

CHAPTER – III : UNION TERRITORIES (REVENUE SECTOR)

Andaman and Nicobar Administration

Directorate of Information, Publicity and Tourism

3.1 Embezzlement of ₹ 51.42 lakh

Failure of the Drawing and Disbursing Officer to periodically reconcile the accounts and furnish the bank reconciliation statements to the Pay and Accounts Office, as required under the Civil Accounts Manual, resulted in embezzlement of ₹ 51.42 lakh.

In terms of the Civil Accounts Manual¹, receipts through instruments/cash should be remitted into Government Account by the Drawing and Disbursing Officer (DDO) in the accredited bank of the department through prescribed challan forms. The receiving bank prepares daily receipt scrolls where the serial numbers of the receipt scrolls are recorded on the corresponding challans for the purpose of identification, and one copy of the receipt scrolls and challans is provided to the DDO. The DDO is required to prepare a weekly statement of receipts giving the details of the challans and the amount deposited, check the entries in the copy of the receipt scrolls with entries in the statement of receipts and reconcile any discrepancy with the bank, under advice to the Pay and Accounts Officer (PAO). The DDO is also required to forward to the PAO, a monthly bank reconciliation statement in prescribed form.

Records of the Directorate of Information, Publicity and Tourism (Department), Andaman and Nicobar Administration (Administration) revealed that contrary to rules, the DDO failed to periodically reconcile the Government receipts with the bank scrolls or to forward the monthly bank reconciliation statements to the concerned PAO.

Audit scrutiny of PAO compilation sheets with reference to Cash Book and other relevant records revealed that during the period from February 2011 to March 2013, the Department received cash totaling ₹ 20.79 lakh towards room rent, catering services, sound and light show at Cellular Jail, etc. Audit, however, noted that though the amount was shown to have been deposited into the Government Account through challans as per the Cash Book, the

¹ Para 1.10.2 (under “Receipt Scrolls and the related Reconciliation and Accounting procedures”) of the Civil Accounts Manual.

corresponding challans were not traceable in the PAO compilation sheets and not reflected in the Government Account. The copies of challans against which they were deposited into the Bank through serially numbered challans were also missing and could not be produced by the department. Meanwhile, based on the audit observations, the department further examined the records from 2007-08 onwards and found that in addition to the aforesaid amount, an amount of ₹ 30.63 lakh was also found missing.

The department confirmed (March 2015) the facts and stated that the matter was being handed over to Police authorities for further action. The concerned Head Clerk who handled the cash during the corresponding period has been suspended since April 2015 and Memorandum of Charge Sheet has been served to him (November 2015). Further developments are awaited (June 2016).

Thus, failure of the DDO to adhere to the provisions of the Civil Accounts Manual for periodic reconciliation of amounts deposited and credited into the Government Account resulted in embezzlement of Government money amounting to ₹ 51.42 lakh.

The matter was referred to the Ministry in October 2015; their reply was awaited as of June 2016.

Union Territory Chandigarh

3.2 Expenditure without Parliamentary approval and unauthorised retention of departmental receipts outside the Consolidated Fund of India

Police Department, Union Territory Chandigarh spent ₹ 1.25 crore on police recruitment between 2013-14 and 2016-17 by operating bank accounts with receipts amounting to ₹ 10.24 crore, in contravention of Constitutional provisions and Financial Rules.

Article 266 of the Constitution of India mandates that all revenues received by the Government shall form the Consolidated Fund of India and no moneys shall be appropriated except in accordance with law and for the purposes and in the manner provided in the Constitution. Article 114(3) stipulates that no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law, that is, as passed by Parliament. Rule 6 of the Central Government (Receipts and Payments) Rules 1983 and Rule 3 of the General Financial Rules reiterate that all moneys received on account of

revenue or receipts shall without undue delay be included in government account.

The Inspector General (IG) of Police, UT Chandigarh has been conducting annual police recruitments (five in number) for the Chandigarh Police from October 2013 without submission of detailed demands for grants to Parliament for approval of the budget. For this purpose, IG Police Chandigarh has been operating savings bank accounts in public and private banks into which the IG Police Chandigarh deposited revenues like application fees for recruitment and met all day to day expenses on recruitment out of this account bypassing the Constitutional provisions. Details are given in the table below:

Name of the Bank				Date of opening	Date of closing
HDFC Bank Chandigarh	Sector 22			26.12.2013	13.01.2016
SBI GMCH Chandigarh	Sector-32			29.06.2015	Not closed yet as recruitment process for the year 2015-16 is under process.

Details of receipt and expenditure in the bank accounts from 2013-14 to 2016-17 (up to May 2016) as checked in audit are as under:

Year	Opening Balance	Receipts (₹)	Expenditure (₹)	Closing Balance (₹)
HDFC Bank				
2013-14	-	1,31,67,038	2,16,552	1,29,50,486
2014-15	1,29,50,486	51,74,369	89,97,923	91,26,932
2015-16	91,26,932	1,91,519	15,78,215	77,40,236²
SBI				
2015-16	--	8,38,44,385	630	8,38,43,755
2016-17 & (up to May 2016)	8,38,43,755	-	16,56,705	8,21,87,050
Total		10,23,77,311	1,24,50,024	8,21,87,050

The matter was pointed out by Audit in May 2015, August 2015 and May 2016, the replies of IG Police UT Chandigarh (October 2015, January 2016 and May 2016) confirmed the facts in the table above. No reply was furnished however, on the conduct of recruitment process without Parliamentary budget approval.

The matter was referred to Ministry of Home Affairs (MHA), Government of India and Finance Secretary, UT Chandigarh (October 2015 and June 2016), following which, MHA directed (October 2015) Chandigarh Administration to offer their comments directly to audit. Comments are awaited as of June 2016.

² Deposited in government account in October 2015.