

## **.CHAPTER -V**

### **HOME (POLICE) DEPARTMENT**

#### **5.1 Internal Control Mechanism of Home (Police) Department**

##### ***Highlights***

Internal control system is an integral part of the functioning of an organisation to govern its activities effectively to achieve its objectives. Various internal control measures in financial and operational activities are built into the departmental rules, codes and manuals and strict adherence to these minimises the risk of errors and irregularities. An evaluation of the internal control mechanism in Home Department- Police revealed that the internal control measures prescribed under the rules were generally neglected, expenditure control was non-existent, and implementation of schemes for modernization of police force was deficient.

**Budget was prepared without taking any inputs from the field offices and without considering the expenditure of previous years. As a result the budget estimates were tentative and not need based**

*(Paragraph 5.1.5)*

**Out of total plan funds of Rs 209.42 crore released by the State Government during 2001-04, Rs 84.72 crore only were spent and Rs 124.65 crore (60 per cent) were surrendered without any recorded reasons. Evidently there was excess provision of fund.**

*(Paragraph 5.1.7)*

**Utilisation certificate submitted to Government of India for Rs 147.16 crore spent during 2000-04 on Modernisation of Police Forces(MPF) included advances of Rs 70.41 crore given to Jharkhand Police Housing Corporation (Rs 38.63 crore), Executive Engineers, BCD (Rs 15.16 crore), 22 Deputy Commissioners (Rs 7.97 crore) for composite control rooms and amount retained in civil deposit (Rs 8.65 crore).**

*(Paragraph 5.1.10)*

**In seven test checked districts, District Composite Control Rooms could not become operational despite expenditure of Rs 2.09 crore as man power required for the control room was not sanctioned by the Government.**

*(Paragraph 5.1.16)*

**Car diaries in respect of 113 vehicles out of 182 vehicles under SSP Ranchi were not submitted by users during 2003-04 even though bills for fuel amounting to Rs 39.78 lakh were already disbursed. Misappropriation of amount cannot be ruled out.**

*(Paragraph 5.1.22)*

**Department did not have any internal audit wing. Internal audit by finance department was also not conducted.**

*(Paragraph 5.1.25)*

### ***5.1.1 Introduction***

Internal control system is an integral part of the functioning of an organisation to govern its activities effectively to achieve its objectives. Various internal control measures in financial and operational activities are built into the departmental rules, codes and manuals and strict adherence to these provide reasonable assurance to the department about compliance with applicable rules thus assuring reliability of financial reporting and achieving effectiveness and efficiency in departmental operations.

### ***5.1.2 Organisational set up***

Home Department was headed by the Secretary, Home, assisted by one Special Secretary, one Additional Secretary, five Deputy Secretaries and three Under Secretaries. Director General and Inspector General of Police (DG and IG) headed the Police Directorate was entrusted with the issue of allotment of funds against sanction orders of the department and actual execution of schemes and police operations.

### ***5.1.3 Audit objective***

The evaluation of internal control system in the Home Department (Police) covered check of adherence to various control measures envisaged in the codes, manuals, guidelines and instructions of the Government.

### ***5.1.4 Scope of audit and audit coverage***

At the State level the records of Home Department and the Police Directorate relating to the years 2000-04 were test checked. At district level, records relating to seven<sup>1</sup> Superintendents of Police and two<sup>2</sup> Commandants (JAP eight and JAP nine) were test checked. In addition, records of seven Deputy Commissioners to whom funds were allotted for construction of composite control room were also test checked during April to August 2004 to see the appropriateness of expenditure and effectiveness of internal control mechanism both at the State and the district levels.

---

<sup>1</sup> S.P. and D.C. Offices- Dhanbad, Hazaribagh, Jamshedpur, Lohardaga, Palamu, Ranchi and Sahebganj.

<sup>2</sup> Commandant Offices- Palamu (JAP-8) and Sahebganj (JAP-9).

### Budgetary Control in Home Department

Secretary, Home Department was the head of the department and acted as the Controlling Officer for administration of grants. Budget Estimates were prepared by the Police Directorate and submitted to the department where after proper scrutiny the estimates were compiled for the department as a whole and then submitted to the Finance Department. Process of budget preparation and its submission to Finance department was analysed in audit to ascertain whether these were carried out as per rules and prescribed procedure. The following deficiencies were noticed:

#### 5.1.5 Actual expenditure of preceding years not considered for preparation of budget estimates

The Budget Estimates were to be prepared taking into consideration the amounts spent in previous years. However, it was seen that the department had no information of actual expenditure of the previous year as the Drawing and Disbursing Officers did not furnish monthly expenditure statements to the Directorate as required under the Jharkhand Financial Rules. Further as per the budget calendar, the controlling officer was to submit the BE to the Finance Department on first October but the BE for 2004-05 was sent to Finance in February 2004 after a delay of over four months.

Thus, the budget estimates, prepared without any inputs from the field offices, were not need based and were unrealistic as would be evidenced from the statement of expenditure for the period 2001-2004 given below:

*(Rupees in crore)*

Year	Budget provision			Expenditure			Excess (+)/ Saving (-)		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
2001-02	45.54	328.95	374.49	26.68	306.58	333.26	(-) 18.96 (41)	(-) 22.37 (8)	(-) 41.23 (11)
2002-03	40.83	391.75	432.58	7.90	306.78	314.68	(-) 32.93 (81)	(-) 84.97 (22)	(-) 117.90 (27)
2003-04	123.05	395.50	518.55	50.19	357.56	407.75	(-) 72.86 (59)	(-) 37.94 (10)	(-) 110.80 (21)
<b>Total</b>	<b>209.42</b>	<b>1116.20</b>	<b>1325.62</b>	<b>84.77</b>	<b>970.92</b>	<b>1055.69</b>	(-) 124.65 (60)	(-) 145.28 (13)	(-) 269.93 (20)

Source: Appropriation Accounts (Percentages in bracket)

Thus there were savings of 41 to 81 *per cent* under plan heads and 8 to 22 *per cent* under non-plan heads during the period 2001-04, which was indicative of the fact that budget was not realistic and need based.

#### 5.1.6 Expenditure control

Rule 471 of JFR lays down that the authority administering a grant (administrative head of the department in Government) is ultimately responsible for watching the expenditure under its control for keeping the expenditure within the grant.

The controlling officer was to receive from different DDOs, minor/sub head-wise return of expenditure for every month. In order to keep a watch on receipt of such returns a broadsheet was also to be maintained. The controlling officer was to examine these returns of expenditure and prepare a statement (FR 25 and FR 26) showing expenditure under the grant up to the preceding month.

No such return of expenditure was submitted by the DDOs to the Directorate nor did the Directorate submit any return to the department. The department also did not monitor the submission of expenditure statements by the Directorate. Monitoring of expenditure in the department was thus totally absent.

Broadsheet of monthly expenditure statement (Financial Rules Form 24, 25 and 26) was not maintained by the Head of the Administrative department in the Home department.

#### ***5.1.7 Surrender of funds under plan head***

Out of Rs 209.42 crore budgeted under plan heads during 2001-04, Rs 124.65 crore (60 per cent) were surrendered. There was nothing on record to show the reasons for non-utilisation of the budgeted funds nor did the department state any reason for such huge surrenders.

#### ***5.1.8 Sanction order not acted upon by Directorate***

During 2002-03 the department sanctioned a sum of Rs 56.62 lakh for purchase of security equipment. The Directorate, however, did not act upon the sanction order nor intimated the department about the non-drawal of the amount sanctioned. Thus the Department and the Directorate both failed in their responsibilities indicating lack of coordination between them, leading to non-utilisation of sanctioned funds for purchase of security equipment.

#### ***5.1.9 Diversion of scheme funds***

An amount of Rs 1.96 crore received for the scheme “Modernisation of Police Force (MPF)” during 2000-01 was diverted to purchase of vehicles for Chief Minister carcade (Rs 1.16 crore) and to anti-Naxalite Operation (Rs 80 lakh) outside the scope of the MPF.

#### ***5.1.10 Incorrect utilisation certificate submitted to Government of India***

The utilisation certificate for expenditure (Rs 147.16 crore) incurred during 2000-04 under MPF (both Central and State shares) was submitted to Government of India in May 2004. This utilisation certificate included payment of Rs 70.41 crore (49 per cent) as advance to Jharkhand Police

Housing Corporation (Rs 38.63 crore), Executive Engineers Building Division Ranchi and Garhwa (Rs 15.16 crore), allotment of funds to 22 Deputy Commissioners for composite control rooms (Rs 7.97 crore) and money kept in civil deposit (Rs 8.65 crore). None of these agencies had furnished expenditure or utilisation report to the department. Thus, the utilisation certificates submitted to Government of India did not reflect actual expenditure.

### **Implementation of Modernisation of Police Force**

Funds released by Government of India and the State Government under the Modernisation of Police Forces and expenditure incurred there against during 2000-2004 were as below:

Year	Funds released by GOI	State Funds	Total	Expenditure
2000-01	40.15	29.93	70.08	46.52
2001-02	28.94	47.34	76.28	53.18
2002-03	12.73	5.24	17.97	3.92
2003-04		30.74	30.74	43.57
Total	81.82	113.25	195.07	147.19

The following deficiencies were noticed in the implementation of various components of Modernisation of Police Force

#### ***5.1.11 Physical and financial progress report not obtained from executing agency***

During 2001-04, 18 schemes of construction of Police Buildings and lower subordinate quarters were sanctioned from MPF fund for Rs 53.79 crore. The entire amount was paid as follows:

- To the Jharkhand Police Housing Corporation- Rs 38.63 crore (Rs 34.86 crore- 2001-02 and Rs 3.77 crore- 2002-03),
- To Executive Engineer, Building Division-I, Ranchi -Rs 31.76 lakh (2002-03). Division- II - Rs 7.42 crore (2002-03),
- To Executive Engineer, Building Division Garhwa - Rs 7.42 crore (2002-03).

Although huge funds were involved, the department/ directorate did not monitor the progress of work nor insisted upon submission of physical and financial progress reports. None of these buildings were handed over to the department as of March 2004.

### ***5.1.12 Payment made for construction to JPHC without availability of land***

It was seen in audit that for implementation of 55 sub-schemes (12 Police stations, six out posts, 24 temporary out posts, one barrack and two complexes) no land was available with JPHC. However, without considering this aspect, Rs 9.21 crore were advanced to JPHC during 2001-04 by the department, which remained unused as of October 2004.

### ***5.1.13 Entrusting the purchase to JPHC beyond its jurisdiction***

JPHC was paid Rs 3.56 crore in March 2002 for purchase of security and office equipment for central stores and wireless building although the JPHC was created to undertake only construction and maintenance work of police buildings. The department overlooked this aspect indicating failure of internal control at various levels.

### ***5.1.14 Faulty selection of scheme***

During 2001-02, two sub-schemes for construction of Kamalpur and Burma Mines Police station buildings were entrusted for execution to JPHC and Rs 24 lakh paid in March 2002. But the buildings of these Police stations already existed in good condition. Such faulty selection of schemes indicated failure of checks and controls in the department. The money advanced was lying with JPHC (March 2004).

### ***5.1.15 Purchase of vehicles without actual requirement***

During 2000-01, 114 vehicles of different types were purchased for Jharkhand Armed Police Battalion No. 8 and 9 (57 vehicles for each Battalion) at a total cost of Rs 5.64 crore. None of these Battalions was fully operational. The requisite personnel for these Battalions under all cadres were 2662 (1331 for each battalion) Against this; there were only 120 personnel in all cadres (JAP8-76 personnel + JAP 9-44). Purchase of 114 vehicles for such number of personnel was not called for and therefore only 12 and 11 vehicles were provided to JAP 8 and 9 respectively by the Directorate. Of these only six were in actual possession (JAP 8-3 and JAP 9-3). The rest of the vehicles were distributed to other units. The entire purchase and distribution were thus not properly planned. Internal control was totally absent at all levels which led to purchase of vehicles without actual requirement.

### ***5.1.16 Non-functional composite District Control rooms***

District control rooms were to be established in all district headquarters for maintaining law and order round the clock. In addition to this it was also to function for disaster management, riot control etc. For this purpose district control rooms were divided into two wings *viz.* Composite Control room for maintenance of law and order under the control of the District Magistrate and Police Control room (PCR). During 2001-02, the department sanctioned Rs

7.97 crore for composite control rooms (Rs 3.19 crore for purchase of vehicles, Rs 3.62 crore for construction of buildings in 22 districts and Rs 1.16 crore for purchase of office equipment and furniture) and Rs 1.86 crore for PCR. Purchase for PCR was made centrally by the department and Rs 7.97 crore sanctioned for composite control rooms was allotted to all 22 Deputy Commissioners. Records of seven Deputy Commissioners were test checked and it was found that out of the total fund of Rs 2.61 crore allotted to them for construction of buildings, purchase of vehicles and equipment etc. Rs 2.09 crore was spent but the control rooms could not become operational as manpower required for the control room was not sanctioned by the Government. This shows lack of proper planning on the part of the department.

#### ***5.1.17 Injudicious expenditure on computerisation***

Ninety four computers with laser printers and UPS were purchased at a total cost of Rs 84.27 lakh in 2003-04 although the scheme for computerisation for networking in order to facilitate gathering and transmission of information from district level to police headquarters level was approved by MHA during 2000-01. Networking was not done at all till August 2004. Besides, records of training of manpower to run the system were not furnished to audit. The computerisation project could not be made operational even after the lapse of more than three years. The different components of computerisation schemes were not synchronized by the department indicating absence of internal control.

### **Inventory Control**

There were instances of condemned vehicles not written off, purchases without actual requirement and weapons remaining out of service for want of repairs as discussed below:

#### ***5.1.18 Condemned/off road vehicles included in District Strength of vehicles***

In seven test checked units (SP Offices), out of the available 730 vehicles, 78 vehicles were condemned or proposed for condemnation or off road. But these were not replaced by the Directorate and stood included in the unit strength of vehicles. No review on this point was conducted by Directorate.

#### ***5.1.19 Purchase of SLR without assessment of actual requirement***

During 2000-01, 1470 self loading rifles (SLR) costing Rs 73.50 lakh were purchased from the Ordnance Factory, Tekanpur (MP) for Jharkhand Armed Police 8 and 9 having contingent of 135 combat personnel and 135 SLR were issued to both the battalions. 680 SLRs were issued to different existing units and 655 SLRs costing Rs 32.75 lakh remained idle in central stores. The Department/Directorate did not plan the purchase according to actual requirement resulting in excess purchase.

### ***5.1.20 SLR lying out of service***

Out of seven test checked units (SP offices), 350 SLRs were issued during 2001-02 to six units only. Of these 24 SLRs were lying out of service (seven per cent) in 4 units for want of minor repairs. The Directorate did not provide the repairing tool kits to any unit. All these units were in naxal affected areas.

## **Operational Control**

Specialised training was a vital component of the modernisation of police forces. It was, however, seen that despite availability of funds, the training was far below the actual requirement. Further, submission of car diaries by the users meant for keeping control over fuel consumption was not monitored as discussed below:

### ***5.1.21 Inadequate training to Police personnel***

Training was a vital aspect for maintaining high degree of operational readiness of a police force. Scrutiny of training imparted to police personnel under different specialized training courses as required as per the Bureau of Police Research and Development revealed that there was a huge gap between the requirement and the actual training imparted. For example, out of 15939 police personnel to be trained under weapon and tactics course, only 446 were trained. Similarly, under counter-insurgency and commando course, anti terrorism and VIP security course, bomb disposal course and interrogation technique course, only 68, 124, 64 and nil personnel were trained against the training requirement of 15939, 15939, 2194 and 388 police personnel respectively. Thus, the operational readiness of police force was not ensured by imparting specialized training.

### ***5.1.22 Non-submission of car diaries***

Petrol statement based on car diary was an important tool of internal control for running of vehicles and consumption of fuel. This statement was being compiled at district level and sent to range DIG, Zonal IG and DG&IGP for monitoring the running of vehicles. Scrutiny of records of SSP, Ranchi revealed that out of 182 vehicles under his command, car diaries in respect of 113 vehicles were not submitted by the respective users during the year 2003-04 although bills for fuel were paid. Range DIG, Zonal IG and even Police headquarters did not take any action on the defaulters. Total amount of consumption of fuel without submitting car diaries worked out to Rs 39.78 lakh.

### ***5.1.23 Mismatch between drivers and cars***

The Directorate had a fleet of 1269 vehicles of all types. It was seen in audit that to man these vehicles, there were only 576 drivers in position against the

sanctioned strength of 1062. Thus, the sanctioned and the actual strength of drivers both were less than the available number of vehicles. The planning for purchase of vehicles was out of sync with sanctioned strength as well as drivers in position; proper utilisation of the vehicles was doubtful under the circumstances.

### **Monitoring, evaluation and Reporting**

For effective implementation of modernisation schemes, monitoring and evaluation of all schemes at all levels was essential. Scrutiny revealed deficiencies at all levels of monitoring, evaluation and reporting as described below:

#### ***5.1.24 Inspection of Directorate not carried out by department***

Rule 306 A of the Jharkhand Treasury Code enjoins upon the Controlling Officer to inspect the accounts records of DDOs under his control at least once a year. No such inspection was carried out by the department. This control instrument was to ensure that expenditure remained within available grants and the accounts records were maintained in the prescribed manner. Failure on this count facilitated non drawal of funds although sanctioned by the department and repeated surrender of MPF funds.

#### ***5.1.25 No internal audit***

Internal audit wing of the Finance department, Government of Jharkhand did not conduct any internal audit of the department since 2000-01 i.e. creation of Jharkhand State.

#### ***5.1.26 Response to audit***

Accountant General (Audit) conducts the audit of the Offices of the Department and major irregularities are reported through Inspection Reports (IRs). The initial replies to IRs are to be sent within a month from the date of their receipt by the auditee unit. 95 IRs and 459 paras pertaining to the period from 2000-01 to 2003-04 were outstanding for which even the initial replies were not furnished by the any of the auditee unit. No steps were taken by the department for speedy clearance of these outstanding paras.

#### ***5.1.27 Conclusions***

Budget was not prepared in accordance with the procedures prescribed in the budget manual. Various inputs like actuals of previous years and compilation and analysis of expenditure of the field office were not considered for preparing the budget. Huge amounts of expenditure advanced to various agencies were included in the utilisation certificates submitted to Government of India which did not reflect correct position. Huge funds were released to

JPHC for construction of buildings etc. without checking whether the works were actually being carried out. Indiscriminate purchase of vehicles was made without synchronising it with available number of drivers. There was deficiency in monitoring at the level of the Head of the Administrative Department.

**5.1.28 Recommendations**

- Provisions of the relevant manuals should be enforced to ensure proper control over budget and expenditure.
- The policy of dependence on JPHC for civil construction works needs review.
- Purchase of equipment should be properly planned and tune with availability of personnel .to utilise and operate the equipment.

The matter was reported to the Government (September 2004 and February 2005); reply had not been received (May 2005).