

Friday 18th July 1783.

The Committee having revised the Report directed it to be inserted upon the Minutes as follows

The second Report of the Committee appointed to inspect & enquire into the Mode & execution of the Business as now carried on in the different departments of the Bank.

To the Governor, Deputy Governor and
Committee of Treasury.

Our former Report being confined to the single Object of the Security of Bills & Notes discounted or paid into the Bank: We now proceed to state the result of our farther enquiries.

We find the Business of the Bank divided into two great departments; one under the direction of the Chief Cashier, the other of the Chief Accountant: the former alone has hitherto engaged our attention.

From the information of M^r Newland we learn that the department of the Chief Cashier is branched out into the following different Offices: the Principals of which are accountable to the Chief Cashier as their Head.

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- The Chief Cashiers Office superintended by the Chief or second Cashier.
- The Cashiers in the Hall, 8 in number, all upon equal footing as to authority.
- The several Cash-books for making out Bank Notes, which might be more properly termed Bank Note-books, & the Bank Post bill book, at each of which the senior acts as Head or Principal.
- The ^{Genl} General Cash-book, - under the direction of the senior Clerk.
- The Drawing Office, under 2 Chiefs.
- The Bill Office, under 3 Chiefs.
- The 3 Clearers, of whom the senior acts as Head.
- The Out Sellers, in some degree accountable to the Head of the Bill Office.
- The In-Sellers in the Hall & in the Dividend Pay Office, of whom the senior acts as Head in the Hall, the second as Head in the Pay Office.
- The Warrant Office, under the direction of one Chief.
- The Discount Office, under the direction of 2 Chiefs.
- The Clerks that attend the Exchequer.
- The Clerk that attends the printing of Bank Notes.
- The Bullion Office, under one Chief.

We have examined all the Chiefs & several of the subordinate Clerks in these Offices: but shall not trouble the Committee with a minute description of the manner in which they transact their business: it may suffice here to observe that our Minute Book consists of such details as we trust will prove satisfactory if more particular information be desired: Our intention in this as well as in our future Reports being only to name the different Offices, making such observations as in our opinion may tend to introduce improvements or to remedy any inconveniencies in the present practice.

It is natural to imagine that our attention must have been very earnestly directed towards an Object of infinite importance in this department; we mean the whole process — concerning Bank Notes from their formation for currency to their final discharge. And as it is our purpose to suggest & recommend a very material Alteration with respect to this subject, we think it necessary briefly to state the present Mode of making out & issuing Bank Notes, as well as the Manner of keeping those deposited in the Store in the Warehouse, & to make some remarks on the insecurity of each.

The 8 Cashiers in the Hall are appointed to sign all Bank Notes: we name them first as being Seniors to the other Clerks, for in regard to this part of their business the principal confidence seems to be reposed in the Juniors. There are 6 books called Cash-books, in which the particulars of all Notes are entered, (4 of these, marked A, B, C, H, are kept in the Hall, one, marked O, in the Chancery Office, & the other, marked K, in the Bank Note Office), only 2 fixed Clerks are stationed at each of the 4 books in the Hall; whose business it is to receive value or vouchers for all Notes required, to fill up the Blank Notes, to countersign, & to enter them, & then one of these Clerks, or as it frequently happens the Party claiming the Notes, hands them to one of the Cashiers, (who is perhaps at some distance from the book) to be signed: the Cashier signs them without taking any account of what he signs, & generally knows nothing concerning the value received. The Clerks at each book have a box or drawer open before them on the Desk with compartments for the blank Notes of different values, which are delivered to them every morning by the Cashiers, to whom they account, at 5 o'clock in the evening, for the number they have received; when those that remain unused are counted & returned into the Warehouse, where

the Stock of blank Notes is kept.

(This Mode of issuing Bank Notes is in our apprehension attended with very considerable risk, inasmuch as there is more danger in trusting to the fidelity & care of a greater number of Junior & inferior Clerks, than of a smaller number of Senior & superior ones: Convinced of the truth of this observation, there appears to us a strange perversion in this business of making out Bank Notes: for surely the Trust (& great indeed it is) was intended to be placed in the Cashiers, Men who from their Age, their length of service, & other circumstances that have probably raised them to such a station of confidence, may be supposed to deserve it: whereas in the present practice, the sole reliance is on the honesty & vigilance of the entering Clerks, each separately entrusted, not barely with a sum of money, but with the power of creating it to almost any amount; & this under so little controul that notwithstanding every precaution hitherto adopted, opportunities still occur every day similar to that which enabled Clutterbuck to perpetrate the fraud he lately committed: for in fact there is no effectual check on the Clerks at

the Cash-books for the value of the Notes they fill up & issue, before the books are examined next day in the Accountant's Office: besides, at dinner hours from one to three o'clock, one of the 2 Clerks is allways absent, & then the Book & all the Blank notes are left in the charge of a single person; unless an additional Clerk be sent from another Office, which is occasionally done to some but not to all the books. Farther, on a holiday, only one of the Clerks attends, & tho' another is furnished from some other Office, yet at dinner time, one of these is absent for two hours. From all which it appears that blank Notes to a very large Amount, are frequently left for a length of time, in the sole custody of a single Junior Clerk, with power to fill them up, to countersign them himself, & to procure the signature of a Cashier, who signs without knowing any thing of the occasion on which the Notes are issued or whether Value has been received for them. This we state without any design to impute negligence to the Cashiers, for according to the present mode, it seems impossible that with any view to dispatch, it should be otherwise, but that they must depend on the Fidelity & exactness of the entering Clerks. The situation of these Clerks in the Hall with

the drawers of blank Notes open before them, is another circumstance of danger, as many Persons totally unconnected with the business of making out Bank Notes have frequent access to them by intruding where they have no right to come: an abuse often complained of by the Cashiers & Clerks who nevertheless find it impossible to prevent it. It is needless to insist on the glaring impropriety & risk that must attend the blank Notes being thus exposed; their importance, as containing almost every feature of a complete Note, cannot be more significantly pointed out than by adverting to a late Resolution of the Court of Directors, ordering payment of one that had been lost or stolen, ^{the} filled up & signed with fictitious names; a Resolution principally grounded on the detriment that must ensue to the currency of this paper, if the Publick were absolutely required at their peril to be acquainted in every instance with the names & signatures of the different Clerks.

We now proceed to state our objections to the manner in which the Store Notes are kept in the Warehouse for the purpose of paying

Dividend Warrants & for supplying the Clerks who attend the Exchequer. The present practice is, when Notes are brought down from the Cash-books to increase the Store, they are distributed among the Cashiers, to be signed by them, in parcels, tyed loosely, of 50 Notes each: as soon as completed, the Cashier who has the charge of the Warehouse collects the parcels, & observes whether the Number on the uppermost Note of each parcel is right; but does not count over the Notes, presuming that the Cashier who has signed & tyed them up has already done it: & without any farther certainty of having got the whole Number at first made out, he deposits them in the Warehouse, & adds them to the Account in the book kept there.

These Store Notes are placed in a cupboard with two locks, of which one of the keys is kept by the Cashiers, the other by the In-Sellers, & any one Cashier with any one In-Seller may have at all times access to them, a circumstance that precludes all possibility of charging any particular person, in case of a deficiency. There is a standing Order that an account shall be taken every day of these Notes by one of the Cashiers in rotation; but the manner in which this Order is complied with actually lessens rather than

increases the security of the Deposit; for all tho' the Cashier is obliged to call an In-Seller to assist in opening the Cupboard; yet as it does not appear to be the custom for the In-Seller to attend during the whole time the Cashier is looking over the Notes, it follows that in his absence they are left in the possession of the Cashier alone. —

Farther; the Mode of taking this daily account is greatly defective; it is done by telling over the unbroken parcels as containing 50 Notes each, & the number of Notes in those only that appear to be broken, by which method if any one of these parcels was wrong at the time of depositing, or if any embezzlement of any Notes should happen afterwards it would be impossible to know where to fix the fraud, as the deficiency could not be discovered untill the parcel from which the Notes had been taken should come into use, which perhaps, might be a month after they were made out. In either case, it would be difficult to ascertain whether the deficiency arose from the Negligence of the Cashier who signed the Notes; of him who collected them to deposit in the Warehouse; or from a Fraud committed afterwards. The

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Sum of Bank Notes compleat & ready for currency usually kept in the Store fluctuates from 100,000 to 300,000 Pounds Stg; a sum much too large ever to be entrusted to a single Person, unless obliged to account for the balance in his hands every evening.

In order to avoid the Dangers & remedy the Inconveniencies that have been stated in this Report we are encouraged to offer a Plan for the conduct of the Business of Bank Notes, which we flatter ourselves will be found if not quite perfect, at least sufficiently so to answer in a higher degree than the present mode, two great & principal Objects; the Security of the Bank; & the Accommodation of the Publick. We confess we should with greater diffidence have proposed an Alteration which is intended to supersede a practice of many years standing if there had not been various instances of losses & inconveniencies attending the latter, & if notwithstanding the conviction of our own Judgement our opinion had not been corroborated by those of Mr Newland, Mr Thompson, & most of the other Cashiers.

The Plan which with great deference we recommend to the consideration of the Committee

of Treasury, is, that of issuing to the Publick ready made Bank Notes in the manner practised in the Dividend Pay Office & at the Exchequer, & of banishing from the Hall the Cash books now kept there & the blank Notes attendant on them. For this purpose it will be requisite to increase the Store in the Warehouse to 500,000 Pounds Stg, a sum which from the information of the two Chief Cashiers we think we are well founded in asserting, need never be exceeded. For the particulars of the proposed Mode of keeping the Store & issuing these Notes we refer to the Plan itself hereto annexed by way of Appendix.

The Difference between the Sums of 500,000 Pounds Stg & that now usually kept in the Warehouse, cannot, in respect to the confidence that must necessarily be placed somewhere, be urged as an objection of weight against the mode now offered, when it is considered that regulations are proposed with respect to the Class of Men who shall ever have access to the Store, nor can any argument be adduced from a supposition of the Temptation being stronger in the one case than in the other that will not more effectually prove that ready made

Notes should never be kept as a Store at all, than that the difference of the Sum is of any moment in regard to the danger of Embarrassment: but when it is superadded that by the proposed Plan the Blank Notes will be exempted from the very imminent danger they stand exposed to at present, a circumstance of itself sufficiently alarming to require an immediate alteration of practice; & that the Publick will be accommodated on demand without the delay they are now subject to, a consideration not to be overlooked as it may have a tendency to increase the Circulation of Bank Notes - we can entertain no doubt of the Plan now offered obtaining the approbation of the Committee of Treasury.

As it is proper to mention in this Report every material Circumstance respecting the formation & issuing of Bank Notes wherein we think any improvement can be made, or risk avoided, we cannot help expressing our surprise that for so many years, (we believe ever since the establishment of the Bank), it has been the custom to send the Paper & Copper plates to the Printer's house, for the purpose of

printing the Blank Notes; the plates are carried
thither & brought back every day by. Mr Barber
the Clerk appointed to have the charge of them.
From the mode of conducting the business as
described by him we conclude that the Blank
Notes must necessarily be exposed to considerable
hazard - but without his information we -
should certainly condemn the practice of
suffering the plates to be ever taken out of the
Bank, if there were a possibility of printing
off the Blank Notes within it. We need not
particularize the danger that both the Paper &
plates must be subject to, from the moment
they leave the Bank to that of their return, &
we apprehend ~~that of the loss of the plates & the~~
~~possibility of the loss of the plates & the~~
that it will be perfectly -
easy ~~to~~ to avoid all future Risk, by
causing the Notes to be printed within this
(House). (Signed)

S. Bosanquet

Thomas Dea.

Bank of England

the 29th of July 1783.

Benj: Winthrop.

Adjourn'd to 23^d July 1783.