



**REPORT OF THE COMMITTEE
ON RAILWAY AUDIT NORMS**

MARCH 2003

COMPTROLLER AND AUDITOR GENERAL OF INDIA

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P R E F A C E

One hundred and fifty years of operation by the Indian Railways (IR) has justifiably credited it with the pride of being an icon of modern India and weaving together the national fabric.

In its long journey of 150 years, IR has withstood complex challenges which the diversity of this vast nation inherently poses. The organisation has had to reorient and rechannelise its energies towards newly emerging directions, squarely face the twin challenge of globalisation and liberalisation of the Indian economy as well as the dynamic changes in the social fabric of the nation. Globalisation of the economy, technological upgradation and modernization of rolling stock, workshops, track and computerisation leading to changes in operation, procedures and functions, particularly in the last decade has called for adoption of new strategies and cutting edge information technology to ensure that IR regains its position as the principal, premier and most economical mode of transportation in the country.

The role of audit in the changed scenario calls for a new look and emphasis. The last revision of audit norms was attempted in 1981 when the entire gamut of audit procedures and checks was reviewed. Shri T.S.Narasimhan, Deputy Comptroller and Auditor General of India recognised this need and constituted a Committee of 4 Principal Directors of Audit and 2 Deputy Directors to study the operations and functioning of the IR, to recommend revision of audit norms and prescribe new checks for new areas of Railway working.

The Committee after detailed deliberations has made various recommendations which are outlined in the report. In some cases the existing norms have been revised, whereas, in others new norms have been recommended, specially in areas of audit of computerised systems. It has been the endeavour of the Committee to look at these items with a different perspective and find newer and more distinctive ways of audit, evolve new methodologies to work differently but effectively, create value for the organisation and promote audit as an aid to management.

The recommendations of the Committee are a result of not suggesting change merely for the sake of change but with a view to make audit more effective, relevant and synergetic to take on the new challenges. Our concern has been that what is old but still relevant should be retained and strengthened. What is dysfunctional or counter productive in the new networking of economies and technologies should be remedied or scrapped. More importantly, in the fast changing scenario of economic activity, the growth of the service sector and the development of new technologies and systems of communication, where there are no audit norms existing, these should be devised innovatively in such a way that there is no conflict in the system as a whole between the familiar and the novel. The Committee has recognized that this calls for appropriate training and reorientation of the audit personnel and has made recommendations in this regard as well.

Several rounds of discussions and consultations were held by the Committee in different parts of the country with experienced personnel of the Railways and Audit. The Committee has been enriched by the vast pool of experience made available to it

and it has been the endeavour of the Committee, to keep these valuable inputs in view while formulating its final recommendations.

I wish to place on record the Committee's appreciation to all the officers and staff of the Railway Audit offices and Headquarters whose selfless dedication, long hours of educated and experienced deliberations have made it possible to present this comprehensive Report. Thanks are also due to the officers and staff of Western, South Central, Southern, South Eastern and Eastern Railways and Comptroller and Auditor General's office for hosting the Committee and providing the necessary logistic support.

I have great pleasure in presenting this report on revision of Railway Audit norms, on behalf of the Committee. I would like to take this opportunity to express our gratitude to Shri T. S. Narasimhan, Deputy Comptroller & Auditor General of India for his guidance and encouragement to complete this task within a limited time frame. We hope our recommendations will bring renewed enthusiasm, commitment and reaffirmation of the audit process to the Railway Audit department.

New Delhi
Date March 2003

(Anjali Sen)
Chairperson,
Railway Audit Norms Committee

Overview

The Secret Memorandum of Instructions (SMI) lays down the norms, procedures and extent of checks for auditing various transactions of Indian Railways. The SMI, first published in 1959 and revised in 1981, remained by and large unchanged though there has been a phenomenal growth in the operational and allied activities of Indian Railways. Technological advancements in motive-power, signaling circuitry, track maintenance etc. and new concerns of Railways for privatization, renewal of over-aged assets, modernization of Workshops and Production Units have significantly changed the operational environment in which the audit functions are carried out. In addition to these factors, computerisation, especially in passenger reservations, freight operations, accounting, material management and monitoring systems also called for corresponding changes in the auditing norms, techniques and methods for selection of records for test check. Besides, substantial increase in the value of tenders, contracts, projects due to inflationary trends in the past rendered the existing monetary limits applied for determining scope, extent and level of audit scrutiny irrelevant.

In view of this, Shri T. S. Narasimhan, Deputy Comptroller and Auditor General of India, set-up a Committee of 4 Principal Directors and 2 Deputy Directors on 7 January 2003 for taking up review of the Railway Audit norms. The Committee had detailed consultations with Principal Directors of Audit of all Zonal Railways, several senior Railway Officers in the Railway Board and Zonal Headquarters and select groups of Sr. Audit Officers and Assistant Audit Officers in Zonal Railway Audit Offices to ascertain the difficulties being faced in the field Audit units and for arriving at logical solutions in order to make Railway Audit more effective, relevant and result oriented.

Main recommendations of the Committee in regard to more comprehensive and integrated approach to audit, new demarcation between Central audit and Local inspections, revision of monetary limits for determining extent, scope and level of scrutiny, revised methods of selection of records for test check, deletion of obsolete checks, new areas of audit coverage and training strategies, etc. are summarised in the succeeding paragraphs.

1. Recommendations for improving quality of audit through a more comprehensive and integrated approach

1.1 The Committee, realising the need to develop specialisation in the audit of technical areas and also for the purpose of providing a comprehensive linkage in audit planning and scrutiny of projects recommends that:

- (i) Local inspection of only one area out of civil engineering works, S&T works and electrical works should be entrusted to one Audit party.
- (ii) Central audit of tenders, contracts and completion reports of a particular area of projects shall be conducted by the same Audit Party which has been entrusted local inspection of that activity.
- (iii) Inspection of major works shall be planned in such a manner that these are conducted, as far as possible, by the same Audit Party which has been entrusted with the Central audit of tenders, contracts etc. and local inspection of the related activity such as civil engineering works or S&T works etc.

(Para 4.5)

1.2 For local inspections of Workshops and Production Units, the Committee recommends taking up the review of each major activity or a group of allied activities in a workshop as a single inspection unit each year instead of each office or shop in a scattered manner. The salient features of the proposed revised norms are as under:

- Comprehensive inspections covering each of the activities will be carried out. Such inspections will include the check of records of the concerned Executive offices, the connected shops, the records of the Accounts Office, the Stores records, etc. as a block.
- Instead of the multitude of inspection reports now being issued it is proposed to issue only one inspection report per line of activity.
- The above inspection will cover only the non-personnel portion.
- While all the allied major shops will be covered on an annual basis instead of triennial as in the case of present system it is proposed that two or three allied minor shops will also be selected annually.

(Paras 6.5.2 and 6.9)

1.3 The review of Major Works in the Workshops now done separately will also be taken up along with the allied major activity based inspections to eliminate the disadvantage of too many visits to the same Executive Office concerned.

(Para 6.5.2)

1.4 As only non-personnel portion is proposed to be reviewed during the activity-based inspection, the personnel portion of the workshop/ production unit as a whole can be taken as a single inspection covering executive offices and shops on a selective basis across the Workshop. The inspection of selected units will follow an overall IT check of the computerized establishment areas. Thus one inspection report will cover the entire personnel portion of the workshop annually.

(Paras 6.6 and 6.10)

2. *New Demarcation between Central Audit and local Inspections*

2.1 The Committee recommends that the following items shall be shifted from Central Audit to Local Inspection in order to facilitate better linking of the connected records which are available in the executive offices:

- Pay Bills, TA Bills, Advances of Pay for NGOs of other than Accounts Departments
- Leave Accounts of subordinates
- Original Fixation, Re-Fixation of Pay of NGOs
- Rent Register/ Rent Roll
- Imprest Stores Accounts

[Para 3.4.3 (a)]

2.2 The Committee recommends that Provident Fund Section should be covered under annual local inspection in the month of October or November i.e. after Provident Fund ledgers of previous year are closed. For this purpose, 2 per cent of credit and 5

per cent of debit transactions of a selected month will be subjected to audit by an Audit party comprising of 1 SO/ AAuO and 1 Ar./ Sr. Ar. This would yield better audit results due to consolidation of otherwise scattered audit effort.

[Para 3.4.3 (b)]

2.3 In view of the rationalisation of Personnel audit in Workshops, the audit of Muster Rolls, Labour Pay sheets including time sheets has been shifted to Local Inspections. This will avoid duplication of audit of these documents both in Central and Local Inspections as is being done now. 'Records of Rolling Stock' and 'Plant and Machinery' have been shifted to Local Audit as these are better seen during local Inspections of Workshops.

[Para 6.4.2 (f)]

3. Increase in monetary limits for selection of samples

3.1 Monetary limits for selection of samples of various records indicated below are proposed for increase:

- (a) Check of invoices *[Para 2.5.2 (B)]*
- (b) Check of Sanctions, Estimates, Scrutiny of larger tender and contracts, Contractor's on account Bills, Contractor's Final Bills, Completed contracts and Completion Reports *[Paras 3.3.1 to 3.3.7]*
- (c) Check of Journal Vouchers including scrutiny of adjustment memos *(Para 7.2.1)*

4. Revised system of selection of records

4.1 In order to avoid wastage of manpower in selection of Parcel Way Bills from bunches, the selection procedure has been simplified by recommending that all Parcel Way Bills of any 7 days of the month selected for audit may be taken up for check.

[Para 2.5.2 (C)]

4.2 In view of extensive computerisation in the field of establishment matters, the Committee recommends using of exception reports, data analysis using CAATs for selection of establishment vouchers under the records to be checked during Central Audit. Changes occurring in a Pay Roll due to grant of increments, transfers, promotions, retirements etc. would be identified from the monthly 'change statement of Pay Roll' and related vouchers and would be selected for audit in order to make establishment audit more effective and result oriented. Thus, while the checks, frequency, level of scrutiny, scope and extent would by and large remain the same as per the provisions in SMI, the procedure for selection of samples would be in consonance with changed computerised environment in the area of establishment matters.

(Para 3.4.2)

4.3 Since stores records have been computerised in all Railways, quarterly list of the purchase orders can be generated from the EDP Centre of the Railway on the basis of the money value slabs prescribed for audit selection. In the alternative, data can be downloaded in flat files format from the system. Using IDEA or other database software this data can be categorised based on the money value slabs. Then the

percentage of selection can be applied and the selected purchase orders can be separately listed and printed. This will save time spent in selection of purchase orders for audit and recording the details.

Since the data is computerised and all the information is stored in separate fields in the master files, intelligent and object oriented selection can be made by applying specific filter criteria (e.g. more than one purchase order issued for same PL number, purchase order with risk purchase clause, purchase orders for surplus items etc). In this manner, selection of records for audit can be based on perception of risk involved. This will make the audit more focused and effective.

Similar selection of store bills can also be done by downloading data from the system if the concerned documents/ registers are computerised.

For audit of receipts and issues of stores print out from the EDP Centre (in case of old MMIS) and from the on-line system (in case of new MMIS) of the day's transactions can be selected and kept as records instead of manually prepared lists.

(Para 5.5.2)

5. Enhancing the level of audit scrutiny

The Committee recommends enhancing level of scrutiny in respect of the following items from Ar./ Sr. Ar to SO/ AAuO/ AuO/ Sr. AuO in order to strengthen and upgrade the existing checks in view of the higher risk perception:

- (i) Check of Overcharge sheets ***[Para 2.5.2 (D)]***
- (ii) Review of TIAs Reports ***[Para 2.5.2 (E)]***
- (iii) Fixation of pension including other pensionary benefits ***(Para 3.4.4)***
- (iv) Review Reports on productivity test on Capital Investment.
- (v) Review of Land Registers
- (vi) Review of Arbitration awards.
- (vii) Review of Court judgements.
- (viii) Works Register and Revenue Allocation Registers and reconciliation with General Book and progress of expenditure.

(Para 3.6)

- (ix) Check of 'Completed Batch Orders' ***[Para 6.4.2 (c)]***

6. Decrease/Increase in quantum of checks

Treating Minor stations as comparatively low risk area, selection of 15-20 stations per annum instead of 10 per cent to be covered in a period of 10 years, is recommended for station inspection.

[Para 2.5.1 (3)]

7. New areas of audit coverage

7.1 At present 95 per cent of the reserved accommodation in passenger trains are made through Computerised Passenger Reservation system (CPRS). Electronic devices like Self Printing Ticket Machine (SPTM)/ Unreserved Ticketing System

(UTS) are widely used to issue unreserved tickets. 8 monthly statements generated by CPRS and 7 monthly statements generated by SPTM/ UTS and sent to Traffic Account Office with monthly balance sheets are proposed to be brought under the ambit of Central Audit of Traffic earnings.

(Paras 2.7 and 2.8)

7.2 In order to sustain existing traffic as well as to attract new traffic, a number of new schemes by involvement of Private sector in some of them have been introduced by Railways in the recent past. All such schemes such as 'Station to Station Rates', 'Lumpsum Rates', 'Volume Discount Scheme', 'Merry-Go-Round Concept', 'Mini Rake Concept', 'Leasing of Brake/ 'Parcel Van', 'Own Your Wagons Schemes' are recommended to be brought under the purview of Central Audit as well as local inspection. Monthly audit of lease charges claimed in respect of 'Own Your Wagon Scheme' is proposed for inclusion in SMI.

(Para 2.6)

7.3 Audit of Inland Way Bills and dues from Concor

Domestic traffic in containers is booked by Concor not only from its own terminals but also from various Railway stations and sidings. Similarly destinations also include both the ICDs/ DCDs managed by Concor as well as stations and sidings managed by Railway.

In the above context the Committee noticed that all basic records viz. train summary, placement and release memo, wagon exchange book, loading and unloading tally book, delivery book, detention register etc. are being maintained by the Concor staff and remain in their exclusive custody in the container depots. Since these records maintained at ICDs by Concor are essentially to ensure that all charges on account of services rendered by the Railways to the consignees/ consignors of Concor are correctly accounted for and realised and all records thereof would otherwise be maintained by the Railways, the Memorandum of Agreement between IR and Concor empowers the Railway Accounts Department and Audit Department to inspect the books and Accounts of Concor.

The Committee therefore, recommends inclusion of these items in the SMI for Audit of Inland Way Bills and inspection of Concor depots.

(Para 2.9)

7.4 The existing system of Central Audit does not provide for the audit of 'Allowed Time' for various tasks in the Production Units and Workshops. Based upon the discussions with various Railway Executives and in view of the increasing incentive payments by Railways this item has been introduced as a new item of check to be carried out by SO/ AAuO. The periodicity is proposed as quarterly and scope of extent of check would be 100 per cent wherever there is change. One or two 'Allowed time Statements' to be checked where there is no change.

[Para 6.4.2 (e)]

7.5 The Committee felt that there should be a standard procedure laid down to regularly review files of each Directorate of Railway Board in view of the fact that the Directorates deal with policy formations; render advice to Zonal Railways and monitor

performance of the Zonal Railways.

(Para 8.2)

7.6 Railways introduce number of passenger trains, make changes in their frequency and some times extend the route coverage which becomes a regular feature. Such introduction/ change in frequency etc. are on the basis of perceived popular demand rather than justification based on adequate data. The Committee felt that the justification of such new trains, extended routes is to be reviewed in Audit in order to make sure that the available resources and assets including the constrained line capacity are optimally utilised. Review will be undertaken 6 months after the introduction of new trains/ change in frequency of existing trains/ extension of run of existing trains.

(Para 3.7.1)

7.7 Inspection of station earnings is done by Traffic Audit Parties but the checks are restricted mainly to the accuracy in accountal of receipts and the correctness in observations of rules/ regulations. The expenditure incurred on upkeep and maintenance of stations, pay and allowances on staff deployed over stations, provision of facilities such as SPTMs, CPRS terminals, FOBs etc. have to be viewed in the context of the remunerativeness of the stations in terms of earnings. A holistic review of all aspects taking the station as a cost centre was felt necessary by the Committee. The Committee, therefore, recommends reviewing of one station per division per year for such review.

(Para 3.7.2)

7.8 In order to make the audit of Zonal HQs more productive, the Committee recommends that a Costing Cell be constituted as a new independent unit in the Zonal headquarters.

(Para 3.7.3)

7.9 The Railways have recently taken some initiatives to attract private investments/ partnerships and State Government participation for the availability of sufficient infrastructure facilities as also to upgrade the existing infrastructure for accelerating economic development of the country. As such, this new concept on Railways will require audit of annual expenditure incurred as a result of such private investment/ partnerships and State Government participation.

(Para 3.7.5)

8 *Deletion of provisions of existing SMI*

8.1 The Committee recommends deletion of some checks relating to following items:

- (a) Bonus contributions
- (b) Accounts of staff Benefit Fund
- (c) Productivity linked Bonus to GOs.

(Para 3.4.5)

9. Computerisation in Railways and its impact on Audit

In view of the technological advancements and use of computerised systems by auditee organizations which have a bearing on the financial and accounting aspects of the railway functioning, there is need for change in our audit skills, techniques and procedures. To make this possible the Committee recommends that:

9.1 Ideally Audit should be involved in the systems development of various application packages. However, this has not been the case with regard to certain applications which are already in place. Since certain packages are still in developmental stages like FOIS, PAS, FAS etc. audit should associate themselves to have in depth knowledge of these packages.

9.2 A thorough exercise of understanding the system should be undertaken and detailed lists of audit checks should be prepared for each application package separately.

9.3 Audit should be taken up around the computers by staff having basic knowledge of the application package. Audit of and through computers requires good knowledge of the IT systems, software design, structure, languages and experience in handling IT audit tools like Computer Aided Audit Techniques (CAATs). This is a complex and technical job and can be performed only by audit personnel who have been given Application - specific training on the IT systems used in the IR.

(Para 10.2)

10 Assessment of training needs

10.1 The Committee felt it necessary to chart out the course for computer training which should be followed to ensure that the staff are computer trained and well equipped for undertaking audit through the computers. The Committee recommends that Computer training should be at three levels:

- (a) The first level will be a basic training in computers.
- (b) The second level of training will be a specialised course in Oracle and UNIX.
- (c) The third level of training will be Application- specific training.

Training for the first and second levels will be conducted in the various RTIs and RTCs. The training for the third level will be organized with the help of the Railways in CRIS and the EDP Centres of the Zonal Railways.

A core group of 5-6 officers will be formed in each Principal Directors of Audit's office who will be given more intensive training in the various Computer Applications being used by the Railways. This would facilitate taking up of IT audit and also associating them in organizing and conducting the third level training programmes for the rest of the staff.

(Para 11.1.1)

10.2 The Committee noted that the training inputs received during our in-house training programmes for Ars./Sr.Ars and SOs/AAOs were not sufficient to undertake a satisfactory audit of cost accounts. The Committee, therefore, recommends having an exclusive module for Cost Accounts in the in-house training programmes that are currently organized by the Principal Directors of Audit.

(Para 11.2.1)

11. Change in method of reporting results of Audit

11.1 The Committee deliberated upon the problems faced in the existing system of reporting the results of audit. In order to overcome these lacunae/ shortcomings the Committee proposes that Test Audit Notes/ Inspection Reports should be addressed to the executives with copy to Accounts office and other authorities.

(Para 9.2.1)

11.2 The Committee further recommends preparing review reports consolidating the major findings and reporting a macro picture to the executive on half yearly/ annual basis especially in the context of reports issued on establishment matters, inspection of minor stations and audit of stores contracts.

(Para 9.2.2)

12. Staff Requirement

12.1 Staff for Costing Cell

In order to make the audit of Zonal HQs more productive, the Committee recommends that a Costing Cell be constituted as a new independent unit in the Zonal headquarters (in addition to the existing HQs sections) for critical review of Reports of the above Railway Cells and also for attempting review of other areas (which are not covered by the above cells) as may be considered necessary. This cell would comprise of one Sr. AuO assisted by one SO/ AAuO, one Ar./ Sr. Ar. not drawn from the existing strength of Railway Audit offices.

(Para 3.7.3)

12.2 Staff for Railway Board Audit

Taking into consideration all the factors of the working of Railway Board's directorates, the Committee recommends that staff to the extent of one Sr. AuO, one SO/ AAuO and one Ar./ Sr. Ar. may be provided exclusively for the Railway Audit Wing in Railway Board to enable them to review Railway Board's files. One Director/ Dy. Director may also be provided at Railway Board to supervise the audit of tenders/ contracts, finalisation of Appropriation Accounts and Directorate Audit.

(Para 8.5)

12.3 The Committee has viewed the changes required in the audit norms, scope, extent, periodicity etc. in an independent and objective manner without keeping the existing manpower as a referral point. The norms now suggested would require reassessment of staff requirement in view of the following:

- (i) Increase in level of scrutiny.
- (ii) Strengthening the party composition.
- (iii) Increase/ reduction in party days.
- (iv) Deletion of redundant items from Central Audit.
- (v) Increase/ reduction in quantum of check in respect of certain items of lesser importance.
- (vi) Additional staff on account of introducing new areas of audit checks.

Each Zonal Audit Office is an independent office with its own cadre, hence the assessment of the staff implications of the recommendations has to be done individually by each Principal Director of Audit. The efforts of the Committee in reviewing the entire gamut of Railway Audit Norms and in coming out with recommendations will be worthwhile only if it is backed up with a serious effort to reassess the requirement of manpower in the Railway Audit Department, initiate necessary action to restructure the organisation. Based on the assessment of staff requirement and the position of vacancies, the Principal Directors of Audit should rationalise the cadre strengths at each level to enable implementation of the revised norms.

(Para 12.4)

Chapter 1

Introduction

1.1 Introduction

The Indian Railways (IR), covering more than 63140 Route Kilometers and with staff strength of more than 15 lakh persons is the second largest organisation in the world under a single management. This vast network can be considered to be the backbone of the Indian economy. In the 150 years of its existence the Railways is one of the key factors in the Industrial Development of this nation. Connecting remote corners of this large nation, the Railways perform a major sociological service in carrying more than 13 million passengers from place to place and that too at an affordable price thereby bringing transportation within the reach of the common man. It would be difficult to envisage an alternative to travel by rail with the same levels of comfort and affordability.

Correspondingly, the Railway carries more than a million tonne of freight traffic daily catering to even remote corners of the country. Even in the present scenario of increasing transportation by road, the fact remains that the Railway network with its presence across the length and breadth of the country serves as a lifeline to the economy of the country.

To make this possible the Plan outlay for the transport sector has seen an increase from Rs.3200 crore upto the IVth Five Year Plan to Rs.45,413 crore in the IXth Five Year Plan.

Besides carrying out the core business of rail transport, it also owns and manages activities such as the design and manufacture of rolling stock, construction projects, schools, technical institutes, housing, hospitals and hotels. Operating control and management is vested in 11 zonal railways, each of which is an integrated, geographic entity interchanging traffic with all other zones.

The growth of the IR over the past 50 years has been phenomenal. The growth over the last 20 years is reflected below for a few major areas:

| Sl. No. | Particulars | As on 1980-81 ¹ | As on 1990-91 | As on 2001-02 |
|--------------------------|--|-------------------------------|------------------|------------------|
| 1 | 2 | 3 | 4 | 5 |
| 1. | Capital-at-charge(Rs. in crore) | 6096.30 | 16125.80 | 47147.35 |
| 2. | Total Route Kilometers | 61240.00 | 62367.00 | 63140.00 |
| 3. | Number of employees (in thousands) | 1572 | 1652 | 1511 |
| 4. | Wage Bill (Rs. in crore) | 1316.70 | 5166.30 | 19037.20 |
| Passenger Traffic | | | | |
| 5. | Number of passengers originating (in millions) | 3613 | 3858 | 5093 |
| 6. | Passenger earnings (Rs. in crore) | 827.50 | 3144.70 | 11162.20 |
| Freight Traffic | | | | |
| 7. | Tonnes originating in millions (Revenue earning traffic) | 195.90 | 318.40 | 492.50 |
| 8. | Earnings from freight carried excluding wharfage and demurrage charges (Rs. in crore) | 1550.90 | 8247.00 | 245,586.79 |
| 9. | Gross Revenue receipts (Rs. in crore) | 2703.48 | 12451.55 | 39357.81 |
| 10. | Working expenses including depreciation etc. and miscellaneous expenses (Rs. in crore) | 2575.99 | 11337.77 | 37020.28 |
| 11. | Net Revenue receipts (Rs. in crore) | 127.49 | 1113.78 | 2337.53 |

¹ The existing Secret Memorandum of Instructions regarding the Extent of Audit (Railway Audit) was last revised at this point of time.

1.2 Technological changes

In tandem with the world around them the railways have also initiated several technological upgradations in recent years. While many of these changes relate to track and motive power, there is also a realization that the use of IT can improve operational efficiency. Though the introduction of the Passenger Reservation system has changed the face of passenger travel, in other areas the introduction of and use of IT has yet to gain enough momentum to make perceivable impacts. But these changes are inevitable and cannot be ignored.

1.3 Safety

The concerns for improving safety of rail travel particularly in the context of the accidents in the last two years has been translated into a non-lapsable special Railway Safety Fund of Rs.17,000 crore setup for renewal of over-aged assets and for safety enhancement works. Modernisation of signaling circuitry is being carried out to minimize chances of human error, thereby averting accidents. Maintenance facilities for coaches and wagons have been modernized and upgraded at many workshops. Routine over-hauling areas have been equipped with ultrasonic testing equipment for detection of flaws in the axles so as to prevent cases of cold breakage of axles. Periodic Safety Audit of different Divisions by inter-disciplinary teams from Zonal Headquarters has been introduced.

1.4 Need for review of existing Railway Audit Norms

The Secret Memorandum of Instructions (SMI) of the Railway Audit Wing of the IA & AD was first published in 1959 and a revised SMI approved in 1981 was brought out in 1983. Subsequently, although limited changes were made from time to time, the basic structure of the SMI remained unaltered. Thus, the existing SMI largely retained its tradition-bound relevance despite the phenomenal growth of the IR due to the rapid changes that the IR were undergoing over the years.

A need, therefore, was felt to revise the Railway Audit Manual (RAM) & SMI and the work was started in the year 1994. The work of revision of RAM was first taken up. The work of revision of SMI was to be done after revising RAM. The revised RAM was approved on 23 May 2001 and issued to Principal Directors of Audit of Zonal Railways. To facilitate revision of SMI at the earliest, suggestions for improvement in the SMI were sought for from the Principal Directors of Audit. The suggestions received from field offices were examined at Headquarters and consolidated and circulated to the Principal Directors of Audit of Zonal Railways in the year 2000.

Recognising the importance of the several technological advancements and computerisation taken up by the IR, Shri T.S. Narashimhan, the Deputy Comptroller and Auditor General of India (DAI) constituted a Railway Audit Norms Committee (RANC) on 7 January 2003 to take a fresh look at the entire gamut of audit procedures. The terms of reference was drawn up by him in great detail to assist the Committee members. The DAI also met the members on 10 January 2003 when he guided them on how to approach the task. He also asked all the other Principal Directors of Audit present in the meeting to once again send their exhaustive list of suggestions in regard to revision of norms to the Committee giving proper justification for revision of existing SMI.

1.5 Constitution of the Committee

Chairperson

Smt. Anjali Sen, Principal Director of Audit, Western Railway

Members

Smt. K. Ganga, Principal Director (Railways), office of the Comptroller & Auditor General of India

Smt. S. Srinivasan, Principal Director of Audit, Southern Railway

Shri Shantanu Basu, Principal Director of Audit, South Central Railway

Shri C.S. Sharma, Deputy Director, office of the Principal Director of Audit, Northern Railway (**Member Secretary**)

Shri Neeraj Kumar, Deputy Director, office of the Principal Director of Audit, Eastern Railway

The following officers were also associated to assist the Committee in the matters indicated against them:

Shri O.P. Rehani, Sr. Audit Officer, office of the Principal Director of Audit, Northern Railway – To provide material for the chapter on Appropriation Audit and Audit of General Books & Accounts

Shri C.M. Shashidharan, Asstt. Audit Officer working as Sr. Data Processor, office of the Principal Director of Audit, Central Railway– To provide material for the chapter on Stores Audit

Shri P.S. Mehra, Sr. Administrative Officer, office of the Comptroller and Auditor General of India – To provide secretarial support.

Shri S.K. Saxena, Asstt. Administrative Officer, office of the Comptroller and Auditor General of India - To provide secretarial support.

1.6 Terms of Reference

The following were the terms of reference of this Committee:

- Examine suggestions received in Headquarters from Principal Directors of Railway Audit in 2000-01 regarding the various aspects of Railway Audit;
- Critically examine the existing pattern of audit, frequency, coverage, extent of audit checks, level of audit scrutiny, rendition of reports, etc in respect of all areas of audit activity, namely, audit of traffic accounts (passenger and freight), works & project audit, stores audit, workshop audit and the audit activity undertaken at the Divisions as well as at the Zonal Railway Headquarters. The Committee would also keep the existing internal audit checks available in the Railways in mind while assessing the need and adequacy of the present audit checks;
- In respect of those units and activities where computerisation has taken place in the Railways, the Committee would examine the methodology and audit norms to be adopted in such a scenario. The need to resort to audit with the aid of computers in such changed circumstances would be assessed and audit norms prescribed;

- The comprehensive linkage required between the Zonal Railway monitoring and control vis-à-vis Divisions and Workshops, *etc.* for a meaningful inter-related audit assessment would be kept in mind while making recommendations. The Construction projects being audited by a party from Construction Headquarters to field units for effective and comprehensive audit coverage would also be examined;
- The planning, monitoring and control mechanisms available at the Zonal and Divisional levels being used by Audit while planning the audit activity of the formations would have to be properly assessed and suitable methodology, wherever necessary, recommended. Sub-contracting or privatisation of railway activities earlier done departmentally should be examined to recommend adequate audit norms;
- Suggest the level and percentage of audit checks, frequency of audit and level of scrutiny of items in a comprehensive manner. The recommendations should cover all activities of IR that are now being audited by the Railway Audit Wing;
- Assess and recommend changes in personnel below GO's level that may be required to implement its recommendations;
- Training needs for implementation of its recommendations, especially for audit of computer activities may be spelt out;
- Any other matter on the above aspects or connected issues would also be considered by the Committee and recommendations made.

The Committee in its first meeting held in New Delhi on 10 January 2003, farmed out the broad functional areas of Railway working for its members that were to be examined by them for consideration by the Committee before finalisation of the recommendations in consultation with all other Railway Audit offices. The details are as follows:

- ◆ *Smt. Anjali Sen*, Principal Director of Audit, Western Railway – Traffic Audit;
- ◆ *Smt. K. Ganga*, Principal Director (Railways), office of the Comptroller & Auditor General of India – Stores Audit, Audit of Railway Board, Computerisation and Information Technology Audit, Training and other Miscellaneous Topics;
- ◆ *Smt. S. Srinivasan*, Principal Director of Audit, Southern Railway – Workshops and Production Units Audit;
- ◆ *Shri Shantanu Basu*, Principal Director of Audit, South Central Railway – Divisions, Zonal Headquarters Audit;
- ◆ *Shri C.S. Sharma*, Deputy Director, office of the Principal Director of Audit, Northern Railway – Works Audit;
- ◆ *Shri Neeraj Kumar*, Deputy Director, office of the Principal Director of Audit, Eastern Railway – to assist *Smt. K. Ganga* for Information Technology audit;

1.7 Necessity for change - Committee's perception

1.7.1 Limitations of the Existing SMI

The SMI was published first in 1959 and revised in 1981 after which a few corrections were made. Fragmented SMI provisions were leading to fragmented audit coverage and issue of large numbers of Inspection Reports causing dissipation of the audit effort. There was substantial overlapping between Central and Local audit resulting in duplication of effort. Outdated levels of check both in magnitude and conducting levels were not in keeping with contemporary audit complexities. Many issues of contemporary relevance were also absent in the SMI.

1.7.2 Developments on IR

Over the last 50 years and particularly since 1991, IR has adopted new initiatives that have impact on Railway Audit as follows:

- ◆ Computerisation of certain classes of activities such as Passenger Reservations, Unreserved Ticketing System, Freight Operation Information System, Material management information, Financial management, Payroll and inter-related activities, Passenger and freight accounting system;
- ◆ New commercial initiatives such as Own Your Wagon Scheme, Volume Discount Scheme, BOLT, Station-to-Station rates, Merry-Go-Round scheme, leasing of space in parcel vans etc.;
- ◆ Setting up of Corporations for separate business enterprises such as IRCTC, RAILTEL, CONCOR etc.;
- ◆ Commercial exploitation of Railway properties, raising revenue from non-traditional sources etc.;
- ◆ Private sector and State Government participation in capital intensive projects specially permanent way;
- ◆ Rationalisation of freight tariff policy and passenger fare structures;
- ◆ Establishment of new production units such as RCF, Kapurthala, and WAP, Bangalore
- ◆ Enhancement of delegation of financial powers;
- ◆ Automation of limited departmental core activities such as track laying and maintenance;
- ◆ Introduction of new technology such as signaling equipment, axle counters, track circuiting, Solid State Interlocking, anti collision devices;

1.8 Approach of the Committee

The Committee at the very outset was unanimously of the view that the general methodology laid down in SMI regarding sample selection for direct substantive testing of individual transactions which are aimed at providing evidence of the completeness, accuracy and validation of information are based on sound and time tested principles. The Committee, therefore, felt that there was no necessity to deviate from the method of stratifying population based on financial limits, taking up samples of different

percentages for different financial values, auditing transactions in a prescribed time cycle as this methodology ensures that for high risk areas larger samples and more frequent checks are carried out.

However, the Committee felt that the financial limits, percentage and periodicity for audit would require revision in view of the major developments and prevailing scenario of IR as briefly enumerated above. Further due to availability of information/ data in electronic media, the sample selection could be further simplified and refined. The Committee thus adopted the following approach:

- (i) Establishment of clear cut demarcation between Central audit and Local audit by transferring groups of items from Central audit to Local inspections to enable more analytical examination with reference to basic records/link documents available with the executives;
- (ii) Increase in monetary limits in respect of certain items to provide for inflationary trends and enhancements/decentralization of financial powers at various levels;
- (iii) Decrease or increase in quantum of checks in respect of certain items due to change in risk perception;
- (iv) Deletions to provisions of existing SMI largely on grounds of redundancy;
- (v) Additions to provisions of existing SMI to accommodate audit of new developments like computerisation on the IR;
- (vi) Increase in strength and quality of scrutiny through comprehensive and integrated audit as against the fragmented audit coverage in existing SMI;
- (vii) Enhancing the level of audit scrutiny from Ar/ Sr. Ar to the level of SO/ AAuO and AO/ Sr. AO in respect of selected core items where audit risks are perceived to be relatively higher;
- (viii) Identification of checks requiring incorporation in the RAM where existing checks are not sufficient and for audit of new items proposed to be introduced in the SMI;
- (ix) Review the existing system of selection of records for audit in view of availability of data/ information in electronic media;
- (x) Identification of training needs for staff to equip them for auditing in the new environment;
- (xi) Change in method of reporting results of Audit to present a more comprehensive report to the auditee.

1.9 Consultations by the Committee

Keeping in view the major developments on IR and the need to understand and appreciate the perceptions of the Railways as to areas that require more audit scrutiny, strengths and weaknesses of audit, necessity of enhancing the technical skills of audit personnel and the existing weaknesses in the internal audit system, the Committee held discussions with the past and present Senior Officers of IR on the Executive as well as Accounts side. The Committee met the following Railway Officers to whom our gratitude is due for their valuable time and insights they offered to the Committee:

Railway Board

Smt. Vijayalakshmi Vishwanathan, Financial Commissioner (Railways)

Northern Railway

Shri R.K. Singh, General Manager

Southern Railway

Shri Ram Mohan, FA& CAO, Metro Railway,

Shri Srinivasan, Chief Mechanical Engineer, Integral Coach Factory, Perumbur

Shri S.Parthasarty, FA& CAO, Integral Coach Factory, Perumbur and his team

South Central Railway

Shri S.B. Ghosh Dastidar, Chief Operations Manager

Shri R.K. Rao, Chief Personnel Officer

South Eastern Railway

Shri V.N. Garg, General Manager

Shri R. Mitra, Principal Chief Engineer

Shri M.R. Ramakrishna, Chief Commercial Manager

Shri Padhi, Chief Operations Manager

Shri Ramesh Chandra, Chief Electrical Engineer

Shri D. Lakra, FA & CAO

Shri Ravi Prabhat, FA & CAO (WST) and his team of Freight Accounting and Passenger Accounting Systems

Western Railway

Shri B.B. Verma, FA & CAO (Traffic)

CRIS

Ms. Urmila Sharma, CFO

Retired Railway Officers

Shri S.K. Mitra, Financial Commissioner (Retd.), Railway Board

Shri P. Vasudevan, Financial Commissioner (Retd.), Railway Board

Shri S. Murali, Financial Commissioner (Retd.), Railway Board

Shri K. Vishwanathan, FA & CAO (Retd.), Eastern Railway.

Railway Audit

The Committee also held discussions with the Principal Directors of Railway Audit and other Officers of the various Zonal Audit offices.

1.10 Structure of the Report

The Report of the Committee is divided into the following further chapters:

| | |
|-------------------|--|
| Chapter 2 | Audit of Earnings (Traffic) |
| Chapter 3 | Audit of expenditure and receipts on Zonal Railway Headquarters and Divisions (Open Line) |
| Chapter 4 | Works Audit |
| Chapter 5 | Stores Audit |
| Chapter 6 | Audit of Workshops and Production Units |
| Chapter 7 | Appropriation Audit and Audit of General Books & Accounts |
| Chapter 8 | Railway Board Audit |
| Chapter 9 | Miscellaneous matters |
| Chapter 10 | Computerisation in Railways |
| Chapter 11 | Training Requirements |
| Chapter 12 | Impact of revised norms on staff strength |

CHAPTER 2

Audit of Earnings (Traffic)

2.1 Introduction

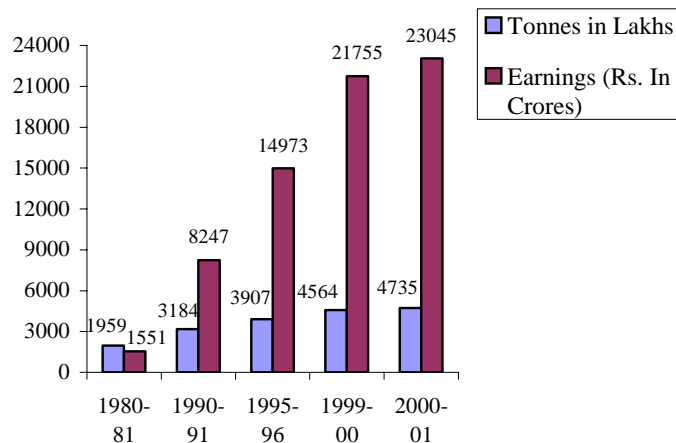
With a route length of 63,140 kilometres, Indian Railways (IR) is one of the largest railway networks in the world. In 2000-01, the number of passengers carried was 4833 million, as against 4,585 million in 1999-00, an increase of 5.4 per cent. Indian Railways is also the single largest freight carrier of the country carrying 2,85,000 million GTKM and earning a revenue of Rs.24,000 crore (approx.) in a year. Goods are booked on 8000 odd booking stations and sidings and more than 8 lakhs (approx.) invoices are issued every month.

2.2 Earnings

The correct collection, accountal and remittance of traffic receipt is the responsibility of the Commercial Department along with associated Accounts Department. The accounts of earnings are rendered to the Traffic Accounts office through various returns. The collected tickets, Parcel Way Bills, Invoices, Credit Notes, Warrants, cashed station pay orders etc. are also submitted to the Traffic Accounts Office. These are checked and brought to accounts in a consolidated record for the entire Railway in the 'Traffic Book' in which earnings are classified into Coaching, Goods and Sundries.

2.2.1 Freight Business

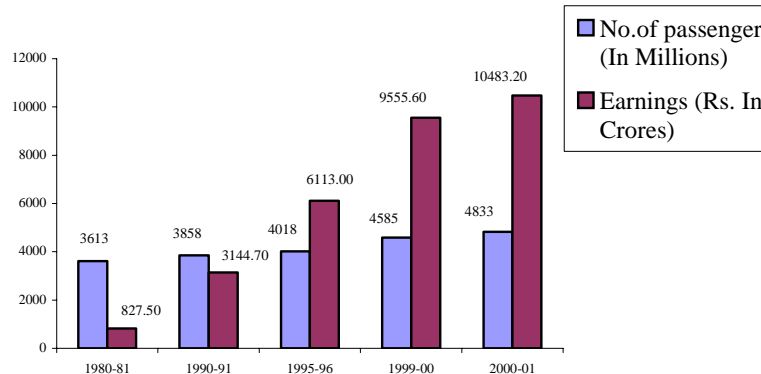
The IR, as a means of transport, is more suitable to carry bulk traffic in trainloads, which is mainly offered by the core sector. There has been steady increase in freight traffic during the last two decades both in terms of tonnes originating and earnings derived from freight traffic as can be seen from the graph given below:



89 per cent of Indian Railway's freight traffic is contributed by eight major commodities, viz. coal, fertilizer, cement, petroleum products, foodgrains, finished steel, iron ore and raw material to steel plants, which constitute the core sector of the economy. The balance 11 per cent is 'other' commodity moving in bulk and in containers.

2.2.2 Passenger Business

Passenger services constitute nearly 60 per cent of the transport output but contribute only 32 per cent to the revenue. During the year 2000-01, losses on account of passenger services and other coaching services amounted to Rs.4875 crore. Within the passenger segment, suburban passenger services accounted for a loss of Rs.659 crore. There has been a substantial increase in Passenger business during the last two decades both in terms of passengers carried as well as Earnings derived from them as can be seen from the graph given below:



60 per cent of the originating passengers travelling by rail are suburban in the cities of Mumbai, Kolkata, Chennai and ring railway of Delhi. 13 per cent comprise commuters travelling in other cities of the country. The remaining 27 per cent are long distance passengers. However, in terms of passenger kilometer, the suburban passengers accounts for only 20 per cent.

95 per cent of the reserved accommodation is being made through the nationwide computerized passenger reservation system at nearly 700 locations, using 3000 computer terminals.

The suburban passengers though 60 per cent in terms of volume contribute only 10 per cent to the passenger revenue. On the other hand, the upper class travellers though comprise less than one per cent of originating passengers, account for around 20 per cent of the passenger revenue.

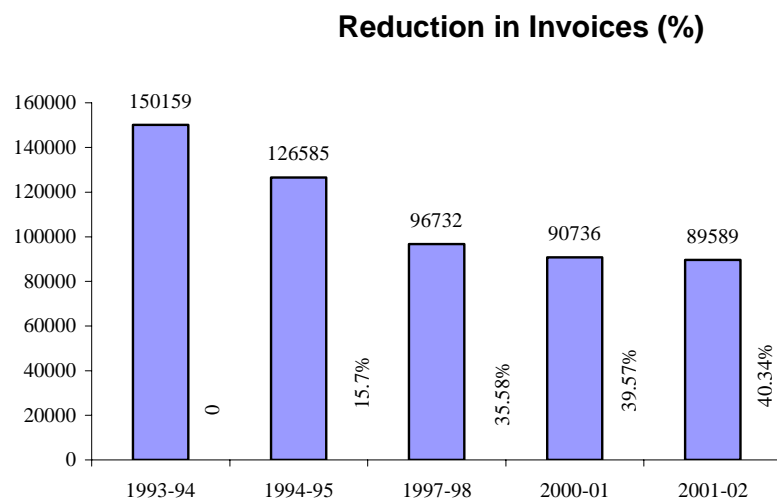
2.2.3 Cross-subsidisation

The ratio of passenger earning per passenger kilometer to freight earning per tonne kilometer gives an idea about the distortion in pricing. A ratio of one is widely believed as a desirable financial norm. A study has compared the ratio of passenger and freight earnings per unit. In China, this ratio is slightly more than one, while on Indian Railways this ratio was 0.5 in 1951 and has come down to 0.3 in recent years, which is one of the lowest in the world. There is an urgent need to address the issue of cross-subsidisation and rationalize the freight and fare structure.

2.3 Changes in Trends of Freight Traffic

Due to the various changes in Railways working i.e. rake load movement of traffic, issue of single Railway Receipt for full rake, privatisation of parcel and luggage traffic etc., the number of vouchers/invoices and other transactions of stations has come down

though monetary value of invoices has increased. Further, the per centage share of non-bulk traffic during the last two decades both in terms of tonnes originating and earnings derived from them has come down from 14.39 per cent in 1980-81 to 4.05 per cent in 2000-01 and from 23.31 per cent in 1980-81 to 4.92 per cent in 2000-01 respectively. There is a reduction of 40 per cent in the issue of invoices in **Western Railway** during the period from 1993-94 and 2001-02 as can be seen from the graph given below:-



2.4 Audit Concerns

The Committee noted the above concerns and dominant issues that confront the Indian Railways as a major player in the transport sector and its recommendations, therefore, are based on detailed deliberations on impact of these dominant issues on making audit more effective, focussed and result oriented. In this context, the efficiency of the Internal Audit mechanism was also reviewed.

2.5 Recommendations

The Committee reviewed all the items relating to Traffic Audit detailed in the SMI and has proposed various changes details of which are in a Compendium brought out as a separate booklet. The major recommendations are as follows:

2.5.1 Local Audit (Station Inspections)

Station is the main centre where the commercial business is actually transacted. There are over 8000 stations spread all over Indian Railways. More than 60 per cent of mandays in respect of Traffic Audit is spent on station inspections. The Committee acknowledges that due to the various changes in Railway working i.e. rake load movement of traffic, issue of single Railway Receipt for full rake, privatisation of parcel and luggage traffic etc., the number of vouchers/ invoices and other transactions of stations has come down resulting in some reduction in work load of stations specially in the areas of issue and account of invoices in respect of freight earnings. However, there is a general increase in commercial activities both in terms of Passengers and Goods carried. Large scale computerisation of accounts and

operational system is another noticeable feature. Certain big stations have now to prepare upto four separate Balance Sheets of the stations i.e. for Goods, Coaching, Parcel and CPRS. A need, therefore, was felt by the Committee to reclassify stations for the purpose of Inspection on the basis of earnings reported through each Balance Sheet. The Committee also reviewed the existing limits of earnings of stations to classify them as very big, major etc.

The recommendations pertaining to categorisation, periodicity, duration of Audit and party composition is indicated below:

| Category of station | Monetary limit | Duration (in days) | Party Composition | | BO's Supervision | Periodicity |
|---------------------|--|--------------------|-------------------|----------|------------------|----------------------------|
| | | | AAuO/S.O | Sr.Ar/Ar | | |
| Very Big | | | | | | |
| Existing | Rs.5 crore and above | 10 | 2 | 1 | 100% | Once in two years |
| Proposed | Rs.5 crore and above | 8 | 2 | 1 | 100% | Once in two years |
| Big | | | | | | |
| Existing | New category | - | - | - | - | - |
| Proposed | Rs.2 crore and above but less than Rs.5 crore | 6 | 2 | 1 | 100% | Once in 3 years |
| Major | | | | | | |
| Existing | Above Rs.50 lakh and less than Rs.5 crore | 8 | 2 | 1 | 50% | Once in 3 years |
| Proposed | Rs.50 lakhs and above but less than Rs.2 crore | 4 | 1 | 1 | 50% | Once in 4 years |
| Minor | | | | | | |
| Existing | Below Rs.50 lakhs | 2 | 1 | 2 | Nil | Once in 10 years |
| Proposed | Below Rs.50 lakhs | 2 | 1 | 1 | Nil | 15 to 20 stations per year |

The Committee further recommends that:

1. The criteria for categorization of stations may continue to be on the basis of earnings reported through each Balance sheet of respective stations. If the Balance Sheet of the stations is prepared separately for Goods, Coaching, Parcel, CPRS etc. then those units of the stations may be considered as a separate unit for inspection.
2. If any siding has a large number of Paid Inward Traffic but according to the earning of the station it is not falling under the category of Big station then such a siding

should be treated as a Big station for the purpose of inspection if the siding deals with a minimum 5 rakes per month.

3. A reduction in the extent of Audit of Minor stations was felt necessary. Instead of inspecting all Minor stations in a 10 year cycle, the Committee recommends taking up only 15 to 20 stations in a year, the selection of which should be such so as to ensure that both remunerative and unremunerative stations are evenly covered in local audit. 4 to 5 stations should be inspected in continuity and a quarterly report should be issued.

An attempt has been made to assess the impact of the norms now proposed on Western Railway. A saving of 6 posts (i.e 2 Sr.Ar./Ar. + 3 AAuO/ SO + 1 Sr. AuO/AuO) has been calculated details of which are at **Annexure I**.

2.5.2 Central Audit

A. Local Traffic and Through Traffic Coaching/Goods Account such as Balance Sheets

The reclassification of stations will also affect Central Audit. According to the existing norms one per cent of all major stations and half per cent of all minor stations are to be selected. The Invoices, Parcel Way Bills, Passenger Classifications and other returns/ balance sheet etc. pertaining to the selected stations are to be audited as per the extent of Audit prescribed for them.

The Committee recommends the following:

- **Very Big and Big stations to be checked to the extent of one per cent.**
- **Major stations to be checked to the extent of half per cent**
- **In case of Central Audit, all Minor stations should continue to be audited to the extent of half per cent and covered in a cycle of 200 months.**

B. Invoices

Check of invoices is an important item of Central Audit of Earnings. As stated earlier while there has been a substantial reduction in issue of invoices, there has also been a substantial increase in the value of invoices. As per existing norms all the invoices of selected stations were to be originally checked by Ar./ Sr. Ar and three categories of checks were prescribed. As per this, invoices above Rs.500/- were to be checked 10 per cent, Rs.200/- to Rs.500/- 5 per cent and invoices of lesser amount i.e. upto Rs.200/- random check to be exercised by Ar./ Sr. Ar.

Due to change in pattern of Goods Traffic, freight charges have increased manifold and the minimum value of invoices is also more than Rs.6,000/- in almost all cases. Moreover, all the invoices are now subject to a computerized check for validating the computation of freight. The Committee felt that the monetary limits needed to be raised. Since, the basic records of Traffic Accounts are internally audited by Traffic Accounts Inspectors of Accounts (TIA) who are equivalent to SO/ AAuO, the Committee was, therefore, of the view that the invoices valuing Rs.1 lakh and above should be originally audited by SO/ AAuO.

The Committee, based on the above, recommends that the invoices may be segregated in two categories

- **Upto Rs.1 lakh to be checked by Sr.Ar./Ar. to the extent of 10 per cent.**
- **Above Rs.1 lakh to be checked by AAuO./S.O. to the extent of 20 per cent.**

C. Parcel Way Bills

The present norms for checking of Parcel Way Bills were fixed long back. Since then there has been substantial increase in the value of P.W. Bills. As per present system the segregation of selected vouchers from the bunches is time consuming, therefore a more simple and adequate per centage of selection of Parcel Way Bills is needed.

The Committee felt that in cases of Parcel Way Bill also the higher value item should be given more emphasis and the work may be entrusted to SO/AAuO.

The specific recommendations are as follows:

- **Parcel Way Bills of any seven days of the month selected for audit may be checked.**
- **These selected Parcel Way Bills may be categorized as (i) upto Rs.1000 to be audited by Ar./ Sr. Ar and (ii) above Rs.1000 to be audited by SO/ AAuO.**

A sample study of the volume of work involved both as per the existing norms and the proposed revised norms for 3 months carried out on Western Railway (**Annexures II and III** i.e Invoices and Parcel Way Bills) indicates that though the number of PW Bills remains the same, there would be some increase in the number of invoices to be checked as per revised norms.

D. Overcharge Sheets

At present the selection of overcharge sheet is based on the station selected for Audit during the month and is audited by Sr. Ar/ Ar to the extent of 2 ½ per cent. The Committee noticed that since overcharge sheets are finalised by the Claims office after a minimum period of 6 months these get omitted from the purview of Audit. Moreover, these are important items where the party is getting refund of high value which is certified by the Traffic Accounts and authenticated by Senior Officials. The Committee, therefore, felt that this item should be audited independently without relating it to the station selected for Audit. The extent of check may also be greater and at a higher level as discussed below:

- **The selection of this item should be based on the total overcharge sheets settled during the month of accounts selected for Central Audit.**
- **This item may be audited by AAuO/SO instead of Sr. Ar./Ar. to the extent of 10 per cent.**

E. Travelling Inspectors of Station Accounts (TIAs) Reports

TIA Report is an important item which gives a clear picture of station working. It is an important tool for framing station inspection plan especially in respect of minor stations which are selected at random for inspection. At present TIA reports are reviewed at HQrs of Traffic Audit section monthly at the level of Sr.Ar/Ar.. **However, it is felt that the level of review should be raised to Sr. AO/ AO and SO/ AAuO to make this item an important tool in framing Audit Plan. Therefore, the Committee**

recommends that the Reports pertaining to very Big and Big stations should be reviewed by Sr. AO/ AO and others by SO/ AAuO.

2.6 New Schemes

Competition from road has adversely effected the market share of IR. The road transporter has an advantage that he can price his product on the basis of what the product can bear, unlike Indian Railways which do not have the autonomy in deciding the tariff policy. Railways at present are making all-out efforts to sustain the existing traffic as well as to attract new traffic, both in bulk and non-bulk segments. To achieve their objectives Railways have introduced new schemes as follows:

2.6.1 Strategies in Bulk Traffic Segment

- **Simplification of siding rules**

The rules/regulations relating to construction and maintenance of sidings have been made more liberal and customer-friendly.

- **Station to Station Rates/ Lumpsum Rates/ Volume Discount Scheme**

Zonal Railways have been delegated with the power to quote lumpsum rates to attract and retain traffic on commercial considerations. In order to encourage rail customers to offer more traffic, Railways have introduced a scheme of Volume Discount. Under the scheme, rebate is given on selected commodities for incremental traffic.

- **Merry-Go-Round Scheme**

Railways are running traffic in closed circuits in respect of certain commodities. During the next two to three years, significant changes in coal logistics are expected due to coal import and setting up of power houses at pitheads. Such changes are also expected in iron ore movement to steel plants. As such, there may arise a need for goods movement of a regular nature in close-circuit where rolling stock could be earmarked and traffic move in the “Merry Go Round” concept. Combined with “engine-on-load” concept, this movement is expected to strengthen the Railways’ revenue generation capacity by eliminating terminal detentions to rolling stock. The schemes are being introduced over short distances where lumpsum rates would be offered.

- **Mini Rake Concept**

Lumpsum rates could also be applied to capture short-lead bulk traffic by introducing a ‘mini-rake’ concept of twenty BCX, where the customers requirement is to send smaller parcels of their products taking into account the consumption limits in the market.

- **Private Sector participation in Customer Interface**

To facilitate aggregation of traffic to wagon/train load, a policy for freight forwarders is already in position. This policy is under review to be in line with the market dynamics.

Indian Railways has taken initiative to complete the logistics chain by involvement of private sector to provide total logistics solution. A pilot project of providing warehousing facilities through CWC at White Field in Bangalore has already been implemented and a new privately managed freight terminal is coming up at Garhi Harsaru near Gurgaon.

- **Own Your Wagon Scheme**

The above scheme was introduced in the year 1992 as a participating marketing strategy to enhance the Rail Transport capacity by encouraging private parties to own their wagons. The Indian Railways have to pay the owners 16 per cent lease charges for first 10 years and 1 per cent lease charges for the subsequent years for the wagons thus owned by them provided various conditions stipulated in the scheme are fulfilled.

2.6.2 Strategies in non-bulk Traffic Segment

Hiving off Parcel Business and its expansion by:

- Leasing out Brake Vans in mail/express and passenger trains to get assured traffic at high rate;
- Leasing out parcel vans on round trip basis to clear valuable parcel traffic with significant freight potential;
- Introduction of Millennium Parcel Express on fixed path to provide time-tabled services;
- Develop exclusive parcel terminals where it does not interfere with passenger traffic;
- Introduction of Roll-on Roll-off Service:

The Committee deliberated upon and took note of the new activities/schemes introduced by the Railways in the last decade and felt the need for effective Audit scrutiny of these new developments.

The details of the new schemes and the scope and extent of checks, level of scrutiny etc are indicated in brief below (details in **Annexure IV**).

- **A general review of new scheme may be undertaken in Central Audit at the level of Sr. AuO/AO and AAuO/SO. This would include Audit of the agreements and contracts relating to the schemes.**
- **Implementation of all these schemes, may be seen during Station inspections.**
- **In respect of Own Your Wagon Scheme, the bills of lease charges submitted by the parties and passed by Accounts Office are to be checked monthly to the extent of 100% at the level of AAuO/SO.**

2.7 Computerised Passenger Reservation System (CPRS)

Though started initially in 1987 from Delhi, at present 95 per cent of the reserved accommodation in passenger trains are made through the nationwide computerized

passenger reservation system available at 700 locations, using 3000 computer terminals.

The various monthly summary of the statements are generated through computer at stations and sent to Traffic Account Office with the monthly balance sheets.

The proposed revised norms and other areas of audit checks are indicated in **Annexure IV**.

The Committee has also made a list of items to be seen during inspection of CPRS for the guidance of the inspection party. Further improvement of the list can be made by the Principal Directors of Audit of Zonal Railways. The list is given in **Annexure V**.

The Committee recommends:

- **Out of several daily and monthly statements generated by the CPRS, 8 important statements (details given in Annexure IV) and sent to Traffic Account Office alongwith the monthly balance sheet should be audited in Central Audit.**
- **These statements may be selected for check in every month. All the statements except two i.e. statement of Bank Card Tickets and Monthly summary of cancelled tickets including special cancelled tickets will be checked by Ar./ Sr. Ar. The transaction of any two dates preferably one date from each fortnight may be selected for detailed check in every month. The statement of Bank Card Tickets will be checked by the AuO/ Sr. AuO and the monthly summary of cancelled tickets including special cancelled tickets will be checked by the SO/ AAuO.**

2.8 Self Printing Ticket Machine (SPTM) / Unreserved Ticketing System (UTS)

Indian Railways run about 8500 trains out of which about 1000 trains have reserved accommodation. A large chunk of Passenger traffic is therefore, in the unreserved segment. Lately, the use of SPTM has been extended for speedy issue of unreserved tickets and the use of SPTM will increase in future so as to facilitate easy availability of tickets for passengers.

The Committee took note of the fact that effective ticket checking of this category of ticket will be able to mitigate the problem of use of irregular SPTM tickets. In order to enable Audit to detect cases of technology based frauds, the Audit party should understand the functioning of the SPTM and information maintained in the machine so as to acquaint themselves with advantage and deficiencies in technology.

The proposed revised norms and other details are indicated in **Annexure IV**.

The Committee has also made a list of items to be seen during inspection of SPTM/UTS for the guidance of the inspection party. Further improvement of the list can be made by the Principal Directors of Audit of Zonal Railway. The list is given in **Annexure VI**.

The main recommendations are as follows:

- **Seven statements out of the statements generated every month by SPTM/ UTS and sent to Traffic Accounts Office with monthly Balance Sheet should be audited in Central Audit.**
- **The transactions, pertaining to any two dates preferably one date from each fortnight, may be selected for detailed check in every month by the Ar./ Sr. Ar. in respect of five statements. One statement (Monthly summary of returns i.e. cancelled tickets including special cancelled tickets) may be checked by SO/ AAuO and one statements (Monthly summary of concession including Military Warrant and police vouchers) will be checked by the Sr. AO/ AO.**

2.9 Audit of Inland Way Bills and dues from Container Corporation of India (Concor)

IR tries to get additional traffic of other than bulk commodities through movement of goods in containers for which Indian Railway works in conjunction with Concor which was set up in 1989.

The small consignments by and large are transported by Concor for which the Railway Board has authorised Concor to issue Inland Way Bill (IWB) in lieu of Railway Receipt and also to quote and collect all charges directly from the customers. The IWBs issued by Concor are accepted by the Station Masters of the originating stations as an authority to move the containers.

The Railway gets a share of freight from Concor. Concor deposits the Railway freight at the prescribed rates with the Traffic Account Office of the originating Railway on a fortnightly basis.

Domestic traffic in containers is booked by Concor not only from its own terminals but also from various Railway stations and sidings. Similarly destinations also include both the ICDs/ DCDs managed by Concor as well as stations and sidings managed by Railway.

In the above context the Committee noticed that all basic records viz. train summary, placement and release memo, wagon exchange book, loading and unloading tally book, delivery book, detention register etc. are maintained by the Concor staff and remain in their exclusive custody in the container depots. Since these records are maintained at ICDs by Concor essentially to ensure that all charges on account of services rendered by the Railways to the consignees/ consignors of Concor are correctly accounted for and realised and all records thereof would otherwise be maintained by the Railways, the Memorandum of Agreement between IR and Concor empowers the Railway Accounts Department and Audit Department to inspect the books and Accounts of Concor. However, inspection of these depots is not done on regular basis and not included in the Annual Inspection Programme.

The Committee is, therefore, proposing inclusion of these items in the SMI for Audit of Inland Way Bills, other dues and inspection of Concor depots as indicated in **Annexure IV**.

The list of items to be seen during inspection of Concor Depots for the guidance of the inspection party is given in **Annexure VII**. Further improvement of the list can be made by the Principal Directors of Audit of Zonal Railways.

The specific recommendations are:

- **Concor Depots may be inspected as per the norms prescribed for inspection of Very Big station.**
- **Two major items namely (i) Inland way bill issued by Concor, (ii) List of unaccounted for inland way bills issued by Concor to be audited in Central Audit as per the norms prescribed for invoices/ list of unaccounted for invoices.**
- **A new item may be introduced namely “Realisation of Railway share of freight to be paid by Concor” to be checked monthly at the rate of one depot per month in such a manner that all the depots of Concor are covered in a cycle of two years.**

2.10 Staff Requirement for New Items

The requirement of new posts identified for Central Audit as well as Inspection and Review of schemes as a result of introduction of new items in respect of Western Railway is given in **Annexure VIII**.

Similar requirement is expected from other Zonal Railways also.

Chapter 3

Audit of expenditure and receipts on Zonal Railway Headquarters and Divisions (Open Line)

3.1 Introduction

The present administrative arrangements for operational and other purposes of IR are discharged through 11 Zonal Railways Headquarters and their Divisions. The Divisions attached to each Zonal Railway perform functions such as operation of trains, taking up works relating to regular maintenance of tracks including renewal/ replacement of tracks, attending to works pertaining to primary maintenance of locos, coaches and wagons in their loco sheds, carriage and wagon sick lines and central repair depots, respectively, maintenance and providing modern signal and telecommunication equipment for enhancing efficiency and safety in train operations, maintenance works pertaining to bridges and other civil engineering works for providing infrastructure. In addition, they attend to maintenance of Railway estates, hospitals, technical training establishments etc. The Divisional authorities are also responsible for the receipt of miscellaneous revenues like Siding and other related charges, Lease charges on account of leasing Railways surplus land to public/ private parties etc. These activities on Open Line (Divisions) and Zonal Railway Headquarters are being managed by about 12 lakh staff.

3.2 Present System of Audit

The Divisional Audit offices located at Headquarters of each division are responsible for audit of accounts maintained in the Division and the work done in the respective Divisional accounts offices in respect of Expenditure, Establishment, Books and Budget in accordance with the programme of Audit laid down in the Secret Memorandum of Instructions regarding the extent of audit and orders issued from time to time. A test audit to such accounts and vouchers etc. as are not audited in Central Audit or as can not be completely audited except in local audit, is done on local inspections. The primary object is to see that the initial documents, from which the bills and accounts rendered by the local offices are compiled, or on which they are based, are properly maintained. At Zonal Railway Headquarters, a regular set up exists to take care of audit requirements of Central Audit as prescribed in SMI. Besides, inspection of Heads of Department's offices at Zonal Railways is also taken up.

Such audits are conducted based upon specified quantum and periodicity by different levels of officers/ staff of the Divisional Audit offices. Similar arrangements are in place for the audit of Zonal Railways Headquarters.

3.3 Works Expenditure

A large number of works like maintenance of tracks, S&T equipments, bridges, station buildings, Railway quarters etc. are carried out in the Divisions. The recommendations of the Committee are mainly in the nature of changes in the monetary limits for determining percentage of checks and level of audit

The Committee took notice of prevalent inflationary trends and delegation of powers on IR in proposing revised financial limits. In addition, the Committee felt the need to

enhance the levels of audit scrutiny to the level of SO/ AAuO and Brach Officer (BO) in respect of selected core items where audit risks are perceived to be relatively higher. Details of the recommendations are given below.

3.3.1 Audit of Sanctions (Item No.I of existing SMI)

| Scope and extent of check | | Level of scrutiny |
|--------------------------------------|--------------|-------------------|
| Upto Rs.50 lakh | 100 per cent | Ar./ Sr. Ar. |
| Above Rs.50 lakh and upto Rs.1 crore | 100 per cent | SO/ AAuO |
| Above Rs.1 crore | 100 per cent | BO |

- Audit observations on 'Post-facto sanctions' shall be reported to Railway Administration through special reference at GO's (GO's) level.
- Annual General Review of sanctions by SO/ AAuO has also been introduced to ensure that all sanctions are received in Audit.

3.3.2 Audit of Estimates (Item No.II of existing SMI)

Audit of estimates (for Works Expenditure) up to Rs.50 lakh is presently conducted by SO/AAuO and above Rs.50 lakh is conducted by BO.

No separate check of estimates is necessary but while auditing the contracts, the estimates shall be reviewed in the following manner:

| Scope and extent of check | | Level of scrutiny |
|--------------------------------------|----------------------------------|-------------------|
| Upto Rs.50 lakh | Random selection of 2 to 5 works | SO/ AAuO |
| Above Rs.50 lakh and upto Rs.1 crore | 50 per cent | SO/ AAuO |
| Above Rs.1 crore and upto Rs.5 crore | 50 per cent | BO |
| Above Rs.5 crore | 100 per cent | GO |

3.3.3 Audit of larger tenders and contracts (Item XV(a) of existing SMI)

Large contracts and tenders up to Rs.10 lakh are presently scrutinised by SO/AAuO (10 per cent, 25 per cent and 50 per cent of contracts/tenders for Rs.0.05 lakh to Rs.0.50 lakh, Rs.0.50 lakh to Rs.1 lakh and Rs.1 lakh to Rs.10 lakh respectively) and those for over Rs.10 lakh are scrutinised 100 per cent by BO, with 20 per cent CR by BO of cases for Rs.1 lakh to Rs.10 lakh and 25 per cent CR by GO of cases for over Rs.20 lakh while cases of above Rs.50 lakh are reviewed by GO. It is proposed to entrust this item as indicated below:

| | | | |
|----------|---------------------------------------|--------------|----------------------|
| SO/ AAuO | Upto Rs. 25 lakh | 10 per cent | No CR by BO |
| SO/ AAuO | Above Rs. 25 lakh and upto Rs.50 lakh | 50 per cent | 20 per cent CR by BO |
| BO | Above Rs. 50 lakh and upto Rs.1 crore | 50 per cent | 20 per cent CR by GO |
| BO | Above Rs. 1 crore and upto Rs.5 crore | 100 per cent | 20 per cent CR by GO |
| GO | Above Rs 5 crore | 100 per cent | ----- |

Cases of above Rs.10 crore are to be submitted to Principal Director of Audit.

3.3.4 Contractors' On Account Bills (Item IV 15(a) of existing SMI)

Contractors on account bills up to Rs.1 lakh are presently checked (25 per cent) by Ar./ Sr. Ar. and those for Rs.1 lakh and above are checked (25 per cent) by SO/ AAuO. It is proposed to entrust this item as indicated below:

| | | | |
|--------------|-------------------|-------------|-------------------|
| Ar./ Sr. Ar. | Upto Rs. 10 lakh | 25 per cent | No CR by SO/ AAuO |
| SO/ AAuO | Above Rs. 10 lakh | 25 per cent | NO CR by BO |

3.3.5 Contractors' Final Bills (Item IV 15 of existing SMI)

Contractors' final bills up to Rs.1 lakh are presently checked (25 per cent) by Ar./ Sr. Ar. and those for Rs.1 lakh and above are checked (25 per cent) by SO/AAuO. **The Committee recommends that the extent of check be delinked from the amount of final bill. All final bills irrespective of the amount of the bills shall be checked by SO/ AAuO to the extent of 25 per cent.**

3.3.6 Completed contracts (Item XV (b) of existing SMI)

Completed contracts up to Rs.20 lakh are presently reviewed by SO/AAuO (20 per cent and 50 per cent of Completed contracts for Rs.1 lakh to Rs.5 lakh and Rs.5 lakh to Rs.20 lakh respectively) and those for over Rs.20 lakh are checked 100 per cent by BO with 20 per cent CR by BO of cases for Rs.5 lakh to Rs.20 lakh and 100 per cent CR by GO of cases for over Rs.50 lakh. It is proposed to entrust this item as follows:

| | | | |
|----------|---------------------------------------|--------------|----------------------|
| SO/ AAuO | Upto Rs. 25 lakh | 10 per cent | No CR by BO |
| SO/ AAuO | Above Rs. 25 Lakh and upto Rs.50 lakh | 50 per cent | 20 per cent CR by BO |
| BO | Above Rs. 50 lakh and upto Rs.1 crore | 50 per cent | 20 per cent CR by GO |
| BO | Above Rs. 1 crore and upto Rs.5 crore | 100 per cent | 20 per cent CR by GO |
| GO | Above Rs 5 crore | 100 per cent | ----- |

Cases above Rs.10 crore are to be submitted to Principal Director of Audit.

3.3.7 Completion Reports (Item III of existing SMI)

Ar./Sr.Ar presently checks completion reports relating to Open Line Divisions. (5 per cent of works costing Rs.1 lakh to Rs.10 lakh, 25 per cent, 50 per cent and 100 per cent of works costing Rs.10 lakh to Rs.20 lakh, Rs.20 lakh to Rs.50 lakh and over Rs.50 lakh respectively). Completion reports relating to Construction Organisation costing up to Rs.50 lakh are checked (5 per cent) by SO/AAuO and those for above Rs.50 lakh are checked by BO (the extent of check being the same as for Open Line). It is proposed to entrust this item as indicated below:

| | | | |
|----------|--------------------------------------|--------------|----------------------|
| SO/ AAuO | Upto Rs. 50 lakh | 2-5 works | No CR by BO |
| SO/ AAuO | Above Rs.50 lakh and upto Rs.1 crore | 50 per cent | 20 per cent CR by BO |
| BO | Above Rs.1 crore and upto Rs.5 crore | 50 per cent | 20 per cent CR by GO |
| BO | Above Rs. 5 crore | 100 per cent | 20 per cent CR by GO |

3.3.8 Inspection of Major Works (Item VII of existing SMI)

The Committee recommends strengthening of the inspection of major works. Accordingly, the norms for party composition, duration of audit and supervision by BOs have been revised.

The Committee further recommends that major works inspections should be linked to the actual expenditure having been incurred on these works, instead of the existing arrangements of inspection of major works every alternative year.

The revised pattern of inspection of major works together with revised norms of party composition, percentage of expenditure incurred on individual works for taking up for review etc. have been discussed in detail in Chapter 4 on Construction Works Audit.

3.4 Establishment Audit

The Committee observed that a large part of the audit effort was directed towards audit of establishment matters. The Committee considered the possibility of reducing the audit effort in this area. After detailed deliberations with senior officers of the Railways and officers and staff of the Audit Department, the Committee concluded that this area could not be neglected but the existing audit procedures and systems would need to be changed in view of large scale computerisation by Railways in this field so that audit could be more effective.

The importance of audit of Establishment Charges has been very appropriately put across by Shri P. Vasudevan, Financial Commissioner (Retired), Railway Board as follows:

“Considering the liberalization that has taken place in the various allowances to the staff, encashment of leave at the time of settlement, and the substantial proportion that staff costs constitute in the operational expenditure of the Railways, there can be no let-up in the efficiency of internal check and audit of these transactions. Both need to be perhaps tightened as well extended, to have a deterrent effect in areas such as avoidable travel on duty, inefficient ‘links’ for running staff, slackness in classification under the HOER, improper maintenance of leave accounts etc. No doubt the area is vast and manpower resources are limited. A suitable methodology has to be developed to ensure that shortcomings in these areas are not allowed to escape detection and rectification.”

Further, as observed by the officers and staff of the Audit Department, the recoveries at the instance of Audit, the amount of which has only been increasing over the years is largely on account of irregularities noticed in Establishment Audit. The figures of recoveries at the instance of audit are given below:

| Year | Amount (Rs. in crore) |
|-------------|------------------------------|
| 1995-96 | 17.79 |
| 1996-97 | 23.72 |
| 1997-98 | 34.61 |
| 1998-99 | 44.84 |
| 1999-2000 | 39.82 |
| 2000-2001 | 44.84 |

Specific recommendations in this regard are as follows:

3.4.1 Sanctions:

As per existing provisions in SMI all sanctions are audited by Ar./ Sr. Ar. The Committee recommends reducing the quantum of check to 25 per cent.

3.4.2 Selection of establishment vouchers

In view of extensive computerisation in this area, the Committee recommends using of exception reports, data analysis using CAATs for selection of vouchers under the records to be checked during Central Audit.

Changes occurring in a Pay Roll due to grant of increments, transfers, promotions, retirements etc. would be identified from the monthly 'change statement of Pay Roll' and related vouchers would be selected for audit in order to make establishment audit more effective and result oriented. Thus, while the checks, frequency, level of scrutiny, scope and extent would by and large remain the same as per the provisions in SMI, the procedure for selection of samples would be in consonance with changed computerised environment in the area of establishment matters.

3.4.3 Shifting of item of checks from Central to Local Audit

(a) **The Committee recommends that the following items shall be shifted from Central Audit to Local Inspection in order to facilitate better linking of the connected records which are available in the executive offices. The extent of check shall be 10 per cent of the total number of employees for one month.**

Pay Bills, TA Bills, Advances of Pay for NGOs of other than Accounts Departments, Leave Accounts of subordinates, Original Fixation, Re-Fixation of Pay of NGOs and Rent Register/ Rent Roll.

(b) Provident Fund Account

Under the existing system, transaction relating to subscription to Provident Fund Accounts, temporary and final withdrawal are covered in Central Audit as per the prescribed percentage on monthly basis. **The Committee recommends that Provident Fund Section should be covered under annual local inspection in the month of October or November i.e. after Provident Fund ledgers of previous year are closed. For this purpose, 2 per cent of credit and 5 per cent of debit transactions of a selected month will be subjected to audit by an Audit party comprising of 1 SO/ AAuO and 1 Ar./ Sr. Ar.**

The quantum of audit check is not expected to reduce due to this changed method but would yield better audit results due to consolidation of otherwise scattered audit effort.

The Committee further recommends that the existing provision of annual review of Provident Fund Section should be carried out by IT Audit trained staff for scrutiny and better results.

3.4.4 Fixation of pension

Fixation of pension, including family pension, commutation of pension, gratuity, encashment of leave and Railway Insurance Scheme are the important items requiring a careful scrutiny. The Committee recommends enhancing the level of scrutiny from Ar./ Sr. Ar. to SO/ AAuO for this item of check.

3.4.5 Deletion of checks

The Committee recommends deletion of some checks relating to following items:

- (a) Bonus contributions
- (b) Accounts of staff Benefit Fund
- (c) Productivity linked Bonus to Gazetted Officers.

3.5 Increase in frequency of inspection

The Committee recommends the following revision in the periodicity of inspections of following offices:

| Name of Office | Periodicity | |
|-----------------------------|------------------|-----------------|
| | Existing | Revised |
| (1) | (2) | (3) |
| Chief Cashier | Biennial | Annual |
| Chief Security Commissioner | Biennial | Annual |
| Chief Medical Director | Biennial | Annual |
| Medical Director | Biennial | Annual |
| Railway Recruitment Board | Triennial | Biennial |

3.6 Enhancement of level of scrutiny

The Committee recommends enhancing level of scrutiny in respect of the following items from Ar./ Sr. Ar to SO/ AAuO in order to strengthen and upgrade of the existing checks in view of the higher risk perception:

- (x) Reports on productivity test on Capital Investment.
- (xi) Land Registers
- (xii) Review of Arbitration awards.
- (xiii) Review of Court judgements.
- (xiv) Works Register and Revenue Allocation Registers and reconciliation with General Book and progress of expenditure.

3.7 New items of check

3.7.1 Introduction/ change in frequency/ extension of passenger trains

Railways introduce number of passenger trains, make changes in their frequency and some times extend the route coverage which becomes a regular feature. Such introduction/ change in frequency etc. are on the basis of perceived popular demand rather than justification based on adequate data. **The Committee felt that the justification of such introduction along with the patronage of these trains/ occupancy ratio, is to be reviewed in Audit in order to make sure that the available resources and assets including the constrained line capacity are optimally utilised.** The review of occupancy ratio, the line capacity, impact on efficiency of freight movement, track maintenance etc. should be reviewed at divisional and zonal level.

The following specific recommendations are made in this regard.

Review will be undertaken:

- **6 months after the introduction of new trains/ change in frequency of existing trains/ extension of run of existing trains.**
- **2 to 5 existing trains at random may be selected by the Principal Director of Audit of Zonal Railways for general review of their profitability in the light of points indicated above.**

3.7.2 Review of Station as Cost Centre

Inspection of station earnings is done by Traffic Audit Parties but the checks are restricted mainly to the accuracy in accountal of receipts and the correctness in observance of rules/ regulations. The expenditure incurred on upkeep and maintenance of stations, pay and allowances on staff deployed over stations, provision of facilities such as SPTMs, CPRS terminals, FOBs etc. have to be viewed in the context of the

renumerativeness of the stations in terms of earnings. A holistic review of all aspects taking the station as a cost centre was felt necessary by the Committee. **The Committee, therefore, recommends reviewing of one station per division per year for such review.**

3.7.3 Review of Costing exercises done by the Railways

On IR, the following Costing Cells are functioning at the Zonal level:

Traffic Costing Cell for preparation of cost analysis and profitability in respect of (i) selected passenger (Mail/Express/Ordinary) trains and (ii) selected commodities moved by goods trains (with reference to the concessions/special rates offered).

Efficiency Cell for compilation of Action Plan and evaluation of efficiency and performance at Divisional-level and at Zonal Headquarters-level and for evaluation of on-going works, *etc.* for better co-ordination between the Departments concerned.

Work Study Cell for reviewing deployment of staff in various cadres vis-à-vis the requirements from Zonal Headquarters-level to functional Unit-level in the field.

However, there exists no machinery for review and evaluation of expenditure incurred on operation and maintenance of track, track maintenance machines, rolling stock (locos, coaches and wagons) at various locations (in the Workshops and on sick lines *etc.*) and also for review and evaluation of carrying cost of inventory at various levels (Depot-level to floor-level/ imprest level).

In order to make the audit of Zonal HQs more productive, the Committee recommends that a Costing Cell be constituted as a new independent unit in the Zonal headquarters (in addition to the existing HQs sections) for critical review of Reports of the above Railway Cells and also for attempting review of other areas (which are not covered by the above cells) as may be considered necessary. This cell would comprise of one Sr. AuO assisted by one SO/ AAuO, one Ar./ Sr. Ar. not drawn from the existing strength of Railway Audit offices.

Having regard to the capabilities of the existing officers and staff in Railway Audit offices, the Committee recommends that staffing of this Cell may be entrusted to officers/officials qualified in Costing to be drafted from within the office. Training for this purpose also needs to be arranged which is dealt with separately in Chapter No.11

3.7.4 International traffic on IR

International traffic on IR involves important financial implications as indicated below:

(i) Wagon hire charges bill against foreign country Railways

The wagon hire charges bill is monitored by Director of Wagon Interchange (IRCA), New Delhi. Accordingly, advice (DR or CR) against the foreign country Railways is raised by Northern Railway.

(ii) Damage and deficiency bill against foreign country Railways

The damage and deficiency bill against the foreign country Railways is raised by Zonal Railways i.e. generally by the Sr. DME/ C&W of the respective division handling international traffic.

(iii) Engine hire charge bill against foreign country Railways

Usually Sr. DME/ POWER of the respective division handling the border station raises the bill and the same is processed by Expenditure Accounts for onward transmission to Railway Board and foreign country.

The Committee recommends that new audit checks for above stated aspects of IR International traffic should be introduced at Zonal and Divisional levels.

3.7.5 Audit of projects financed through private/ State Government participation

The Railway have recently taken some initiatives to attract private investments/ partnerships and State Government participation for the availability of sufficient infrastructure facilities as also to upgrade the existing infrastructure for accelerating economic development of the country. As such this new concept on Railways will require audit of annual expenditure incurred as a result of such private investment/ partnerships and State Government participation. **The Committee after considering the matter recommends that audit of annual expenditure of such transactions may be done as required under the respective agreements/ Memorandum of Understanding (MOUs).**

3.7.6 Item wise details of proposed changes in the scope and extent of checks and level of scrutiny in respect of central audit of headquarters and Divisions (open line) are given in a Compendium of revised Railway Audit Norms brought out as a separate booklet.

Chapter 4 Works Audit

4.1 Introduction

Works Audit mainly comprises of scrutiny of the accounts records relating to expenditure incurred on construction of new lines and bridges, gauge conversions, doubling, electrical works and signalling and telecommunication works.

Extent of existing audit checks, frequency, coverage and level of audit scrutiny in respect of the items of check covered during Central Audit was examined by the Committee. It was observed that there has been substantial increase in the capital outlay on works from Rs.8883.42 crore in the year 1991-92 to Rs.17462.73 crore in the year 2000-01 i.e. by 97 per cent during the last 9 years. As a result of this, there is increase in the amount of sanctions, estimates, tenders, contracts and completion reports.

4.2 Recommendations

4.2.1 Central Audit

The extent of existing audit checks, frequency, coverage and level of audit scrutiny in respect of items to be covered for Works Audit during Central Audit were discussed. The Committee, taking note of the above mentioned trends, felt that the existing monetary limits regarding scope and extent of audit, level of scrutiny and current review by supervisory officers need revision to suit the present day requirements. **The Committee recommends that the same checks proposed for works on the Open Line and at Headquarters may be adopted. These have already been discussed in the preceding Chapter.**

4.2.2 Periodicity for Local Audit of major works

Under the existing pattern of audit the works costing over Rs.1 crore are reviewed every alternate year, after the expenditure incurred exceeds 10 per cent of the estimated cost, by an Audit Party comprising of 1 SO/AAuO, 2 Auditors/Sr. Auditors for 5 party days with 3 days supervision by the BO.

The Committee, after considering the weaknesses of the existing pattern, recommends that review of major works should be conducted in 4 stages of the project with respect to substantial expenditure having been actually incurred on the work rather than every alternate year. Experience of inspection of major works in the past has indicated that about 25 per cent of the total expenditure incurred on major works at the initial stages of progress of work is on mobilisation and machinery advances, preliminary expenses etc. **Hence, the first stage of review of a major work with cost over Rs.5 crore is recommended to be taken up at a stage when expenditure is 25 per cent of the total cost, to be followed by subsequent 3 reviews when the expenditure on that work exceeds 50 per cent, 75 per cent and 100 per cent of the sanctioned cost. Works costing between Rs.1 crore and Rs.5 crore are recommended to be reviewed in two stages after the actual expenditure exceeds 50 per cent and 100 per cent of the sanctioned cost.**

4.2.3 Audit Party composition and duration of inspection of major works

In order to improve effectiveness of inspection of major works, the Committee recommends the following modifications in regard to party composition, supervision and duration of inspection of major works: -

| Item of check | Duration of inspection and supervision | | | Party composition | |
|---|--|--------------|-----------|-------------------|-------------|
| | | Existing | Proposed | Existing | Proposed |
| (a) Works costing between Rs.1 crore and Rs.5 crore | Duration | 5 Party days | No change | AAuO/SO: 1 | AAuO/SO: 1 |
| | Supervision by BO | 3 days | No change | Sr.Ar/Ar: 2 | Sr.Ar/Ar: 1 |
| (b) Works costing above Rs.5 crore | Duration | 5 Party days | No change | AAuO/SO: 1 | AAuO/SO: 2 |
| | Supervision by BO | 3 days | 5 days | Sr.Ar/Ar: 2 | Sr.Ar/Ar: 1 |

4.3 Job description

In addition to the changes recommended in the previous Chapter and discussed above, the Committee felt that some issues specific to Project Audit needed special attention. These are discussed below:

General items of check to be covered by the Audit Party have been incorporated in the Office Manuals of respective Principal Directors of Audit. The items of work are allotted to members of the Audit Party by the senior most member before commencing the inspection. However, specific important checks to be exercised by the members of Audit party have not been spelt out in the manuals *ibid*. The Committee felt that important areas of audit required to be covered by each member of the audit party need to be spelt out more clearly. Thus, Committee identified those important reports, documents and other records scrutiny of which has led to important audit comments on works for the Railway Audit Reports in the past years. **Keeping in view the risk perception and potential of audit comments during local inspections, the Committee recommends certain important and specific checks to be conducted by AuO/ Sr. AuO, SO/ AAuO, Ar./ Sr. Ar., in addition to general item of checks, during local inspections of works audit units. A list of such checks is given in Annexure IX.**

4.4 Unit of Audit

It was observed during discussions that subordinate offices are also taken up as independent unit for local inspection by some Zonal Audit offices. **The Committee, in order to have uniformity in regard to unit of Audit, recommends that Deputy Chief Engineer level offices in the field should be treated as one unit for the purpose of local inspection.** A list of the offices to be treated as one unit of audit at the headquarters and field formations of construction organisation is given in **Annexure X.**

4.5 Specialisation in specific areas of audit and integrated approach to Central Audit and local inspections

The construction projects of Railways have three main components viz. (i) civil Engineering works, (ii) electrical works and (iii) signal and telecommunication works.

The execution of sub-works, specifications of construction material, norms for consumption of material, supervisory controls of execution of works of the respective components of the projects are regulated by separate set of instructions and administrative orders issued at various levels.

The Committee, realising the need to develop specialisation in audit of technical areas and also for the purpose of providing a comprehensive linkage in audit planning and scrutiny of projects recommends that:

- (iv) to develop expertise in audit of a particular activity, local inspection of only one area out of civil engineering works, S&T works and electrical works should be entrusted to one Audit party.**
- (v) central audit of tenders, contracts and completion reports of a particular area of projects shall be conducted by the same Audit Party which has been entrusted local inspection of that activity.**
- (vi) inspection of major works shall be planned in such a manner that these are conducted, as far as possible, by the same Audit Party which has been entrusted with the Central audit of tenders, contracts etc. and local inspection of the related activity such as civil engineering works or S&T works etc.**

Chapter 5

Stores Audit

5.1 Introduction

Stores play a pivotal role in Railway's operations, maintenance of assets and in-house production activities. Effective stores management envisages timely availability of required materials for efficient operations with minimum blocking of capital by timely assessing the requirements of stores and arranging such material in the most efficient, economical and expeditious manner.

As per Paragraph No. 201 of Indian Railway Code for Stores Department, the material requirement of Railways is broadly classified into the following groups:

- Engineering Stores
- Spares for Locomotives
- Spares for Carriage and Wagons
- Electrical Stores
- Signalling and Telecommunication stores
- General nature stores

The stock held in the Stores Depots may be either (a) Stock item or (b) Non-stock item. In order to achieve better inventory control, the stores are classified into A, B and C categories. These indicate high value items, medium value items and low value items respectively.

The procurement of Stores (Stock Items) is on an annual basis based on the Estimate Sheets prepared on the basis of Anticipated Annual Consumption (AAC). Based on the AAC, supply tenders are advertised and contract for supply is awarded to the most economical and efficient vendor.

Member (Mechanical) deals with the Stores Management functions and an Additional Member (Stores) assists him at Railway Stores Directorate in Railway Board. Controller of Stores (COS) co-ordinates all stores procurement activities at the Zonal level.

To cater to the requirements of various consuming railway departments there are 217 stores depots in operation in different geographical areas on Zonal Railways and other Railway Production units. These 217 Depots are further divided to 323 wards for operational facility.

The total Purchases of IR during 1997-98 to 2000-01 has been increasing as can be seen from the table below:

| Year | Total Purchase during the year (Rs. in crore) |
|-------------|--|
| 1997-98 | 7764.13 |
| 1998-99 | 9114.18 |
| 1999-00 | 9015.30 |
| 2000-01 | 10835.24 |

The primary objective of effective stores management is to keep down the investment towards the Inventory, inventory carrying cost and obsolescence that may occur due to introduction of sophisticated modern equipments. Further, the Railways have to pay a dividend as determined by the Parliament every year on the inventory holding of Railways. Hence there is an even greater need for Inventory Control.

5.2 Computerisation

In January 1984, a comprehensive Material Management Information System (MMIS) for better Inventory Control and Stores Purchase was designed by the System Development Group (SDG), Central Railway, which was to be implemented by all Zonal Railways. This MMIS Application software is, however, not in use in North Eastern and Southern Railways. Southern Railway is using a locally developed application.

5.3 New MMIS

Railway Board vide their letter dated 11 November 1997, decided to form a Systems Development Team on Central Railway to develop new MMIS applications on an on-line environment making use of an RDBMS² and new hardware systems. Once the system is fully implemented on Central Railway, it will be transferred to other Zonal Railways. M/s CMC has under taken the task of development of Software in Oracle.

In Central Railway (CR) Purchase section at COS office is fully computerised under the RDBMS computerisation plan. 5 stores depots are also being computerised as a pilot plan and the transactions in these depots are made online. Once this is stabilised the remaining depots in CR will also be computerised.

5.4 Present system of Audit

Purchase Office at Headquarters and Stores Depots are inspected annually by the Audit at three locations. The basic areas/ items to be checked in Audit are enumerated in the **Annexure XI**.

The Committee reviewed the strength and weaknesses in the present system of auditing and observed that this very important area of Railway Activity was not being effectively audited and suffered from the following shortcomings/ problems:

- A lot of time and effort is spent in selection of purchase orders, bills etc. for audit.
- A lot of time is spent in pursuing the auditee to make available records for audit and despite the time and efforts spent, the response is not very satisfactory. Almost all Principal Directors of Audit remarked that number of files to be received for review from the auditee was very high.
- There is a quantum jump in the number of purchases, bills, receipts and issues of stores over the past few years (A sample assessment done by Principal Director of Audit, Northern Railway is enclosed to illustrate this development- **Annexure XII**) resulting in increase in the work for the Stores Audit section without any corresponding increase in staff.

² Oracle PL/SQL as back-end and Developer 2000 as front-end

- The monetary limits based on which purchase orders, bills are categorised for defining percentage and level of audit check were fixed long back and these limits need an upward revision to keep pace with the inflationary trend and also to correspond with the current delegation levels in the Railway Organisation for finalisation, acceptance and issue of Tenders, Purchase orders/ bills.
- The present system of selection of vouchers does not facilitate selection of those purchase orders, bills etc. where the risk perception is high.
- The present system of scrutiny and collecting information and reporting of audit findings does not enable us get a macro picture of the efficiency with which the Store Wing of the Railways is functioning. Only irregularities/ deficiencies individual cases of tender/ contracts etc. are commented upon. Often the efficiency in estimation of quantity, procurement, quality control, inventory control etc. are lost sight of by audit.
- The computer skills of staff in these sections have not been developed with the result that audit continues to be carried out by the conventional method instead of taking advantage of great possibilities of auditing in a computer environment where the stores related data is available.
- Several items of stores which were earlier earmarked for centralised procurement by Railway Board have in the past few years been decentralised and left to the Zonal Railways to procure. The tenders/ contracts and purchase orders of these items are now audited by the Zonal Principal Directors of Audit without there being any change in approach to Audit. We need to analyse and compare contracts across the Zonal Railways for which a new procedure has to be devised.

5.5 Recommendations

Keeping the above in view, the Committee discussed at length the possible ways of making improvements and recommends the following:

5.5.1 Changes in the Monetary Limit for determining percentage of checks and level of Audit

(a) Bills

Item 1, 2, 3 under the heading ‘Bills’ of Stores Audit in SMI, all to be clubbed as one single item with revised nomenclature viz. Purchase (including purchases through other agencies). The monetary limit and level of check are also proposed for change as under:

| Scope and Extent of checks to be exercised | | To be checked by | |
|--|---|------------------|-----------|
| Existing | Proposed | Existing | Proposed |
| Below Rs.25,000 - 5% | Upto Rs.1 lakh – 10% | Ar. / Sr.Ar | No change |
| Above Rs.25,000 and upto Rs.1 lakh – 10% | Above Rs.1 lakh and upto Rs.10 lakh – 25% | Ar. / Sr.Ar | No change |
| Above Rs.1 lakh – 100% | Above Rs.10 lakh – 100% | Ar. / Sr.Ar | SO / AAuO |

(b) Scrutiny of larger contracts

| Scope and Extent of checks to be exercised | | To be checked by | |
|--|----------------------------------|------------------|--|
| Existing | Proposed | Existing | Proposed |
| 5000 to 50000- 10% | Upto 1 lakh- 5% | SO/AAuO | Ar/Sr.Ar 10% CR by SO/AAuO |
| 50001 to 1 lakh- 25% | Above 1 lakh upto 10 lakh- 10% | SO/AAuO | SO/AAuO |
| Above 1 lakh upto 10 lakh- 50% | Above 10 lakh upto 40 lakh- 50% | SO/AAuO | SO/AAuO 10% CR by BO |
| Above 10 lakh upto 50 lakh- 100% | Above 40 lakh upto 1 Crore- 100% | BO | BO- 20% of the cases above Rs.40 lakh to be current reviewed by GO |
| Above 50 lakh upto 1 crore- 100% | Above 1 Crore-upto 3 Crore 100% | GO | GO and put up to PDA |
| Above 1 crore- 100% | Above Rs. 3 Crores | PDA | |

(c) Review of completed contracts

| Scope and Extent of checks to be exercised | | To be checked by | |
|--|---------------------------------|-----------------------------|--|
| Existing | Proposed | Existing | Proposed |
| Upto 5 lakh- 20% | Upto 10 lakh – 10% | SO/ AAuO | Ar/ Sr.Ar 10% CR by SO/AAuO |
| Above 5 lakh upto 20 lakh- 50% | Above 10 lakh upto 40 lakh- 25% | SO/ AAuO | SO/ AAuO 10% CR by BO |
| Above 20 lakh upto 50 lakh- 100% | Above 40 lakh upto 1 Crore- 50% | BO | BO- 20% of the cases above Rs.40 lakh to be current reviewed by GO |
| Above 50 lakh - 100% | Above 1 Crore- 100% | BO - current reviewed by GO | GO and cases above 3 crore put up to PDA |

By this method the twin objectives of reducing the quantum of work and of keeping pace with the inflation and present delegation levels can be achieved. A sample study on Central Railway revealing the impact of the changes in monetary levels is at Annexures XIII to XV.

5.5.2 Changes in method of selection of records for audit

Since stores records have been computerised in all Railways, quarterly list of the purchase orders can be generated from the EDP Centre of the Railway on the basis of the money value slabs prescribed for audit selection. In the alternative, data can be downloaded in flat files format from the system. Using IDEA or other database software this data can be categorised based on the money value slabs. Then the percentage of selection can be applied and the selected purchase orders can be separately listed and printed. This will save time spent in selection of purchase orders for audit and recording the details.

Since the data is computerised and all the information is stored in separate fields in the master files, intelligent and object oriented selection can be made by applying specific filter criteria (e.g. more than one purchase order issued for same PL number, purchase order with risk purchase clause, purchase orders for surplus items etc). In this manner, selection of records for audit can be based on perception of risk involved. This will make the audit more focused and effective.

Similar selection of store bills can also be done by downloading data from the system if the concerned documents/ registers are computerised.

For audit of receipts and issues print out from the EDP Centre (in case of old MMIS) and from the on-line system (in case of new MMIS) of the day's transactions can be selected and kept as records instead of manually prepared lists.

5.5.3 Enhancing scope of review and change of method of reporting results of Audit

The Committee noted during its deliberations on the matters related to the review of purchase orders and completed purchase orders that certain information is being recorded in the registers maintained for the purpose as per **Annexures XVI and XVII**.

The Committee recommends that additional information may be recorded in both the registers (also indicated in Annexures XVI and XVII respectively) which could be used for getting a macro picture.

The Committee further recommends that the information (for review of POs and review of completed POs) can be reviewed quarterly and based on the findings, a consolidated Review Note can be issued to Controller of Stores Office. This would be in addition to the normal findings issued during the course of review of individual cases.

5.5.4 Forming Nodal office in Principal Director of Audit, Central Railway Office

Several items of stores which were earlier earmarked for centralised procurement by Railway Board have in the past few years been decentralised and left to the Zonal Railways to procure. This has resulted in the same items being procured at different rates, development orders being issued for the same items by all Railways and lack of exchange of information amongst the Railways which are not in the best interest of the IR. **The Committee, therefore, felt that there should be one nodal office to collect information for few PL items every year and attempt a comparison of the rates and conditions of contracts across all the Zonal Railways. The Committee recommends that the Principal Director of Audit, Central Railway be nominated as the nodal agency as the MMIS package is being developed by Central Railway and Audit staff of Central Railway are familiar with the package knowledge of which will help in selecting and analysing data.**

Chapter 6

Audit of Workshops and Production Units

Workshops

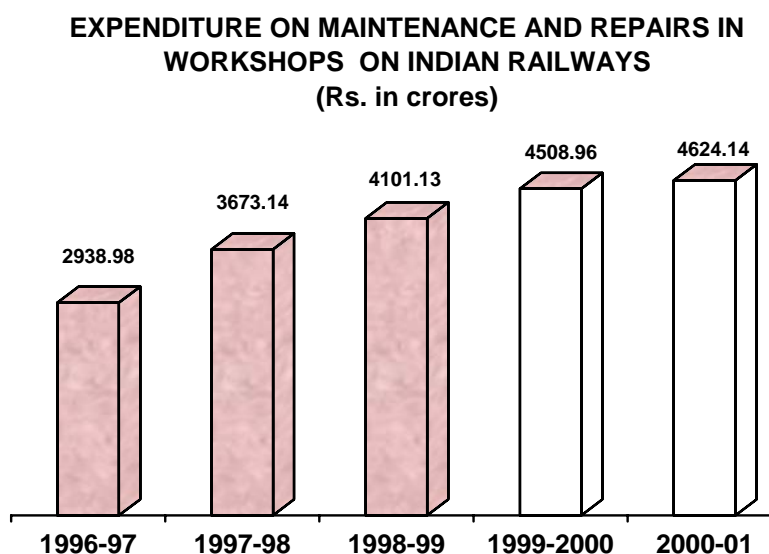
6.1 Introduction

The productivity of a network like that of the IR depends, to a large measure, on its fleet. The IR has a holding of 7566 locomotives, 4580 EMU coaches, 33260 conventional coaches, 4730 other coaching vehicles and 222147 wagons with an investment of Rs.9785.52 crore. The safety and reliability of this large transportation system depends on the proper maintenance of this rolling stock.

For this purpose, the Railways have 43 workshops equipped with plant and machinery, manpower and infrastructure. These workshops are the backbone of the IR and are responsible for the maintenance of locomotives, carriages and wagons. Overhauling of diesel and electric locos, coaches, wagons etc. at specified periodicity is undertaken in these workshops. These workshops are also manufacturing and repairing various components required for rolling stock maintenance in field units. The details of the 43 workshops on various Railways and their activities are given in **Annexure-XVIII**.

Workshops on the IR can be broadly categorised as (i) Locomotive Workshops, (ii) Carriage and Wagon Workshop and (iii) Running Sheds, Sick Lines. The Running Sheds and Sick Lines are normally under the control of the Divisions.

These workshops over IR have the staff strength of 1,80,708 approximately. The expenditure on repairs and maintenance of rolling stock in these workshops has increased from Rs.2938.98 crore in 1996-97 to Rs.4624.14 crore in 2000-2001. The trend of steady increase can be seen from the chart below:



The annual expenditure on workshops constitutes approximately 17% of the annual working expenses.

6.2 Workshop Organisation

The workshops are under the control of the Mechanical Department of the Railways headed by the Chief Mechanical Engineer. The Chief Workshop Manager, who is the administrative head of the department, exercises direct control of the affairs of the workshops which fall into broad categories (i) Locomotive Workshops, (ii) Carriage and Wagon Workshop and (iii) Running Sheds, Sick Lines. The performance of the workshop is monitored by the Member (Mechanical) in the Railway Board.

In addition to the repairs and reconditioning of Rolling Stock and of Plant and Machinery and the manufacture of the spare parts for the repair thereof, the Railway workshops also carry out the work of Construction and assembly of Locomotives, Coaching Vehicles and Goods Vehicles. They also carry out manufacture of articles of various kinds for other Government Departments and Foreign Railways.

In the Zonal Railway workshops, the shops are either Process Shops or Manufacturing Shops and Job Shops or Repair Shops. Among the Process Shops are the foundries and rolling mills. The term may be extended to include the Forge, Welding, Smithies and Bolt and nut shops etc. All the other shops are job shops.

There is a Stores organization to assist each workshop under a Stores Officer for the custody, replenishment and distributions of workshops stores.

6.3 Work Order System

The analysis of workshop expenditure is carried out with the aid of a system of 'Work Orders'. A Work Order provides an analysis of the classification of Capital and Revenue expenditure of the work as per

- orders of the Railway Board as issued from time to time.
- the inter-departmental adjustment to be made or the amounts to be recovered from outside parties on specific works.
- the cost of individual operations and jobs so that waste may be adequately and efficiently controlled.

The various works undertaken in different kinds of work orders in workshops are follows:

6.3.1 Periodical Overhauls (POH)

Periodical overhauls are fixed on the basis of the kilometers worked by each class of locomotive, but as the periodical examination of boilers is compulsory once in three years, a time limit also comes into play, as it is necessary to carry out this examination to strip the locomotive and it is generally most economical to so regulate the kilometers covered as to bring locomotive in for the POH at least once in three years.

Wagons do not have a 'homing' base. Whenever the wagon is due for POH, the nearest workshop attends to it irrespective of the ownership of the wagons.

All passenger coaching vehicles (PCVs), other coaching vehicles (OCVs) etc. owned by individual Railways should be allotted to a base workshop for POH and special repairs by the Chief Mechanical Engineer.

6.3.2 Intermediate Overhauls (IOH)

If and when owing to loss of efficiency and reliability normally displayed by locomotives after running 96,000 or more kilometers, it becomes necessary to send in locomotives for general machinery repairs.

6.3.3 Special Overhauls

The overhauls of locomotives are occasionally found necessary in between POH, either owing to some special damages sustained in operation or owing to material or other defects are called Special Overhauls.

6.3.4 Other Repairs

The items of work done in the workshops for running sheds, that cannot be carried out in the running sheds themselves either owing to considerations of economy or to lack of mechanical equipment are called Other Repairs.

6.4 Present system of Central Audit

6.4.1 The present system of Central Audit for Workshops was last revised in 1981 and has not undergone any changes subsequently. Keeping in mind the changes in the expenditure patterns and changing importance of the nature of work certain modifications in Central Audit have been proposed.

6.4.2 Recommendations

The salient features of the changes recommended in Central Audit are as follows:

- (a) **The periodicity of audit may be changed in respect of certain documents such as the 'Account Current' from annual to monthly since this is an important item and annual check is found to be insufficient.**
- (b) **Correspondingly the extent and scope of check of the Account Current may also be modified as 50 per cent of items every month except the March account where a 100 per cent check may be done. This is in line with the check of Account Current in Open Line Divisions also.**
- (c) **In the case of certain documents such as the 'Completed Batch Orders' the level of check may be escalated to that by SO/AAuO along with extent of check as this is an important item.**
- (d) **Keeping in line with the increase of expenditure pattern the norms for audit of 'Estimates' and 'Completion Reports' in Workshops may be revised as under:**

| | | |
|-----------------------|---|---------------------|
| All Estimates: | Works costing | |
| | Rs.1 lakh – Rs.10 lakh | 10 per cent |
| | Above Rs.10 lakh and upto Rs.50 lakh | 50 per cent |
| | Above Rs.50 lakh | 100 per cent |

Completion Reports: Works costing

| | |
|--|---------------------|
| Rs.5 lakh – Rs.20 lakh each | 10 per cent |
| Above Rs.20 lakh and upto Rs.50 lakh each | 25 per cent |
| Above Rs.50 lakh and upto Rs.1 crore each | 50 per cent |
| Above Rs.1 crore each | 100 per cent |

- (e) **The present system of Central Audit does not provide for the audit of ‘Allowed Time’. Based upon the discussions with various Railway Executives and in view of the increasing incentive payments this item may be introduced as a new item of check to be carried out by SO/AAuO. The periodicity may be quarterly and scope of extent of check can be 100 per cent wherever there is change. One or two ‘Allowed time Statements’ may be checked where there is no change.**
- (f) **In view of the rationalisation of Personnel audit in Workshops, the audit of Muster Rolls, Labour Pay sheets including time sheets may be shifted to Local Audit. This will avoid duplication of audit of these documents both in Central and Local Audit as is being done now. Similarly some other items like ‘Records of Rolling Stock’ and ‘Plant and Machinery’ can be shifted to Local Audit as these are better seen during Inspections only.**

6.5 Present system of Local Audit

6.5.1 Inspections under Workshop Audit are conducted under the following three broad categories:

- Each major Executive Office is treated as an inspection unit and inspection done annually with a party composition of 2 SAs/ AAuOs and 1 Ar./ Sr. Ar. with supervision by the BO to the extent of 80 per cent.
- Shops are categorised as Major and Minor and programmed for inspection once in three years/four years respectively. This is done with a party composition of 1 SO/ AAuO and 2 Ar./ Sr. Ar..
- Review of Major Works costing Rs.50 lakh & above is done with a party composition of 1 SO/ AAuO and 2 Ar./ Sr. Ar. with supervision by the BO for 3 days. In workshops having 6 working days, the party days are 6 days with supervision by the BO for 3 days.

The procedures prescribed for the inspection of workshop audit units provide for inspection in piecemeal fashion only and do not enable an overall view. The existing procedure of conducting inspection of Executive Office and the allied shops separately without any linkage during different months does not facilitate comprehensive review of each major activity of the workshop concerned. It also results in multiplicity of Inspection Reports as each unit inspection results in 2 reports under Personnel and non-personnel. The large number of inspection reports also dilutes the attention given by the Executive to the audit paragraphs.

6.5.2 Recommendations

The Committee recommends taking up the review of each major activity or a group of allied activities in a workshop as a single inspection unit each year instead of each office or shop.

A review of the existing inspection units was carried out, to examine the feasibility of conducting inspections activity-wise treating each major activity or a group of allied activities in a workshop as a composite inspection unit. For example, the activities could be broadly classified (i) POH of coaches, (ii) POH & repairs of wagons, (iii) POH of locos, (iv) Manufacture of wagons, (v) Manufacture of brake blocks, (vi) Manufacture of Relays etc. Illustrative list of units involved in major activities are enclosed in [Annexure XIX (A-E)]

The salient features of the proposed revised norms are as under:

- **Comprehensive inspections covering each of the activities can be carried out. Such inspections will include the check of records of the concerned Executive offices, the connected shops, the records of the Accounts Office, the Stores records, etc. as a block.**
- **Instead of the multitude of inspection reports now being issued it is proposed to issue only one inspection report per line of activity.**
- **The above inspection will cover only the non-personnel portion.**
- **While all the allied major shops will be covered on an annual basis instead of triennial as in the case of present system it is proposed that two or three allied minor shops will also be selected annually.**

Each workshop on the Indian Railway has a unique profile while there is broad agreement on the lines of activities. Some of the workshops deal with only one major activity while some deal in addition with a multitude of smaller activities. While identifying inspection on activity lines the smaller activities could be suitably clubbed together keeping in view the Executive Offices and Shops dealing with these activities. For example, 'Repair and supply of coach & wagon wheels to divisions; Tyre mounting and repair of EMU wheels and supply of new WAP wheels to Rail Coach Factory after profiling' can be clubbed into one inspection since all three are carried out mainly in the wheel shop and are smaller activities. Similarly, in addition to the major lines of activity some of the workshops also deal with production of a number of small items. These could be suitably clubbed together to form one inspection unit. For example, at the Goldenrock Workshop production of brake blocks, liner bearing and other workshop manufacture items can be clubbed into one inspection.

The review of Major Works now done separately can also be taken up along with the allied major activity based inspections to eliminate the disadvantage of too many visits to the same Executive Office concerned. Extra mandays may be provided, as found necessary.

The number of days, composition and extent of supervision for each inspection is proposed as follows:

- A) In the case of major activities like POH, manufacture of wagons etc.,
- i) Executive offices – 5 to 10 days (to be decided locally on the basis of workloads involved) by a party comprising of 2 SO/ AAuO and 2 Ar./ Sr. Ar. Supervision by BO to the extent of 80 per cent.
 - ii) Major shops – 2 to 3 days (with 1 day supervision by BO) by a party of one SO/AAuO and one Ar./ Sr. Ar.
 - iii) Minor shops – 2 days (selecting 2 or 3 minor shops on rotation basis every year) by a party comprising of 1 SO/ AAuO and 1 Ar./ Sr. Ar. with no BO's supervision.
 - iv) Similarly major shops, which deal with common activities like the Millwright shop, Foundry shop etc. to be audited separately on selective basis i.e. once in 2 years for 3 days by party comprising 1 SO/ AAuO and 1 Ar./ Sr. Ar. with one day's supervision by BO.
- B) In the case of minor activities audit to be conducted by a party comprising of 1 SO/ AAuO and 1 Ar./ Sr. Ar. with no BO's supervision for Executive Offices 2 to 3 days and major shops 1- 2 days. Common minor shops to be inspected once in three years for 2 days by one SO/ AAuO and one Ar./ Sr. Ar.
- C) Certain units like Electrical, Security, EDPM, Medical, Training, Cash verification etc. which cannot be aligned with any specific activity can continue to be audited as separate inspections along with the sub-offices, if any as hitherto. The party may comprise of one SO/ AAuO and one Ar./ Sr.Ar. with 50 per cent supervision by BO. The number of days and periodicity for check as stands prescribed in Open Line may be adopted.

The change in pattern of local inspections will result in requirement of additional party days and manpower. An assessment of additional party days in respect of Carriage and Wagons workshop, Perumbur is at **Annexure XX**.

6.6 Audit of Establishment matters

As only non-personnel portion is proposed to be reviewed during the activity-based inspection, **the personnel portion of the workshop as a whole can be taken as a single inspection covering executive offices and shops on a selective basis across the workshop. The inspection of selected units will follow an overall IT check of the computerized establishment areas. Thus one inspection report will cover the entire personnel portion of the workshop annually.**

The number of days to be provided for inspection can be based upon the manpower of the Workshops as indicated below:

| | |
|--|----------|
| For staff strength less than 1000 | : 8 days |
| For staff strength ranging from 1000 to 6000 | :15 days |
| For staff strength more than 6000 | :20 days |
| The Composition of party will be 1 SO/ AAuO, 2 Ar./ Sr. Ar. with 50 per cent supervision by the BO | |

Production Units

6.7 Introduction

To attain self-sufficiency for Rolling Stock and other components meant for IR from within the internal resources of the country, six Railway Production Units have been set up at different parts of the country. These Units employing 53,500 staff manufacture coaches, wheels & Axles and locomotives. They also cater to the foreign market. Each Production unit is under the administrative control of a General Manager and its performance is also monitored by the Member (Mechanical) Railway Board. The details of the Production units are given in the **Annexure-XXI**.

6.8 Central Audit

The present system of Central Audit for Production Units is the same as applicable to the Workshops and was last revised in 1981. The same has not undergone any changes subsequently. **The recommendations made in respect of Workshop Audit will also apply to the Production Units.**

6.9 Local Audit

In the case of production units each production unit has a different manufacturing orientation and it is not practicable to lay down common norms. **The Committee, however, felt that there was a need to rationalise**

- (a) **defining of an Inspection Unit to reduce the number of Inspection Units;**
- (b) **the order of taking up units for inspection and;**
- (c) **reducing the number of Reports being generated now.**

While Material management, Personnel, Security would be common for all Production Units the remaining units covering the main activities of the Production Unit will have to be divided into logical blocks for the purpose of audit, taking the concerned executive office and set of shops in that block as one unit for the purpose of issue of inspection reports. The number of party days would be on the pattern of workshops allowing for local variations if warranted.

Sample inspection plans for ICF dealing with the manufacture of coaches and Diesel Locomotive Works dealing with manufacture of locomotives are enclosed (**Annexure-XXII & XXIII**).

6.10 Audit of Establishment matters

Like non-personnel portion of workshop, the Establishment Audit is proposed to be reviewed covering the main activities of the production units and personnel portion of the production units as a whole can be taken as a single inspection covering executive offices and shops on a selective basis across the production units. The inspection of selected units will follow an overall IT check of the computerized establishment areas. Thus one inspection report will cover the entire personnel portion annually. For audit of personnel activities the number of days can be taken as 20 days irrespective of staff strength of the production units.

Chapter 7

Appropriation Audit and Audit of General Books & Accounts

7.1 Appropriation Accounts

The Audit of Appropriation Accounts including Balance Sheet of the Railways is done to see that they are properly drawn up so as to exhibit a true and fair view of the state of affairs of the IR. This is being done in pursuance of the provisions of Articles 149 and 151 of the Constitution of India and Comptroller and Auditor General's (Duties, Powers and Condition of Services) Act 1971. The General Books and Accounts of Railway receipts and expenditure are test audited through Central Audit and Local Inspections.

7.2 Recommendations

Extent of existing audit checks, frequency, coverage and level of audit scrutiny as mentioned in Secret Memorandum of Instructions was examined by the Committee in respect of the item of check covered during audit. The Committee also noted that certain audit checks needed to be done at higher level for more effective check of the accounts. Further the Committee felt that there was necessity to amplify/specify clearly where and by whom certain audit checks are to be exercised. **The following recommendations are made:**

7.2.1 Check of Journal vouchers including scrutiny of adjustment memo (as per para 36 of SMI)

(i) **Monetary limit and level of check is proposed for change as under:**

| Scope and Extent of check to be exercised | | To be checked by | |
|--|---|------------------|--------------|
| Existing | Proposed | Existing | Proposed |
| Below Rs. 50,000/- random check 2 to 5 JVs . | Upto Rs. 2 lakhs - 20% | Ar./Sr. Ar. | No change |
| Rs. 50,000/- to 1 lakh- 5% | More than Rs. 2 lakhs and upto Rs. 10 lakhs - 25% | -do- | S.O./A.Au.O. |
| Above Rs. 1 lakh to Rs. 2 lakhs - 10% | More than Rs. 10 lakhs - 100% | -do- | S.O./A.Au.O. |
| Above Rs. 2 lakhs - 100% | | | |

(ii) **It is proposed to amend the existing remarks in the remarks column as given below:**

- a) **Journal vouchers above Rs.2 lakhs may be selected from accounts record and need not be listed.**
- b) **Audit includes all sub vouchers of selected JVs, if the number of sub vouchers is large, a maximum of 10 sub vouchers having more money value may be selected and listed alongside the main JVs.**

7.2.2 Pay orders and other vouchers not falling under any of the above item (288) (Para CV-IV-21 of SMI).

This item pertains to expenditure auditee units only. It is proposed to add a remarks under the existing remarks:

"Audit checks are to be exercised by expenditure auditee units only. In case prescribed checks cannot be exercised at Headquarters these should be exercised during local inspections in regard to the vouchers of the month selected for local audit during inspection."

7.2.3 Rebate statement and statements of surplus profits relating to worked lines (375) (Item VIII-2 of SMI)

- This is an important item of audit check which should be carefully checked with reference to the provisions of the contracts with Branch Line Companies as per provisions of Para 379 of Railway Audit Manual. At present this item is being checked by Ar./Sr. Ar. for effective check it is proposed to raise the level of check from Ar./Sr. Ar. to SO/ AAuO.
- This item is to be done by respective Divisional Auditee units for expenditure portion and by Traffic Audit for apportionment of receipts. It is proposed to add the following remarks alongwith existing remarks to clarify the point.

"To be done by respective Divisional Auditee units for expenditure portion and by Traffic Audit for apportionment of receipt".

7.2.4 Half yearly progress reports of Accounts Office (Para 56 of SMI)

Half yearly progress reports of accounts office are compiled by Efficiency section and not related to Books section. **It is proposed to clarify in the Remarks column that half yearly review is not required to be done by Books section at Headquarters office.**

As all records relating to items listed below are maintained by respective accounting units of divisions, workshop, construction and expenditure section etc., it is proposed to clarify the position by giving following remarks in the remarks column:

"To be done by respective Auditee units".

7.2.5 (a) Recovery of guarantees from State Government and District Boards (CA-VIII-3).

(b) Register of Works.

(c) Objectionable items Register (CA-VI-4).

(d) Register of Over payments waived (CA-VI-15).

(e) General review of Fund Register (Stores Audit VII-7).

(f) Control over expenditure (CA VIII-12 of SMI).

7.2.6. Statement showing the details of working expenses

This statement is to be checked in full for which a lot of preliminary work is required to be done at present by SO/ AAuO. leaving little time to frame important audit objections due to tight schedule of finalisation of Appropriation Accounts. The Committee felt that the SO/ AAuO should be assisted by Ar./ Sr. Ar. to carry out the compilation and

check of arithmetical accuracy. The Committee therefore, recommends that the following may be inserted in the remarks column:

"The services of Ar./ Sr. Ar. be utilised for compilation and check of arithmetical accuracy".

7.3 Local Inspections

7.3.1 Inspection of Cash Offices

The primary objective of local inspections is to apply a test audit to such accounts and vouchers etc. as are not audited in the Central Office or as cannot be completely audited except in local audit, and to see that the initial documents from which the bills and accounts rendered by the local offices are compiled, or on which they are based, are properly maintained. The local Inspection including surprise cash verification of Chief Cashier and Pay Master is done by Appropriation section at Headquarters office and for other Cash offices it is done by respective auditee units as per programme approved by the Principal Director of Audit.

7.3.2 Recommendations

Keeping in view the risk perception and potential for significant audit results, **the Committee recommends that the job description in respect of the important items of check during Local Inspection is essential for better results. The detailed specifications for check to be carried out by the BO, SO/ AAuO and Ar. Sr. Ar. are given in Annexure XXIV.**

7.4 Unit of Audit

In order to have uniformity in regard to unit of Audit, for audit of Appropriation Account including Finance Accounts, **the Committee recommends that each Grant Account, Statement and Annexure may be taken as one unit by every auditee office.**

As regards to unit of Audit for Local Audit, **the Committee further recommends that each of the offices to be inspected may be taken as one unit by all auditee units.**

Chapter 8

Railway Board Audit

8.1 The provisions of Railway Audit Manual [para 6(b) (i), (ii), (v) and (vi)] inter-alia provide the audit of following:

- (a) Tenders/ contracts finalised by the Railway Board;
- (b) Sanctions having financial effect accorded by the Government of India other than those pertaining solely to an individual Railway or Railway Accounts Office;
- (c) Sanctions regarding financial rules and general orders issued by the President which are not of a general nature but are applicable exclusively to the Railway Department;
- (d) All sanctions and orders issued by the President or Government of India relating to the through traffic;
- (e) Rules and modifications issued by the IRCA and all correction slips to tariff and publications issued by the Association.

8.2 The above items are to be attended by the Railway Audit Wing at Headquarters. It has, however, been the experience that the audit of tenders and contracts finalised by the Railway Board alone gets attention while audit of sanctions and policy files etc. are taken up only on receipt of a reference from any field office or if any reference quoted in the draft para floated by Principal Directors of Audit of any Zonal Railways needs to be verified. The reference is then scrutinised after obtaining the Railway Board's files from the concerned Directorate of Railway Board's office. **The Committee felt that there should be a standard procedure laid down to regularly review Railway Board's files of each Directorate in view of the importance of the contents.**

8.3 At present 38 Directorates exist in Railway Board office (**list in Annexure XXV**). The Directorates mainly deal with (i) policy formation, (ii) rendering advise to Zonal Railways and (iii) issuing directions and monitoring performance of the Zonal Railways.

Establishment Audit of these Directorates is done by the Principal Director of Audit, Northern Railway by virtue of provisions of Para 7 of Railway Audit Manual and their Office Manual. Review by audit should go beyond Establishment Audit and cover areas some of which have been identified as under:

- **Documents relating to Annual Plans/ Five Year Plan together with Annual Works Programme of Railways with special emphasis on Railway Budget;**
- **Review of rationalised tariff policy (passenger fare and freight rates) with special emphasis to review the efforts made by Railways to retain/ regain the share of freight traffic;**
- **Railway Board's sanctions relating to major line capacity projects like doubling, Gauge Conversion, New Construction, Financial and Economic evaluation of such projects;**

- **Projects taken up under BOLT and also projects financed under external assistance;**
- **Performance of Rolling Stock procured under Railway Board's contracts;**
- **Performance of equipment and stores procured through various contracts finalised by Railway Board;**
- **Annual Statistics and reports prepared by the Railway Board;**
- **Arbitration cases settled against Railways;**

8.4 Some of the major items of works being dealt with in a few important directorates are given below to illustrate the importance of regular audit scrutiny.

8.4.1 Civil Engineering

- Policies on Sidings, Bridges, Floods, Breaches, Safety and other Engineering devices
- Track Renewal Works
- Decision regarding speed restrictions.

8.4.2 Mechanical Engineering

- Rolling Stock Programme – coaching stock and wagons
- Coach Building programme in the Railway Workshops
- Requirements and distribution of wagons and Condemnation of wagons.

8.4.3 Mechanical Engineering (W)

- Annual Machinery and Plant Programme of all Railways/ Productions Units
- Review of progress of procurement/ commissioning of machines
- Review of utilisation of M&P in Railway Workshops
- Co-ordination and monitoring the production of the production Units
- Issue of Production Programme of various Production Units
- Planning of future production in the Production Units

8.4.4 Coaching

- Introduction of new trains, diversion of trains.

8.4.5 Economic Cell

- Economic Appraisal of investment of proposals relating to construction of new Railway lines, was conversion, doubling, major line capacity works, modernisation of traction etc.
- Economic analysis of railway investment plans.
- Study of Railway Resources.

8.4.6 Efficiency and Research

- Monitoring of equipment failures on IR.
- Monitoring of utilisation of assets on IR.

8.4.7 Planning

- Preparation of Railways Five Years Plan, Annual Plans.
- Reviewing the progress of 'Rolling Stock' procurement as compared to Plan programmes.

8.4.8 Stores

- Recommendations of Stores Purchase Committee, Estimates Committee etc. relating to Stores Policy and Procedure.

8.5 Recommendations

- (i) **Taking into consideration all the factors, the Committee recommends that staff exclusively for this purpose to the extent of one AuO/ Sr. AuO, one SO/ AAuO and one Ar./ Sr. Ar. may be provided for the Railway Audit Wing in Railway Board to enable them to review Railway Board's files. One Director/ Dy. Director may also be provided at Railway Board to supervise the audit of tenders/ contracts, finalisation of Appropriation Accounts and Directorate Audit.**
- (ii) **The following duties may be assigned to be undertaken during each month:**
 - (a) **Review of all sanctions on all matters received during the preceding month from the Railway Board.**
 - (b) **Review of policy/ important files of one Directorate of Railway Board.**

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| Chapter 9 Miscellaneous Matters |
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9.1 Layout of the Appendix to the SMI

Based on the recommendations, the Committee has come out with a Compendium of revised Railway Audit Norms which could replace Appendix of the existing SMI. In arriving at its recommendations the Committee has reorganised the layout of the Appendix of the existing SMI thereby consolidating all the audit checks in a rational order. Thus all works related provisions covering sanctions, estimates, tenders and contracts, contractors' bills, completed contracts and completion reports have been re-arranged and re-numbered in this order. Similarly, staff entitlements audit has been re-arranged to bring provisions relating to pay bills, TA, medical, running and overtime bills, leave accounts, fixation of pay, advance of Pay/ TA and pensions in a consolidated manner in one part of the proposed Appendix. The Compendium of the revised Railway Audit Norms is enclosed as a separate booklet.

The details of general instructions regarding extent and procedures of audit laid down in the SMI would have to be revised once the proposed recommendations are accepted.

9.2 Communication of results of Audit

9.2.1 The effectiveness of Audit lies in reporting the results of test audit to the appropriate authority so that appropriate action may be taken to rectify the irregularities and prevent recurrence of the same or similar irregularity. In the present system, the results of Central Audit and local inspections are communicated to the Chief Accounts Officer in the form of:

- (i) a specific report;
- (ii) an audit note, or
- (iii) an inspection report.

Copies of the report are endorsed to the concerned executive officers.

The Committee deliberated upon the problems faced in the existing system of reporting the results of audit which are discussed below:

- (i) The Accounts office being the nodal office has over the years become almost solely responsible for taking action/ answering the Audit. The responsibility of the executive whose unit has been audited has correspondingly got diluted with a result that action on audit objections has not been satisfactory.
- (ii) Since the inspection report is addressed to Accounts, timely action is also not taken in taking remedial action and sending reply to Audit. It takes longer time for the executives to take cognisance of the audit objection.
- (iii) The supervisory executives are not aware of the unit level audit objections

In order to overcome these lacunae/ shortcomings the Committee proposes that the Test Audit Notes/ Inspection Reports should be addressed to the executives with copy to Accounts office and other authorities.

In case of Open Line, all the reports will be addressed to the Divisional Railway Manager who is the administrative coordinator, and has primary responsibility for the efficient functioning of the Division with copies to the Superior in functional hierarchy, Incharge of the unit audited and Accounts at the appropriate level. In case of other areas of functions like Construction, Workshop, Stores the Inspections Reports can be addressed to the appropriate level i.e. Chief Engineer, Chief Workshop Manager and Controller of Stores respectively.

9.2.2 The Committee also felt that in the present system a number of test audit notes/ inspection reports are issued on similar/ identical objections as and when different audit units are taken up for inspection/ Central Audit which need to be viewed in a holistic manner by the Auditee in order to take systemic remedial measures. **The Committee, therefore, recommends preparing review reports consolidating the major findings and reporting a macro picture to the Executive on half yearly/ annual basis. This is especially relevant in the context of reports issued on establishment matters, inspection of minor stations and audit of stores contracts.**

9.3 Monitoring of local audit inspection

As per existing practice top sheets are submitted by the inspecting officer to the Co-ordination/ Central section alongwith the draft inspection report. The Committee observed that different formats and top sheets were in use in the different offices of the Principal Directors of Audit. **The Committee felt the need to standardise the top sheets and also obtain certificates from the inspecting party members regarding work done. The Committee, therefore, recommends that the local audit inspection parties submit information in the revised 'Top Sheets' alongwith the draft inspection report.**

The standardised Top Sheet are enclosed as follows:

- (i) Top Sheet for Traffic Inspection Party (**Annexure XXVI**).
- (ii) Top Sheet for Local Inspection Party (Open Line) (**Annexure XXVII**).
- (iii) Top Sheet for Construction Audit Inspection Party (**Annexure XXVIII**).
- (iv) Top Sheet for Cash office Inspection Party (**Annexure XXIX**).

Similar standardised Top Sheets of other areas of audit can also be considered.

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| Chapter 10 Computerisation in Railways |
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10.1 Introduction

IR were amongst the first Government organizations to go in for large-scale computerisation. They started computerisation using the autocoder in the early '60s and then moved on to COBOL. Very recently Railways have switched over from their old systems, using COBOL programming, to Relational Database Management Systems. Today they have several application packages running on mainframe computers, minicomputers and personal computers. The application packages cover Accounting, Financial Management, Inventory/ Store management, Payroll, Personnel and Administration and Decision support systems/MIS. The following main applications have been developed and are in various stages of implementation.

10.1.1 Countrywide network for Computerised enhanced reservation and ticketing (CONCERT)

Started initially in 1987 from Delhi, at present 95 per cent of the reserved accommodation in passenger trains are made through the nationwide computerised passenger reservation system available at 700 locations, using 3000 computer terminals.

Countrywide Network For Computerised Enhanced Reservation And Ticketing (CONCERT) has been developed using Client Server Model for distributed computing to achieve easy hardware expansionability in future. Its message routing feature for WAN (Wide Area Network) implementation is achieved through RTR software and Router hardware, connecting directly to an Ethernet backbone. The sites (Delhi, Mumbai, Kolkata, Chennai and Secunderabad) have been inter networked over a 64 kbps line using routers. Thus, PRS network of IR enables reservations in any train, date or class between any pair of stations to the public on about 3000 universal terminals across the country (Universal Terminals are the one from where any reservation activity on any train available on network can be done).

10.1.2 Self Printing Ticket Machine (SPTM) / Unreserved Ticketing System (UTS)

IR run about 8500 trains out of which about 1000 trains have reserved accommodation. A large chunk of Passenger traffic is therefore, in the unreserved segment. Lately, the use of SPTM has been extended for speedy issue of unreserved tickets and the use of SPTM will increase in future so as to facilitate easy availability of tickets for passengers.

10.1.3 Reservation on internet through Indian Railway Catering and Tourism Corporation Limited (IRCTC)

In pursuance of an MoU signed between Ministry of Railways and IRCTC, Railway Board's directed IRCTC vide letter No. 2001 / C & IS / PRS /Internet Booking dated 30 October 2001 to provide internet based advance train reservation booking facility to rail users. In terms of the said MoU the IRCTC will maintain all books and returns as prescribed by Traffic Accounts Office. At the end of each day complete statement of

transactions of total bookings through IRCTC will be generated, which will give the total fare excluding commission/service charges levied by IRCTC.

Payments for tickets booked by IRCTC to Indian Railway shall be through a lump sum deposit which shall be recouped periodically as and when the deposit reaches a specified cutoff level. The above lump sum deposit may be Rs.2, 00,000/- (Two Lakhs). As and when cut off level is reached, IRCTC shall renew the deposit. IRCTC's account will be credited by suitable entry into the software as soon as cheque is received by CCM/PM. CRIS shall provide the software for handling the IRCTC's transactions and keep the detailed account. Under no circumstances ticket shall be printed if cut off level is reached i.e. Rs. 2,00,000/-.

10.1.4 Freight Operation Information System (FOIS)

Freight operation Information System (FOIS) has been developed to take care of the operational functions relating to Freight Train Operations, Yard management and activities pertaining to Good Shed working.

FOIS comprises two modules i.e. a) Rake management system (RMS) and b) Terminal management system (TMS). The RMS covers computerisation of various operational functions relating to Yard and Freight Train operation. This system was developed to monitor the movements of the rakes providing an improved, reliable, effective information and decision support system to ensure operational discipline at any time. This module has been developed in 2 phases. TMS relates to computerisation of different activities pertaining to Goods Shed working. This module has been developed in phase 3.

The objective of the system is to provide a powerful tool to the management for exercising effective and viable control on day to day Railway operations by capturing the relevant data through computer application and generating information as per requirements.

This system has been introduced to keep the records of the loads/train, wagons, loco movements and consignment details etc. by reporting load formation, forecast, train arrangements, crew assignment, train consist including consignment details besides train departure, train arrival, shunting performed enroute, changes to train locos, train stabling, rake formation, correction in rake composition, placements, releases, removal from sick lines/goods sheds, RR details, loco irregularities and maintenance activities. Further, it also provides facilities to make inquiries from the system in regard to the above activities and furnish minute-to-minute, accurate, reliable and comprehensive information about status of any operation.

10.1.5 Material Management Information System (MMIS)

Materials play a vital role in Railway's Operation, Maintenance and In-house production activities. Material Management ensures timely availability of stores to the users and it involves different stages viz., planning and programming, purchasing, inventory control including, inter-alia, receiving and warehousing, transportation, material handling and disposal of scrap.

MMIS (COBOL based)

In January 1984 a comprehensive Material Management Information System (MMIS) for better inventory control and stores purchase was designed by the System Development Group, Central Railway, for implementation by all zonal railways. The package covers processing of vouchers, generating Priced ledgers, class ledgers and various exception reports. It also covers purchase processing, demand generation, forecasting and generation of various exception reports.

MMIS (Oracle based)

Railway Board in November 1997, decided to form a Systems Development Team on Central Railway to develop new MMIS applications on an on-line environment making use of an RDBMS and new hardware systems. Once the system is fully implemented on Central Railway, it will be transferred to other Zonal Railways. M/s CMC has undertaken the task of development of Software in Oracle.

It has mainly five modules i.e. the finance, purchase, sales and auction, depots and uniforms module. The finance module comprises the various functions and responsibility of stores accounts branch. The purchase module caters to the demands sent by various depots and generation of purchase orders against those demands. Sales and auction module is related with scrap disposal. Depot module takes care of stocking and custody of materials needed by railways and to be sent for other depots respectively. Uniform module relates to stitched and purchased uniform items.

The primary objective of Material Management is to ensure better user satisfaction by making available the right quantity at the right time, without unnecessary blocking up of capital.

10.1.6 Advance Finance and Railway Expenditure Information Management System (AFRES)

It is an integrated Financial management and information system.

The objective of AFRES is to support bill passing and other related processing for different types of claims/bills against Railways including cheques printing and to support receipt and processing of various types of credits and debits and other adjustment transactions. It also intends to support compilation of budget at various phases of budgeting and inspection function of accounts office and connected procedures. Besides it will support headquarters consolidation of Zonal Railway accounts and help to process and monitor various finance proposals and historical database support for finance decisions.

10.1.7 Payroll and Inter related Modules (PRIME)

IR employs more than 15 lakh employees in different cadres. Personnel Branch is responsible for the co-ordination of preparation and providing data for drawing of salary bills, maintenance of salary records, service records, leave accounts etc. These exercises are integrated into a system called Payroll & Inter-Related Modules (PRIME). PRIME has been designed, developed and implemented for a distributed processing environment (on a LAN within a unit and WAN linking other units with Southern Railway Headquarters). The processing is done at designated central locations either as On-Line or as batch process. PRIME has interface with Advanced Financial & Railway Expenditure Management System (AFRES).

PRIME aims to support the activities of Human Resource Management as a decision support system and to capture and maintain all career events of employees and monitor recoveries from employees on the computerised system. Further it will also process and generate all types of bills including regular salary bills and generate various MIS reports required by different departments and units.

10.1.8 Passenger Accounting System (PAS)

This system will ensure coverage of all types of passenger ticketing, including PCT, BPT, EFT, SPTM and PRS by the system, enabling, production of complete accounting and statistical information relating to passenger traffic. It will also maintain relational database for the production of various accounting and managerial reports as well as for on line queries. It will perform online or periodical capture of basic data either by transaction processing systems or by data entry and production of both originating and carried accounting and statistical information for various parameters like distance, class, type, Full fare, concessional fare etc. Besides matching of collected tickets with original sale information, automatic generation of ticket indents and centralised apportionment of net earnings will also be achieved through PRIME.

10.1.9 Freight Accounting System (FAS)

The objectives of FAS are preparation of RR on computers from Forwarding note, checking of freight with validation of all related information (charged weight, rate, distance etc.) and comparison of station freight with machine calculated freight to post under charges or over charges in RR table for manually prepared RRs. Thereafter it will the print error sheet directly. FAS will also perform checking and calculation of other charges and rebates, checking of continuity check of RRs., printing weight-only bills for customers under weight only systems processing of unconnected RRs., apportionment of earnings (originating), production of statement 7C (carried traffic) and creation, maintenance and printing of Masters

10.2 Audit Concerns and recommendations

In view of the technological advancements and use of computerised systems by auditee organizations which have a bearing on the financial and accounting aspects of the railway functioning, there is need for change in our audit skills, techniques and procedures. **To make this possible the following recommendations are made:**

- (i) Ideally Audit should be involved in the systems development of various application packages. However, this has not been the case with regard to certain applications which are already in place. Since certain packages are still in developmental stages like FOIS, PAS, FAS etc. Audit should associate themselves to have in depth knowledge of these packages.**
- (ii) A thorough exercise of understanding the system should be undertaken and detailed lists of audit checks should be prepared for each application package separately.**

The new audit checks that will be required on account of computerisation and the incorporation of specific items in the SMI in respect of the Passenger reservation system and SPTMs/ UTS have already been dealt with in the Chapter 2. The tentative list of checks in respect of Internet booking and FOIS which are still in the nascent stage of implementation

are enclosed as Annexures XXX and XXXI to this chapter. All the checks suggested will, however, have to be improved upon after a complete understanding of the different systems.

(iii) **Audit should be taken up at 2 levels as follows:**

(a) **Audit around the computers**

This can be conducted by staff having basic knowledge of the application package and would involve examination of inputs for ensuring correctness and completeness of data and verification of results from the outputs generated as being done in conventional audit.

(b) **Audit of and through the computers**

It requires good knowledge of the IT systems, software design, structure, languages and experience in handling IT audit tools like Computer Aided Audit Techniques (CAATs). CAATs are very useful and powerful techniques for conducting detailed analysis, sample selection and manipulation of data maintained in a computerised system to check the adequacy of inbuilt data validations and processing control existing in the system. It requires knowledge of system design, file structures, data type and record lay out i.e. record length, field length, file type etc. and involves data downloading in cases where online access to the database is not provided. This is a complex and technical job and can be performed only by audit personnel given Application - specific training on the IT systems used in the IR.

Chapter 11

Training Requirements

11.1 Computer Training

Keeping in view the large scale computerization in the IR, the Committee discussed at length the present status of availability of computer trained manpower in the Railway Audit department. The Committee noted with satisfaction that the extent of computer awareness and ability to use computers for elementary word-processing, sending and receiving mail and use of spreadsheets and database software was quite high in the Railway Audit department. Advanced training obtained by quite a few staff in IT Audit, Oracle, Unix etc has made possible undertaking of IT Audits which have culminated in two IT Audit reports getting printed in the Railway Audit Reports and some more IT Audits likely to find a place in the coming years' Reports. The information regarding computer trained staff is given below:

Statistics of trained Staff

| Sl. No. | Level of Special EDP training | Number of Officials trained | | | | | | Total trained |
|---------|-------------------------------|-----------------------------|---------|-----------|---------|----------|---------|---------------|
| | | AuO/ Sr. AuO | | SO/ AauOs | | Others * | | |
| | | PIP | Trained | PIP | Trained | PIP | Trained | |
| 1. | Basic | | 113 | | 324 | | 712 | 1149 |
| 2. | Advanced | | 22 | | 63 | | 65 | 150 |
| 3. | IT Audit | | 24 | | 66 | | 19 | 109 |
| Total | | 250 | 159 | 588 | 453 | 1965 | 796 | 1408 |

* Includes Ar./ Sr. Ar. and Clerk/ Typist

It was, however, noticed that in depth Application- specific knowledge of the packages currently under use in the IR was still lacking and training in this area is crucial for the Railway audit staff to take on audit in a computerised environment. The Committee felt it necessary, to chart out the course for computer training which should be followed to ensure that the staff are computer trained and well equipped for undertaking audit through the computers.

11.1.1 Recommendations

A. Training should be at three levels.

- The first level basic training in computers will cover introduction to computer software/hardware, DoS, Windows, MS Word, MS Excel, Database, Internet and IT Audit. This training will be imparted to all AuO/ Sr. AuO, SO/ AAuO, Ar./ Sr. Ars. and Clerks. The details of the course modules to be covered in the first level training would be as given in Annexure XXXII.
- The second level of training will be a specialized course in Oracle and UNIX. The candidates for the second level will be selected from among the officers and staff (except clerks) trained in the first level basic training keeping in view their performance in an evaluation test which will be conducted at the end of the first level training course. Officers and staff who have already been trained will also undergo the evaluation test to

enable selection for the second level. The details of the course modules to be covered in the second level training are as given in Annexure XXXIII.

- The third level of training will be Application- specific training. The basic objective is to acquire knowledge of system design, file and database structures, variable definitions and various reports generated by the different applications to enable them to know
 - (a) Which are the records that can be accessed
 - (b) the volume of data available for analysis and
 - (c) data downloading in cases where online access to system databases is not provided.

The training will be imparted to staff keeping in view their performance in an evaluation test which will be conducted at the end of the second level training course. Officers and staff who have already been trained in the second level will also undergo the evaluation test to enable selection for the third level. The details of the course modules to be covered in the third level training are as given in Annexure XXXIV.

B. Training for the first and second levels will be conducted in the various RTIs and RTCs. The training for the third level will be organized with the help of the Railways in CRIS and the EDP Centres of the Zonal Railways.

C. A core group of 5-6 officers will be formed in each PDA's office who will be given more intensive training in the various Computer Applications being used by the Railways. This would facilitate taking up of IT audit and also associating them in organizing and conducting the third level training programmes for the rest of the staff.

11.2 Training in Costing

There is an exclusive Directorate for Statistics and Economics in the Railway Board. In addition there are Traffic Costing Cells, Work Study Cells and Efficiency Cells in various Zonal Headquarters which bring out a large number of annual statistical statements and carry out many costing exercises. The Workshop Accounts Offices also prepare several costing statements for calculation of on-cost and charging overheads to various works etc. The cost accounts so prepared by the various costing units of the Railways need to be reviewed and audited by us. The Committee noted that the training inputs received during our in-house training programmes for Ars./Sr.Ars and SOs/AAuOs were not sufficient to undertake a satisfactory audit of the same. Not only do the officers and staff need training on the general principles of cost and works accounts but they also need specialized training in the way that the Railway Cost Accounts statements are prepared.

11.2.1 Recommendations

The Committee, therefore, recommends having an exclusive module for Cost Accounts in the in-house training programmes that are currently organized by the Principal Directors of Audit. The course content and duration need to be worked out in consultation with the Railway officers dealing with this work.

Chapter 12

Impact of revised norms on Staff Strength

12.1 Introduction

The progress achieved by IR since independence is indeed tremendous. The manifold growth in IR network has direct and significant bearing on Railway Audit organisation and its auditorial functions. Expansion of Railway network has led to increase in the audit workload but the resources available with the Railway Audit organisation in terms of manpower have remained almost static.

12.2 Comparison of sanctioned strength of 1990 with that of 2003

In 1990 Railway Audit organisation had a sanctioned strength of 2547 (in the cadre of Sr. AO/ AO, AAuO/ SO and Sr. Ar./ Ar). In the last 13 years the sanctioned strength has been more or less static and the sanctioned strength of Railway Audit now stands at 2520 which is 1.06 per cent less than the sanctioned strength in the year 1990. As against this sanctioned strength, 2317 persons are in position. The cadre-wise position of sanctioned strength as on 1 March 1990 and 1 March 2003 is given in table below:

| Category | Sanctioned Strength | | | Persons in position 2003 |
|---------------------------------------|---------------------|-------------|-------------------------------|--------------------------|
| | 1990 | 2003 | Percentage increase/ decrease | |
| Sr. Audit Officer/ Audit Officer | 237 | 250 | (+)5.48 | 248 |
| Asstt. Audit Officer/ Section Officer | 592 | 588 | (-)3.32 | 569 |
| Sr. Auditor/ Auditor | 1718 | 1682 | (-)33.90 | 1500 |
| Total | 2547 | 2520 | (-)1.06 | 2317 |

12.3 Inadequate audit coverage due to non expansion of audit organisation

Non expansion of Railway Audit organisation and non revision of audit norms have adversely affected audit coverage in the following manner:

- Most of auditee units are being covered with less number of party days depending on the availability of manpower.
- Periodicity of audit has also been affected and is not being adhered to as per the minimum approved norms.
- The party composition prescribed for audit of various units is not followed.
- Supervision by Sr. AO/ AAuO and GO is often reduced.

The Committee has viewed the changes required in the audit norms, scope, extent, periodicity etc. in an independent and objective manner without keeping the existing manpower as a referral point. The norms now suggested would, therefore, require reassessment of staff requirement. Attempts to assess the additional requirement on an illustrative basis have been made in certain areas such as:

- Traffic Audit: On account of new items being introduced (Chapter –2, Annexure VIII).
- Workshop Audit: Changes in pattern of Local Audit (Chapter - 6, Annexure XXI).

These, however, cannot be directly extrapolated across the entire Railway Audit Department and will have to be individually assessed for each office. There are certain areas, where reduction has also been proposed in number of days for Stations

Inspection, deletion of few redundant items from Central Audit and reduction in the quantum of check in respect of certain items of lesser importance such as entitlements to NGO's sanctions relating to establishment, journal vouchers etc. which may offset the additional requirement to some extent.

Additional staff will also be required on account of introducing new concepts/ areas of audit e.g. introduction of Costing Audit cell at Zonal Headquarters and introduction of audit of Railway Board Directorates [Para No.3.3.7 (c) of Chapter 3 and Para No.8.5 of Chapter 8].

The norms now suggested would also impact the present Ar./ Sr. Ar : SO / AAuO : AuO/ Sr. AuO ratios. More staff at SO/ AAuO level may be required in view of increase in level of scrutiny proposed in many areas. Presently the number of Section Officers Grade Examination passed Sr. Ar. awaiting promotion as SO in the Railway Audit is 29 and about 182 vacancies exist in the cadre of Ar./ Sr. Ar. These are distributed over all the Zonal Audit offices. Each Zonal Audit Office is an independent office with its own cadre, hence the assessment of the staff implications of the recommendations has to be done individually by each Principal Director of Audit. Based on the assessment of staff requirement and the position of vacancies, the Principal Directors of Audit should rationalise the cadre strengths at each level to enable implementation of the revised norms.

12.4 Conclusion

The efforts of the Committee in reviewing the entire gamut of Railway Audit Norms and in coming out with recommendations will be worthwhile only if it is backed up with a serious effort to reassess the requirement of manpower in the Railway Audit Department, initiate necessary action to restructure the organisation and also to train the officers and staff to meet the challenges posed by the changed scenario in the IR. We hope that this report will serve as a basis to bring out the necessary changes.

(Neeraj Kumar)
Dy. Director
Eastern Railway
(Member)

(C.S. Sharma)
Dy. Director
Northern Railway
(Member)

(Shantanu Basu)
Pr. Director of Audit
South Central Railway
(Member)

(S. Srinivasan)
Pr. Director of Audit
Southern Railway
(Member)

(K. Ganga)
Pr. Director (Railways)
O/o C&AG of India
(Member)

(Anjali Sen)
Pr. Director of Audit
Western Railway
(Chairperson)

Annexure I
(Reference Para No.2.5.1)
Existing/ proposed duration of Audit and party composition for Station inspection

| Sl. No. | Existing norms | | | Revised norms | | | | | |
|--|-----------------------|--------------------|-------------------|--|------------------|-------------------|---|------------------|-----------------|
| A. <u>Very big station</u> | Rs.5 crore and above | | | Rs.5 crore and above | | | | | |
| Total very big station on Western Railway | 148 | | | 148 | | | | | |
| Periodicity | Once in two years | | | Once in two years | | | | | |
| Therefore number of station due per annum | 74 | | | 74 | | | | | |
| Party days | 10 | | | 08 | | | | | |
| BO supervision | 100% | | | 100% | | | | | |
| Party composition | 1 Sr. Ar | 2 SO/AAuO | BO | 1 Sr. Ar | | 2 SO/AAuO | | BO | |
| Mandays required for 74 inspections | 74 X 10 X 1 = 740 | 74 X 10 X 2 = 1480 | 74 X 10 X 1 = 740 | 74 X 8 X 1 = 592 | | 74 X 8 x 2 = 1184 | | 74 X 8 x 1 = 592 | |
| Saving in mandays | -- | -- | -- | 148 | | 296 | | 148 | |
| B. <u>Major stations</u> | Rs.50 lakh to 5 crore | | | (a) Big station - Rs.2 crore to 5 crore | | | (b) Major station – Rs. 50 lakh to 2 crore | | |
| Total Major station on Western Railway | 130 | | | 52 (40% of total Major stations) | | | 78 (60% of total Major stations) | | |
| Periodicity | Once in three years | | | Once in three years | | | Once in four years | | |
| Therefore number of station due per annum | 43 | | | 17 | | | 20 | | |
| Party days | 08 | | | 06 | | | 04 | | |
| BO supervision | 50% | | | 100% | | | 50% | | |
| Party composition | 1 Sr. Ar. | 2 SO/AAuO | BO | 1 Sr. Ar. | 2 SO/AAuO | BO | 1 Sr. Ar. | 1 SO/AAuO | BO |
| Mandays required per annum for inspections | 43 X 8 X 1 = 344 | 43 X 8 X 2 = 688 | 43 X 4 X 1 = 172 | 17X 6 X 1= 102 | 17 X 6 X 2 = 204 | 17 x 6 X 1 = 102 | 20 X 4 X 1 = 80 | 20 X 4 X 1 = 80 | 20 X 2 X 1 = 40 |
| Total mandays required as per revised norm | -- | -- | -- | Sr. Ar. | | SO/AAuO | | BO | |
| | | | | 102 + 80 = 182 | | 204 + 80 = 284 | | 102 + 40 = 142 | |
| Saving in mandays | -- | -- | -- | 162 | | 404 | | 30 | |

| Sr. No. | Existing norms | | Revised norms | |
|--|--------------------|------------------|---------------------------|-----------------|
| C. Minor station | Below Rs. 50 lakhs | | Below Rs. 50 lakhs | |
| Total minor stations on Western Railway | 713 | | 713 | |
| Periodicity | Once in 10 years | | 15 to 20 random selection | |
| Therefore number of station due per annum | 71 | | 20 | |
| Party days | 2 days | | 2 days | |
| BO supervision | Nil | | Nil | |
| Party composition | 2 Sr. Ar./Ar | 1 SO/AAuO | 1 Sr. Ar./Ar. | 1 SO/AAuO |
| Mandays required per annum for inspections | 71 X 2 X 2 = 284 | 71 X 2 X 1 = 142 | 20 X 2 X 1 = 40 | 20 X 2 X 1 = 40 |
| Saving in mandays | -- | -- | 244 | 102 |

Summary position of mandays

| Stations | Existing Mandays | | | Revised mandays | | | Savings | | |
|--------------------|------------------|-----------|-----|-----------------|-----------|-----|--|------------------|--------------------|
| | Sr. Ar. | SOs/AAuOs | BOs | Sr. Ar. | SOs/AAuOs | BOs | Sr. Ar. | SOs/AAuOs | BO |
| Very big | 740 | 1480 | 740 | 592 | 1184 | 592 | 148 | 296 | 148 |
| Big/Major | 344 | 688 | 172 | 182 | 284 | 142 | 162 | 404 | 30 |
| Minor | 284 | 142 | Nil | 40 | 40 | Nil | 244 | 102 | Nil |
| Total | 1368 | 2310 | 912 | 814 | 1508 | 734 | 554 | 802 | 178 |
| Reduction in staff | -- | -- | -- | -- | -- | -- | 554 / 237 = 2.34 | 802 / 237 = 3.38 | 178 / 237 = 0.75 |
| Saving of Posts | -- | -- | -- | -- | -- | -- | Sr. Ar. = 2.34 | SO/AAuO = 3.38 | Sr. AuO/AuO = 0.75 |
| Total Savings | | | | | | | Total Mandays = 1534 Mandays justified for 1 post = 237 Therefore, Number of post saved = 1534 / 237 = 6.47 posts (Sr. Ar. = 2.34, SO/AAuO = 3.38 and Sr. AuO/AuO = 0.75) | | |

Annexure II
(Reference Para No.2.5.2)

Volume of work involved for checking Invoices as per existing/ proposed norms

| Month | Total invoices of the selected stations for Audit | Upto Rs.200/- Random` | Rs.200 to Rs.500/- (5%) | Above Rs.500/- (10%) | Total |
|---------------|--|------------------------------|--------------------------------|-----------------------------|--------------|
| October 2002 | 152 | NIL | NIL | 16 | 16 |
| November 2002 | 321 | NIL | NIL | 33 | 33 |
| December 2002 | 538 | NIL | NIL | 54 | 54 |
| | | | Total | 103 | |

As per Proposed Revised Norms

| Month | Total | Upto 1 lakhs | | Above Rs. 1 lakhs | | Total |
|---------------|--------------|---------------------|---------------------------|--------------------------|-----------------------|--------------|
| | | Total | 10% by Ar./Sr. Ar. | Total | 20% by SO/AAuO | |
| October 2002 | 152 | 82 | 9 | 70 | 14 | 23 |
| November 2002 | 321 | 206 | 21 | 115 | 23 | 44 |
| December 2002 | 538 | 344 | 34 | 194 | 39 | 73 |
| | | | | Total | 140 | |

Annexure III
(Reference Para No.2.5.2)

Volume of work involved for checking Parcel Way Bills as per existing/ proposed norms

| Months | Total PW Bills of the selected stations for Audit | Up to Rs. 50/- Random | Rs. 50/- to Rs.200 (20%) | Above Rs.200/- (50%) | Total selected for Audit | Percentage for Audit. |
|---------------|--|------------------------------|---------------------------------|-----------------------------|---------------------------------|------------------------------|
| October 2002 | 1219 | 5 | 88 | 134 | 227 | 19% |
| November 2002 | 268 | 5 | 15 | 40 | 60 | 22% |
| December 2002 | 626 | 5 | 35 | 104 | 144 | 23% |

AS per Proposed Revised Norms

| Months | Total PW Bills of the selected stations for Audit | Proportionate total PW Bills for 7 days selected for Audit | Percentage for Audit |
|---------------|--|---|-----------------------------|
| October 2002 | 1219 | 284 | 23% |
| November 2002 | 268 | 62 | 23% |
| December 2002 | 626 | 146 | 23% |

Annexure IV
(Reference Para Nos. 2.6.2, 2.7, 2.8 and 2.9)
Details of New Schemes and Scope and extent of checks, level of scrutiny

| Particulars of Documents, Reference to paras of Railway Audit Norms | | Period of check | | Scope of Extent of check | | To be checked by | | Proposed Remarks | Justification of revision/ deletion/ addition and impact of computerisation wherever due |
|---|--|-----------------|----------|--------------------------|--|------------------|---|---|---|
| Existing | Proposed | Existing | Proposed | Existing | Proposed | Existing | Proposed | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| New item | (i) Inland way bill issued by Concor | New item | Monthly | | As proposed for invoices vide item 1-A (i) under Local Traffic Audit Coaching/ Goods | New item | As proposed for invoices | | Booking of Goods traffic by Concor started in the year 1989 and as on date about 1/4 of total Goods traffic international as well as domestic are being carried through Concor for which Railways has authorised Concor to keep records otherwise maintained by Railways. Therefore it is proposed to add this item in the Audit Norms. |
| New item | (ii) List of unaccounted for inland way bills issued by Concor | New item | Yearly | New item | One month in a year | | As proposed against item No.III under Local Traffic Audit Coaching/ Goods | | -DO- |
| New item | (iii) Realisation of Railway share of freight to be paid by Concor | New item | Monthly | New item | 1 Depot | New item | Sr. Ar/ Ar. | This check should be done in a manner that all the depots are covered in a cycle of two years | Railway share of freight is being remitted by Concor on fortnightly basis. Therefore this item is also proposed as a new item. |

| Particulars of Documents, Reference to paras of Railway Audit Norms | | Period of check | | Scope of Extent of check | | To be checked by | | Proposed Remarks | Justification of revision/ deletion/ addition and impact of computerisation wherever due |
|---|----------------------------------|-----------------|-------------------|--------------------------|--|------------------|----------------------------|---|---|
| Existing | Proposed | Existing | Proposed | Existing | Proposed | Existing | Proposed | | |
| <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> | <i>6</i> | <i>7</i> | <i>8</i> | <i>9</i> | <i>10</i> |
| New item | (iv) Inspection of Concor Depots | New item | Once in two years | New item | As proposed for inspection of very big station | New item | 2 AuO/ SO 1 Sr. Ar/ Ar. | | As per agreement between Indian Railways and Concor, all documents relating to Railway transactions are to be made available to the Railway Accounts and Audit Department for inspection. Hence inspection should be carried out by Audit treating the Concor Depots as Very Big Stations. |
| New item | (v) Station to station rates | New item | Half yearly | New item | General review | New item | Sr.AO/AO and AAuO/ SO | The general review should include audit of the agreements and contracts relating to the scheme. This item should be seen in detail during stations inspection | Zonal Railways have been delegated power to quote station to station rates to attract and retain traffic on commercial consideration. Therefore, a general review of this scheme in Central Audit including justification and the Audit of agreement and contracts relating to the scheme, if any, is proposed. The implementation of the scheme is to be seen during station inspection. |

| Particulars of Documents, Reference to paras of Railway Audit Norms | | Period of check | | Scope of Extent of check | | To be checked by | | Proposed Remarks | Justification of revision/ deletion/ addition and impact of computerisation wherever due |
|---|---|-----------------|----------|--------------------------|----------------|------------------|--------------------------|---|---|
| Existing | Proposed | Existing | Proposed | Existing | Proposed | Existing | Proposed | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| New item | (vi) a. Own Your Wagons Scheme (OYWS) | New item | Annually | New item | General review | New item | Sr.AuO/ AuO and AAuO/ SO | The general review should include audit of the agreements and contracts relating to the scheme. This item should be seen in detail during stations Inspection | The above scheme was introduced in the year 1992 as a participating marketing strategy to enhance the Rail Transport capacity by encouraging private parties to own their wagons. The Indian Railways have to pay the owners 16% lease charges for first 10 years and 1% lease charges for the subsequent years for the wagons thus owned by them provided various conditions stipulated in the scheme are fulfilled. This new scheme should not escape Audit scrutiny therefore it is proposed to all this item in Audit Norms. |
| New item | b. Lease charges paid under Own Your Wagons Scheme (OYWS) | New item | Monthly | New item | 100 % | New item | Sr.AO/AO and AAuO/ SO | Bills of lease charges submitted by the parties and passed by Accounts Office should be checked in Central Audit | The above scheme was introduced in the year 1992 as a participating marketing strategy to enhance the Railway Transport capacity by encouraging private parties to own their wagons. The Indian Railways have to pay the owners 16% lease charges for first 10 years and 1% lease charges for the subsequent years for the wagons thus owned by them provided various conditions stipulated in the scheme are fulfilled. This new scheme should not escape Audit scrutiny therefore it is proposed to all this item in Audit Norms. |

| Particulars of Documents, Reference to paras of Railway Audit Norms | | Period of check | | Scope of Extent of check | | To be checked by | | Proposed Remarks | Justification of revision/ deletion/ addition and impact of computerisation wherever due |
|---|------------------------------------|-----------------|----------|--------------------------|----------------|------------------|--------------------------|---|--|
| Existing | Proposed | Existing | Proposed | Existing | Proposed | Existing | Proposed | | |
| <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> | <i>6</i> | <i>7</i> | <i>8</i> | <i>9</i> | <i>10</i> |
| New item | (vii) Volume Discount Scheme (VDS) | New item | Annually | New item | General review | New item | Sr.AuO/ AuO and AAuO/ SO | The general review should include audit of the agreements and contracts relating to the scheme. This item should be seen in detail during stations Inspection | In order to encourage rail customers to offer more traffic, Railways have introduced a scheme of Volume Discount. Under the scheme, rebate is given on selected commodities for incremental traffic. Therefore, a general review of this scheme in Central Audit including justification and the Audit of agreement and contracts relating to the scheme, if any, is proposed. The implementation of the scheme is to be seen during station inspection. |
| New item | (viii) Lumpsum rates | New item | Annually | New item | General review | New item | Sr.AuO/ AuO and AAuO/ SO | The general review should include audit of the agreements and contracts relating to the scheme. This item should be seen in detail during stations Inspection | Zonal Railways have been delegated power to quote Lumpsum Rates to attract and retain traffic on commercial consideration. Therefore, a general review of this scheme in Central Audit including justification and the Audit of agreement and contracts relating to the scheme, if any, is proposed. The implementation of the scheme is to be seen during station inspection. |

| Particulars of Documents, Reference to paras of Railway Audit Norms | | Period of check | | Scope of Extent of check | | To be checked by | | Proposed Remarks | Justification of revision/ deletion/ addition and impact of computerisation wherever due |
|---|----------------------------|-----------------|----------|--------------------------|----------------|------------------|--------------------------------|---|--|
| Existing | Proposed | Existing | Proposed | Existing | Proposed | Existing | Proposed | | |
| <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> | <i>6</i> | <i>7</i> | <i>8</i> | <i>9</i> | <i>10</i> |
| New item | (ix) Merry Go Round Scheme | New item | Annually | New item | General review | New item | Sr.AuO/ AuO and AAuO/ SO | The general review should include audit of the agreements and contracts relating to the scheme. This item should be seen in detail during stations Inspection | Merry-Go Round is a Scheme where rolling stock are earmarked and traffic are moved in closed-circuit on regular basis. Therefore, a general review of this scheme in Central Audit including justification and the Audit of agreement and contracts relating to the scheme, if any, is proposed. The implementation of the scheme is to be seen during station inspection. |
| New item | (x) Mini Rake Concept | New item | Annually | New item | General review | New item | Sr.AuO/ AuO and AAuO/ SO | The general review should include audit of the agreements and contracts relating to the scheme. This item should be seen in detail during stations Inspection | With a view to attract short lead, less than standard train load traffic, the Ministry of Railway has introduced the scheme of Mini Rakes. Therefore, a general review of this scheme in Central Audit including justification and the Audit of agreement and contracts relating to the scheme, if any, is proposed. The implementation of the scheme is to be seen during station inspection. |

| Particulars of Documents, Reference to paras of Railway Audit Norms | | Period of check | | Scope of Extent of check | | To be checked by | | Proposed Remarks | Justification of revision/ deletion/ addition and impact of computerisation wherever due |
|---|--|-----------------|----------|--------------------------|----------------|------------------|--------------------------|---|--|
| Existing | Proposed | Existing | Proposed | Existing | Proposed | Existing | Proposed | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| New item | (xi) Leasing of Brake Van (Regular Train) | New item | Annually | New item | General review | New item | Sr.AuO/ AuO and AAuO/ SO | The general review should include audit of the agreements and contracts relating to the scheme. This item should be seen in detail during stations Inspection | This is a new scheme for leasing of SLR (Second Class Luggage cum Brake Van of Regular Train) to private contractors. This scheme should be checked regarding performance thereof. |
| New item | (xii) Leasing of Brake Van/ Parcel Van (Special Train) | New item | Annually | New item | General review | New item | Sr.AuO/ AuO and AAuO/ SO | The general review should include audit of the agreements and contracts relating to the scheme. This item should be seen in detail during stations Inspection | This is a new scheme for leasing of SLR (Second Class Luggage cum Brake Van of Regular Train) to private contractors. This scheme should be checked regarding performance thereof. |
| New item | (xiii) Introduction of Millenium parcel express on fixed path to provide time table services | New item | Yearly | New item | General review | New item | Sr.AuO/ AuO and AAuO/ SO | The general review should include audit of the agreements and contracts relating to the scheme. This item should be seen in detail during stations Inspection | This is a new scheme for leasing of SLR (Second Class Luggage cum Brake Van) to private contractor. This scheme should be checked regarding performance thereof. |

| Particulars of Documents, Reference to paras of Railway Audit Norms | | Period of check | | Scope of Extent of check | | To be checked by | | Proposed Remarks | Justification of revision/ deletion/ addition and impact of computerisation wherever due |
|---|---|-----------------|----------|--------------------------|---|------------------|------------|---|--|
| Existing | Proposed | Existing | Proposed | Existing | Proposed | Existing | Proposed | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| New item | 1. Computerised Passenger Reservation System (CPRS) | | | | | | | The CPRS should be checked for the stations selected for Audit during the month vide item 1 under Local Traffic audit Coaching/ Goods | The various monthly Summary of the statement are generated through computer at stations and sent to Traffic Accounts Office with the Monthly Balance Sheets. These statement are being checked in Traffic Accounts Office along with Balance Sheets. At present no norms are fixed for the Audit of CPRS in Central Audit. Hence these norms for checking of CPRS in Central Audit are proposed. |
| | (i) Monthly Summary of transactions (Ticket Information M5) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | | |
| | (ii) Monthly Summary of transactions (Cash Information M6) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | -DO- | -DO- |
| | (iii) Monthly Summary of Non-issued Tickets (M7) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | -DO- | -DO- |
| | (iv) Monthly Summary of Cancelled tickets (including Special Cancelled Tickets M14) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | AAuO/ SO | -DO- | -DO- |
| | (v) Statement of continuity | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | -DO- | -DO- |

| Particulars of Documents, Reference to paras of Railway Audit Norms | | Period of check | | Scope of Extent of check | | To be checked by | | Proposed Remarks | Justification of revision/ deletion/ addition and impact of computerisation wherever due |
|---|--|-----------------|----------|--------------------------|---|------------------|--------------|---|---|
| Existing | Proposed | Existing | Proposed | Existing | Proposed | Existing | Proposed | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | (vi) Statement of Bank Card tickets | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. AuO/ AuO | -DO- | -DO- |
| | (vii) Monthly statement of concession tickets | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | -DO- | -DO- |
| | (viii) Monthly statement of Rail Travel Concession (RTC M16) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | -DO- | -DO- |
| | 2. Self Printing Ticket Machine (SPTM)/ Unreserved Ticket System (UTS) | | | | | | | The SPTM should be checked for the stations selected for Audit during the month vide item I under local Traffic Audit Coaching/ Goods | The various monthly statement of Summary are generated through Computer at stations and sent to Accounts with the Monthly Balance Sheets. These Statements are being checked in Traffic Accounts Office along with Balance Sheets. At present no norms are fixed for the audit of SPTM/ UST for Central Audit. Hence these norms for checking of SPTM/ UST in Central Audit are proposed. |
| | (i) Monthly Statement of Passenger classification (M10) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | | -DO- |

| Particulars of Documents, Reference to paras of Railway Audit Norms | | Period of check | | Scope of Extent of check | | To be checked by | | Proposed Remarks | Justification of revision/ deletion/ addition and impact of computerisation wherever due |
|---|--|-----------------|----------|--------------------------|---|------------------|-----------------|---------------------|--|
| Existing | Proposed | Existing | Proposed | Existing | Proposed | Existing | Proposed | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | (ii) Monthly Summary of Transactions (Cash information) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | | -DO- |
| | (iii) Monthly Summary of Transactions (Ticket information) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | | -DO- |
| | (iv) Monthly continuity statement | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | | -DO- |
| | (v) Summary of returns (cancelled tickets including special cancelled tickets) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | AAuO/ SO | | -DO- |
| | (vi) Monthly return on Non-issue tickets | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. Ar/ Ar | | -DO- |
| | (vii) Monthly Summary of Concession (including Military warrant and Police vouchers) | New item | Monthly | New item | Any two dates (Preferably one date from each fortnight) | | Sr. AuO/ AuO | | -DO- |

Annexure V
(Reference Para No.2.7)
List of items to be checked during inspection of CPRS

| Sl. No. | Item | Checks |
|---------|--|---|
| 1 | Register showing the names of operator and Shift Supervisor | The Booking Supervisor shall maintain a Register showing the names of operator and shift supervisors. The registers should be updated as and when changes are effected. |
| 2. | Surprise verification of Cash | Counting of cash, vouchers, NI Tickets, Refund tickets, Concession Vouchers, C & T etc. with the operator and verification of the same with reference to Daily Terminal cash (DTC)/ Intermediate Terminal Cash (ITC), Shortage / Excess of Booking should be identified. |
| 3. | Checks of ticket roll requisition and Stock Book and Marking of last tickets | Submission of indents, receipt of ticket rolls, posting in stock book, Distribution Register. No. of partially used rolls and new roll allotted to the operator should be confirmed and that should be marked. |
| 4. | Check of Daily Terminal Cash summary Book (DTC) | Check of DTC should ensure correct account of each transaction and detection of excess in booking / shortage in booking and "Short remittance" with reference to cash teller book. Acknowledgement from cash office should be verified to ascertain correctness of cash remittance. During Station inspection the correctness of fare and other charges collected should be test checked from the DTC (Cash Information) statement generated on Audit requisition for selected days. It should be seen that the initial records are properly maintained and correct amount due are collected in respect of concession, cancellation etc. and accounted for by checking the various daily reports generated at these station. |
| 5. | Checks of vouchers (with documents) | Vouchers should be checked with reference to daily / monthly statement of concession. This statement is prepared for tickets issued against various concessions like PTOs, Military/ Police Personnel, Medical Patients, student etc. All the concession vouchers received at the station should be listed in daily statement of concession vouchers. In this statement all the particulars of ticket issued and concession vouchers against which the concessions have been granted are recorded and no column of concession vouchers is left blank. All the concession vouchers against which the tickets have been issued have been received in full. It should also be checked that not more than one ticket has been issued against one concession voucher for the same date of journey as well as same destination. It should also be seen that the percentage of concession given is correct as per rules. The position should also be reconciled with the "Voucher Register Statement". |
| 6. | Checks of vouchers (without documents) | This statement includes concession issued to Senior Citizens, Child, Freedom Fighters etc. The total of daily statement should agree with the total of monthly statement. |
| 7. | Checks of fares of tickets [RAM 167 (c) (ii)] | In audit correctness of the base fare incorporated in the Master Fare Table should be checked by obtaining a print out of the Master Fare Table. In addition the train wise fare dump listing sent (sent) to Accounts for vetting at the time of revision of tariff should be test checked as to the correctness of fare as calculated by the system between pair of points. |
| 8. | Checks of Accountal of BPTs | Check of requisition, receipts, Stock Book and Distribution |

| | | |
|-----|--|--|
| 9. | Checks of Modified/ Special Cancelled Tickets | <p>In case of special cancellation, the application of the party and register of special cancellation should be linked with tickets and it should be ensured that the reasons for special cancellation are given (recorded). If it has been noticed the special cancellations are made on Railway Account such cases should be viewed seriously and no special cancellation / refunds should be allowed. This can be checked by linking the requisition form with the ticket. It should be ensured that in case the ticket is not properly printed the same is cancelled on the very next ticket.</p> <p>Tickets are modified specially for the date of journey and number of passengers. It should be seen that the accommodation is available on the date on which the new reservation has been demanded. At the time of modifying the tickets, reservation charges should be forfeited and fresh reservation charges should be collected. The number of new tickets issued against the modified ticket should be verified from the statement. If the passenger takes refund on modified ticket the commission charges should be collected as had been leviable at the time of first modification if the ticket has been cancelled at that time.</p> <p>The supervisor at the location who makes special cancellation must enter the details of the tickets in the register maintained for the purpose and quote the serial no. of the entry of the tickets in the register on the reverse of those tickets along with the reasons for special cancellation and the number of the new tickets issued to the passengers.</p> <p>To check that modification has been made only in permissible cases and duly supported by letters from competent authority. Modification charges should be collected. In case of modification of tickets specially issued from other PRS, it should be ensured that the modification has been accepted by the PRS from which the ticket was originally issued.</p> |
| 10. | Checks of Cancelled Tickets/ Refund Tickets | <p>The daily statement of Cancelled / Refund Tickets both Local and Foreign is to be prepared and sent to Accounts Office alongwith the Original Ticket surrendered at the time of cancellation / refund. In this respect the following checks should be exercised.</p> <ol style="list-style-type: none"> Physical Verification of the Tickets i.e. the number of tickets received must tally with the number exhibited in the statement. The PNR No., Ticket No. Status of tickets, Class, Fare etc. as printed on the ticket should be reconciled with the relevant statements. Particulars of the location total for a day must agree with the particulars exhibited in the monthly cancelled statement for that day. When the ticket is issued in legs i.e. for 1st leg in computer and for the 2nd leg manually and cancellation is made manually for both the tickets it should be ensured that the PNR No. for the computer tickets which has been cancelled in the computer and both the tickets i.e computer ticket and BPT have been surrendered by the party at the time of refund. Delay can be condoned where the party did not apply for refund due to some unavoidable circumstances and in these cases 50% refund is allowed as the party applies after departure of train. 100% refund can only be made under exceptional cases with the personal approval of the CCM. Date of journey in the ticket should be tallied with the date of journey as mentioned in the statement. Difference can affect the deduction. No refund is allowed against the confirmed tickets issued under 'Tatkal Sewa'. Refunds should not be allowed for the late condoned cases for more than 90 days in any case. All the PRS tickets on which refund has been made manually should be collected and reflected in the respective statement. For the higher class, when the coach is not attached due to some |

| | | |
|-----|------------------------------|---|
| | | <p>reasons and passengers travel in the lower class, the difference of fare should be refunded provided that certificate of not attaching upper class coach should be collected and attached to the refund statement. It should be ensured that no cash refund is made against tickets issued on military warrants, police vouchers etc.</p> <p>(k) It should be ensured at the time of granting refund against concessional tickets issued on credit cards that concession amount instead of full amount of ticket has been taken into account.</p> |
| 11. | Checks of Non-issued tickets | <p>These checks should be exercised in respect of statement of Non-Issued tickets. The statement should show information like Train no., class, date of journey, PNR No., Station from and to, journey ticket number, date of issue, window no., number of passengers, amount received under various heads such as cash, vouchers, RTC etc. This statement is prepared location-wise, terminal wise and shift wise separately for local and foreign railways. The following checks should be exercised:</p> <ol style="list-style-type: none"> Physical verification of number of tickets with the number exhibited in the statement. Particulars of tickets should be tallied with the particulars of tickets shown in the statement. Whether every NI ticket is carrying the original ticket marked with NI by location operator. The PNR No. of the original tickets is to be tallied with the NI tickets except in the case of special cancellation tickets. The NI tickets should be the consecutive one of the original ticket. In case of special cancellation it should be seen that the particulars of original tickets should bear the stamp, signature of the CRS/CBS / BS and the date of his signature should tally with the issue date. The location total (Local and Foreign) for a day must tally with the monthly NI statement. <p>The value of NI tickets is accounted for in the Balance Sheet on the Debit side with the corresponding entry in the credit side as "Special Credit". At the end of the month summary of NI Tickets is generated by the system indicating the value of the NI tickets during the month which forms special credit i.e. on the basis of which "Special Credit" is taken in the balance sheet.</p> |
| 12. | Checks of Roll continuity | <p>Roll continuity should be checked with reference to Roll continuity statement, Stock Book, Supply book etc. It should be ensured that the particulars of tickets rolls lying at the time of installation are tallied with the particulars shown in the supply advise. The physical stock is to tally with the stock shown in the stock register and no roll bearing duplicate no. is available in the stock.</p> |
| 13. | Continuity Statement | <p>The daily statement should be tallied with the corresponding entries in the monthly statement. The particulars of "Roll ID" supplied to each location is to be verified with the supply statement. The continuity of tickets should also be checked from the monthly continuity exception statement which is generated for tracing out the break in continuity of CPT Rolls. There should not be any gap in the ticket in daily and monthly continuity statement.</p> |

| | | | |
|-----|--|---|---|
| 14. | Checks of Balance Sheet | The manually prepared Balance sheet of the CPRS stations received in Accounts is checked for the correctness of the system base fare, other charges etc. with reference to the monthly statements such as :- | |
| | | Debit side entries | Relevant computer generated statements |
| | | (i) Fare and other charges (Local and Foreign) | (i) Passenger Classification Summary (including BPT) Local and Foreign. |
| | | (ii) Vouchers – Local and Foreign | (ii) -Do- |
| | | (iii) CST (Govt. Passenger) Local and Foreign | (iii) Monthly summary of Transaction (Cash information) |
| | | (iv) Cancellation Charges | (iv) -Do- |
| | | Credit Side entries | Relevant computer generated statements |
| | | (i) Cash and Vouchers | (i) Acknowledged CR Notes (Manual) |
| | | (ii) Vouchers Refund (L & F) | (ii) Monthly Summary of Refund |
| | | (iii) Cash Refund (L&F) | (iii) -DO- |
| 15. | Checks of refunds made manually | In some cases, due to software problems, the system does not accept the tickets for refund while the information of the ticket is displayed on the screen. It should be ensured that if manual refund is made the berth is released by ticket issuing PRS centre after receiving telephonic message from the location. It is necessary to avoid doubt on refund and avoid misuse of such tickets. | |
| 16. | Checks of tickets issued on Credit Cards | The daily statement of Bank Card Tickets are to be checked with the charge slips of relevant banks. It is to be checked that Credit Card Account No. tallies with the statement. From–To stations tally with relevant entries in charge slips. The daily transaction details i. e. debit and credit amounts are to be entered in a register and monthly transactions of each bank are to be worked out. The total amount is to be verified with the Balance sheet. It should be ensured that the procedure for issuing tickets on Credit Card is being followed correctly. Cheque from the banks is to be received – the very next day after issue of tickets and the refund amount is to be correctly deducted and credited to the bank. | |
| 17. | Issue of duplicate tickets/ BPTs | 25% of the amount of the original tickets will be levied when duplicate tickets / BPTs will be issued. | |
| 18. | Action Taken on Inspection Notes | Test check of some items of work done by TIA / Commercial Inspector / Inspection Notes of Higher Official. | |
| 19. | Error Sheets | Disposal of Error Sheets / Debits raised by Commercial Inspectors | |
| 20. | Passenger Classification | Passenger Classification (RAM 169). Review of “Out of service” Register | |
| 21. | Pilgrim Tax | Check of Pilgrim Tax statement (RAM 171) | |
| 22. | Checks of Bill Register | After sorting, the PRS vouchers are to be connected to the respective carriage bills, department wise and consignee wise for inserting the bill numbers to issue the bills against the department concerned. On completion of the same bill numbers are to be allotted through maintenance of Registers and should be dispatched to the department concerned for payment as per prescribed schedule. Bill of Military concession vouchers should be done every month. | |

In addition to above items the following item to be checked.

- a) Change of Names, Sex and Age.
- b) Change of Names in a tickets, it should be seen that the same have been done only between family members Viz. Father, Mother, Brother, Sister, Son Daughter, Husband , Wife and Government Servants proceeding on duty on production of letter from the appropriate authority. It is also seen that the competent authority has done this on the basis of a application.

- c) In the case of special cancellation the application of the party original requisition submitted and register of special cancellation should be linked with ticket and it should be ensured that the reasons for special cancellation are genuine.
- d) It should be ensured that all accounting reports are printed as per schedule.
- e) In the case of alteration, overwriting on computer tickets, the matter should be viewed suspiciously and detailed investigation should be made to avoid frauds.
- f) It should be ensured that both the computer ticket and manual ticket have been surrendered by the party at the time for refund of the journey ticket issued in two legs i.e. for the first leg on computer and second leg for manually.
- g) It should be ensured that the date of journey shown in the refund statement is tallied with the date of journey shown on the ticket.
- h) It should be ensured that in case the ticket is not properly printed the same is cancelled on the very next ticket. The delay in cancellation of such ticket should be viewed suspiciously and investigation should be made.
- i) It should be ensured that at time of granting refund against Concessional ticket issued on credit card Concessional amount is taken into account.
- j) It should be ensured that remittance of cash is being done by CRS regularly.

Beside above self-intelligence and presence of mind should also be applied while inspecting the PRS locations.

Annexure VI
(Reference Para No.2.8)

Suggested checks for Audit of SPTM/UTS to be exercised during station inspection

1. Surprise verification of Cash

Immediately on arrival at the location, cash and vouchers on hand with the operator should be counted and the same verified with reference to SPS (Station pair Statement). Daily Terminal Cash (DTC) / Intermediate terminal cash (ITC).

2. Check of ticket roll requisition and stock book

The SPTM Blank Paper Tickets Roll with pre-printed machine numbers should be treated as “money value item” for the purpose of accounting, storage, issue and notification of irregularities as per Codal provision.

Stationery of tickets is supplied in rolls of 500 tickets. Submission of indents, receipt of supply and posting of the same in the stock book should be verified since date of last checking. During inspection the distribution register should also be checked and stock book should be marked as in-use and on-hand accordingly.

If any machine is not in use, blank ticket roll should not be kept on the window / machine.

3. Check of Roll Continuity

Roll continuity should be checked with reference to Roll continuity statement, stock book, supply book etc. It should be ensured that the particulars of tickets rolls lying at the time of installation are tallied with the particulars shown in the supply advise. The physical stock is to tally with the stock shown in the stock register and no roll bearing duplicate no. is available in the stock.

4. Disposal of defective / obsolete tickets

The destruction of defective / obsolete blank ticket rolls is to be done in the same manner as for surplus and obsolete printed card tickets.

Note :- Partially used rolls should be used in the same counter / SPTM

5. Check of Daily Summary Transaction (DTC)

Check of DTC should ensure correct accountal of each transaction and detection of excess in booking / shortage in booking and “Short remittance” with reference to cash teller book. Acknowledgement from cash office should be verified to ascertain correctness of cash remittance. During Station inspection the correctness of fare and other charges collected should be test checked from the DTC (Cash information) statement, alongwith the accounting report generated through CARS installed at the locations.

6. Check of Non-issued ticket / cancelled ticket / special cancellation tickets

These checks should be exercised in respect of statement of Non-issued tickets, statement of cancellation (with and without supporting vouchers), statement of cancelled tickets for the selected dates. In case of special cancellation the application of the party and register of special cancellation should be linked with tickets and it should be ensured that the reasons for special cancellation are given. If it has been noticed that the special cancellations are made on Railway account, such cases should be viewed seriously and no special cancellation / refunds should be allowed. Special emphasis should be given in the case of “Blank –Journey – Ticket made NF”.

Note :- In connection with Refund of Tickets it should be assured that the refund has been made on the same SPTM from which the ticket was originally issued till the end of the shift.

7. Check of Distances / Fare – vetting / Revision

The basic data of distance and its correction has to be checked and certified by the CBS / Sr. Most Person / Shift Supervisor of the B. O. before commissioning of SPTMs. The distance, code initial, via points as well as fare should be vetted by Accounts Branch. The station data should be forwarded to Accounts Branch through CCM (PM)’s office only.

8.Check of BPTs and other money value books

As per codal provision.

9.Check of Assurance register

All staff entrusted with operation of the machine and also compilation of accounting reports should sign in a Register in confirmation that they have fully read and understood the procedures.

10.Check of Balance Sheet

As per normal procedure

11.Check of Vouchers

Vouchers should be checked to verify their authenticity and correctness of entries made thereon.

12.Remittance of Cash

The remittance of cash and vouchers in connection with transaction made through SPTM should be checked since last inspection. This should be done in two phases. In the first phase, this should be checked from “Daily Summary of Transaction (Cash Information) to “Monthly summary of transaction (Cash information). In the second phase, from “Monthly summary of transaction (Cash information) to Cash Teller Book / DTCS Book/ Balance Sheet.

13.Review of fault register

In the event, the data transfer is not completed due to any reason like power failure or machine failure, the data transfer from ARTS (**Advance Railway Ticketing System**) to CARS (**Centralised Accounting and Reporting System**) machines should be tried 2 to 3 times. On successful transfer of the full data the earlier partial transferred data should also be over-written. If the data transfer could not be done within the month, the compilation of monthly returns is to be suspended till the transfer of data for each and every shift is done successfully.

14.Back up and storage

It should be ensured that the Back-up / preservation / deletion of data relating to SPTMs transactions are done regularly. Apart from keeping hard copies in the form of reports / returns generated by the SPTM / Server as mentioned in item No. 9 above, the CBS will keep backup of all data in the server on floppies and / or data cartridge as may be available in the system on a daily basis.

The time for preservation of data relating to SPTM tickets on soft copies (i.e. on floppies / cartridges) will be six months. At the end of the six month period of the preservation, the supervisor / Sr. most staff is authorised to delete the data stored in floppy / data cartridge and start storing new data in consultation with TIA and CTI who will make the necessary checks before the data is finally deleted.

In addition to above items the following item to be checked :

1. The hardware including the printer and machine of the SPTM should be in good working order, the ribbons of the printer should be checked to ensure legible print on the ticket. Record of defects in SPTMs along with the time at which rectified be maintained in a Register. The register should be checked frequently by the inspecting staff. The SPTM machines if moved for repair must be recorded in the fault Register.
2. SPTM machines without exception including the spare one should be kept in a sealed condition under the joint signatures of the vendor and Supervisor in Charge. The seal could be broken only in the presence of maintenance Engineers for reasons like maintenance of the machine or fare changes or changes in Database. The instances of the seal broken be recorded in a fault register under joint signatures.
3. Printing quality of the printer of the SPTM must be clear, prominent and legible so that all particulars of the ticket can be read.
4. The Operator Key, the Supervisor Key and the intactness of the cabinet seal should be handed over from shift to shift under proper signatures.
5. The Ticket roll of the SPTM tickets should be a standardized thickness paper. The watermark on the ticket should be clear. The last four digits of the pre printed ticket number should be printed in bold letters. Custody and accountal of ticket rolls to be checked. Supervisor in

- Charge must ensure rolls are not issued in advance and are kept in proper custody. Continuity of ticket series must also be checked frequently. Check on random number of tickets must be made. A constant watch should be kept for use of fake ticket rolls. Recycling of collected tickets should also be checked.
6. Each Operator, Supervisor should maintain the confidentiality of his Password and shall be responsible for any transactions or operation of the machine made under the ID Password should be changed at regular intervals.
 7. Cash Supervisors should ensure that cash must always be accompanied with transaction summaries to tally the cash along with cancelled tickets.
 8. Daily/Ten day period/Monthly report should be printed and sent to Traffic accounts on a regular basis. Any Failure on this account should be viewed seriously.
 9. A constant watch on the number of low value tickets issued followed by issue of high value tickets and subsequent cancellations must kept. Any alterations/overwriting/double printing/erasing made on tickets at the time of issue must be checked.
 10. All data should be transferred immediately after closure of each shift. Statements of Upper class tickets should be generated separately. Use of carbon paper on the tickets must be checked. Distances/fares/via printed on tickets should be checked during inspections.
 11. The special cancellation register must be maintained under proper supervision. The reasons for special cancellation should be recorded and countersigned by the Supervisor in Charge.
 12. Special emphasis on procedures laid down in Joint Procedure Order must be made
 13. The SPTM tickets have the following entries and the staff should look for the same
 - I. (a) Station from and station to including via.
 - (b) Class of accommodation.
 - (c) Date of journey.
 - (d) Distance and fare.
 - (e) Date and time of issue and machine number/counter No.
 - (f) Ticket type
 - (g) 8-digit pre-printed number and a 4-digit machine printed number
 - (h) A random number
 - (i) Cash/Voucher
 - (j) Travel authority and concessional code.
 - II It may be ensured that the last 4-digits of the pre-printed number and the slash number (4-digit ticket number printed by the printer) is matching.
 - III. The watermark on the ticket should be checked.
 - IV **Checking of random number:** The machine prints a random number on the bottom of the ticket. The random number is unique for a given pair of stations and a particular date. This should be used by the ticket checking staff on trains as well as destination while checking the tickets. Test checks should be made from the collected tickets for verifying the random machine number.
 - V The fare should be printed at two place.
 - VI There should be no duplicate printing on the ticket.
 - VII Any alteration, over-writing or erasure on the ticket should be considered irregular.
 - VIII The alignment of print on the ticket should also be checked and reported wherever suspicion occurs.
 - IX It may be ensured that no line in the ticket is missing.
 - X The ticket should be complete and not torn and particular attention be given to corner portion.
 - XI In order to assess the extent of missing tickets from collection, the nominated Inspectors should find out the number of tickets sold from a particular station and check the corresponding collected tickets at the destination station.

Annexure VII
(Reference Para No.2.9)
List of items to be checked during the Inspection of Concor Depots

| Sl. No. | Item | Checks | Check to be exercised by |
|---------|---|--|--------------------------|
| 1. | Movement of full Rakes. | As per Railway Board's Letter No. 93/TT-IV/9/3 Concor dated 24.9.93, the rakes running in domestic as well as international circuit, a load of full rake should be at least of 40 flats to avail trainload rate. It should be ensured that no rake should be run under-loaded. | AAUO/SO |
| 2. | Siding and demurrage charge. | As per Railway board's guidelines in respect of domestic traffic handled at Concor's depots, demurrage charges are to be levied and realised by Concor and shall be remitted by Concor to the concerned Railway authorities and in respect of domestic traffic handled at Railway stations/Goods Sheds the demurrage charges are to be directly levied and realised by Railway staff from the concerned parties. In this regard the traffic of containers at Railway stations and Railway Goods sheds are directly being handled by Concor staff and no Railway staff is involved, hence for the Railway's the concerned party is Concor and any siding and demurrage charges that occur at Railway stations/Goods sheds should be realised and paid to the Railway authorities directly by Concor staff. It should be ensured that charged realised by the Concor staff are correct. | AAUO/SO |
| 3. | Terminal charges | As per Minutes of Meeting and Memorandum of guidelines between Indian Railway and Concor, all services except inter terminal movement rail tracks, will be undertaken by Concor including marketing, documentation and terminal handling. It should be ensured that terminal charges whenever due to the Railway are paid up correctly. | AAUO/SO |
| 4. | Placement Charges | For placing the Concor containers at lay by siding, the Railway needs to carry out extra operations. As these operations are not normal shunting operations, levy of additional charges by way of placement charges. It should be ensured that placement charges whenever due were paid to the Railway | AAUO/SO |
| 5. | Recovery of haulage charges for movement of containers in empty directions. | Free movement of empty containers should be allowed only for those traffic which have been received on 'CC' condition rates. Empty haulage charges for containers, which were received at the station, charged at FAK rates, to be recovered from Concor. It should be ensured that empty haulage charges wherever due were paid by Concor. | AAUO/SO |
| 6. | Utilisation of Flats | Separate haulage charges has been prescribed for Railway owned flats and Concor owned flats. The details of flats utilised owned by Railway or owned by Concor is essential. This can be available in depot only. It may be ensured that haulage charges are paid by Concor as per the prescribed rate for Railway flats/ Concor flats. | Sr. Ar./Ar. |
| 7. | Movement of empty Containers/Flats with loaded rakes booked by Concor. | As per rule all Containers/Flat wagons placed for loading should be moved loaded. It should be ensured that all the flats/containers were moved loaded. | AAUO/SO |

| Sl. No. | Item | Checks | Check to be exercised by |
|----------------|---|---|---------------------------------|
| 8. | Checking of Inland Way Bills for Inward Traffic. | It may be ensured that haulage charges as due to the Railway are correctly realised by Concor (Minimum for one month I.W. Bills.) | AAUO/SO |
| 9. | Issue of Inland Way bills for all containers for loaded as well as empty movement. | | AAUO/SO |
| 10. | Unnecessary detention of flats. | | AAUO/SO |
| 11. | Check of Inland Way bills issued by Concor (minimum one month) to see the correctness of freight collected. | | AAUO/SO |
| 12. | To see that the actual weight as shown on the consignments notes are correctly reflected on I.W.Bills. | | Sr. Ar./Ar. |
| 13. | Routing of traffic with reference to Rationalisation orders. (Both for outward and Inward traffic). | | AAUO/SO |
| 14. | Check of continuity of Inland Way bills | | Sr. Ar./Ar. |
| 15. | Test check of some items of work done by TIA. | | AAUO/SO |
| 16. | Disposal of error sheet/Debits raised by TIA. | | Sr. Ar./Ar. |

Annexure VIII
(Reference Para No.2.10)
Proposed New items of checks to be incorporated in the Revised Audit Norms (Earnings)

| Sl.No. | <u>Name of New Items</u> | <u>Periodicity</u> | <u>Monthly Average</u> | <u>Time required</u> | <u>Time Allowed (In Hrs.)</u> | | |
|--------|--|--------------------|------------------------|----------------------|-------------------------------|---------|---------------|
| | | | | | Ar./Sr.Ar. | SO/AAuO | Sr. AO/ AO |
| 1. | Inland way bill issued by CONCOR | Monthly | 40 IW Bills | 30 Minutes per Bill | 7 | 13 | |
| 2. | List of unaccounted for Inland way bills issued by CONCOR | Monthly | - | - | 1 | - | |
| 3. | Realisation of Railway share of freight to be paid by CONCOR | Monthly | - | - | 3 | - | |
| 4. | <u>Computerised Passenger Reservation System(CPRS)</u> | | | | | | |
| | (1) Monthly Summary of transaction (Ticket information M5) | Monthly | - | - | 13 | - | |
| | (2) Monthly Summary of transaction (cash information M6) | Monthly | - | - | 13 | - | |
| | (3) Monthly Summary of Non-issued Tickets (M7) | Monthly | - | - | 13 | - | |
| | (4) Monthly summary of cancelled tickets (including special cancelled tickets i.e. refund M14) | Monthly | - | - | - | 19.5 | |
| | (5) Statement of continuity | Monthly | | | 13 | - | |
| | (6) Statement of Bank Card Tickets | Monthly | | | - | - | 13 |
| | (7) Monthly statement of Concession tickets | Monthly | | | 13 | - | |
| | (8) Monthly statement of Rail Travel concession(RTC/M16) | Monthly | | | 13 | - | |

| Sl.No. | <u>Name of New Items</u> | <u>Periodicity</u> | <u>Monthly Average</u> | <u>Time required</u> | Time Allowed (In Hrs.) | | |
|--------|---|--------------------|------------------------|----------------------------|-------------------------------|---------------|------------|
| | | | | | Ar./Sr.Ar. | SO/AAuO | Sr. AO/ AO |
| 5 | <u>Self Printing Ticket Machine (SPTM)/Unreserved Ticket System (UTS)</u> | | | | | | |
| | (1) Monthly Statement of Passenger Classification (M 10) | Monthly | | | 13 | - | |
| | (2) Monthly Summary of transaction (Cash Information) | Monthly | | | 13 | - | |
| S | (3) Monthly Summary of Transaction (Ticket Information) | Monthly | | | 13 | - | |
| | (4) Monthly Continuity statement | Monthly | | | 13 | - | |
| | (5) Summary of returns (Cancelled tickets including special cancelled tickets) | Monthly | | | - | 13 | |
| | (6) Monthly return of Non-issued tickets | Monthly | | | 13 | - | |
| | (7) Monthly Summary of Concession including Military Warrant and Police Vouchers. | Monthly | | | - | - | 13 |
| | | | | Total Monthly Hours | 154 | 45.5 | 26 |
| | | | | Total Mandays | 24 | 7 days | 4 |

Proposed New items of checks to be incorporated in the Revised Audit Norms (Review of New Schemes)

| Sl. No. | Name of Schemes | Periodicity | SO/ AAuO | Sr.AO/ AO | Mandays required | |
|---------|---|-------------|----------|--------------|------------------|----------------|
| | | | | | SO/AAuO | AuO/Sr. AuO |
| 1 | Station to Station rates | Half Yearly | 3 days | 2 days | 6 days (3X2) | 4 days (2X2) |
| 2 | Own your Wagon Scheme | Annually | 5 days | 3 days | 5 days | 3 days |
| 3 | Volume Discount Scheme | Annually | 5 days | 3 days | 5 days | 3 days |
| 4 | Lump sum rates | Annually | 5 days | 3 days | 5 days | 3 days |
| 5 | Merry-Go Round concept | Annually | 5 days | 3 days | 5 days | 3 days |
| 6 | Mini-rake concepts | Annually | 5 days | 3 days | 5 days | 3 days |
| 7 | Introduction of Millenium Parcel express on fixed path to provide time tabled services. | Annually | 5 days | 3 days | 5 days | 3 days |
| 8 | Leasing of Brake Van (Regular Train) | Annually | 5 days | 3 days | 5 days | 3 days |
| 9 | Leasing of Brake Van/Parcel Van (Special Train) | Annually | 5 days | 3 days | 5 days | 3 days |
| | | | | Total | 46 days | 28 days |

Summary for Mandays required for proposed New items

| New Items | Ar./Sr. Ar. | SO/AAuO | AuO/Sr. AuO |
|--|--------------------------------------|---|-----------------------------------|
| Central Audit –Monthly | 24 days X 12 months = 288 mandays | 7 days X 12months = 84 mandays | 4 days X12 months = 48 mandays |
| Scheme Audit- Half Yearly/Yearly | - | 46 mandays | 28 mandays |
| Inspection of CONCOR Depots-Once in two year (As proposed for inspection of very big station.) Total depots=15/2= 8 depots every year | 8 depots X 8 days = 64 mandays | 8 depots X 8 daysX2 SO/AAuO =128 mandays | 8 depots X 8 days = 64 mandays |
| <i>Total Mandays</i> | 352 | 258 | 140 |
| <i>Mandays justified 237</i> | | | |
| <i>Man power required</i> | 352/237 = 1.49 | 258/237 = 1.09 | 140/237 = 0.59 |

Total Man Power required = 1.49 Ar./Sr.Ar. + 1.09 SO/AAuO + 0.59 AuO/Sr.AuO = 3.17

Annexure IX
(Reference Para No.4.3)

Important and Specific items of checks during inspection of construction units

(These checks are in addition to the general items of check given in Office Manual)

(A) Sr. Audit Officer/Audit Officer

- (i) Scrutiny of completed work contracts (above Rs.one crore).
- (ii) Scrutiny of ongoing work contracts including Risk & Cost contracts, if any (above Rs.one crore).
- (iii) Scrutiny of final bills of works costing above Rs.one crore (contract value).
- (iv) Review regarding utilization of the assets constructed by the Construction Organisation to find out if any assets have been abandoned after incurring substantial expenditure.
- (v) Review of "Frozen works".
- (vi) Review of deposits due from outside parties.
- (vii) Review of system regarding procurement of stores, justification for procurement and utilization thereof.

(B) Assistant Audit Officer/Section Officer

- (i) Scrutiny of completed work contracts (costing above Rs.50 lakhs but less than Rs.one crore).
- (ii) Scrutiny of ongoing work contracts including 'Risk & Cost contracts', if any (upto Rs.one crore).
- (iii) Scrutiny of final bills of works costing above Rs.50 lakhs but less than Rs.one crore.
- (iv) Review of Narrative Reports, Monthly Progress Reports.
- (v) Payment of municipal taxes and water charges.
- (vi) Review of expenditure incurred during the fag end of the financial year.
- (vii) Scrutiny of system of delegation of powers to see that there has been no abuse of powers.
- (viii) Handing over/taking over notes of Deputy Chief Engineers/SENs.
- (ix) Review of non-scheduled items and rates.
- (x) Recovery of freight charges at public rate in case of deposit works.
- (xi) Review of cases of theft and losses.
- (xii) Review of decided court cases and arbitration cases.

(C) Sr. Auditor/Auditor

- (i) Review of on account bills of contractors and suppliers (upto Rs.50 lakhs).
- (ii) Review of work orders.
- (iii) Imprest Account.
- (iv) Sale account of tender forms.

- (v) Telephone connection etc.
- (vi) Payment of municipal taxes and water charges.
- (vii) Survey and mathematical instruments accounts, Dead Stock Account.
- (viii) Stationery and stamp accounts, Uniform account.
- (ix) Attendance register for the month selected, Casual Leave register and Earned Leave accounts specially of the staff and officers who are due to retire within the next three years.
- (x) Railway Passes.
- (xi) Check of pay bills/ TA bills of NGOs other than Accounts Department.
- (xii) Advance of pay/ TA etc. of NGOs other than Accounts Department.
- (xiii) Service Books of Non-Gazetted staff including fixation/ re-fixation of pay of NGOs other than Accounts Department.
- (xiv) Recovery of rent, electricity charges, lawn charges etc. from officials having Railway accommodation.
- (xv) Review of log books of vehicles.
- (xvi) Stores ledgers and connected records in respect of cement and steel where these items are issued by Railways either on free of cost or on cost recovery basis.
- (xvii) Pay orders and other vouchers other than Accounts Department.
- (xviii) Vouchers relating to grants in aid.

Annexure X
(Reference Para No.4.4)

Units of Audit for Local Inspection

At Headquarters of Construction Organisation

1. Chief Administrative Officer
2. Chief Signal & Telecommunication Engineer.
3. Chief Electrical Engineer.
4. Chief Personnel Officer/Deputy Chief Personnel Officer.
5. Controller of Stores/Deputy Controller of Stores.
6. Chief Operating Manager/Traffic Survey.

Field Units of Construction Organisation

1. Deputy Chief Engineer.
2. Deputy Chief Electrical Engineer.
3. Deputy Chief Signal & Telecommunication Engineer.

Note: One or two subordinate offices under one Deputy Chief Engineer/Deputy Chief Electrical Engineer/Deputy Chief Signal & Telecommunication Engineer may be selected by Group Officer for coverage under main inspection depending upon the importance of such subordinate offices.

Annexure XI
(Reference Para No.5.4)
Basic areas/ items to be seen in Stores Audit

| Location | Areas/ items |
|-----------------------------------|---|
| Inspection at Headquarters office | <ul style="list-style-type: none"> • Periodical Confidential Demi Official (PCDO) letter file/Policy files • Review of Surplus/Non-moving item list available with inventory cell • Target for sale of scrap and its achievement etc |
| Central Audit | <ul style="list-style-type: none"> • Review of Purchase Order (PO) Files • Review of completed contracts • Store Bills • Port and custom charges • Various types of Receipts and Issue from Depots • Stores priced ledger • Stock adjustment sheets • Suspense Register • Store in transit Register • Yearly statement of stores transaction etc |
| Depot Inspection | <ul style="list-style-type: none"> • Activities of Receipt Section. • Local purchase order with day book and bills • Activities of Ledger Section • Estimate Sheets • System of stock verification • Disposal of Surplus/non-moving stores • Sale of store and scrap to Railway employees and outsiders • DS8 Note Register • Penalties waived and imposed • Auction sale account etc |

Annexure XII
(Reference Para No.5.4)

Increase in the quantum of work in the audit of tender cases as per existing norms

For the period July 1997 to September 1997

| Value | Extent of check | Total no. of cases | Tender cases selected for audit |
|----------------------|------------------------|---------------------------|--|
| Rs.5000 to 50,000 | 10% | 57 | 6 |
| Rs.50,000 to 1 lakh | 25% | 90 | 23 |
| Rs.1 lakh to 10 lakh | 50% | 270 | 135 |
| Rs.10 lakh and above | 100% | 86 | 86 |
| | | 503 | 250 |

For the period July 2002 to September 2002

| Value | Extent of check | Total no. of cases | Tender cases selected for audit |
|----------------------|------------------------|---------------------------|--|
| Rs.5000 to 50,000 | 10% | 1260 | 126 |
| Rs.50,000 to 1 lakh | 25% | 406 | 102 |
| Rs.1 lakh to 10 lakh | 50% | 756 | 378 |
| Rs.10 lakh and above | 100% | 102 | 102 |
| | | 2524 | 708 |

Annexure XIII
(Reference Para No.5.5.1)
Impact of revised monetary limits for Central Audit (Bills)

| Item | Existing Money Value | No of Stores Bills satisfying the MV Slab out of total population of 1443 bills <i>(October 2002)</i> | No. of Bills selected as per the % applied | Revised Money Value | No of Stores Bills satisfying the MV Slab out of total population of 1443 bills | No. of Bills selected as per the % applied | Level of scrutiny | |
|-------|-------------------------------------|--|--|---|---|--|-------------------|-----------|
| | | | | | | | Existing | Revised |
| Bills | Below Rs. 25000 5% | 698 | 35 | Below Rs.1 lakh 10% | 1070 | 107 | Ar/Sr.Ar | No Change |
| | Above Rs.25000 upto Rs.1 lakh - 10% | 372 | 38 | Above Rs.1 lakh and upto Rs.10 lakh 25% | 333 | 84 | Ar/Sr.Ar | No Change |
| | Above Rs.1 lakh 100% | 373 | 373 | Above Rs.10 lakh 100% | 40 | 40 | Ar/Sr.Ar | SO/AAO |
| | Total | 1443 | 446 | | 1443 | 231 | | |

Annexure XIV
(Reference Para No.5.5.1)

Impact of revised monetary limits for Central Audit (Scrutiny of Larger contracts)

| Item | Existing | Proposed | Existing Money Value | No of POs satisfying the MV Slab out of total population of 1615 POs (September 2002) | No. of POs selected as per the % applied | Proposed Money Value | No of POs satisfying the MV Slab out of total population of 1615 POs (September 2002) | No. of POs selected as per the % applied | Level of scrutiny | |
|------------------------------|-----------|-----------|--|---|--|--|---|--|-------------------|---|
| | | | | | | | | | Existing | Proposed |
| Scrutiny of Larger Contracts | Quarterly | No change | Rs.5000 to Rs.50000-10% | 523 | 53 | Upto Rs.1 lakh- 5% | 784 | 79 | SO/AAO | Ar/Sr.Ar 10% CR by SO/AAO |
| | | | Rs.50001 to Rs.1 lakh-25% | 261 | 66 | Above Rs.1 lakh upto Rs.10 lakh-10% | 435 | 44 | SO/AAO | SO/AAO |
| | | | Above Rs.1 lakh upto Rs.10 lakh-50% | 720 | 360 | Above Rs.10 lakh upto Rs.40 lakh-50% | 341 | 69 | SO/AAO | SO/AAO 10% CR by BO |
| | | | Above Rs.10 lakh upto Rs.50 lakh-100% | 99 | 99 | Above Rs.40 lakh upto Rs.1 Crore- 100% | 55 | 28 | AuO/SrAuO | AuO/SrAuO-20% of the cases above Rs.40 lakh to be current reviewed by Group Officer |
| | | | Above Rs.50 lakh upto Rs.1 crore- 100% | 8 | 8 | Above Rs.1 Crore-upto Rs.3 Crore 100% | 2 | 2 | Group Officer | Group Officer and put up to PDA |
| | | | Above Rs.1 crore- 100% | 4 | 4 | Above Rs. 3 Crores | | | PDA | |
| | | | Total POs | 1615 | 590 | | 1615 | 222 | | |

Annexure XV
(Reference Para No.5.5.1)

Impact of revised monetary limits for Central Audit (Review of Completed Contracts)

| <u>Item</u> | Existing | Proposed | Existing Money Value Slab | No of POs satisfying the MV Slab out of total population of 1177 POs (September 2000) | No. of POs selected as per the % applied | Proposed Money Value Slab | No of POs satisfying the MV Slab out of total population of 1177 POs (September 2000) | No. of POs selected as per the % applied | Level of scrutiny | |
|-------------------------------|-----------|-----------|--|---|--|--------------------------------------|---|--|--|---|
| | | | | | | | | | Existing | Proposed |
| Review of Completed Contracts | Quarterly | No change | Upto Rs.5 lakh-20% | 1070 | 214 | Above Rs.10 lakh – 10% | 1129 | 113 | SO/AAO | Ar/Sr.Ar 10% CR by SO/AAO |
| | | | Above Rs.5 lakh upto Rs.20 lakh-50% | 83 | 42 | Above Rs.10 lakh upto Rs.40 lakh-25% | 34 | 9 | SO/ AAO | SO/AAO 10% CR by BO |
| | | | Above Rs.20 lakh upto Rs.50 lakh- 100% | 10 | 10 | Above Rs.40 lakh upto Rs.1 Crore-50% | 10 | 5 | AuO/ SrAuO | AuO/ SrAuO- 20% of the cases above Rs.40 lakh to be current reviewed by Group Officer |
| | | | Above Rs.50 lakh - 100% | 0 | 0 | Above Rs.1 Crore-100% | 4 | 4 | AuO/ SrAuO Current Reviewed by Group Officer | Group Officer and cases above 3 crore put up to PDA |
| Total | | | | 1177 | 266 | | 1177 | 131 | | |

Annexure XVI
(Reference Para No.5.5.3)
Review of Stores Contract Register

| Sl. No | Description | Quantity & Rate | PO No. & Date | Consignee | Name of Supplier | Total Value | Audit Remarks |
|---------------|--------------------|--------------------------------|--------------------------|------------------|-----------------------------|--------------------|--------------------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Additional Information to be recorded in the register

1. Demand No and date
2. Estimate Sheet No and date
3. Type of Tender
4. Date of advertisement of tender.
5. Corrigendum issued if any.
6. If Corrigendum issued expense incurred for it.
7. Last date of submission of tender
8. Tender opening date
9. Validity period of offer
10. Date of Tender Committee proceedings
11. Accepting authority
12. Date of acceptance

Annexure XVII
(Reference Para No.5.5.3)
Register of Implementation of Stores Contract

| Sl. No. | PO No. & Date | Name of Firm | Name of Work/Description of Material | PO Value | Date on which the order was | | | | Au6 No. and Date of Final Bill | Special Features, if any | Review Remarks | Intitials of SO(A). BO |
|---------|---------------|--------------|--------------------------------------|----------|-----------------------------|------------------|----------------------------|-----------------------|--------------------------------|--------------------------|----------------|------------------------|
| | | | | | Due to be completed | Extension if any | Revised Date of Completion | Actually completed on | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

Additional Information to be recorded in the register

1. Whether the PO is a Z category PO i.e. PO issued against time preference clause
2. In case of Risk Purchase PO, whether penalty has been recovered from the defaulting firm.
3. Recovery of Liquidated Damages charges due has been effected or not

Annexure XVIII
(Reference Para No.6.1)
Details showing the workshops and their activities

| Name of workshop | Activities in the workshop | Staff strength (Approximate) |
|---------------------------------------|---|-------------------------------------|
| <u>Central Railway</u> | | |
| 1. Jhansi Workshop | POH of wagons | 6400 |
| 2. Parel Workshop | POH of Diesel Locos | 6000 |
| 3. Matunga Workshop (including Kurla) | POH of BG coaches, EMUs and Tank wagons | 9400 |
| 4. Bhusawal Workshop | POH of Electric Locos | 1700 |
| 5. Bhopal Workshop | Mid-life rebuilding of BG coaches | 2000 |
| 6. Kurdwadi Workshop | POH of Diesel Loco, Coaches and wagons | 600 |
| <u>Eastern Railway</u> | | |
| 7. Jamalpur Workshop | POH of Diesel Locos | 11500 |
| 8. Liluah Workshop | POH of BG Coaches and Wagons | 13000 |
| 9. Kanchrapara Workshop | POH of IRS Coaches, Electric Loco and EMU | 13500 |
| <u>Northern Railway</u> | | |
| 10. Charbagh Workshop | POH of Diesel and Electric Locos | 4000 |
| 11. Alambagh Workshop | POH of Coaches and Wagons | 5400 |
| 12. Jagadhri Workshop | POH of Coaches and Wagons | 6500 |
| 13. Amritsar Workshop | POH of Diesel Hydraulic Locos | 2900 |
| 14. Jodhpur Workshop | POH of MG coaches and wagons | 2400 |
| 15. Bikaner Workshop | POH of coaches and wagons | 1500 |
| 16. Kalka Workshop | POH of NG coaches and wagons | 700 |
| 17. RSK, Sithouli | Rail Spring manufacturing unit | Not Available |
| <u>North Eastern Railway</u> | | |
| 18. Gorakhpur Workshop | POH of BG & MG coaches | 6300 |
| 19. Izatnagar Workshop | POH of BG and MG coaches | 2900 |
| 20. Samastipur Workshop | Manufacture of BG wagons | 600 |
| 21. New Bongaigaon Workshop | POH of MG coaches and wagons | 3400 |
| 22. Dibrugarh Workshop | POH of coaches and wagons | 2100 |

| Name of workshop | Activities in the workshop | Staff strength (Approximate) |
|--|--|-------------------------------------|
| 23. Tindharia Workshop | POH of NG steam locos, coaches & wagons | 250 |
| <u>Northeast Frontier Railway</u> | | |
| 24. Lumding workshop | POH of coaches and wagons | Not available |
| <u>Southern Railway</u> | | |
| 25. Perambur Loco Wrokshop | POH of Diesel Hydraulic and Elec. Locos, Diesel cranes and containers | 3800 |
| 26. Perambur Carriage & Wagon | POH of coaches and wagons | 9700 |
| 27. Golden Rock Workshop | POH of BG & MG diesel locos and MG coaches & wagons, manufacture of BG & MG wagons | 7600 |
| 28. Mysore Workshop | POH of BG coaches | 2500 |
| 29. S & T Workshop, Podanur | Manufacture of Push Button Single-Line Tokenless Block instruments, Universal Axle Counters, Point Machines, Route Relay Interlocking & Panel etc. | 885 |
| <u>South Central Railway</u> | | |
| 30. Hubli Workshop | POH of BG coaches and wagons | 4600 |
| 31. Lallaguda Workshop | POH of BG coaches | 4600 |
| 32. Guntupalli Workshop | POH of BG wagons | 3000 |
| 33. Tirupathi Workshop | POH of BG coaches | 980 |
| <u>South Eastern Railway</u> | | |
| 34. Kharagpur Workshop | POH of BG diesel locos, electric locos, coaches and EMUs & wagons | 12000 |
| 35. Raipur Workshop | POH of BG wagons | 2000 |
| 36. Mancheswar Workshop | POH of BG coaches | 1500 |
| 37. Nagpur Workshop | POH of NG coaches, wagons and construction of NG coaches | 950 |

| Name of workshop | Activities in the workshop | Staff strength (Approximate) |
|---------------------------------------|--|------------------------------|
| <u>Western Railway</u> | | |
| 38. Lower Parel & Mahalaxmi Workshops | POH of BG coaches and EMUs | 6000 |
| 39. Kota Workshop | POH of BG wagons | 3300 |
| 40. Dahod Workshop | Electrical loco rebuilding, BOX rebuilding | 3400 |
| 41. Pratapnagar Workshop | POH of BG coaches and wagons including tank wagons | 850 |
| 42. Ajmer (Loco) Workshop | POH of MG diesel locos | 4200 |
| 43. Ajmer (C&W) Workshop | POH of MG coaches & wagons | 4400 |
| 44. Bhavnagar Workshop | POH of MG coaches | 1100 |
| 45. Junagarh Workshop | POH of MG wagons | 293 |

Summary – Staff Strength

| Details | No. of Workshops |
|--|------------------|
| For staff strength less than 1000 | 9 |
| For staff strength ranging from 1000 to 6000 | 23 |
| For staff strength more than 6000 | 11 |

Annexure XIX A
(Reference Para No.6.5.2)
Illustrative list of Units involved in major activities
POH of BG Coaches

Carriage and Wagons Workshop, Perampur

Major Executive Offices

1. CWM Office - Information, Planning and Progress, Production Control, NTXR
2. DCOS/ CW/ PER

Minor Executive Offices

1. Chemist and Metallurgist (CMT)

Major Shops

1. Train Lighting
2. AC Deluxe
3. Carriage Fitting
4. Carriage Building
5. Heavy Corrosion Repair
6. Bogie Lifting
7. Wheel and Tyre Shop

Minor Shop

Nil

Workshop Accounts Office

Common Shops

Minor Shop

1. Paint Shop
2. Road Transport Shop
3. Yard Carriage Shop

Major Shop

1. Mill Wright Shop
2. New Machine Shop
3. Carpentry Shop

Annexure XIX B
(Reference Para No.6.5.2)
Illustrative list of Units involved in major activities
POH of BG Wagons

Carriage and Wagon Workshop, Perambur

Major Executive Offices

1. CWM/ LW/ PER Office - Information, Planning and Progress, Production Control, Budget Section, NCO
2. DCOS/ CW/ PER

Minor Executive Offices

1. Chemist and Metallurgist (CMT)

Major Shops

1. Wagon Repair Shops
2. Spring Shop
3. Wheel and Tyre
4. Bogie Shop
5. Heavy Corrosion Shops

Minor Shop

Nil

Workshop Accounts Office

Common Shops

Minor Shop

- 1 Paint Shop
- 2 Road Transport Shop
- 3 Yard Carriage Shop

Major Shop

- 1 Mill Wright Shop
- 2 New Machine Shop
- 3 Carpentry Shop

Annexure XIX C
(Reference Para No.6.5.2)
Illustrative list of Units involved in major activities
POH of BG Wagons

Wagon Workshop, GTPL

Major Executive Offices

1. CWM's Office - Planning and Progress, Production Control, Yard Office, Inspection, Safety and NTXR Sections
2. Dy. Controller of Stores

Minor Executive Offices

1. Chemist and Metallurgist (Allied activity)
(Ultrasonic Testing of Wheels etc.)

Major Shops

1. Wagon Shop
2. Plating and White Metal
3. Spring and Smithy Shop
4. Wheel Shop
5. Under Gear Stores Shop

Minor Shop

Nil

Workshop Accounts Office

Common Shops

Minor Shop

- 1 Paint Shop
- 2 Yard and Transport Shop

Major Shop

- 1 Mill Wright Shop
- 2 Machine Shop
- 3 Stripping Shop
- 4 Scrap Section

Annexure XIX D
(Reference Para No.6.5.2)
Illustrative list of Units involved in major activities
POH of AC Locomotives

Loco Workshop, Perambur

Major Executive Offices

1. CWM/ LW/ PER Office - Information, Planning and Progress, Production Control, Budget Section
2. DCOS/ LW/ PER

Minor Executive Offices

1. Chemist and Metallurgist (CMT)

Major Shops

1. AC Loco
2. General Welding
3. Wheel and Tyre
4. Corrosion Repair (Carriage Repair) Shop
5. Fabrication Shops

Minor Shop

Nil

Workshop Accounts Office

Common Shops

- | | Minor Shop | Major Shop |
|---|-------------------------|--------------------|
| 1 | Tool Room | 1 Smithy Shop |
| 2 | Yard and Transport Shop | 2 Machine Shop |
| | | 3 Mill Wright Shop |

Annexure XIX E
(Reference Para No.6.5.2)
Illustrative list of Units involved in major activities
POH of Diesel Locomotives

Loco workshop, Perambur

Major Executive Offices

1. CWM/ LW/ PER Office - Information, Planning and Progress, Production Control, Budget Section
1. DCOS/ LW/ PER

Minor Executive Offices

2. Chemist and Metallurgist (CMT)

Major Shops

1. Diesel Shop
2. General Welding
3. Wheel and Tyre
4. Corrosion Repair (Carriage Repair) Shop
5. Fabrication Shops

Minor Shop

Nil

Workshop Accounts Office

Common Shops

- | | Minor Shop | Major Shop |
|---|-------------------------|-----------------------------|
| 1 | Tool Room | 1 Mill Wright Shop |
| 2 | Yard and Transport Shop | 2 Machine Shop (Production) |
| | | 3 Smithy Shop |

Annexure XX
(Reference Para No.6.5.2)
Requirement of party days as per existing/ revised norms for audit of Carriage and Wagon workshops

| POH of BG Coaches | | | | |
|------------------------------|-----------|---|---------------------------------|----------------------------------|
| Major Offices | Executive | CWM/ CW/ PER (Information, Production Control and Planning, Progress, Budget Sections) | Party days as per revised norms | Party days as per existing norms |
| | | | 8 | 3 |
| Major Shops | | Train Lighting, AC Deluxe, Carriage Fitting, Carriage Building, Heavy Corrosion Repair, Bogie Lifting, Wheel and Tyre Shops | 14 | 3 ** |
| Stores Office | | DCOS/ CW/ PER including wards | 8 | 0 * |
| Accounts Office | | SAO/ W/ PER | 2 | 0 |
| Neutral Control Organisation | | NCO | 2 | 0 |
| TOTAL | | | 34 | 6 |

| POH of BG Wagons | | | | |
|-------------------------|-----------|--|------------------------------------|-------------------------------------|
| Major Offices | Executive | CWM/ CW/ PER (Information, Production Control and Planning, Progress, Budget Sections), NCO | Party days as per revised norms | Party days as per existing norms |
| | | | 8 | 3 |
| Major Shops | | Wagon repair, Spring, wheel and Tyre, Bogie, Heavy Corrosion Repair | 10 | 3 ** |
| Stores Office | | DCOS/ CW/ PER including wards | 8 | 0 * |
| Neutral Organisation | Control | NCO | 2 | 0 |
| Accounts Office | | SAO/ W/ PER | 2 | 0 |
| | | Chemist and Mettalgurgist | 1 | 0 |
| TOTAL | | | 31 | 6 |

- ** Major shops are inspected once in 3 years only as per existing norms
 * The Stores is being inspected by Stores Audit at present and not by Workshop

Repair and supply of Coaches and Wagon wheels to Divisions, Tyre Mounting and repair of EMU Wheels and supply of New WAP wheels to RCF after profiling

| | | Party days as per revised norms | Party days as per existing norms |
|-----------------|--------------|---------------------------------|----------------------------------|
| Major Office | CWM/ CW/ PER | 6 *** | 3 |
| Major Shop | Wheel Shop | 3 | 3 |
| Accounts Office | SAO/ W/ PER | 2 | 0 |
| Total | | 11 | 6 |

*** Two days per activity. Three activities are clubbed together here as they all deal with the same shop.

Repair and supply of Laminated Springs to Divisions and other Activities

| | | Party days as per revised norms | Party days as per existing norms |
|-----------------|--------------|---------------------------------|----------------------------------|
| Major Office | CWM/ CW/ PER | 4 | 1 |
| Major Shop | Spring Shop | 3 | 1 |
| Accounts Office | SAO/ W/ PER | 2 | 0 |
| Total | | 9 | 2 |

Office/ Workshop not covered in the Activity Based Units

| | | Party days as per revised norms | Party days as per existing norms | Remarks |
|--------------------|------------------|---------------------------------|----------------------------------|---|
| Office | Personnel Branch | 20 | 0 | Done along with inspection of Executive Offices/ Shops |
| Common Major Shops | Mill Wright Shop | 4 | 3 | |
| | New Machine Shop | | | |
| | Carpentry | | | |
| Common Minor Shops | Paint Shop | 2 | 3 | Three minor shops in 4 years - Average one per year. Party days |
| | Road Transport | | | |
| | Yard Carriage | | | |
| Total | | 26 | 6 | |

Summary - Carriage and Wagon Workshop, Perambur

| | Party days as per revised norms | Party days as per existing norms |
|--|---------------------------------|----------------------------------|
| POH of BG Wagons | 34 | 6 |
| POH of BG Coaches | 31 | 6 |
| Repair and supply of coaches and wagon wheels etc. | 11 | 6 |
| Repair and supply of springs to Divisions | 9 | 2 |
| Office/ Workshops not covered in the activity based units | 26 | 6 |
| Total | 111 | 26 |

Annexure XXI
(Reference Para No.6.7)
Details showing the Production units

| Name of the Production Unit | Activity |
|--|---|
| 1. Diesel Locomotive Works, Varanasi | Manufacture of Diesel Locomotive |
| 2. Chittaranjan Locomotive Works, Chittaranjan | Manufacture of Electric Locomotive |
| 3. Diesel Components Works, Patiala | Manufacture of diesel and electric loco spare parts |
| 4. Integral Coach Factory, Perambur | Manufacture of coaches |
| 5. Rail Coach Factory, Kapurthala | Manufacture of coaches |
| 6. Wheel & Axle Plant, Yelahanka | Manufacture of Wheel and Axles |

Annexure XXII
(Reference Para No.6.9)

Sample Inspection plan for ICF based upon the CLW and DLW pattern

ICF/Shell

Mechanical Department

1. Chief Mechanical Engineer
2. Production Planning – CWE/Shell
3. Works Manager/Sheet Metal
4. Works Manager/Assembly
5. Works Manager/Manufacture
6. Chief Design Engineer/Mechanical
7. Material Management
8. Personnel Branch - Establishment

ICF/Furnishing

Mechanical Department

1. Production Planning – CWE/Furnishing
2. Works Manager/ Manufacture
3. Works Manager/Assembly
4. Chief Design Engineer/Electrical
5. Material Management
6. Personnel Branch – Establishment

General Offices

1. General Manager including Publicity, Statistics, Vigilance, Hindi cell, PRO, Law office
2. Chief Electrical Engineer including SEE/Construction and ASTE
3. Medical Department including CMS, ADMO and Chief Health Inspector
4. Civil Engineering Department including XEN/Colony, XEN/Furnishing, AEN/Planning, Chief IOW Special Works and PWI
5. Security Commissioner
6. Senior EDPM
7. Basic Training School
8. Cash office

Inspection Units - Detail

ICF/Shell

Mechanical Department

1. Chief Mechanical Engineer

- (a) Dy.CME/Planning, Exports and Industrial Engineering
- (b) SME/Planning/Shell
- (c) AME/Material Planning/Furnishing
- (d) AEE/Material Planning/Furnishing
- (e) AME/Export

2. Production Planning/Shell

- (a) Chief Workshop Engineer/Shell
 - (i) Dy.CME/Shell
 - (ii) Production Engineer/Production
 - (iii) Production Control Organisation (Shop 50)

- (iv) Production Engineer Planning
- (v) Process Planning
- (vi) Time Study
- (vii) Tool Room (Shop 41)
- (viii) Dy.CME/Plant
- (ix) SME/Plant/Furnishing
- (x) Shops 40 and 80 (Millwright), Shop 48 and 88 (Road Transport)
- (xi) Dy. Chief Chemist and Metallurgist
- (xii) Shop 84 (Lab CMT)

3. Works Manager/Sheet Metal

- (a) Shop 10 (Sheet Metal)
- (b) Shop 11 (Heavy Sheet Metal)
- (c) Shop 18 (Window door under frame)
- (d) Shop 20 (Wall assembly)
- (e) Shop 23 (Bogie frame)

4. Works Manager/Manufacture

- (a) Shop 12 (Wheel)
- (b) Shop 13 (Forge & Smithy)
- (c) Shop 15 (Spring)
- (d) Shop 16 (Machine)

5. Works Manager/Assembly

- (a) Shop 21(Roof under frame)
- (b) Shop 22 (Body assembly)
- (c) Shop 24 (Bogie assembly)
- (d) Shop 25 (Paint)
- (e) Shop 26 (Final assembly shop)

6. Chief Design Engineer/Mechanical

- (a) Dy. CME/Design
- (b) SME/Design, Standard Specification
- (c) SME/Design, Product Development
- (d) SME/Design and Development
- (e) AME/Design Product Development
- (f) AME/Jigs and Tools
- (g) SME/Development and Procurement
- (h) Dy.CME/Inspection
- (i) SME/Quality Control
- (j) AME/Inspection

7 Material Management

- a) COS/ICF
- b) CMM/Shell
- c) Dy.COS/Shell
- d) DCOS/Purchase
- e) DCOS/Special Duty
- f) ACOS/Purchase
- g) ACOS/Purchase/S-II

- h) DSK/Shipping
- i) Receipt branch
- j) Receipt and Despatch, Wards
- k) ACOS/Shell Depot
- l) DSK/General
- m) DSK/Central Ledger
- n) DSK/Claims

8 Personnel Branch – Establishment

- (a) PB/Shell
- (b) Time Office

ICF/Furnishing

Mechanical Department

1. Production Planning – CWE/Furnishing

- a) Chief Workshop Engineer/Furnishing
 - (i) Dy.CME/Furnishing
 - (ii) Production Engineer/Production
 - (iii) Production Control Organisation (Shop 56)
 - (iv) Production Engineer Planning
 - (v) Dy.CEE/P/Furnishing
 - (vi) Tool Room 81

2. Works Manager/ Manufacture

- (a) Shop 32 (Carpentry)
- (b) Shop 33 (Machine)
- (c) Shop 38 (Anodising & Electro plating)

3. Works Manager/Assembly

- (a) Shop 27 (Proto type)
- (b) Shop 30 (Assembly)
- (c) Shop 34 (Trimming & Proto type)
- (d) Shop 36 (Paint)
- (e) Shop 37 (Air brake)

4. Dy. CEE/Electrical

- (a) Works Manager-I/Electrical
- (b) Shop 28 (Electrical shop for conventional coaches)
- (c) Shop 35 (Manufacture of AC coaches)
- (d) Works Manager-II/Electrical
- (e) Shop 39 (Train lighting)
- (f) Works Manager-III/Electrical
- (g) Shop 29 (Electrical shop for EMU & Motor coaches etc.)
- (h) Dy.CEE/Maintenance
- (i) Shop 45 (Electrical distribution and operation)
- (j) Shop 46 (Electrical repair)
- (k) Shop 85 (Electrical distribution shell)
- (l) Shop 86 (Electrical repair shop shell)

5. Chief Design Engineer/Electrical

- (a) Dy. CEE/Construction & Development
- (b) Dy. CEE/AC/DC/Design
- (c) AEE/Liason/1&2
- (d) Dy.CEE/Inspection
- (e) AEE/Inspection
- (f) Shop 42 (Inspection/Shell)
- (g) Shop 82 (Inspection/Furnishing)
- (h) Shop 87 (Electrical inspection/Furnishing)

6 Material Management

CMM/Furnishing

- (a) Dy.COS/Purchase/Furnishing
- (b) Dy.COS/Electrical/Furnishing
- (c) Dy.COS/Data Center
- (d) DCOS/Purchase/Furnishing
- (e) ACOS/Construction & Development
- (f) ACOS/Purchase/Furnishing I & II
- (g) Dy. COS/Furnishing Depot including Receipt Branch
- (h) DSK/G
- (i) DSK/Ward 30 to 39
- (j) Central Ledger Section/Furnishing
- (k) ACOS/FD
- (l) DSK/Claims/Furnishing

7 Personnel Branch – Establishment

- a) PB/Furnishing
- b) Time Office

Note:

- 1) Each block will be taken as one inspection unit. One inspection report will be issued on completion of inspection of each block.
- 2) The blocks have been designed combining the executive office and the shops under the control of that office as one unit.
- 3) The sequence of inspections will be maintained in the same order as the manufacturing activity to enable an over all view also.
- 4) There is no major and minor shops differentiation.

Annexure XXIII
(Reference Para No.6.9)
Sample Inspection plan for Diesel Locomotive Works dealing with manufacturing of locomotives

Inspection Units - Abstract

A Mechanical Department

- 1 Chief Mechanical Engineer
- 2 Dy. CME/ Planning and Production Control
- 3 Dy. CME/ Machinery and Plant (including 5 shops)
- 4 Dy. CME/ Tooling including Tool Room Shop
- 5 Chief Design Engineer
- 6 Chief Inspecting Officer (including 8 Inspecting Branches)
- 7 Chief Project Manager/ Mod.
- 8 Dy. CCMT including CRP Shop
- 9 Dy. CME (Spares)
- 10 Dy. CME/ Engine (including 7 shops)
- 11 Dy. CME/ Loco (including 8 shops)
- 12 Dy. CME/ Block (including 3 shops)

B Material Management

- 1 Controller of Stores
- 2 Chief Marketing Manager
- 3 CME/ M (Electrical and Mechanical)
- 4 DCOS (Purchase)/ Kolkata
- 5 DCOS (R&D)/ Sealdah
- 6 Dy. COS (D) and Ledger
- 7 Dy. COS (D)/ Receipts of Loco items only with 7 wards
- 8 Dy. COS (D)/ Receipt Branch for Loco and Non-Loco with 6 wards
- 9 Dy. COS (D)/ Storage ward - I for Loco items with 8 wards
10. Dy. COS (D)/ Storage ward - II for Loco items with 7 wards
- 11 Storage ward for Non-Loco items with 6 wards
- 12 Dy. COS (Despatch) with 5 wards
13. Dy. COS/ D/ Rejection, Warranty and Scrap etc. with 5 wards

C Personnel Branch - Establishment

D Civil Engineering and Electrical

F Misc. Executive Offices

Annexure XXIV
(Reference Para No.7.3.2)
Checks to be carried out by during local inspection

(A) Sr. Audit Officer/Audit Officer.

- (i) Review of the working of the Cash and Pay department.
- (ii) Review of important policy files.
- (iii) Indemnity Bonds
- (iv) Register of cash bags.
- (v) Register of fake and uncurrent coins and Notes.
- (iv) Cases of loss/ manipulation of cash.

(B) Assistant Audit Officer/Section Officer

- (i) Cash Book and Challans maintained by Chief Cashier, DCPM and Pay Clerks.
- (ii) Verification of Cash. The cash in hand with the pay clerks, the unpaid bills outstanding and the amount of unpaid wages should be ascertained to see that no unauthorised use of money has been made.
- (iii) Cash receipts and remittance notes.
- (iv) Review of cases of cheques dishonoured by banks.
- (v) Review of previous inspection reports issued by both Audit and Accounts.
- (vi) Write-off of losses of cash.
- (vii) Cases of fraud and misappropriation of Government money including suspension cases.

(C) Sr. Auditor/Auditor

- (i) Attendance Register and Salary Bills.
- (ii) Passes and PTOs.
- (iii) T. A. Bills.
- (iv) Service Stamps Account.
- (v) Stationery Register and consumable stores account.
- (vi) Tools and Plant Register.
- (vii) Uniforms Register.
- (viii) Sanctioned Strength and actual strength of staff.
- (ix) Leave Accounts and Service Books.
- (x) Casual Leave Register.
- (xi) Service Records.
- (xii) Unpaid amount.
- (xiii) Returns of paid vouchers and clearance certificates obtained from the Account Office.
- (xiv) Review of Rent rolls. etc.
- (xv) System of making payment by Money order.
- (xvi) Cash Imprest.
- (xvii) Log Books and Petrol Account.
- (xviii) Telephone Register.

Annexure XXV
(Reference Para No.8.3)
List of Railway Board Directorates

1. Accounts
2. Civil Engineering
3. Coaching
4. Corporate Co-ordination
5. Computerisation and Information System
6. Economics
7. Efficiency and Research
8. Electrical Engineering
9. Establishment
10. Official Language
11. Pay Commission
12. Planning
13. Projects
14. Public Relation
15. Railway Electrification
16. Safety
17. Secretary Branches
18. Security
19. Signal
20. Finance
21. Finance (Budget)
22. Finance (Expenditure)
23. Health
24. Land Management
25. Legal
26. LRDSS
27. Management Services
28. Mechanical Engineering
29. Mechanical Engineering (PU & W)
30. Statistics and Economics
31. Stores
32. Telecommunication
33. Track
34. Traffic Commercial
35. Traffic Transportation
36. Tourism and Catering
37. Vigilance
38. Works

Annexure XXVI
(Reference Para No.9.3)
Top Sheet for Traffic Audit Inspection Party
Section A
(To be filled in by SO/AAuO)

1 a) Name of Station inspected and name of SM/SS etc _____

b) Category of Station

| | Minor | Major | Big | Very Big |
|-------------------------------|------------|---------------------|---------------------|----------|
| c) Account of Traffic checked | Goods | Coaching | | |
| | 1. Station | 1. Parcel & Luggage | | |
| | 2. Sidings | 2. Passenger | | |
| | 3. Concor | 3. Computerised PRS | | |
| | Depot | | | |
| d) Nature of Main Traffic | Outward | | Inward | |
| (i) dealt with | | Both | | |
| d) Main item | 1. Cement | 2. Oil | 3. Fertilizers etc. | |
| (ii) | | | | |

e) Earning for Three years

1. In Rupees.

2. In Months & Year of last inspection by Audit

3. Composition of Audit Inspection party with Names

4. Dates of present Inspection from _____ to _____

5. _____ Ar. / Sr.Ar. _____ SO/AAuOI _____ SO/AAuOI _____ BO

Contributed by

i) No of rough objection notes issued

ii) Date of discussion of objection notes with GO/ Supervisory staff

iii) Memos settled during discussion

iv) No. of paras issued through Pt.II-I/R

v) No. of paras proposed issued through Pt-I/IR/ Spl. letter

6. Cases of embezzlement, fraud, misappropriation etc if any detected by Audit (whatever applicable be ticked) Yes included in Para _____ of Pt.II/I-IR/Spl. letter No case noticed

7. Certificates (Applicable be ticket)

(i) Realisation, withdrawal, custody, remittance of cash to cash office, Bank & accounting thereof checked Irregularity pointed out in para _____ of Pt. II/I-IR/ Spl. Letter

ii) The prescribed checks as per were exercised properly

8. Station O/s as on _____ (last day of previous month)

a) Freight _____ Rs. _____ (period from _____)

b) Admitted debit _____ Rs. _____ (period from _____)

c) Disputed debit _____ Rs. _____ (period from _____)

d) Demurrage _____ Rs. _____ (period from _____)

e) Wharfage _____ Rs. _____ (period from _____)

9. List of work allocated to Members of Inspection Party is attached

10. a) Date of Submission of IR by Sections to BO

b) Date of submission of IR to GO

Reasons for delay in submission of IR to BO/ GO

11. Suggestion of Inspecting Officer

Certified that I have exercised the audit checks prescribed in the relevant sections and paras of Railway Audit Manual while auditing item of activities entrusted to me and that no item of check prescribed or to be carried out under special orders issued from time to time has been overlooked.

Deputy Director

Sr. Audit Officer/ Audit Officer

Section B

1. Date of receipt of Report in Co-ord (HQ)/ Report Section.
2. Date of submission by the Section to the BO.
3. Date of submission to Director/ Deputy Director.

The draft audit Inspection Report with the half margin inspection memos, replies and connected records are submitted for approval after scrutiny.

Deputy Director/ Director

Sr Audit Officer/ Audit Officer

Section C

(To be filled by Co-ord (HQ) after approval of Inspection Report)

1. Date of approval by Principal Director of Audit.
2. Date of despatch to Auditee unit.
3. Action taken on points/ cases sent by Headquarters for investigation during Inspection.
4. Paras marked as PDP_____

Section D

(To be filled by the Co-ord (HQ) after approval of the report by Principal Director of Audit)

| Sl. No. | Subject | Contributed by (Name & Desig.) | Financial effect |
|---------|---------|-----------------------------------|------------------|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |

Sr Audit Officer/ Audit Officer

Annexure XXVII
(Reference Para No.9.3)
Top Sheet for Local Inspection Party (Open-Line)

Section - A

| | | | | |
|-----|---|----------------|-------------|-------------------|
| 1. | Name of Office | | | |
| 2. | Month and year of last inspection | | | |
| 3. | Composition of Audit Inspection party with names | | | |
| | | | | |
| | | | | |
| 4. | Dates of present inspection | | | |
| 5. | Dates of Branch Officer's supervision | | | |
| 6. | Nos. of Preliminary Objections (Pos) issued | | | |
| 7. | Date of discussion with executives | | | |
| 8. | Nos. of POs settled during discussion | | | |
| 9. | Nos. of paras proposed through; | Ar./ Sr.Ar. | SO/ AAuO | Branch Officer |
| | (a) Special letters | | | |
| | (b) Part I Inspection Reports | | | |
| | (c) Part-II Inspection Reports | | | |
| 10. | Date of submission of draft inspection report to Group Officer | | | |
| 11. | Reasons for delay in submission of draft inspection report to Group Officer | | | |
| 12. | Duty list (attached) indicating allocation of items of work amongst the members of inspection party | | | |

Certified that I have exercised the audit checks prescribed in the relevant sections and paras of Railway Audit Manual while auditing the items of activities entrusted to me and that no item of check prescribed or to be carried out under special orders issued from time to time has been overlooked.

Ar/ Sr.Ar

SO/ AAO

Sr. Audit Officer/Audit Officer

Section 'B'

1. Date of receipt of Report by Director/ Deputy director

2. Date of submission to Principal Director of Audit

The draft Audit Inspection Report with the half margin inspection memos, replies and connected records are submitted for approval after scrutiny.

Principal Director of audit

Deputy Director/ Director

Section 'C'

(To be filled after approval of Inspection Report)

1. Date of approval by Principal director of Audit
 2. Date of receipt by the Branch Officer
 3. Date of despatch to Auditee Unit
 4. Paras marked as PDP _____ Special Letter
-

Section 'D'

(To be filled by Branch Officer after approval of the report by Principal Director of Audit)

Contributions

| Sl. No. | Name and Designation | Part I/ Special Letter | | Part II | |
|---------|----------------------|------------------------|------------------|-----------------|------------------|
| | | Number of Paras | Financial effect | Number of Paras | Financial effect |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |

Annexure XXVIII
(Reference Para No.9.3)
Top Sheet for Construction Audit Inspection Party

Railway Audit Office _____

Name of the Unit/ Organisation inspected _____

Section 'A'

(To be filled by the Local Audit Party)

1. Period of Inspection: From _____ To _____
 - (i) Actual number of party days excluding holidays _____
 - (ii) Last Inspected Spell _____
 - (iii) Period of accounts covered during last inspection _____
 - (iv) Period of accounts covered during the current inspection _____
 - (v) Whether extension was applied for Yes/ No
 - (vi) If yes, the number of party days for which
 - (a) extension sought _____
 - (b) extension granted _____

Name of Party Members

- (i) Name of Inspecting Officer 1.Shri_____, Sr.AO/AO
- (ii) Asstt. Audit Officer/ Section Officer 2.Shri_____, AAO/ SO
3.Shri_____, AAO/ SO
- (iii) Sr. Auditor/ Auditor 1.Shri_____, Sr. Ar/ Ar
2.Shri_____, Sr. Ar/ Ar
2. Whether the Report was discussed with the Head of the auditee unit
 - (i) If yes, the date of discussion Yes/ No
 - (ii) If no, the reasons may be given
3. Audit certificates regarding work done as per duty list by the respective party members are enclosed.
4. Date on which sent for typing.
5. Date of return from typing.
6. Date of submission to Director/Dy. Director

Sr. Audit Officer/Audit Officer

Section 'B'

1. Date of receipt of Report by Director/Dy. Director.
2. Date of submission to Principal Director of Audit.

The draft audit Inspection Report with the half margin inspection memos, replies and connected records are submitted for approval after scrutiny.

Principal Director of Audit

Dy. Director/Director

Section 'C'

(To be filled after approval of Inspection Report)

1. Date of approval by Principal Director of Audit.
2. Date of receipt by the Branch Officer.
3. Date of despatch to Auditee unit
4. Paras marked as PDP _____ Special Letter _____

Section 'D'

(To be filled by Branch Officer after approval of the report by Principal Director of Audit)

Contributions

| Sl. No. | Name and Designation | Part-I/ Special Letter | | Part-II | |
|---------|----------------------|------------------------|------------------|-----------------|------------------|
| | | Number of Paras | Financial effect | Number of Paras | Financial effect |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |

Sr. AO/ AO

Certificate -I
(For Sr. Audit Officer/ Audit Officer)

1. Scrutiny of works contracts costing above Rs.1 crore completed since last Audit (Quantum of check 100%).

- (a) Number of contracts completed since last Audit_____
- (b) Number of contracts checked by Sr. AuO/AuO_____
- (c) Number of contracts completed but not checked _____ with reasons.
- (d) Results included in Inspection Report/Special letters with money value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------|-----------------------|-------------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |

2. Scrutiny of ongoing works contracts costing over Rs. 1 crore.
- (a) Number of contracts in progress at the time of last inspection _____.
- (b) New contracts awarded since the last Inspection _____.
- (c) Total contracts in progress_____.
- (d) Number of contracts scrutinized during inspection _____.
- (e) Number of contracts not examined with reasons.
- (f) Audit result included in the Inspection Report/Special letters with money value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------|-----------------------|-------------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |

3. Scrutiny of final bills in respect of works costing over Rs.one crore (Agreement value) for selected month.
- (a) Total No. of final bills required to be audited for selected month.
- (b) Total No. of final bills checked during inspection_____.
- (c) Total No. of final bills not checked with reasons_____.
- (d) Audit result included in Draft Inspection Report, Special letters with Money Value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------|-----------------------|-------------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |

4. Check of payments made to Revenue authorities of State Governments for acquisition of land or other assets and their accountal (Quantum of check; 100 per cent).
- Total No. of cases and payments released_____.
- Total No. of cases reviewed with monetary value_____.
- Audit results included in Draft Inspection Reports, Special letters with para No. and amount.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|---------------|----------------|------------------------|
|---------------|----------------|------------------------|

| | | |
|----------------------|----------------------|-------------|
| Para No. Money Value | Para No. Money Value | Money Value |
|----------------------|----------------------|-------------|

5. Other important items of work
Brief description of item.

| Para No. of I/R | Money Value | Remarks, if any |
|-----------------|-------------|-----------------|
|-----------------|-------------|-----------------|

Note

- 1 After covering the cases due for current audit, the project review and contract audit can include cases not audited during immediately preceding spell of audit.
- 2 The checks which are not applicable to the unit inspected may be indicated as N.A.

Certified that I have exercised the audit checks prescribed in the relevant sections and paras of Railway Audit Manual while auditing items of activities entrusted to me and that no item of check prescribed or to be carried out under special orders issued from time to time has been overlooked.

Sr. Audit Officer/Audit Officer

Certificate-II

(For Asst. Audit Officer/ Section Officer)

1. Scrutiny of works contracts costing upto Rs.1 crore completed since last Audit (Quantum of check prescribed; As per SMI).
 - (a) Number of contracts completed since last Audit _____
 - (b) Number of contracts checked by Sr. AuO/AuO _____
 - (c) Number of contracts completed but not checked _____ with reasons thereof.
 - (d) Results included in Inspection Report/Special letters with money value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|---------------|----------------|------------------------|
|---------------|----------------|------------------------|

| | | |
|----------------------|----------------------|-------------|
| Para No. Money Value | Para No. Money Value | Money Value |
|----------------------|----------------------|-------------|

2. Scrutiny of ongoing works contracts costing upto Rs. 1 crore.
 - (a) Number of contracts in progress at the time of last inspection _____.
 - (b) New contracts awarded since the last Inspection _____.
 - (c) Total contracts in progress _____.
 - (d) Number of contracts scrutinized during inspection _____.
 - (e) Number of contracts not examined with reasons.
 - (f) Audit result included in the Inspection Report/Special letters with money value.

Inspection Report

Part I

Para No. Money Value

Part II

Para No. Money Value

Special letters

Money Value

3. Scrutiny of final bills in respect of works costing upto Rs. one crore (Agreement value) for selected month.

(a) Total No. of final bills passed during the period covered under inspection _____.

(b) Total No. of final bills checked during inspection_____.

(c) Total No. of final bills not checked with reasons_____.

(d) Audit result included in Draft Inspection Report, Special letters with Money Value.

Inspection Report

Part I

Para No. Money Value

Part II

Para No. Money Value

Special letters

Money Value

4. Review of court cases/Arbitration cases (above Rs. 25, 000/-) decided against Railways : Quantum of Check – 100%.

Total No. of cases :

Total No. of cases reviewed with monetary value_____.

No. of cases not examined with reasons

Audit result included in Draft Inspection Report, Special letters with Money Value.

Inspection Report

Part I

Para No. Money Value

Part II

Para No. Money Value

Special letters

Money Value

5. Other important items of work

Brief description of item.

Para No. of I/R

Money Value

Remarks, if any

Note

1 After covering the cases due for current audit, the project review and contract audit can include cases not audited during immediately preceding spell of audit.

2 The checks which are not applicable to the unit inspected may be indicated as N.A.

Certified that I have exercised the audit checks prescribed in the relevant sections and paras of Railway Audit Manual while auditing items of activities entrusted to me and that no item of check prescribed or to be carried out under special orders issued from time to time has been overlooked.

Asst. Audit Officer/Section Officer

Certificate-III
(For Sr. Auditor/Auditor-I)

1. Scrutiny of work orders for selected month.
 - (a) Total work orders in progress _____.
 - (b) Number of work orders scrutinized during inspection _____.
 - (c) Number of work orders not examined, with reasons.
 - (d) Audit result included in the Inspection Report/ Special letters with money value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------|-----------------------|-------------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |

2. Scrutiny of on account bills. (Quantum of check prescribed; selected month).
 - (a) Total No. of on account bills passed during the selected month _____.
 - (b) Total No. of on account bills checked _____.
 - (c) Total No. of on account bills not checked, with reasons.
 - (d) Audit result included in Draft Inspection Report, Special letters with Money Value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------|-----------------------|-------------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |

3. Check of imprest account (fuel imprest and general imprest) (Quantum of check; 100 per cent for selected month).

Total No. of imprests _____.

Total No. of imprests reviewed with monetary value _____.

Total No. of imprests not reviewed with monetary value, with reasons _____.

Audit results included in Draft Inspection Reports, Special letters with para No. and amount.

| Para No. of I/R | Money Value | Remarks, if any |
|------------------------|--------------------|------------------------|
|------------------------|--------------------|------------------------|

4. Other important items of work

Brief description of item.

Audit results included in Draft Inspection Reports, Special letters with para No. and amount.

| Para No. of I/R | Money Value | Remarks, if any |
|------------------------|--------------------|------------------------|
|------------------------|--------------------|------------------------|

Note

- 1 After covering the cases due for current audit, work orders and bills not audited during previous year may be checked.
- 2 The checks which are not applicable to the unit inspected may be indicated as N.A.

Certified that I have exercised the audit checks prescribed in the relevant sections and paras of Railway Audit Manual while auditing items of activities entrusted to me and that no item of check prescribed or to be carried out under special orders issued from time to time has been overlooked.

Sr. Auditor/Auditor-I

Certificate-IV
(For Sr. Auditor/Auditor-II)

1. Complete check of Service Books and Leave Accounts of all officials retiring before next audit

- | | | |
|-----|---|--------------|
| (a) | <u>Quantum of checks</u> | 100 per cent |
| (b) | <u>Total No. of employees retiring during next year</u> | |
| (c) | <u>Total No. of SB and L/A checked</u> | |
| (d) | <u>Total No. of SB and L/A not checked with reasons.</u> | |
| (e) | <u>Irregularities noticed in SB and L/A (No. of cases)</u> | |

Part I

Part II

Para No. Monetary Value

Para No. Monetary Value

2. Productivity Linked Bonus

- | | | |
|-----|--|----|
| (a) | <u>Quantum of checks</u> | 5% |
| (b) | <u>Total No. of employees</u> | |
| (c) | <u>Total No. of cases checked</u> | |
| (d) | <u>Total No. of cases not checked with reasons.</u> | |
| (e) | <u>Excess payments detected</u> | |

Part I

Part II

Para No. Monetary Value

Para No. Monetary Value

3. Recovery of Rent, Electricity charges etc. from officials having Railway accommodation

- | | | |
|-----|---|----|
| (a) | <u>Quantum of checks</u> | 5% |
| (b) | <u>Total No. of employees having Railway accommodation</u> | |
| (c) | <u>Total No. of cases checked</u> | |
| (d) | <u>Total No. of cases not checked with reasons.</u> | |
| (e) | <u>Excess payments detected</u> | |

Part I

Part II

Para No. Monetary Value

Para No. Monetary Value

4. Other important items of work such as fixation/re-fixation of pay and TA bills etc.

Brief description of item.

Irregularities noticed

Part I

Part II

Para No. Monetary Value

Para No. Monetary Value

Note:

1. After covering the cases due for current audit, other cases not audited during previous year may be checked.
 2. The checks, which are not applicable to the unit inspected, may be indicated as N.A.
- Certified that I have exercised the audit checks prescribed in the relevant sections and paras of Railway Audit Manual while auditing items of activities entrusted to me and that no item of check prescribed or to be carried out under special orders issued from time to time has been overlooked.

Sr. Auditor/Auditor-II

Annexure XXIX
(Reference Para No.9.3)
Top Sheet for Cash office Inspection Party

Railway Audit Office _____

Section 'A'

(To be filled by the Local Audit Party)

1. Period of Inspection: From _____ To _____
- (i) Actual number of party days excluding holidays _____
- (ii) Last Inspected Spell _____
- (iii) Period of accounts covered during last inspection _____
- (iv) Period of accounts covered during the current inspection _____
- (v) Whether extension was applied for Yes/ No
- (vi) If yes, the number of party days for which
 - (a) extension sought _____
 - (b) extension granted _____

Name of Party Members

- (i) Name of Inspecting Officer 1.Shri_____, Sr.AO/AO
- (ii) Asstt. Audit Officer/ Section Officer 1.Shri_____, AAO/ SO
2.Shri_____, AO/ SO
- (iii) Sr. Auditor/ Auditor 1.Shri_____, Sr. Ar/ Ar
2.Shri_____, Sr. Ar/ Ar

2. Whether the Report was discussed with the head of the auditee unit
 - (i) If yes, the date of discussion Yes/ No
 - (ii) If no, the reasons may be given
3. Audit certificates regarding work done as per duty list by the respective party members are enclosed.
4. Date on which sent for typing.
5. Date of return from typing.
6. Date of submission to Director/Dy. Director

Sr. Audit Officer/Audit Officer

Section 'B'

1. Date of receipt of Report by Director/Dy. Director.
 2. Date of submission to Principal Director of Audit.
- The draft audit Inspection Report with the half margin inspection memos, replies and connected records are submitted for approval after scrutiny.

Principal Director of Audit

Dy. Director/Director

Section 'C'

(To be filled after approval of Inspection Report)

1. Date of approval by Principal Director of Audit.
2. Date of receipt by the Branch Officer.
3. Date of despatch to Auditee unit
4. Paras marked as PDP _____ Special Letter _____

Section 'D'

(To be filled by Branch Officer after approval of the report by Principal Director of Audit)

Contributions

| Sl. No. | Name and Designation | Part-I/ special Letter | | Part-II | |
|---------|----------------------|------------------------|------------------|-----------------|------------------|
| | | Number of Paras | Financial effect | Number of Paras | Financial effect |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |

Sr. AO/ AO

Certificate-I

(For Sr. Audit Officer/ Audit Officer)

1. Review of working of cash and pay department.
Results of Audit included in Draft Inspection Report/Special letters with money value.

Inspection Report

Part I

Para No. Money Value

Part II

Para No. Money Value

Special letters

Money Value

2. Audit Scrutiny of records of Indemnity Bonds.
 - (a) Quantum of check: 100 per cent in selected month
 - (b) Number of Indemnity Bonds executed since last audit _____ and during _____ month
 - (c) Indemnity Bonds examined.
 - (d) Indemnity Bonds not examined with reasons.
 - (e) Results of Audit included in Draft Inspection Report/ Special letters with money value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------|-----------------------|-------------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |

3. Scrutiny of cases of loss/manipulation of cash (100 per cent)
 - (a) Total No. of cases of loss/manipulation of cash since last audit.
 - (b) Total No. of cases checked.
 - (c) Total No. of cases not checked with reasons.
 - (d) Results of Audit included in Draft Inspection Report, Special letters with money value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------|-----------------------|-------------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |

4. Other important items.
 - (a) Brief description of item.
 - (b) Results of Audit included in Draft Inspection Report, Special letters with money value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------|-----------------------|-------------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |

Note

- 1 After covering the cases due for current audit, cases not audited during immediately preceding spell of audit, be examined.
- 2 The checks which are not applicable to the unit inspected may be indicated as N.A.

Certified that I have exercised the audit checks prescribed in the relevant sections and paras of Railway Audit Manual while auditing items of activities entrusted to me and that no item of check prescribed or to be carried out under special orders issued from time to time has been overlooked.

Sr. Audit Officer/Audit Officer

Certificate-II

(For Asst. Audit Officer/ Section Officer)

1. Cash book and challans maintained by Chief Cashier, DCPM and Pay Clerks.
 - (a) Quantum of check (100 per cent for _____ month)
 - (b) Number of cash books and challans.
 - (c) Number of cash book and challans checked.
 - (d) Number of cash books and challans not checked with reasons.
 - (e) Results included in the Draft Inspection Report/Special letters with money value.

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|--|----------------------|------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |
| 2. Verification of cash. | | |
| (a) Quantum of check: 100 per cent | | |
| (b) Number of Cashiers/ Pay Clerks. | | |
| (c) Number of Cashiers/ Pay Clerks whose cash was verified. | | |
| (d) Number of Cashiers/ Pay Clerks whose cash was not verified with reasons. | | |
| (e) Audit result included in the Draft Inspection Report/Special letters with money value. | | |

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|---|----------------------|------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |
| 3. Review of cases of cheques dishonoured by banks. | | |
| (a) Quantum of check. | | |
| (b) Total No. of cheques dishonoured since last audit. | | |
| (c) Total No. of cases scrutinised. | | |
| (d) Total No. of cases not scrutinised with reasons. | | |
| (e) Audit result included in Draft Inspection Report, Special letters with Money Value. | | |

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------------------|----------------------|------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |
| 4. Other important items of work | | |
| Brief description of item. | | |
| Irregularities noticed. | | |

Inspection Report

| <u>Part I</u> | <u>Part II</u> | <u>Special letters</u> |
|----------------------|----------------------|------------------------|
| Para No. Money Value | Para No. Money Value | Money Value |

Note

- 1 After covering the cases due for current audit, cases not audited during immediately preceding spell of audit may be scrutinised.
- 2 The checks which are not applicable to the unit inspected may be indicated as N.A.

Certified that I have exercised the audit checks prescribed in the relevant sections and paras of Railway Audit Manual while auditing items of activities entrusted to me and that no item of check prescribed or to be carried out under special orders issued from time to time has been overlooked.

Asst. Audit Officer/Section Officer

Certificate III

(For Sr. Auditor/Auditor)

1. Complete check of Service Books and Leave Accounts of all officials retiring before next audit
 - (a) Quantum of checks 100 per cent
 - (b) Total No. of employees retiring during next year
 - (c) Total No. of SB and L/A checked
 - (d) Total No. of SB and L/A not checked with reasons.
 - (e) Irregularities noticed in SB and L/A (No. of cases)

| Part I | Part II |
|-------------------------|-------------------------|
| Para No. Monetary Value | Para No. Monetary Value |
2. Productivity Linked Bonus
 - (a) Quantum of checks 5%
 - (b) Total No. of employees
 - (c) Total No. of cases checked
 - (d) Total No. of cases not checked with reasons.
 - (e) Excess payments detected

| Part I | Part II |
|-------------------------|-------------------------|
| Para No. Monetary Value | Para No. Monetary Value |
3. Recovery of Rent, Electricity charges etc. from officials having Railway accommodation
 - (a) Quantum of checks 5%
 - (b) Total No. of employees having Railway accommodation
 - (c) Total No. of cases checked
 - (d) Total No. of cases not checked with reasons.
 - (e) Excess payments detected

| Part I | Part II |
|-------------------------|-------------------------|
| Para No. Monetary Value | Para No. Monetary Value |
4. Other important items of work
 - (a) Brief description of item.
 - (b) Irregularities noticed

| Part I | Part II |
|-------------------------|-------------------------|
| Para No. Monetary Value | Para No. Monetary Value |

Note: The checks, which are not applicable to the unit inspected, may be indicated as N.A.

Certified that I have exercised the audit checks prescribed in the relevant sections and paras of Railway Audit Manual while auditing items of activities entrusted to me and that no item of check prescribed or to be carried out under special orders issued from time to time has been overlooked.

Sr. Auditor/Auditor

Annexure XXX
(Reference Para No.10.2)

Suggestive list of items to be checked during inspection of On-Line reservation Site

1. Review of the agreement signed between Railway and IRCTC regarding apportionment of cost incurred at the time of installation and realisation thereof.
2. Results of checking of software developed by CRIS for the system by PRS authority and Dy. CAO/TA before commissioning of the same.
3. Supply of ticket rolls to IRCTC: to see
 - (a) Whether separate serial numbers are allotted
 - (b) Whether different colour is used to distinguish them from normal CPT.
 - (c) Whether Ticket of "U" Type has been used
 - (d) Whether printing like "E- ticket" "No Cash Refund" etc. has been printed on the ticket.
 - (e) Stock of rolls.
4. Continuity of Ticket Rolls.
5. Lump-sum deposit and progressive reduced balance
6. Limitation of Booking of tickets through Credit Cards.(max. four transactions against one Credit Card in a month).
7. Accountal of Cheques received from IRCTC.
8. Check of daily statement of transaction for total booking, total fare and commission levied by IRCTC.
9. Check of Non-Issue tickets (on the basis of NI Statement).
10. Check of issue of duplicate ticket (Duplicate tickets only to be issued from PRS).
11. Check of monthly return of number of passengers, earnings complaints and appreciation.
12. Check of refund statement
13. Check of concession tickets (other than Sr. Citizen are not allowed).

14. Verification of Booking Procedure (It should be same as PRS).

Suggestive audit checks that can be looked into during the course of inspection of FOIS

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| | |
|---|--|
| | under-release. |
| 5. Forecast vis-à-vis actual performance: | 'Today's forecast' statement and 'Train-wise interchange as on date and time' may be reviewed to see that the Rakes actually interchanged at any point of interchange tally with the forecast and the forecast is correct. |

| | |
|--|--|
| 6. Review of Stock Position: | 'Stock holding (Type-wise – 4 Wheeler)' may be reviewed to assess whether the ineffective stock is beyond the permissible limit [to be obtained from Mechanical wing] for consecutive days. Whether Closing Balance tally with the Opening Balance of the next day and any difference in receipt and despatch may also be commented upon. |
| 7. Diversion of traffic: | Statements ' Y-day loading (4-wheeler)' and 'Loading Supply (4-wheeler)' may be reviewed to assess the trend of traffic (commodity-wise) of a particular Division and to assess the possibility of diversion to Road-ways |
| 8. Arrival & Departure of Load: | Expected date and time of Arrival of the Load insight as shown in ' Type-wise terminating loads insight as on date and time ' may be reconciled with the actual arrival as shown in the ' Running interchange as on date and time ' to assess the actual performance. Reasons for any deviation may be suitably commented upon. |
| 9. Wagon Balance/Turn round: | Whether actual wagon turn round has reached the targeted figure and reasons for any deviation may also be reviewed from the Statement ' Wagon Balance/Turn Round ' generated out of Web reports. |
| 10. Failure Report of the System, if any, may be checked | |
| 11. Annual Maintenance Contract | |

Annexure XXXII
(Reference Para No.11.1.1)

Course modules to be covered in first level training (18 Working days)

| Name of the course | Particulars | <u>No. of days</u> |
|---------------------------|--|---------------------------|
| Introduction to computers | <p><u>Introduction</u></p> <ul style="list-style-type: none"> • Information concepts and processing – evolution of information Processing – data, information, language and communication processing – manual, mechanical, electronic. • Variety of hardware systems- spectrum of computer systems in India. • Elements of a computer processing system – Hardware – software – computer capabilities and limitations • Hardware <ul style="list-style-type: none"> • CPU (ALU, RAM/ROM, Cache, HDD, FDD) • Storage devices • Input/output devices (Keyboard, mouse, scanner, printer, monitor) • Types of printers • Various connections with CPU/printers • Software <ul style="list-style-type: none"> • System Software • Application software • Computer arithmetic and number system • Introduction to key board • Information Technology (IT) concepts | ½ day |
| DOS/Windows 95/98 | <p><u>Bootling system (hot/cold) Autoexec.bat/Config.sys</u></p> <ul style="list-style-type: none"> • Types of files • Copy/move/Rename/Delete • Disk copy • Format • Scandisk/Check disk • Type of viruses and their removal • Commands (Dire/date/time/CD/MD/RD) • Zip/unzip • Install/uninstall software's under DOS <p style="text-align: center;"><u>Windows 95/98 – An overview</u></p> <ul style="list-style-type: none"> • Windows Environment • Application window, title bar, menu bar, scroll bar, menu and dialog boxes, tool bars Icons • Helps in windows • Windows Explorer – folders/directories, copy/rename/delete files/folders, drives, • Format floppy drives • Drag and drop features, • Find files • Recycle bin • WinZip/Win unzip • Install/uninstall software's under Windows • Dos mode commands in windows | 1 ½ day |

| | | |
|---|--|--------|
| Word 2000 | <ul style="list-style-type: none"> • <u>Opening program</u> • Creating a new file • Moving in word document • Saving file • Opening file • Printing file • Spell check and Thesaurus • Formatting text and paragraphs | 2 days |
| Word 2000 | <ul style="list-style-type: none"> • <u>Page setup</u> • Cut, copy, move, paste, find and replace • Customization of word/desktop • Formatting bullets, numbering, border, page numbering • Footnotes, header and footer | ½ day |
| Word 2000(contd.) | <ul style="list-style-type: none"> • <u>Table (insert table, insert/delete columns, insert/delete rows, table cell height and width, changing width of columns)</u> | ½ day |
| MS Excel | <ul style="list-style-type: none"> • <u>Opening program</u> • Crating/saving/opening a book • Cell (reference/formatting) • Entering of data in cell • Inserting/deleting cells/rows/columns/worksheets • Formulas for calculations | 1 day |
| MS Excel (contd.) | <ul style="list-style-type: none"> • <u>Data sorting/filtration</u> • Creating of charts • Inserting charts and graphs in word • Moving in excel workbook | 1 day |
| Evaluation –I | | |
| Computers and commu- nications | <ul style="list-style-type: none"> • <u>Computer communications – need for data transmission over distances</u> • Networking of computers –LAN-WAN need and advantages of networking – share computer files, equipments, facilitate inter-use communication – consideration are costs, upkeep and security | ½ day |
| Internet | <ul style="list-style-type: none"> • <u>Concept of Internet</u> • How internet works? • How to make new connection? • Connecting to the internet service provider • Browsing different web sites • Search engines – searching options and accessing them • Virus protection • Sending/receiving an email • Attaching files to your email • Hyper linking • Downloading files <ul style="list-style-type: none"> (a) Program files and updating them (b) Updating virus protection software • Working in offline and online software • Saving of internet files • Printing of internet web files | ½ day |
| DBASE | <ul style="list-style-type: none"> • <u>Understanding database files, records, fields, Information/data</u> • Opening and closing of Dbase • Creating a database structure including index • Adding records to a database • Changing contents of database | 4 days |

| | | |
|------------------|---|--------|
| | <ul style="list-style-type: none"> • Viewing the data • Deleting records from a file • Building a form • Creating a query – single and multiple files including calculated fields and using various database functions • Introduction to dot prompt • Creating reports (print) | |
| IT Audit | <u>Introduction to IT Audit</u> <ul style="list-style-type: none"> • Need for IT Audit • Types of controls <ul style="list-style-type: none"> • Overview of general controls • Overview of application controls • SDLC • Introduction to Computer Aided Audit Technique (CAATs) | 2 days |
| MS Access | <u>Relational database fundamentals</u> Introduction to Access Database Working with tables Querying data Creating and using simple forms Designing and customizing reports Working with multiple tables Creating Access Macros | 4 days |

Annexure XXXIII
(Reference Para No.11.1.1)

Course modules to be covered in second level training (18 Working days)

| <u>Name of the Course</u> | No. of days |
|---|--------------------|
| <u>ORACLE</u> Introduction to RDBMS Database models Introduction to SQL Oracle datatypes Querying Database Tables Querying Multiple Tables Set Operators, Nested queries Data Manipulation and Control Introduction to views Elementary Idea on PL/SQL Cursors, Procedures and Functions | 3 |
| <u>ORACLE DATABASE ADMINISTRATION</u> Role and tasks of DBA The Oracle Architecture Creating Database Using different views Creating user, assigning privileges Creating roles, revoking privileges Deleting users Working with tablespace Working with redo log files, control files Troubleshooting | 3 |
| <u>UNIX WITH NETWORKING</u> Introduction to Unix operating systems Unix Files systems Basic and advance commands Use of pipes and filters, I/O redirections Networking features and communication among terminals TCP/IP, FTP, IP address Shell programming, Control flows Unix System Administration, Back up | 4 |
| <u>VISUAL BASIC WITH PROGRAMMING</u> Introduction to Visual Basic, creating initial program Variables, Events and Properties Default controls Menu using Input boxes, creating input boxes Programming Fundamentals Controlling of flow of program code Managing projects, Functions, Multiple forms, debugging Interface applications, interface design Working with Random access files Microsoft common controls, working with arrays Creating ActiveX controls, Reusable components OLE controls to other application Database Basics, Data control and data bound controls Creating Reports and Packaging | 4 |

| | |
|--|---|
| <u>WINDOWS WITH NETWORKING</u> Inherent features of all windows systems Files/directories/Cut/Copy/Paste features Working with window explorer Basics of network Hardware involved in networking Trouble shooting of Common Network problems | 2 |
| <u>IDEA</u> Introduction to IDEA File interrogation concepts Downloading of data Importing and linking of data into IDEA Analysis, Indexing, Field stratification, field summarization, Aging Virtual field, comparing two files, duplicate key detection, gap detection Extraction, statistical sampling using IDEA, Performing evaluation of error files IDEA utilities | 2 |

Annexure XXXIV
(Reference Para No.11.1.1)
Third level training (Application Specific Training)

| Particulars | No. of days | Organised by |
|-----------------------------------|-------------|---|
| Passenger Reservation System | 5 | CRIS |
| <u>UTS</u> | 5 | |
| Rake Management System (FOIS) | 5 | |
| Terminal Management System (FOIS) | 5 | |
| AFRES | 5 | FA&CAO, Southern Railway |
| PRIME | 5 | |
| Passenger Accounting System | 5 | EDP Centre under Dy. COS, South Eastern Railway |
| Freight Accounting System | 5 | |
| MMIS | 5 | EDP Centre under Dy. COS, Central Railway |

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Appendix
Chapter – 2
Audit of Earnings (Traffic)

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--|---------|--|-----------------|--|------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Local Traffic Audit Coaching/ Goods | | | | | | |
| I | I | Station and outagency Accounts including abstract summaries & balance sheets (165) | | | | |
| | | (a) Passenger classification (Govt. Railways) (169) | Monthly | Very Big and Big Stations : 1 percent Major and Minor : 1/2 percent (i) In addition to the stations or group of stations selected for monthly audit, one or two stations may be selected for check to serve as an element of surprise, both in respect of local and through traffic. (ii) In case of passenger classifications (both local and through) and other returns 10 percent of the entries need only be checked. The correctness of the fare collected should be verified with reference to the Privilege Ticket Orders and Concession Orders though the collected Privilege Ticket Orders and Concession Orders need not be checked. (iii) In respect of stations selected for monthly audit, the passenger classification relating to Government warrants should be checked both for local and through traffic, though the warrants themselves need not be checked. (iv) The excess fare tickets and other returns from the Traveling Tickets Examiners should be checked to the extent of 1 percent monthly both in respect of local and through traffic relating to the stations selected for monthly audit. Excess fare tickets of amounts below Rs. 50 need not be checked. | Sr.Ar/Ar. | (i) Very Big stations (Annual Earnings Rs.5 crore and above (ii) Big stations (Annual Earnings Rs.2 crore and above but less than Rs.5 crore. (iii) Major stations (Annual Earnings Rs.50 lakhs and above but less than Rs. 2 crore. (iv) Minor stations (Annual Earning below Rs. 50 lakhs). |
| | | (b) Passenger classification (non-Govt. Railways). | Monthly | | Sr.Ar/Ar. | |
| | | (c) Returns of luggage etc. (Govt. Railways). | Monthly | | Sr.Ar/Ar. | |
| | | (d) Returns of luggage etc. (non-govt. Railways.) | Monthly | | Sr.Ar/Ar. | |
| | | (e) Other returns regarding coaching traffic. | Monthly | | Sr.Ar/Ar. | |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---|---------|--|-----------------|--|-------------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Check of Invoices and Parcel way bills | | | | | | |
| IA | II | (i) Invoices (173) | Monthly | (i) Upto Rs. 1 lakh: 10% (ii) Rs. 1 lakh and above:20% | Sr. Ar./ Ar. AAuO/SO | Presently 100% invoices are checked by Computer hence, the percentage has been prescribed after taking into account this aspect . As such no separate reduced percentage has been prescribed for invoices computed on Computers. |
| | | (ii) Parcel way bills (172) | Monthly | All Parcel Way Bills issued during the period of any 7 dates of a month. (i) Upto Rs. 1000 (ii) Rs. 1000 and above | Sr. Ar./ Ar. AAuO/SO | All Parcel Way Bills issued during the period of any 7 dates of a month is the extent of check. However, these selected bills need to be segregated into 2 categories namely upto Rs.1000/- and Rs.1000/- and above to facilitate check by Sr. Ar/Ar and AAuO/SO respectively. |
| II | III | Apportionment of Earnings between the main outagencies and branch lines.(174) | Monthly | 8 ¹ /3% | Sr. Ar./ Ar. | |
| IIA | IV | Statement of interchanged traffic on which the figures given in the Rebate statements and statements of surplus profits of worked lines are based. | Monthly | 8 ¹ /3% | Sr. Ar./ Ar. | |
| III | V | List of unaccounted for invoices and way bills (165) | Yearly | One month in a year | Sr. Ar./ Ar. | |
| IV | VI | Remission & Refunds of wharfage & demurrage charges (176) | Monthly | Review | Sr. Ar./ Ar. | Review of the important cases selected by the Principal Director of Audit at his discretion and special investigation based on an overall review of the list of remissions. |
| V | VII | Handling bills | Monthly | Same staions as in I | Sr. Ar./ Ar. | Note: Handling bills relating to transhipment point may be reviewed by sending a local audit party at such points besides the check exercised in Central audit. Such audit parties need not always be supervised by G.O. |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|---|-----------------|--|-----------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VI | VIII | Compensation for Goods lost etc. (177) | Monthly | Review | Sr. Ar./ Ar. | Review of the important cases selected by the Principal Director of Audit at his/her discretion and special investigation based on an overall review of the list of admitted claims. In addition the claims originating at the station locally inspected should be scrutinized with reference to the local information furnished by traffic inspection parties vide para 66 of Secret memorandum. |
| VII | IX | Traffic Books & Accounts Office Balance Sheets (178) | Yearly | One month in a year | Sr. Ar./ Ar. | |
| VIII | X | Rebate of freight | Yearly | One month in a year | Sr. Ar./ Ar. | |
| IX | XI | Tolls and terminal charges (181) | Yearly | One month in a year | Sr. Ar./ Ar. | |
| X | XII | Reports of Inspection by T.I.A's | Monthly | 100% (i) Very Big & Big (ii) Others | Sr.AuO/AuO AAuO/SO | All these reports should be reviewed at the Headquarters Traffic Audit section to examine whether there is an important lacuna in the system and if the system is working with reasonable efficiency. (Station having large No. of irregularities should be preferred for local inspection and if considered necessary should be taken up for local audit in addition to the quantum prescribed). |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|---|-------------------|--|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| XI | XIII | Inspection of stations (449) | Once in two years | (i) Very Big (Annual Earnings Rs. 5 crores and above)-Once in 2 years. | 1 Sr. Ar./ Ar. 2 AAuO/SO 100% Supervision by B.O. | The categorization of Stations as Very Big, Big, Major and Minor should be on the basis of Balance Sheet of the respective stations i.e. if the Balance Sheet of the Station is prepared separately for Goods, Coaching, Parcel, CPRS etc. then those units of the Station should be considered as a separate unit for inspection. <u>However, PDAs of Zonal Railways may use their discretion in treating stations as single unit for the purpose of inspection in spite of preparation of separate Balance Sheet on account of classification etc. wherever they feel necessary.</u> Further, if any siding has a large number of Paid Inward Traffic e.g. Thermal Power Stations but according to the Earning of the stations it is not falling under the category of Big Station then such a siding should be treated as Big for Inspection, if the siding deals with minimum 5 rakes per month. The points to be looked into during inspection of stations Accounts, Marshalling yard, Transhipment shed, Office of loco foremen and TXR etc. should be checked as indicated vide para 449 and 450 of RAM. No. of Inspection days = 8 |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|---|-------------------|--|--|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| XI | XIII | Inspection of stations (449) | Once in two years | <p>(ii) Big (Annual earnings Rs. 2 crore and above but less than Rs.5 crores) –Once in 3 years.</p> <p>(iii) Major (Annual earnings Rs. 50 lakhs and above but less than Rs. 2 crore) -Once in 4 years.</p> <p>(iv) Minor (Annual Earnings below Rs. 50 lakhs) -at random i.e 15 to 20 stations in a year.</p> | <p>1 Sr. Ar./ Ar. 2 SO/AAuO 100% supervision by B.O.</p> <p>1 Sr. Ar./ Ar. 1 AAuO/SO 50% supervision by B.O.</p> <p>1 Sr. Ar./ Ar. 1 AAuO/SO No supervision by B.O</p> | <p>The points to be looked into during inspection of stations Accounts, Marshalling yard, Transhipment shed, Office of loco -foremen and TXR etc., should be checked as indicated vide para 449 and 450 of RAM No. of inspection days = 6</p> <p>The points to be looked into during inspection of stations Accounts, Marshalling yard, Transhipment shed, Office of loco -foremen and TXR etc., should be checked as indicated vide para 449 and 450 of RAM No. of inspection days = 4</p> <p>The inspection of Minor Station would be a random check i.e inspection of 15 to 20 stations would be carried out in a year, the selection of which should be such that both remunerative and unremunerative stations are evenly covered in local audit. 4 to 5 stations should be inspected in continuity and a quarterly report should be issued. The random selection is to be done also taking into account the TIA reports and keeping an element of surprise. The points to be looked into during inspection of stations Accounts, Marshalling yard, Transhipment shed, Office of loco -foremen and TXR etc., should be checked as indicated vide para 449 and 450 of RAM No. of inspection days = 2</p> |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|--|-----------------|---|------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| XII | XIV | Refund lists and Over charges Sheets (179) | | Incidental to I. If possible, otherwise two stations. | Sr. Ar./ Ar. | While auditing the refund list and over charge sheets special attention should be paid to the refunds made in respect of traffic originating from out agencies. It should be seen that whenever a refund is allowed, reduction is also made in the commission etc. paid to the out agency. Besides it should be seen that a large numbers of over charges or under charges have not resulted in respect of traffic originating from a particular out agency. |
| XIII | XV | Register of miscellaneous receipts | Yearly | General Review | Sr. Ar./ Ar. | |
| XIV | XVI | Cashier's station cash book | Quarterly | Surprise check one day in each quarter. | Sr. Ar./ Ar. | |
| XV | XVII | Traffic suspense accounts | Monthly | Review | AAuO/SO | |
| XVI | XVIII | Rate circular & Tariff changes (180) | Monthly | Review | AAuO/SO | |
| XVII | XIX | Terminal tax and other charges collected on behalf of local bodies(181) | Yearly | As in para 181 of RAM (one month detailed check) | Sr. Ar./ Ar. | |
| XVIII | XX | Statement of apportionment of earnings from interchanged telegrams booked in Railway telegraph offices (174) | Monthly | As for supplementary vouchers accompanying journal Vouchers | Sr. Ar./ Ar. | See note to para 174,(RAM) the check of telegraph returns from stations is incidental to Item I. |
| XIX | XXI | Returns of tourist agents | Monthly | 5% | Sr. Ar./ Ar. | — |
| XX | XXII | Statements of siding charges | Monthly | 2% | Sr. Ar./ Ar. | When siding charges are included in invoices no separate check is necessary. |
| XXI | XXIII | Pooling Traffic arrangements | Yearly | General Review | Sr. Ar./ Ar. | |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---|---------|---|-----------------|------------------------------------|------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Through Traffic Audit Coaching/Goods | | | | | | |
| - | XXIV | (a) Passengers Classification (Govt. Railways) | | Same as proposed for local traffic | | The checks, as far as possible may be confined to the same period and stations as selected for local traffic audit. |
| | | (b) Passengers Classification (Non-Govt. Railways) (A) & (B) | | DO | | DO |
| | | (c) Returns of luggage etc. (Govt. Railways) | | DO | | DO |
| | | (d) Returns of luggage etc. (Non-Government Railway (A) & (B) | | DO | | DO |
| | | (e) Other Returns regarding coaching traffic | | DO | | DO |
| | | (f) Parcel way Bills (Govt. Railways) | | DO | | DO |
| | | (g) Parcel way Bills [Non-Govt. Railways (B)] | | DO | | DO |
| | | (h) Invoices (Govt. Railways) | | DO | | DO |
| | | (i) Invoices (Non-Govt. Railways) | | DO | | DO |
| | | (j) (i) Comparison of Outward and Inward Traffic Returns and Review of the lists of unaccounted for items (Govt. Railways) | Monthly | 5 % | Sr. Ar./ Ar. | |
| | | (ii) Comparison of Outward and Inward traffic returns and review of the lists of unaccounted for items (Non-Govt. Railways) | Monthly | 2 % | Sr. Ar./ Ar. | |
| | | (k) List of unaccounted for invoices received from Foreign Railway. | Monthly | 8 ¹ /3% | Sr. Ar./ Ar. | |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|--|---|--|--|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| - | XXIV | (l) Credit Notes & Register | Monthly | 2 ^{1/2} % plus ½% for surprise check in all 3% to be audited concurrently before the credit notes are sent alongwith the bills by the Accounts Office. (a) In case of Division Sheets rendered by Non-Govt. Railway test audit is confined to the extent of 7 ½ % of the entries as have been checked by the Accounts Office. See also para 187. (b) In case of Division sheets rendered by Non-Govt. Railways comparison of entries in the Division sheets as laid down in para 187 should be made to the extent of 25 % only. | Sr. Ar./Ar. Sr. Ar./ Ar. Sr. Ar./ Ar. | |
| - | XXV | (a) Rules and modifications of rules, issued by the Indian Railway Conference Association and the Railway Board in connection with interchange traffic. (b) (i) Refund Lists (ii) Over charge sheets (c) (i) Worked Line division sheets (ii) Statement of interchanged traffic on which the figures given in the Rebate Statement and Statements of surplus profit of worked lines are based. (d) Terminal Tax | Monthly Monthly Monthly Monthly Monthly | Cent per cent 2 ½% 10 % 2 ½% 2 ½% 5 % | AAuO/ SO Sr. Ar./ Ar. AAuO/ SO Sr. Ar./ Ar. Sr. Ar./ Ar. Sr. Ar./ Ar. | The selection of this item should be based on the total over charge sheets settled during the month of selection. |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|--|-----------------|--|------------------|---------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| General | | | | | | |
| - | XXV | (e) Handling Bills. | Monthly | Verification of weight claimed in the bills may be confined to the stations coming under monthly check. Note: - Handling bills relating transshipment point may be reviewed by sending a local audit party as such points besides the check exercised in Central audit. Such audit parties need not always be supervised by G.O. | Sr.Ar/Ar | |
| | | (f) Misc. Statements. | Monthly | 2 1/2% | Sr.Ar/Ar | |
| | | (g) Wagon Pool Accounts | | | | |
| | | (i) Pakistan Railways | Monthly | 8 1/3% | Sr.Ar/Ar | |
| | | (ii) Indian Railway | Monthly | 33 1/3% of the work done in Accounts Office. | Sr.Ar/Ar | |
| | | (h) Check of maxima and minima rates and fares over the Railway concerned. | Monthly | 3 % Principal Director of Audit will do this review at more frequent intervals if necessary see Para 180. | Sr. Ar./ Ar. | |
| | | (i) Sanctions of Government of India relating to Through Traffic | Monthly | Cent per cent | AAuO/ SO | |
| | | (ii) Sanctions of Railway Administrations relating to interchanged traffic | Monthly | Cent per cent | AAuO/ SO | |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Other Items | | | | | | |
| - | XXVI | <p>(i) Inland way bill issued by Concor</p> <p>(ii) List of unaccounted for inland way bills issued by Concor</p> <p>(iii) Realisation of Railway share of freight to be paid by Concor</p> <p>(iv) Inspection of Concor Depots</p> <p>(v) Station to station rates</p> | <p>Monthly</p> <p>As proposed against item No.III under Local Traffic Audit Coaching/ Goods.</p> <p>Monthly</p> <p>once in two years</p> <p>Half yearly</p> | <p>As proposed for invoices vide item I-A(i) under Local Traffic Audit Coaching/Goods</p> <p>As proposed against item no.III under Local Traffic Audit Coaching/Goods.</p> <p>1 Depot</p> <p>As proposed for inspection of very big station</p> <p>General review</p> | <p>As proposed for invoices</p> <p>As proposed against item No.III under Local Traffic Audit Coaching/ Goods.</p> <p>Sr.Ar/Ar.</p> <p>2AAuO/SO 1Sr.Ar/Ar.</p> <p>Sr. AuO/ AuO & AAuO/SO</p> | <p>This check should be done in a manner that all the depots are covered in a cycle of two years.</p> <p>The general review should include audit of the agreement and contracts relating to the scheme. This item should be seen in detail during station inspection.</p> |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|---|-----------------|---------------------------|-------------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| - | XXVI | (vi) (a) Own Your Wagon Scheme (OYWS) | Annually | General review | Sr. AuO/ AuO & AAuO/ SO | The general review should include audit of the agreement and contracts relating to the scheme. This item should be seen in detail during station inspection. |
| | | (b) Lease charges paid under Own Your Wagon Scheme (OYWS) | Monthly | 100 % | AAuO/ SO | Bills of lease charges submitted by the parties and passed by Accounts Office should be checked in Central Audit. |
| | | (vii) Volume Discount Scheme (VDS) | Annually | General review | AAuO/ SO | The general review should include audit of the agreement and contracts relating to the scheme. This item should be seen in detail during station inspection. |
| | | (viii) Lumpsum Rates | Annually | General review | Sr. AuO/ AuO & AAuO/ SO | The general review should include audit of the agreement and contracts relating to the scheme. This item should be seen in detail during station inspection. |
| | | (ix) Merry-Go Round Scheme | Annually | General review | Sr. AuO/ AuO & AAuO/ SO | The general review should include audit of the agreement and contracts relating to the scheme. This item should be seen in detail during station inspection. |
| | | (x) Mini Rake Concept | Annually | General review | Sr. AuO/ AuO & AAuO/ SO | The general review should include audit of the agreement and contracts relating to the scheme. This item should be seen in detail during station inspection. |
| | | (xi) Leasing of Brake Van (Regular Train) | Annually | General review | Sr. AuO/ AuO & AAuO/ SO | The general review should include audit of the agreement and contracts relating to the scheme. This item should be seen in detail during station inspection. |
| | | (xii) Leasing of Brake Van/ Parcel Van (Special Train) | Annually | General review | Sr. AuO/ AuO & AAuO/ SO | The general review should include audit of the agreement and contracts relating to the scheme. This item should be seen in detail during station inspection. |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|--|--|--|---|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Other Items | | | | | | |
| - | XXVI | (xiii) Introduction of Millennium parcel express on fixed path to provide time table services 1. Computerised Passenger Reservation System (CPRS) (i) Monthly summary of transactions (Ticket information M5) (ii) Monthly Summary of transactions (Cash information M6) (iii) Monthly Summary of Non issued tickets (M7) (iv) Monthly Summary of Cancelled tickets (including Special Cancelled Tickets M 14) (v) Statement of continuity | Annually Monthly Monthly Monthly Monthly | General review Any two dates. (Preferably one date from each fortnight) Any two dates. (Preferably one date from each fortnight) Any two dates. (Preferably one date from each fortnight) Any two dates. (Preferably one date from each fortnight) Any two dates. (Preferably one date from each fortnight) | Sr. AuO/ AuO & AAuO/SO Sr.Ar/Ar. Sr.Ar/Ar. Sr.Ar/Ar. AAuO/SO Sr.Ar/Ar. | The general review should include audit of the agreement and contracts relating to the scheme. This item should be seen in detail during station inspection The CPRS should be checked for the stations selected for audit during the month vide item I under Local Traffic Audit Coaching/Goods. -- DO -- -DO -- -DO- -- DO -- |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|--|-----------------|--|------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Other Items | | | | | | |
| - | XXVI | (vi) Statement of Bank Card Tickets | Monthly | Any two dates. (Preferably one date from each fortnight) | Sr. AuO/ AuO | -DO- |
| | | (vii) Monthly Statement of Concession Tickets | Monthly | Any two dates. (Preferably one date from each fortnight) | Sr.Ar/Ar. | -DO- |
| | | (viii) Monthly Statement of Rail Travel Concession (RTC M 16) | Monthly | Any two dates. (Preferably one date from each fortnight) | Sr.Ar/Ar. | -DO-- |
| | | 2. Self Printing Ticket Machine (SPTM)/ Unreserved Ticket System (UTS) | Monthly | | | The SPTM should be checked for the stations selected for audit during the month vide item I under Local Traffic Audit Coaching/ Goods. |
| | | (i) Monthly Statement of Passenger Classification (M10) | Monthly | Any two dates. (Preferably one date from each fortnight) | Sr.Ar/Ar. | |
| | | (ii) Monthly Summary Transactions (Cash Information) | Monthly | Any two dates. (Preferably one date from each fortnight) | Sr.Ar/Ar. | |
| | | (iii) Monthly Summary of Transactions (Ticket Information) | Monthly | Any two dates. (Preferably one date from each fortnight) | Sr. Ar./ Ar. | |
| | | (iv) Monthly Continuity Statement | Monthly | Any two dates. (Preferably one date from each fortnight) | Sr. Ar./ Ar. | |
| | | (v) Summary of returns (cancelled tickets including special cancelled tickets) | Monthly | Any two dates. (Preferably one date from each fortnight) | AAuO/ SO | |

| Item No. of existing SMI | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|--------------------------|---------|--|-----------------|--|------------------|---------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Other Items | | | | | | |
| - | XXVI | (vi) Monthly Return on Non-issued tickets | Monthly | Any two dates. (Preferably one date from each fortnight) | Sr. AuO/ AuO | |
| | | (vii) Monthly Summary of Concession (including Military warrant and Police vouchers) | Monthly | Any two dates. (Preferably one date from each fortnight) | Sr.Ar/Ar. | |

Appendix
Chapter - 3 & 4
Audit of expenditure and receipts on Zonal Railway
Headquarters, Divisions (Open Line) and Construction Works Audit

| Item No. of exist-ing SML. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|----------------------------|---------|--|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| I | I | Sanctions (7, 132, 133 & 250). (a) By the President. (b) By Railway Board. (c) By General Manager/Additional G.M. (d) By authorities subordinate to GM. (e) General Review of the system. | Monthly Monthly Monthly Annual. | A. Establishment matters: -- 25 % B. Other than Establishment matters:-- 100 % (i) Up to Rs. 0.50 lakh. (ii) Above Rs. 0.50 lakh and up to Rs. 1 crore. (iii) Above Rs. 1 crore. C. General review. | Ar./Sr.Ar. (i) Ar./Sr.Ar. (ii) SO/AAO. (iii) BO. AAuO | (a) Sanctions relating to creation and extension of currency of posts should be checked to the extent possible (b) Audit observations on post facto sanctions shall be reported to Railway Administration through special reference at Group Officers level. (c) General review to ensure that all sanctions are received in Audit Office (250) |
| II | II (1) | Estimates (251 to 258). (a) Chargeable partly or wholly to Capital. (b) Chargeable partly or wholly to other Government Departments, Public bodies, worked lines or outsiders. (c) Chargeable partly or wholly to the Depreciation Reserve Fund, Develop-ment Fund, Open Line works, Revenue. (d) Chargeable wholly to Revenue. | Monthly. Monthly Monthly Monthly | Estimates costing: (i) Up to Rs.50 lakhs - Random selection of 2 – 5 works. (ii) Above Rs.50 lakhs and up to Rs.1 crore - 50 %. (iii) Above Rs. 1 crore and up to Rs. 5 crore - 50%. (iv) Above Rs.5 crore - 100%. | (i) SO/AAO. (ii) SO/AAO. (iii) BO (iv) GO. | No separate check of estimate is necessary. While auditing the contracts, estimates should be reviewed as per paras 251 to 258 of RAM |

| Item No. of exist- ing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|-----------------------------|---------|---|-------------|--|---|------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| XV (a) | (2) | Tenders and Contracts. | Quarterly. | Tenders and Contracts costing: (i) Up to Rs.25 lakhs – 10 %. (ii) Above Rs.25 lakhs and up to Rs.50 lakhs - 50 %. (iii) Above Rs.50 lakhs and up to Rs.1 crore – 50 %. (iv) Above Rs.1 crore and up to Rs.5 crore - 100 %. (v) Above Rs.5 crore - 100 %. | | |
| | | | | (i) SO/AAO (ii) SO/AAO. (iii)BO. (iv) BO. (v) GO. | (i) No CR by BO. (ii) 20 % CR by BO. (iii) 20 % CR by GO. (iv) 20 % CR by GO. (v) Cases of above Rs.10 crore are to be submitted to PDA. | |
| IV (15) (a) | (3) | Contractors’ On Account bills (270). | Monthly. | Bills for value : (i) Up to Rs.10 lakhs - 25 %. (ii) Above Rs.10 lakhs - 25 %. | | |
| | | | | (i) Ar./Sr.Ar. (ii) SO/AAO. | (i) No CR by SO/AAO. (ii) No CR by BO. | |
| IV (15) | (4) | Contractors’ final bills (270). | Monthly. | (i) Upto Rs. 1 lakh each 25% (ii) Above Rs. 1 lakh each 25% | (i) SO/AAO. (ii) SO/AAO | (i) No CR by BO. |
| XV (b) | (5) | Completed contracts | Quarterly. | Completed contracts costing: (i) Up to Rs.25 lakhs - 10 % (ii) Above Rs.25 lakhs and up to Rs.50 lakhs – 50 % (iii) Above Rs.50 lakhs and up to Rs.1 crore - 50 %. (iv) Above Rs.1 crore and up to Rs.5 crore - 100 %. (v) Above Rs.5 crore 100 %. | | |
| | | | | (i) SO/AAO. (ii) SO/AAO. (iii) BO. (iv) BO. (v) GO. | (i) No CR by BO. (ii) 20 % CR by BO. (iii) 20 % CR by GO. (iv) 20 % CR by GO. (v) Cases of above Rs. 10 crore are to be submitted to PDA. | |
| III | (6). | Completion Reports (284). | Monthly. | Completion Reports costing: (i) Up to Rs.50 lakhs - Random selection of 2 to 5 works. (ii) Above Rs.50 lakhs and up to Rs.1 crore - 50 %. (iii) Above Rs.1 crore and up to Rs.5 crore - 50 %. (iv) Above Rs.5 crore - 100 %. | | |
| | | | | (i) SO/AAO. (ii) SO/AAO. (iii) BO. (iv) GO. | (i) No CR by BO. (ii) 20 % CR by BO. (iii) 20% CR by GO. (iv) Cases of above Rs.10 crore are to be submitted to PDA. | |

| Item No. of exist- ing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|-----------------------------|---------|--|-------------------------------|--|--|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| XIV | (7). | Test to judge productivity of Capital expenditure (292). | Yearly. | Review of productivity tests applied by the Railway Administration. | SO/AAO. | |
| VII | (8). | Inspection of major works. | As indicated in Column No.4. | <p>(a) Works costing over Rs.1 crore but less than Rs.5 crore (100 %)</p> <p>Inspection to be done when the expenditure incurred exceeds 50% and 100 % of the Sanctioned cost.</p> <p>(b) Works costing Rs.5 crore and above (100%)</p> <p>Inspection to be done when the expenditure exceeds 25%, 50%, 75% and 100% of the Sanctioned cost.</p> | <p>(a) SO/AAO 1 and Ar/Sr.Ar 1 for 5 days with 3 days supervision by BO.</p> <p>(b) SO/AAO 2 and Ar /Sr.Ar.1 for 5 dayswith 100 % supervision by BO.</p> | The scope of review should include a detailed check of contractors' on account bills and other paid vouchers for the month selected. The review should also include a study of the files relating to the work in Accounts and Technical Branches not only in Divisions but also at Headquarters. If 5 days allotted for such inspection is not sufficient, PDA may increase the duration depending upon the quantum of work. |
| VIII (13) | (9). | Local inspection of Open Line Divisions and Construction districts (423) | As indicated in Column No. 4. | <p>Sub-offices of Engineering, Mechanical and Electrical Departments: Biennial.</p> <p>Other Sub-offices: As decided by PDA.</p> | <p>Offices identified by PDA for intensiified inspection:SO/ AAO - 2 and Ar./Sr.Ar -- 1.</p> <p>Other Offices: SO/AAO 1 and Ar./Sr.Ar.-2.</p> | For Constructions wing, the subordinate offices shall be covered during inspections of Dy. Chief Engineer level Offices. |

| Item No. of exist- ing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|--|--------------------------------------|--|-------------|--|------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| - | III | Audit of Vouchers | | | | |
| IV (1 to 7) | 1. | Establishment vouchers:(204, 210, 213, 22, & 230) | | | | (a) The exception reports generated by computerised Pay Roll systems should be examined. Changes occurring in Pay Roll due to increments, transfers, promotions, retirements, supervision etc. should be identified and such vouchers shall be selected for audit. (b) NGOs of Other Departments: Branch Officer should select one month for detailed check during local inspection. PDA may reduce the percentage for check of pay bills during local inspections. |
| | | (a) Accounts Department: | | | | |
| | | (i) GOs: Pay bills, TA bills and Medical attendance bills. | Monthly | 2 ½ %.. | Ar./Sr.Ar. | |
| | | (ii) NGOs: Pay bills. TA bills, Medical attendance Bills and Subsistence allowance bills. | Monthly | 2 ½ %. | Ar./Sr.Ar. | |
| | | (b) Other Departments: | | | | |
| (i) GOs: Pay bills, TA bills, and Medical attendance bills. | Monthly | 2 ½ %. | Ar./Sr.Ar. | | | |
| (ii) NGO: Pay bills, TA bills, Medical attendance bills, Subsistence allowance bills, Overtime allowance bills and Running allowance bills. | To be done during local inspections. | 10 % of total number of employees of the Auditee Unit for one month. | Ar./Sr.Ar. | | | |

| Item No. of exist- ing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|--------------------------------|---------|---|--|---|---------------------------------------|---------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| IV (18) | 2. | Labour Pay Sheets (275). | To be done during local inspections. | (i) Before returning the paid vouchers to the Accounts office, posting of LPS checked, for the month selected, during local inspections should be traced in to the Works Registers / Revenue Allocation Registers. (ii) Tracing of PF deductions appearing in the LPS, in deduction list / variation memo and from the latter to the PF Ledgers may be done to the extent of 5% of the employees included in LPS checked during inspections. | (i) Ar./Sr.Ar. (ii) Ar./Sr.Ar. | |
| IV (19) | 3. | Unpaid wages statements (386). | Monthly. | Check may be confined to the tracing of unpaid wages from the bills audited into the unpaid wages statements. | Ar./Sr.Ar. | |
| IV (20) | 4. | Pay orders for payment of unpaid wages (386). | Monthly. | 5 % | Ar./Sr.Ar. | |
| IV (17) | 5. | Advance of Pay, Travelling allowance etc. (220). | (a) Accounts Department: Alternative month. (b) Other Departments: To be done during local inspections. | 2 % in alternative month. General review. | Ar./Sr.Ar. Ar./Sr.Ar. | |

| Item No. of exist-ing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|----------------------------|---------|--|--|--|--|---------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| IV (14) (a) | 6. | Rent Rolls / Variation Memo (221). | (a) Accounts Department: Monthly. (b) Other Departments: To be done during local inspections. | General review. To be checked from the pay bills of 10% of the employees for one month. | Ar./Sr.Ar. Ar./Sr.Ar. | |
| IV (30) (b) | 7. | Payment of Productivity Linked Bonus to NGOs (243). | Yearly. | 5 %. | Ar./Sr.Ar. | |
| IV (32) & (33) | 8. | Fixation of Pay and Re-fixation of Pay due to revision of scales of pay or other reasons (214 & 216). | (a) Accounts Department: (i) GOs - Monthly. (ii) NGOs:- Monthly. (b) Other Departments : (i) GOs - Monthly. (ii) NGOs: To be done during local inspections. | (i) 20 % (ii) 10 % (i) 10 % (ii) 5 %. | (i) Ar./Sr.Ar. (ii) Ar./Sr.Ar. (i) Ar./Sr.Ar. (ii) Ar./Sr.Ar. | |

| Item No. of existing SML. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|---------------------------|---------|---|--|---|---------------------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| IV (9) & (8) (a) | 9. | Fixation of Pensions (including Family Pension, Commutation of pension), Gratuity, Encashment of leave and Railway Employees Insurance Scheme (249, 229, 219, 242). | Monthly. | (i) Accounts Department: - 25 %. (ii) Other Departments: 8 1/3%. | (i) SO/AAO. (ii) SO/AAO. | Selection of items need not be confined to those scrutinized in internal check. Selection of pension payments through Treasuries (or through the Railways at Calcutta), Post Offices and Public Sector Banks may be made separately for each type of payment. The basis should be a check of one month over the whole field. |
| IV (11) | 10. | Payment of all Pensions (including anticipatory and family pensions) and Gratuity (249). | Quarterly. | 5 %. | Ar./Sr.Ar. | |
| IV (12) | 11. | Payments under Workmen's Compensation Act (232). | Monthly. | 8 1/3 % | Ar./Sr.Ar. | |
| IV (8) (b) | 12. | Contingent Vouchers (227). | (a) Accounts Department: Monthly. (b) Other Departments: To be done during local inspections. | 5 %. 5 %. | SO/AAO. SO/AAO. | |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|---------------------------|---------|---|--|--|------------------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| IV (21) | 13. | Pay orders and other vouchers not falling under any of the above items (288). | (a) Accounts Department: Monthly. (b) Other Departments: To be done during local inspections. | 5 %. 100 % for selected one month. | Ar./Sr.Ar. Ar./Sr.Ar. | (a) Accounts Department: Not more than 5 vouchers/Pay Orders below Rs.5,000 may be selected for check at random per month. Such Pay Orders below Rs.5,000 need not be listed for selection, which may be made from the Register of bills received for internal check (CO - 6) or abstract of bills passed for payment (CO - 7). (b) Other Departments: All Pay Orders and other vouchers should be checked for selected one month during local inspections. |

| Item No. of exist-ing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|----------------------------|---------|---|---|---|--|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| IV (22) | 17. | Journal Vouchers including scrutiny of adjustment memo (387). | Monthly. | JVs for value: (i) Up to Rs. 2 lakhs - 20 %. (ii) Above Rs.2 lakhs and up to Rs. 10 lakhs - 25%. (iii) Above Rs.10 lakhs - 100% | (i)Ar./Sr.Ar. (ii)SO/AAO. (iii)SO/AAO. | (i) For purposes of selection, JVs under each of the three categories should be separately listed. (ii) All sub-vouchers of selected JVs should be checked. If the number of sub-vouchers is large, a maximum of 10 sub-vouchers of higher money value should be selected and list of selected sub-vouchers should be recorded. |
| IV (16) | 18. | Payment of Grants-in-Aid: | | | | |
| | | (a) School fee bills and contribution to Schools. (b) Recurring grants exceeding Rs.1 lakh a year. (c) Non-recurring grants exceeding Rs.5 lakhs. (d) Other grants-in-aid. (e) Reimbursement of Tuition fees. | To be done during local inspections of respective Institutions. | 2 ½ % 8 ⅓ % 100 % 5 % 5 % | Ar./Sr.Ar. Ar./Sr.Ar. Ar./Sr.Ar. Ar./Sr.Ar. Ar./Sr.Ar. | |
| - | IV. | Registers: | | | | |
| VI (1) | 1. | Establishment registers: | | | | |
| | | (a). Cadre (scale) Registers of Gazetted Officers (223). | Yearly. | Full check. | Ar./Sr.Ar. | |
| | | (b) Scale check registers of Non-Gazetted establishment (223). | Yearly. | Full check. | Ar./Sr.Ar. | |
| | | (c). Disallowance lists (224). | Yearly. | Test-check. | Ar./Sr.Ar. | |
| | | (d). Register of Foreign Service contribution (225). | Half Yearly. | General Review. | Ar./Sr.Ar. | |

| Item No. of exist-ing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|----------------------------|---------|---|---------------------------------|---|--|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VI (2) | 2. | Works registers and Revenue Allocation registers (280). (a) Tracing the postings from vouchers. (b) Reconciliation with general books. (c) General review specially seeing progress of expenditure with reference to sanction and funds. | Monthly. Monthly. Yearly. | All the vouchers audited. In case of journal. Vouchers, this is subject to a maximum of 10% of the total number of journal vouchers prepared. General Review. General Review. | Ar./Sr.Ar. SO/AAO. SO/AAO. | Whole field to be covered in a year. -Do -Do- |
| VI (8) | 3. | Miscellaneous Advances including House Building, Motor car and Computer advances (382). | Yearly. | General review. | Ar./Sr.Ar. | |
| VI (9) | 4. | Miscellaneous Deposits registers (381). | Yearly. | General review and tracing back of one month's outstanding items to the month of origin. | Ar./Sr.Ar. | |
| VI (3) | 5. | Land registers (282). | Yearly. | General Review. | SO/AAO. | |
| IV (14) (b) | 6. | Rent registers (221). | Yearly. | Yearly postings for the month of April should be reviewed: | Ar./Sr.Ar. | New rent assessment should be checked. The check may be provided in Central Audit or during local inspections. |
| IV (14) (c) | 7. | Capital and Revenue Accounts of Buildings (259). | Yearly. | 10 %. | Ar./Sr.Ar. | |
| VI (4) | 8. | Objectionable items register (283). | Quarterly. | General Review. | Ar./Sr.Ar. | It should be seen that the objections raised by statutory Audit have been incorporated in the Register. |
| VI (13) | 9. | Register of irregularities (maintained in Accounts Office). | Quarterly. | General Review | Ar./Sr.Ar. | |

| Item No. of exist-ing SML. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|----------------------------|---------|--|--------------|---|------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VI (14) | 10. | Register of serious irregularities and register of losses (where this is separately maintained). | Quarterly. | General Review | Ar./Sr.Ar. | |
| VI (15) | 11. | Register of over payments waived (477). | Quarterly. | General Review | Ar./Sr.Ar. | |
| VI (16) | 12. | Register of sanctions having limited currency (133). | Yearly. | General Review | Ar./Sr.Ar. | |
| VI (6) | 13. | General Cash books (367). | Yearly. | Full check for one month | Ar./Sr.Ar. | |
| VI (7) | 14. | Cashier's Cash book including the Pay Master's Cash book of some of the Pay clerks at Headquarters at the discretion of PDA (368). | Yearly. | Full check for one month | Ar./Sr.Ar. | |
| VI (11) | 15. | Stamp and Stationery Accounts (431). | Yearly. | General review in Accounts Office and during local inspection of Other Offices. | Ar./Sr.Ar. | No detailed check of one month's account is necessary. |
| VI (12) | 16. | Dead Stock Register (431). | Yearly. | General review in Accounts Office and during local inspection of Other Offices. | Ar./Sr.Ar. | |
| VI (17) | 17. | Recovery of Government share of fees received by Railway servants (213). | Half yearly. | Complete check | Ar./Sr.Ar. | |
| VI (10) | 18. | Manufacture or any other Suspense Account (348, 381 & 401). | Yearly. | General review. | Ar./Sr.Ar. | |
| V | 19. | Budget Register and Re-appropriation Statement (399 & 400). | Monthly. | 100% | Ar./Sr.Ar. | |
| IX | 20. | Monthly Accounts with Schedules and Journals (Capital and Revenue) (372). | Monthly. | 100 % for the month of March 50 % for other months. | Ar./Sr.Ar. | |

| Item No. of exist-ing SML. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|----------------------------|---------|---|--|--|------------------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| - | V. | Other transactions: | | | | |
| VIII (5) | 1. | Imprest Cash Account. | Accounts Offices: Yearly. Other Offices: To be done during local inspections. | Accounts Office: One month's account. Other Offices: One month's account. | Ar./Sr.Ar. Ar./Sr.Ar. | Accounts Office and Other Offices. The balance on hand should be got verified in the presence of audit. |
| VIII (17) | 2. | Imprest Stores Accounts (290). (a) Engineering (b) Other than Engineering and (c) Plant Reserve. | To be done during local inspections. | Full check of one month's account. | Ar./Sr.Ar. | |
| VIII (18) | 3. | Sleeper Pool Accounts (291). | Yearly. | General Review. | Ar./Sr.Ar. | For Northern, South Eastern, N.E. Frontier, North East and Southern Railways only. |
| VIII (6) (a) | 4 (1). | Settlement of inter-departmental and inter-Governmental Transactions (371): | | | | |
| | | (i). Outward and Inward accounts to and from other Accounts Officers/ PAOs. | Yearly. | General Review along with advices issued and received, Memo of clearance by the Reserve Bank etc | SO/AAO. | |
| | | (ii). Reconciliation of "amounts booked" under Reserve Bank Deposits, "Remittances into Banks" and "Cheques and bills". | Yearly. | General Review, one month's reconciliation to be checked in detail. | SO/AAO. | |
| | | (iii). Review of items outstanding under suspense heads Accounts with States etc. | Half yearly or yearly as may be convenient. | General Review. | SO/AAO. | |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|---------------------------|---------|---|-----------------------|---|--------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VIII (6) (b) | 4 (2). | Transfers within the same Railway and Transfers between Railways (373). | Yearly. | General Review. | SO/AAO. | |
| - | 5. | Loans and Grants from Bilateral and Multilateral Financial Institutions (297). | Yearly. | The scope and quantum of check to the extent requested by the Financial Institution. | BO. | |
| XVII (a) | 6 (1). | Review of Court Judgements relating to cases decided against the Railways. | Monthly. | Above Rs.5,000 and up to 25,000 - 25%. Above Rs.25,000 – 100 % | SO/AAO. SO/AAO. | No review of cases for less than Rs. 5,000. |
| XVII (b) | 6 (2) | Review of Arbitration Awards. | Monthly. | All cases. | SO/AAO. | |
| XVI | 7. | Hospitality Fund operated by the GM, CCM and CPRO. | Yearly. | General Review. | Ar./Sr.Ar. | |
| X | 8. | Charges debitible to Account Head 345-A & B - Miscellaneous Railway Expenditure (294). | Monthly. | Test check to the extent prescribed for different categories of vouchers and accounts etc. | Ar./Sr.Ar. | |
| VIII (14) | 9. | Incorporation of Workshop accounts into the general accounts of the Railway (355). | Half yearly | Full check for one month in a half year. | Ar./Sr.Ar. | |
| XIII | 10. | Proforma accounts of work done on behalf of other Government Departments and outside bodies.(365) | Yearly. | General Review. | Ar./Sr.Ar. | |
| VIII (3) | 11. | Recovery of guarantees from State Governments and District Boards (376). | Yearly. | General Review | Ar./Sr.Ar. | |
| VIII (4) | 12. | Branch line contracts (378). | Every ten yearly. | General Scrutiny | Ar./Sr.Ar. | |
| VIII (1) | 13. | Accounts of Branch Line Companies (379) | Half yearly or yearly | Check of subsidiary and other payment from the audited accounts of the Company and scrutiny of Chief Accounts Officer's Test Audit notes. | Ar./Sr.Ar. | |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|---------------------------|-----------|---|-------------|---|------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VIII (2) | 14. | Rebates Statement and Statements of surplus profits relating to worked lines (375 & 379). | Yearly. | (i) Full check. (ii) Expenditure portion should be checked by the respective Divisional Audit Office and Apportionment of receipts should be checked by the Traffic Audit Office | SO/AAO. | Minor items of expenditure (office expenditure etc. of the worked lines) which enter into the calculation of rebate need not be separately checked but may be accepted on the authority of the Chief Accounts Officers' certificate. |
| VIII (15) | 15. | Private sidings and assisted sidings accounts (285). | Yearly. | Full review. | Ar./Sr.Ar. | |
| VIII (16) | 16. | Agreements for private sidings and joint stations (286). | Yearly. | Full review. | Ar./Sr.Ar. | In addition to the full check of new agreements and amendments to existing agreements executed during the year, 10 % of the existing agreements should be thoroughly checked every year. |
| - | VI | Catering Units (188 to 192): | | | | |
| - | 17 (1). | Cash Memo. Daily Abstract of Cash sales. Daily Account of Cash Bazar Purchases. Daily Account of Credit Bazar Purchases. Daily transaction Statement. Issue to table / contingencies Account. Commission bills of Salesmen. | Monthly | - | Ar./Sr.Ar. | Catering units at the stations selected for traffic audit (central as well as local) should be taken up for audit, and transactions for a period of 10 days in a selected month should be scrutinized in detail. |
| | (2). | Monthly statement showing debits and credits to tables / contingencies accounts. Monthly statements of Trading and Profit and Loss Account. Monthly account of expenditure and incorrect Monthly remittances of cash. | - | One month per year for each Unit. | Ar./Sr.Ar. | The method, extent and scope of check prescribed against items 17 (i) & (ii) above may be varied by the PDA according to local conditions provided the variations sanctioned by him do not result in any appreciable change in the quantum of work. |
| | (3). | Other general items, e.g., check of Pay and T.A. Bills, Journal vouchers review of suspense registers, bills for purchase, purchase orders, imprest account of unit managers. | - | - | Ar./Sr.Ar. | As per programme laid down in the case of Central Audit, Stores Audit etc. |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|---------------------------|----------------------------------|--|--|---|---------------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | (4). | Annual Trading and Profit & Loss Account etc. | Annual. | ---- | Ar./Sr.Ar. | |
| | (5). | Local Inspections (catering) | | | | |
| | | 1.Office of the Catering Superintendent. | Annual. | ---- | Ar./Sr.Ar. | The transactions of atleast 3 selected trips should be checked in detail. Remittances of cash collection should be reviewed for the whole year to ensure that there were no delays or losses. |
| | | 2. Rail-hotels, if any. | Biennial. | ---- | Ar./Sr.Ar. | |
| | | 3.Other units, viz., Refreshment Rooms, Restaurants, Dining cars etc. | All the Dining cars should be covered in a year. | ---- | Ar./Sr.Ar. | |
| XII | 18. | (a). Administration Reports and Manuals (120). (b). Office Manuals and Procedure Office Orders of the Accounts Office and correction slip thereto (120). | As and when issued. As and when issued. | General Scrutiny. General Scrutiny. | Ar./Sr.Ar. Ar./Sr.Ar. | |
| XI | 19. | (a). Working of the Accounts Department. (b). Audit Notes and Inspection Reports Part II (469 & 471). | Yearly. Half Yearly. | General Review. General Review. | SO/AAO. Ar./Sr.Ar. | See para 56 of SMI. |
| - | VI. | Finance and Appropriation Accounts: | | | | |
| VIII (7 to 12) | 1. 2. 3. 4. 5. 6. | Appropriation Accounts (404). Finance Accounts (380). Review of Balances (Debt Head Report) (383). Capital and Revenue Accounts (374). Trading Account and Profit and Loss Accounts of Catering Department (377). Control of expenditure. | Annually. | Compilation of Accounts including related Statements and Annexures and their arithmetical accuracy. All other items. | Ar./Sr.Ar. SO/AAO. | Detailed guidelines are given in the section relating to General Books and Appropriation Audit. |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and Reference to paras of Railway Audit Manual | Periodicity | Scope and Extent of checks to be exercised | To be checked by | Remarks |
|--|-------------|---|---|--|------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| - | VII. | Provident Fund Accounts: | | | | |
| IV (23), (24), (25), (26), 27 (i), IV (29), VI (5) & IV (27) (ii)) | 1. | Accounts of subscribers to Provident Fund (237). | Annually. Audit of PF Section should be conducted during the month of October/ November (after PF Ledgers for the previous year were closed). | (i) GOs and NGOs: (a) Credits (subscriptions, refunds and interest) - 2 % of total number of PF accounts for one month. (b) Debits (advances, final / part final withdrawals) -5 % of total transactions (CO-7) for one month. | Ar./Sr.Ar. | (i) BO should select one month for detailed check of accounts of PF Section, ensuring that a minimum of 2 to 3 Departments is covered. |
| | 2. | Temporary withdrawals (238). | | | | |
| | 3. | Final withdrawals. (239) | | | | |
| | 4. | Interest credits (240). | | | | |
| | 5. | Provident Fund ledgers reconciliation with general books (244). | | | | |
| | 6. | Payment under Deposit Linked Insurance Scheme (241). | | | | |
| | | | | (ii) General review of the working of the PF section. | SO/AAO. | (ii) SO/AAO should conduct a review of the working of the PF section (availing 3 to 4 days). |
| | | | | (iii) General review of the system at periodical intervals by IT Audit Section. | IT Audit. | (iii) IT Audit section should periodically review the systems in maintenance and settlement of PF accounts maintained at Headquarters and Units/Divisions. |

**Appendix
Chapter – 5
Stores Audit**

| Item No. of exist-ing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|----------------------------|---------|---|-----------------|--|--|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| I | I | Bills (306) | | | | |
| | | 1. Purchases (including purchases through other agencies) | Monthly | Upto Rs.1 lakh – 10% Rs.1 lakh and upto Rs.10 lakhs - 25% Rs.10 lakhs and above - 100% | Ar./Sr. Ar. Ar./Sr. Ar. SO/AAO | May be increased if necessary at the discretion of Principal Director of Audit. See also para 306. |
| | | 2. Port and Customs charges (313) | Monthly | 5% (No monetary limit) | Ar./Sr. Ar. | |
| II | II | Receipt Returns | | | | |
| | | 1. Returned Stores (311) | Monthly | One day per month | Ar./Sr. Ar. | Different days transactions for each type of voucher should be selected. |
| | | 2. Workshop Outturn (312) | Monthly | One day per month | Ar./Sr. Ar. | |
| | | 3. Imported Stores (313) | Monthly | One day per month | Ar./Sr. Ar. | |
| | | 4. Inter Depot Transfers (314) | Monthly | One day per month | Ar./Sr. Ar. | |
| | | 5. Other Receipts (314) | Monthly | One day per month | Ar./Sr. Ar. | |
| III | III | Delivery Notes | | | | |
| | | 1. Issues to Revenue and Capital (315) | Monthly | One day per month | Ar./Sr. Ar. | Selection of debits of translation for audit should be different for different type of voucher. |
| | | 2. Issues to Sales (316) | Monthly | One day per month | Ar./Sr. Ar. | |
| | | 3. Issues to Workshops (315) | Monthly | One day per month | Ar./Sr. Ar. | |
| | | 4. Inter-Depot Transfers (315) | Monthly | One day per month | Ar./Sr. Ar. | |
| | | 5. Other Delivery Notes | Monthly | One day per month | Ar./Sr. Ar. | |

| Item No. of exist-ing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|----------------------------|---------|---|-------------------------|--|------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| IV | IV | Ledgers/ Transaction Registers (317) | Yearly | General Review of spite of ledger/ transaction register | SO/AAO | Posting of bills, receipts and issue vouchers as per I, II and III above should be traced into the monthly transaction register. This item covers review which should be supplemented by a check of the computer printed "opening balance statement" to the extent of 8 1/3 % of the Depots every month as well as review of managerial other statements prepared on the computers as mentioned in para 317 of the RAM. Certain amount of review should also be done at the discretion of the Principal Director of Audit monthly alongwith check of posting of incidental to I, II and III. The general review of the stale of ledgers prescribed here should be done in such a way that all ledger come under check. A certain percentage of the ledgers may be taken up for review every month. All items of surplus stores having a balance of Rs. 50,000 should be thoroughly reviewed so as to cover all such items in a cycle of two years (Para 33 of SMI). |
| V | V | Statement: | | | | |
| | | 1. Monthly Statement of Account Current (319) | Monthly | 50% of the entries should be checked. The Account for the month of March should be checked completely. | Ar./Sr. Ar. | |
| | | 2. Account Current and Out turn Statement of the Printing Press including all processes which go to make the value of the outturn (331) | Quarterly/ or Monthly | 5% per quarter or 1/3 rd of this percentage monthly. | Ar. /Sr. Ar. | |
| | | 3. Sales Abstracts (320) | Monthly | 5% percent | Ar./Sr. Ar. | |
| VI | VI | Locomotive Energy Account (329) | During Local Inspection | Complete for any one month | Ar./Sr. Ar. | |

| Item No. of exist- ing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|-----------------------------|---------|---|-------------------------|---------------------------|------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VII | VII | Suepense Registers (320) | | | | |
| | | 1. Purchases | Half-yearly | General Review | SO/ AAO | The correctness of the entries in the purchase register should be verified with reference to the computer printed statement of purchases i.e. 8 1/3% of the Depots. The correctness of the entries in the sales register should be verified with reference to the computer printed statement of sales i.e. 8 1/3% of the Depots. One month’s outstanding should be traced back to the month of origin in addition to a general review. |
| | | 2. Sales | Half-yearly | General Review | SO/ AAO | |
| | | 3. Deposit Misc. Advances | Half-yearly | General Review | SO/ AAO | |
| | | 4. Imported Stores | Half-yearly | General Review | SO/ AAO | |
| | | 5. Imported Invoices | Half-yearly | General Review | SO/ AAO | |
| | | 6. Inter Depot Transfer Register | Half-yearly | General Review | SO/ AAO | |
| | | 7. Funds Register (307) | Half-yearly | General Review | SO/ AAO | |
| VIII | VIII | Stock Sheets: | | | | |
| | | 1. Stock Verification Sheets (327) | Half-yearly | General Review | Ar/ Sr. Ar | General review of the auction sale account should be done plus 10% of the auction sale account should be checked. |
| | | 2. Auction Sale Account (328) | Half-yearly | General Review | Ar/ Sr. Ar | |
| IX | IX | 1. Yearly Statement of Stores Transactions (324) | Yearly | General Review | Ar/ Sr. Ar | |
| | | 2. Yearly Statement of Purchases (325) | Yearly | General Review | Ar/ Sr. Ar | |
| X | X | Stores in Transit Register (320) | Yearly | General Review | Ar/ Sr. Ar | |
| XI | XI | Stock Adjustment Account (321) | Yearly | General Review | Ar/ Sr. Ar | |
| XII | XII | Inspection work of R&D Wards of Stores Depots (447) | During Local Inspection | Complete General Review | | |

| Item No. of exist- ing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|-----------------------------|---------|---|-----------------|--|------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| XIII | XIII | (i) Scrutiny of Purchase Orders | Yearly | | | A general review of purchase order of other months may also be undertaken. |
| | | (ii) Scrutiny of larger Contracts and tenders. | Quarterly | Upto Rs.1 lakh - 5% | Ar/ Sr. Ar | 10% current review by S)/AAO. |
| | | | | Rs.1 lakh and upto Rs.10 lakhs - 10% | SO/AAO | |
| | | | | Rs.10 lakhs and upto Rs.40 lakhs - 50% | SO/AAO | No current review. |
| | | | | Rs.40 lakhs and upto Rs.3 crore - 100% | AO/ SAO | 20% current review by Group Officer. |
| | | | | Rs.3 crore and above | Group Officer | Group Officer is to put up to Principal Director of Audit for information in respect of cases reviewed above Rs. 3 crore. |
| | | 1. Security Deposit Register | Quarterly | General Review | Ar. /Sr. Ar. | |
| | | 2. Review of Completed Contracts (Para 32 of SMI) | Quarterly | Upto Rs.10 lakhs - 10% | Ar/ Sr. Ar | 10% current review by SO/AAO. |
| | | | | Rs.10 lakhs and upto Rs.50 lakhs - 25% | SO/ AAO | |
| | | | | Rs.50 lakhs and upto Rs.1 crore - 50% | AO/ SAO | 10% current review by Group Officer. |
| | | | | Rs.1 crore and above - 100% | Group Officer | Cases above Rs. 3 crore to be submitted for information to the Principal Director of Audit. |

| Item No. of exist-ing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|----------------------------|---------|---|-----------------|---------------------------|------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| XIV | XIV | Stores Adjustment Sheets (322) | Monthly | One day per month | Ar. /Sr. Ar. | This item should cover all vouchers relating to stock adjustment account. |
| XV | XV | Revaluation of Stores (323) | Yearly | General Review | Ar./Sr. Ar. | |
| XVI | XVI | Accountal, Custody and disposal of scrap (326) | Yearly | One months Account | Ar./Sr. Ar. | |

Appendix
Chapter – 6
Audit of Workshops & Production Units.

| Item No. of existing SMI. | SLNo. | Particulars of documents and reference to Paras of Railway Audit Manual | Period of Check | Scope and Extent of Check | To be checked by | Remarks |
|---------------------------|----------|---|-----------------|--|------------------------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| I | I | Sanctions (7, 132, 133 and 250) | | | | |
| | | (a) By the President | Monthly | As under Central Audit | SO/AAO | |
| | | (b) By the Railway Board | Monthly | | SO/AAO | |
| | | (c) By General Manager | Monthly | | SO/AAO | |
| | | (d) By authorities subordinates to the General Manager | Monthly | | SO/AAO | |
| II | II | Estimates (332) | | | | |
| | | (a) Chargeable wholly or partly to capital | Monthly | Work costing: | SO/AAO | |
| | | (b) Chargeable partly or wholly to other Govt. Depts., Public bodies, worked lines, joint stations or outsiders | Monthly | (i) Rs.1 lakh - Rs.10 lakh – 10% | SO/AAO | |
| | | (c) Chargeable partly or wholly to the DRF/DF/OLWR | Monthly | (ii) Above Rs.10 lakh up to Rs.50 lakh - 50% (iii) Over Rs.50 lakh - 100% | SO/AAO | |
| | | (d) Chargeable wholly to Ordinary Revenue | Monthly | [Applicable to a) to d)] | SO/AAO | |
| III | III | Completion Reports – (334) | Monthly | Works costing – (i) Rs.5 lakh – Rs.20 lakh each – 10% (ii) More than Rs.20 lakh – Rs.50 lakh each – 25% (iii) More than Rs.50 lakh – Rs.1 crore each – 50% (iv) Over Rs.1 crore each - 100% | SO/AAO | |
| IV | IV | Stores bills and Contractors bills – (362) | Monthly | As under Central Audit | As under Central Audit | |

| Item No. of exist-ing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|----------------------------|---------|--|---|--|--|---------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| V | V | (i) Bonus and piece-work bills (337) (ii) Allowed time (338) (iii) Muster Rolls, Labour Pay Sheets including Time Sheets-(275) | Monthly Quarterly Monthly | 2 ¹ / ₂ % 100% wherever there is a change. One or two allowed time statements to be checked where there is no change To be done during inspection by selecting one month's voucher | Sr.Ar./Ar. SO/AAO Sr.Ar/Ar | |
| VI | VI | Capital, DRF, DF, OLWR, Works Register (358) | Yearly | One month in a year | Sr.Ar/Ar | |
| VII | VII | Revenue allocation register (358) | Yearly | One month in a year | Sr.Ar/Ar | |
| VIII | VIII | Miscellaneous Advances and Deposit Registers (363) | Yearly | One month in a year | SO/AAO | |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---------------------------|---------|---|---|---|--|---------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| IX | IX | Workshop accounts (335) including (i) Sub-ledgers showing the total labour and stores charges under each work order for each day. (ii) Workshop general register recording expenditure on each work order (355) (iii) Calculation of on-cost (346) (iv) Distribution of on-cost among work orders (346) (v) Outturn statement with special reference to acceptance of debits and clearance of outstanding (356) (vi) Check of Workshop account current with schedules (357) (vii) Reconciliation of monthly account current of stores with the sub-ledgers (319) (viii) Transfer statement or memo (359) (ix) Advice notes of returned stores (341) | Yearly Yearly Yearly or half-yearly Yearly Yearly Monthly Yearly Yearly Yearly | 25% of work orders for labour and stores should be checked in respect of the month selected for audit General review General review depending upon the periodicity of revision of on-cost charges General review Complete check of one month's account in a year 50% of the items each month except March in which 100% of items will be checked Complete check of one month's account in a year Complete check of one month's account in a year along with outturn statement etc. Complete check of one month's account in a year | Sr.Ar/Ar SO/AAO SO/AAO SO/AAO Sr.Ar/Ar Sr.Ar/Ar SO/ AAO SO/ Aao | |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---------------------------|---------|---|---------------------------------------|--|--------------------------------------|---------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| X | X | (i) Manufacture accounts of saw-mills and foundries including balance sheets (352) (ii) Electrical Manufacturing Accounts (349) | Yearly | One account in a month on rotation basis by selecting manufacture accounts in a cycle | SO/AAO SO/AAO | |
| XI | XI | Accounts, numerical or otherwise, of stores received into workshop and charged off to work-orders but not actually user thereon (340) | Yearly | The procedure followed in workshops for accounting of charged off and surplus stores lying unutilised in different shops may be reviewed where regular numerical accounts are maintained one month's accounts should be test checked during inspection | SO/AAO | |
| XII | XII | Accounts of materials spare from work-orders (344) | Yearly | -do- | SO/AAO | |
| XIII | XIII | Accounts, custody and disposal of scrap materials (326) | Yearly | -do- | SO/AAO | |
| XIV | XIV | Records of rolling stock (361) | Yearly | To be done during inspection of Mechanical branch | | |
| XV | XV | Record of Plant and equipment (360) | To be done during inspection | To be done during inspection of Mechanical branch | | |
| XVI | XVI | Work Orders (344) | Half yearly | 1% of the work orders should be checked | SO/AAO | |
| XVII | XVII | Local inspections of power houses and shops (444 and 445) | | Inspection to be carried out on activity basis | | |
| XVIII | XVIII | Proforma Capital and Revenue accounts of saloons reserved for the exclusive use of other departments (365) | Yearly | General review | SO/AAO | |
| XIX | XIX | (i) Cost Accounts (347) (ii) Job costing sheet (347) (iii) Completed batch orders | Half yearly Half yearly Monthly | Review Review 5% 100% for production units | SO/AAO SO/AAO SO/AAO SO/AAO | |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---------------------------|---------|---|-----------------|---------------------------|------------------|---------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| XX | XX | Statistics of periodical overhaul and cost of unit repair (364) | Yearly | General Review | SO/AAO | |

Appendix
Chapter – 7
Appropriation Audit and Audit of General Books & Accounts

| Item No. of existing SML. | Sl. No. | Particulars of documents and reference to Paras of Railway Audit Manual | Period of Check | Scope and Extent of Check | To be checked by | Remarks |
|---------------------------|------------|---|-----------------|---|--|---|
| | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> | <i>6</i> |
| IV (22) | I | Check of Journal vouchers including scrutiny of adjustment memo. | Monthly | Up to Rs.2 lakhs-20% More than Rs.2 lakhs and upto Rs.10 lakhs-25% More than Rs.10 lakhs-100% | Ar./Sr.Ar. SO/AAO SO/AAO | 1. Journal vouchers above Rs.2 lakhs may be selected straight away from A/cs records. They need not be listed. Audit includes all sub vouchers of selected JVs. 2 If the number of sub vouchers is large, a maximum of 10 numbers having more money value may be selected and list of selected sub vouchers above may be listed along side the main JVs. |
| IV (21) | II | Pay orders and other vouchers not falling under any of the above items (288) | Monthly | 5% | Ar./Sr.Ar | 1. Not more than 5 vouchers/pay orders below Rs.5000/- may be selected for check at random per month. Such pay orders below Rs. 5000/- need not be listed for selection, which may be made from the register of bills received for internal check (CO .6) or abstract of bills passed for payment (CO.7) 2. Audit checks are to be exercised by expenditure auditee units only. 3. In case prescribed checks cannot be exercised at Headquarters these should be exercised during local inspections in regard to the vouchers of the month selected for local check during inspection |
| VIII (2) | III | Rebate statement and statements of surplus profits relating to worked lines (379) | Annually | General review | SO/AAO | 1. Full check except that the minor items of expenditure, (such as the office expenditure etc. of the worked lines) which enter into the calculation of rebate need not be separately checked but may be accepted on the authority of the Chief Accounts Officers certificate. 2. To be done by respective Divisional Auditee units for expenditure portion and by Traffic Audit for apportionment of receipts |

| Item No. of existing SML. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---------------------------|---------|--|---|---|---|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| XI (1) | IV | Working of the Accounts Department. | Annually by AAO/SO Half yearly by Sr.Ar/Ar | General Review | Annually by AAO/SO Half yearly by Sr.Ar/Ar | 1. It will be under taken personally by the Section Officers along with the audit of March accounts 2. Half yearly review is not to be done by Books section at Headquarters office |
| VIII (3) | V | Recovery of guarantees from State Government and District Boards | Annually | General review | Ar/Sr.Ar | To be done by respective auditee units |
| VI (2) | VI | Register of Works (Works and Revenue and Allocation registers) (280) (a) Tracing the posting from vouchers (b) Reconciliation with general books (c) General review , specially seeing progress of expenditure with reference to sanctions and funds. | Monthly Monthly Annually | All vouchers audited. In case of Journal vouchers, this is subject to a maximum of 10% of the total No. of journal vouchers prepared. General review General review | Ar/Sr.Ar -do- -do- | 1. Whole field to be covered in a year. 2. To be done by respective auditee units |
| VI (4) | VII | Objectionable items Register (283) | Quarterly | General review | Ar/Sr.Ar | 1. It should be seen especially that objections raised by Statutory audit have also been incorporated in the register 2. To be done by respective auditee units |
| VI (15) | VIII | Register of Over payments waived | Quarterly | General review | Ar/Sr.Ar | To be done by respective auditee units –DO- |
| VII (7) | IX | Fund Register (Para 307 of RAM) | Annually | General review | Ar/Sr.Ar | To be done by respective auditee units -DO- |
| VIII (12) | X | Control over expenditure | Annually | General review | Ar/Sr.Ar | To be done by respective auditee units –DO- |
| - | XI | Statement showing the details of working expenses (376) | Annually | Full Check | AAO/SO | The services of Sr.Ar/Ar. Should be utilised for compilation and check of arithmetical accuracy. |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---------------------------|---------|--|-----------------|--|------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| IV (20) | XII | Pay Orders for payment of unpaid wages. | Monthly | 5% | Ar./Sr.Ar. | |
| - | XIII | Check of monthly Accounts with Schedules of Journals | Monthly | 50% | Ar./Sr.Ar. | |
| V | XIV | (i) Budget Register and re-appropriation statement (399 and 400) | Monthly | 100% | Ar./Sr.Ar. | Cash books of Pay clerks on the line may be checked at discretion of PDA during local Inspections. (as far as possible). |
| VI (13) | | (ii) Register of irregularities maintained in the Accounts office. (492) | Quarterly | General Review | Ar./Sr.Ar. | |
| VI (14) | | (iii) Register of serious irregularities and register of losses (where this is separately maintained) | Quarterly | General Review | Ar./Sr.Ar. | |
| VI (6) | | (iv) General Cash Book (365) | Annually | Full check for one month | Ar./Sr. Ar. | |
| VI (7) | | (v) Cashier Cash Book including the Pay Master's Cash Books of some of the pay clerks at headquarters at the discretion of the Principal Director of Audit (366) | Annually | Full check for one month | Ar./Sr.Ar. | |
| VI (8) | | (vi) Register of Misc. Advance including House Building and Motor Car Advances (382) | Annually | General Review | Ar./Sr.Ar. | |
| VI (9) | | (vii) Register of deposit Miscellaneous. (381) | Annually | General Review | Ar./Sr.Ar. | |
| VIII (1) | | (viii) Accounts of Branch Line Companies (379) | Annually | Check of subsidiary and other payment from the audited accounts of the Company and scrutiny of Chief Accounts Officers test audit notes. | Ar./Sr.Ar. | One month's outstanding should be traced back to the month of origin in addition to the general review. |

| Item No. of exist-ing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|----------------------------|---------|---|---------------------------------|--|------------------|---------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VIII (10) | XV | Capital & Revenue Accounts | Annually | Full Check | Ar./Sr.Ar. | |
| VI (a) | | (a) Settlement of inter-departmental and inter-Governmental Transactions (371) (i) Outward and Inward accounts to and from other Accounts officers/P.A.Os. | Annually | General Review alongwith advises issued and received, Memo of clearance by the Reserve Bank etc. | Ar./Sr.Ar. | |
| | | (ii) Reconciliation of "amounts booked" under Reserve Bank Deposits, "Remittances into Banks and Cheques & bills" | Annually | General Review, one month's reconciliation to be checked in detail | Ar./Sr.Ar. | |
| | | (iii) Review of items outstanding under suspense heads Accounts with States etc. | Annually | General Review | Ar./Sr.Ar. | |
| VI (b) | | (b) Transfers within the same Railway and Transfers between Railways. (373) | Annually | General Review | Ar./Sr.Ar. | |
| | XVI | Report of Losses due to theft etc. | Monthly | Concurrent | Ar./Sr.Ar. | |
| | XVII | Review of Register of accepted Audit objections maintained by Accounts office. | Quarterly | General Review | Ar./Sr.Ar. | |
| | XVIII | Changes in Form & Classification | Half yearly | Concurrently | Ar./Sr.Ar. | |
| | XIX | Review of Policy files | Half yearly | Concurrently | Ar./Sr.Ar. | |
| | XX | Certificate in respect of of Secret Service Fund placed at the disposal of G.M. including Vigilance Branch. | After closing of March Accounts | General Review | Ar./Sr.Ar. | |
| | XXI | Special adjustments carried in towards the close of March Accounts | After closing of March Accounts | Concurrent | Ar./Sr.Ar. | |
| | XXII | Statement of new services not contemplated in Budget | Annually | Concurrent | Ar./Sr.Ar. | |
| | XXIII | Check of balances under Suspense head | As and when item transferred | General Review | Ar./Sr.Ar. | |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---------------------------|---------|---|--|--|--|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VIII (8) | XXIV | Finance Accounts (i) The statement showing payment into and withdrawals from treasuries by Branch line companies (ii) Statement showing Share Capital, debentures and loans to Branch line companies (iii) The statement showing balances under contingency fund for the year (iv) The statement showing investment of Central Govt. (Rlys) in share of Railway men's consumer co-operative societies (v) The statement showing details of loans and Advances granted to Co-operative Societies under Head 6425-Loans for co-operative (vi) The statement guarantees given by the Central Government under Article 292 of the Constitution of India (vii) Final Account Current (Capital & Revenue) with complete schedule (viii) Statement of Transfer without Financial Adjustment. (ix) Statement showing investment of Central Government in shares of Private Companies, Statutory Corporations etc. (x) Statement showing Capital-at-charge in units of Rupees. (xi) Debt Head Report alongwith the certificate by the Principal Director of Audit (xii) Statement of Income Tax credited to Major-Head 0021 during the year as per prescribed proforma. | Annually -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- | Test Audit Test Audit Test Audit Test Audit Test Audit Test Audit Full check Full check Full check Full check Full check Full check | AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO | As per programme for submission of March Accounts (Finance Accounts) -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- |
| VIII (9) | | | | | | |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---------------------------|---------|--|-----------------|---------------------------|------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VIII (7) | XXV | Appropriation Accounts, | | | | |
| | | (1) Civil Grant | | | | |
| | | (i) Loan & Advances | -Do- | Full check | AAu.O/SO | As per programme for submission of Mrch Accounts (appropriation Accounts) |
| | | (ii) Pre-partition payments | -Do- | Full check | AAu.O/SO | -Do- |
| | | (iii) Interest on Debt & other obligations | -Do- | Full check | AAu.O/SO | -Do- |
| | | (2) Grant No. 1 to Grant No. 16 | -Do- | Full check | AAu.O/SO | |
| | | (3) Annexure-A-Statement of Unsanctioned Expenditure | -Do- | Full check | AAu.O/SO | |
| | | (4) Annexure-B-Statement of under charges detected by Audit & Accounts | -Do- | Full check | AAu.O/SO | 1. As per programme for submission of March Accounts (Appropriation Accounts) 2. Statement is checked by Traffic Audit Section and vetted statement is compared and forwarded to Appropriation Section at Head Quarters. |
| | | (5) Annexure-C-Statement showing remission and Abandonment of claims to Revenue | -Do- | Full Check | AAu.O/SO | 1. As per programme for submission of March Accounts (Appropriation Accounts) 2. Statement is checked by Traffic Audit Section and vetted statement is compared and forwarded to Appropriation Section at Head Quarters. |
| | | (6) Annexure-D-Statement of expenditure of Important open line works & New construction. | -Do- | Full Check | AAu.O/SO | As per programme for submission of March Accounts (Appropriation Accounts) |
| | | (7) Annexure-E-Statement showing Expenditure relating to strategic lines. | -Do- | Full Check | AAu.O/SO | -Do- |
| | | (8) Annexure-F-Statement of Estimated and Actual credit or Recoveries | -Do- | Full Check | AAu.O/SO | -Do- |
| | | (9) Annexure-H-Statement of Losses etc. and Ex-Gratia payment above Rs. 50,000 | -Do- | Full Check | AAu.O/SO | -Do- |
| | | (10) Annexure-I-Statement showing Irregular re-appropriation | -Do- | Full Check | AAu.O/SO | -Do- |
| | | (11) Annexure-J-Statement showing Important Misclassification etc. | -Do- | Full Check | AAu.O/SO | -Do- |

| Item No. of existing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|---------------------------|---------|---|--|--|--|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VIII (7) | XXV | (12) Annexure-K-Statement of Defects in Budgeting (13) Statement showing changes in Form and Classifications (14) Statement showing percentage of working expenses to earnings (15) Statement of credits to capital for Retired Assets. (16) Statement of Annual voted and charged Expenditure (17) DRF Account (18) Railways Safety Fund Account (19) Special Railway Safety Fund Account. (20) Statement of Suspense Balances (21) Stores Account (22) Stock Adjustment Account | -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- -DO- | Full Check Full Check Full Check Full Check Full Check Full Check Full Check Full Check Full Check Full Check | AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAu.O/SO AAuO/ SO | -Do- -Do- -Do- -Do- -Do- -Do- -Do- -Do- 1. As per programme for submission of March Accounts (Appropriation Accounts) 2.Stores Audit section to vet this Account and submit first to Appropriation Section forwarding to Head Quarter. 1. As per programme for submission of March Accounts (Appropriation Accounts) 2. Stores Audit section to vet this Account and submit is to Appropriation Section forwarding to Head Quarter. |

| Item No. of exist-ing SMI. | Sl. No. | Particulars of documents and reference to paras of Railway Audit Manual | Period of check | Scope and Extent of check | To be checked by | Remarks |
|----------------------------|---------|---|-----------------|---------------------------|------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| VIII (11) | XXV | (23) Profit & Loss account of Catering | -Do- | Full Check | AAu.O/SO | As per programme for submission of March Accounts (Appropriation Accounts) |
| | | (24) Block Account | -Do- | Full Check | AAu.O/SO | -Do- |
| | | (25) Profit & Loss Account of Northern Railway | -Do- | Full Check | AAu.O/SO | -Do- |
| | | (26) Balance Sheet | -Do- | Full Check | AAu.O/SO | -Do- |