

**AUDIT OF PAY & ALLOWANCE IN POLICE
DEPARTMENT, UT, CHANDIGARH**

MINISTRY OF HOME AFFAIRS

**PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

ONE HUNDRED AND TWENTY SECOND REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

**ONE HUNDRED AND TWENTY
SECOND REPORT**

**PUBLIC ACCOUNTS COMMITTEE
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CHANDIGARH**

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Presented to Lok Sabha on: 08-02-2024

Laid in Rajya Sabha on: 08-02-2024

**LOK SABHA SECRETARIAT
NEW DELHI**

February 2024/ Magha 1945 (Saka)

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*Not appended in the Report

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2023-24)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Thalikkottai Rajuthevar Baalu
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Pratap Chandra Sarangi
7. Shri Vishnu Dayal Ram
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Dr. Satya Pal Singh
11. Shri Brijendra Singh
12. Shri Rajiv Ranjan Singh alias Lalan Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Dr. K Laxman
18. Shri Derek O'Brien*
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Shri Sanjeev Sharma - Joint Secretary
2. Shri Partha Goswami - Director
3. Shri Alok Mani Tripathi - Deputy Secretary
4. Shri Vijay Mishra - Committee Officer

* Elected w.e.f. 19.08.2023 consequent upon retirement of Shri Sukhendu Sekhar Ray, MP on 18.08.2023.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24) having been authorized by the Committee, do present this 122nd Report (Seventeenth Lok Sabha) on **“AUDIT OF PAY & ALLOWANCE IN POLICE DEPARTMENT, UT, CHANDIGARH”** based on para 3.2 of C&AG Report no. 24 of 2022 relating to the Ministry of Home Affairs.

2. The Report of Comptroller and Auditor General of India was laid on the Table of the House on 20-12-2022.

3. The Public Accounts Committee (~~2023-24~~) took oral evidence of the representatives of Ministry of Home Affairs on 20-11-2023. The Committee considered and adopted this Report at their sitting held on 06-02-2024. The Minutes of the sittings of the Committee are appended to the Report.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold and form Part-II of the Report.

5. The Committee would like to express their thanks to the representatives of the Ministry of Home Affairs for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

6. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

NEW DELHI
06 February, 2024
17 Magha, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

PART – I

REPORT

REPORT ON THE SUBJECT: REPORT ON AUDIT OF PAY & ALLOWANCES IN POLICE DEPARTMENT, UT, CHANDIGARH BASED ON PARA 3.2 OF C&AG REPORT NO. 24 OF 2022

The Committee learnt that Section 3.2 of the Report No. 24 of 2022 by the Comptroller and Auditor General (C&AG) of India focuses on the audit findings regarding pay and allowances in the Police Department of Union Territory (UT) Chandigarh. The audit revealed significant irregularities primarily stemming from deficiencies in internal controls and IT systems, compounded by negligence among Drawing & Disbursing Officers under the Director General of Police, UT Chandigarh. Inappropriate payments totaling Rs. 1.60 Crore, including pay, allowances, LTC, and other benefits, were disbursed to police personnel during 2017-2020. While Rs. 1.10 Crore has been recovered following audit scrutiny, bills and vouchers for various payments remain untraceable, hampering assurance on payment accuracy.

2. The audit flagged multiple issues such as excess conveyance allowance, salary overpayments, non-recovery of inadmissible payments, irregularities in compensatory pay, house rent allowance, leave encashment, and questionable pay arrears. They found that Rs. 77.33 lakh of inadmissible payments were made to 16 employees, indicating systemic failures and negligence. The audit report, No. 24 of 2022, in Para 3.2 discloses a series of financial irregularities within the Chandigarh Police Department. Notably, there were challenges in recovering ₹8.42 lakh out of

a total of ₹19.35 lakh, despite the department acknowledging the observations. While ₹10.93 lakh had been recovered, the pending amount remained unresolved. Another critical finding involved the excess payment of compensatory pay, totaling ₹16.70 lakh to 50 police personnel from October 2017 to November 2019. The department admitted this discrepancy, leading to the recovery of the entire amount.

3. Further scrutiny uncovered irregularities in salary payments, specifically post-retirement payments to two individuals, resulting in an irregular payout of ₹13.31 lakh. While the department admitted this observation, a recovery of ₹3.12 lakh was made for one individual, and a recovery process for the remaining amount was underway. House Rent Allowance (HRA) irregularities were also identified, with 12 personnel receiving ₹9.98 lakh in violation of rules. The department acknowledged the lapse, recovering ₹6.48 lakh, with the balance of ₹3.64 lakh still in the recovery process.

4. An audit of leave encashment for LTC revealed incorrect payments of ₹7.47 lakh to 18 personnel. While the department admitted excess payment of ₹6.58 lakh, a recovery of ₹4.39 lakh was made, with a remaining recovery process for ₹0.89 lakh. Inadmissible allowances, amounting to ₹7.30 lakh, were identified and acknowledged by the department, resulting in a full recovery.

5. The cumulative excess, irregular, or inadmissible payments reached ₹1.60 crore. The department initiated recovery for ₹1.10 crore, with ongoing verification for the remaining amount. Additionally, questionable payments of ₹89.58 lakh for pay arrears and ₹9.97 lakh for leave

encashment on LTC lacked supporting documents, and recovery efforts were underway for the verified amount of ₹8.66 lakh.

6. Non-deduction of National Pension Scheme (NPS) contributions for 485 newly recruited constables amounted to ₹96.97 lakh. The department, upon acknowledgment of the issue, cited the issuance of PRAN cards as an ongoing process. The report also highlighted the non-production of records for payments totaling ₹83.59 crore, prompting an investigation by the crime branch. The audit identified inherent risks of misappropriation and deficiencies in internal controls. While recoveries were initiated for various instances, ongoing efforts were required for comprehensive resolution.

7. Explaining the Audit findings before the Committee a representative of the Chandigarh Administration stated as under:

"Sir, Para No. 3.2 is a report on audit of Pay and Allowances in Police Department, UT of Chandigarh. This Para brings out various deficiencies in internal control, IT control and negligence on the part of DDOs resulting in inadmissible payment of Rs. 1.60 crore on account of excess and irregular payment of pay and allowances. This amount was recovered by the department after being pointed out by the Audit. Further, bills and vouchers on account of pay, LTC, TA, medical, leave encashment, retirement benefits, etc. for the period 2017-20 were not produced to the Audit. As such, Audit could not assure the correctness of these payments."

8. When asked whether any responsibility has been fixed for payment of inadmissible amount against erring officials, the Ministry in its written reply informed as under:

“Yes, a case FIR has been registered at PS-3, Chandigarh which is under investigation by crime branch and 08 officials who were posted in Accounts Branch and found responsible for payment of inadmissible payments have been arrested by Crime Branch of Chandigarh Police. Further, 05 beneficiaries more have also been arrested during the investigation by crime branch and departmental action has been initiated against them. These officials have also been suspended by the Chandigarh Administration”.

9. When asked whether any action taken on the cases pointed out by Audit and the status and details of recovery remaining amount of Rs.50 Lakh, the Ministry in its written reply stated as under:

“Chandigarh Administration has recovered the amount of overpayment from the beneficiaries.

The detail of outstanding recoveries amounting to Rs.14.62 Lakh as on 20.11.2023 is given separately.”

10. To a query as to why the Chandigarh Administration paid full Pay and Allowances to personnel during their probation period falling between March 2016 and October 2018, the Ministry in its written reply stated as under:

“Chandigarh Administration has paid full pay and allowances to the personnel during probation period falling between March 2016 to October 2018 keeping in view the instructions of Chandigarh

Administration dated 09.12.15 wherein it has been clarified that Punjab Government's instructions dated 15.01.15 will not be applicable to persons appointed before 10.07.15, however, the matter is still being reviewed whether the officials on probation during aforementioned period who are appointed on compassionate ground are entitled for full pay and allowances or only basic emoluments/DC Rates whichever is higher.

11. When asked whether the Chandigarh Administration is admitting Audit observations and initiating subsequent recoveries, and whether they have done any exercise to find out lapses before pointing out by the Audit, the representative of the Ministry of Home Affairs replied as under;

"Chandigarh Administration had received an anonymous complaint on the basis of which a Departmental Committee was formed to investigate the matter and a case FIR No.25 was also registered on the proceedings of departmental committee. On the recommendations of Departmental Committee, the Audit Department was requested to conduct Special Audit of Police Department for further examination."

12. When asked about the steps taken by the Chandigarh Administration to strengthen their internal control mechanism, the Ministry in its written reply stated as under:

"Chandigarh Administration has taken up the matter with the NIC, Chandigarh to integrate the e-Awas and e-Sevaarth Portals to cease the HRA automatically in case of allotment of Govt. Accommodation to Police Personnel so that unauthorized payment

of HRA may be stopped. Copy attached at Annexure-D. Meanwhile, the Quarter allotment branch sends intimation to Pay Branch so ensuring that HRA is ceased immediately on allotment of govt. accommodation to officials.”.

Audit noted from the manual records, and E-data from PFMS that the Chandigarh Administration had sanctioned ten days' leave encashment for LTC and the amount was actually drawn twice, thrice or even four times for the same block year i.e. 2014-17 and 2018-21, against the same sanction order and paid to these personnel.

13. When asked whether the Chandigarh Administration allows such sanctions and also about the responsibility fixed against erring officials, the Ministry in its written reply stated as under”

“Chandigarh Administration has sanctioned the ten days' leave encashment only once but the officials dealing with the preparation of bills for payment of leave encashment has processed the payment twice, thrice etc and given undue benefits to some police personnel. All the dealing hands responsible for preparing such bills have been suspended and 13 officials have been arrested so far by the Crime Branch during the investigation of case and departmental action has also been initiated against them.

14. When asked about the status of issuance of the PRAN Cards to all newly recruited Constables, the Ministry in its written reply stated as under:

“Out of 485, 449 Nos. of newly recruits have been issued PRAN card and remaining 33 nos. is under process at issuer level. 03 persons have resigned. Observations raised at S.No. 18”.

15. When asked about the NPS contribution being paid/ adjusted for the new recruits in the absence of PRAN Card, the Ministry in its written reply stated as under:

“No NPS contribution could be deducted for the new recruits till the issuance of PRAN. However, as soon as the PRAN is issued to officials, the recovery of arrears of NPS Contribution has initiated from the date of their joining alongwith regular recovery”.

PART-II

OBSERVATIONS/RECOMMENDATIONS

1. While examining the subject, the Committee take note of the Ministry's efforts to update the software and prevent irregularities. In this regard, the Committee recommend continuous efforts be undertaken in enhancing internal control measures. This includes regular reviews and updates to the existing system to prevent loopholes that may lead to financial irregularities. Ongoing vigilance is crucial to maintaining the effectiveness of internal controls. The Committee would also like to suggest periodic assessments to identify emerging risks and address them promptly. By fostering a proactive approach, the Ministry can ensure the sustained integrity of financial processes.

2. The Committee also note the payment issue which occurred during the probation period and the ongoing review of policies. The Committee recommend expeditious clarification and establishment of clear guidelines for payments during the probationary period. This, in their opinion, is essential to prevent ambiguity and ensure adherence to standard procedures. The Ministry should promptly finalize the review of policies and provide clear directives regarding payment protocols for personnel during their probationary period. A transparent and well-defined policy framework will not only avoid potential financial irregularities but also promote consistency and fairness in payment practices.

3. The Committee acknowledge the ongoing efforts to trace missing bills. The Committee, here, recommend implementing robust record-keeping measures, including digitization, to enhance traceability and accountability. They feel that thorough documentation is crucial for transparency and effective audit processes. The Committee recommend that the Ministry should prioritize the completion of digitization efforts for all relevant records, ensuring a comprehensive and easily accessible database. This will facilitate efficient tracking of bills and vouchers thus minimizing the risk of missing documents. The Committee would like to encourage the Ministry to establish stringent procedures for record maintenance to prevent future challenges in document retrieval.

4. The Committee observe substantial discrepancies, particularly in the disbursement of funds within the Department. They note from the Audit findings that inadmissible payments totaling to ₹1.60 crore were made to Police personnel due to internal and IT control deficiencies. In light of this, the Committee recommend for swift initiation of recovery procedures to reclaim the entire amount. Furthermore, the Committee stress the importance of assigning responsibility for the lapses in disbursement, urging a clear delineation of accountability for Drawing and Disbursing Officers.

5. In addressing specific instances of financial irregularities, the Committee emphasize the need for disciplinary measures against officials responsible for making incorrect entries that resulted in unauthorized benefits. They are also inclined to recommend

corrective actions be taken to ensure adherence to established rules and regulations.

6. To ensure financial accuracy, the Committee would like to stress upon a comprehensive internal check, specifically for Pay, arrears, LTC, TA, Medical claims etc. This internal audit should be conducted regularly to rectify excess, double, or inadmissible payments, thereby safeguarding against future financial irregularities.

7. Recognizing the pivotal role of IT systems in financial management, the Committee would also like to underscore the importance of a thorough review to be undertaken. They would recommend the incorporation of provisions in the system to promptly deactivate the salary accounts of retired or terminated employees, with the aim of recovering ₹1.60 crore of inadmissible payments. They would also recommend that validation checks within the IT systems should be implemented to cap various allowances at their maximum limits, and thereby mitigate the risk of overpayments.

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ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee
