note from the Examiner, Public Works Accounts, dated Madras, 17th June 1887, No. 221.

In G.O., No. 597 W., dated 8th March 1882, Government passed orders on a report from this office regarding the large number of cheques drawn at the close of the financial year 1880-81. Since then this matter has apparently received no special attention, and, as shown in the margin, the cheques drawn in the last few days of the year, remaining uncashed at the end of the year, have risen from 732 cheques aggregating Rs. 2,53,358 in 1880-81, to 1,428 cheques aggregating Rs. 7,05,684 in 1886-87.

2. When the cash balance statements for March 1887 began to arrive, it became apparent that it would be well to bring the matter again to the notice of Government, and desiring, when doing so, to be in a position to say definitely whether these transactions involved any serious irregularity, over and above the exceptional rate of expenditure at the end of the year, I requested the Executive Engineers of the divisions noted in the margin—divisions in which the balance of uncashed cheques at the end of the year was most exceptionally heavy—to state, with reference to cheques drawn on the 30th and 31st March, whether such cheques were made over to the payees on the same dates, and, if not, on what dates they were so paid over.

Kistna, Eastern.	North Arcot.
Do. Western.	Nellore.
Presidency.	Godavari, Central.
South Arcot.	Do. Eastern.
Tinnevely.	West Coast.
Madura.	Coimbatore.
Nilgiri.	Ganjam.

Office note from the Examiner, Public Works Accounts, dated Madras, 2nd July 1887, No. 291.

[Your office note, No. 1770 C., dated 23rd May 1887.]

In my office note, No. 222, dated 17th June 1887, I dealt with paragraphs 4 and 6 of Government of India letter, No. 121 A.G., dated 10th May 1887, and stated that the subject of paragraph 5 would be taken up separately. I also referred to the matter in my office note, No. 221, dated 17th June 1887, calling attention to the large number and amount of cheques drawn in the last few days of the year, and to certain connected irregularities.

2. The irregularities which do or may occur in connection with the rushing of expenditure, at the end of the financial year, may be considered under three heads, viz. :—

(a) Ante-dated cheques, i.e., cheques drawn in April, or even May or June and dated 31st March.

(b) Dummy cheques, i.e., cheques drawn on or before 31st March but retained in the Executive Engineer's possession after that date.

(c) Insufficient attention to preliminary formalities, due to hurry and pressure.

3. The suggestion made in paragraph 14 of the Deputy Auditor-General's report on the office of the Examiner, Public Works Accounts, Burma,* referred to in paragraph 5 of Government of India letter above

* "That each Executive Engineer be required to telegraph to the Examiner on the 31st March his total expenditure for that month, with the number of last cheque drawn. And when there are sub-divisions similar information should be furnished by the sub-divisional officer."

quoted, is aimed solely at the first kind of irregularity (a), i.e., at the practice—or the supposed practice—of drawing cheques after the close of the year, and dating them as on the last day of the year, in order to evade the rule as to lapsing of grants. Government has to consider whether it is necessary to provide at all for this description of irregularity, and, if so, how to deal with it.

4. My first impression was, that it was not necessary to make any provision at all; and even now I do not think there is reason to suppose that the practice is adopted by any officer of the Madras Public Works Department; but information given to me confidentially by an officer of the Executive Branch has convinced me that such things have been done before, not perhaps by an officer actually employed at the time in the Public Works Department, but at any rate by one who might any day be so employed, and therefore it may be as well to guard against any repetition of the practice.

5. I do not, however, recommend the adoption of the suggestion made by the Deputy Auditor-General. It is as well to bear in mind what the transaction in question really amounts to. In plain English it is the utterance of a series of deliberate falsehoods—as to which however see also paragraph 8 below—and an officer who is prepared to do this, is not likely to be very particular as to the means of defeating any check introduced in order to prevent it. A check that is easily defeated is worse than useless.

6. The check proposed by the Deputy Auditor-General would I think be defeated by a very simple expedient. At the time when the officer is required to telegraph his total expenditure he knows, to a rupee, what he wants his expenditure to be; during the month—or whatever the time may be—during which he wants to draw and ante-date cheques, even if he cannot, at the time, foresee his payments in sufficient detail to enable him to draw dummy cheques, and so avoid ante-dating. There is nothing whatever to prevent him from telegraphing any sum he chooses, and afterwards making his expenditure up to that amount by ante-dated cheques. The rules of the department require him to keep his cheque book under lock and key (Code paragraph 1612); and if he chooses to draw his cheques himself, nobody will know when he drew them. It is a question of cooking the accounts somehow; and if

he is prepared to cook them at all, he will cook them in a new way when the old way is closed.

7. I think therefore that, whilst the proposed check would certainly be considered as casting an unmerited slur on ninety-nine, or more, officers of a hundred, it would be laughed at by the individuals at whom it was aimed, who indeed would probably find a new pleasure in defeating the check invented for their especial benefit.

8. In my opinion the remedy—if any is required—should be looked for in another direction. However irregular may be the practices occasionally adopted in this connection, they are not adopted with any view to personal benefit. To some slight extent the desire of obtaining credit for spending the grant may perhaps operate; but I am inclined to believe that, as a general rule, an officer who does this sort of thing does it under the mistaken notion that he is helping Government in spite of itself, that is in spite of the rules it has laid down; and that he is really doing the best for the interests committed to his charge; and I believe that a little plain speaking is all that is really necessary to prevent such practices. At present there is not a word about the matter in the code. If it is necessary to do any thing, I would introduce into the code a distinct prohibition of such practices, with a statement in plain English of what they amount to, and of the light in which they are really regarded by Government. I believe that would be quite sufficient.

9. If, however, Government thinks that some positive check is necessary, then I would suggest that every Executive Engineer and every sub-divisional officer having a drawing account, be required to post to the Examiner's address, on the 1st April in each year, under registered cover, an exact transcript of the last two pages of his cash book, the accountant or sub-divisional officer's clerk being responsible for the despatch of the transcript, if the Executive Engineer or the sub-divisional officer should be absent. I am not recommending the adoption of this check: I am only pointing out that, if some positive check is considered necessary, this, in my opinion, is the only one that would be really effectual.

10. Then as to dummy cheques, that is cheques drawn and brought to account, but not paid away. The dummy cheque may be deliberately fabricated, or it may be the result of accident. In the first case the cheque is drawn at a time when, or under circumstances in which, the officer drawing it knows that he would not be justified in paying it away; and he has no intention of paying it away: he only wants to bring the charge to account. This is distinctly prohibited in Code paragraph 1627. In the second case the cheque is drawn with every intention of paying it away, and in circumstances which would fully justify such payment; but some accident prevents it being issued, and it remains in the officer's cash chest. The code is silent as to what should be done in such cases; but in note 5 on Form M-3 the officers of the department are instructed that "a cheque should not be drawn until it is intended to be paid away, and no cheque should be entered in the cash book until it has actually been paid away."

11. Judging from the facts reported in my office note, No. 221, dated 17th June 1887, I see no reason to suppose that in Madras dummy cheques are deliberately fabricated in contravention of Code paragraph 1627. The only case which suggests any thing of this sort is that of certain cheques drawn by the Executive Engineer, Nilgiri division, and "reserved" by him; but from the Executive Engineer's explanation I am satisfied that the cheques were properly drawn and might have been paid away to the contractor as soon as drawn, but that they were held by the Executive Engineer as the agent of the contractor at the request of the latter. I think the proceeding was irregular and objectionable, but there was no contravention of Code paragraph 1627. But though there may be no disregard of Code paragraph 1627, it appears that the latter part of the rule quoted at the end of paragraph 10 is habitually disregarded, and that many cheques are drawn, and improperly brought to account, although actually remaining for days and weeks in the possession of the Executive Engineer, with the result of falsifying the accounts and unduly swelling the expenditure against grants; and it seems not improbable that a considerable number of these

cheques are drawn without any reasonable assurance that there will be an early opportunity of paying them away; and in order to prevent this, the rules on the subject should, I think, be revised and amplified, and should, above all, be introduced into the body of the code, instead of being relegated to the notes on the back of some form.

12. The question is one that is continually arising. It was raised in connection with the inspection of the Nilgiri division last year, *vide* G.O., No. 1340 W., dated 29th May 1886, but without definite result; and again only a few months ago by the Superintending Engineer, III Circle, in his endorsement on a letter from the Executive Engineer, Cuddapah division, *vide* G.O., No. 2898 W., dated 3rd November 1886, but such result as was arrived at in the office note correspondence which ensued was probably communicated to nobody except the Executive Engineer, Cuddapah division. Apparently the view then taken was that the difficulties referred to by the Superintending Engineer were of very rare and exceptional occurrence, and that it was unnecessary to legislate for them. I think this was a mistake. Cases are, I believe, continually occurring in which cheques drawn in accordance with a *bona fide*, though possibly mistaken, interpretation of the code rules, do remain for a long time in the possession of the Executive Engineer or of some subordinate officer; and I think it is very desirable to have a clear understanding as to what is to be done in such cases, and I should be very glad if the matter could be settled before the approaching inspections.

13. Supposing a revision of the rules to be expedient, the first question to be settled is, when may a cheque be drawn? I entirely agree with the Superintending Engineer, III Circle, that the present rule * is impracticable if it is to be strictly interpreted. You cannot insist that an officer shall never draw a cheque until the

* No cheque should be drawn until it is to be paid away.

payee is there, at his side, waiting to receive it. No doubt cheques should not be drawn unless there is a reasonable assurance that an opportunity of handing them to the payees will very shortly occur, or unless there is an intention of at once sending them by post to the address of the payees; but an absolute rule on this point is impracticable. If a contractor has arranged to be present in the afternoon, it surely cannot be considered improper to draw his cheque in the morning, if convenient to the Executive Engineer. For my own part I am not prepared to say that it would necessarily be irregular to draw it the day before, or possibly the day before that—every thing must depend upon circumstances which cannot be provided for by a hard-and-fast rule—and after all the contractor may not turn up at all. The essential thing appears to be that no cheque shall be drawn until all prescribed preliminaries, in respect of measurements, &c., have been completed in such wise that the officer drawing the cheque is satisfied that the cheque may, with propriety, be paid away, *i.e.*, be allowed to pass out of his possession and beyond his control, as soon as he has signed it: an absolute rule on this point is quite practicable. I would therefore introduce into the code two rules, *viz.*, (1) an absolute rule, that no cheque is to be drawn until the officer is satisfied that he may, with propriety, pay it away, as soon as it is drawn, and (2) a caution, that no cheque should be drawn without a reasonable assurance that it will be paid away very shortly.

14. The next question is: when is an entry to be made in the accounts? There are two possible courses, *viz.* :—

- (1) To make the entry only when the cheque is actually paid away; and
- (2) To make the entry when the cheque is drawn, with an understanding that the entry will be cancelled, if the cheque is not actually paid away in a certain time.

I am decidedly of opinion that the first course is the proper one: it is certainly that now prescribed by the code, if the notes on the backs of the code forms may be considered code rules; it is the only plan strictly consistent with the general rule that the public accounts are based on cash and not on liabilities; and I am not aware of any difficulty in carrying it out. Moreover, the alternative plan could not be adopted without the approval of the Government of India.

15. It will, however, be necessary to answer the question put by the Superintending Engineer, III Circle, in his letter to you, No. 1641 of 17th November 1886, *viz.*, "in what form of memorandum or account should the transaction be recorded" during the interval between the drawing of the cheque and the paying of it away. I think this is a matter that should be provided for, and I would require a register to be kept, in each Divisional office, of all cheques drawn, but not actually paid away, and consequently not brought to account; that is to say (1) all cheques retained in the possession of the Executive Engineer and (2) all cheques sent to a sub-divisional officer and not advised by him as actually paid away. The register would be a very simple matter, the only particulars required being the book and cheque numbering, the date of drawing, whether in possession of Executive Engineer or sent to sub-divisional officer, and the amount and date of payment and entry in accounts, with a reference, in case of cheques sent to sub-divisional officer, to the letter or memorandum reporting payment and forwarding voucher. Moreover, if the rules of the code—paragraph 1371 and others—are attended to, the entries in the register should be very few, and incidentally the register would afford a ready means of ascertaining, on the occasion of inspections of Superintending Engineer, and Examiner, whether the rules are observed.

16. I have assumed that a cheque is only *paid away* when it is handed to the payee, or to his authorised agent, or sent by post directly to the address of the payee; and that it is not paid away as long as it remains in the possession, or under the control, of any officer of the department, or is in transit from one officer to another. If Government accept this interpretation, it might be introduced into the code.

17. I must however point out that this interpretation differs from that given by my predecessor in his office note to you, No. 593 of 25th November 1886. He considered that a cheque was paid away when dealt with under paragraph 1912 of the old code—note to paragraph 1371 of the present edition—meaning apparently that it was paid away as soon as despatched to the sub-divisional officer. It would be waste of time to argue as to which of these two interpretations is, in law or in logic, the more accurate; the question is which is the best with reference to the object in view, and if the object is to prevent the fabrication of dummy cheques, the only effectual plan is to refuse to consider a cheque paid away, and so to prevent its being brought to account, as long as it remains in any way under the control of the drawer.

18. If the above proposals are accepted, nothing more will be necessary, from a strictly accounts point of view; but I ought to point out the risk that is run when cheques drawn and signed are unnecessarily retained in the possession of the Executive Engineer or of a subordinate officer. The risk is the same whether the cheque is brought to account or not, and I think that, in the interests of the drawing officers themselves, it would be well to lay down some rule as to the cancelling of cheques retained for more than a certain number of days, as to which also see the above-mentioned correspondence with the Superintending Engineer, III Circle.

19. The third class of irregularity, that resulting from the hurry and pressure consequent on having to pay an abnormally large number of bills in a very short time, is one as to which I have very little to say. It is a thing that can hardly be proved, though there can be very little doubt that it must occur—occasionally at any rate. It is, for instance, almost impossible that 250 bills received in the morning can be properly examined and checked before being paid the same evening, *vide* paragraph 5 of my office note, No. 221, dated 17th June 1887. The only remedy is to distribute over a month or six weeks the work now done in a few days. It is a matter for the Executive, not for the Accounts, Branch to deal with.

Office note from the Examiner, Public Works Accounts, dated Madras, 24th February 1888, No. 1107.

I beg to invite your attention to the remarks made in my office note, No. 291, dated 2nd July 1887, on the subject of rushing expenditure at the end of the year,

and with reference thereto to suggest that, if Government wish to prevent a recurrence of the same this year, it would be well to issue orders at once calling the attention of Superintending Engineers to the necessity of seeing that payment of bills is not deferred until the very end of the year, and that no payments are recorded in the accounts which are not *bona fide*, made and completed within the year, i.e., no entries should be made in cash books except of cash paid or of cheques actually handed over to the contractors or other creditors before the close of the month of March, on account of work actually measured, and for which bills have been received, examined, and passed by the disbursing officer.

ORDER—dated 3rd March 1888, No. 732 W., Public Works.

The Government do not consider it necessary to issue any special orders as regards ante-dating cheques. Every officer must be well aware that under no circumstances can there be any justification for a proceeding which is tantamount to misrepresentation.

2. In the matter of cheques drawn on or before 31st March, but retained in the possession of the Executive Engineer after that date, it is desirable that there should be a definite ruling in the code as to when a cheque *may* be drawn, coupled with a caution that no cheque should be drawn unless there is a reasonable probability that the cheque *will* be paid away very shortly.

3. It should also be understood that a cheque is not to be entered in the accounts until it has actually been paid away; but as delay between drawing and paying is sometimes unavoidable, a register should be kept of all cheques drawn but not paid away and consequently not brought to account.

4. In order that the expression *paid away* may be clearly understood, its interpretation as given by the Examiner of Public Works Accounts will be entered in the code.

"A cheque is only paid away when it is handed to the payee, or to his authorised agent, or sent by post directly to the address of the payee; it is not paid away as long it remains in the possession, or under the control, of any officer of the department, or is in transit from one officer to another."

5. With regard to the general question of rushing expenditure at the end of each official year, while fully aware of the difficulties with which officers have to contend in order to avoid the lapse of grants, the Government must impress upon Superintending Engineers and all concerned, the necessity of using every effort to distribute expenditure equally throughout the working season, and they have no doubt that a great improvement in this direction can be effected.

6. The Secretary to the Code Committee will draw up the draft rules embodying the spirit of these orders, for introduction into the Public Works Code.

(True Extract.)

(Signed) H. R. MEAD, Colonel, R.E.,
Joint Secretary to Govt., P.W.D.

To Superintending Engineers.
To the Examiner, Public Works Accounts.
" Consulting Architect to Government.

C. E. for Sanitation

Exd. A. Aubert.
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GENERAL
ACCOUNT.

Govt. of 1888 Madras.
PUBLIC WORKS.

Dated March, 3rd.

Recd.

Encl.

G.O., 3rd March 1888, No. 732 W.

MARCH.

Rushing expenditure at the
close of a year

Passing orders on the subject of

12TH SEPTEMBER 1887, No. 2450 W., PUBLIC WORKS.

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GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

General.
Account.

READ—the following papers:—

From Colonel R. C. B. PEMBERTON, R.E., Secretary to the Government of India, Public Works Department (Account-General), to the Secretary to the Government of Madras, Public Works Department, dated Simla, 10th May 1887, No. 121 A.G.

I am directed to forward herewith, for the information of the Government of Madras, a copy of a report of an inspection of the office of the Examiner of Public Works Accounts, Madras, made in January and February last by the Deputy Auditor-General together with the remarks of the Comptroller-General thereon.

2. I am to express the satisfaction of the Government of India in regard to the general tenor of the report which shows the office to be in good working order.

3. The Accountant-General, Public Works Department, has addressed the Examiner on points which relate to the work of his own office, but I am to invite the attention of the Madras Government to the following points.

4. Paragraphs 12 & 13, *Furniture of Government Houses in the Madras Presidency*.—I am to forward herewith a copy of rules that have been recently drawn up for the supply, repair and custody of furniture for Viceregal residences, and to request that, for sake of uniformity, the same classification and procedure may be observed in connection with the residences of His Excellency the Governor.

5. Paragraph 23, *Practice of rushing expenditure in March*.—The procedure referred to by the Deputy Auditor-General is described in the accompanying extract from his report on the Rangoon Public Works Office of Account. It is left to the discretion of the Madras Government to take any action it thinks proper in this matter. The suggestion of Mr. Byrne will cause the cash book to be closed at the proper date.

6. Paragraph 24, *Delay in adjusting claims for want of funds*.—The principles laid down in Civil Account Code, volume I, chapter 9, paragraphs 11 and 12, should be generally followed.

ENCLOSURES.

EXTRACT of paragraphs 12 and 13 of the Audit and Inspection Report of the Office of the Examiner of Public Works Accounts, Madras, for 1884-85.

12. *Furniture charges*.—An estimate for Rs. 5,000 was included in the budget of 1884-85, on account of furniture charges for Government House. The following are some of the items taken against the grant, viz.:—

- (a) Tuning and repairs to Government House piano.
- (b) Champagne, wine, claret and finger glasses and peg-tumblers.
- (c) Irish-linen napkins, pillow-cases, and lace curtains.
- (d) Child's iron cot for the bungalow in Government House occupied by the Medical officer.

It is understood that in other Presidencies and Provinces such charges are paid by the Civil department, and debited against the fixed annual allowance on this account. In this Presidency

12. *Cash balance reports.*—It will be seen that the Henzada cash balance report was received on the 23rd April, although that station is only two days' post from Rangoon, while the report of the latter was received on the 16th idem. It may be added that Thayetmyo had an outstanding balance of Rs. 12,582 on the last day of the year, and this is the exact sum for which cheques were drawn on the 31st March. In the Arakan division the figures were respectively Rs. 51,522 and Rs. 50,435.

13. *Cash books.*—As a rule, the cash balance reports are received about the 5th or 6th of the following month, and the cash accounts about a week after. But for March the former were much later and the cash accounts were later still. It is to be feared, therefore, that the cash books were not closed on the 31st March, just as they are at the end of every other day, but were deliberately kept open in order that the cheques drawn in April might be shown against the budget grants of the previous year.

14. *Suggestion made.*—In these circumstances I would venture to suggest that each Executive Engineer be required to telegraph to the Examiner on the 31st March his total expenditure for that month, with the number of last cheque drawn. And where there are sub-divisions, similar information should be furnished by the sub-divisional officer. If this be done, the practice of rushing expenditure in March, to evade the lapse of the budget grant, will to a great extent be stayed.

EXTRACT of paragraph 24 of the Audit and Inspection Report of the Office of the Examiner of Public Works Accounts, Madras, for 1884-85.

24. *Appropriations made late.*—In connection with this matter, it should be mentioned that some time ago the Public Works Department obtained 551 tons of teak timber from the Conservator of Forests, Pegu, at a cost of Rs. 60,000. An application for funds to meet the charge was thereupon made by the Examiner. But this Government ruled that—

"No funds are available at present. The adjustment of the bill for the cost of timber will, if possible, be postponed till late in the current official year."

The procedure would, however, appear to be opposed to the Civil Account Code which says that—
"Money indisputably payable should never be left unpaid; and that money paid should under no circumstances be kept out of the accounts a day longer than is absolutely necessary. It in no way promotes economy to postpone inevitable payments; and it is an object of great importance to ascertain, liquidate, and record payment of all actual obligations at the earliest possible date."

Office note from the Examiner, Public Works Accounts, dated Madras, 17th June 1887, No. 222.

Your office note, No. 1770 C., dated 23rd May 1887.

Adverting to paragraph 4 of the Government of India letter, the adoption of the rules as requested by Government of India is very desirable from an account point of view. They would remove all doubts as to the description of articles to be supplied by the department, regularise the purchases, ensure the safe custody of articles purchased and regulate the proper disposal and accounting for unserviceable articles.

2. Proposals by this office to bring the furniture of the Government houses at Madras, Guindy and Ootacamund on the Executive Engineer's returns were negatived in paragraph 5 of G.O., No. 762, dated 8th March 1883, and in paragraph 6 of G.O., No. 784 W., dated 10th March 1883. And again proposals to introduce rules somewhat similar to those under consideration which are now contained in Government of India Code, chapter XI, paragraphs 12 and 13, and appendix P., were also negatived in Chief Engineer's office note, No. 326 E., dated 4th September 1883.

3. From the memorandum by the Private Secretary to His Excellency the Governor forwarded under cover of your office note, No. 1873 D., dated 29th August 1883, it would appear that the objection to accept the proposals above referred to probably arose from a disinclination to assimilate the procedure in Madras to that prescribed for Lieutenant-Governors and Chief Commissioners; the procedure now proposed is that prescribed for furniture of Viceregal residences, and probably therefore the objection will no longer apply.

4. The communication now received appears to be practically an order to adopt the procedure in question, and if this procedure is objected to, it will be necessary to address Government of India.

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5. The subject of paragraph 5 of Government of India letter will be separately disposed of.

6. As regards paragraph 6 in the case referred to the proposal to defer liquidation of liabilities was made by Government (*vide* G.O., No. 95 W., dated 11th January 1886), but as a matter of fact the debit was accepted as soon as it appeared in the Civil Exchange Accounts, and there was therefore no delay. If Government approve, a draft standing order embodying the rules contained in volume I, chapter 9, paragraphs 11 and 12, of the Civil Account Code, will be submitted.

(Signed) C. H. P. CHRISTIE, Major, R.E.,
Examiner, Public Works Accounts.

ORDER—dated 12th September 1887, No. 2450 W., Public Works.

Paragraph 2 of the letter from the Government of India above recorded will be communicated to the Examiner, Public Works Accounts, with an expression of the satisfaction of this Government at the result of the inspection of his office.

2. Paragraph 4, with copy of the rules referred to therein, will be forwarded to the Military Secretary to His Excellency the Governor for remarks.

3. The question of adopting measures to prevent the practice of rushing expenditure in the last month of the official year will be considered separately.

4. As regards delay in the adjustment of claims when funds are not available, the Examiner will submit, for approval, a draft standing order embodying the rules contained in volume I, chapter 9, paragraphs 11 and 12, of the Civil Account Code.

5. Ordered that a copy of these proceedings be forwarded to the Government of India.

(Here enter No. 2451 W., dated 12th September 1887.)

(True Extract.)

(Signed) J. O. HASTED, Colonel, R.E.,
Secretary to Govt., P.W.D.

To the Examiner, Public Works Accounts.
" Military Secretary to His Excellency the Governor.
" Superintending Engineer, IV Circle.
" " " V "

Exd. J. Moses.
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GENERAL
ACCOUNT.

Govt. of (1887) Madras.
PUBLIC WORKS.

Dated September, 12th.

Recd.

Encl.

G.O., 12th Sept. 1887, No. 2450 W.

SEPTEMBER.

Inspection of the Office of the
Examiner, Public Works
Accounts

Orders on letter from the Government of
India forwarding, with remarks, copy of a
report of an —, in January and February
1886, by the Deputy Auditor-General.

c A W.

Signature copies
of Memo No 453
5439 with original
is herewith sent
for signature of
E. W. and issue to
the officers concerned.

In the signature
copies, the number of
spare copies to
be sent to each of
the officers is
marked in pencil

spare copies are
sent in separate
cover.

R. P.

16/9/87

He
to forwarding the
signature copies to
W. Please keep

brief statement
in office

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When signed
copies are made
they are then
copied and
despatched
from there

Ct
17.9.87

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GOVT.
OF MADRAS.

1887.

{ P. W.
DEPT.

EXAMINER, P. W. ACCOUNTS.

Madras, 17th June 1887.

732 OFFICE NOTE No. 221.

To

W

In G. O. No. 597 W. dated 8th March
1882 Government passed orders on
a report from this Office regard-
ing the large number of cheques
drawn at the close of the financial
year 1880-81. Since then this
matter has apparently received
no special attention, and, as shown in

Year	No. of Cheques	Amount. Rs.
1880-81	732	2,53,358.
1881-82	753	2,37,265.
1882-83	1285	5,09,003.
1883-84	1121	4,32,226.
1884-85	1115	5,13,935.
1885-86	1043	3,53,298.
1886-87	1428	7,05,684.

in the margin,
the cheques drawn
in the last few
days of the year,
remaining uncashed
at the end of the

year, have risen, from 732 cheques
aggregating Rs. 2,53,358 in 1880-81,
to 1428 cheques aggregating Rs. 7,05,684
in 1886-87.

2. When the cash-balance state-
ments for March 1887 began to arrive,

it

KEEP-WITH

Genl. No.

dated

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it became apparent that it would be well to bring the matter again to the notice of Government, and desiring - when doing so - to be in a position to say definitely whether these transactions involved any serious irregularity, over and above the exceptional rate of expenditure at the end of the year, I requested the Executive Engineers of the divisions noted in

Kistna Eastern	the margin - divisions in which the balance of uncashed cheques at the end of the year was most exceptionally heavy - to state, with reference to cheques drawn on the 30 th and 31 st
Kistna Western	
Presidency	
South Arcot	
Simnerville	
Madura	
Nilgiri	
North Arcot	
Nellore	
Godavari Central	
Godavari Eastern	
West Coast	
Coimbatore	
Ganjam	

March, whether such cheques were made over to the payees on the same dates, and if not on what dates they were so paid over.

3. The replies received from the Kistna Eastern, Kistna Western, South Arcot, Simnerville, Godavari Central, Godavari Eastern, Ganjam, marginally noted Divisions, are to the effect that the cheques in question were made over to the payees, or despatched by post to their several addresses, on the dates on which they were drawn.

4. The replies received from other divisions as noted in the margin, are not equally satisfactory. I give below in parallel columns, either the substance of the replies, or extracts therefrom, and ^{my comments} ~~comments~~ thereon.

5. Presidency Division. In this case it would seem that cheques were all made over to the Executive Engineer on the 2nd and 4th April - Saturday and Monday - near must have known that many of the cheques thus hurriedly drawn at the end of the year would not be paid away, and if the 250 bills

was not closed until received in the
 the 13th April, owing morning were all
 to pressure of work, to be examined
 about 250 bills having before the cheques
 been received in the forenoon of the
 the forenoon of the 31st March. Cheques were drawn in
 were being drawn late at night -
 until a late hour I doubt whether
 at night, all other the examinations
 work being set aside could have been
 quite what the
 Code contemplates

6. Ramnath Division

The Executive Engi-
 neer reports that
 in the Ramnath
 Sub Division 16
 (out of 26) cheques
 were sent for delivery in contravention
 through an Upper of Code Forms Book,
 Subordinate, and N. M. 3. Note 5.
 that (of the 16) -
 thirteen were deliv-
 ed somewhere -
 between the 13th and
 27th April, whilst
 the remaining -
 three ^{three} ~~four~~ apparently
 had not been
 delivered at the
 date of writing i.e.
 13th May, 1887.

7. Nilgiri Division

The Executive
 Engineer gives
 details of which
 the following is a
 summary.

Date of Issue	No of Cheques	Amount
April 1	4	9,749
" 2	1	1,000
" 3	1	1,000
" 4	7	18,957
" 13	1	2,063
" 20	1	74
" 27	2	2,000
May 2	2	2,000
Not paid away at date of writing i.e. 6 th May	4	3,253

Seven cheques for Rs. 10,000
 each were reserved
 at the request of the
 payee, Messrs
 Richardson and
 Craddock. Three of
 these had not been
 paid away on the
 6th May.

The statement that
 cheques were
 reserved at the
 request of payee,
 seems to imply
 that they were
 drawn with the
 express intention
 of keeping them.
 Such a proceeding
 is distinctly
 irregular. The
 cheques paid
 away on the 2nd
 and 3rd April
 were two of the

reserved cheques.
 As to the remain-
 ing cheques it
 would seem
 probable that they
 were drawn either
 with the intention
 of keeping them,
 or without a
 sufficient assurance
 of the attendance
 of contractors to
 receive them. If
 arrangements were
 made and fell
 through any entries
 based on the
 cheques should
 have been cancell-
 ed.

8. Nellore Division

The Executive Eng. The irregularity
never reports that in this Division is
the cheques were comparatively
made over to trifling
Contractors up to the
3rd April 1897 as the
Contractors presented
themselves

9. West Coast Division

Cheques were made
over to payees on
dates of drawing,
except in case of
absent contractors
when cheques were
sent by post.
"The delay however
in sending cheques
by post continued
up to 9th April, as
there was hardly
time before the
close of the Official
year to make fair
copies of bills and
extracts from
measurement books
for the signature
of the Contractors"

The cheques should
not have been
drawn
until the necessary
preliminaries were
completed.

10. Coimbatore Division

There was no
irregularity in the
Divisional Office
or in the Coimbatore
Sub Division. In
the Erode Sub-
Division one cheque
was

The irregularity is
small.



was delivered on
the 1st and one on the
6th April.

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In the Salem Sub Most of the cheques
Division 18 cheques should probably
were kept in the not have been
office for periods drawn until
ranging up to the April.
19th April.

11. North Arcot.

The Executive Eng. The irregularity
never reports that is small.
cheques were being
sent by post up
to the 4th April.

12. It would perhaps have been
better if I had in the first
instance put the same inquiries
to all Divisions, but Government
will see that - judging by the
divisions as to which information
has been obtained - apart from
the rush to spend money at
the very end of the year, and
the consequent hurried drawing
of cheques, involving, it is to be
feared, in some cases at any rate,
insufficient compliance with the
code rule as to preliminary
formalities, there has been no
very noticeable irregularity

except.

except in the Nilgiri and West Coast Divisions, and in the Salem Sub Division of Coimbatore and even in this Division I have no doubt that the officers concerned acted upon a bonâfide, ^{though mistaken} view of the rules.

13. In the Ramnad Division the sending of cheque through an Upper Subordinate, who was not a Sub Divisional Officer, was of course an irregularity. (vide Code para 1371); but it is not an irregularity which need be specially noticed in this connection.

14. In other Divisions the retention of cheques does not seem to have extended beyond a few days.

15. The Code rule on the subject, as laid down in note 5 on Form N. No. 3, is, in my opinion, very clear. It is that "a cheque should not be drawn until it is intended to be paid away, and no cheque should be entered in the cash-book until it has actually been paid away" and if a cheque is drawn and cannot be paid away, any account entries

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5 1/2
entries inadvertently and irregularly made in connection with such a cheque should in strictness be cancelled at once, and should certainly be cancelled if the cheque is not paid away before the end of the month, and especially before the end of the last month of the financial year.

16. I am bound however to add that, however clear the rule may be, it does not cover the whole of the ground, and in my opinion, it is not altogether a practicable rule. I had intended, in connection with this report, to suggest modifications which seem to me desirable: but the reference made to me under your Orderment N. 1770 C dated 23rd May 1887 on Government of India letter forwarding for consideration a suggestion of the Deputy Auditor General, has independently raised the question of measures for checking the rushing of expenditure at the end of the year, and I now propose

*vide Cl. 4665

propose to deal with ^{the} whole is
question in connection with that
reference. It will probably be
well to defer action on this note
until receipt of my reply to the
above mentioned reference

[Signature]

G.O. No 5974. 27.3.82. C.

Ch.
10/6.
87.
16/6.

P.W.C. No 4654

R. 18.6.87

Vide C.O. 4665.

6.29.7.87.

6P
[O. No. 8.]

GOVT.
OF MADRAS. }

1887.

{ P. W.
DEPT.

EXAMINER, P. W. ACCOUNTS.

Madras, 1st July 1887.

OFFICE NOTE No. 291.

To

Enclo.

W.

Your O. N. No. 1770 C. dated 23rd
May 1887.

In my O. N. No. 222 dated 17th.

June 1887, I dealt with paras 4 and 6
of Govt. of India letter No. 121 A. G.
dated 10th. May 1887, and stated that
the subject of para 5 would be
taken up separately. I also referred
to the matter in my O. N. No. 221 dated
17th. June 1887, calling attention to
the large number and amount of
cheques drawn in the last few days
of the year, and to certain connected
irregularities.

2. The irregularities which do
or may occur in connection with the
rushing of expenditure, at the end of
the financial year, may be considered
under three heads, viz; -

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dated

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+ C.O. 4664, 4665 with B.

(a) Ante-dated cheques, i. e. cheques drawn in April, or even May or June and dated 31st. March.

(b) Dummy cheques, i. e. cheques drawn on or before 31st. March but retained in the Executive Engineer's possession after that date.

(c) Insufficient attention to preliminary formalities, due to hurry & pressure.

3. The suggestion made in para 14 of the Dy. Auditor General's

report on the Office of the Examiner

P. W. Accounts Burma, referred to in

para 5 of Govt. of India letter

above quoted, is aimed solely at

the first kind of irregularity (a),

i. e. at the practice — or the

supposed practice — of drawing

cheques after the close of the

year, and dating them as on the

last day of the year, in order to

evade the rule as to lapsing of

grants. Govt. has to consider

whether it is necessary to provide

at all for this description of

irregularity, and if so, how to deal with it.

4. My first impression was, that it was not necessary to make any provision at all; and even now

* "That each Executive Engineer be required to telegraph to the Examiner on the 31st. March, his total expenditure for that month, with the number of last cheque drawn. And when there are Sub-Divisions similar information should be furnished by the Sub-Divisional Officer."

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I do not think there is reason to suppose, that the practice is adopted by any Officer of the Madras P. W. D.; but information given to me confidentially by an Officer of the Executive Branch has convinced me that such things have been done before, not perhaps by an Officer actually employed at the time in the P. W. D., but at any rate by one who might any day be so employed, and therefore it may be as well to guard against any repetition of the practice.

5. I do not however recommend the adoption of the suggestion made by the Dy. Auditor General. It is as well to bear in mind what the transaction in question really amounts to. In plain English it is the utterance of a series of deliberate falsehoods — as to which however see also para 8 below — and an Officer who is prepared to do this, is not likely to be very particular as to the means of defeating any check introduced in order to prevent it. A check that is easily defeated is worse than useless.

6. The check proposed by the Dy. Auditor General would I think be defeated by a very simple expedient. At the time when the Officer is required to telegraph his total expenditure he knows, to a rupee, what he wants his expenditure to be; he also knows fairly well what payments in the aggregate he will be able to make during the month — or whatever the time may be — during which he wants to draw and ante-date cheques, even if he cannot, at the time, foresee his payments in sufficient detail to enable him to draw dummy cheques, and so avoid ante-dating. There is nothing whatever to prevent him from telegraphing any sum he chooses, and afterwards making his expenditure up to that amount by ante-dated cheques. The rules of the Department require him to keep his cheque book under lock and key (Code para 1612); and if he chooses to draw his cheques himself, nobody will know when he draw them. It is a question of cooking the accounts somehow; and if he is prepared to cook them at all, he will cook them in a new

way

8P
way when the old way is closed.

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7. I think therefore that, whilst the proposed check would certainly be considered as casting an unmerited slur on ninety-nine, or more, Officers out of a hundred, it would be laughed at by the individuals at whom it was aimed, who indeed would probably find a new pleasure in defeating the check invented for their especial benefit.

8. In my opinion the remedy — if any is required — should be looked for in another direction. However irregular may be the occasionally adopted practices in this connection, they are not adopted with any view to personal benefit. To some slight extent the desire of obtaining credit for spending the grant may perhaps operate; but I am inclined to believe that, as a general rule, an Officer who does this sort of thing, does it under the mistaken notion that he is helping Govt. in spite of itself, that is in spite of the rules it has laid down; and that he is really doing the best for the interests committed to his charge;

and I believe that a little plain speaking is all that is really necessary to prevent such practices.

At present there is not a word about the matter in the Code. If it is necessary to do any thing I would introduce into the Code a distinct prohibition of such practices, with a statement in plain English of what they amount to, and of the light in which they are really regarded by Govt. I believe that would be quite sufficient.

9. If however Govt. thinks that some positive check is necessary, then I would suggest that every Executive Engineer and every Sub-Divisional Officer having a drawing account, be required to post to the Examiner's address, on the 1st April in each year, under registered cover an exact transcript of the last two pages of his cash book; the Accountant — or Sub-Divisional Officer's clerk — being responsible for the despatch of the transcript, if the Executive Engineer — or the Sub-Divisional Officer — should be absent. I am not recommending the adoption of this check; I am only pointing

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out that, if some positive check is considered necessary, this, in my opinion, is the only one that would be really effectual.

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10. Then as to dummy cheques; that is cheques drawn and brought to account, but not paid away. The dummy cheque may be deliberately fabricated, or it may be the result of accident. In the first case the cheque is drawn at a time, when, or under circumstances in which, the Officer drawing it knows that he would not be justified in paying it away; and he has no intention of paying it away; he only wants to bring the charge to account. This is distinctly prohibited in Code para 1627. In the second case the cheque is drawn with every intention of paying it away; and in circumstances in which would fully justify such payment; but some accident prevents it being issued, and it remains in the Officer's cash chest. The Code is silent as to what should be done in such cases; but in note 5 on Form M.3 the Officers of the Department are instructed that "a cheque should not be drawn until it is intended

to be paid away, and no cheque should be entered in the cash book until it has actually been paid away."

II. Judging from the facts reported in my O. N. No. 221 dated 17th. June 1887 I see no reason to suppose that in Madras dummy cheques are deliberately fabricated in contravention of Code para 1627. The only case which suggests any thing of this sort, is that of certain cheques drawn by the Executive Engineer Nilgiri Division and "reserved" by him; but from the Executive Engineer's explanation I am satisfied that the cheques were properly drawn and might have been paid away to the Contractor as soon as drawn, but that they were held by the Executive Engineer as the agent of the Contractor at the request of the latter. I think the proceeding was irregular, and objectionable, but there was no contravention of Code para 1627. But though there may be no disregard of Code para 1627, it appears that the latter part of the rule quoted at

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the end of para 10 is habitually disregarded, and that many cheques are drawn, and improperly brought to account, although actually remaining for days and weeks in the possession of the Executive Engineer, with the result of falsifying the accounts and unduly swelling the expenditure against grants; and it seems not improbable that a considerable number of these cheques are drawn without any reasonable assurance that there will be an early opportunity of paying them away; and in order to prevent this, the rules on the subject should I think be revised and amplified, and should, above all, be introduced into the body of the Code, instead of being relegated to the notes on the ~~back~~ ^{back} of some form.

12. The question is one that is continually arising. It was raised in connection with the inspection of the Nilgiri Division last year, vide G. O. No. 1340 W. dated 29th. May 1886, but without definite result; and again only a few months ago, by the Supg. Engineer 3rd. Circle in

in his endorsement on a letter from the Executive Engineer Cuddapah Division, vide G. O. No. 2898 W. dated 3rd. November 1886, but such result as was arrived at in the O. N. correspondence which ensued, was probably communicated to nobody except the Executive Engineer Cuddapah Division. Apparently the view then taken was that the difficulties referred to by the Supg. Engineer were of very rare and exceptional occurrence, and that it was unnecessary to legislate for them. I think this was a mistake. Cases are, I believe, continually occurring in which cheques drawn in accordance with a bona fide ^{bona fide} though mistaken interpretation of the Code rules, do remain for a long time in the possession of the Executive Engineer or of some subordinate Officer; and I think it is very desirable to have a clear understanding as to what is to be done in such cases, and I should be very glad if the matter could be settled before the approaching inspections.

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*
No cheque should be drawn until it is to be paid away.

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13. Supposing a revision of the rules to be expedient, the first question to be settled is: when may a cheque be drawn? I entirely agree with the Supg. Engineer 3rd Circle that the present rule is impracticable if it is to be strictly interpreted. You cannot insist that an Officer shall never draw a cheque until the payee is there, at his side, waiting to receive it. No doubt cheques should not be drawn unless there is a reasonable assurance that an opportunity of handing them to the payees will very shortly occur, or unless there is an intention of at once sending them by post to the address of the payees; but an absolute rule on this point is impracticable. If a Contractor has arranged to be present in the afternoon, it surely cannot be considered improper to draw his cheque in the morning, if convenient to the Executive Engineer. For my own part I am not prepared to say that it would necessarily be irregular to draw it the day before or possibly the day before that — every thing must depend upon circumstances which

which cannot be provided for by a hard and fast rule — and after all the Contractor may not turn up at all. The essential thing appears to be that that no cheque shall be drawn until all prescribed preliminaries, in respect of measurements etc.,

have been completed in such wise that the Officer drawing the cheque is satisfied that the cheque may with propriety be paid away, i.e. be allowed to pass out of his possession and beyond his control, as soon as he has signed it:

an absolute rule on this point is quite practicable. I would therefore introduce into the Code two rules, viz (1) an absolute rule, that no cheque is to be drawn until

the Officer is satisfied that he may with propriety, pay it away, as soon as it is drawn; and (2) a caution, that no cheque should be drawn without a reasonable assurance that it will be paid away very shortly.

14. The next question is: when is an entry to be made in the accounts? There are two possible

courses

viz: -

(1) to make the entry only when the cheque is actually paid away; and

(2) to make the entry when the cheque is drawn, with an understanding that the entry will be cancelled, if the cheque is not actually paid away in a certain time.

I am decidedly of opinion that the first course is the proper one it is certainly that now prescribed by the Code, if the notes on the backs of the Code forms may be considered Code rules; it is the only plan strictly consistent with the general rule that the public accounts are based on cash and not on liabilities; and I am not aware of any difficulty in carrying it out. Moreover the alternative plan could not be adopted without the approval of the Govt. of India.

15. It will however be necessary to answer the question put by the Supg. Engineer 3rd Circle in his letter to you No. 1641 of 17th November 1888, ^{namely} "in what form of memo or account should the transaction be recorded" during the interval

between

between the drawing of the cheque and the paying of it away. I think this is a matter that should be provided for, and I would require a register to be kept, in each Divisional Office, of all cheques drawn, but not actually paid away, and consequently not brought to account; that is to say (1) all cheques retained in the possession of the Executive Engineer and (2) all cheques sent to a Sub-Divisional Officer and not advised by him as actually paid away. The register would be a very simple matter, the only particulars required being the book and cheque numbering, the date of drawing, whether in possession of Executive Engineer or sent to Sub-Divisional Officer, and the amount and date of payment and entry in accounts, with a reference, in case of cheques sent to Sub-Divisional Officer, to the letter or memo reporting payment and forwarding voucher. Moreover if the rules of the Code — para 1371 and others — are attended to, the entries in the register should be very few, and incidentally the

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register would afford a ready means of ascertaining, on the occasion of inspections of Supp. Engineer, and Examiner, whether the rules are observed.

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16. (I have assumed that) a cheque is only paid away when it is handed to the payee, or to his authorized agent, or sent by post directly to the address of the payee; and that it is not paid away as long as it remains in the possession, or under the control, of any Officer of the Department, or is in transit from one Officer to another. If Government accept this interpretation, it might be introduced into the Code.

17. I must however point out that this interpretation differs from that given by my predecessor in his O.N. to you No. 593 of 25th November 1886. He considered that a cheque was paid away when dealt with under para 1912 of the old Code — note to para 1371 of the present edition — meaning apparently that it was paid away as soon as despatched to the Sub-Divisional Officer.

It would be waste of time to argue as to which of these two interpretations is, in law or in logic, the more accurate; the question is which is the best with reference to the object in view, and if the object is to prevent the fabrication of dummy cheques, the only effectual plan is to refuse to consider a cheque paid away, and so to prevent its being brought to account, as long as it remains in any way under the control of the drawer.

18. If the above proposals are accepted nothing more will be necessary, from a strictly accounts point of view; but I ought to point out the risk that is run when cheques drawn and signed are unnecessarily retained in the possession of the Executive Engineer or of a subordinate Officer. The risk is the same whether the cheque is brought to account or not, and I think that, in the interests of the drawing Officers themselves, it

would be well to lay down some rule as to the cancelling of cheques retained for more than a certain number

14/P
number of days, as to which also see the above mentioned correspondence with the Supd. Engineer 3rd Circle.
19. The third class of irregularity, that resulting from the hurry and pressure consequent on having to pay an abnormally large number of bills in a very short time, is one as to which I have very little to say. It is a thing that can hardly be proved, though there can be very little doubt that it must occur -- occasionally at any rate. It is, for instance, almost impossible that 250 bills received in the morning can be properly examined and checked before being paid the same evening, vide para 5 of my O.N. No. 221 dated 17th June 1887. The only remedy is to distribute over a month or six weeks the work now done in a few days. It is a matter for the Executive, not for the Accounts Branch to deal with.

73²
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C. S. G.

C.

PWC No 5092

B. No 3166 W. 30. 11. 86
 " 2982 W. 12. 11. 84
 " 2898 W. 3. 11. 86
 Q. C. 2391 W. 21. 9. 86
 " 1477 W. 11. 6. 86.
 " 1340 W. 29. 5. 86
 " 2254 W. 8. 9. 86
 W. 2728 C. 9. 8. 86
 Q. C. 2254 W. 8. 9. 86
 W. 2469 C. 14. 7. 86
 Q. C. 1477 W. 11. 6. 86

No 836 C. 30. 3. 81 No 2764 D. 5. 12. 85
 " 597 W. 3. 82 " 2950 W. 9. 12. 85
 " 2821 W. 14. 11. 81 " 2119 C. 11. 12. 85
 " 1416 W. 6. 6. 82 " 95 W. 11. 1. 86.
 " 1477 W. 11. 6. 86 " 274 W. 1. 2. 86.
 " 2469 C. 14. 7. 86 " 1770 C. 23. 5. 87
 " 2254 W. 8. 9. 86 " 2450. 16. 12. 9. 87
 " 2769 W. 21. 10. 86 " 543 D. 8. 9. 87
 " 940 W. 22. 3. 83 " 542 D. 8. 9. 87
 " 1030 W. 21. 4. 86 " 156 C. 12. 1. 88.
 " 1340 W. 29. 5. 86
 " 1477 W. 11. 6. 86
 " 2391 W. 21. 9. 86
 " 2898 W. 3. 11. 86
 " 2982 W. 12. 11. 86.
 " 3166 W. 30. 11. 86
 " 4113 C. 22. 11. 86
 " 2283 C. 17. 7. 87
 " 326 D. 11. 9. 83
 " 2594 W. 12. 10. 84.
 " 2668 W. 29. 10. 84
 " 2209 W. 18. 9. 84
 " 2509 W. 10. 10. 84
 " 2583 W. 18. 10. 84
 " 52 W. 8. 1. 85
 " 2247 D. 3. 10. 85
 " 2372 D. 20. 10. 85

4. 29. 7. 87

4. 4. 7. 87

B

C. No: 4664.

C. No 5092

Sl. No 732

These papers refer to the question of rushing expenditure towards the end of the year and drawing cheques irregularly with this object.

The intention seems to be that the matter shall be discussed by the Code Committee together with the question of payments by Sub. divisional officers and in circulation with the Committee. vide office note 156 C. 12. Jan. 88.

The files should be connected on return to the office of the papers now in Circ. (to Board Head).

10. 2. 88

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1888

Office Note No. 1107

Madras, 24 February 1888.

I beg to invite your attention to the remarks made in my office note No. 291 dated 3rd July 1887, on the subject of rushing expenditure at the end of the year, and with reference thereto to suggest that, if Govt. wish to prevent a recurrence of the same this year, it would be well to issue orders once calling the attention of app. Engineers to the necessity of seeing that payment of bills is not deferred until the very end of the year, and that no payments are recorded in the accounts which are not bona fide made and completed within the year, i.e. no entries should be made in cash books except of cash paid or of cheques actually handed over to the contractors or other creditors before the close of the month of March, on account of work actually measured, and for which bills have been received, examined and passed by the disbursing officer.

C.

C. No. 1829.

To L. W.

The attached note
of 10.2.88 explains why
this subject has been
held over. A separate
disposal was made some
months back, and can
now issue if thought
desirable.

The file on the subject
of payments by Subdivisional
officers is still in cir-
culation with the Code Com-
mittee. (for meat).

32 N.S.
28.2.88

The document made in July
last, can issue - I see
no reason for any alterations
in the draft.

W. W.
W. 2. 88

L

Settlement of the question —
if there is to be any change
shall be left until you return
to the plains, and I am therefore
now writing to ask you to
defer any final action on
Office notes 222 of 17.6. and
of 2.7.87 (in which the question
of payment is more or less
involved) until next of

732/8
your No 2283 - C. of 7th,
then if you agree to the
movement, the whole batch of
notes can be put off until you
are not troubled by now with
detailed statement of my
view for the proposal, but
only say that the question is
very complicated one, and

Yrs truly
 Chas. Sumner
 I shall I. comm. you reasons
 when writing officially.

6. 29. 2.87.

Madras, 21 July

188

They were Halted,
 I see that the succeeding
 question of payments (Article 13)
 has come up again — your
 Document No. 2283-C of 7th
 instant.

I shall reply ^{promptly} in due order to
your endorsement, and, as far as
I can see at present I shall
happily suggest that the definite

[illegible]

Note by B

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In para 5 of the Govt
of India letter No. 121 S.G.
dated 10th May 1887 an
extract of the Deputy
Auditor General's report
on the Rangoon Account
Office as regards such
of expenditure in March
or last month of every
official year is forwarded
leaving to the discretion
of the local Government
to take any action it
thinks proper. See that

extract it is suggested
that in order to prevent
in a great measure the
existing practice of
pushing expenditure in
March, every Executive
Engineer be required
to telegraph, to the
Examiner of P. W. Accts,
on the 31st March/87
his total expenditure
for the month with
the number of the last
cheque or cheques issued
by him so that the
Cash Book may be

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closed on the proper
date namely 31st March
of every year. This
suggestion was
referred to the Exr.
P. W. Accounts for
remarks.

He submits a
statement for the
years 1880-81 to 1886-87
showing increase in
the number of cheques
drawn within the
last few days in
the year but not
cashed till long.

after the expiry of
that year. In this
statement the Examiner
points out that from
732 cheques aggregating
Rs 253,358 in 1880-81

the number has increased
to 1428 cheques aggregating
Rs 705,684 in 1886-87.

The increase he alludes

to want of special
attention in the

matter after the
issue of G.O. No. 5974

dated 8th March 1882.

But from statement A

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33

compiled from the
Finance accounts for
those years it will
be noticed that the
expenditure under
heads for the Presidency
increased from 54,27,057
to 85,13,703 in 1885-86,
the accounts for 1886-87
being still under
compilation by the
Examiners. It may be
said therefore that
the increase in the
number of cheques
referred to by it.

Examiner is for the
greater part at least
due to the increase in
the total outlay in the
spending years.
principle however
it is irregular no
doubt whether the practice
is in small or large
scale and measures
should be adopted
to avoid rush of
expenditure towards
the end of every official
year.

In his office note

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No. 29, dated 2-7-87. the
Examiner of Mr. Aceto
dwells at length on
this subject and
considers the irregularity
under the following
3 classes.

- (a) Anti-dated Cheques
- (b) Dummy Cheques
- (c) Insufficient attention
to preliminary formalities
due to hurry and
pressure.

The Examiner's remarks
in this connection reflect
to some extent on the
Executive Engineers in
charge of drawing accounts.
His suggestion to require

Divisional officers to send
under registered cover
on the 1st April of
every year, an exact
transcript of the last
two pages of his cash
book will not, in my
opinion prevent rush
of expenditure which
chiefly gives room for
the issue of anti-dated
and drawing cheques.

It is something like
attempting to avoid the
effect leaving the cause
to still continue. If a
careful forecast of the
seasons of a year



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is insisted, so as to
always minimise as
far as possible the
existence of difference
between the actual and
formal outlay on each
month at the close of
every season or month
rush of expenditure at
the close of the year
must be mitigated.
There will be some
difficulty experienced
some times towards
achieving the above
owing to favorable
or unfavorable state
of the season, available

or unavailable condition
of labour or material
in consequence of some
special cause. Even then
if timely steps are not
adopted to regulate
the execution of the
work in accordance
to the exigencies of
the time the rush of
expenditure at the close
of the year can be
avoided. At present
it must be said that
in framing budget
estimated for a year
no proper caution is

now sufficient

732
—
38.

attention is paid to
utilize grants once
obtained. Thus towards
the close of the year
a large portion of the
grant is found un-
spent and extreme
exaction is then taken
to avoid lapse of grant
towards the close of
the year and a push
is made towards
expenditure the result
being that a greater
number of Bills pour
into the Executive
Engineer's office from

all sides and subordinates
just at the close of the
year. Then as towards
March the office work
in every key central
office is heavy in
closing work and the
Bills thus received are
to some extent allowed
to accumulate and all
in a sudden taken to
hand for check and
examination and at the
rate of a bundle at a
time they are submitted
to the Executive Engineer
for issue of cheques.

73²/₃₇

Thus occasion is presented
for great number of
cheques being issued
all at one time without
any reference whatever
as to the payee being
^{or not} present, to enable
immediate issue of the
cheques so drawn. Bills
having been already
received in office the
natural tendency to
pay them and to
include the expenditure
shown in them against
the year's grant to
avoid short outlay and

Lapse of grant induces
in a great measure to
issue anti-dated cheques.

This and this alone I
know from my experience
as a Divisional Accountant
is the cause for anti-
dated cheques. It must
also be admitted that
generally about February
and March the season
is favorable for the
execution of work.

and therefore to some

extent occasion for

heavy expenditure is

732
38

All that is necessary

I beg to submit is.

(a). To issue a memo to
all Supg. Engineers
drawing their attention
to the existing Code
rules on the subject
and imposing on them
the necessity to regulate
expenditure being
incurred at all season
instead of allowing
the grants to accumulate
till at the close of
the year.

(b). To cause strict
instructions being
issued to subordinates
to positively close
their measurements

of works in progress
on the 20th March of
every year and sub-
mit Bills so as to
reach the Executive
office before 25th.

The progress on works
between 20th and 31st
March may be stopped
till the opening of
the next official
year, if so doing is
not detrimental to
the works themselves.

If found detrimental
progress may be
continued to be
measured and paid
from the grant for

732
29

the next official year.
This procedure may
tend to show outlay
shorter than what was
actually incurred
in the first year
but if the practice is
continued as the 10 day
progress at the close
of every year will
regularly appear
against the grant of
the succeeding years
the result will almost
be the same and will
be found almost
unaffected in all
the other years

(C). To cause the last

Bills in March being
without exception
presented by the
contractor himself -

This method will be
very agreeable to all
parties concerned -

The Bill can be made
out by the contractor
himself or by the
subordinate and
handed over to the
contractor for him
to take in person -
or by duly authorised
agent to receive payments
and to settle discrepancies
if any. When the payee

73 ✓
40

himself attends in
person the cheques
can be issued to the
party. The Dummy
cheques can thus be
avoided. The contractor
generally will not
hesitate to go to the
disbursing officers
station for payment
of the last Bill (only
last.) as the method
will ^{afford} present them
an opportunity to
settle differences if
any and to be paid
without delay. Even
if they are required
to wait for a day
or two before the

Bills are checked and
paid they will find
the method acceptable
as it will in a
great measure be
to their immediate
advantage.

To cause Bills
received in the
Executive Engineers
office between the
25th and 31st March
to be disposed of
on the dates of
their receipt as
far as possible
so that Bills may
not collect for the

73²
41

The above will I believe
in a great measure
mitigate occasion for
rush of expenditure and
avoid occasion for
anti-dated or dunning
cheques. If it is still
thought necessary to
impose ^{on} ~~on~~ ^{Executive} Engineers
regarding the anti-dated
cheques they may be
required in the cash
balance statement for
March to add a note
to the effect that "no
cheque here entered
as incashed have been
anti-dated."

27

W. Antedon
Is this an H. or D. paper
I should it go to the
H. M.?

C. No 1829 is not
read in the Order, with
a separate disposal
be made on it, or
shall I have it read
in the Order -

73

L. V. R. P.

29/2/88

A. Enter the current,
think in my pencil
entry also
L.S.

CW 5092

C. A. W. 732

The ⁴³ ~~present~~ ^{present}

Marie's report
by you is submitted
herewith accompanied
by a note by me & a
draft of disposal by E.
The proposed disposal
may be deferred
for the present
& submitted to her
when the report
represents her
in view of the

pe

Kindly see what
entires there are in
O.S. against the
holders entered in
attached sub

Can

The tax cannot be found in O. 25/7/47
S.H. Can you kindly give
subject - S. 25/7/47 -

732
44

S.H.

Please
the holder to
order

in
25/7/47
C.H. 10/11/47

161
C. acts before final action
a O. has 222 of 7.6 & 291 of
2.7.87 while receipt of
suppl only 2280 C of 7.6

732
45

(LO No 25)

Cross 4664, 4665
95092

732
46
to LO at 0045

Winding receipt
of 1000 from C

Can now be 2283C
File 287.7-87

has with
38 Cr
1249 20 837

C.O. W.

Please put up into

file

Don

2/1/47

732
49

(16)

Cross 4664 + 509

RH

New file can be
transmitted in Madison 20
last - South of place
historical records come
in can be kept
with the file

in

15.10.67

732

48

Proof of G.P. 111

732 W 573.3.88

To Dr. 732
169

Please say whether
you see any objection
to printing the G.P.
several notes in full.

It seems necessary
to print them for
a clear understanding
of the order -

C

7.3.88.

I think it is necessary to
print the notes in full.

W.C.

7.3.88

... is a reason.
proba

Copy

Quarantine checked

Keels accy. left
carefully
not to the principal

80

Cs

7/20/46

732
50

proba

No 732 W
PROCEEDINGS OF THE MADRAS GOVERNMENT.

Under date the 15th 1887 3rd March/87
P. W. 12/12/87

Letter from the Govt. of India No. 121 A. 4 of 10th May 1887
Office Note from the Govt. of India No. 221 of 17th June 1887
Office Note from the Govt. of India No. 291 of 2nd July 1887
P. W. Accounts

do do

No. 1107 of 24th February 1888

The Government do not consider it necessary to issue any special orders as regards ante-dating cheques. Every officer must be well aware that under no circumstances can there be any justification for a proceeding which is tantamount to misfeasance in office.

2. In the matter of cheques drawn on or before 31st March, but retained in possession of the District Engineer after that date it is desirable that there should be a definite rule in the Code as to when cheque may be drawn coupled with a caution that there is a provision

732
51

22nd

no cheque to be drawn unless

probability ^{that} of the cheque ^{will be} being
paid away very shortly.

It should also be under-
stood that a cheque is not
to be entered in the accounts
until it has actually been
paid ^{by}; ^{but as} ~~and on the~~
~~event of delay between the~~
drawing and paying ~~there is~~
^{sometimes} ~~is often~~ unavoidable, & a
register should be kept
of all ~~such~~ cheques drawn but not paid away
consequently not brought to account.

In order that the
expression paid away
may be clearly under-
stood, its interpretation
given by the Committee
N. W. the accounts will be
based in the Code.

The general question of
With regard to making
penditures at the end of
an official year, Govt.
carefully aware of the dif-
culties with which officers
are to contend in order to
avoid the lapse of grants,
~~at the same time the~~
current must ~~impress~~

"A cheque is only paid away
when it is handed to the payee,
or to his authorised agent, or
sent by post directly to the address
of the payee; ~~and that it is not~~
paid away as long as it re-
mains in the possession, or
under the control, of any officer
of the Deptt., or is in transit
from one officer to another."

upon Superintending
Engineers and all con-
cerned, the necessity of
using every effort to dis-
tribute expenditure equally
throughout the working
season, and they have
no doubt that a great
improvement in this
direction can be effected.

The Secretary to the
Code Committee will draw
up the draft rules em-
bodying the spirit of
these orders, for introduc-
tion into the N. W. Code.

732 ^{mom}
52 ^{29.7.77}

To
Suptg. Engrs.
Ex. M. accts.
Cong. Archt. to Govt.

9/3

Govt. of Madras

PUBL. WORKS.

1887

3/3

31st Dec 1887 No. 732 W

at the close of
the year

as per

of