

CHAPTER-V

INTERNAL CONTROL SYSTEM

5.1 Internal Control in Jail Department

Highlights

HOME
AFFAIRS AND
JUSTICE
DEPARTMENT

Internal Control is an integral component of an organization's management processes which are established in order to provide reasonable assurance that the operations are carried out effectively and efficiently, financial reports and operational data is reliable and the applicable laws and regulations are complied with so as to achieve organizational objectives. Internationally the best practices in Internal Control have been given in the COSO¹ framework which is a widely accepted model for internal controls. In India, the Government of India (GOI) has prescribed comprehensive instructions on maintenance of internal control in government departments through Rule 64 of General Financial Rules 2005. A review of internal control of selected areas of Jail Department has shown that budget preparation required strengthening, the prescribed reports and returns were not being furnished to the management. Some other important findings are given below:

➤ *Physical verification of stock was not being done in most of the test checked units.*

(Paragraph 5.1.5.3)

➤ *There were several shortcomings in the maintenance of cash books.*

(Paragraph 5.1.5.4)

➤ *There were wide variations in the ratio of custodial staff to prisoners across the jails.*

(Paragraph 5.1.6.5)

➤ *No Internal Audit of the Jail Department had been done by the Internal Audit organization of the State.*

(Paragraph 5.1.7.2)

5.1.1 Introduction

Prisons form part of the criminal justice system and provide custodial care to offenders and thus isolating them from the society at large. Jail Department also seeks to reform and re-habilitate offenders by giving them appropriate correctional treatment.

¹ Committee of Sponsoring Organisations of National Commission on Fraudulent Financial Reporting or the Treadway Commission.

5.1.2 Organizational set up

The Principal Secretary, Home Affairs and Justice, Punjab, Chandigarh is the overall in-charge of the Jail Department. The Director General of Police-cum-Inspector General of Prisons, Punjab (DGP) is the Head of the Department and is assisted by Inspector General, Prisons (IGP), Deputy Inspector General of Prisons (DIGP), Assistant Inspector General of Prisons (AIGP), Chief Welfare Officer and Chief Probation Officer.

There are 27² Jails/Sub Jails, 12 District Probation Officers and a Jail Training School at Patiala. Each Central Jail functions under the control of a Superintendent while other jails are managed by Superintendents/Deputy Superintendents.

5.1.3 Audit Objectives

This review of internal control has been conducted to test compliance with the Punjab Financial Rules, Punjab Treasury Rules, instructions in the Budget Manual and Punjab Jail Manual (Manual) and related accounting instructions. In addition, the arrangements for information, communication, monitoring and evaluation including Internal Audit and Vigilance have been examined. Internal control activities designed and put into operation for enforcing the management directions have also been examined for some selected areas.

5.1.4 Audit coverage

The review on Internal Control in Jail Department, covering the period 2002-07 was conducted between September 2006 and July 2007 through a test check³ of records of the DGP, ten jails (four Central Jails, six District Jails/Sub Jails) and three District Probation Officers⁴.

5.1.5 Compliance with State Financial Rules and Budget Manual

5.1.5.1 Compliance with provisions of Budget Manual

Budget Manual requires the Finance Department (FD) to supply by 1 of July to Heads of Departments printed forms for preparing and forwarding the budget estimates to them. Further, the Budget Manual requires that budget proposals for ensuing year should be submitted by 1 October or the date scheduled by FD. During the period under review (2002-07), the FD delayed supply of forms to the Department by 12 days to two and half months and the Department in turn delayed the submission of budget estimates by one to two months to the FD during four of the five years under review.

² Seven Central Jails, Five District Jails, One Borstal Jail Ludhiana, One Women Jail Ludhiana, Two Open Jails and Eleven sub-jails.

³ Central Jails: Amritsar, Bathinda, Ferozepur and Ludhiana.
District Jail: Hoshiarpur, Kapurthala, Open Air Jail Kapurthala sub-jail Moga, Ropar and Borstal Jail Ludhiana.

⁴ District probation officers: Ludhiana, Patiala and Sangrur

(Rupees in crore)

Year	Budget allocation	Funds released	Expenditure as intimated by the Department	Savings w.r.t. budget allocation (Amount)	Percentage
1	2	3	4	5	6
2002-03	56.30	51.44	47.91	8.39	15
2003-04	65.56	53.89	51.95	13.61	21
2004-05	74.29	73.29	65.34	8.95	12
2005-06	68.02	67.52	63.48	4.54	7
2006-07	85.32	74.15	68.44	16.88	20
Total	349.49	320.29	297.12	52.37	

Control on budgeting was weak as savings were not surrendered

Against a budget allocation of Rs 349.49 crore, State Government released Rs 320.29 crore during 2002-07. Department could not utilize the released amount in any of the five years which resulted in a total saving of Rs 52.37 crore. The Budget Manual requires that savings are to be surrendered to the FD by 15 January. There were savings ranging from Rs 4.54 crore to Rs 16.88 crore with respect to final budget allocation but in no year did the Department make any surrender by the stipulated date. It was further observed that during 2003-06 no provision was originally made in schemes (Plan and Non-Plan) under the Major Head 4055. Supplementary Budget of Rs 10.93 crore was sought, but this was neither spent nor surrendered till the end of the year. This is indicative of weak monitoring of expenditure by the Department.

5.1.5.2 Prescribed system for ensuring inclusion of liabilities in the budget through a Register of Liabilities not being done.

Para 12.11 of the Budget Manual requires each Drawing and Disbursing Officer (DDO) to maintain a Register of Liabilities in a prescribed format. Liabilities in view at the time of budget preparation and those anticipated to arise during the year are to be incorporated in the Register to facilitate both expenditure control and preparation of Budget Estimates.

Prescribed system to ensure inclusion of liabilities in the budget estimates not followed

In seven⁵ jails out of ten⁶ test checked (October 2006 to March 2007) Liability Register was not maintained. In these jails claims of Rs 2.97 crore for supplies and services provided by the linked Jail Factory/ other Jails were pending. Except in one case, budget demands were not prepared after taking into account such liabilities. In the absence of enforcement of the provisions of the Budget Manual regarding maintenance of a Liability Register for incorporation of liabilities in budget estimates, the process of budget preparation was vitiated and the figure of expenditure depressed due to accumulation of liabilities incurred but not paid.

The DDOs admitted the facts and promised action.

⁵ Central Jails: Amritsar, Ferozepur and Ludhiana, District Jails: Hoshiarpur and Kapurthala, Open Air Jail Kapurthala and Sub-Jail Moga.

⁶ Centrals Jails: Amritsar, Bathinda, Ferozepur, Ludhiana, District Jails: Hoshiarpur, Kapurthala, Open Air Jail, Kapurthala, Borstal Jail, Ludhiana, Sub-Jail, Moga and Ropar.

5.1.5.3 Physical Verification

Annual physical verification of stores and stock was not being done

Punjab Financial Rules (Rule 15.16) require physical verification of store and stock items be conducted at least once in a year by the Head of Department. It was observed that annual verification of stores and stock was not conducted since 2002 in eight⁷ jails and three offices of District Probation Officers. In absence of physical verification of stores and stock; losses, shortages and deterioration in store and stock cannot be determined, not conducting physical verification can also lead to malpractices.

5.1.5.4 Deficiencies in maintenance of cash books

The cash balances were not verified by the DDOs

The Punjab Financial Rules (Volume-I) lay down rules for maintenance of cash books. Test check of cash books for 2002-07 maintained by 13 DDOs disclosed that:

- Nine⁸ DDO's neither checked the totals themselves nor got them checked from a responsible official other than writers of the cash book as required by Rule 2.2 (iii).
- Ten⁹ DDO's did not record the certificate of count of cash balances at the close of each month as required by Rule 2.2 (iv).
- Superintendents of Central Jail Bathinda and District Jail Hoshiarpur did not deposit receipts totaling Rs 1.57 lakh collected between November 2005 and February 2007 into the treasury on time as required by Rule 2.4.
- Nine¹⁰ DDO's did not obtain cash security/surety bonds from officers/officials dealing with cash and stores as required by Rule 3.5 of Punjab Treasury Rules.

5.1.6 Internal Control Activities

Compliance with provisions of the Jail Manual

5.1.6.1 Non-formation of reception centre

Para 369 of the Manual requires that on admission, all prisoners, be kept in an earmarked reception centre for a fortnight for studying and then segregating them to specially marked wards to ensure that they were free from contagious diseases and apprising them of rules and regulations of jails, health, sanitation,

⁷ Central Jails Amritsar, Bathinda, Ferozpur, Ludhiana, District Jails Hoshiarpur, Kapurthala, Open Air Jail Kapurthala, Sub-Jail Moga and District Probation Officer Ludhiana, Patiala and Sangrur.

⁸ Central Jails: Bathinda, Ferozpur, District Jails: Hoshiarpur, Kapurthala, Open Air Jail, Kapurthala, Borstal Jail, Ludhiana, Sub-Jail: Ropar, Moga, and District Probation Officer, Ludhiana

⁹ Central Jails: Bathinda, Ferozpur, Ludhiana, District Jails: Hoshiarpur, Kapurthala, Borstal Jail, Ludhiana, Sub-Jails: Moga, Ropar, District Probation Officer, Ludhiana and Open Air Jail, Kapurthala.

¹⁰ Central Jail Bathinda Ferozpur and Ludhiana; District Jail Hoshiarpur and Kapurthala; Open Air Jail Kapurthala and Sub-Jail Moga., Ropar and Borstal Jail Ludhiana.

discipline, etc. This was not done in respect of 9864 prisoners admitted during 2002-06 in nine¹¹ jails out of ten test checked as no accommodation was earmarked for the reception centre. Therefore, safeguard provided for ensuring that prisoners are not exposed to diseases brought in by new prisoners is not operating. The number of patients suffering from infectious diseases had increased from 13 in 2002-2003 to 207 in 2006-07 in Central Jail, Amritsar but this fact was not reported, as required, to higher authorities, as prescribed return under paras 966 and 967 of the Manual was not being prepared.

5.1.6.2 Classification Committees not formed.

Para 369 of the Manual lays down that a Classification Committee of correctional officers/social workers/educational officers should be formed in each Central/District Jail with concerned Superintendent as its Chairman. The Committee would meet at such regular intervals to classify newly admitted prisoners (sentenced for one year or more) within a week and interview them for treatment/training/solving problems/adjustment.

Classification committee for prisoners was not formed

No committee was formed in nine¹² Jails out of ten test checked in audit whereas 9864 new prisoners came to these jails during the period 2002-2006. This prevents proper segregation of prisoners and also deprives them of proper counselling and advice from professionals as envisaged in the manual.

Superintendent Central Jail Amritsar expressed inability to comply with the rules on the plea of over crowding which is not relevant to audit observation. Superintendent Central Jail Bathinda stated (May 2007) that classification of new prisoners was being done by jail officers but the same would be done in future in a more scientific manner, others admitted the facts.

5.1.6.3 Escape of prisoners

Out of 145 prisoners having escaped from Jails, only five were re-arrested

The Manual (Para 343) provides that a brief report on every escape that took place would be submitted to IGP at once followed with full report thereof in duplicate for sending one copy of the report to Government. Test check of records of the IGP disclosed that 145 prisoners escaped between 2002 and 2006, of these only five prisoners were re-arrested. The first information reports (FIRs) were filed in three cases and enquiries finalized in two cases only. In 76 cases concerned officers did not report to IGP whether enquiry, if any, was instituted. In remaining 66 cases action was initiated but was not finalized (May 2007).

The IGP did not report these escape cases to Government as required under provisions of the Jail Manual, this prevents proper monitoring of the situation by the Government.

¹¹ Central Jail: Amritsar, Bathinda, Ferozepur, Ludhiana, District Jails: Hoshiarpur, Kapurthala, Sub-Jails: Moga, Ropar and Borstal Jail Ludhiana.

¹² Central Jails: Amritsar, Bathinda, Ferozepur, Ludhiana, District Jails: Hoshiarpur, Kapurthala, Borstal Jail Ludhiana and Sub-Jails: Moga, Ropar.

5.1.6.4 Non-production of prisoners under-trial before the courts

The Manual (Para 4 and 728) provides that the prisoners under-trial should be placed in custody of police for conveyance to court on the dates mentioned in the warrant of the prisoner and that State would endeavour to evolve proper mechanism to ensure that no under-trial prisoner was unnecessarily detained.

Under-trial prisoners were not produced in courts on due date

Records of nine¹³ Jails out of ten revealed that during April 2006 and March 2007, 21990 under-trial prisoners were not produced before courts on due dates due to lack of police escort.

5.1.6.5 Manpower management

There is wide variation in ratio of security staff to prisoners across prisons

The Department has a sanctioned strength of 5053 employees, no centralized record of sanctioned strength vs. men-in-position in different jails was apparently maintained, as the DGP on enquiry (September 2006) for this information, stated (November 2006) that the required information would be collected and provided from different jails. The position of sanctioned strength of security personnel, men-in-position and number of prisoners in the nine jails test checked is given below:

Sr. No.	Name of Jail	Security Personnel		Authorized capacity of jail	Actual average prisoner population	Ratio of	
		Sanctioned	Men in Position			Authorized capacity of prisoners to sanctioned security staff	Actual prisoner population to actual security staff in position
1	Central Jail, Amsirtsar	257	257	1500	2341	6:1	9:1
2	Central Jail, Bhatinda	162	160	626	1304	4:1	8:1
3	Central Jail, Ferozepur	227	183	1036	1725	5:1	9:1
4	Central Jail, Ludhiana	165	153	2500	2459	15:1	16:1
5	District Jail Hoshiarpur	67	62	278	492	4:1	8:1
6	District Jail Kapurthala	55	44	250	312	5:1	7:1
7	Sub-Jail Moga	37	37	45	136	1:1	4:1
8	Sub-Jail Ropar	28	27	260	426	9:1	16:1
9	Borstal Jail Ludhiana	89	88	300	245	3:1	3:1
	Total	1087	1011	6795	9440		

¹³ Central Jail, Amritsar, Bathinda, Ferozepur and Ludhiana; District Jail Hoshiarpur and Kapurthala, Sub-Jail Moga and Ropar, Borstal Jail, Ludhiana.

In nine jails, ratio of authorized capacity of jails to sanctioned strength of security staff varied from 1:1 to 15:1 and that of actual prisoner population to security staff in position from 3:1 to 16:1. Thus, the security staff sanctioned for a jail did not bear any relation to the authorized capacity of the jail. Similarly, the security staff in position did not bear any relation to the actual population of the prisons.

Prescribing and maintaining an optimum ratio of security staff to prisoners would help in proper discharge of custodial duties. It is to be noted that the Bureau of Police Research and Development, Ministry of Home Affairs, GOI in Model Prison Manual for the Superintendence and Management of Prisons in India recommended (2003) that the strength of custodial/guarding staff would be determined keeping in view the requirements of security, discipline, programme emphasis, duty posts, workload and distribution of functions. The Model Prison Manual recommends in principle one guarding staff for every six prisoners.

5.1.6.6 Under utilization of capacity of Jail Training School

The Jail Training School at Patiala can impart basic training and refresher courses to 600 officials annually. These courses include training in psychology, criminology, human rights, yoga, weaponry, service rules, mob control etc. During 2002-07 against the capacity to impart training to 3000, only 1128 (38 *per cent*) were trained (September 2006). Record showing training needs, personnel trained, personnel yet to be trained, programme/planning for imparting training to personnel to be trained, etc. could not be produced to audit. In absence of such data, the training of personnel cannot be assessed and met. There is a need to establish a system of assessing the training needs of personnel and ensuring that these are met.

5.1.6.7 Congestion in prisons

The position of authorized capacity of Jails and actual jail population during 2003-07 is given below:

(Figures in number)

Year	Authorized capacity	Average actual prisoners admitted	Percentage of overcrowding
2003-04	10854	14665	35
2004-05	10854	13942	28
2005-06	11274	14822	31
2006-07	11274	15019	33

Note: position for 2002-03 was not made available by department

Congestion in prisons remained unabated as central assistance of Rs 1.22 crore was not released due to delay in utilization of grant already received and Rs 56 lakh were spent in a jail where there was no congestion

As per perspective plan 2000-04, approved by Eleventh Finance Commission, Rs 2.20 crore was to be incurred for sleeping accommodation for prisoners where overcrowding exceeded 25 *per cent*. Against this, Rs 98 lakh received

(2001-02) were spent (2003-05) in Sub Jail, Ropar (Rs 42 lakh) and Central Jail, Ludhiana (Rs 56 lakh) on sleeping accommodation. Remaining funds of Rs 1.22 crore were not released due to delay in utilization. During review it was noticed that during 2003-05, there was over crowding beyond 25 per cent in six¹⁴ jails out of ten jails test checked. There was no overcrowding in Central Jail Ludhiana as per sanctioned strength. Thus, the Department has not attended to congestion in five of the ten over crowded prisons.

5.1.6.8 Maintenance and operation of accounts of prisoners' wages

Wages of prisoners were being kept as cash in hand instead of being deposited in accounts in their favour

Punjab Jail Industries Earning Scheme requires that Superintendent of Jails should keep the earnings of prisoners in the treasury in a Personal Ledger Account (PLA). However, with deference to an affidavit given by the GOI in the Hon'ble Supreme Court, the ADGP directed (August 2006) all Superintendents of Jails that with effect from 15 August 2006, 75 per cent of wages earned by prisoners were to be deposited in the nearest post office in the name of the prisoner and balance disbursed to the prisoner in the shape of coupons. Records of eight¹⁵ jails out of ten disclosed that wages of Rs 16.13 lakh as on March 2007 were kept as cash in hand. 268 accounts were opened in post offices by three¹⁶ jails as of March 2007 but total number of accounts to be opened and balance yet to be opened were neither on record nor made available when enquired (March/July 2007).

5.1.7 Monitoring including Internal Audit and Vigilance arrangements

5.1.7.1 Monitoring

The monitoring system was weak, reports and returns were not being sent

The Manual prescribes reports/returns and inspections for monitoring the operation of prisons. Audit observations in this regard are set below:

- Annual administrative reports for the years 2003-07 on administrative matters and statistical details pertaining to prisoners' conduct/discipline/health/escape etc. were not prepared for submission to the Government as required under para 28 of the Manual.
- The annual reports on quantity and condition of arms and ammunition due to the IGP were not sent as required under para 312 of the Manual. In five¹⁷ jails out of ten test checked, no reports of daily/weekly inspections to be done by the head warder in-charge of the armoury and

¹⁴ Central Jails:Amritsar, Bathinda, Ferozpur District Jail, Hoshiarpur and Sub-Jails: Moga and Ropar.

¹⁵ Central Jails Amritsar (Rs 4.31 lakh), Bathinda (Rs 0.15 lakh), Ferozpur (Rs 7.33 lakh), Ludhiana (Rs 2.94 lakh) District Jails Hoshiarpur (Rs 0.53 lakh) and Kapurthala (Rs 0.40 lakh), Sub-Jail: Ropar (Rs 0.08 lakh) and Borstal Jail,Ludhiana (Rs 0.39 lakh).

¹⁶ Central Jail, Ferozpur (52) and Ludhiana (177) and Borstal Jail, Ludhiana (39)

¹⁷ Central Jails: Ferozpur, Ludhiana District Jails: Hoshiarpur and Kapurthala and Sub-Jail Moga.

Superintendent/Deputy Superintendent of the Jail were available as required under para 311 of Manual.

- As per Manual (Para 987), the Superintendents of Jails would annually furnish returns relating to sickness and mortality amongst prisoners, character and qualification of warder establishment, losses in storage of grains etc. to the IGP. For the period under review, these returns were not received by the IGP.
- Para 25 of Manual requires IGP to inspect every jail at least once in a year. In nine¹⁸ out of ten jails test checked, against five visits due for each jail during 2002-07, IGP made only one to four visits during the above period. The notes of results of visit of IGP and items inspected were not recorded as required.
- As per Manual (Para 423 and 424), the Medical Officer (MO) is required to record the state of health of the prisoners on their admission and if sentenced to labour, the class of labour for which he was fit. This was not done for the 8335 undertrials and 707 convicts on their admission in nine jails during 2002-07.
- It was also noticed that in nine jails medical examination of prisoners before their transfer to other jails was not done as required under para 664 of the Manual.
- As per Manual (Para 988), every MO would submit monthly return on 10 of succeeding month and an yearly return on 20th of January of sick prisoners in prescribed form to the IGP. In nine¹⁹ jails out of ten test checked, the MO did not send the prescribed return.
- The Manual (Para 158), provides that on the death of any prisoner, the MO should record stipulated details in a register/Journal. In eight²⁰ jails out of ten test checked, such details were not recorded in 234 cases where prisoners died during 2002-07.

The prescribed Departmental information and communication channels were not functioning properly and information needed for efficient monitoring was not being made available to authorities for policy formulation and action as needed.

¹⁸ **Central Jails: Amritsar, Bathinda, Ferozepur and Ludhiana; District Jails: Hoshiarpur and Kapurthala; Open Air Jail Kapurthala and Sub-Jails: Moga, and Borstal Jail, Ludhiana.**

¹⁹ **Central Jails: Amritsar, Bathinda, Ferozepur and Ludhiana, District Jails: Hoshiarpur, Kapurthala, Sub-Jails: Moga, Ropar, Borstal Jail, Ludhiana.**

²⁰ **Central Jail, Amritsar, Bathinda, Ferozepur and Ludhiana; District Jail Hoshiarpur and Kapurthala, Sub-Jail Moga and Ropar**

5.1.7.2 Internal Audit

Internal Audit was not being done

The State Government established (1982) Internal Audit Organization (IAO) under the control of Finance Department (FD) which was responsible for conducting internal audit. However, on enquiry the Controller Finance and Accounts confirmed (November 2006) that internal audit of Jail Department was not conducted.

5.1.7.3 Vigilance Mechanism

In order to streamline the vigilance machinery in the State, the Government decided (March 2000) to create a Vigilance Wing in each department of the State under the charge of a Chief Vigilance Officer (CVO) under direct control of Secretary Vigilance for scrutinizing cases of corruption and to liaison with Vigilance Department. As per directions (September 2001), the officer against whom any vigilance enquiry/case pending was not to be designated as CVO. Every month CVO was required to submit a report of work done by him to the Secretary Vigilance.

The number of vigilance cases was rising

Scrutiny of records of IGP revealed (May 2007) that the Government, in violation of its own instructions, designated as CVO (November 2006) an officer against whom vigilance enquiry was pending. Further, number of complaint cases rose from six to 30 during 2002-07. No monthly report of work done was sent by the CVO to Secretary Vigilance as required.

5.1.8 Conclusion

Control on budgeting was lacking as savings were not surrendered on time and the prescribed system to ensure inclusion of liabilities in the budget estimates was not followed. Classification committee for new prisoners was not formed. There was wide variation in ratio of security staff to prisoners across prisons. Out of 145 prisoners who escaped from Jails, only five were re-arrested and under-trial prisoners were not produced in courts on due date. The congestion in prisons remained unabated. The monitoring system was weak, reports and returns were not being sent, internal audit was not being done and the number of vigilance cases was rising.

Recommendations

- A liability register should be maintained by each DDO in accordance with provisions of the Punjab Budget Manual;
- The Department should review the ratio of security staff to prisoners and examine the need to set a ratio of warders to prisoners;

- The Department should ensure that the prescribed reports and returns are prepared and furnished timely to authorities for action as needed and
- Internal Audit arrangements should be introduced and Vigilance Cell should be made functional strictly in accordance with instructions issued by the State Government.

The matter was referred to Government (June 2007): reply has not been received (July 2007).

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