

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 1668

Press

Mis.

443. 444

Dated

23 - 7 - 1867

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
23rd July 1867.*

No. 443. Read the following Proceedings of the Madras Government in the
Judicial Department :—

Passing orders on letter from Inspector General
of Police regarding a series of frauds and mis-
appropriation discovered in the District Police
Office of Kurnool. } (Here enter 17th July 1867, No. 1,133.)

No. 444. ORDER THEREON, 23rd July 1867, No. 1,608.

Miscellaneous.

1. Communicated to the Revenue Board.
2. The Government observe that the person who
held the post of Treasury Deputy Collector in Kurnool
in 1864 and the first-half of 1865 has been removed from the public service.
(True Extract.)

(Signed) W. HUDLESTON,
Secretary to Government.

To the Board of Revenue, with Proceedings Judicial Department, No. 1,133.

Proceedings of the Madras Government, Judicial Department,

17th July 1867.

No. 186. Read the following letter from W. ROBINSON, Esq., Inspector General of Police, Madras, to the Chief Secretary to Government, Fort Saint George; dated Madras, 24th June 1867, No. 1051.

Account Department.

I have the honor to report that a series of frauds and misappropriations have been discovered in the District Police Office in Kurnool, and brought home to Chatterpathy, Inspector in charge of the accounts, &c. The frauds and misappropriations were committed from time to time during the years 1864 and 1865.

2. Chatterpathy has been convicted on several counts, based on a few special items of embezzlement, by the Session Court of Nundial, and sentenced, on the 30th April, "to be kept to rigorous imprisonment for one year, and pay a fine of 500 Rupees, with six months similar imprisonment additional in default."

3. The Judge's decision, together with Superintendent's report, is herewith submitted.

4. All the accounts of the District, for the two years above specified have been carefully and diligently examined by Captain Reid, the present Superintendent of Kurnool, aided by an able and experienced Officer, Subba Row, Head Quarter Inspector of Bellary. The research occupied many weeks, and was conducted with unremitting industry. So far as can now be traced, the misappropriation committed by Chatterpathy during the above period amounts to Rupees 903-13-4, as per margin.

5. The frauds were managed by entering fictitious payments in the Cash Book, by frauds in respect of the wages of men in the reserve, by submitting false bills supported by forged vouchers, and by withholding payments into the Treasury of sums due on account of Superannuation Fund, wages not paid, and the like. It is not clear that the signature of Captain Robinson to bills has not been forged.

6. Attention was first drawn to the matter by the fact that the office of the Superintendent of Police, Kurnool, kept up, contrary to orders and the practice of every other District, a current account of unadjusted balances with the Deputy Collector in charge of the Treasury. This practice is against the rules of this as well as of the Finance Department, and I cannot understand how the Deputy Collector allowed it, or the Superintendent, who signs all these papers, permitted so grave an irregularity to continue. When prompt adjustment of these outstanding

	Rs.	A.	P.
* Rupees	450	7	2
Subsequently adjusted	48	13	2
Balance	407	10	0

balances was required and insisted on towards the end of 1865, it was found that a deficiency of Rupees 407-10-0 could not be accounted for.*

7. Captain Robinson became aware that there was something wrong in the management of the accounts in his office in December 1865. He placed the Head Quarter Inspector in charge of the accounts for a time, but made no sifting inquiry or report on the matter; and he finally left the District, on sick certificate to England, in March 1866, without clearing up matters. In the meantime, Chatterpathy was allowed to retain his place as Accountant in the office, of which he took advantage to make away with important records from which his rogueries might have been more readily traced; and he was able to keep up a condition of confusion and uncertainty which baffled detection even after Captain Robinson's departure, for this clever swindler succeeded in blinding, for a time, Lieutenant Trevor, who took charge of the District between the dates of Captain Robinson's leaving and Captain Reid's taking charge.

8. At first, it was thought that the deficiency was only in the adjustment with the Deputy Collector, and amounted to the above some of Rupees 407-10-0 only. For this Chatterpathy's security provided in part, and on the deficiency being intimated to Captain Robinson, he remitted the balance, viz., Rupees 243-8-9. Some further part has been recovered since the balance was intimated to Captain Robinson.

Unadjusted advances	407	10	0
Balance of Inspector Chatterpathy's pay	207	15	0
	12	14	3
	220	15	5
Repaid	184	12	7
Balance due by him to the Deputy Collector	34	3	8
Balance due by him to the Deputy Collector	56	12	2
	136	15	7

9. But before reporting the matter to Government I ordered further inquiry, with a view to ascertaining whether other embezzlement had not been committed, and to criminal prosecution. Chatterpathy then hastily absconded to the Hyderabad country. Finding his capture, which was cleverly effected in October last, nothing beyond the examination of accounts, &c., could be effected. This even was rendered exceedingly tedious and difficult by the fact that certain important papers had been previously made away with by Chatterpathy, as above noticed. At length, however, the man has been brought to justice.

10. I must now explain how a man in the position of Chatterpathy could misappropriate moneys, falsify the accounts, and even submit false bills and forged vouchers, without prompt detection.

11. The position of Chatterpathy in the office was that of the Accountant, whose duty it is to check all pay and contingent bills, and keep the Account Current and Cash Book, &c., under the direction of the Head Quarter Inspector. He ought to have nothing to do with cash transactions, the cash chest being under the Superintendent, in the keeping of the Head Quarter Inspector, who supervises all accounts, bills, &c. The payment of men of any Division by the Government is strictly regulated by Circular Memorandum No. 153, of 24th February 1860. The Office Accountant has no control of money or payments.

12. The question then arises how an irresponsible (it will be observed that this was Chatterpathy's defence, and a reasonable one had the facts not proved that he assumed and exercised the fullest control) person like Chatterpathy came, in the accurate words of Captain Reid, to have "virtually uncontrolled command of the cash-chest", and "unite in himself the functions of Cashier and Auditor"? How came he "to be entrusted with the payment of the men of the A Division and School (in direct contravention of orders) as well as the audit of the same (their Pay Bills)"? It will be observed that, in awarding punishment, the Judge took into consideration "that the woful want of check in the office subjected him to a temptation which it was not fair to put on him": a systematic swindler escaped condign punishment in consequence of gross laxness and persistent neglect of his superiors.

13. So far as the responsibility of subordinates goes, the discreditable state of things brought to light is attributable to the Head Quarter Inspector, Mr. Williamson. His position and duty required him to hold a responsible control over all money transactions, to watch and check all receipts, disbursements, bills, and vouchers, and also the accounts in general. He ought to have had the control of the cash-chest, subject to the Superintendent's close supervision. But Mr. Williamson "neglected", in the words of Captain Reid, "to supervise or in any way check his (Chatterpathy's) proceedings, notwithstanding that that Officer (Mr. Williamson) so far complied with the regulations as to initial, for form's sake, the daily totals of expenditure, of which, however, he was confessedly ignorant and heedless." The Court remarked that the facts showed "unmistakably that independent control was exercised by the prisoner;" and, animadverting on the "carelessness which Mr. Williamson has exhibited in all matters connected with the control of the Pay and Account Department (of his office)", the Court found him on the evidence before it "totally neglectful of his duty." He (Mr. Williamson) appears, remarked the Court, "to have been simply passive, and to have signed or initialled all that was put before him, blindly relying on the prisoner, and exercising no sort of control upon either the expenditure or the accounts. The prisoner has, in short, been Treasurer, Accountant, Paymaster, all in one." All this, of course, indicates an almost incredible degree of heedless inefficiency on the part of Mr. Williamson; but no want of integrity has been established or is suspected. He has been reduced and sent to a less responsible berth.

14. The point to decide is, who shall make good the deficiency—whether the Superintendent or the Head Quarter Inspector?

15. Mr. Williamson was not responsible for allowing the irregularities of having a running account with the Deputy Collector, or of making the pay of the Reserve part of the Cash Book transactions; but he should have observed, with respect to the latter, that the amount withdrawn on this account was greater than the amount lodged. Again, in respect to false bills and forged vouchers, Mr. Williamson was the proper person to check these frauds, and so also in respect to overcharge in contingent bills. Mr. Williamson might, therefore, be held pecuniarily responsible,

and had Captain Robinson been reasonably careful, and exercised even ordinary supervision and check, I should have advocated this course.

16. But this was not the case. Captain Robinson thoroughly trusted Chatterpathy, and this led an easy-going, weak man, like Mr. Williamson, to do the same. He cannot have been ignorant that, practically, the finance transactions of his office were entirely in the hands of Chatterpathy, and I attribute the long continued course of successful villany which was pursued unchecked in the office at Kurnool

N. B.—As an example of Captain Robinson's carelessness, I may mention that the Security Bonds of both Inspectors were found assigned by them when they were deposited in the Assisted Inspector General's office, and the Assisted Inspector General considered that it is possible to meet these deficiencies, but Chatterpathy's bond is unassigned, and so says Mr. Williamson.

to the inexplicable remissness of Captain Robinson. He permitted irregularities and departure from instructions in various ways, and thereby gave an opening for frauds to be practised. He failed to supervise and make his subordinates do

their duty. Even when he found cause in December 1865 to doubt the integrity of his subordinate (Chatterpathy), Captain Robinson failed to report fully and fairly on the subject, or to take measures to bring Chatterpathy (as has since been done) to justice, although he was in the country until April 1866.

17. I regret that the circumstance of Captain Robinson being in Europe precludes my submitting with this any explanation that Officer may have to offer. There is some doubt as to whether Captain Robinson's signature has not been forged by Chatterpathy in the false bills. I propose sending the bills to Captain Robinson, to ascertain this point.

18. I recommend that Captain Robinson, now in England, be held responsible

Disbursements, (Paragraph 4)	805	13	4
Less Security deposits, &c.	230	13	5
	575	0	11
Plus	182	13	11
	757	13	0

N. B.—I recommend that the sum of Rs. 182-13-11 should be paid to the credit of Captain Robinson's account for the year 1867, and that the sum of Rs. 182-13-11 should be paid to the credit of Captain Robinson's account for the year 1868.

for the sum ascertained to have been made away with, less the amount of Chatterpathy's security (Rupees 200) and interest thereon, and 500 Rupees the fine imposed (as a refund of property stolen from the Superintendent) in addition to one year's rigorous imprisonment. This, I have little doubt will be paid in April 1868. This will leave a balance due of Rupees 182-13-11. I hold at present Rupees 243-8-0 remitted by Captain Robinson, the balance of which might be refunded on the fine being paid. Previous to trial for embezzlement by the Session Court, Chatterpathy was tried by the Magistrate for absconding, and sentenced to three months' rigorous imprisonment and fine of three months' pay.* This is practically commuted with the same case, so that there has

been no loss to the State by the frauds of this servant. Captain Robinson will not return to Kurnool.

19. I do not see any grounds for altering the tried practice of the Department, in respect to a small cash-chest being kept in each office, as recommended by Captain Reid. The present system works well, and obviates much accounting in the Collector's office. Of course, the most perfect system can be defeated. Forgeries and frauds will occur if aided by neglect, such as has occurred on the part of responsible Officers in Kurnool. These rogueries arose chiefly from local circumstances, not from defect of system.

20. The suggestion of the Judge, in paragraph 20 of his decision, may be adopted without inconvenience, and with some advantage. This will be done.

21. In conclusion, I must mention Captain Reid very favorably, for the way in which he has detected and conducted the prosecution of this serious offence; and also Subba Row, Head Quarter Inspector of Bellary, for the diligence and ability with which he unravelled these frauds of a very clever and unscrupulous person.

22. I regret the delay that has occurred in reporting finally on the case to Government. None occurred in tracing and working out the case, but the remissness and final departure of Captain Robinson to England, the absconding of the delinquent after destroying much documentary proof, change of Officers, and the intricate nature of the inquiry, all tended to delay the committal of the case. The trial was adjourned by the Session Court, and was only closed on 30th April. The recess prevented my obtaining the Court's decision, which has only now reached me.

From Captain J. B. REID, Superintendent of Police, Kurnool, to the Deputy Inspector General of Police, Central Range; dated Nundial, 29th May 1867, No. 246.

In forwarding, for the information of the Inspector General, the accompanying copy of Calendar in Case No. 6 of 1867, on the file of the Session Court of Nundial, I have the honor to report that the several sums quoted as items of defalcation in the different counts of the indictments, under Sections 409, 467, and 471, Indian Penal Code, against late Inspector Chatterpathy, do not form the whole of the embezzlements which have been traced to that Officer, but were merely taken as representative sums, showing the system he followed in the falsification of accounts, and the misappropriation of cash-chest money, during a period extending from March 1864 to the end of December 1865.

2. From close examination of the office Cash Book and the Accounts Current, it has been found, that, as far back as March 1864, Inspector Chatterpathy first began his course of fraud, by entering on the payment side of the Cash Book fictitious items of disbursement, to cover or account for sums which he withdrew from time to time from the cash-chest, of which he had virtually uncontrolled command, from the neglect of the Head Quarter Officer Inspector to supervise, or in any way check, his proceedings, notwithstanding that that Officer so far complied with the regulations as to initial, for form's sake, the daily totals of expenditure, of which, however, he was confessedly profoundly ignorant and heedless.

3. In a District Police Office cash-chest there is generally money which comes under the head of what is technically termed "other sources," for the most part made up of pay of men; cost of private guards; price of articles lost, damaged, or to be indented for on payment, and so

No 187.

ORDER THEREON, 17th July 1867, No. 1133.

In the above letter the Inspector General of Police reports that a series of frauds and misappropriations have been discovered in the Police Office at Kurnool, and brought home to Chatterpathy, the Inspector in charge of the accounts. These fraudulent misappropriations extend over a considerable period of time during the years 1864 and 1865.

2. Chatterpathy has been convicted, on certain selected items, of embezzlement, and sentenced to rigorous imprisonment for one year, and to pay a fine of 500 Rupees, with six months' similar imprisonment additional, in default of payment of fine. The total amount of the embezzlements, so far as can be traced, is Rupees 903-13-4.

3. The means adopted by Chatterpathy for effecting this embezzlement were by fictitious entries in the Cash Book, by frauds in respect of wages of men in the Reserve, by false bills supported by forged vouchers, and by withholding payments into the Treasury due to Superannuation Fund, wages not paid, &c. Captain Robinson, late Superintendent of Police, suspected that something was wrong in the accounts of his Office in December 1865, but left for England in 1866, without clearing up matters, Chatterpathy still retaining his office as Accountant. As pointed out by Mr. Robinson, extraordinary facilities were afforded to the Accountant for practising these frauds, by his being allowed, most irregularly, to have virtually uncontrolled command of the Cash Chest, and uniting in himself the functions of Cashier and Auditor. The disordered state of things was attributable to the Head Quarter Inspector, Mr. Williamson, who should have held responsible control over all money transactions, and have watched and checked all receipts, disbursements, bills, and vouchers, and also the accounts generally. This Officer should have had the control of the cash-chest, subject to the close supervision of the Superintendent. Although there is no suspicion that Mr. Williamson connived in the Accountant's frauds, he would appear to have entirely neglected the proper supervision of the accounts.

4. The Inspector General would have held Mr. Williamson pecuniarily responsible, but that he considers the lax system which prevailed in the Kurnool Police Office to be mainly attributable to the want of ordinary care shown by the Superintendent, Captain Robinson. The Inspector General states that Captain Robinson permitted irregularities and departure from instructions in various ways, and thereby gave an opening for frauds to be practised. He failed to supervise, and make his subordinates do their duty. Captain Robinson had reason, in December 1865, to doubt the integrity of Chatterpathy, the Inspector in charge of the accounts, but, from that date until his departure for England in 1866, he failed to report fully on the matter or to bring the Inspector to justice.

5. Captain Robinson should, therefore, in the opinion of the Inspector General, be held responsible for the defalcations, namely Rupees 903-13-4, less the amount of Chatterpathy's security (200 Rupees) and interest thereon, and 500 Rupees fine imposed on him, which will probably be recovered in April 1868. This will leave a balance due of 182-15-11.

6. On the first discovery of a minor discrepancy in the accounts, Captain Robinson remitted Rupees 243-8-9 to make good any ascertained deficiency; Chat-

terpathy was also fined 300 Rupees for absconding; so that, as pointed out by the Inspector General of Police, there will be no eventual loss to the State by these frauds.

7. Although concurring with the Inspector General of Police that the successful frauds practised by the Accountant are in a great measure due to the inexplicable remissness of the late Superintendent of Police in Kurnool, Captain Robinson, the Government resolve to defer deciding on the relative amount of responsibility for the repayment of the defalcation attaching to Captain Robinson and Mr. Inspector Williamson, until Captain Robinson's return from furlough, when he will have an opportunity of affording explanation. It seems probable that many of the signatures on false bills are forgeries of Captain Robinson's name.

8. In the report submitted by Captain Reid, the present Superintendent of Police at Kurnool, it is proposed by that Officer to guard against future fraud by abolishing entirely the present system of Police cash-chests, and that all moneys, hitherto kept in the Police cash-chest under the head "other sources," consisting of pay of men, cost of private guards, price of articles lost and damaged, account money proper (a permanent advance allowed by the Chief Officer &c., &c.), should be lodged in the Collector's Treasury, and that these moneys should be drawn as required by cheques on the Treasury, under the signature of the Superintendent. Mr. Robinson objects to this proposal, the present system of retaining a small cash-chest in each Police Superintendent's office having been found successful, and obviating the necessity of accounts in the Collector's Office, which would result from the adoption of Captain Reid's suggestion. The Government are disposed to believe that the additional labor which would devolve on the Collector's Treasury by the abolition of the Police cash-chests would be more than compensated by the greater security afforded against such frauds as have been practised in the Kurnool Police Office. They, therefore, request that the Inspector General of Police will, in communication with the more experienced Officers of the Mofussil Police, take Captain Reid's suggestion into further consideration.

9. The Government take this occasion to press upon the Inspector General of Police the advantage which would result from a reduction in the number of accounts kept in various branches of the Police Department. The system of accounting at present observed appears cumbersome, which it would seem to have failed in the prevention of long continued frauds, such as have been brought to notice in the case under review.

10. The Government will be glad to receive from Mr. Robinson a report on the best means of simplifying and improving the accounts of the Police, and suggest that this question, also may be referred, for their opinion, to those Officers whom the Inspector General may select to report on Captain Reid's proposal.

(True Extract)

[Signature]
Acting Chief Secretary.

To the Inspector General of Police,
Revenue Department.

Ed. J. H. Burn.

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