CHAPTER-IV

AUDIT OF TRANSACTIONS

Audit of the departments of the Government, their field formations as well as of the autonomous bodies brought out several instances of lapses in management of resources and failures in the adherence to the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

4.1. Fraudulent drawal /misappropriation, embezzlement and losses

IRRIGATION AND POWER DEPARTMENT

4.1.1. Embezzlement of government money

Failure of the Executive Engineer to follow the procedure laid and observe codal provisions and instructions issued for handling government money, facilitated embezzlement of Rs 70.30 lakh.

The Punjab Financial Rules provide that the head of the office should verify cash balance in the cash book and record a signed and dated certificate to that effect. Further 'Manual of Administration' provides that revenue clerk is responsible for proper upkeep of cheque books, cash books (main and subsidiary) and remittance of cash into treasury, to make all payments and be responsible for contents of the chest.

Audit of records of Executive Engineer (EE), Majitha Division, Upper Bari Doab Canal, Amritsar revealed (May–July 2005) that three[1] cash books were being maintained and money was being kept in three[2] banks instead of depositing into treasury as required under the Punjab Financial Rules. All the three cash books were being handled and maintained by an official other than the revenue clerk. It was further seen in audit that as on 31 March 2005 there was an aggregate amount of Rs 71.15 lakh appearing as closing balance in the three cash books. As per certificate found recorded in the cash books (certificate in one cash book was not signed by any authority) as on 31 March 2005, the entire amount was certified to be lying in chest. However, the details of amount as on 31 March 2005 lying in the chest as well as in three bank accounts each being operated separately from March 1988, September 1995 and May 2001 were not mentioned in the certificate. Whereas, the scrutiny of bank statements in Audit revealed that there was a closing balance of Rs 84,329 in three bank accounts as on 31 March 2005 and as such Rs 70.31 lakh was supposed to be in chest. When the details of exact amount lying in the chest and bank were sought, (May-June 2005), the

[1] Cash book of revenue receipts, Main cash book of execution of works and Sub-cash book of establishment expenses.

[2] United Commercial Bank, Amritsar A/C No. 76. Indian Overseas Bank, Amritsar A/C No. 4240 and Canara Bank, Amritsar A/C No. 5025.

EE could not intimate the same on the plea that keys of chest were not available with him. However, taking cognizance of audit observation, an FIR was lodged (July 2005) by the EE on the directions of the Government.

In pursuance of further audit observations, the EE intimated (August 2005 and February 2006) that on the chest being unlocked (August 2005) by a committee formed by the department, an amount of Rs 860 and 100 revenue stamps each of rupee one denomination was found in the chest against the required amount of Rs 70.31 lakh, thus confirming the embezzlement. It was further stated (February 2006) that the three officers/officials considered to be held responsible for embezzlement, had been placed under suspension and charge-sheets had been submitted (February 2006) for the approval of the higher authorities. Final results of investigations were awaited (August 2006). Thus, failure of the EE to follow the procedure laid down and observe codal provisions and instructions issued with regard to handling of government money facilitated embezzlement of Rs 70.30 lakh.

The matter was referred (May 2006) to Government/ Chief Engineer; reply has not been received (September 2006).

4.1.2. Possible fraud in respect of government money

Non-adherence to prescribed rules in handling cash facilitated embezzlement of Rs 15.30 lakh.

Rules provide that all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of office in token of check exercised by him. All receipts collected during the day should be credited into the treasury on the same day or on the morning of next day at the latest.

Test check of records of Executive Engineer, Majitha Division, Upper Bari Doab Canal, Amritsar revealed (July 2005) that Government accorded (September 2004) approval to transfer 2.82 acres government land in the name of the buyer (Shri Gur Alam Bir Singh) which was sold to him (June 1998) for Rs 25.13 lakh. As the payment was delayed, total payment due to be received inclusive of interest of Rs 7.17 lakh worked out to Rs 32.30 lakh. Payment thereof was stated to have been received in full. Accordingly, a sale certificate was issued (November 2004) declaring buyer as owner of the said land. Against Rs 25.13 lakh (cost of land), Rs 17 lakh[3] received between July 1998 and June 2000 were duly accounted for and Rs 15.30 lakh (cost of land: Rs 8.13 lakh and interest: Rs 7.17 lakh), stated to have been received from the buyer vide receipt No. 77 of book No. 39276 dated 12 March 2004 was neither taken in the cash book nor remitted into treasury. It was found that counterfoil of the said receipt number was for Rs 1680 shown to be received on 29 March

[3] Rs 2,51,262: 23.07.1998, Rs 6,28,155: 21.09.1998 and Rs 8,20,000: 21.06.2000.

2004 from another transaction that of auction of *gharat*[4] and not for Rs 15.30 lakh. Thus, amount of Rs 15.30 lakh stated to have been received vide receipt number77 was wrong and possibly mis-appropriated.

Thus, lack of monitoring of entries of all monetary transactions in the cash book resulted in this alleged embezzlement.

On this being pointed out (July 2005), the Executive Engineer stated (February 2006) that FIR had been lodged (July 2005) and official involved had been placed under suspension. Further, report has not been received (August 2006).

The matter was referred to Government in October 2005; reply has not been received (September 2006).

INDUSTRIES AND COMMERCE DEPARTMENT

4.1.3. Irregular grant of sales tax exemption

Grant of exemption certificate in violation of provisions of Industrial Policy 1996 resulted in loss of Rs 1.01 crore to State exchequer.

As per Punjab Industrial Incentive code under the Industrial Policy, 1996 new industrial units that came into production or undertook expansion on or after 1 April 1996 were eligible for sales tax exemption at the rate of 300 *per cent* and 150 *per cent* of fixed capital investment in areas specified in category "A" and "B" for 120 months or 84 months respectively. Government while amending Industrial Policy, 1996 in April 2000 had decided to discontinue the sales tax exemption with effect from 1 May 2000. It was however, stipulated that units which may have taken necessary steps or which may take effective steps by 30 April 2000 regarding registration with Department of Industries and Commerce will be eligible for grant of sales tax exemption after coming into production.

Scrutiny of records of General Manager, District Industries Centre, Mansa (GM DIC) revealed (March 2005) that a unit M/s. Sejji Plast Pvt. Ltd. applied for registration with the GM DIC, Mansa on 10 July 2002. Similarly audit of GM DIC, Ludhiana disclosed (April 2005) that M/s. Kudu Knit Process Pvt. Ltd. applied for registration with the GM DIC, Ludhiana on 17 May 2000. As both these units applied for registration with respective GMs after 30 April 2000, these were not eligible for sales tax exemption. Audit, however, noticed that certificates for sales tax exemption amounting to Rs 7.64 crore (Rs 4.45 crore-Mansa; Rs 3.19 crore-Ludhiana) were issued to them in August 2003 and September 2004 respectively ignoring above instructions of Government.

The sales tax authority confirmed (March 2006) that sales tax exemption amounting to Rs 1.01 crore (Rs 65.11 lakh Mansa; Rs 35.42 lakh: Ludhiana) had been availed of by both these units upto February 2006.

[4] Water mill is called Gharat.

On being asked (April 2006), GM DIC, Mansa stated that exemption certificate was given as per advice of Head office. Grant of tax exemption certificate in violation of provisions of industrial policy resulted in loss of Rs 1.01 crore to the State exchequer. No specific reply was given by the department.

The matter was brought to the notice of Government (January 2006); the reply has not been received (September 2006).

4.2. Infructuous/wasteful expenditure and overpayment

FOOD AND CIVIL SUPPLIES DEPARTMENT

4.2.1. Avoidable payment

Failure to make payments to the rice millers in time by the department despite its receipts from FCI resulted in avoidable payment of interest amounting to Rs 2.12 crore.

According to Punjab Rice Procurement Levy Order 1983 (Order), every licenced miller or dealer shall deliver levy rice in Central Pool (at fixed percentage of milled rice) to Food Corporation of India (FCI) on behalf of Punjab State. Further, full payment shall be made to the millers within 24 hours of delivery of rice. The payments to the millers are released through District Food and Supplies Controllers (DFSCs) after receipt from FCI.

Test check of records of seven[5] DFSCs revealed (March 2006) that 142 firms had supplied 28.44 lakh quintals of levy rice valuing Rs 278.65 crore between October 2001 and August 2002 to FCI for Central Pool on behalf of Punjab State during the crop year 2001-02. FCI paid full price of the rice to respective DFSCs who deposited it in the treasury. But, the payment to the firms/millers was not released within time period prescribed in Order 1983.

Aggrieved with the delay in receipt of payments, the rice millers filed (2002-03) writ petitions in the Punjab and Haryana High Court against the department for the settlement of their claims. The cases were decided (May 2004) in favour of rice millers with the direction to Government to pay interest at the rate of six *per cent* per annum for the period of delay in payments exceeding one week from the date of payment of price by FCI to the Punjab State (DFSCs). As a result, interest amounting to Rs 2.12 crore on account of delayed payments to millers was paid by the department in March 2005.

Thus, failure on the part of department to make payments to the rice millers in time despite its receipt from FCI resulted into avoidable payment of interest amounting to Rs 2.12 crore.

On being pointed out (March 2006), the DFSCs stated that the payments could not be released in time as the Government did not release the funds due to financial crunch. The reply was not tenable as the Government was merely to release the payments received from FCI against these transactions.

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[5] Amritsar, Ferozepur, Gurdaspur, Jalandhar, Ludhiana, Nawanshahar and Sangrur.

The matter was referred to Government (May 2006); reply has not been received (September 2006).

ANIMAL HUSBANDRY DEPARTMENT

4.2.2. Unfruitful expenditure on incomplete slaughter house

Failure of the department to carry out a project not only rendered the expenditure of Rs 1.59 crore as unfruitful but supply of hygienic meat could not be ensured.

With the objective of preventing environmental pollution and to cater to the needs of the domestic consumer and also to explore international market for meat and meat products, Government of India (GOI) sanctioned (December1999) setting up of modern slaughter house at Amritsar at the cost of Rs 4.38 crore on 50:50 sharing basis.

Scrutiny of records of Director, Animal Husbandry (December 2005) revealed that GOI sanctioned Rs 79.70 lakh[6] and matching share of Rs 79.70 lakh[7] was also provided by the State Government for setting up of slaughter house through Punjab Poultry Development Corporation now Punjab Livestock Development Board (PLDB). An expenditure of Rs 1.59 crore was incurred by the implementing agency upto February 2002. GOI released further grant of Rs one crore in March 2002 (Rs 50 lakh) and in November 2002 (Rs 50 lakh). However, the State Government did not release the amount of GOI share of Rs one crore to executing agency nor contributed their own matching share of Rs one crore till March 2005. The State Government, however, asked (April 2005) GOI for release of balance Rs 39.43 lakh as their share.

The GOI did not release the balance because the State Government failed to submit the progress report and utilization certificate of the funds (Rs 1.79 crore) already released. The GOI further observed (April 2005) that the State Government was not serious in implementation of this project and weeded out the project and asked for refund of Rs 1.79 crore.

Thus, even after spending Rs 1.59 crore upto February 2002 the building was incomplete (December 2005) and part of the machinery and equipment was yet to be purchased. The Director recommended (July 2005) to the Government that the incomplete project may be handed over to Local Government Department on "as and where" basis to finalise and use at their own level. No further action has been taken and the project is lying incomplete so far (August 2006).

On being pointed out (March 2006) the department admitted that incomplete building was not being put to use and stated (March 2006) that the left over work on slaughter house could not be completed as the State Government could not release its share due to financial crunch.

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6 Rs 10 lakh: March 1998 Rs 69.70 lakh: December 1999.

7 Rs 10 lakh February 1999: Rs 69.70 lakh January 2001.

Thus, failure of the department to carry out the project not only created liability of Rs 1.79 crore towards GOI, but the intended benefit of supplying hygienic meat to public could also not be ensured.

The Government when referred (January 2006) the matter, confirmed (July 2006) that GOI has directed the State Government to refund the amount within two months, which however has not been refunded as of August 2006.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.2.3. Overpayment of non-practising allowance

Payment of non-practising allowance to officers holding pay scales inclusive of NPA resulted in over payment of Rs 52.23 lakh.

As per notification issued (November 2003) by Punjab Government Department of Health and Family Welfare, the pay scales of the post of Director, Joint Director, Additional Director and Deputy Director of Health services were inclusive of non-practising allowance (NPA). As per notification, the post of Deputy Director included the post of Civil Surgeon, Medical Superintendent and Chemical Examiner. The officers working on these posts were as such not entitled for the payment of NPA in addition to the pay drawn by them.

Scrutiny of records (April 2005) of the office of the Director Health Services Punjab (Director) and information collected (March 2006) from 19 field offices[8] located in various districts of the State, however, revealed that in contravention of the instructions of the State Government, non-practising allowance was paid to 55[9] officers between December 2003 and March 2006. Further, for computation of house rent allowance, dearness pay and dearness allowance, the component of NPA was also taken. This resulted in overpayment of Rs 52.23 lakh.

The Director did not respond to the audit query raised (April 2005) during local audit. The matter was also referred (July 2006) to Treasury Officers as to how the salary bills of these officers were passed if NPA was included in their pay scales. In their response, District Treasury Officer, Chandigarh intimated (August 2006) that the treasury was not aware of Government notification of November 2003 and the treasury merely checked the calculations.

The matter was brought to the notice of the Government (December 2005); reply has not been received (September 2006).

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[8] 1.Amritsar 2.Bathinda 3.Faridkot 4.Fatehgarh Sahib 5.Ferozepur 6.Gurdaspur 7.Hoshiarpur 8.Jalandhar 9.Kapurthala 10.Ludhiana 11.Mansa 12.Moga 13.Muktsar 14.Nawanshahar 15.Patiala 16.Ropar 17.Sangrur 18. Chemical Examiner, Patiala 19. Medical Superintendent, Mata Kaushalya Hospital, Patiala.

[9] Director Health Services:17, Medical Superintendent, Mata Kaushalya Hospital, Patiala:1, Chemical Examiner Patiala:1, Civil Surgeon, Amritsar:2, Bathinda:3, Faridkot:1, Fatehgarh:3, Ferozepur:2, Gurdaspur:1, Hoshiarpur:2, Jalandhar:2, Kapurthala:2, Ludhiana:2, Mansa:2, Moga:2, Muktsar:2, Nawanshahar:1, Patiala:4, Ropar:2, Sangrur:3.

FINANCE DEPARTMENT

4.2.4. Excess payment due to non-availing of commission on advertisements

Failure of department to avail the prescribed commission as per DAVP rates resulted in excess payment of Rs 43.39 lakh.

Government of Punjab issued instructions (March 1995 and December 1996), that advertisements of Government departments, Boards and Corporations be released to various newspapers through Department of Information and Public Relations (DIPR) at rates fixed by the Government of India, Directorate of Advertisement and Visual Publicity (DAVP). The DAVP rates agreed with various newspapers contained a clause to allow commission at the rate of 15 *per cent* to be paid to Government on all the display and classified advertisements.

A scrutiny of records (February 2005) of the Director of Lotteries, Punjab revealed that an expenditure of Rs 2.89 crore was incurred between March 2003 and April 2004 on displayed[10] and classified advertisements got made directly through private agencies instead through DIPR without availing 15 *per cent* commission. Failure of department to avail the prescribed commission as per DAVP rates resulted in excess payment of Rs 43.39 lakh.

On being pointed out, the Director of Lotteries stated (August 2005) that the lottery department had been allowed (April 1997) to make publicity through private agencies at DAVP rates in relaxation of Government instructions of December 1996. The reply is not tenable because Government while relaxing the condition of issue of advertisements through private agencies instead through DIPR had ordered to get these published at DAVP rates which *inter alia* provided for a commission of 15 *per cent*.

The matter was referred to Government in October 2005; the reply has not been received (September 2006).

DEPARTMENT OF INFORMATION TECHNOLOGY

4.2.5. Ungainful expenditure due to non-providing of hardware

Failure of the department to provide hardware required for connectivity alongside the development of software not only resulted in ungainful expenditure of Rs 60.50 lakh but also deprived the benefit of computerization.

To provide accurate and timely information at various levels for effective decision making, reduce the redundancy of efforts and improve utilization of its resources, Department of General Administration (Evaluation Wing), which was the nodal agency, assigned (January 1995) a project to analyze, design and develop an integrated and computerized system to M/s Tata Consultancy Services, Chandigarh (TCS) at a cost of Rs 51.50 lakh excluding the cost of

[10] Displayed advertisements are those advertisements where rates are paid as per space occupied for it and classified advertisements are those advertisements where rates are paid as per words.

Relational Data Base Management System (RDBMS), system software and hardware required for connectivity. The system was to be developed in six modules and was aimed at computerization of the data relating to 3.50 lakh employees and 1.5 lakh pensioners. For running the system, hardware was to be located at State Headquarters, District Offices/Treasuries and Field Offices (DDOs and Sub Treasuries).

Audit scrutiny (November 2002) of records of the Director, Department of Information Technology, Punjab, (DOIT) Chandigarh and information collected subsequently from the Director, Technical Education and Industrial Training (DTEIT) revealed that all the six modules, duly approved by the technical experts, were accepted (between February 1997 and February 1998) by Department (Evaluation Wing). Amount of Rs 60.50 lakh which included three additional functionalities costing Rs nine lakh though approved by the Government in March 1996 but not earlier provided, was paid between January 1995 and October 2000. The concurrence of the user departments was also obtained between February 1997 and February 1998. But, due to non-availability of funds, hardware estimated to cost Rs 8.74 crore was not purchased and simultaneously no connectivity and database could be created at treasuries and Finance Department as a result of which Punjab Government Personnel Management System (PGPMS) could only be implemented partially utilizing existing hardware in Secretariat and in three departments viz. DTEIT, DOIT and Department of Treasury and Accounts. However, in the absence of Local Area Network (LAN) and connectivity, this partial utilisation has not met the expected objectives.

Further, against the targeted data of 3.50 lakh employees and 1.50 lakh pensioners, data of only 2133 employees was keyed in. No data of pensioners was keyed in.

DOIT confirmed in December 2005 that no hardware had been purchased by the department for providing connectivity to treasuries and Finance Department. Further, database connectivity has not been created by DOIT at treasuries and Finance Department for implementation of PGPMS application software and progress has not been made, as hardware is yet to be procured for remaining departments for implementation.

The failure of the department to provide hardware required for connectivity to date (December 2005) alongside the development of software not only resulted in ungainful expenditure of Rs 60.50 lakh but also on account of rapid updation of technology, the compatibility of existing software with hardware could pose a problem in future.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.2.6. Excess payment

Regularisation of contract employees in violation of the instructions of State Government and the opinion of Advocate General resulted in excess payment of Rs 30.54 lakh.

Government issued (June 2001) instructions to all the public sector undertakings/boards/authorities of State of Punjab in regard to ban of contract/

daily wage appointment that no contractual or daily wage appointment shall be made without the prior approval of Finance Department and wherever such powers are vested with the functionaries of these organizations through bye-laws, the said bye laws would be modified forthwith; whereas contractual appointments have been made earlier, should be dispensed with immediately; any contractual appointment, which is likely to assume the character of regular appointment, should be dispensed with on priority.

During the course of audit of Punjab Urban Development Authority (PUDA) (Head office) at SAS Nagar, (Mohali) conducted in August 2003, it was noticed that in pursuance to a decision taken in 4th meeting of PUDA held on November 1996, PUDA made 36 appointments on contractual basis between August and November 1998 with a condition that services of these employees will not be regularized. However, PUDA decided (December 2001) to regularize the services of these employees. It was further noticed that inspite of recommendations of a Committee formed (May 2002) to look into this aspect, opinion of Advocate General obtained in September 2002, advised against this decision and instructions of the State Government to reverse this decision, PUDA had not reversed the decision. This has resulted in excess payment of Rs 30.54 lakh as salaries from January 2002 to March 2006 to these 36 appointees after deduction of contractual wages as admissible to them.

On the matter being reported (February 2004), the Finance Department agreeing to the audit observations clarified (March 2004) that PUDA had regularized the contractual employees in contravention of Government instructions. Despite this, PUDA has not reversed its decision to comply with Government instructions so far (August 2006).

FISHERIES DEPARTMENT

4.2.7. Ungainful expenditure

Ill planning on the part of Government to conceive a fish seed farm without getting the quality of water checked resulted in unfruitful expenditure of Rs 86.38 lakh.

Government of Punjab accorded (February 1995) administrative approval for Rs 45.57 lakh for establishment of fish seed farm at Faridkot. The work of seed farm having targeted production capacity of 20 lakh fingerlings (fish seed) per annum was completed at a cost of Rs 57.99 lakh in December 1999. The water of appropriate quality was a pre-requisite for production of fish seed.

Audit scrutiny (July 2005) of records of Assistant Director Fisheries (ADF) Faridkot, however, revealed that during 2000-06, against the targeted production of 1.20 crore fingerlings, only 0.22 crore (shortfall of 82 *per cent)* were produced by spending Rs 30.86 lakh on salary of staff. The shortfall was attributed to the fact that the water obtained from the tubewell installed in the farm, being saline, was not suitable for development of seed. Sample of water was sent for testing to Regional Research Centre of Indian Council of Agricultural Research, Ludhiana (RRC) in February 2001. The RRC confirmed (March 2001) that physical and chemical parameters of water were not suitable for seed production. The RRC also observed that the treatment of existing saline water will be very expensive for hatching operations and recommended use of canal water or fresh borewell water from any other area for fish seed production. The department submitted (June 2000) a proposal for supply of canal water to Irrigation Department which was turned down (February 2004) by the Chief Engineer (Irrigation) stating that Government had banned bulk supply of water. No further efforts were made by department to arrange water for the seed farm from other sources as recommended by RRC (April 2006).

Thus, the infrastructure created at a cost of Rs 57.99 lakh did not yield the expected output and thus, establishment of fish seed farm without ensuring quality water was imprudent. As a consequence to this, department incurred ungainful expenditure of Rs 86.38 lakh.[11]

On being pointed out in Audit (July 2005), the ADF, Faridkot admitted (July 2005) the facts and further stated that inspite of efforts other sources of water could not be identified.

The matter was brought to the notice of Government (May 2006); the reply has not been received (September 2006).

IRRIGATION AND POWER DEPARTMENT

4.2.8. Ungainful expenditure

Commencement of work of reclamation channel without acquisition of land by the department resulted in ungainful expenditure of Rs 24.37 lakh, besides depriving the farmers of the intended benefits.

For the reclamation of saline and alkaline land of about 3807 acres belonging to seven villages[12], the State Government accorded (September 2001) administrative approval for construction of Ghanga Kalan Reclamation Channel (from RD 0-44500) off taking at RD 125850/R of main branch in Tehsil Jalalabad, district Ferozepur, at a cost of Rs 3.85 crore. For this, land measuring 74.99 acres was required to be acquired. The notification and declaration under Section 4 and 6 of the Land Acquisition Act, 1894 for

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[11] 57.99 + 30.86 – 2.47 (value of 0.22 crore fingerlings) = Rs 86.38 lakh

[12] Lapon, Jandwala, Roranwali, Chak Saidoke, Ghanga Kalan, Rattewal (also known as Shoangarh) of Ferozepur district and Ranjitgarh of Muktsar district.

acquisition of land were issued in January 2002 and February 2003 respectively.

During the audit of records of the Executive Engineer, Eastern Canal Division, Ferozepur it was noticed (June 2004) that four[13] estimates amounting to Rs 53.48 lakh were sanctioned by the Chief Engineer in December 2001 which *inter alia* included earthwork costing Rs 25.24 lakh. The work was taken up in December 2001 even before issuing the declaration (January 2002) and notification (February 2003) under section 4 and 6 of the Act for the acquisition of land. However, the work in different stretches of channel except five[14] was completed between January 2002 and April 2002 and payment of Rs 24.37 lakh was made between January 2002 and February 2006. Executive Engineer further stated (February/April 2005 and June 2006) that no work could be carried out after April 2002 due to protest by land owners because the award was not announced, and some of landlords/ villagers went (December 2001-January 2002) to court for getting compensation. The rates of land were also stated (April 2005/June 2006) to have not been finalized and sanctioned so far (June 2006). However, no reasons for non-finalisation of rates of land and of delay in arrangement of funds for land compensation were given. Thus, the commencement of work without completing the process of acquisition of land not only invited unnecessary litigation but also resulted into stoppage of work since April 2002, rendering expenditure of Rs 24.37 lakh as paid to contractor as ungainful, besides beneficiaries were also denied the intended benefits.

The matter was referred to the Government in March and May 2005; reply has not been received (September 2006).

4.3. Undue financial aid to statutory body and avoidable expenditure

IRRIGATION AND POWER DEPARTMENT

4.3.1. Avoidable expenditure on damages due to delay in deposition of statutory liability

Failure of the department to deposit contributions towards Employees Provident Fund resulted in the payment of avoidable damages of Rs 18.21 lakh.

Employees Provident Fund and Miscellaneous Provisions (EPF) Act, 1952 (Act), provided that employee's contributions towards EPF shall be equal to the contributions payable by the employer and were required to be deposited

[13] Constructing Ghanga Kalan Reclamation Channel from RD 0 to 10,000 (Rs 5.42 lakh).
Constructing Ghanga Kalan Reclamation Channel from RD 10,000-20,000 (Rs 9.52 lakh).
Constructing Ghanga Kalan Reclamation Channel from RD 20,000-30,000 (Rs 23.97 lakh).
Constructing Ghanga Kalan Reclamation Channel from RD 30,000-40,500 (Rs 14.57 lakh).

[14] RD 6000-13000, 16000-20000, 21000-22000, 24000-26000 and 32000-42000.

towards EPF as prescribed, failing which penal action under the provisions of the Act was liable to be taken.

Scrutiny of records of Executive Engineer (EE), Lohand Construction Division, SYL Project, Ropar (the Employer) revealed (May 2006) that Regional Provident Fund Commissioner, Chandigarh (RPFC) in its order dated 31 January 2005 pointed out that the EE had deposited Rs 54.36 lakh between May 1996 and May 2004 instead of Rs 69.11 lakh which was due towards EPF (both shares) for the period February 1996 to December 2004 leaving a balance of Rs 14.75 lakh and directed (January 2005) to deposit the same within 15 days. It was also stated in orders *ibid* that this order would not absolve the establishment of its liability to pay the penal damages as per provisions of Act. The department did not deposit the money within prescribed period of 15 days. However, the RPFC vide his orders dated 7 April 2005 levied damages of Rs 14.15 lakh and further enhanced to Rs 18.21 lakh adding interest upto 31 May 2006. Amount of Rs 32.96 lakh (Rs 14.75 lakh; short payment of contributions and Rs 18.21 lakh; damages) was deposited by the department on 2 May 2006. Thus, the failure of the department to deposit contributions (both shares) towards EPF with the RPFC resulted in avoidable expenditure of Rs 18.21 lakh.

On this being pointed out (May 2006), the EE stated (May 2006) that the matter had been taken up with EPF authorities for review of the case, but no reasons were given for not depositing the full payment of statutory liability. Further, on having been enquired (June 2006), RPFC stated (June 2006) that the review petition filed (May 2006) by the department had been rejected.

The matter has been referred to Government/Chief Engineer (June 2006); reply has not been received (September 2006).

4.3.2. Avoidable expenditure of land compensation

Failure to include a holding of land in the award resulted in avoidable expenditure of Rs 48.64 lakh.

To facilitate the acquisition of land by Government for public purposes, a preliminary notification is required to be issued under Section 4 of the Land Acquisition Act, 1894 (Act) which empowers the acquiring department to enter upon the land and before the expiry of one year from the date of publication of such notification, a declaration is issued under Section 6 of the Act that land is needed for a public purpose. The market value of land is determined as on the date of publication of the notification under Section 4 of the Act and if compensation so assessed is not paid before acquisition of land, the amount due is awarded by the Land Acquisition Officer with interest from the date of taking possession of land till payment is made to the land owners.

Test check of records of Land Acquisition Officer (LAO), Drainage Circle, Patiala revealed (December 2005) that notification under Section 4 and declaration under Section 6 of the Act were issued (April and July 1976) for the acquisition of 31.70 acres of land for the construction of Banur Drain[15] in Patiala District. The LAO announced (November 1976) award of Rs 1.57 lakh for 26.40 acres of land but Khasra[16] No.(s) of 5.30 acres of balance land was not included. Out of 5.30 acres, the possession of 2.84[17] acres of land of Banur village was, however, taken in April 1976. Further, notification under Section 4 of the Act for the acquisition of 2.84 acre of land issued on 7 November 1994, lapsed as the declaration under Section 6 of the Act could not be issued. The notification/declaration under Section 4 and 6 was again issued on 8 August 2001 and the Deputy Commissioner, Patiala approved (14 November 2002) draft award for 2.84 acres of land, but the LAO did not announce the award because payment was not deposited by the Executive Engineer (EE) reportedly (March 2006) due to non-clearance of Letter of Credit by district treasury officer. Then on being approached (July 2005) by one of the aggrieved land owners, the Punjab and Haryana High Court ordered (August 2005) to release payment to the land owners by November 2005. Accordingly, award was announced on 1 December 2005 for Rs 48.78 lakh (cost of land: Rs 8.71 lakh, 30 *per cent* solatium Rs 2.61 lakh and interest Rs 37.46 lakh from November 1976 to November 2005) against compensation of Rs 0.14 lakh which was payable had the award for the left over land been announced simultaneously in November 1976. Thus, failure of department to include the land (khasras) in the award announced in November 1976, coupled with subsequent delay in announcement of award (December 2005), resulted in avoidable payment of Rs 48.64 lakh.

On this being pointed out (December 2005), the EE stated (December 2005) that payment was made on the orders of the court. Reply was not acceptable because laxity on the part of department in not including the land (Khasra) in the award had invited unnecessary litigation besides avoidable payment of Rs 48.64 lakh.

The matter was referred to the Government in January 2006; reply has not been received (September 2006).

4.3.3. Avoidable payment

Not taking cognizance of undertaking given by village panchayat for providing land free of cost for the construction of drain, by the Land Acquisition Collector at the time of announcing the award, resulted in avoidable expenditure of Rs 27.74 lakh.

Notifications under section 4 and 6 of Land Acquisition Act, 1894, (Act) for acquisition of 21.58 acres[18] of land, falling in six villages of Gurdaspur district for the construction of drain was issued in April and May 2000. The Land Acquisition Collector (LAC) submitted (March 2004) draft award of 21.58

[15] RD 0-15156, 23720-23920, 24456-24764, 25510-25710, 26300-26670.
[16] The term "Khasra" is used to mention the smallest area involved in a land holding.
[17] The balance 2.46 acre land was not required.
[18] Gadrian (6.83 acres), Balewal (3.31 acres), Shampura (1.61 acres), Winjwan (5.46 acres), Bhullar (3.54 acres) and Jourha Singh (0.83 acres).

acres of land for Rs 89.46 lakh to the Principal Secretary, Irrigation Department who accorded approval in April 2004. The LAC pronounced the award in September 2004 for the entire land of 21.58 acres.

Test check of records of Executive Engineer, Drainage Division Gurdaspur, however, revealed (September 2005) that 21.58 acres of land acquired, included 6.83 acres of land of Gadrian village in respect of which village panchayat had given (June 2000) an undertaking for providing this land without objection and free of cost. Though the concerned LAC was informed of this fact in June 2004 and September 2004 i.e. prior to the announcement of award, even then the LAC pronounced award for the entire land measuring 21.58 acres without taking cognizance of undertaking of village panchayat for 6.83 acres of land.

Not taking cognizance of the undertaking given by village panchayat by the LAC while announcing the award, resulted in avoidable expenditure of Rs 27.74 lakh.

On this being pointed out (September 2005), the department only stated (January 2006) that payment of Rs 26.73 lakh had been made leaving a balance of Rs 1.01 lakh which is the unpaid amount lying with LAC as of May 2006.

The matter was referred to the Government (November 2005 and April 2006); reply has not been received (September 2006).

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

4.3.4. Undue financial aid for construction work

Funds of Rs 25 lakh were granted irregularly from the Rural Development scheme for strengthening of infrastructure and institutional works in urban areas.

As per the special programme for Rural Development, main emphasis was to be made on the consolidated development of the villages in Punjab through improvement of village sanitation, construction of drains, disposal of sullage water, shelter to the poor and wage/self employment etc. As per guidelines issued (November 1997) by the State Government, the funds under the scheme could be released to bodies in or outside Punjab for purposes such as water supply, agricultural development, rural sanitation etc. relating to rural population only.

Scrutiny of records in Audit (May 2006) revealed that Director Rural Development and Panchayats Department, Punjab sanctioned (February 2005) a grant of Rs 25 lakh for the construction of building of Bar Council of Punjab and Haryana (a Statutory body under the Advocates Act 1961) in Sector 37, Chandigarh under the scheme "Grant for strengthening of infrastructure and institutional works" under the special programme for Rural Development.

The funds were drawn and released (February 2005) to the Bar Council by Deputy Commissioner Ropar. As the construction of building for Bar Council at Chandigarh was neither a work of rural development in/outside the State nor it related to improvement of conditions of rural population, the grant of assistance of Rs 25 lakh was irregular. Failure of department to ensure that sanction of funds was covered under the provisions of scheme resulted in undue financial aid amounting to Rs 25 lakh to the Bar Council.

The matter was referred to Government (June 2006); reply has not been received (September 2006).

4.4. Idle investments/idle establishment/blocking of funds, delays in commissioning equipment; diversion/ misutilisation of funds

ANIMAL HUSBANDRY DEPARTMENT

4.4.1. Unauthorised expenditure

Irregular credit of government receipts into Board's accounts not only resulted in unauthorised expenditure of Rs 4.73 crore but also irregular retention of Rs 8.98 crore outside Government accounts.

As per financial rules, departmental receipts are credited into Government accounts and the utilization of these receipts towards expenditure is strictly prohibited.

With a view to supplement the efforts of the department in development of livestock, the Administrative Secretary through a notification (June 2001) got registered a society named Punjab Livestock Development Board (Board) (without enactment of an Act by legislature), to act as a nodal agency for implementation of State cattle and buffalo breeding programme. As per notification, the Board was to be financed through grants and loans from the State Government and sale proceeds of the services rendered by the Board.

Audit of Director Animal Husbandry (DAH) disclosed (December 2005) that though artificial insemination (AI) charges were creditable as government receipt, the DAH proposed (September 2001) to Government that AI charges (being realized by department) be allowed to be deposited with Board. Government agreed (March 2003) to the proposal with the condition that budget provision of AI will be phased out in a period of five years with a reduction of 20 *per cent* per year taking 2002-03 as base year. As a consequence of this order, AI charges amounting to Rs 8.98[19] crore (received

[19] Dy. Director Amritsar Rs 0.94 crore, Bathinda Rs 0.48 crore, Faridkot Rs 0.22 crore, Fatehgarh Rs 0.28 crore, Ferozepur Rs 0.42 crore, Gurdaspur Rs 0.81 crore, Hoshiarpur Rs 0.77 crore, Jalandhar Rs 0.73 crore, Ludhiana Rs 0.54 crore, Mansa Rs 0.23 crore, Moga Rs 0.48 crore, Nabha Rs 0.01 crore, Nawanshahar Rs 0.32 crore, Patiala Rs 1.36 crore, Ropar Rs 0.31 crore, Sangrur Rs 0.47 crore, Kapurthala Rs 0.23 crore, Muktsar Rs 0.31 crore, Misc. receipts Rs 0.07 crore.

between April 2003 and March 2006) were deposited with the Board (instead into treasury) by all the Deputy Directors of department. Out of this, a sum of Rs 4.73 crore was utilized by the Board towards purchase of liquid nitrogen gas, semen bank material, installation of tubewells etc., during the same period leaving unspent balance of Rs 4.25 crore as of March 2006.

The orders of the Secretary, to credit government receipts into Board's accounts not only resulted in unauthorised expenditure of Rs 4.73 crore but also retention of Rs 8.98 crore outside government accounts.

On being pointed out, the DAH stated that receipt of AI was got deposited with the Board as the budget estimates (BEs) were reduced each year at the rate of 20 *per cent* as approved by Finance Department. On pointing out (January 2006) the matter, the Government stated (May 2006) that the deposit of AI charges directly to Board was approved to make the Board a self sustaining body and not dependent on budgetary provisions of department and budget provision was reduced at the rate of 20 *per cent* every year.

Reply was not acceptable because scrutiny of BE further revealed that even the required reduction in BE was also not made while approving BE for 2004-05 and 2005-06.

EDUCATION DEPARTMENT

4.4.2. Irregular retention of government money outside treasury and spending money without approval of legislature

Government receipts amounting to Rs 2.62 crore were kept outside treasury affecting ways and means position of Government and Rs 2.94 crore were spent without approval of legislature.

Financial rules provide that departmental receipts collected have to be credited into the treasury on the same day or next day for crediting into consolidated fund of the State, from which expenditure of the State is met when authorized by the legislature.

4.4.2(i) Audit scrutiny (January 2006) revealed that Director State Council of Education Research and Training (SCERT) Punjab issued advertisement (December 2004 and April 2005) for entrance test for Elementary Teachers Training Diploma Course (ETT) and collected Rs 2.62 crore during December 2004 to May 2005 as sale price of Brochures for admission to ETT initially got printed against plan budget grant. Audit noticed that instead of depositing the sale proceeds of brochures into treasury, it was deposited by the Principals[20] of District Institute of Education and Training (DIET) in the saving bank accounts opened by them on the orders from Director SCERT.

[20] Ajjowal (Hoshiarpur), Budhladha (Mansa), Deon (Bathinda), Faridkot, Fatehgarh Sahib, Ferozepur, Gurdaspur, Jagraon (Ludhiana), Khose Pandov (Moga), Muktsar, Nabha (Patiala), Naure (Nawanshahar), Rampur Lalia (Jalandhar), Sangrur, Sheikhpur (Kapurthala) and Verka (Amritsar).

The action of the department to keep government receipts amounting to Rs 2.62 crore outside government accounts was violative of the financial rules besides affecting the Ways and Means position of the Government.

On being pointed out, Director SCERT confirmed (August 2006) that the amount received was required to be deposited in the treasury for which the necessary instructions have been issued to the Principals concerned.

4.4.2(ii) During audit of Director Public Instructions (Schools) (DPI(S)) conducted (April 2001) for the period June 1995 and March 2001, an audit objection was raised that application fee amounting to Rs 2.52 crore received from candidates for recruitment of B.Ed. teachers/school lecturers was retained by DPI in saving bank accounts in commercial banks instead of depositing in government treasury. This irregularity was pointed out to Government in February 2002.

As no response was received, audit again pointed out (April 2003 and November 2005) that amount of Rs 1.95 crore collected for similar recruitments between April 2001 and October 2005[21] was also deposited in saving account in bank. Out of total amount of Rs 4.47 crore, only Rs 1.53 crore were deposited into treasury between October 2004 and March 2005.

It was further noticed that out of balance application fees of Rs 2.94 crore, Rs 1.94 crore was spent on computerization etc. and an amount of rupees one crore for construction of Vidya Bhawan, Mohali.

Action of the department to retain government money in banks and incurring expenditure without approval of the State legislature resulted in unauthorised expenditure of Rs 2.94 crore.

DPI(S) stated that funds were utilized as per orders (January 1996) of Secretary Education. The reply was not acceptable because the action of department was violative of financial rules of the Government.

The matters were referred to Government (January 2006 and April 2006); reply has not been received (September 2006).

[21] After October 2005 no recruitment of teachers has been made resultantly fees on this account have not been received from recruits.

DEPARTMENT OF HOME AFFAIRS AND JUSTICE

4.4.3. Non-establishment of Forensic Science Laboratory

Rs 2.41 crore was lying blocked due to non-establishment of Forensic Science Laboratory which in turn impacted speedy disposal of criminal cases.

The Government of India (GOI) and the State Government had together launched (March 2000) a scheme for the modernization of the State Police Forces. As per scheme, a Regional Forensic Science Laboratory (FSL) was to be established (in addition to the existing laboratory at Chandigarh) at a cost of Rs 3.50 crore for speedy disposal of criminal cases. Though land (site) is a pre-requisite for construction of FSL building, no decision was taken by the department to select the site.

Audit scrutiny of the records in the office of Director General of Police, Punjab, Chandigarh (DGP) revealed (September 2005) that on the advice of the State Government, GOI released Rs one crore (March 2004) and the State Government released (September 2005) another Rs 1.41 crore to Punjab Police Housing Corporation (PPHC a designated construction agency) even though no site was selected, as a result Rs one crore was blocked for more than two years and Rs 1.41 crore since September 2005 and the amount was lying unutilised with PPHC (August 2006).

Failure of the department to select a site for the building of FSL and instead release of the funds despite there being no finality to the land for construction of building not only resulted in blockage of Rs 2.41 crore with PPHC but also a loss of interest of Rs 23.78 lakh (calculated at borrowing rate of the State Government). The purpose of speedy disposal of criminal cases was also not achieved.

On being pointed out (March 2006), DGP informed (May 2006) that Director, FSL has now selected a site in Village Balongi (Mohali) but the proposal was under consideration of Government. The DGP confirmed (August 2006) that the matter was still under process (August 2006).

The matter was referred to the Government (June 2006); reply has not been received (September 2006).

4.4.4. Non-utilisation of central grant

Failure of department to implement Government of India scheme not only deprived the State Government of central assistance of Rs 33.51 crore but also caused set back to the implementation of Scheme.

Government of India (GOI) Ministry of Home Affairs in consultation with Bureau of Police Research and Development formulated (September 2002) a perspective plan at a cost of Rs 74.46 crore for improvement of jails. The scheme was to be implemented over a period of five years (2002-07) on cost sharing basis between GOI (75 *per cent*) and State Government (25 *per cent*). As per guidelines issued (November 2002) by GOI the allotted funds for first year were to be released to the State Government as per their plan and funds in the subsequent years were to be released equivalent to the funds utilized.

Audit scrutiny (January 2006) of the records of the office of Director General of Police (Prisons), Punjab revealed that GOI released (March 2003) the first instalment of Rs 11.17 crore for utilization upto March 2003. As the grant was not utilized within the specified period, it was revalidated in April 2003 and again in July 2004 for utilization upto September 2004 but the same was utilised upto July 2006. The State Government, however, released its share of Rs 3.72 crore in December 2005 which was also lying unutilised with the department (August 2006).

Thus, failure of the department to release GOI funds in time coupled with inability to utilize the grant within the specified period, not only stalled remaining central assistance amounting to Rs 33.51 crore (to be released in three years 2004-06) but the prison staff as well as prisoners were also deprived of the benefit of having the conditions of jails improved.

On being pointed out, the Government admitted (August 2006) the facts and stated that it will take more time to complete the tender formalities and utilize the balance amount.

4.5 Regularity Issues and Others

TECHNICAL EDUCATION DEPARTMENT

4.5.1. Appointment of unqualified staff

Appointment of unqualified staff resulted in irregular payment of Rs 1.98 crore.

Board of Governors (BOG) of Sant Longowal Institute of Engineering and Technology (SLIET) approved in February 1990 and December 1999 Recruitment Rules and general conditions of service for non-teaching staff. Services of teaching staff were to be governed by recruitment rules approved by All India Council for Technical Education (AICTE) from time to time. There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office.

Audit scrutiny (November 2004) of records of SLIET revealed that 23 number of teaching (7) and non-teaching staff (16) were appointed by Director SLIET between January 1997 and March 2002 ignoring prescribed standards for appointment because the candidates appointed did not have required qualification (3)[22] and experience (3)[23], the candidates were over age(5), selection not recommended by screening committee(3), posts not advertised(8) and a clerk was appointed against the post advertised for telephone operator (1). Similarly, a Hindi teacher of Himachal Pradesh University while on extra ordinary leave was appointed (August 1999) as Councillor-cum-Chief warden (Girls) though the candidate had no experience of the said post. An amount of Rs 1.59 crore had been paid to these irregular appointees upto October 2005.

Further, the Punjab and Haryana High Court in a case pertaining to employees of SLIET ordered (November 1998) that no extension shall be given to contractual employees. BOG also ordered (March 2003), the Director not to grant any extension. In disregard to these instructions, the Director appointed 12 officials on contract basis between July 1999 and May 2004 for one year with subsequent extensions for a period upto February 2006. This resulted in irregular payment of Rs 38.57 lakh made to these employees as salary and leave salary contributions from August 1996 to March 2005.

On being pointed out, Director stated (August 2005) that individual cases were being scrutinized and the comments of the then Director have been sought. Further developments were awaited (August 2006).

The matter was brought to the notice of the Government (March 2006); reply has not been received (September 2006).

DEPARTMENT OF ARCHITECTURE

4.5.2. Non-realisation of establishment charges

Failure of the department to recover establishment charges, resulted in non-realisation of charges amounting to Rs 2.15 crore.

The Department of Architecture, Government of Punjab, with the concurrence of Finance Department issued (July 1963) instructions for the recovery of establishment charges at the prescribed rates of the total cost of works, for architectural services rendered to Government department at the rate of 1.7 *per cent* and local bodies and private institutions at the rate of three *per cent*.

Audit scrutiny (May 2006) of records of Chief Architect Punjab revealed that the department provided architectural services for six government works costing Rs 88.03 crore and for five institutional works costing Rs 32.21

[22] One person was under-graduate and two persons did not possess Industrial Training Certificate in relevant trade at the time of selection.

[23] One Professor was appointed with teaching experience of five years against the requirement of ten years.
One Assistant Professor was appointed with teaching experience of three and half years against the requirement of five years.
One Store Keeper having experience as Clerk-cum-Accountant for two years was appointed against the requirement of three years experience as Store Keeper.

crore, during 2001-02 to 2005-06 on which establishment charges amounting to Rs 2.46 crore were recoverable from government works (Rs 1.49 crore) and institutional works (Rs 0.97 crore), out of which charges amounting to Rs 30.87 lakh only were recovered so far. Thus, failure of the department to initiate action for recovery resulted in non-realisation of charges amounting to Rs 2.15 crore (six government works: Rs 1.29[24] crore and five institutional works: Rs 86.24[25] lakhs) even though the matter was also pointed out earlier in November 2002 during local audit.

On this being pointed out (May 2006), Chief Architect admitted the facts and stated (May 2006) that the matter was taken up demi-officially at Secretary level. It was, however, observed that this issue was earlier also raised by Audit three years back but adequate efforts have not been made to evolve a proper system to levy these charges by the department.

The matter was brought to the notice of Government (June 2006); reply has not been received (September 2006).

POLICE DEPARTMENT

4.5.3. Ineffective manpower management in Police Department

Ex-cadre posts at the level of DGP, ADGP, IGP, DIGP and SP operated in excess of norms without approval of GOI resulted in irregular expenditure of Rs 4.85 crore; Six police posts were operated without the sanction of Government; and claims of Rs 6.77 crore of cost of police force deployed to other States/organisations had not been realised.

A test check in audit was carried out during October 2005 to May 2006 to assess the effectiveness of the implementation of the various instructions that have been issued by Government of India (GOI) and the State Government pertaining to operation of posts, deployment of personnel, recovery of cost of deployment of police force, recovery of leave salary and pension contributions in case of deployment on foreign service and imparting of training to the new recruits. For this audit exercise, records for the period 2001 to 2006 of 20 units out of 72 units of the Police Department in the State were test checked. It was observed that excess posts were operated in disregard to IPS Cadre Rules, staff was diverted in violation of instructions of the Finance Department and leave salary and pension contributions were not recovered. Besides this, cost of police force deployed in other States/organizations was not recovered. Police posts were opened and operated without sanction and training to new recruits

[24] District Administrative Complex, Moga: Rs 0.57 crore; DAC, Hoshiarpur: Rs 0.38 crore; Tehsil Complex, Jalalabad: Rs 0.07 crore; India Gate, Hussianiwala: Rs 0.01 crore; Multitrade integrated centre: Rs 0.01 crore and Bus stand, Amritsar: Rs 0.25 crore.

[25] Malout Institute of Management and Information Technology, Malout: Rs 0.30 crore; Community Rehabilitation Centre, Malout: Rs 0.21 crore; Bus stand, Jagraon: Rs 0.10 crore; Anandpur Sahib Community Centre: Rs 0.02 crore and Regional Rehabilitation Centre for Spinal Injuries, Mohali: Rs 0.23 crore.

was not imparted. These cases highlight the deficiencies in implementation of instructions issued by the Government in this regard. These cases are discussed below:

Excess creation of ex-cadre posts

The IPS (Cadre) Rules, 1954 provide that there is no restriction on the State Government for creation of ex-cadre posts at the level of Additional Director General of Police (ADGP), Inspector General of Police (IGP), Deputy Inspector General of Police (DIGP) and Superintendent of Police (SP) as long as the number of such ex-cadre posts are kept within the prescribed number of State deputation reserve. At the level of Director General of Police (DGP), ex-cadre posts can be created by the State Government only upto the equivalent number of sanctioned posts in the cadre (at the ratio of 1:1). The number of such ex-cadre posts can exceed the prescribed limit only with the approval of GOI.

During test check of records, it was noticed that the cadre strength of 144 Indian Police Service (IPS) Officers, for the State of Punjab was fixed (November 2003) by GOI, which included 79 senior posts of IPS officers, 31 posts of Central deputation reserve, 19 posts of State deputation reserve, 13 posts of leave reserve and junior posts reserve and two posts of training reserve. Further scrutiny revealed (March 2006) that during the period 2001-06, ex-cadre posts at the level of DGP, ADGP, IGP, DIGP and SP were created in excess of the prescribed limits without the approval of GOI. Year-wise details of ex-cadre posts authorized/created/operated/excess in the different levels of IPS officers were as below:

Year	At the level of DGP				At the level of ADGP, IGP, DIGP and SP			
	Ex-cadre posts				Ex-cadre posts			
	Authorized	Created/operated		Excess operated	Authorized	Created/operated		Excess operated
2001-02	1	-	-	-	19	59	59	40
2002-03	1	2	2	1	19	60	56	37
2003-04	1	1	1	Nil	19	62	62	43
2004-05	1	3	3	2	19	53	53	34
2005-06	1	8	8	7	19	28	28	9

Thus, one to seven ex-cadre posts at the level of DGP and nine to 43 ex-cadre posts at the level of ADGP and IGP etc., were operated in excess during 2001-06. Failure of the department to follow rules also resulted in irregular expenditure of Rs 4. 85 crore incurred as salary against excess operated posts.

The department stated (March 2006) that as GOI had not taken the required number of IPS Officers on deputation, these were posted in the State against the State deputation reserve. The department further stated that prior to December 2004, the Punjab Police Service (PPS) officers were posted against junior level cadre posts and IPS officers on senior level at ex-cadre posts.

However, the fact remains that approval of excess ex-cadre posts was not obtained from GOI as required. As regards excess creation of ex-cadre posts at the level of DGP, reply from the State Government was awaited (September 2006).

Operation of police posts without sanction

The Punjab Police Rules, 1934, Vol I, provide that no alteration in the number of police stations and out posts may be made without the sanction of the State Government

Test check of records in the office of SSP Muktsar revealed that seven police posts (Panniwala, Kabarwala, Bhai Ka Kera, Doda, Bus Stand Muktsar, Lakhewali and Killianwali) and one police station (Bariwala) were operated during 2001-02 to 2005-06 (September 2005) without any sanction.

On this being pointed out (May 2006), it was stated by the DGP that police station Bariwala and police post Lakhewali had been approved (August 2002) by the Government. But the remaining six police posts had not been approved by the Government as of August 2006.

Diversion of staff

As per instructions issued by the Finance Department from time to time and last reiterated in February 2003, there is a complete ban on deputing of officer/official at any place other than one where sanctioned post exists.

Test check of records revealed that contrary to the instructions, the services of 48 police personnel working in the office of the SSP Muktsar (5), Commandant 13th Bn Punjab Armed Police (PAP) Chandigarh (1), SSP Ropar (8), ADGP Jalandhar (6), General Reserve Police, Patiala (16), Punjab Police Academy, Phillaur (4) and SSP Batala (8) were utilised in offices other than their place of posting but getting salary from their parent offices during the period July 1999 to March 2006 in violation of instructions of Government.

Non-recovery of pension contributions and leave salary contributions

The Punjab Civil Services Rules (Vol-I Part-I) provide that the payment of leave salary and pension contributions in respect of government employees on foreign service shall be made by the foreign employer or by the employee concerned as specified in the terms of transfer to foreign service, within fifteen days from the end of the financial year or at the end of the foreign service whichever is earlier failing which interest shall be paid to the Government on the unpaid contributions.

Test check of records in the office of the SSP Ropar, Amritsar, Batala, Commandant 5th Indian Reserve Battalion (IRB) Amritsar, 5th Commando Bn Bahadurgarh and 27th Bn PAP Jalandhar revealed (between November 2005 and May 2006) that an amount of Rs 26.81 lakh on account of pension and leave salary contributions in respect of police personnels (ranging from seven to 23) who were/are on foreign service with the Municipal Corporation

Ludhiana, Amritsar, Jalandhar, State Transport Corporation and Punjab State Electricity Board during 2001-06 were not recovered.

On being pointed out (November 2005/May 2006), the department stated that efforts would be made to effect the recovery from the concerned organisations.

Further report has not been received (September 2006).

Non-recovery of cost of police force deployed in other States/organisations

As per instructions issued (April 1997) by the Punjab Government, all recurring expenditure on the battalions sent by the Punjab Police to other States shall be borne by the borrowing States and the amount was required to be paid in advance.

Test check of records in the office of six Battalions revealed (November 2005 –May 2006) that 3118 police personnel[26] were sent to other States between November 2002 and January 2006. Of the total claims of Rs 5.48 crore, claims for Rs 0.85 crore[27] were raised between December 2003 and March 2005 and only Rs 0.63 crore recovered so far (August 2006) However, claims valuing Rs 4.63[28] crore were not raised against the States of Bihar (Rs 2.34 crore),Uttar Pradesh (Rs 0.16 crore), Chhattisgarh (Rs 0.45 crore) and Union Territory of Chandigarh (Rs 1.68 crore) as of August 2006.

Besides, an amount of Rs 1.92 crore was pending recovery as of August 2006 from the Senior Aerodrome Officer, Sahnewal (Ludhiana) on account of 122 police personnel deployed at the Civil Airport, Sahnewal by the Commandant 27th Bn PAP Jalandhar during 2003-06.

Training of new recruits

Police rules provide for training of nine months to every new recruit to enable him/her to perform his/her duties efficiently before he/she is allotted regular duties.

- During test check of records in the office of the SSP Muktsar, Amritsar, Hoshiarpur, Majitha, Ropar, Commandant 9th Bn PAP Amritsar, 27th PAP Bn Jalandhar, SP Telecommunications Punjab Chandigarh, 4th IRB Jalandhar and 5th IRB Amritsar revealed that 133 recruits recruited between March 1993 and November 2005 were not imparted the requisite basic training as of May 2006.

26 27th PAP Bn Jalandhar, 84 personnel = Rs 7.90 lakh, 13th PAP Battalion Chandigarh, 377 personnel = Rs 40.53 lakh, 4th Commando Bn Mohali, 716 personnel = Rs 302.27 lakh, 5th Commando Bn Bahadurgarh, 1493 personnel = Rs 129.77 lakh, 5th IRB Amritsar, 376 personnel = Rs 67.44 lakh and ADGP Armed Battalions Jalandhar, 72 personnel = Rs 0.42 lakh.

27 5th IRB Amritsar Rs 67.44 lakh and 13th PAP Bn Chandigarh Rs 17.93 lakh.

28 27th PAP Bn:84 personnel, August 2005 Rs 7.90 lakh; 13 PAP Bn :146 personnel, January, February and August 2005, Rs 22.60 lakh; 4th Commando Bn:716 personnel, August 2004 to January 2006, Rs 302.27 lakh, 5th Commando Bn :1493 personnel, April 2004, August 2004 and October and November 2005, Rs 129.77 lakh; ADGP Armed Bn:72 personnel, October to November 2005, Rs 0.42 lakh.

- Ü In the office of the Commandant, 4th Bn Commando, Mohali, it was noticed that 13 commandos enlisted between August 2000 and January 2005 were not imparted (February 2006) the special training for commandos.

In reply to audit observations, it was stated (October 2005/May 2006) that requisite training to the recruits/commandos will be imparted shortly.

4.6. General

4.6.1. Follow-up on Audit Reports/outstanding action taken notes

The Comptroller and Auditor General of India's Audit Reports represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. At the instance of the Public Accounts Committee (PAC), Finance Department issued (August 1992), instructions to all the departments to initiate *suo moto* positive and concrete action on all paragraphs and reviews figuring in the Audit Reports irrespective of whether the cases were taken up for examination by PAC or not. The departments were also required to furnish to PAC detailed Action Taken Notes (ATNs), duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature. But as per existing practice, ATNs are not sent to Accountant General's office for vetting before submission to PAC.

Audit Reports

Out of 168 paragraphs and reviews included in the Audit Reports relating to the period 1999-2000 to 2003-04, which, had already been laid before the State Legislature, ATNs in respect of 71 paragraphs and 20 reviews as detailed below had not been received in the Audit Office as of March 2006, even after the lapse of prescribed period of three months:

Year of the Audit Report (Civil)	Total Paragraphs/ Reviews in Audit Report	No of Paragraphs/Reviews for which ATNs were not received.
1999-2000	44	8
2000-01	33	11
2001-02	31	12
2002-03	29	29
2003-04	31	31
TOTAL	**168**	**91**

Department-wise analysis is given in the ***Appendix XXV and XXVI.*** Departments largely responsible for non-submission of ATNs were Public

Works, Education, Health and Family Welfare and Housing and Urban Development. Government did not respond even to reviews containing important issues such as system failures, mismanagement and misappropriation of government money. Such non-receipt of ATNs hampered the work of PAC.