Revenue (1898) Department.

MISCELLANEOUS SERIES.

G.O., No. 2499

DATED 13th June

[Despatch Abstract.]

Forwg. to the Bd. of Revn. Gs. & P.W.D. passing orders on the conduct of the parties concerned in connection with the encashment of 2 forged cheques of the Godavari Eastern division at the Rajamundry Treasury &c.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

$\frac{O}{18}$ 4,000—19-7-97.

Revenue (1898) Department.

CURRENT No. 3985

Order misc No: 2499 dt 13th June 1898 communicated to the Board of Revenue.

From The Public Works Dept.

No. 1159 W.

Dated 11 May

Received 3 June

Registered 4 "

Enclosures 9

Spare copies.

SUBJECT.

Passing orders on the conduct of the parties concerned, in connection with the encashment of two forged cheques of the Godavari Eastern Div: at the Rajahmundry treasury & referring for consideration in the Revl. Dept: the question of issuing instructions for the more careful scrutiny of cheques in treasuries.

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

20,000—4-96.

Rejoy Cun No. 1648 Acc of 97

GODAVARI DISTRICT COLLECTOR'S OFFICE,
28 th August 1897.
Cocanada
Dcs. 29.1897.

FROM V A Brodie Esquire

COLLECTOR,
Godavari District.

To

THE Secretary to the Government
Revenue Department
Madras.

SIR,

With reference to the Proceedings of Government N° 4205 Mis dated 13 th August 1897, I have the honor to enclose, in originals, report N° 1530 dated 9.8.97 of the Tahsildar of Rajahmundry which describes in detail his connection with the cheques. The statements in the report having traversed certain statements made by the Head Accountant in his explanation appended thereto, the Sub-Collector was requested to state which of them were true and his reply is enclosed in original. It will be seen from this that the Tahsildar neither scrutinised the cheques nor made any enquiries into the matter. On the other hand in his letter N° A dated 6.8.97 to me, the Sub-Collector

Collector states that the Tahsildar acted with the greatest promptitude in communicating with the Police and himself going to Dowlaiswaram, the moment he had suspicions of a fraud having been committed.

2. The statement taken from the Head Accountant V Seetaramacharlu and forwarded to me by the Pub Collector is also submitted herewith as directed. The two cheques in question are herewith resubmitted in a sealed cover.

I have the honor to be,

Sir,

Your most obedient Servant

Veeraraghavaiah

Asst Collector.

7/9/97

GENERAL.
ESTABLISHMENT.

Government {1898} of Madras.

PUBLIC WORKS.

Recd.	1898.	*Enclosures*
Regd.		*Spare copies*

G.O., No. 1159 W., 11th May 1898.

MAY.

Forged Cheques

Passing orders on the conduct of the parties concerned, in connection with the encashment of two — of the Gódávari Eastern division at the Rajahmundry treasury and referring, for consideration in the Financial Department, the question of issuing instructions for the more careful scrutiny of cheques in treasuries.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

General.
Establishment.

READ—the following papers:—

From the Superintending Engineer, I Circle, No. 630 G. D., dated 7th June 1897.
Endorsement in the Financial Department, No. 1435, dated 12th July 1897, on letter from the Accountant-General, Madras, No. 2014, dated 5th July 1897.
Endorsement in the Financial Department, No. —, dated 17th July 1897, on letter from the Accountant-General, Madras, No. 2150, dated 14th July 1897.
Proceedings in the Revenue Department, Mis. No. 5036, dated 27th September 1897.
From the Accountant-General, Madras, No. 3279, dated 21st October 1897.
" " " No. 3297, dated 22nd October 1897.
Endorsement in the Financial Department, No. 438, dated 17th February 1898, on letter from the Accountant-General, Madras, No. 516, dated 12th February 1898.
From the Accountant General, Madras, No. 658, dated 21st February 1898.
" " " No. 928, dated 10th March 1898.
Endorsement in the Financial Department, No. 754, dated 21st March 1898, on letter from the Accountant-General, Madras, No. 1090, dated 18th March 1898.

ORDER—No. 1159 W., dated 11th May 1898.

In his letter No. 630 G.D., dated 7th June 1897, the Superintending Engineer, I Circle, brought to notice that a passed candidate named P. Venkatadri Naidu was admitted into the Gódávari Eastern division in May 1897 and allowed to work in the clerical and accounts branches pending disposal of his application for a clerk's post; that on the 4th May 1897 the cashier of the office received from the Executive Engineer in camp cheque books containing drawn and undrawn cheques; that while he was making entries of the drawn cheques in the cash book he was obliged to go to the accountant to speak to him for a few minutes leaving the cheque books on the table; that Venkatadri who was working at one end of the cashier's table took advantage of the cashier's absence and abstracted from the Rajahmundry treasury cheque book two blank cheques Nos. 28 and 29, and another blank cheque from the Bhadrachalam treasury cheque book; that he erased the figure 2 in the two cheques on the Rajahmundry treasury and drew them in favour of one Dinadayalu Naidu for sums aggregating Rs. 2,418-13-5, forging the signature of Mr. Handcock, the Executive Engineer and dating them 4th May 1897; that on the 5th May he presented the two cheques to the Treasury officer, Rajahmundry, and obtained payment of Rs. 2,400 in currency notes and Rs. ~~18-3-5~~ in cash, representing that he was the man in whose name the cheques were drawn; that the forgery was discovered on the same day when a genuine cheque No. 10, dated 3rd May 1897, was presented at the treasury for payment and after Venkatadri had disappeared; that the case was at once reported to the police, and that the Collector offered a reward of Rs. 200 for the arrest of the culprit. The blank cheque abstracted by the man from the Bhadrachalam treasury cheque book was found, after he had disappeared, in the pocket of his coat left in his lodgings.

2. The Superintending Engineer considered that the man should not have been allowed to work in the office being an unpaid man; that the cashier should not have left the cheque books on his table during his absence; that the Executive Engineer should have sent to the office the drawn cheques only and not the whole books, and

that the Rajahmundry Treasury officer was not free from blame as he cashed cheques containing erasures, and as a scrutiny of the Executive Engineer's signature, which was not easy to copy, should have led to detection.

3. The Accountant-General in his letter No. 2150, dated 14th July 1897, reported that the Taluk Head Accountant passed the cheques on the statements of the pound gumastah and a Public Works Department peon that they knew the man, and that the Head Accountant did not enquire concerning the name and profession of the man, there being no reason to doubt the genuineness of the cheques. The Accountant-General was however of opinion that if the Head Accountant had made a cursory comparison with any other Public Works Department cheque the erasures in the numbers would have been detected as the space between the words "Cheque No." and the actual figures was larger than usual; that the plea urged that he did not suspect the genuineness of the cheques could not be accepted as it was the duty of the Head Accountant, an official relieved of all magisterial work, to scrutinise every document presented for payment; that careful scrutiny was specially necessary in this case as the cheques were for large amounts and the payee was unknown to the Head Accountant; that the imitation of Mr. Handcock's signature was not very skilful; that the fact that it was written with the same ink as the remaining portion of the cheque should have aroused suspicion; that the Head Accountant should have detected the forgeries, and that the Sub-Treasury officer was not entirely free from blame. The Accountant-General also forwarded the two forged cheques for inspection.

4. The Head Accountant explains that he was on privilege leave up to the 4th May; that both he and the Acting Head Accountant went to the office at 11 A.M. on the 5th idem, when they found Venkatadri seated on a box inside the office; that the latter, on being asked who he was and what brought him, replied that he was a Public Works Department contractor and had brought cheques to be cashed; that the permanent Head Accountant called to his seat the office pound gumastah, a resident of Dowlaishweram, and pointing out Venkatadri Naidu to him asked him if he knew that contractor; that the pound gumastah replied that he knew the man as a resident of Dowlaishweram having business in the Executive Engineer's office, and that a Public Works Department lascar of Dowlaishweram named Jungili, who came to the treasury a little while after, to make some remittance was asked if he knew that contractor, and that he replied in the affirmative. The Head Accountant also states that he asked the Public Works peon how he knew the man and that the peon replied that the man was residing in Dowlaishweram and was often seen in the Eastern Division office. The Head Accountant says that he was afterwards engaged in assuming charge; that at about 1 P.M., he and the Acting Head Accountant resumed their seats; that the Tahsildar then came in from the Sub-Collector's office and taking his seat by the same table was giving certain instructions regarding jamabandi; that the office peon then placed on the table the Executive Engineer's credit order book, the forged cheque for Rs. 1,800 and odd and another; that Venkatadri also came in and stood by the side of the Tahsildar's seat; that the Tahsildar took up the cheque for Rs. 1,800 and odd and perused it; that he asked Venkatadri who he was, that the latter replied that he was a Public Works Department contractor, and that the Tahsildar passed over the credit order book and the cheques to the Head Accountant. The Head Accountant adds that Venkatadri looked highly respectable with a nice tweed coat, a valuable gold-fringed upper cloth, and a Turkish cap, and that with the enquiries already made of the pound gumastah and the lascar, coupled with the respectable appearance of the man, he was satisfied and entertained no doubt about the person. In regard to the examination of the Executive Engineer's signature on the forged cheques, the Head Accountant explains that though the signatures of the Executive Engineer affixed to the several cheques issued by him were generally of the same form as the specimen signature furnished to the treasury, slight differences in minor details were however noticed, and that the signatures on the forged notes in question having exactly resembled the signature on the genuine cheques, no suspicion was entertained in regard to the forged cheques.

* The genuine cheque No. 5.

5. In the statement taken by the Sub-Collector, the Head Accountant states that the Tahsildar *glanced* at the cheques, while in the explanation furnished to the Treasury Deputy Collector he says that the cheques were *perused* by the Tahsildar. In other respects, there appears to be no material difference between the Head Accountant's explanation and statement.

6. In the statement taken by the Sub-Collector from the Pound Gumustah Gattu Suranna, the latter states that the Head Accountant enquired about the delinquent only after it was known that the cheques in question had been forged, and completely denies any knowledge of the Head Accountant having made enquiries before the cheques had been cashed. The Sub-Collector, however, remarks that from the demeanour of the pound gumastah, there is no doubt he was lying.

7. The Tahsildar in his report, dated 9th May 1897, states that he saw two cheques * Nos. 5 and 9 on the Head Accountant's table, that he casually touched them without paying any attention since he was engaged in talking about jamabandi works; that he never spoke to Venkatadri, and that Venkatadri did not stand by his side. The Tahsildar however admits that he saw the man. He also states that as soon as the forgery was brought to his notice he wired to the Executive Engineer as to the genuineness of cheques Nos. 8 and 9, and that on hearing that they were forged he proceeded at once to Dowlaishweram and found that the man had absconded an hour before.

* One genuine and the other false.

8. The Acting Head Accountant, A. Sashachellum, states that the Tahsildar simply touched the cheques and placed them where they were without paying any attention to them that Venkatadri did not stand by the side of the Tahsildar or the Head Accountant, and that the Tahsildar never questioned the man as to who he was.

9. The Collector in forwarding the above papers remarks that the Sub-Collector in his letter No. A., dated 6th May 1897, states that the Tahsildar acted with the greatest promptitude in communicating with the police and in himself going to Dowlaishweram the moment he had suspicion of a fraud having been committed.

10. The notes were stopped at once, their numbers being known, but it has since been reported that of the 24 currency notes obtained by "P. Venkaatdri Naidu under the *alias* of" M. Dinadayalu Naidu (23 hundred rupee notes and one fifty rupee note), 22 notes have been cashed. The value of these notes, together with the cash received by the individual in payment of the forged cheques amounts to Rs. 2,218–13–5. The two notes which have not yet been cashed are of the value of Rs. 100 each. The man has not yet been discovered and there is apparently little likelihood of the recovery of the remaining Rs. 200. It has now to be considered who is responsible for the loss of Rs. 2,418–13–5.

11. *The Executive Engineer* Mr. Handcock sent his cheque books in to his Accountant by tappal, containing cheques for salaries already drawn by him, and blank cheques, for the purpose of having—

(1) the amounts of the cheques previously drawn compared with the amounts entered in the cash book;

(2) the amount of the drawn cheques for salaries sent in the cheque books entered in the cash book and the cheques themselves despatched to the payees;

(3) some further cheques drawn.

Public Works Code, Volume II, Chapter I, paragraph 87, lays down that cheque books must be kept under lock and key in the personal custody of the drawing officer. But paragraphs 93 and 94 of same chapter say that it is not necessary that a disbursing officer shall write out cheques with his own hand, and that *if thought necessary for safety*, cheques may be required to be written up in the presence of the drawing officer. Mr. Handcock therefore technically broke no rule in sending his cheque books to his Accountant; but His Excellency the Governor in Council observes that it is a matter of common sense and ordinary precaution that a blank cheque book should be kept in careful custody. If the Executive Engineer had not neglected this ordinary and necessary measure of safety, the fraud would not have taken place, and

the Government considers that that officer is primarily responsible for the loss, and more to blame than any other of the parties concerned. The Government of India will be requested to make the Code rule on the subject more stringent, and to amend paragraph 94, Chapter I, Volume II, as follows:—

"All cheques must be written up by the Disbursing officer, or in his presence."

12. *The Accountant, Eastern Delta Division office.*—This man is responsible for the presence of the forger in the Division office. G.O., No. 201 W., dated 24th January 1885, prohibits the employment of volunteers in public offices. But in the present case the man was not a volunteer. He had applied for a clerical appointment on 24th April, and pending the arrival of the Executive Engineer from camp and a decision in the matter, he was given copying work in office to test his abilities, a common and a necessary procedure, provided it is not carried too far. The man had apparently been in or about the office for ten days before he committed the forgery. In the light of this occurrence, the employment of all strangers in offices of the Public Works Department for a longer period than is sufficient to test their fitness for employment will be prohibited. The period should not exceed one working day of 8 hours.

13. *The Cashier* was guilty of carelessness in leaving the cheque books on his table when he left the room, instead of locking them up or taking them with him, more especially as there was a stranger working at the same table, and he is much to blame.

14. *The Treasury Officer.*—The officers connected with the disbursement of the cheques were the Tahsildar and the Head Accountant. The former cannot be blamed, as all that he had to do was to see that the cheques were for money which had to be paid at the Treasury. It was the Head Accountant's duty to pass the cheques for payment after careful scrutiny, but the least care on his part would have led to the immediate detection of the forgery, for the erasure of the figures is apparent at a glance. The Head Accountant is however dead.

15. After full consideration of all the facts, His Excellency the Governor in Council considers that the case will be sufficiently met by directing the Executive Engineer Mr. Handcock and the Cashier to contribute each half a month's pay towards the loss sustained by Government. The Examiner will therefore arrange to recover the sum of Rs. 425 from Mr. Handcock and Rs. 18 from the Cashier in three monthly instalments. The rest of the loss will be borne by Government.

16. The question of issuing instructions for the more careful scrutiny of cheques in treasuries will be considered in the Financial Department.

[Here enter No. 1160 W., dated 11th May 1898.]

(True Extract.)

S. G. Rhodes

for Under Secretary to Government.

To the Superintending Engineer, I Circle.
" other Superintending Engineers.
" the Consulting Architect to Government.
" the Superintendent of Works, Lighthouse Division.
" the Examiner, Public Works Accounts.
" the Chief Engineer for Irrigation.
" the Revenue Department, with nine enclosures and four original Government Orders.
" the Financial Department, with two forged cheques and ten cashed cheques, for return to the Accountant-General.

Exd. A. Rungasawmy Aiyangar.

*When given for copying*_____
*When copied*_____
*When examined*_____ } 189 .
*When signed*_____

READ AGAIN G.O., No. DATED
189 ,

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT	A	A	A	A	A	A	A	
LETTER OF GOVERNMENT.								
STATEMENT WITH DITTO.								
PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH IN ORIGINAL.								

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A = Copy in full.
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