

Government of India  
Ministry of Railways  
(Railway Board)

RBA No.21 / 2009

No.2009/ ACII/9/6

New Delhi, Dated 24.03.2009

FA&CAOs  
All Zonal Railways

Sub: Safeguards against fraudulent payments.


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Recently instances of fraudulent encashment of cheques by some of the banks handling government business have been come to the notice of Board. The matter was taken up with Controller General of Accounts and Reserve Bank of India for strengthening of the procedures. CGA has since examined the matter in consultation with RBI and issued instructions vide their letter no. S-11012/3(1)/Railway/Fraud /RBD/396 dated 16.03.09 for streamlining the existing system of handling of cheque books , signatures of authorized signatories , reconciliation as per F.P.B. system to prevent recurrence of such frauds. A copy thereof is sent herewith for information and necessary action.

It may be noted interalia a system of submission of one copy of scroll (without cheques/ challans) by the dealing branch to the concerned cheque drawing authority has been introduced to ensure that cheques/ challans mentioned therein relate to their office. The discrepancy, if any, shall be brought to the notice of the dealing bank on the same date and in any case by following day under advice to the HQ office. The Accounts office concerned may contact the dealing branches, in case the scrolls are not received daily. The efficacy of the system may be reviewed in the monitoring committee meetings with the banks .

Kindly acknowledge receipt and ensure strict compliance.

DA: As above

  
( S.N. Mathur)  
Director Finance(CCA)  
Railway Board

Government of India,  
Ministry of Finance, Department of Expenditure  
CONTROLLER GENERAL OF ACCOUNTS  
2<sup>nd</sup> FLOOR, Lok Nayak Bhawan,  
Khan Market, NEW DELHI - 110003

Dated: 16.03.2009

OFFICE MEMORANDUM

**Subject- Safeguards against Fraudulent Payments etc.**

Of late, some banks handling govt. business, have reported to RBI instance of fraudulent encashment of cheques. On review, RBI has found that certain areas within the existing system require further strengthening to prevent recurrence of frauds for which RBI has issued necessary instructions to the Banks.

However, as the effectiveness of RBI instructions to banks, depends to a large extent on the cooperation of the account holders i.e. Government Ministries/Departments, it is imperative that the instructions laid down in the Central Treasury Rules and Receipt & Payment Rules are strictly followed by the Ministries/Departments. Accordingly, the following instructions are reiterated:-

(i) Intimation to Bank regarding use of cheque books- Before the cheque books are actually brought into use, during the a particular year, the officer-in-charge (cheques) shall send intimation in prescribed format to the Bank upon which he draws the cheque notifying the serial numbers of the cheque books and the number of cheques cotained therein. The Drawing and Disbursing Officers authorized to issue cheques will intimate the cheque numbers, etc., to the Bank as well as to the Pay and Accounts Office. The bank will keep a record of these particulars for verifying the genuineness of the cheques presented for encashment.

Where cheques are authorized to be written by means of cheque-perforating machines, there will be no seprate book number on the cheque forms. In such cases, the number assigned to cheque forms intended to be used during a particular period shall be intimated to the relevant branches of the accredited bank by the concerned Principal Accounts Office.

(ii) Specimen signature and other safeguards- Every Government officer who is authorized to draw cheques, shall send specimen of his signatures similarly to the branch bank concerned (and also to the Accounts Officer in case where the office is cheque - drawing DDO). When such an officer makes over charge of his office to another, he shall likewise send a specimen of his signature of the relieving officer to the Accounts Officer and bank concerned. Specimen signatures when forwarded on a sheet of paper, other than



the forwarding letter itself, must be duly attested by the officer signing the forwarding letter.

(iii) **Acknowledge of duplicate copy of receipt/payment daily scrolls-** Two copies of the Main Scroll alongwith original copy of the scroll with relative instruments received from various dealing branches, including its own will be sent by Focal Point branch to the PAO on a day to day basis. The scrolls of dealing branches with documents to be attached to the original Main Scroll should be in the same order in which entries listed in the main scroll. The duplicate copy of the scrolls without instrument received from dealing branch will be stitched and retained by the Focal point branch for its record. The PAO after verification will certify and return the second copy of the main scroll (without documents) to the Focal Point Branch within 24 hours of its receipt.

The bank branch i.e. dealing branch will send the Receipt and payment scrolls daily (in duplicate) alongwith paid cheques/challans to the designated Focal Point Branch of the bank appointed for. **Third copy of scrolls (without paid cheques/challans) will be sent to cheque drawing DDO and fourth copy returned for its own record.** Cheque drawing DDO and PD Account holder, if they have not received copy of scrolls, they are requested to contact dealing branch for obtaining receipt/payment scrolls daily. After receiving daily scrolls from dealing branch, they are required to scrutinize the scrolls that all cheques/challans related to their office. If there is any discrepancy same may be pointed out to dealing branch on the same date not later than following day as well as concerned PAO.

(iv) **Verification of Date-wise Monthly statement-** The Focal Point Branches after the close of the month, will prepare the Date-wise Monthly Statement (DMS) in quintuplicate, PAO wise of each Ministry/Department on the basis of the daily Main Scrolls already sent to PAO. Four copies of DMS will be submitted to PAO for verification by 3<sup>rd</sup> of the succeeding month. Two copies of monthly statement will be returned by the PAO duly verified to the Focal Point Branch within three days of receipt thereof and one copy of the statement duly verified sent to his Principal Accounts office so as to reach that office by 8<sup>th</sup> of following month. Fourth copy will be retained by PAO for his records. PAOs are required to verify DMS within stipulated time.

(v) **Drawing of cheque as per the Negotiable Instruments Act and Central Treasury Rules-** The cheque drawn on accounts with agency bank/RBI should be as per provisions of Negotiable Instrument Act and Central Treasury Rules. Bank authority informed that (i) in many cases cheques are issued without the protective crossing (ii) a number of cases the transparent stickers are not fixed on the amount in figures (iii) MICR band area of cheques is used in many cases for stamping of name, designation and code number of the signatories as well as for writing which is not permitted. All PAOs/CDDOs should follow the instructions of NIT act and CTR while issuing cheques. It may be ensured that the Ministry//Department may get the cheque Books printed from Government Security Press Nasik on standard quality of paper.

All Ministry/Departments are requested to issue further instructions to PAOs/CDDOs under their control and have in place an effective monitoring system to ensure that such instructions are being strictly followed.



(H. S. Saini)

Sr. Accounts Officer

To,

1. Principal Chief Controller of Accounts, CBEC
2. Principal Chief Controller of Accounts, CBDT
3. Principal Chief Controller of Accounts, Ministry of External Affairs
4. All CCAs, CAs and Dy. CAs
5. Controller of Accounts, Principal Accounts Office, Government of NCT of Delhi, B Block, Vikas Bhawan, New Delhi-110002.
6. Additional CGDA, O/o CGDA, Ministry of Defence, West Block-V, R.K. Puram, New Delhi-110066.
7. Director Finance (CCA), Railway Board, Rail Bhawan, New Delhi.
8. Director General (PA), Department of Posts, Dak Bhawan, New Delhi.
9. Dy. Director General (TA), Department of Telecom, Sanchar Bhawan, New Delhi.
10. Director of Budget & Accounts, A&N Administration, Port Blair.
11. Director of Accounts, Lakshadweep Administration, Kavaratti, Lakshadweep.
12. Director of Accounts, Daman & Diu Administration, Moti Daman, Daman.
13. Director of Accounts, Dadra & Nagar Haveli Administration, Silvasa.
14. AGCA, System Group with the request to upload this O.M. on Controller General of Accounts website.
15. Regional Director, Reserve Bank of India, Public Accounts Department, 6, Sansad Marg, New Delhi-110001 with reference to their letter No. PAD.ADMIN.ND.No. 1742/01.01.31(Govt.)/2008-09 dated 17.11.2008 with the request to issue relevant instructions to all banks.
16. General Manager, RBI, DGBA, Central office, Opposite Mumbai Central Railway Station, Byculla, Mumbai-400008 with reference to their letter No. DGBA.GAD No. 6790/31.13.171/2008-09 dated 2.2.2009.